

ACROSS THE PAGES

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For more investor-related
information, please visit
<https://www.aartidrugs.co.in/>



Investor information

CIN : L37060MH1984PLC055433
BSE Code : 524348
NSE Symbol : AARTIDRUGS
AGM Date : September 26, 2023
AGM Mode : VC/OAVM

Disclaimer: This document contains statements about expected future events and financials of Aarti Drugs Limited, which are forward-looking. By their nature, forward-looking statements require our Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this annual report.

EMBRACING CHALLENGES. SHAPING OUR FUTURE.

At Aarti Drugs Limited (ADL), we epitomise resilience and determination in the pharmaceutical space, propelling growth and pioneering innovation. We fearlessly confront challenges such as surging raw material costs, subdued volume off-take, and necessary price cuts to maintain market share. Navigating the dynamic currents of API price corrections and adapting to the ever-evolving global pharmaceutical landscape is our forte.

As a prominent player in the API space, our focus revolves around delivering exceptional customer service, optimising costs, and ensuring global affordability. As our operations expand, we embrace significant transformations and confront emerging trials within the global economy. With our commitment, from trailblazing novel molecules to substantial investments in cutting-edge research facilities, our vision is to ascend as one of the most sought-after pharmaceutical giants.

Our achievements find their nucleus in our unwavering dedication

to innovation. We continually pioneer discoveries and formulate groundbreaking solutions, pushing the boundaries of science and igniting transformative changes within the industry.

Unyielding in the face of challenges, we stand firm in maintaining our leadership mantle, wholeheartedly embracing the theme 'Embracing Challenges. Shaping Our Future.' for this year's Annual Report.





FY 2022-23 HIGHLIGHTS

Pioneering Growth and Transformation

Through the years, at Aarti Drugs Limited ('ADL' or 'The Company' or 'We'), we have strengthened our presence within the pharmaceutical sector. Our expertise spans across APIs and specialty chemicals. With our strong global footprint and commitment to maintaining high standards of quality and compliance, we continue to fortify our standing.



50+ Molecules

For drugs such as antibiotics, antiprotozoal, anti-inflammatory, antibiotic, and antifungal

Operational Credibility

12

Manufacturing Facilities

~39%

Revenue Generated from Exports

100+

Countries

Ethics &
Transparency

1,10,330 Sq. Mt.

Plant Area

1,571

Employees

Financial Performance Overview

₹2,718 Crores

Total Revenue

~₹1,072 Crores

Exports

₹308 Crores

EBIDTA

₹166 Crores

PAT

ESG Initiatives Overview

We undertake environmental stewardship by focussing on

Saving Energy

We strive to encourage and empower holistic growth by

Contributing to Community Development

Our governance framework is committed to ensuring

Ethics & Transparency

Sourcing Sustainably

Serving the Underprivileged

Strong Internal Controls and Leadership

ABOUT AARTI DRUGS LIMITED

A leading player in the Pharmaceutical Industry

We, at Aarti Drugs Limited (hereinafter referred to as 'The Company' or 'Our Company' or 'ADL' or 'We') hold a prominent position within the Aarti Group, specialising in Active Pharmaceutical Ingredients (APIs), specialty chemicals, intermediates, and formulations through our subsidiary, Pinnacle Life Sciences Private Limited.

Since our establishment in 1984, the Company has amassed nearly four decades of experience in the pharmaceutical market, garnering a prominent position. This achievement is bolstered by our dedication to maintaining high quality standards, conducting extensive research and development initiatives, and cultivating a diverse product portfolio. Notably, we made our debut on the Bombay Stock Exchange (BSE) in 1993 and crossed a turnover of ₹ 2,500 Crores in FY 2022-23, exemplifying our growth and market recognition achieved over the years.

Aarti Drugs is the largest producer in terms of:

■ **Metronidazole production in India**

■ **Fluoroquinolones formulations in the world**



Tinidazole production in the world

Metronidazole Benzoate production in the world

Ketoconazole production in the world

Nimesulide production in the world

And

One of the leading producers of Metformin in the world

As we set our sight on the future, we remain dedicated to furthering our global presence, forging strategic partnerships, and exploring new avenues for growth, while maintaining our ethos of excellence, with an intent of making a positive impact on society.

With a strong emphasis on customer satisfaction, we strive to be the preferred and exclusive choice for our clientele. The Company's unwavering commitment to delivering consistent quality and ensuring timely delivery has helped us earn a positive reputation, surpassing that of the competitors within a relatively short period of time.

Our success is attributed to the integration of flexible manufacturing practices and methodologies.



Our Mission

-  Seek global market leadership
-  Focus on growth and development of the product
-  Continue to create winning culture, operating in highest standards of ethics and values with co-operation among competitors
-  Strive for excellence in customer service, quality and R&D



Our Vision

We shall become the first-choice vendor of bulk drugs and achieve a leadership position by:

-  Assuring consistent quality and timely delivery at competitive price
-  Providing customised solutions and service to meet changing requirements of customers
-  Aim at customer orientation through continuous technology upgrade, high business ethics and new product development
-  Adopt processes supported by proven technologies, which are cost effective and safe
-  Choose the best and the most flexible manufacturing practices and methods



MILESTONES

From pioneering breakthrough formulations to expanding global reach, we have consistently embraced change as a catalyst for growth. Our ability to navigate challenges and seize opportunities has propelled us forward, making us a trusted name in the industry.

Listing on the BSE Limited
(formerly known as Bombay
Stock Exchange Ltd.)

1993

Incorporated
in

1984

Amalgamation of Rupal
Chemical Industries Limited,
Rashesh Chemicals &
Pharmaceuticals Limited,
Manjarati Chemicals Private
Limited, Manjarati Plastisizer
Private Limited, Effective
Chemicals Private Limited, Star
Aluminium Industries Limited
and Avez Wire Industries
Limited

1996

Received the approval for a
facility from US FDA

2008

Listing on National Stock
Exchange of India Limited

2003

Crossed a turnover
of ₹ 100 Crores

1998

Crossed the turnover of
₹ 500 Crores

2011

Crossed the turnover of
₹ 1,000 Crores

Entered into formulation with
100% subsidiary Pinnacle Life
Science Private Limited

2014

Crossed Profit Before Tax
(PBT) of ₹ 100 Crores

2015

Consolidated revenue
of ₹ 2,500 Crores

2022

Crossed ₹ 2,000 Crores in
consolidated turnover and
₹ 200 Crores formulation turnover

Crossed Profit After Tax of
₹ 200 Crores

2021

Pinnacle Life Science
Private Limited crossed
turnover of ₹ 100 Crores

2017

Crossed the standalone
turnover of ₹ 2,500
Crores

2023

INSIGHTS OF OUR CHAIRMAN



At Aarti Drugs, we have successfully established a global presence, creating a niche for ourselves and driving further growth and differentiation. This reputation is the culmination of integrated capabilities, additional capacities, judicious business strategies, stringent quality controls, a skilled workforce, and robust leadership. Our endeavours across all these areas together complement our commitment to embracing transformation and crafting a more promising future for sustainable growth. ”

Dear Stakeholders,

I am delighted to present to you the annual report for Aarti Drugs Limited, showcasing our resilient growth and forward-moving progress in the FY 2022-23. Despite the prevailing industry dynamics and internal challenges, our dedication and perseverance enabled us to overcome hurdles and sustain a steady trajectory of growth throughout the year.

Industry Landscape

The global pharmaceutical market is set to experience expansion, projected to reach USD 3,201.22 billion by 2026, while maintaining a CAGR of 19.2% between 2022 and 2026. In line with this, the global active pharmaceutical ingredients market, is expected to reach USD 347.22 billion by 2031, with projected CAGR of 6.7% for the period 2023 to 2031. Considering these trends, it is worth noting that the global small molecule API market size reached USD 146.14 billion in 2022. A multitude of factors are poised to propel revenue growth for pharma players in this sector. These entail increased accessibility to restorative products for the expanding middle class, rising healthcare expenses, advancements in research and development, and ongoing demographic trends and clinical progress.

The pharmaceutical industry's emphasis on stringent pharmacopoeia standards to ensure medication safety and efficacy has never been greater. At Aarti Drugs Limited, we remain at the forefront of this commitment. Our advanced analytical techniques and quality control processes enable us to meet these rigorous standards. In the API manufacturing



landscape, we have witnessed significant shifts. The industry's competitive intensity has diminished, prompted by the exit of small-scale manufacturers facing untenable cost structures. New players encounter high entry barriers, driven by stringent compliance requirements and the evolving nature of API manufacturing as a specialised and highly regulated sector. Within this landscape, Aarti Drugs Limited has successfully established a global presence in specific products, creating a niche for ourselves and driving further growth and differentiation. This reputation is the culmination of integrated capabilities, additional capacities, judicious business strategies, stringent quality controls, a skilled workforce, and robust leadership. Our endeavours across all these areas together complement our commitment to embracing transformation and crafting a more promising future for sustainable growth.

Performance Overview

FY 2022-23 marked another year of purposeful efforts and strong ambition for us driven by our long-term strategies and expansion plans. Our global presence empowered us to capitalise on emerging opportunities such as increasing demand for generic drugs, rise in focus on specialty and niche APIs and contract manufacturing, among others, while our deep market insight and adaptive strategies fuelled our growth. Consolidated revenue for the year stood at ₹ 2,700+ Crores, with a significant contribution of 39% coming from our export revenues. Notably, our exports of essential molecules to the North America, Latin America, and Africa have further strengthened our global reach. Regulated exports constituted 64% of our comprehensive export portfolio, which necessitated rigorous product approvals and facility enhancements. Semi-regulated 35% and Non-regulated in 1%.

Over the past year, our Company demonstrated a relentless pursuit of excellence, resulting in positive financial performance across various segments. We clocked an EBITDA margin of 11.3% in FY 2022-23. Furthermore, the Profit after Tax (PAT), too, demonstrated a strong performance, reaching ₹ 166.4 Crores for the fiscal. We took proactive measures to address high inventory costs associated with raw materials and finished goods. Through adoption of methods like accurate demand forecasting, optimisation of supply chain management and advanced inventory tracking, we have been able to keep the high inventory costs in check. In terms of business segments, our API segment experienced healthy year-on-year revenue growth of 12%. Our specialty chemicals segment, which specialises in Chlorosulfonation products, witnessed year-on-year growth of about 38%. The antibiotic therapeutic category contributed around 45%, antidiabetic around 15%, antiprotozoal around 16%, anti-inflammatory around 12%, antifungal around 8% and the rest contributed around 4% to the total API sales. The consistent growth in EBITDA margins, the favourable performance in the API segment, and the notable expansion of our specialty chemicals division serve as significant indicators of our success.

Capex Plans

In the upcoming four to five years, beginning from the FY 2021-22 plan implementation, our capital expenditure (capex) strategy amounts to ₹ 600 Crores. FY 2022-23 witnessed a capex of ₹ 164 Crores, and we project the FY 2023-24 capex to range

between ₹ 250-350 Crores. Our recent two-year capex was approximately ₹ 315 Crores, focusing on capacity expansion, new product launches, and backward integration. The bulk of the ₹ 600 Crore capex is slated for completion by FY 2023-24. Notably, our significant capex is earmarked for Tarapur and Sarigam projects, particularly the Tarapur specialty chemical and greenfield ventures, expected to finalize by Q3 of FY 2023-24. The outstanding capex is allotted for an anti-diabetic facility's Brownfield expansion in Sarigam. These investments underscore our commitment to growth and capability augmentation. Within the total capex, 40% is allocated to backward integration and intermediates, and another 40% to the dermatology project. The balance will support various initiatives, including new Nutraceutical product launches. These capex efforts are anticipated to enhance profitability through cost reduction via backward integration and revenue expansion. Concurrently, we're investing in process optimization and R&D to boost operational efficiency and decrease costs. The Metronidazole capacity expansion caters to the rising demand and exports of Metronidazole & Metronidazole Benzoate.

Sustainability

At Aarti Drugs Limited, sustainability is deeply ingrained in our values. We are firmly dedicated to minimising our environmental impact through the adoption of responsible practices. We actively undertake recycling initiatives to minimise waste, while promoting the efficient use of resources. Through our strategic waste reduction measures, we aim to optimise our operations while minimising the impact on the environment. Our dedication to these initiatives aligns with our broader goal of fostering a greener and more sustainable future. We take pride in the diverse range of expertise embodied by our esteemed Board of Directors. This amalgamation guarantees the highest standard of decision-making and governance. Our focus extends beyond business operations, as we actively contribute to society. Initiatives such as forestation, women empowerment through skill development and livelihood support, and infrastructural aid to primary healthcare centres for the underprivileged, demonstrating our commitment to creating a positive social impact.

Acknowledgment

The path that lies ahead fills us with optimism, as it brims with abundant opportunities for advancement and potential utilisation. Our journey so far has not only helped us achieve milestones, but also enabled the stakeholders to bestow trust on us. We are immensely grateful for the collective efforts and collaboration between various stakeholder groups, including employees, customers, shareholders, suppliers, communities, agencies, and groups. Your engagement and feedback has helped shape our course. We are committed to cultivating relationships, upholding transparency, and actively seeking your contributions for long-term prosperity. Together, we will persist in our pursuit of excellence, working towards a future that shines even brighter.

Regards,

Shri Prakash M. Patil

Chairman, Managing Director & CEO

PRODUCT PORTFOLIO

Innovating for Tomorrow

A cornerstone of our robust capabilities lies in our diversified presence across several pivotal segments within both the pharmaceutical and chemical industries. We have strategically forged a strong presence across various sectors, encompassing Active Pharmaceutical Ingredients (API), Formulations, Specialty Chemicals, Intermediates, and other interconnected domains.



Operational Credibility

80+

Finished Products

50+

API Molecules

1,500+

Work Force



Segments

Our focus is on growing the contribution from lifestyle & chronic therapeutic areas, reducing share from acute therapies

Active Pharmaceuticals Ingredients

30 APIs

(New and Existing)

Developed in Last 5 Years

Backed by market edge across segment:

- 🏭 Leading API producer of 50+ molecules for antibiotics, antiprotozoal, antiinflammatory, antidiabetic & antifungal
- 🏭 Largest manufacturer of 3 molecules in the world
- 🏭 Majority of products developed with integrated API provides an end-to-end control
- 🏭 9 manufacturing units
- 🏭 Contributes ~85% revenues
- 🏭 Installed capacity of 40,560 MTPA

Formulations

Developing New-age Formulation Products for

Europe, USA, Australia, Brazil, Canada & Latin America

For Day 1 Launches

Backed by market edge across the segment:

- 🏭 Diversified into formulation through a wholly owned subsidiary Pinnacle Life Science Pvt. Ltd. in 2014
- 🏭 Adopted flexible manufacturing approach with combination of in-house manufacturing as well as outsourcing model supported by strong inhouse R&D
- 🏭 Manufacturing plant at Baddi, Himachal Pradesh is WHO – GMP approved
- 🏭 Installed capacity of 3 billion units of tablets and 300 million units of capsules

Specialty Chemicals, Intermediates and Others

Backed by market edge across the segment:

- 🏭 2 manufacturing units; 2 more facilities coming up (currently under greenfield capex)
- 🏭 Being backward integrated, supplying intermediates of antibiotics, antifungal, antiinflammatory and cardiovascular to the API manufacturers
- 🏭 Manufacturer of specialty chemicals in Benzene & Chloro-sulphonic chemistry
- 🏭 Installed capacity of 10,566 MTPA





Research & Development

At ADL, we have been driven by a commitment to innovation, and have demonstrated the same by channeling an investment of ₹ 14 Crores exclusively towards research and development (R&D) initiatives for the FY 2022-23

This allocation reflects our dedication to stay at the vanguard of the industry, while catering to the dynamic and evolving requirements of our esteemed customers. Within the realm of R&D, we have prioritised various avenues that include New Product Development (NPD), as well as other diverse research initiatives. This has allowed us to pioneer technologies, develop innovative formulations, enhance our manufacturing processes, and continually improve the quality, efficacy, and safety of our products. We firmly believe that by pushing the boundaries of knowledge, investing in scientific discovery, and fostering a culture of innovation, we can effectively anticipate and address the evolving needs of our customers in a rapidly changing world.

We acknowledge the paramount significance of conducting comprehensive Research & Development (R&D) within our API division at the plant level. To reinforce this endeavour, we consistently earmark substantial resources in both quarterly and annual plan frameworks, aligning seamlessly with our resolute dedication to fostering innovation.

Rich Expertise

Offered by the Board

25+ Technicians

Part of ADL's Skilled Workforce



Our Research and Development (R&D) Centres benefit from robust backing from our in-house project management team. This support ensures the timely implementation of new products on a commercial scale. Adopting this strategy, a substantial portion of the products we develop undergo end-to-end control. This streamlined process not only enables smooth product delivery, but also enhances our operational efficiency.

2

Major R&D Plants

Led by a team of **two accomplished individuals holding Doctorate degrees**, our organisation welcomes advanced expertise. We take pride in having **42 Master's graduates (M.Sc)** within our ranks, actively lending their specialised knowledge to our operational endeavours. Furthermore, our team gains strength from a **contingent of 60 graduates (B.Sc) and engineers**, thereby presenting a diverse array of skills and qualifications. This collaborative reservoir of talent empowers us to propel innovation, uphold operational excellence, and effectively address the ever-evolving requisites of the pharmaceutical industry.



Centre at Tarapur

- Provides support to manufacturing facilities in Tarapur and Sarigam for API process development.
- Utilises a pilot plant for kilo scale manufacturing.
- Recognised by the Department of Science and Industrial Research (DSIR), Government of India.
- Receives frequent visits from experts and professors from ICT and the Council of Scientific and Industrial Research (CSIR) for guidance on product development.

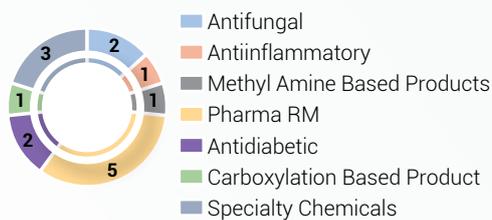
Centre at Turbhe, Navi Mumbai

- Provides support for the development of complex generics for the in-house formulation business.
- Focusses on developing complex oral solids for both regulated and emerging markets.

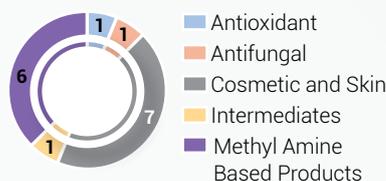
New Product Development

API and Specialty Chemicals

Products Under Development



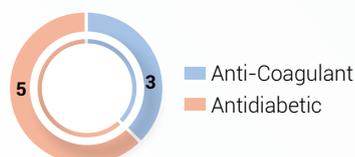
Products In Pipeline



Finished Dosages

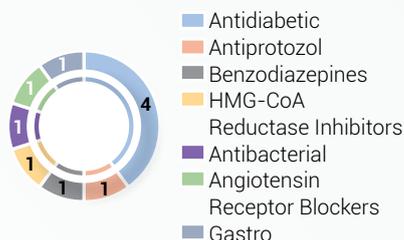
Products Under Development

New Age Molecules For Regulated Markets

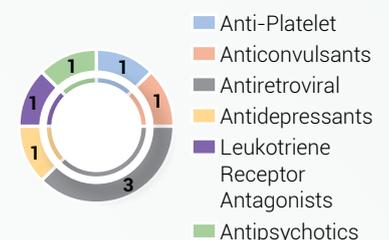


Products Under Development

LATAM & Emerging Markets



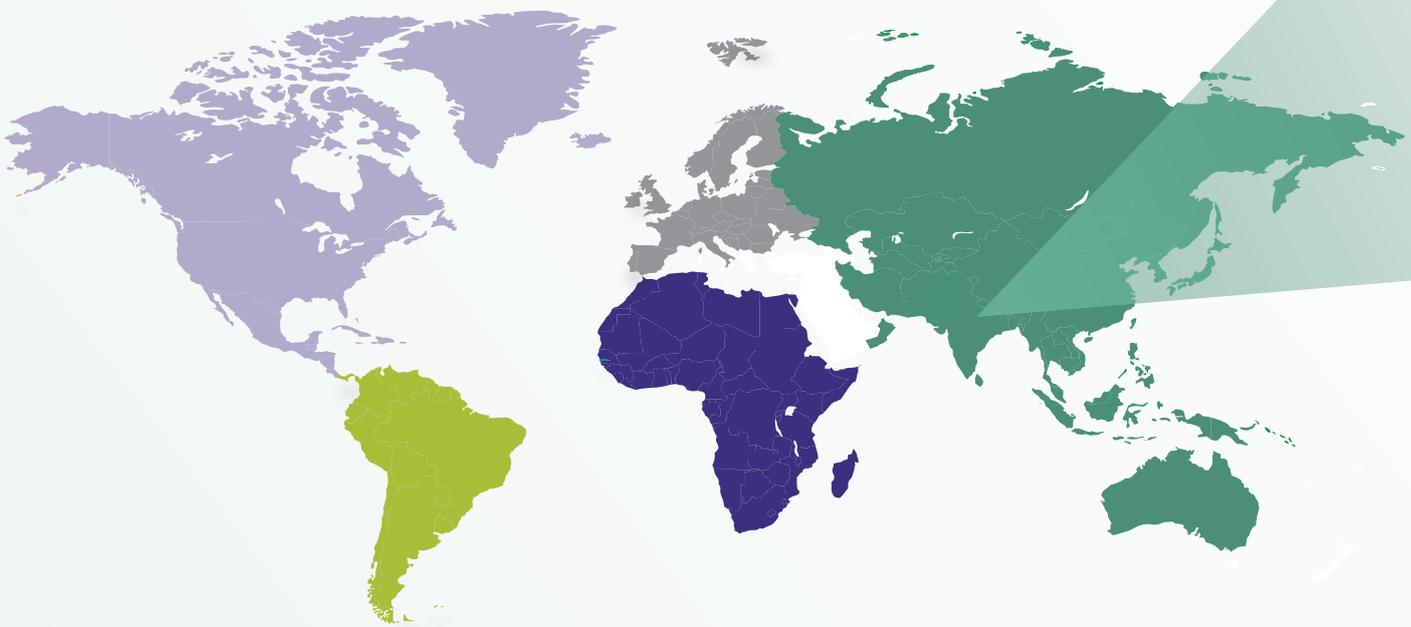
Products Under Development



INDUSTRY PRESENCE AND OVERVIEW

Building Capabilities while Fueling Efficiency

With a presence across 6 continents, ADL's footprint covers over 100 countries backed by a strong network of manufacturers and distributors.

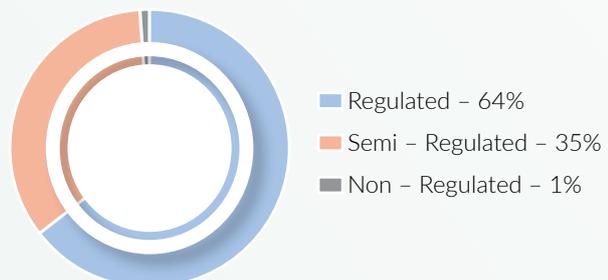


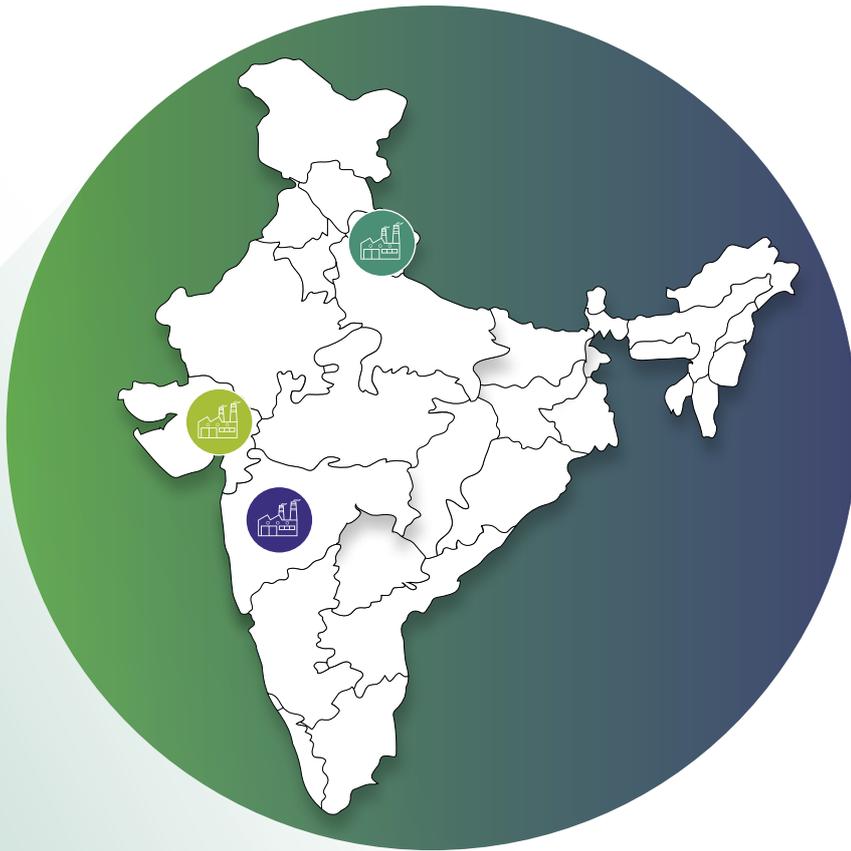
North America	Latin America	Africa	Europe	Asia
🇺🇸 FY 2022-23: 14%	🇲🇵 FY 2022-23: 14%	🇳🇬 FY 2022-23: 6%	🇪🇺 FY 2022-23: 15%	🇮🇳 FY 2022-23: 51%
🇺🇸 FY 2021-22: 13%	🇲🇵 FY 2021-22: 15%	🇳🇬 FY 2021-22: 7%	🇪🇺 FY 2021-22: 12%	🇮🇳 FY 2021-22: 54%

Top 10 Export Destinations

- 🇲🇵 Brazil
- 🇲🇵 Mexico
- 🇵🇰 Pakistan
- 🇹🇷 Turkey
- 🇮🇩 Indonesia
- 🇦🇪 UAE
- 🇪🇬 Egypt
- 🇫🇷 France
- 🇨🇭 Switzerland
- 🇩🇪 Germany

Market Share as of FY 2022-23



**HIMACHAL PRADESH****Baddi Pinnacle Plant**

Formulation Plant
WHO-GMP

**GUJARAT****Sarigam-1**

WHO-GMP

Sarigam-2

WHO-GMP/
COFEPRIS/CEP

**MAHARASHTRA****E-22**

Australian Government –
Department of Health and
Ageing - Therapeutic Goods
Administration
EUGMP/WHO-GMP/Japanese
-Accreditation, USFDA (Import
Alert Under Resolution)

G-60

ANVISA-Brazil
WHO-GMP
COFEPRIS-MEXICO

E-21

WHO-GMP
K-FDA (Korean FDA)

N-198

EUGMP, WHO-GMP & ISO
Certification

K-40

WHO-GMP/COFEPRIS

W-61

EUGMP & WHO-GMP

E-120

WHO-GMP

E-9/3

ISO-9001:2008

T-150

Intermediates

Manufacturing Capacity**Installed Capacity**

48,920 MT

FY 2021-22

51,126 MT

FY 2022-23

Current Production

37,697 MT

FY 2021-22

38,215 MT

FY 2022-23

Captive

7,657 MT

FY 2021-22

9,382 MT

FY 2022-23

Reaction Capabilities

Our reaction capabilities encompass a robust capacity housed within our multi-purpose plant, spanning a range from kilograms to multi-ton levels. Our extensive experience in multi-step synthesis and fractionations, particularly at elevated temperatures, is a testament to our proficiency. This expertise is supported by a total reaction capacity exceeding 1,300 KL. This encompasses an array of Stainless Steel (SS) and Glass Lined (GL) reactors across units, with capacities ranging from 0.5 KL to 18 KL. Our reaction capabilities are further augmented by the following elements:

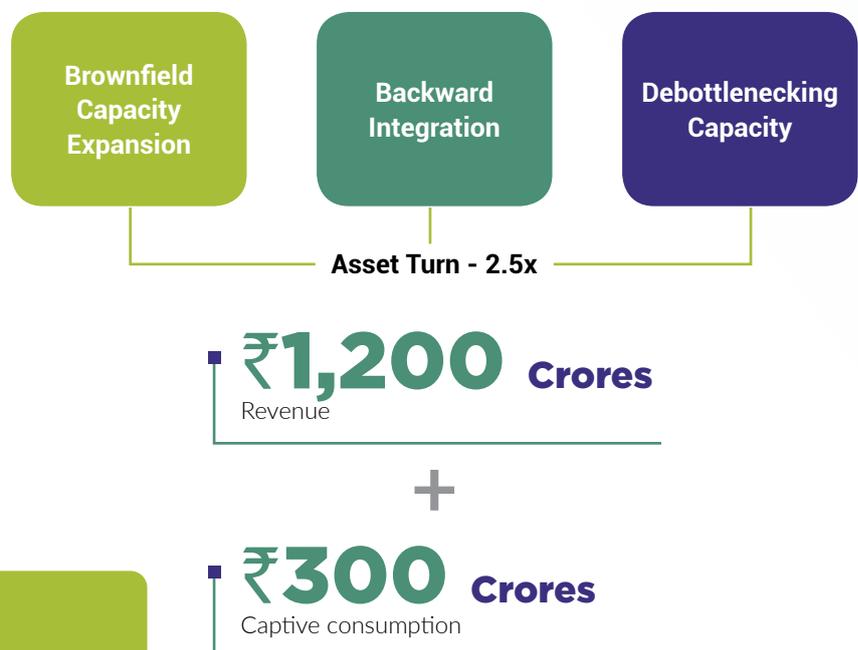
- | | | |
|---|---|---|
| <ul style="list-style-type: none"> 🔧 Amination 🔧 Halogenation (Cl, Br, I) 🔧 Nitration 🔧 Cyclocondensation 🔧 Ammonolysis (Amidation) 🔧 Condensation 🔧 Epoxidation (Chiral & Achiral) 🔧 Dehalohydrogenation 🔧 Carboxylation (at various pressures) | <ul style="list-style-type: none"> 🔧 Noble Metal Hydrogenation (Catalytic Reduction) 🔧 Oxidation 🔧 Fischer Indolization 🔧 Balz-Schiemann (Halex) (Fluorination of Amines) 🔧 Esterification (Including Asymmetric Esterification) 🔧 Sulphonation 🔧 Alkylation | <ul style="list-style-type: none"> 🔧 Methoxylation 🔧 Acylation 🔧 Diazotization & Related Chemistry 🔧 Grignard Reaction 🔧 Friedel Craft Reaction 🔧 Aldol Condensation 🔧 Cynation 🔧 Chloro Sulphonation 🔧 Cold Chemistry: Reaction Capabilities at -90° degree Celsius |
|---|---|---|

Capex Plans

- 🔧 Striving to achieve distributed investments through the long-term capex plans
- 🔧 Majority of the capex to be funded through internal accruals and minimal debt
- 🔧 Focus on brownfield expansion and debottlenecking of API facilities
- 🔧 Ongoing projects include Brownfield expansion at Baddi plant that will lead growth for Formulations business
- 🔧 Simultaneously, the Company is implementing backward integration to lead cost synergies



Combining Capabilities



Product-wise Segregation of Capex



Anti-Diabetic

- Renewed our CEP by EDQM in 2022, solidifying our position as a major player in the metformin market with a manufacturing capacity of over 1,000 TPM
- In the process of expanding our capacity through a brownfield expansion in Q1 FY 2023-24, targeting a production capacity of 1,450 TPM and further strengthening our presence in the therapeutic category
- Well placed to launch Gliptins, which is expected to enhance our offerings in the anti-diabetic segment, while also exploring options for backward integration



Antiprotozoal

- We aim to strengthen our position in the Indian market through a brownfield expansion for selected products, boosting production capacity by approximately 40%
- Recently, we received approval to market our product in China, expanding our reach and tapping into new markets
- By pursuing incremental expansions and enhancing downstream products within the antiprotozoal segment, we aim to propel our growth trajectory



Vitamins / Anti-Inflammatory

- We have a multi-purpose facility under construction, targeting highly regulated markets in the vitamins and anti-inflammatory segment
- Commissioned a brownfield expansion for our existing anti-inflammatory products, positioning ourselves for growth in this therapeutic category
- The installed capacity is expected to generate revenues of approximately ₹ 35-50 Crores per annum based on product selection. Currently, the plans are on hold pending further developments
- Anticipating a re-inspection by USFDA in the near future



Anti-Fungal

- 🏭 We continue to consolidate our leading position worldwide in the anti-fungal market and have recently expanded our production capacity, further strengthening our market position



Specialty Chemicals

- 🏭 In the process of undertaking incremental expansions of our multipurpose chloro-sulphonation line in an existing block, optimising our specialty chemicals operations
- 🏭 Plans in place for a greenfield expansion in the near future, which shall be aimed at further expanding our specialty chemicals business



R&D Product Pipeline

- 🏭 Strong pipeline of products under research and development, positioning ourselves for future growth and innovation in the market
- 🏭 In addition to our core business, we also offer contract manufacturing services for specialty chemicals and intermediates, leveraging our expertise and infrastructure



Formulations

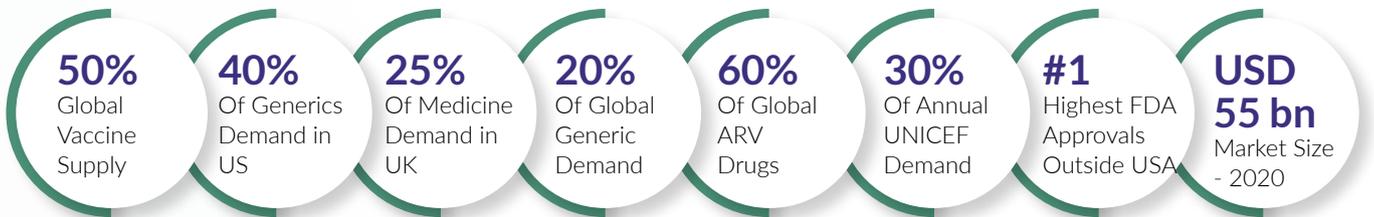
- 🏭 We commenced with commercial operations in Latin America and selective African markets
- 🏭 Currently, undertaking new registrations in export markets and government tenders alongside toll manufacturing of formulations
- 🏭 About 330 filings across 16 geographies
- 🏭 Foreign subsidiary to tap opportunities



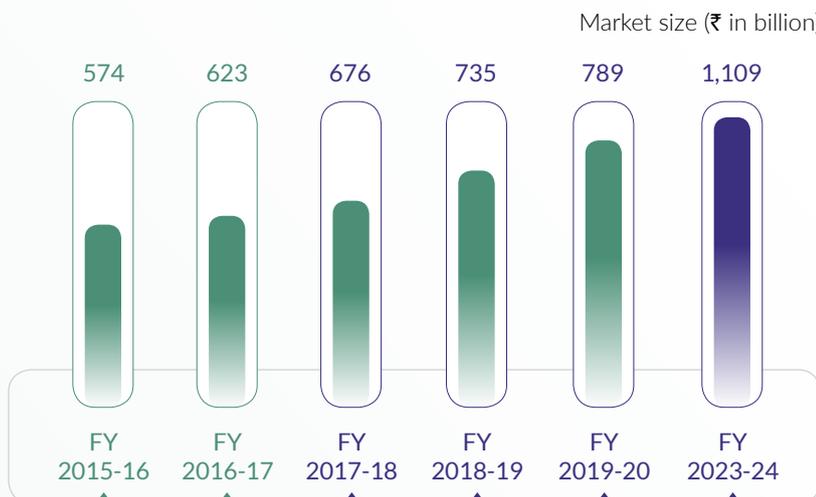
Tie-ups

- We are resolutely dedicated to effecting an incremental expansion of our existing block's multipurpose chloro-sulphonation line. This expansion not only facilitates strategic collaborations and partnerships but also underscores our commitment to growth and innovation
- Here as well, we have drawn out plans for a greenfield expansion in the near future, which will provide additional opportunities for growth and partnerships in various sectors

Evolving market dominance of Indian Pharmaceutical Industry



Market size of Active Pharmaceutical Ingredient (API) Industry in India from 2016-19 with Estimates Until 2024

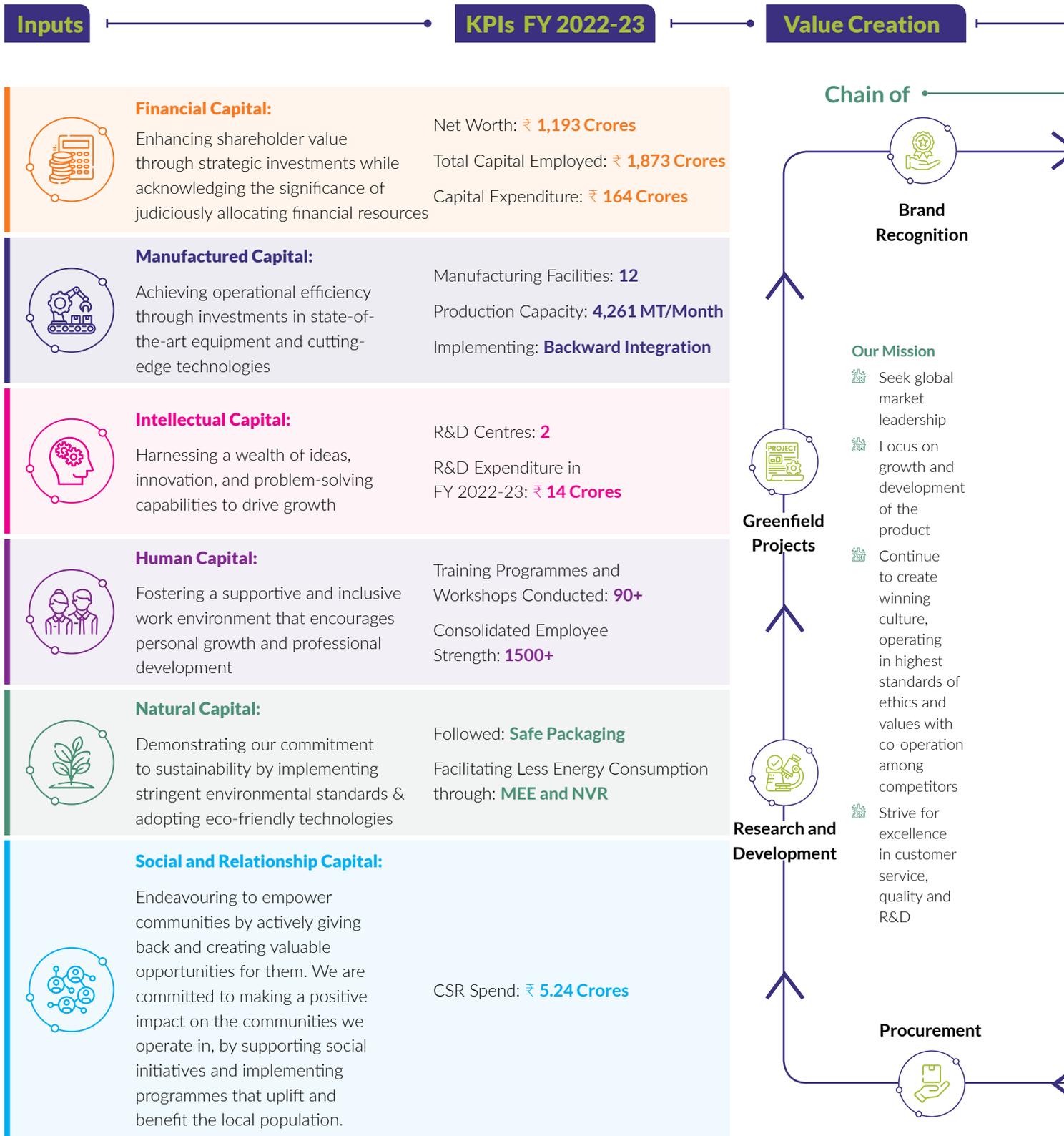


ADL's Well-Established Clientele



BUSINESS MODEL

Shaping Our Path





Ensuring Steadfast Processes and Fuller Utilisation of Potential

- Strong and efficient procurement processes ensure the availability of high-quality raw materials
- Tenacious production capabilities and processes contribute to the consistent and reliable manufacturing of API and specialty chemical products
- Effective sales strategies and distribution channels enable us to reach domestic and international markets, driving revenue growth
- Investments in newer capacities over the past two years support our goal of increasing our top-line performance
- Ample land held by us within industrial zones in Maharashtra and Gujarat, position us for potential greenfield projects in the upcoming 3-4 years
- Being a well-known and respected brand in the API space, enhances our market presence and customer trust
- Continuous focus on process improvement and R&D activities strengthens product innovation, quality enhancement, and cost leadership
- Phased capital expenditure planning mitigates risks associated with debt traps and ensures responsible financial management
- Planned greenfield projects contribute to the Company's expansion and diversification, driving long-term growth and value creation

Output

Total Revenue: ₹ **2,718 Crores**
 EBITDA: ₹ **308 Crores**
 PAT: ₹ **166 Crores**

API Molecules: **50+**
 Finished Products: **80+**

Employee Strength: **~1,571**

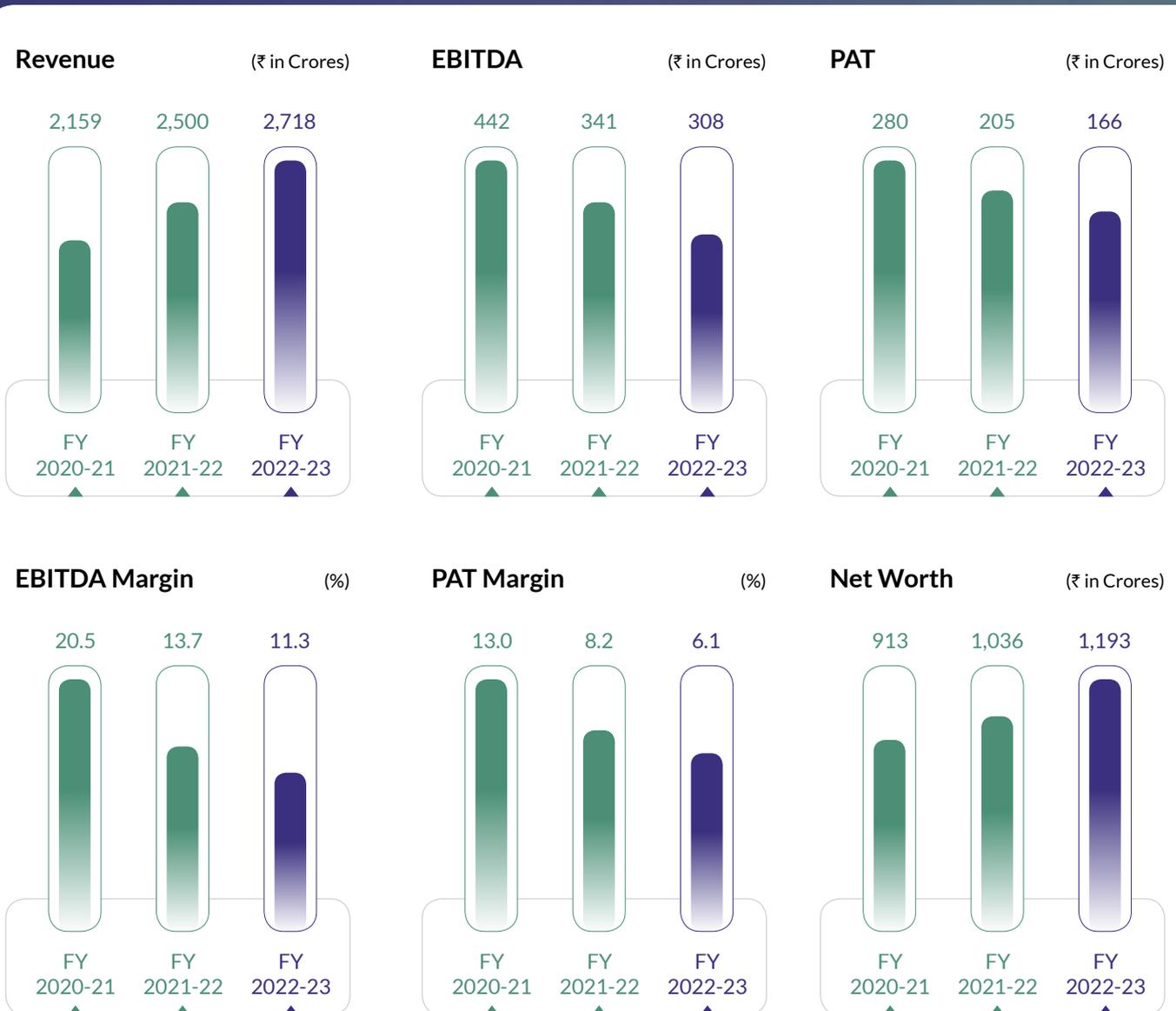
Trees Planted: **500+**

Total Beneficiaries: **10,000+**

FINANCIAL PERFORMANCE

Driving Progress for Strengthening Tomorrow

At ADL, we have consistently demonstrated positive performance over the years with notable achievements in various areas. While our revenue has shown a significant upward trend, it is important to note that the recent financial period presented certain challenges. In the face of these challenges, we have demonstrated remarkable resilience within our business model, marked by prudent financial management, commitment to innovation and customer contentment. Our consistent track record of profitability serves as a testament to our adeptness in steering through uncertainties and effectively adjusting to shifting market dynamics.



Generating Growth from Different Clusters



Segmental Mix

Standalone business contributes ~90% of sales in FY 2022-23

Focus on increasing contribution from Specialty Chemicals, Intermediates & Others, going forward



Geographic Mix

Domestic Export mix at 61:39% for FY 2022-23

None of the region contributes more than 2/3rd of the revenue with Asia contributing the highest at 51% of total sales



API Therapy Mix

Top 5 therapies contributed ~87% of sales in FY 2022-23

Anti-biotic products contributes highest at 41% to sales in FY 2022-23

Top 10 products contribute to ~76% to sales in FY 2022-23

Leaders in Domestic market in most of top 10 products

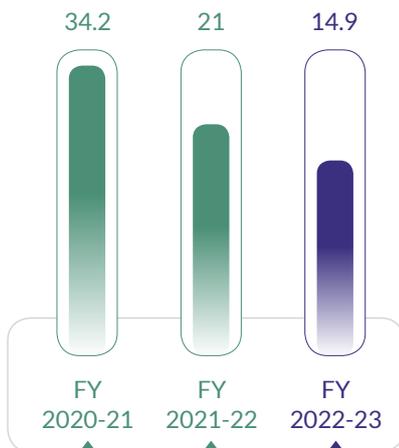


Customer Mix

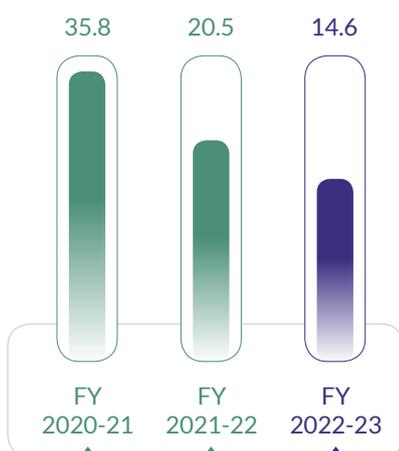
Domestic: Largest client contributes ~5% of domestic sales whereas top 10 clients contribute ~27%

Exports: Largest client contributes ~6% of exports sales whereas top 10 clients contribute ~26%

ROE (%)



ROCE (%)



OPERATIONAL CONTEXT

Tapping Opportunities for Fuller Potential Utilisation

Global Pharmaceutical and Medicine Manufacturing Industry

The proliferation of the Global Pharmaceuticals and Medicinal Products sector is primarily driven by the increasing middle-class access to industry products and the rising number of consumers requiring medications to treat chronic illnesses in emerging markets.

**Oncology, immunology,
and anti-diabetics,
followed by cardiovascular**
Therapy areas with the highest forecast spending in CY 2027

Predicted to reach
**USD 1.9 trillion
by CY 2027**
Increasing at a rate of 3-6% per year



Indian Pharmaceutical Market

Experienced steady growth,

**rising at a
CAGR of 7.7%**
from USD 35.4 billion in FY 2017-18
to USD 47.6 billion in FY 2021-22

Indian Pharmaceutical Exports Market

As per the Ministry of Health the reports projects,

**'formulations and
biologicals' continue
to have the largest
share of 73.31%**

of the country's total pharma exports followed,
by bulk drugs and drug intermediates



Poised to Harness the Potential

We have consistently upheld our robust performance by through a strong market presence. This is predominantly driven by our adept strategic planning and execution capabilities, all of which are meticulously crafted to yield exceptional outcomes.



Key Strengths

Known brand in the API space

Consistently delivering reliable quality and timely shipments while upholding commitments even amidst fluctuating market conditions.

Process improvement R&D, cost leadership

The fundamentals encompassing procurement, production, and sales are firmly established with a strong foundation.

Phase-wise capex to mitigate debt trap risks

The capacities established over the past two years are expected to contribute to the growth of our top line.

Green field projects

There are ample land parcels available in the industrial zones of Maharashtra and Gujarat to accommodate upcoming greenfield projects for the next 3 to 4 years.

High entry barriers

The pharmaceutical industry encounters various challenges such as stringent regulatory standards, high capital expenditure, long gestation periods, and significant R&D costs.

With thorough market assessment and understanding, we have laid out the following broad parameters for our long-term plans:

- 🏆 High entry barriers tackled with managed presence in highly-specialised API segment
- 🏆 Unique competitive position
- 🏆 Poised to overcome industry challenges
- 🏆 Diversified product and client mix
- 🏆 Resilient balance sheet
- 🏆 Capex to drive the next leg of growth

To bolster our market position, we lay emphasis on R&D and innovation while also pursuing expansion, exemplifying our commitment to prioritizing opportunities including:

- 🏆 Leveraging economies of scale
- 🏆 Strong purchasing power
- 🏆 Building long-term relationships and fostering repeat business from customers
- 🏆 Maintaining superior quality standards
- 🏆 Accumulating over three decades of experience
- 🏆 Diversifying client base
- 🏆 Establishing an international presence
- 🏆 Minimising dependence on regional markets



Sustainable Growth x Long-term Value Creation

Growth Drivers

Expansion

Expanding the range of products available to current customers

-  Acquiring new customers in both domestic and export markets for the API and Formulation segments
-  Incorporating skincare therapy into the API segment

Capex

Undertaking brownfield expansions at multiple facilities to increase the capacity of existing products

-  Implementing brownfield expansion to accommodate the new product line within the API segment

Value Creation Drivers

Backward Integration

Initiating backward integration strategies in the API and Formulation segments to leverage cost synergies

-  Anticipating substantial improvement in margins and return ratios over the next five years through the implementation of backward integration strategies

Prudent Capital Allocation

The planned capital expenditure is primarily intended to be financed through internal accruals with minimal reliance on debt

-  Maintenance of optimal leverage with healthy asset turnover and working capital cycle

STAKEHOLDER ENGAGEMENT

Embracing Stronger Relationships with Stakeholders

We recognise that stakeholders including customers, employees, and shareholders play a crucial role in our success. We actively engage with stakeholders through regular communication channels such as feedback sessions, surveys, and meetings, to understand their needs and expectations. By prioritising stakeholder relationships, at ADL, we aim to build trust, enhance collaboration, and ensure alignment with their interests.



Stakeholder Type	Priority Level	Engagement Mode	Frequency
 Customers	High	Surveys, feedback sessions, focus groups	Ongoing
 Shareholders	High	Annual general meetings, investor calls	Event based
 Employees	High	Employee surveys, suggestion boxes, trainings	As needed
 Government	High	Policy consultations, regulatory compliance meetings	As needed
 Suppliers	Medium	Supplier conferences, meetings, feedback sessions	Ongoing
 Community	Medium	Community events, sponsorships, public consultations	Ongoing
 NGOs	Medium	Partnerships, collaborative projects, joint events	As needed
 Industry Peers	Low	Conferences, industry associations, networking events	As needed
 Media	Low	Press releases, media interviews, media briefings	As needed
 Competitors	Low	Industry conferences, market research, industry reports	Annually

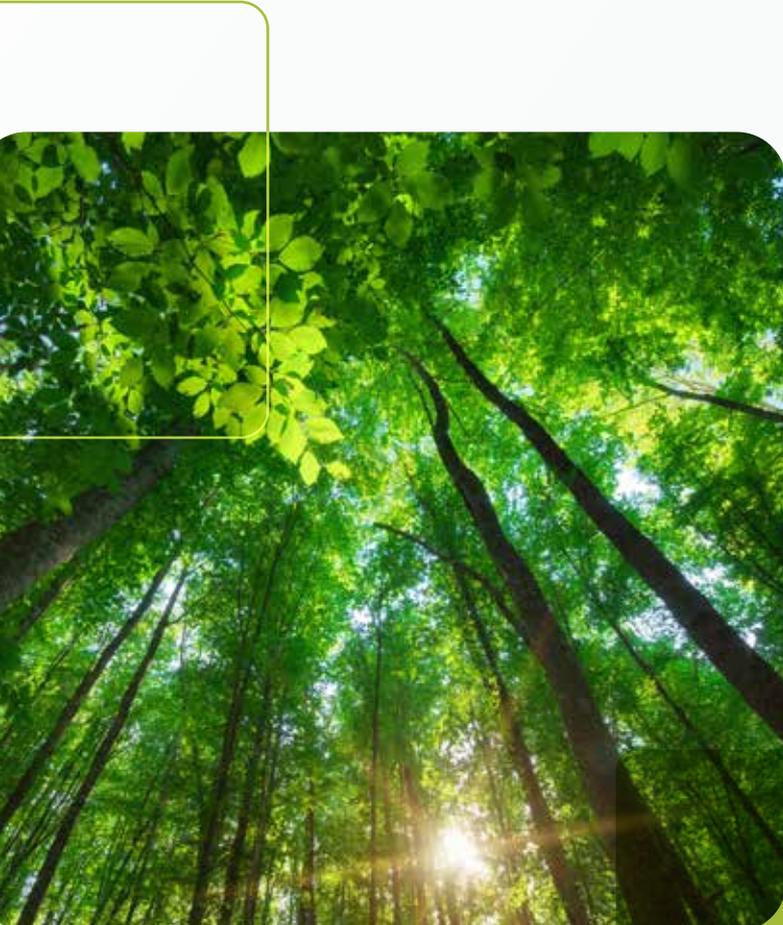
ESG

INITIATIVES

Concentrating Endeavours towards All-Round Progress

By integrating ESG principles into our core business strategies, we strive to achieve sustainable growth while considering the broader impact on environment, society, and its stakeholders.

We place a strong emphasis on environmental sustainability, leveraging data-driven approaches to implement eco-friendly technologies and effectively reduce our carbon footprint. In addition, ADL proactively participates in community development initiatives, empowering local communities and fostering social well-being. By prioritising governance, we consistently uphold elevated ethical standards, ensuring transparency, accountability, and fostering trust among stakeholders. This commitment to responsible practices not only creates long-term value but also reinforces our dedication to sustainable growth. We also recognise that a comprehensive approach to ESG is vital for addressing the interconnected challenges and opportunities of the present and future.



Environmental Stewardship

We have a strong commitment to environmental preservation, recognising the urgent reality of climate change in today's world. While the effects of environmental urgency has become increasingly evident worldwide, we acknowledge the need for continued progress in addressing this issue. We, therefore, are actively working to optimise our manufacturing and supply chain processes to minimise our overall impact.

We are dedicated to



Reducing
emissions



Conserving
energy



Embracing a low-
carbon approach



Prioritising
resource efficiency

In line with our commitment, we have implemented various measures to support this commitment towards the environmental preservation.

- 🌿 We have transformed multiple facilities into **zero-liquid discharge facilities** ensuring that no wastewater is discharged into the environment.
- 🌿 To reduce the carbon footprint, we have introduced **dual-fired boilers** in our greenfield facilities.
- 🌿 Shifted to using paper bags for packaging **bulk APIs and fiber drums instead of HDPE drums**
- 🌿 Additionally, we are utilise **jumbo bags** (1 MT packing) for packaging bulk intermediaries, aiming to reduce the excessive use of plastic bags
- 🌿 To ensure efficient use of energy, we have been **using equipment with high-end technologies** Agitated Thin Film Dryer, (ATFD) Agitated Thin Film Evaporator (ATFE), FBC boilers, membrane type filter press
- 🌿 Multiple Effect Evaporator (MEE) and Mechanical Vapour Recompression (MVR) are being used for evaporation to lessen the energy consumption to the highest possible limit.





Embracing Social Responsibility

It is important to look at the growth of a Company from a multisectoral lens. This approach is not just what affects us or our immediate set of people or things, but all the people, all the tangible and intangible resources that are affected by our actions.

At Aarti, we believe that we can only grow if everyone grows with us. For this, we have undertaken initiatives to work towards creating a culture of inclusivity within the Company and helping the communities uplift themselves.



Education and Skill Development

Education is an undeniable right of every human being, and for anyone who seeks, should have access. We believe that education helps bridge the socio-economic gaps that push us behind. Aarti Foundation works with various NGOs to operate schools to support the education of the underserved sections of the society. We undertake various education and skill-development activities for communities through Aarti Foundation.

To provide students with the best learning environments possible, Aarti Group donates towards the development of new infrastructure and the improvement of existing facilities of various schools and institutions. The Sheth M. P. Rashtriya Shala Trust in Mulund is constructing a state-of-the-art education complex with the financial support of ADL.

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





Healthcare

Being one of the leading pharma players, healthcare is very close to our hearts. To support the local healthcare system, we have supplied essential equipment to various Primary Healthcare Centres located in Palghar district of Maharashtra. Aarti Foundation with various NGOs provides medical grants.



Supporting the Tribal Communities

Along with relief programmes of various NGOs and through direct implementation, we are engaged in supporting tribal communities. We support them to create self-employment opportunities.

Water Conservation

In joint efforts with Lions Club of Tarapur, a water lifting project has been undertaken at Dharampur, Maharashtra. This shall resolve the problem of drinking water of community living in that area.



GOOD GOVERNANCE IN ACTION



Shri Chandrakant V. Gogri

**Chairman
Emeritus**

A founding member of the Aarti Group, Shri Chandrakant V. Gogri holds a Chemical Engineering degree from the Institute of Chemical Technology (ICT), [formerly known as the University Department of Chemical Technology]. His experience in areas encompassing Projects, Operations, Process Development, Local and International Marketing in the Chemical and Pharmaceutical industry is remarkable. His keen business acumen and 51+ years of experience has helped the Aarti Group scale to new heights of success. He is one of the Company's Founder Promoters. He retired as the Chairman on August 16, 2012, and has, on request of the Board, accepted the post of Chairman Emeritus for his valued guidance and expertise. Shri Chandrakant V. Gogri was awarded the prestigious Lala Shriram National Award for leadership in the Chemical industry in the year 2015, and ICC's D.M. Trivedi Lifetime Achievement Award in the year 2019 for his contributions to the Indian Chemical industry.



Shri Prakash M. Patil

**Chairman, Managing
Director & CEO**

Shri Prakash M. Patil is Chairman, Managing Director and Chief Executive officer (CEO) of the Company and has been associated since the inception of the Company. He is one of the Company's Founder Promoters. He holds a Chemical Engineering degree from the Institute of Chemical Technology (ICT) [formerly known as the University Department of Chemical Technology]. He has more than 51 years of experience in the Chemical and Pharmaceutical industry. He has an expertise in Product Identification, Project Conceptualisation, Planning, Project Engineering and Implementation. His technical experience has helped the Company emerge as one of the leading pharmaceutical companies in the country.



Shri Rashesh C. Gogri

**Managing
Director**

Shri Rashesh C. Gogri has been the Managing Director of the Company since September 26, 2014. Prior to that, he held the position of Whole-time Director of the Company since October 2012. He holds a Production Engineering degree from Mumbai University and has more than 21 years of experience in Production, Marketing and Project Implementation in the Chemical and Pharmaceutical industry. He also serves as the Vice-Chairman & Managing Director of Aarti Industries Limited and Chairman of Aarti Pharmed Labs Limited.



Shri Harshit M. Savla

**Joint Managing
Director**

Shri Harshit M. Savla is the Joint Managing Director of the Company. He is associated with the Company since 1987. He is a Commerce Graduate having more than 36 years of experience in Finance, Exports and Administration. He played a crucial role in expanding the API and Formulation business of the Company.

**Shri Harit P. Shah**

Executive
Director

Shri Harit P. Shah has been Executive Director of the Company since September 1995. He is a Commerce Graduate and has experience of more than 36 years in the handling commercial functions encompassing Sales, Purchases and Exports. He looks after local sales and exports as well. He has in-depth knowledge of the Pharmaceutical industry.

**Shri Uday M. Patil**

Executive
Director

Shri Uday M. Patil has been Executive Director of the Company since October 2000. He has more than 36 years of experience in factory administration work and liaising with various Government/Semi-Government Departments and agencies.

**Shri Narendra J. Salvi**

Non-executive
Director

Shri Narendra J. Salvi is a Non-Executive Director of the Company since August 2020. He has over 36 years of expertise in the API industry. He also serves as the Managing Director of Aarti Pharmed Labs Limited, where he oversees the operation, projects, regulatory compliances and sustainability initiatives.

**Shri Navin C. Shah**

Independent
Director

Shri Navin C. Shah has been Independent Director of the Company since 2010. He holds a Bachelor's Degree in Commerce and is a Chartered Accountant. He is a practicing Chartered Accountant with more than 38 years of experience in the field of Income Tax related matters. He has expertise in Goods and Service Tax (GST).



Prof. Krishnacharya G. Akamanchi
Independent Director

Prof. Krishnacharya G. Akamanchi has been an Independent Director of the Company since 2008. He holds a degree of B.Sc (Technology), B.Sc (Honours) and PhD (Technology). He retired as the professor of Pharmaceutical Technology at the Institute of Chemical Technology (ICT) [formerly known as the University Department of Chemical Technology]. He has more than 100 research publications in reputed international journals.



Smt Priti P. Savla
Independent Director

Smt Priti P. Savla has been Independent Director of the Company since 2014. She is a practising Chartered Accountant and a partner with KPB & Associates, a Chartered Accountants firm based in Mumbai and Thane, with over 16 years of experience. She is a qualified certificate holder in Entrepreneurs Development Program from the Indian School of Business, Hyderabad.



Shri Ankit V. Paleja
Independent Director
Appointed on October 13, 2021

Shri Ankit V. Paleja is an Independent Director of the Company. He is a qualified lawyer. He holds double Bachelor's degrees in Legal Science and Law. With around 16 years of work experience, he is presently a partner in the law firm Crawford Bayley and Co. (advocates & solicitors). He is experienced in handling Equity Investments, Mergers and Acquisitions, Banking and Finance and general corporate transactions among others. He has been awarded the 'Under 40 Rising Star Award' by Legal Era. His previous engagement was with the law firm Little & Co.



Prof. Bhaskar N. Thorat
Independent Director
Appointed on May 9, 2022

Prof. Bhaskar N. Thorat is an Independent Director of the Company. He holds the degree of M. Chem. Engg. and Ph.D in Chemical Engineering from Institute of Chemical Technology (formerly known as UDCT). He is a Senior Professor of Chemical Engineering at Institute of Chemical Technology, Mumbai. He has been recognised with many awards and honours and has more than 100 research publications in reputed international journals.

**Smt Neha R. Gada****Independent Director**

Appointed on May 9, 2022

Smt Neha R. Gada is an Independent Director of the Company. She is a Chartered Accountant and an Insolvency Professional. She has an experience of over 21 years in compliance pertaining to Securities Law and Corporate Laws. She is a co-founder of Dhhanish Advisors Private Ltd.

**Shri Adhish P. Patil****Chief Financial Officer &
Chief Operating Officer**

Shri Adhish P. Patil is a proven leader with 18 years of experience in Manufacturing Operations, Finance, Investor Relations, Regulatory Compliance, Consulting, Systems Engineering and Information Technology for the Pharmaceutical and Consulting industries. He has a Bachelor of Engineering (IT) degree from Mumbai University. He is a gold medalist from the University of Florida's Warrington College of Business Administration with an MBA in Finance and Marketing. He was named to the coveted 'Top 100 CFOs India 2014' list. Additionally, he was a part of the coveted list of 'Top 200 CFOs in India,' awarded by StartupLanes in 2023. He has managed Production Efficiencies, Projects, Financial Operations, ERP Implementation and Automations for regulatory compliances for a publicly-traded pharmaceutical company.



AWARDS AND ACCOLADES

Recognising Efforts for Encouraging Progress

1991-92

CHEMEXCIL
Outstanding
Performance in Exports

2001

CHEMEXCIL
Outstanding Performance in
Exports
**ORGANISATION OF
PHARMACEUTICAL PRODUCT**
Best Vendor

2005-06

AVAYA GLOBAL CONNECT
Customer Responsiveness

2009

CHEMEXCIL
Outstanding Performance in
Exports

2012

CHEMEXCIL
Outstanding Performance in
Latin American Exports

2013

ABBOTT
Best Vendor of the year

2014

CHEMEXCIL
Appreciation as a business
partner

2014

Government of India
(Ministry of Commerce
and Industry)
Certificate of Recognition
- Star Export House

2015-2019

ABBOTT
Business partner of the year

2021-22

PHARMEXCIL
Export Performance
Exports - API &
Intermediaries Gold Star



CORPORATE INFORMATION

CHAIRMAN EMERITUS

Shri Chandrakant V. Gogri

CHAIRMAN, MANAGING DIRECTOR & CEO

Shri Prakash M. Patil

MANAGING DIRECTOR

Shri Rashesh C. Gogri

JOINT MANAGING DIRECTOR

Shri Harshit M. Savla

EXECUTIVE DIRECTORS

Shri Harit P. Shah
Shri Uday M. Patil

NON-EXECUTIVE DIRECTOR

Shri Narendra J. Salvi

INDEPENDENT DIRECTORS

Shri Navin C. Shah
Prof. Krishnacharya G. Akamanchi
Smt Priti P. Savla
Shri Ankit V. Paleja
Prof. Bhaskar N. Thorat
Smt Neha R. Gada

CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER

Shri Adhish P. Patil

COMPANY SECRETARY AND COMPLIANCE OFFICER

CS Rushikesh Deole

Registered Office

Plot No. N - 198, M.I.D.C., Tarapur, Village -
Pamtembhi, Taluka & Dist. Palghar - 401 506
Maharashtra. (INDIA)

Corporate Office

Ground Floor, Mahendra Industrial Estate,
Road No 29, Plot No 109-D, Sion (East),
Mumbai- 400022. (INDIA), Maharashtra

Website: www.aartidrugs.co.in

Email: investorrelations@aartidrugs.com

Tel No: +91 22-2401 9025

Corporate Identification Number

L37060MH1984PLC055433

Statutory Auditors

Kirtane & Pandit LLP, Chartered Accountants

Secretarial Auditors

Sunil M. Dedhia & Co., Practicing Company
Secretary

Registrar and Share Transfer Agent

Link Intime India Private Limited,
C 101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400083, Maharashtra

Tel No. - +91 22 491 86000

Fax: +91 22 49186060

Email: rnt.helpdesk@linkintime.co.in

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

Bankers

Axis Bank Limited
DBS Bank India Limited
HDFC Bank Limited
IDBI Bank Limited
Kotak Mahindra Bank Limited
Standard Chartered Bank
State Bank of India
The Hongkong and Shanghai Banking
Corporation Limited
SVC Co-Operative Bank Limited
Union Bank of India



MANAGEMENT DISCUSSION AND ANALYSIS

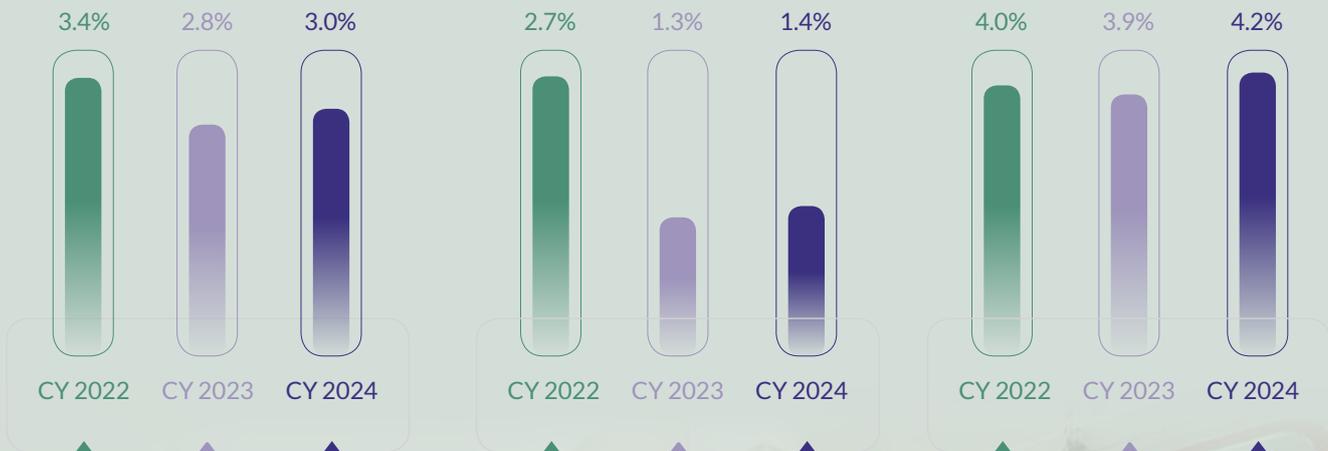
Global Economic Overview

The year 2022 saw the worldwide economy demonstrate remarkable resilience, positioning it well for promising growth in CY 2023. Despite initial macroeconomic hindrances, such as inflation, trade conflicts, and geopolitical tensions that subdued the growth momentum, the economy's rapid rebound has paved the way for a brighter future. Governments across the globe have played an instrumental role in enhancing resilience by implementing well-calibrated monetary policies. Their efforts have contributed to a faster resurgence of economic activities and expectations of a prosperous & optimistic economic landscape in the coming year.

According to the World Economic Outlook report by the International Monetary Fund, the global economy achieved a growth rate of 3.4% in CY 2022. Gradual interest rate adoption has effectively controlled inflation since the start of CY 2023 after the inflationary pressures of CY 2022 hindered a quick recovery from the COVID-19 pandemic. While economic growth slowed in CY 2022 due to inflationary pressures, it is expected to rebound in CY 2023. The global economy is anticipated to showcase a steady growth of 2.8% in CY 2023 and 3% in CY 2024 driven by robust labour markets, substantial household consumption, business investment, and growing consumer demand.

Economic Growth Projections (Region-Wise % Change)

Estimate █
Projections █ CY 2023 █ CY 2024



World

Advanced Economies

Emerging Market and Developing Economies

(Source: IMF, WEO April, 2023)





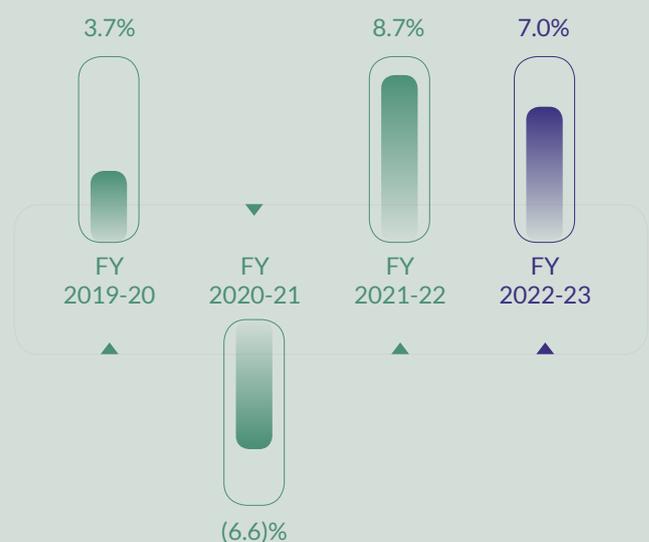
Indian Economic Overview

The Indian economy has established itself as one of the fastest-growing economies globally, with a strong growth rate of 7% expected by the end of FY 2022-23, as reported by the National Statistical Organisation (NSO). This progress has been largely driven by a rebound in economic activities, particularly in private sector consumption, and the Government's focus on infrastructure development. Despite short-term turbulence, India's strong underlying economic fundamentals are anticipated to keep its long-term outlook promising. Growth-oriented policies and schemes, increased infrastructure spending, and emphasis on manufacturing and technological transformation contribute to accelerated economic growth.

While the country experienced robust economic growth during the first two quarters of FY 2022-23, with a 13.5% and 6.3% growth rate, respectively, the growth rate tapered to 4.4% in the third quarter due to inflationary pressure. In response, the Reserve Bank of India (RBI) raised the repo rate by 250 bps to 6.5% in FY 2022-23, which led to a gradual smoothening of the inflationary grip on the country's economy. Further, to expand growth prospects, the Indian Union Budget for FY 2023-24 has allocated a substantial capex of ₹ 10 lakh Crores towards infrastructure development to boost economic growth, marking a 37.4% hike in comparison to the previous allotment. The Government has increased capital expenditure to offset the private sector's cautious stance on investment, supported by strong financials, high GST, and direct tax collections. The monthly Goods and Services Tax (GST) revenue collection increased by 13% to ₹ 1.60 lakh Crores in March 2023, marking the third consecutive month of increase in GST collections.

Increased Government spending, a rise in private consumption, and investment are expected to further boost economic activity and contribute to significant growth in the coming years. S&P Global Ratings anticipates moderate real GDP growth of 6% in FY 2023-24, driven by domestic demand and increased capital investment. The RBI anticipates inflation to move closer to a moderate level in the first half of FY 2023-24 as domestic demand is predicted to rise.

India GDP Growth Rate (%)



(Source: MoSPI, NSO)

Global Pharmaceutical Industry

The global pharmaceuticals market is expected to witness significant growth over the next few years, with projections indicating that it will reach USD 1,587.05 billion in CY 2022 from USD 1,454.66 billion in CY 2021, reflecting a CAGR of 9.1%. This growth is attributed to the restructuring of operations by companies in the industry as they are recovering from the impact of COVID-19 pandemic. Earlier these companies faced operational challenges due to COVID-19 pandemic-induced containment measures. Moreover, the market is anticipated to grow to USD 3,201.02 billion in CY 2026, representing a CAGR of 19.2%.

The growth of the Global Pharmaceuticals and Medicine Manufacturing industry is primarily driven by the increasing middle-class access to industry products and the rising number of consumers requiring medications to treat chronic illnesses in emerging markets. Additionally, the increase in health expenditures by countries in the Organisation for Economic Co-operation and Development (OECD) is expected to underpin expansion over the coming years. Furthermore, global research and development (R&D) funding is anticipated to rise by an annualised 4.7% over the next five years, supporting the R&D investment in the industry. Moreover, demographic trends, such as the growing number of adults aged 65 and older, and clinical advances are also predicted to bolster revenue growth.

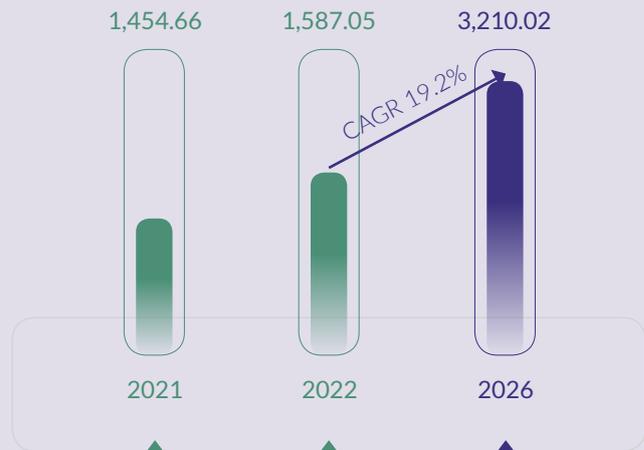
Regions worldwide are growing following diverging trends, with some being volume-driven, while others have a greater contribution from the adoption of innovation. Countries in Latin America, the Asia-Pacific region, and Africa & the Middle East are anticipated to grow more than 10% by volume over the five years to CY 2027. Spending growth will increase by over 30%, indicating both population-driven volume growth and a shift in the mix of higher price point products. The therapy areas with the highest forecast spending in CY 2027 are oncology, immunology, and anti-diabetics, followed by cardiovascular. Oncology is expected to expand 13-16% CAGR through to CY 2027 as novel treatments continue to be launched for cancer treatment. The demand for innovative drugs will drive oncology spending to approximately USD 370 billion by CY 2027, almost double the current level. Global medicine spending is predicted to reach USD 1.9 trillion by CY 2027, increasing at a rate of 3-6% per year.

(Source: Global Pharmaceuticals & Medicine Manufacturing, November 2022, IBIS World, The Business Research Company, IQVIA)

[https://www.thebusinessresearchcompany.com/report/pharmaceuticals-global-market-report#:~:text=The%20global%20pharmaceuticals%20market%20size,\(CAGR\)%20of%209.1%25.](https://www.thebusinessresearchcompany.com/report/pharmaceuticals-global-market-report#:~:text=The%20global%20pharmaceuticals%20market%20size,(CAGR)%20of%209.1%25.)

<https://www.iqvia.com/insights/the-iqvia-institute/reports/the-global-use-of-medicines-2023>

Global Pharmaceutical Market (USD million)



(Source: The Business Research Company)



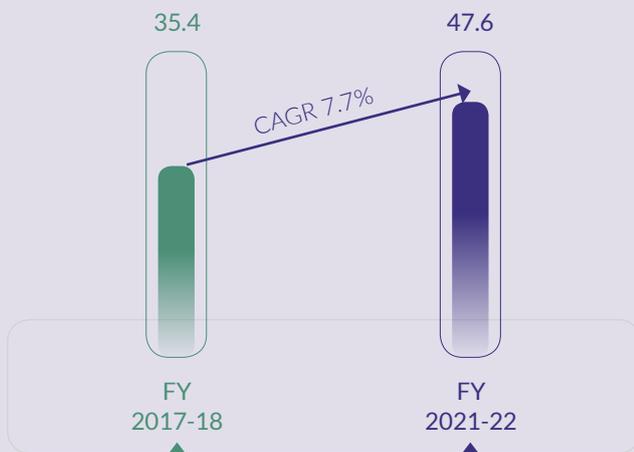
Indian Pharmaceutical Industry

India ranks 3rd globally in terms of volume in the pharmaceutical industry. Major segments include generic drugs, OTC medicines, bulk drugs, vaccines, contract research & manufacturing, biosimilars and biologics. India is the largest supplier of generic medicines, accounting for 20% of the global supply. The industry has registered a CAGR of 7.7% from around USD 35.4 billion in FY 2017-18 to about USD 47.6 billion in FY 2021-22. Both domestic and export markets have driven this growth.

The Economic Survey 2022-23 predicted India's domestic pharmaceutical market to reach USD 130 billion by CY 2030, with the pharma sector maintaining its growing pace following the COVID-19 pandemic. The 'Ayushman Bharat Digital Mission' aims to sustain the nation's integrated digital health infrastructure. Moreover, digitalisation, innovation, and R&D in the pharma sector will help India maintain its leading role globally.

(Source: CareEdge Research, Economic Survey 2022-23)

Indian Pharmaceutical Market (USD billion)



(Source: CareEdge Research)

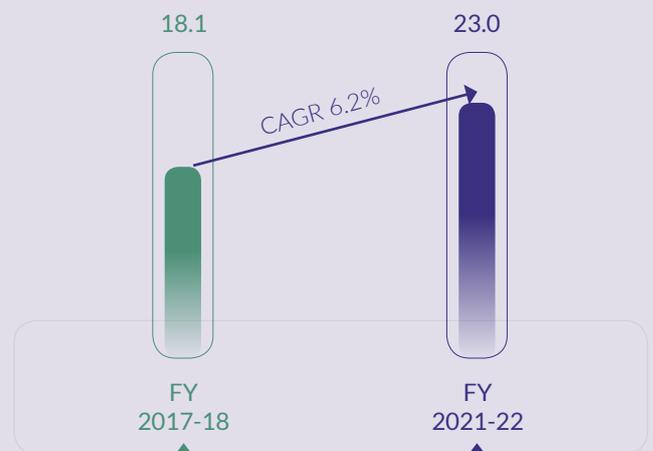
Indian Domestic Pharmaceutical Market

The domestic pharmaceutical market in India experienced steady growth, rising from USD 18.1 billion in FY 2017-18 to USD 23.0 billion in FY 2021-22 at a CAGR of 6.2%. The market is broadly divided into two categories: acute therapies (anti-infectives and painkillers) and chronic therapies (cardiac, gastrointestinal and anti-diabetic drugs). Anti-infectives currently have the largest market share by revenue at 13.6%. This is followed by cardiac and gastrointestinal drugs with shares of 12.4% and 11.5%, respectively.

The growth of the domestic pharma market is anticipated to be driven by various factors. These factors include increased penetration of health insurance, better access to healthcare facilities, and a rising prevalence of chronic diseases. Additionally, increased per capita income is expected to drive demand for more expensive drugs.

(Source: CareEdge Research)

Indian Domestic Pharmaceutical Market (USD billion)



(Source: CareEdge Research)



Indian Export Pharmaceutical Market

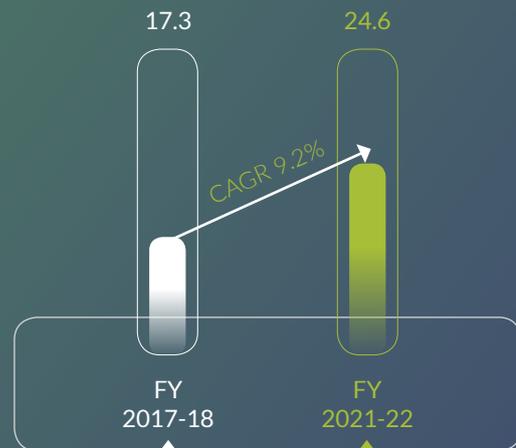
The Indian pharma industry has gained global recognition due to its price competitiveness and quality of products. They supply over 60% of the world's vaccines and 20% of generic medicines across the world. India's pharmaceutical exports have shown impressive growth over the past few years, from USD 17.3 billion in FY 2017-18 to USD 24.6 billion in FY 2021-22, expanding at a CAGR of 9.2%. This growth can be attributed to several factors, such as the increasing generic penetration in the regulated markets, focus on the niche and complex product segments, patent expiries, medicine patent pool announcing license agreements with pharmaceutical companies, and growing demand from semi-regulated pharma markets.

Despite the global trade disruptions and reduced demand for COVID-19 pandemic-related medicines, India's pharma exports exhibited growth in FY 2021-22. As of 2021, India shipped over ₹ 1,349 billion worth of drugs to over 200 nations. These range from highly regulated markets in North America and Europe to countries with small pharmaceutical markets. As per the Ministry Reports, 'formulations and biologicals' continue to have the largest share of 73.31% of the country's total pharma exports, followed by bulk drugs and drug intermediates. India's top five pharma export destinations are the US, UK, South Africa, Russia, and Nigeria.

In the long-term, growth in the export market will be sustained by emerging markets, such as Russia, Brazil, and South Africa. The growth trajectory of the Indian pharma sector looks promising, and the country is poised to make significant contributions to the global pharma industry.

(Source: Pharmaceutical Export Market in India, June 2022, Netscribes)

Indian Export Pharmaceutical Market (USD billion)



(Source: CareEdge Research)

Company Overview

Aarti Drugs Limited (referred to as 'Aarti Drugs' or 'The Company'), established in 1984, is a prominent manufacturer of APIs, Pharma Intermediates, and Specialty Chemicals. The Company operates as part of the Aarti Group, a conglomerate with a net worth of USD 900 million. With over 50 compounds for antibiotics, antiprotozoal, anti-inflammatory, anti-diabetic, and antifungal, Aarti Drugs has emerged as a market leader in APIs. In addition, the Company owns a wholly-owned subsidiary called Pinnacle Life Science Private Limited, which specialises in manufacturing formulations.

Aarti Drugs has a flexible production approach that involves both in-house and outsourced manufacturing, as well as significant in-house R&D. The multi-purpose plants have a capacity ranging from kilogrammes to multi-tonnes. The Company's in-house formulation business is supported by the R&D centre located in Turbhe, Navi Mumbai, which is dedicated to creating complicated generics. Meanwhile, the Tarapur R&D facility situated at MIDC, Maharashtra, is engaged in API production. These plants are strategically located near industrial hubs.

Strengths

12

Manufacturing Facilities

50+

API Molecules

80+

Finished Products

4,261

MT/Monthly
Capacity

1,10,330

Sq.m
Plant Area

~39%

Export Revenue

Product Portfolio

APIs:

The Company has various APIs in its portfolio which includes the following..

- 🧪 Antibiotics like Ciprofloxacin Hydrochloride, Ofloxacin, Levofloxacin, Norfloxacin, and Enrofloxacin, among others
- 🧪 Antiprotozoals like Metronidazole, Tinidazole, and Metronidazole Benzoate, among others
- 🧪 Anti-diabetics like Metformin HCL, Pioglitazone, Vildagliptin, and Teneeligiptin
- 🧪 Anti-inflammatory like Diclofenac derivatives, Aceclofenac Nimesulide and Celecoxib
- 🧪 Antifungals like Ketoconazole and Tolnaftate
- 🧪 Cardioprotectant - Clopidogrel
- 🧪 Other categories

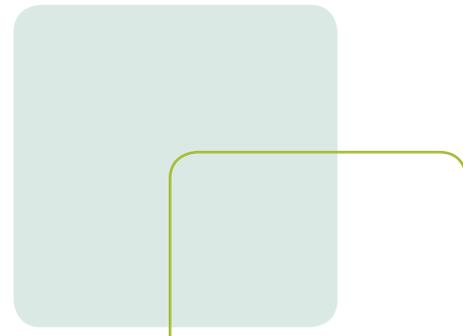
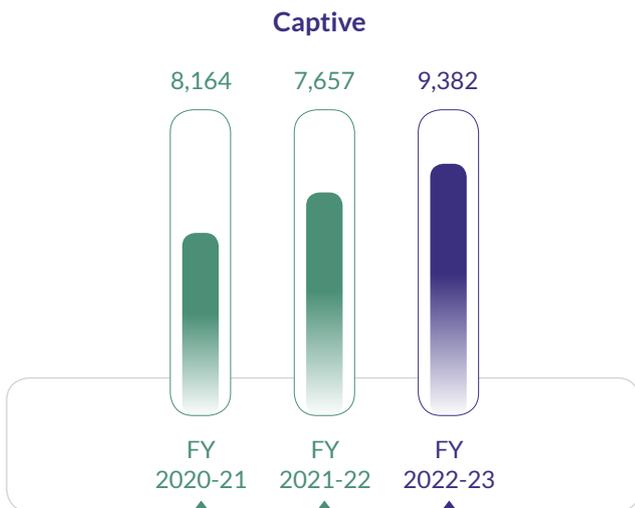
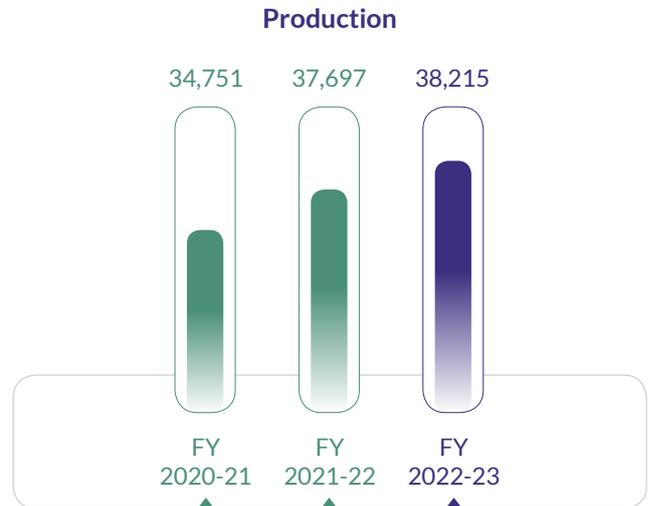
Speciality Chemicals:

Aarti Drugs is also actively engaged in range of speciality chemical development which includes

- 🧪 Benzene Sulphonyl Chloride
- 🧪 Derivatives of Chlorosulphonation Chemistry



Manufacturing Facilities



Highlights

- Capex of ₹ 600 Crores underway [starting from FY 2021-22 for the next 4-5 years]
- Full ramp-up of existing capacity and new capacity post ₹ 600 Crores capex



R&D

Aarti Drugs' R&D team comprises doctorates, post graduates (MSc), graduates (BSc), and engineering technicians. The Company's R&D centres and other institutions have received accreditation from the Department of Science and Industrial Research (DSIR). The team's key competencies include continual process improvement, product quality enhancement, and inventing new products for future growth. To ensure timely commercialisation of innovative products, Aarti Drugs' R&D is fully-supported by an in-house team of project managers. Additionally, it frequently seeks product development guidance from professionals and academics associated with the Institute of Chemical Technology (ICT), and the Council of Scientific and Industrial Research (CSIR).

Subsidiaries

Aarti Drugs has three subsidiaries: Pinnacle Life Science Private Limited, Aarti Speciality Chemicals Limited, and Pinnacle Chile SpA (a foreign subsidiary). Pinnacle Life Science Private Limited (PLSPL) is a wholly-owned subsidiary that was founded to become the world's leading provider of high-quality and cost-effective pharmaceutical formulations. Aarti Drugs and PLSPL collaborated to provide a one-stop shop for key pharmaceutical needs. PLSPL leverages its

parent company's core API competencies and engineers the majority of the formulations in a cost-efficient manner, resulting in significantly increased value for existing API products formulations. PLSPL has contributed approximately 10% of the Company's revenue by opening up new export opportunities in Latin America, certain African countries, and Asia, through new export and Government tender registrations.

Another subsidiary, Pinnacle Chile SpA, supports the marketing of medication formulations and participates in Chilean tenders and the private sector in Santiago, Chile.

Distribution Network

Aarti Drugs' distribution channel is a crucial enabler that has facilitated its expansion into more than 100 countries. In the vast majority of cases, the Company delivers products directly to consumers via air or water transportation, reducing costs. It also has distributors in instances where the volume is not substantial. Aarti Drugs carefully evaluates its clients' creditworthiness, and if any risk is identified, it employs European traders to handle those transactions. The Company adequately covers its risks, such as receivables risks, through its trade credit insurance. Therefore, Aarti Drugs' outstanding distribution network is essential to its operations and cannot be overstated.



Financial Highlights

Financial Parameters	FY 2021-22	FY 2022-23	Change (%)
Debt Equity Ratio (Times)	0.52	0.51	-1.92%
Operating Profit Margin (%)	11.41	9.61	-15.78%
Net Profit Margin (%)	8.24	6.12	-25.73%
Return on Equity (%)	21.03	14.93	-29.01%
Return on Capital Employed (in %)	19.43	14.61	-24.81%

Growth in API business remained below expectation primarily due to inventory recalibration at the customer's level owing to high API prices. Margins and profitability continued to remain affected as inflationary pressure weighed on raw materials, power and fuel costs, coupled with sharp depreciation in the currency.

Debt –Equity ratio for FY 2022-23 stood 0.51x largely owing to ongoing capex.

Aarti Drugs saw an increase in its consolidated topline by 9% to ₹ 2,718 Crores and EBIDTA came in at ₹ 307.8 Crores, while EBITDA margin stood at 11.3%. Profit after Tax (PAT) for the year stood at ₹ 166.4 Crores, with the PAT margin at 6.1%. To lessen the risk of shortages, the Company is seeking to reduce its dependency on imports through more backward integration of its API segment, in-house material production, and the development of alternative procedures. The capex for FY 2022-23 stood at ₹ 164 Crores, which was funded through a mix of internal accruals and debt. The net debt-to-equity ratio for FY 2022-23 stood at 0.51x compared to 0.52x year-on-year. The Return on Equity (ROE) for FY 2022-23 stood at 14.93%, while the return on capital employed stood at 14.61%



Internal Controls

Internal controls are a crucial aspect of any company's operations, and Aarti Drugs takes them very seriously. Robust internal controls are in place to prevent any wrongdoing or misconduct, and they are regularly reviewed by the Audit Committee. The Company ensures asset security, precise transaction recording, and timely reporting through these systems, which are frequently upgraded and analysed to keep up with changing circumstances. Additionally, Aarti Drugs conducts regular internal auditing through an independent firm of Chartered Accountants, and its Audit Committee evaluates the Internal Auditors' periodic reports to address any concerns raised.

Human Resource

Aarti Drugs understands that its employees are not just resources, but rather, they are individuals with unique skills, talents, and aspirations. The Company's focus is not only on meeting its business goals, but also on creating a conducive work environment that allows its employees to reach their full potential. Aarti Drugs' Human Resource Division (HRD) ensures that all its employees are provided with equal opportunities to grow, learn, and excel in their careers.

The Company's HRD works closely with the line managers to identify the areas where training and development can make a significant difference in the performance of its employees. By organising regular training sessions and seminars, the Company strives to enhance the skills and knowledge of its employees. In-house training programmes are organised as and when required to address specific training needs.

Aarti Drugs is committed to providing its employees with the necessary resources and support to excel in their roles. The Company believes in fostering a culture of continuous learning and development, where employees are encouraged to take ownership of their career growth. Therefore, Aarti Drugs provides its employees with opportunities for cross-functional learning, leadership development programmes, and exposure to diverse business functions.

The Company recognises that its employees are the driving force behind its success. Aarti Drugs is committed to creating an inclusive, supportive, and empowering work environment where its employees can thrive and realise their full potential. The Company believes that investing in its employees' growth and development can create a culture of excellence that translates into long-term success for it.



Environment, Health and Safety

Aarti Drugs takes pride in the fact that it has made significant progress in its efforts to promote sustainability and reduce environmental impact. Through the Company's focus on developing new technologies and innovative manufacturing processes, it has been able to provide more effective waste management systems and achieve a considerable reduction in water use.

The Company has implemented procedures to decrease waste by maintaining greater yields and removing by-products from effluent streams, resulting in reduced environmental waste. It has also completed plantation work and planted trees on 250 acres of forest property at Dhuktan, Palghar, and is committed to their regular maintenance.

Aarti Drugs takes environmental concerns seriously and incorporates them into all stages of its plant design. The Company has installed air scrubbers, dust filters, fire suppression systems, and wastewater treatment plants in all of its facilities to help maintain a green environment. Additionally, it has implemented waste isolation measures to use garbage as a source of fuel for energy generation, reducing its carbon impact.

Dedicated to upholding employee well-being, the Company actively arranges routine training sessions. These programs center around the proper utilization and significance of Personal Protective Equipment (PPE), along with cultivating a strong sense of safety awareness and corresponding actions. It has also organised training sessions with the faculties of the Bombay Productivity Council on Kaizen and behaviour-based safety in organisations (Industrial Safety Awareness). The employees of Aarti Drugs have undergone training in first aid, firefighting, and emergency rescue operations, offered by Civil Defence, a Central Government agency.

The Company believes that the safety of its employees is a top priority and is important for maintaining a conducive business environment. To bring in a sense of security, Aarti Drugs Limited has equipped its facilities with a fire hydrant system, fire extinguishers, and smoke & heat detectors. Alongside, the Company has installed hydrogen and ammonia gas leak detectors, and all the electric components at its plants are flameproof. The audio-visual alert alarm system monitors temperature fluctuation - rising, cooling or chilling system failures, and agitator tripping. For Aarti Drugs' reaction vessels and distillation systems, it has put rupture discs and safety valves in place. The Company's facilities underwent external safety audit by a safety auditor recognised by the Maharashtra Government, and all its safety

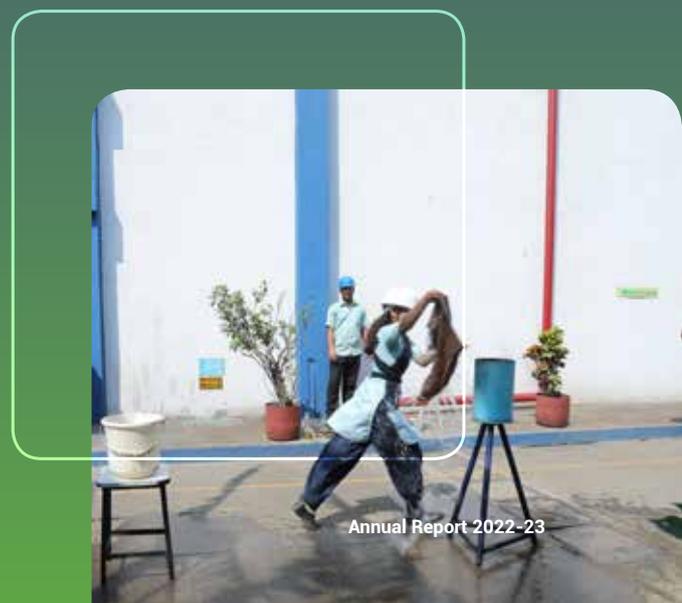
controls are aligned with IS:14489:1998. Additionally, a safety consultant and former Deputy Director of the Department of Industrial Safety and Health conducted various onsite job training for employee well-being.

Outlook

Despite a challenging economic and geopolitical environment, Aarti Drugs maintains a positive outlook, highlighted by pivotal developments. Notably, two expansive greenfield projects are expected to be commercialized during the second half of FY 2023-24, promising to propel the Company's growth trajectory to new heights. The strategic pursuit of additional Certificate of Suitability (CEP) and regulatory approvals underscores its dedication to amplifying sales within the regulatory markets. As inflationary pressures recede, a robust domestic demand projection is expected to emerge. However, the challenge of USD shortages in specific emerging markets persists, constraining the expansion of the growth of exports. The Company is also actively pursuing USFDA for a follow-up inspection. These endeavours hold transformative potential in shaping our forthcoming ventures positively.

Cautionary Statement

Estimates and expectations stated in this Management Discussion and Analysis may be 'forward-looking' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions in the Government's regulations, tax laws, other statutes, and other incidental factors.



DIRECTORS' REPORT

To,

The Members of

AARTI DRUGS LIMITED

Your Board of Directors ("Board") are pleased to present this 38th (Thirty Eighth) Annual Report on the business and operations of your Company ("the Company" or "Aarti Drugs Limited") together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023.

FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue from Operations	2,49,797	2,25,117	2,71,605	2,48,865
Other income	223	477	219	1,132
Total Revenue	2,50,020	2,25,595	2,71,825	2,49,996
Total Expenditure	2,29,539	2,00,045	2,49,407	2,23,001
Profit before Depreciation, Amortisation Interest and tax Expenses	28,464	32,296	30,780	34,075
Finance Cost	3,253	2,006	3,329	2,075
Depreciation & Amortisation	4,729	4,739	5,032	5,005
Profit before Exceptional Items and Tax	20,481	25,550	22,418	26,996
Exceptional Income	-	-	-	-
Profit Before Tax	20,481	25,550	22,418	26,996
Less: Total Tax Expenses	5,200	6,050	5,782	6,496
Profit after Tax	15,281	19,500	16,636	20,500
Earnings Per Share (in ₹)	16.50	21.04	17.97	22.12

SUMMARY

During the year under review, Standalone Revenue from operations of the Company was ₹ 2,49,797 lakhs as compared to ₹ 2,25,117 lakhs for FY 2021-22 registering a growth of 10.96%.

The Company has achieved Export Sales of ₹ 94,339 lakhs as against ₹ 83,787 lakhs for the last year, registering a growth of 12.59%. The Company's EBITDA has been ₹ 28,464 lakhs as compared to ₹ 32,296 lakhs for FY 2021-22. PAT has been ₹ 15,281 lakhs as against ₹ 19,500 lakhs for FY 2021-22.

Likewise, Consolidated Revenue from operations of the Company was ₹ 2,71,605 lakhs as compared to ₹ 2,48,865 lakhs for FY 2021-22 registering a growth of 9.14%.

On Consolidated basis, The Company has achieved Export Sales of ₹ 107,141 lakhs as against ₹ 92,223 lakhs for the last year, registering a growth of 16.16%. The Company's EBITDA has been ₹ 30,780 lakhs as compared to ₹ 34,075 lakhs for FY 2021-22. PAT has been ₹ 16,636 lakhs as against ₹ 20,500 lakhs for FY 2021-22.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Companies Act, 2013, Regulation 33 of the Listing Regulations, and applicable Accounting Standards, the Audited Consolidated Financial

Statements of the Company for the FY 2022-23, together with the Auditors' Report, form part of this Annual Report.

TRANSFER TO RESERVES

Your Company has transferred ₹ 1,528.11 lakhs to the General Reserve (Previous Year ₹ 1949.98 lakhs).

DIVIDEND

During the year, the Company has declared and paid an Interim Dividend of ₹1/- (@ 10%) each per share (of ₹10/- each) aggregating to ₹ 926 lakhs.

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

DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the top 1000 listed companies shall formulate a Dividend Distribution Policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. A policy is available on the website of the Company and the web link thereto is: <https://www.aartidrugs.co.in/policies-and-related%20documents/>

DIRECTORS' REPORT (CONTD.)

SHARE CAPITAL

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

Particulars	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Authorised Share Capital	12,00,00,000	10	120,00,00,000
Issued, Subscribed & Paid-up Share Capital	9,26,00,000	10	92,60,00,000

During the FY 2022-23, there was no change in the share capital of the Company.

SUBSIDIARY COMPANIES

The Company, has 3 (three) subsidiaries, namely, Pinnacle Life Science Private Limited, Aarti Speciality Chemicals Limited and Pinnacle Chile SpA.

Of the above subsidiaries, Pinnacle Life Science Private Limited and Aarti Speciality Chemicals Limited are wholly owned subsidiaries. Pinnacle Life Science Private Limited has been classified as the material subsidiary as it fulfills the criteria given under Regulation 16(1) (c) of the Listing Regulations. Pursuant to Regulation 24A of the Listing Regulations, the Secretarial Audit Report as prescribed in Section 204 of Companies Act, 2013 for the Material Subsidiary Company, Pinnacle Life Science Private Limited for financial year ended March 31, 2023 is annexed as "Annexure - C2" and forms an integral part of this Report.

The Company has attached along with its financial statements, a separate statement containing the salient features of the financial statements of the said subsidiaries in "Form AOC-1" which is annexed as "Annexure - B" and forms an integral part of this Report.

During the year under review, the Board of Directors reviewed the affairs of the subsidiaries. Also in conformity with Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014, Note 33 of Consolidated Financial Statement covers the highlights of performance of subsidiaries and their contribution to the overall performance of the Company during the year.

The Company does not have any Associate Company or Joint Venture. A policy on material subsidiaries has been formulated and is available on the website of the Company at the web link <https://www.aartidrugs.co.in/policies-and-related%20documents/>

STATE OF AFFAIRS

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs)

In accordance with the prevailing provisions of the Section 149 of the Companies Act, 2013 read with Regulation 17 of the Listing Regulations, as amended from time to time, as on March 31, 2023, the Board of Directors, comprises Twelve Directors (with Five Executive Directors, One Non-Executive

Director and Six Non-Executive Independent Directors). The Chairman of the Board is an Executive Director. The Board has highly qualified members and having varied experience in their respective fields.

At 37th AGM held on August 04, 2022, Shri Bhaskar N. Thorat (DIN: 01293824) and Smt. Neha R. Gada (DIN: 01642373) were appointed as an Independent Directors of the Company for the period of 3 years with effect from May 09, 2022.

Shri Rashesh C. Gogri (DIN:00066291) has been re-appointed as the Managing Director of the Company for the period of 5 years with effect from October 31, 2022, approval of the members was sought by way of postal ballot for his appointment. Members approved the postal ballot resolution on October 29, 2022.

Except as stated above, there were no changes in the composition of the Board of Directors and KMPs during the year under review.

In accordance with the provisions of Section 152 of Companies Act, 2013, Shri Harit P. Shah (DIN: 00005501) Executive Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment. The Board recommends his re-appointment for consideration of the Members. Pursuant to Regulation 36 of the Listing Regulations read with Secretarial Standard-2 on General Meetings, his brief profile 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 and the Secretarial Auditor of the Company, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or by the Ministry of Corporate Affairs or by any such statutory authority. The said Certificate is annexed to the Corporate Governance Report of the Company for the FY 2022-23.

Key Managerial Personnel

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

DIRECTORS' REPORT (CONTD.)

Independent Directors

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

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

In the opinion of the Board of Directors, the Independent Directors fulfill the conditions specified in Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Listing Regulations and are independent from Management and hold the highest degree of integrity and are individuals who are experts in their respective fields with enormous experience. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company at the weblink <https://www.aartidrugs.co.in/independent-directors/>

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

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

Familiarisation Programme for Independent Directors

The Company has a Familiarisation programme for its Independent Director which is imparted at the time of appointment of an Independent Director on Board as well as annually. During the year, the Independent Directors of the Company were familiarised and the details of familiarisation programmes imparted to them are placed on the website of the Company and the web link thereto is: <https://www.aartidrugs.co.in/independent-directors/>

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company at the end of the Financial Year and of the profit and loss of the Company for that period;

- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a going concern basis;
- e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MEETINGS

The Board of Directors met Six (6) times during the Financial Year under review. The details of the number of meetings of the Board and its Committees held during the FY 2022-23 and the attendance of each Director/Member at these meetings are provided in the Corporate Governance Report forming part of the Annual Report. The intervening gap between the Board meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

CORPORATE SOCIAL RESPONSIBILITY

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

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

The detailed policy on Corporate Social Responsibility is available on the website of the Company on the web link thereto is: <https://www.aartidrugs.co.in/policies-and-related%20documents/>

DIRECTORS' REPORT (CONTD.)

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

AUDIT COMMITTEE

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

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism and Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud, actual or suspected leak of UPSI or violation of Company's Code of Conduct. It also provides for adequate safeguards against the victimisation of employees and allows direct access to the chairperson of the audit committee in exceptional cases. The said policy has been posted on the website of the Company and the web link thereto is: <https://www.aartidrugs.co.in/policies-and-related%20documents/>

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

RELATED PARTY TRANSACTIONS

The Company has a Policy on Materiality of Related Party Transaction and dealing with Related Party Transaction which is uploaded on the Company's website at the web-link: <https://www.aartidrugs.co.in/policies-and-related%20documents/>

All related party transactions that were entered into during the FY 2022-23 were on arm's length basis and were carried out in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other Designated Persons which may have potential conflict with interest of the Company at large.

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

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

Particulars of contracts or arrangements made with related parties

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

DEPOSITS

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

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

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

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

PARTICULARS OF EMPLOYEES

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

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

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

Your Company recognises human resource as one of its prime resources. Your Company enjoyed excellent relationships with workers and staff during the year under review and considers them their most important assets. Your Company cares for its people, customers, suppliers, and community at large which reflects in the Company's policy, programs and development efforts. As on March 31, 2023, the Company had 1006 permanent employees at its manufacturing plants and administrative office. Your Company is committed to build and strengthen our human capital by defining policies that support their growth, goals and help them achieve excellence.

DIRECTORS' REPORT (CONTD.)

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of Company to which the financial statements relate and the date of this Directors' Report.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2023 is available in prescribed format on the Company's website at the web-link: <https://www.aartidrugs.co.in/annual-return/>

CORPORATE GOVERNANCE

Corporate Governance essentially involves balancing the interests of a Company's stakeholders. Corporate Governance practices of our Company are a reflection of our values, policies and relationship with our stakeholders. Your Company has complied with the mandatory Corporate Governance requirements stipulated under Regulation 34(3) of the Listing Regulations. Report on Corporate Governance is annexed hereto forming part of this report together with certificate from the Statutory Auditor regarding report on Corporate Governance.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report with detailed review of operations, performance and future outlook, as stipulated under Regulation 34 read with Schedule V to the Listing Regulations is presented in a separate section forming part of this Annual Report.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

The Listing Regulations mandate the inclusion of the Business Responsibility & Sustainability Reporting as part

of the Annual Report for top 1000 listed entities based on market capitalisation. BRSR for the year under review, as stipulated under Regulation 34 (f) of Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021 is in a separate section forming part of the Annual Report.

ANNUAL BOARD EVALUATION

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

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

NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, your Company has in place a Nomination and Remuneration Policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board Members. The said policy has been posted on the website of the Company and the web link thereto is: <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

RISK MANAGEMENT

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

In compliance with Regulation 21 of Listing Regulations, your Company has a Risk Management Committee consisting of Shri Prakash M. Patil (Chairman), Shri Rashesh C. Gogri, Shri Harit P. Shah, Shri Harshit M. Savla, Shri Uday M. Patil, Shri Krishnacharya G. Akamanchi, Shri Adhish P. Patil and Shri Dhanaji L. Kakade. The Committee through its dynamic risk management framework continuously identifies, evaluates and takes appropriate measures to mitigate/

DIRECTORS' REPORT (CONTD.)

minimise various elements of risks. The Risk Management Committee meets at least 2 times in a year, to ensure that appropriate methodologies, processes and systems are in place to monitor and evaluate risks associated with the business of the Company and also to monitor and oversee the implementation of the Risk Management Policy.

COMPLIANCE MANAGEMENT SYSTEM

The Company with its sheer focus committed to achieve 100% compliance. We have adopted a third-party managed IT-based Compliance Management System. It has a repository of all applicable regulations and requisite compliances. It has an in-built alert system that sends alerts to the users and intimates concerned personnel about upcoming compliances.

SAFETY, HEALTH AND ENVIRONMENT

Your Company is committed to ensure a sound Safety, Health and Environment (SHE) performance related to its activities, products and services. Your Company has been continuously taking various steps to develop and adopt Safer Process technologies and unit operations. Your Company is making continuous efforts for adoption of safe & environmental friendly production processes. Monitoring and periodic review of the designed SHE Management System are done on a continuous basis.

STATUTORY AUDITORS & AUDITORS' REPORT

In accordance with the provisions of Section 139 of the Companies Act, 2013, the members at the 34th Annual General Meeting held on August 06, 2019 had approved the appointment of Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No: 105215W/ W100057) for a term of 4 years, to hold office till the conclusion of 38th Annual General Meeting to be held in 2023.

In view of the above, the Board on the recommendation of the Audit Committee appointed Gokhale & Sathe, Chartered Accountants (Firm Registration. No. 103264W) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 43rd Annual General Meeting to be held in 2028. At the request of the Company, Gokhale & Sathe have communicated their eligibility and willingness to accept the office, if appointed. Members are requested to appoint Auditors and to fix their remuneration as mentioned in the notice convening the AGM.

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

COST AUDITORS & 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 has appointed GMVP & Associates LLP as Cost Auditor of the Company for FY 2023-24 under Section 148 and all other applicable provisions of the Act. Shareholder's approval is being sought for ratification of the Remuneration proposed to be paid to GMVP & Associates LLP, Cost Auditor of the Company in respect of Cost Audit for the financial year ending March 31, 2024 as mentioned in the Notice convening the AGM.

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

SECRETARIAL AUDITOR & REPORT

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

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the Financial year ended March 31, 2023 issued by CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co., Company Secretary in Practice and the Secretarial Auditor of the Company is annexed as **Annexure-C1** and forms an integral part of this Report. During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control systems, which provide for automatic checks and balances. Your Company has maintained a proper and adequate system of internal controls. The Company has appointed Shri Raman S. Shah & Associates, Chartered Accountants as an Internal Auditor who periodically audits the adequacy and effectiveness of the internal controls laid down by the Management and suggests improvements. This ensures that all Assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems commensurate with the nature and size

DIRECTORS' REPORT (CONTD.)

of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

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

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.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

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

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo required

under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, are provided in **Annexure-D** to this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS

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

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE FINANCIAL YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

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

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

DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF VALUATION AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE AT THE TIME OF TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/-

Prakash M. Patil

Place: Mumbai

Chairman, Managing Director & CEO

Date: April 29, 2023

DIN: 00005618

ANNEXURE - A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2022-23

1. **Brief outline on CSR Policy of the Company:-** The scope of the CSR Policy would include all/any activities specified in Schedule VII of the Companies Act, 2013.

2. **Composition of CSR Committee:**

Sr. no.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the Year	Number of meetings of CSR Committee attended during the year
1	Shri Navin C. Shah	Chairman of Committee / Independent Director	1	1
2	Shri Prakash M. Patil	Member / Executive Director	1	1
3	Shri Rashesh C. Gogri	Member / Executive Director	1	-

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: www.aartidrugs.co.in

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:- **Not Applicable for the year under review.**

5. (a) Average net profit of the Company as per section 135(5):- ₹ **26,185.86 lakhs**

(b) Two percent of average net profit of the Company as per section 135(5):- ₹ **523.72 lakhs**

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:-**Nil**

(d) Amount required to be set off for the financial year, if any:- ₹ **2.43 lakhs**

(e) Total CSR obligation for the financial year (b) +(c)-(d):- ₹ **521.29 lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than ongoing Project):- ₹ **523.84 lakhs**

(b) Amount spent in administrative overheads:- **Nil**

(c) Amount spent on Impact Assesment, if applicable:- **Not Applicable**

(d) Total Amount spent for the Financial Year [(a) + (b) +(c)]:- ₹ **523.84 lakhs**

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

Total Amount Spent for the Financial Year (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per sub section (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
523.84	Not Applicable				

(f) Excess amount for set off, if any:

Sr No.	Particular	Amount (₹ In lakhs)
(i)	Two percent of average net profit of the Company as per sub section (5) of section 135 [Total CSR Obligation as mentioned in para 5(e)]	521.29
(ii)	Total amount spent for the Financial Year	523.84
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.55
(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)]	2.55

ANNEXURE - A (CONTD.)

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

(₹ In lakhs)

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under subsection(6) of section 135	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the Financial Year	Amount transferred to any 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	Deficiency, if any
					Amount	Date of transfer		
Nil								

8. Whether any capital asset have been created or acquired through Corporate Social Responsibility amount spent in the Financial year: **No**
9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub section (5) of section 135:- **Not applicable**

Sd/-

Prakash M. Patil

Managing Director & CEO

(Member of CSR Committee)

DIN: 00005618

Sd/-

Navin C. Shah

Independent Director

(Chairman of CSR Committee)

DIN: 01415556

Place: Mumbai

Date: April 29, 2023

[Pursuant to first proviso to sub – section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Account) Rules, 2014]

Statement containing salient features of Financial Statements of Subsidiaries / Associate Companies / Joint Ventures

Part "A" – Subsidiaries

Sr. No.	Name of Subsidiary Company	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
1.	Pinnacle Life Science Private Limited	₹	778.28	8035.23	23515.64	23515.64	0.50	28672.42	2185.35	582.49	1602.87	0.00	100
2.	Aarti Speciality Chemicals Limited	₹	25.00	(36.53)	5.21	5.21	0.00	0.00	(0.47)	0.00	(0.47)	0.00	100
3.	Pinnacle Chile SpA	CLP (Chilean Peso)	3489.82	127.94	30974.67	30974.67	0.00	10933.57	967.91	0.00	967.91	0.00	95
		₹	348.98	12.79	3097.47	3097.47	0.00	1093.36	96.79	0.00	96.79	0.00	

(₹ In lakhs except % of Shareholding)

The Financial Statement of Pinnacle Chile SpA whose reporting current is Chilean Peso is converted into Indian Rupees on the basis of approximate exchange rate as per the applicable accounting standard. As at March 31, 2023 CLP 1 = ₹ 0.10

For and On behalf of the Board
Sd/-

Prakash M. Patil
Chairman, Managing Director & CEO
DIN: 00005618

Place: Mumbai
Date: April 29, 2023

ANNEXURE – C1

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

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

To,

The Members,

Aarti Drugs Limited

(CIN: L37060MH1984PLC055433)

Plot No. N - 198, M.I.D.C., Tarapur,

Village-Pamtembhi, Dist. Palghar,

Maharashtra - 401 506

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

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

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

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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 to the Company during Audit Period;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 which were not applicable to the Company during Audit Period;
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("SEBI LODR");
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 which were not applicable to the Company during Audit 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;

ANNEXURE C1 (CONTD.)

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

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, except that here has been delay of seven days in one case in crediting 2,406 shares in respect of which dividends were unpaid or unclaimed for the seven years due to be transferred during the Audit Period to Investor Education and Protection Fund.

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

- (a) Drugs & Cosmetics Act, 1940 and rules made thereunder;
- (b) Narcotic Drugs and Psychotropic Substances Act, 1985;
- (c) The Insecticides Act, 1968;
- (d) Explosives Act, 1884 and Rules made thereunder;
- (e) Air (Prevention and Control of Pollution) Act 1981;
- (f) Water (Prevention and Control of Pollution) Act 1974;
- (g) The Noise (Regulation and Control) Rules 2000;
- (h) Environment Protection Act, 1986 and other environmental laws;
- (i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950;
- (j) Public Liability Insurance Act, 1991; and
- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

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

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

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

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

I further report that during the Audit Period under review, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., having a major bearing on the Company's affairs.

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

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483E000551976

Place: Mumbai

Date: July 5, 2023

ANNEXURE

To

The Members,

Aarti Drugs Limited

(CIN: L37060MH1984PLC055433)

Plot No. N - 198, M.I.D.C., Tarapur,

Village-Pamtermbhi, Dist. Palghar,

Maharashtra - 401 506

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.

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483D000391266

Place: Mumbai

Date: July 5, 2023

ANNEXURE – C2

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

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

To,

The Members,

Pinnacle Life Science Private Limited

(CIN: U24232HP2003PTC030912)

Near Telephone Exchange, Manpura,

Baddi, Himachal Pradesh 173205

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

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder which were not applicable to the Company during Audit Period;
- (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 thereunder to the extent of Foreign Direct Investment, Overseas Direct

Investment, External Commercial Borrowings, which were not applicable to the Company during Audit Period;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during Audit Period:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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 the Stock Exchanges which were not applicable to the Company as the Company is not listed on any Stock Exchange in India during Audit Period;

ANNEXURE C2 (CONTD.)

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) Drugs & Cosmetics Act, 1940 and rules made thereunder;
- (b) Narcotic Drugs and Psychotropic Substances Act, 1985;
- (c) The Insecticides Act, 1968;
- (d) Explosives Act, 1884 and Rules made thereunder;
- (e) Air (Prevention and Control of Pollution) Act, 1981;
- (f) Water (Prevention and Control of Pollution) Act, 1974;
- (g) The Noise (Regulation and Control) Rules, 2000;
- (h) Environment Protection Act, 1986 and other environmental laws;
- (i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations, 1950;
- (j) Public Liability Insurance Act, 1991; and
- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that

took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

I further report that during the Audit Period under review, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

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

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483E000784219

Place: Mumbai

Date: August 11, 2023

ANNEXURE

To

The Members,

Pinnacle Life Science Private Limited

(CIN: U24232HP2003PTC030912)

Near Telephone Exchange, Manpura,

Baddi, Himachal Pradesh 173205

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.

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483E000784219

Place: Mumbai

Date: August 11, 2023

ANNEXURE 'D'

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

1. CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken:

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation, consumption and control on utilization thereof. The various measures taken during the year includes:

- We have installed multiple effect evaporators in our 2 units for CaF₂, Sodium acetate & potassium formate recovery as well to achieve the zero liquid discharge. It has lower energy requirement than conventional evaporation set up.
- We have conducted regular energy and steam audits to check and improve the performance of equipment running in plant and utility.
- We are in the process of installing condensate recovery system & flash vessel, deaerator for waste heat recovery as a measure for energy efficiency.
- We have started the use of IE-3 motors, these motors have more efficiency than IE-2 motors.
- We have installed ATFD for NaP drying and obtained dry powder in line with energy efficient drying operation.
- We have started back pressure turbine for co-generation at G-61 plant
- We have conducted trials of continuous crystallizer for Metformin HCl.
- We have conducted electrical audits for identifying energy saving measures.
- We have installed Freon based chilling plant operating on screw & scroll compressors in order to achieve better energy efficiency.

b. Additional Investment & Proposals, if any, being implemented for reduction of conservation of energy

Measures for reduction in energy consumption includes:

- We are planning to install a Reverse osmosis system for product concentration. It has lower energy requirement as compared to regular evaporation set up.
- We have undertaken the solar group captive model as means to switch over to green and clean energy. Accordingly we are in the process of signing the power purchase agreement.
- We are going for agro based multifuel fired boiler to reduce convectional fuel consumption.
- To control air pollution we are planning to install ESPs and wet scrubbers with new cogeneration boilers.
- We are planning to use waste heat recovery system in our process. Waste heat can be recovered from chilling plant compressors.

I	Power & Fuel Consumption	For the Year ended March 31, 2023	For the Year Ended March 31,2022
1	Electricity		
	Purchased Units(KWH)	8,05,91,994	7,66,57,964
	Total Amount (₹ in lakhs)	7,832.45	6,494.87
	Per Unit (₹)	9.72	8.47
2	Furnance Oil		
	Purchased Units(MT)	661.05	1,220.82
	Total Amount (₹ in lakhs)	346.74	526.01
	Per Unit (₹ Per Kg.)	52.45	43.09
3	Coal		
	Consumption (Unit)	4,41,19,727	4,57,71,979
	Total Amount (₹ in lakhs)	4,312.55	3,337.46
	Rate per Unit	9.77	7.29
4	Steam		
	Consumption (Unit)	3,17,07,694	3,55,98,313
	Total Amount (₹ in lakhs)	789.64	384.03
	Rate per Unit	2.49	1.08
5	Others (₹ in lakhs)		
	Diesel (₹ in lakhs)	83.97	169.14
	Water Steam	1,536.69	1,392.07

CONSUMPTION PER UNIT OF PRODUCTION

Since the Company manufactures different types of bulk drugs and its intermediates, it is not practicable to give consumption per unit of production.

ANNEXURE 'D' (CONTD.)

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- **Ketoconazole:-** Developed a process for improving the yield & continuing for yield improvement at every stage. We have reduced Effluent load and solid waste by reducing quantity of Water and carbon at various stages.
- **Enrofloxacin:-** Process development is carried out for Yield improvement and to get USP grade material.
- **Pioglitazone Hydrochloride:-** Process development at all stages had completed for yield improvement & for reduction of raw material Cost. Process is commercialized.
- **Salicylic Acid:-** Successfully developed indigenous manufacturing process of Salicylic acid and Salicylic acid derivatives. It is Safe, Competitive with existing manufacturers and environment friendly.
- **Sodium Acetate & Calcium Fluoride:-** Developed a indigenous process of Sodium Acetate & calcium fluoride manufacturing from one of effluent stream of Ofloxacin. Process has been commercialized.

3. RESEARCH AND DEVELOPMENT (R&D)

The Company's R&D centre at plot no. E-1, MIDC Industrial Area, Tarapur, recognised by department of science and Industry Research, Government of India, carries on R&D activities for developing technology, scale-up and it's transfer to manufacturing location for commercialisation of APIs and intermediates as well.

(A) Specific areas in which R&D carried out by the Company during the FY 2022-23

The focus area of the Company's R&D effort during FY 2022-23 includes:

- **Trimethyl sulfoxonium Iodide:-** Trimethyl sulfoxonium Iodide is a catalyst used for preparation of Fluconazole Preparation. Lab work completed successfully.
- **N,N,N-Tris p-Toluene Sulphonyl Diethylene triamine:-** Lab work is completed. Commercialised successfully at plant level.
- **Benzene sulphonic acid:-** It is produced by hydrolysis of Benzene sulfonyl chloride. Customer Requirement is flakes of Benzene Sulphonic Acid & white color material. Product is commercialised successfully in plant level.
- **N methyl para toluene sulphonamide:-** We successfully Completed Lab development work & ready for Pilot plant development.
- **Benzne sulphonyl chloride:-** We have worked to reduce the time cycle of batch. Reduced time cycle for quenching operation so capacity of production has increased for same plant & successfully implemented at plant as routine process.
- **Clopidogrel Bi-sulphate:-** We have the improved yield while maintaining quality of each intermediate stages. Simultaneously working on process development, raw material cost reduction & other route of synthesis without disturbing quality of the product.
- **Para hydroxy Benzoic acid:-** It is an organic compound recovered from salicylic acid pure mother liquor. Recovery process is developed in laboratory.
- **Alpha lipoic acid:-** Successfully developed Alpha lipoic acid product at lab scale. New process developed with consistency in quality, quantity and smooth operation. Pilot scale work will be started shortly.
- **Ethyl paraben:-** We had successfully develop the Process of ethyl paraben in lab.
- **Propyl paraben:-** We had successfully develop the Process of Propyl paraben in lab.
- **Iso Butyl Paraben:-** We had successfully develop the Process of Iso Butyl Paraben in lab.
- **Butyl Paraben:-** We had successfully develop the Process of Butyl Paraben in lab.
- **2-chloro ethyl -p-toluene sulfonyl chloride:-** It is chemical obtained by esterification of 2-chloro ethanol and p-toluene sulfonyl chloride. Process had developed at laboratory successfully.

(B) Benefits derived as a result of the above R&D:

- R&D efforts have helped for improvement in process and operating efficiency
- Development/commercialisation of various APIs and intermediates
- Development of new markets, penetration in to regulatory markets through quality upgradation and cost reduction and

ANNEXURE 'D' (CONTD.)

- Improved quality of products to fulfill existing in-house demands of customers
- R&D efforts have helped to reduce effluent and water consumption

(C) Future plan of action:

- Further improvement in process efficiencies of existing products.
- Development of cost effective processes/ technology for APIs of the semi-regulated & non- regulated Markets.
- Development of green process with the help of Innovative technology.
- Development of TFBCL is under progress.
- Development of 3 HNA and Beta naphthol is under progress.
- Development of sulphonation based products is under progress.
- Process development of Teneligliptin is under progress.

(D) Expenditure on R & D

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Capital	82.56	136.44
Recurring	478.40	435.78
Total	560.96	572.22

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total Foreign Exchange Earned (FOB)	85,363.84	75,630.94
Total Foreign Exchange Earned (CIF)	87,181.46	76,629.17
Total Foreign Exchange Used		
CIF Value of Imports:		
- Raw Materials	90,821.70	86,120.03
- Capital Goods	843.55	78.51
Expenditure in foreign currency		
- Commission	1,175.03	945.02
- Travelling Expenses	34.96	0.35
- Foreign Bank charges	125.85	107.02
- Interest on F.C.loan	210.23	85.87
- Others	309.62	82.78
Total	93,520.94	87,419.58

For and on behalf of Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai

Date: April 29, 2023

CORPORATE GOVERNANCE REPORT

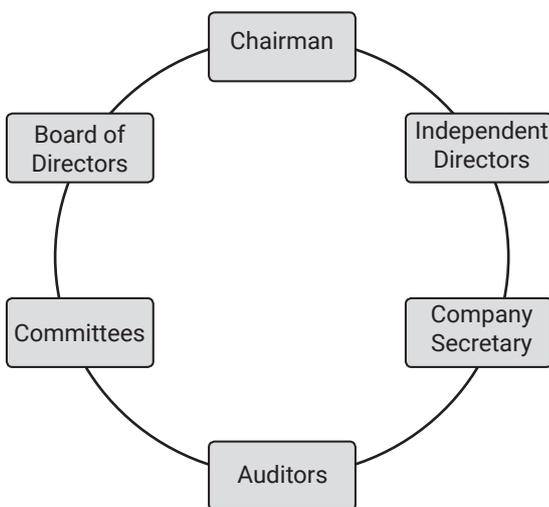
The Company's Report on Corporate Governance for the financial year ended March 31, 2023 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

The Board fully appreciates the need for increased awareness for responsibility, transparency and professionalism in management of the Organisation. The Board believes that Corporate Governance is not an end, it is just the beginning towards growth of the Company for long term prosperity.

CORPORATE GOVERNANCE TORCH BEARERS



BOARD OF DIRECTORS:

The primary role of the Board of Directors ("the Board") is that of trusteeship - to protect and enhance shareholder

value. The Board have a fiduciary responsibility to ensure that the Company's actions and objectives are aligned to sustainable growth and long-term value creation

The Board is also responsible for:

- long-term business plan & strategy and monitoring its implementation.
- enhancing shareholder value and overseeing the interests of all stakeholders through effective management.
- monitoring the effectiveness of the Company's Corporate Governance practices.
- exercising effective control on the functioning of the Company to ensure fulfilment of stakeholder expectation and long-term value creation.

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

CHAIRMAN:

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

COMMITTEES:

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

INDEPENDENT DIRECTORS:

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

COMPANY SECRETARY:

The Company Secretary plays a key role in;

- Ensuring that the Board procedures are followed and reviewed regularly,
- Assisting and advising the Board on exercising the best Corporate Governance Practices,

CORPORATE GOVERNANCE REPORT (CONTD.)

- Providing to the Board Members collectively or individually such guidance, as they may require, with respect to their duties, responsibilities and powers,
- Reporting to the Board on Regulatory Compliances, functioning of robust framework and ensuring mitigation of regulatory risks to the best possible extent, and
- Acting as interfaces between the Company and regulatory authorities for governance matters.

AUDITORS:

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

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

BOARD OF DIRECTORS

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

COMPOSITION:

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

Composition analysis of the Board

Category	Independence		Gender Diversity			
			Male		Women	
	Nos	%	Nos	%	Nos	%
Independent	6	50	4	33.33	2	16.66
Non-Independent	6 (including 1 non-executive)	50	6	50	0	0

INDEPENDENT DIRECTORS:

Eligibility: The Independent Directors declare that they meet the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. The Board further confirms that the Independent Directors fulfil the conditions specified in terms of the Companies Act, 2013 and the Listing Regulations and that they are Independent of the management of the Company. All the Directors are in

compliance with the limit on independent directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations. The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company as required in terms of Regulation 46 of the Listing Regulations.

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

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

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

- role, responsibilities, duties and obligations as a member of the Board.
- nature of business and business model of the Company.
- strategic directions for businesses.
- Macro-economic outlook and business conditions.
- Matters relating to governance.

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

Details of familiarisation Programmes imparted to independent Directors are disclosed on the Company the weblink: <https://www.aartidrugs.co.in/independent-directors/>

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 27, 2023 without the participation of non-Independent Directors and the members of the management. All the Independent Directors were present for this meeting. The Independent Directors discussed various aspects, viz. performance of non-Independent Directors and the Board as a whole, performance of the Chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

CORPORATE GOVERNANCE REPORT (CONTD.)

BOARD PROCEDURE:

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

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

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

The discussions are then followed by review of the performance against the Budget and Industrial Trend, overall strategy, Financial results, subsidiary's performance, fund flow position and investments status, Forex, Related party transactions, compliance status, governance & regulatory

matters, pay-out policy, progress of ESG commitments of the Company and such other matters as required under the prevailing regulatory requirements.

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

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

BOARD MEETINGS:

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

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

Name	No. of Board Meetings		1	2	3	4	5	6	Total Meetings attended	% of attendance	Attendance at last AGM held on August 04, 2022
	Date		May 09, 2022	May 19, 2022	July 27, 2022	September 26, 2022	October 20, 2022	January 27, 2023			
	Time		12 Noon	5:30 PM	12 Noon	3:00 PM	12 Noon	12 Noon			
	Mode		Physical	VC	Physical	VC	Physical	Physical			
	P/PG	ED/NED/ID									
Shri Prakash M. Patil DIN: 00005618	P	ED	√	×	√	×	√	√	4	67	√
Shri Rashesh C. Gogri DIN: 00066291	PG	ED	√	√	√	√	√	√	6	100	√
Shri Harshit M. Savla DIN: 00005340	P	ED	√	√	√	√	√	√	6	100	√
Shri Harit P. Shah DIN: 00005501	-	ED	√	√	√	√	√	√	6	100	√
Shri Uday M. Patil DIN: 01186406	PG	ED	×	×	×	√	√	√	3	50	√
Shri Narendra J. Salvi DIN: 00299202	-	NED	√	√	√	√	√	√	6	100	√
Shri Navin C. Shah DIN: 01415556	-	ID	√	√	√	√	√	√	6	100	√
Prof. Krishnacharya. G. Akamanchi DIN: 02354032	-	ID	√	√	√	√	√	√	6	100	√
Smt. Priti P. Savla DIN: 00662996	-	ID	√	√	√	×	√	√	5	83	√
Shri Ankit V. Paleja DIN: 06975564	-	ID	√	√	√	√	×	√	5	83	√
Prof. Bhaskar N. Thorat* DIN:01293824	-	ID	-	√	√	√	√	√	5	100	√
Smt. Neha R. Gada* DIN:01642373	-	ID	-	√	√	√	√	√	5	100	√

CORPORATE GOVERNANCE REPORT (CONTD.)

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

* Appointed as an Independent Director w.e.f. May 09, 2022

DIRECTORSHIPS AND COMMITTEE POSITIONS:

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

Name	Number of Shares held along with % of paid up share capital	Number of Directorship excluding Aarti Drugs Limited*	Directorship in Listed Companies	Category		Statutory Committees				
				P/PG	ED/NED/ID	AC	NRC	SRC	CSRC	RMC
Shri Prakash M. Patil DIN: 00005618	85,58,928 (9.24%)	None	Aarti Drugs Limited	P	ED	M	M	-	M	C
Shri Rashesh C. Gogri DIN: 00066291	43,05,016 (4.65%)	3	Aarti Drugs Limited	PG	ED	M	-	-	M	M
			Aarti Industries Limited	PG	ED	M	-	M	-	M
			Aarti Pharmed Labs Limited	PG	NED	-	M	-	-	C
Shri Harshit M. Savla DIN: 00005340	43,90,733 (4.74%)	1	Aarti Drugs Limited	P	ED	-	-	M	-	M
Shri Harit P. Shah DIN: 00005501	24,74,933 (2.67%)	1	Aarti Drugs Limited	-	ED	-	-	M	-	M
Shri Uday M. Patil DIN: 01186406	51,022 (0.06%)	None	Aarti Drugs Limited	PG	ED	-	-	-	-	M
Shri Narendra J. Salvi DIN: 00299202	0	3	Aarti Drugs Limited	-	NED	-	-	-	-	-
			Aarti Industries Limited	-	NED	-	-	-	-	M
			Aarti Pharmed Labs Limited	-	ED	M	-	M	-	M
Shri Navin C. Shah DIN: 01415556	0	1	Aarti Drugs Limited	-	ID	C	C	M	C	-
			Valiant Organics Limited	-	ID	M	M	M	C	-
Prof. Krishnacharya. G. Akamanchi DIN: 02354032	0	None	Aarti Drugs Limited	-	ID	M	M	-	-	M
Smt. Priti P. Savla DIN: 00662996	0	3	Aarti Drugs Limited	-	ID	M	M	C	-	-
			Aarti Industries Limited	-	ID	M	-	-	M	-
			IRB Infrastructure Developers Limited	-	ID	M	M	-	-	-
Shri Ankit V. Paleja DIN: 06975564	0	None	Aarti Drugs Limited	-	ID	M	-	-	-	-
Prof. Bhaskar N. Thorat** DIN:01293824	0	None	Aarti Drugs Limited	-	ID	-	-	-	-	-

CORPORATE GOVERNANCE REPORT (CONTD.)

Name	Number of Shares held along with % of paid up share capital	Number of Directorship excluding Aarti Drugs Limited*	Directorship in Listed Companies	Category		Statutory Committees				
				P/PG	ED/NED/ID	AC	NRC	SRC	CSRC	RMC
Smt. Neha R. Gada** DIN:01642373	0	6	Aarti Drugs Limited	-	ID	-	-	-	-	-
			Anglo-French Drugs & Industries Limited	-	ID	M	-	-	-	M
			Sejal Glass Limited	-	ID	M	C	M	-	-
			Asian Star Company Limited	-	ID					
			Tamboli Capital Limited	-	ID	C	C	M	-	M
			Lykis Limited	-	ID	M	C	-	-	-

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

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

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

** Appointed as an Independent Director w.e.f. May 09, 2022

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

In terms of Part C of Schedule V of the Listing Regulations, it is hereby disclosed that Shri Prakash M. Patil, Chairman, Managing Director & CEO is brother of Shri Uday M. Patil, Executive Director. Except this, there is no other inter-se relationship amongst other Directors.

DIRECTORS COMPETENCE/ SKILLS/EXPERTISE CHART:

The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and 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 Pharmaceutical and 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

CORPORATE GOVERNANCE REPORT (CONTD.)

Name of Director	Industry Experience	Operations, Technology, Sales and Marketing	Leadership	Understanding of Global Business	Finance and Banking	Legal/ Governance/ Compliance
Shri Prakash M. Patil	✓	✓	✓	✓	✓	✓
Shri Rashesh C. Gogri	✓	✓	✓	✓	✓	✓
Shri Harshit M. Savla	✓	✓	✓	✓	✓	✓
Shri Harit P. Shah	✓	✓	✓	✓	-	-
Shri Uday M. Patil	✓	✓	✓	✓	-	-
Shri Narendra J. Salvi	✓	✓	✓	✓	-	-
Shri Navin C. Shah	-	-	-	-	✓	✓
Prof. Krishnacharya. G. Akamanchi	✓	✓	-	✓	-	-
Smt. Priti P. Savla	-	-	-	-	✓	✓
Shri Ankit V. Paleja	-	-	-	-	✓	✓
Prof. Bhaskar N. Thorat	✓	✓	-	✓	-	-
Smt. Neha R. Gada	-	-	-	-	✓	✓

APPOINTMENT/ RE-APPOINTMENT DURING THE YEAR:

Prof. Bhaskar N. Thorat (DIN: 01293824) and Smt Neha R. Gada (DIN: 01642373) were appointed as an Independent Director for the period of 3 years w.e.f. May 09, 2022, approval of the members was sought at 37th AGM held on August 04, 2022. Also, Shri Rashesh C. Gogri (DIN:00066291) has been re-appointed as an Managing Director of the Company for the period of 5 years with effect from October 31, 2022, approval of the members was sought by way of postal ballot for his appointment. Members approved the postal ballot resolution on October 29, 2022.

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE:

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

KYC OF DIRECTORS:

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

CODE OF ETHICS:

The Company has prescribed a code of ethics for its Directors and senior management. The code of ethics of the Company has been posted on its website on the web link <https://www.aartidrugs.co.in/code-of-conduct/>. The declaration from the Chief Executive Officer in terms of Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, stating that as of March 31, 2023 the Board members and the senior management personnel have affirmed the compliance with the code of ethics laid down by the Company, has been included in this Report.

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION AND CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS:

The Board has approved and adopted the code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by insiders in terms of Regulation 8 and 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares from time to time. Also this code includes practices and procedures for fair disclosure of unpublished price sensitive information. The same is posted on the Company's website on the web link <https://www.aartidrugs.co.in/insider-trading-regulation/>

CORPORATE GOVERNANCE REPORT (CONTD.)

COMMITTEES OF THE BOARD

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

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

1. AUDIT COMMITTEE

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

COMPOSITION, MEETING AND ATTENDANCE:

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

Members	Category	Meeting Dates	May 09, 2022	May 19, 2022	July 27, 2022	October 20, 2022	January 27, 2023
		Mode of meeting	Physical	VC	Physical	Physical	Physical
		Start Timing	11:00 AM	05:00 PM	11:00 AM	11:00 AM	11:00 AM
Shri Navin Shah (Chairman)	Independent Director	5	✓	✓	✓	✓	✓
Prof. Krishnacharya G. Akamanchi*	Independent Director	5	✓	✓	✓	✓	✓
Smt. Priti P.Savla	Independent Director	5	✓	✓	✓	✓	✓
Shri Ankit V. Paleja*	Independent Director	4	✓	✓	✓	×	✓
Shri Prakash M. Patil	Executive Director	4	✓	×	✓	✓	✓
Shri Rashesh C.Gogri	Executive Director	5	✓	✓	✓	✓	✓

* appointed as the member of the Audit Committee w.e.f. April 01, 2022

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 37th AGM held on August 04, 2022. The Company Secretary of the Company acts as the Secretary to the Audit Committee. All the members of the Audit Committee are financially literate and majority of them have accounting and financial management expertise.

TERMS OF REFERENCE:

The terms of reference of the Audit 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- xxi) consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the entity and its shareholders;
- xxii) Carrying out any other function as is included in the terms of reference of the Audit Committee;
- xxiii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

CORPORATE GOVERNANCE REPORT (CONTD.)

Mandatorily review the following information:

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

2. NOMINATION & REMUNERATION COMMITTEE

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

COMPOSITION, MEETING AND ATTENDANCE:

During FY 2022-23, the Nomination and Remuneration Committee met 2 (two) times. The Composition of the Committee, date of the meetings and attendance of Nomination and Remuneration Committee members in the said meetings is given below:

Members	Category	Meeting Dates	May 09,2022	September 26,2022
		Mode	Physical	VC
		Start Timing	10:30 AM	2:30 PM
Shri Navin C.Shah (Chairman)*	Independent Director	2	√	√
Prof. Krishnacharya G. Akamanchi**	Independent Director	2	√	√
Smt. Priti P. Savla**	Independent Director	1	√	×
Shri Prakash M. Patil	Executive Director	2	√	√

* Designated as the Chairman w.e.f. April 01, 2022.

** Appointed as the members w.e.f. April 01, 2022.

TERMS OF REFERENCE

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

- 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;
- 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:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- 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;
- 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;
- recommend to the board, all remuneration, in whatever form, payable to senior management.
- Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

CORPORATE GOVERNANCE REPORT (CONTD.)**NOMINATION AND REMUNERATION POLICY:****I. Criteria and Qualification for Nomination & Appointment:**

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

II. Policy on Remuneration:

The Company considers human resources as its invaluable assets. The remuneration policy endorses equitable remuneration to all directors, key managerial personnel and employees of the Company consistent with the goals of the Company. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is posted on the website of the Company on the weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

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

Executive Directors:

The Company remunerates its Executive Directors by

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

Non-executive Directors:

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

Key Managerial Personnel [KMP] and other employees:

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

Remuneration to Executive Directors:

(₹ in lakhs)

Name of Director(s)	Salary and other Perquisites	Commission	Total Remuneration
Shri Prakash M. Patil	105.03	171.43	276.46
Shri Rashesh C. Gogri	84.07	171.43	255.50
Shri Harshit M. Savla	84.07	171.43	255.50
Shri Harit P. Shah	84.07	171.43	255.50
Shri Uday M. Patil	31.93	-	31.93

Notes:

- Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, and taxable value of Car perquisite.
- Managing Directors are appointed under the contract each for a period of five years and with termination notice period of 180 days and executive directors until cessation from the Employment in the Company and subject to re-appointment due to retirement by rotation in the Annual General Meeting.

CORPORATE GOVERNANCE REPORT (CONTD.)

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

Name of Directors	Sitting fees (₹ in lakhs)	Shareholding in the Company	% of Total Shareholding
Shri Narendra J. Salvi	1.20	-	-
Shri Navin C. Shah	2.70	-	-
Prof. Krishnacharya G. Akamanchi	2.50	-	-
Smt Priti P.Savla	2.30	-	-
Shri Ankit V. Paleja	1.90	-	-
Prof. Bhaskar N. Thorat*	1.10	-	-
Smt. Neha R. Gada*	1.10	-	-

* Appointed as an Independent Director w.e.f. May 09, 2022

TRANSACTIONS WITH THE NON-EXECUTIVE DIRECTORS:

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

PERFORMANCE EVALUATION:

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

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

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

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

Members	Smt. Priti P. Savla (Chairperson)*	Shri Navin C. Shah	Shri Harshit M. Savla	Shri Harit P. Shah
Category	Independent Director	Independent Director	Executive Director	Executive Director

* Appointed as the Chairperson w.e.f. April 01, 2022

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

- Noting: Shareholding Pattern, category wise composition of the ownership viz institutional, non-institutional and promoters;
- Detailed deliberations on shareholders complaint received, resolved and pending for the resolution;

CORPORATE GOVERNANCE REPORT (CONTD.)

- 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 Rushikesh Deole, Company Secretary (ICSI M. No. A54527) is the Compliance officer of the Company. The Compliance Officer can be contacted at the Corporate Office of the Company at;

Mahendra Industrial Estate,

Ground Floor, Plot No. 109-D,

Road No. 29, Sion (East), Mumbai 400 022

Ph:- 022-24048199

Email:- investorrelations@aartidrugs.com

Website:- www.aartidrugs.co.in

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@aartidrugs.com exclusively for the registering complaints by the investors.

SHAREHOLDERS' COMPLAINTS:

During the year under review 15 (Fifteen) Complaints were received through SEBI and Stock Exchanges and were resolved to the satisfaction of the complainants. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2023.

4. RISK MANAGEMENT COMMITTEE

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

COMPOSITION, MEETING AND ATTENDANCE:

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

Members	Category	Meeting Date	April 22, 2022	October 10, 2022
		Mode	Physical	Physical
		Start Timing	10:30 AM	10:30 AM
Shri Prakash M. Patil (Chairman)	Executive Director	2	√	√
Shri Rashesh C. Gogri	Executive Director	1	√	×
Shri Harit P. Shah	Executive Director	2	√	√
Shri Harshit M. Savla	Executive Director	2	√	√
Shri Uday M. Patil	Executive Director	2	√	√
Prof. Krishnacharya G. Akamanchi	Independent Director	0	×	×
Shri Adhish P. Patil	Chief Financial Officer & Chief Operating Officer	2	√	√
Shri Dhanaji L. Kakade	Vice President -Technical	2	√	√

CORPORATE GOVERNANCE REPORT (CONTD.)

TERMS OF REFERENCE:

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

- (i) Formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan
- (ii) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - (iii) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - (iv) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - (v) Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - (vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
 - (vii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been constituted in line with the prevailing Regulatory requirements. The Committee is composed of three Directors including an Independent Director who chairs the meetings.

Members	Shri Navin C. Shah (Chairman)	Shri Prakash M. Patil	Shri Rashesh C. Gogri
Category	Independent Director	Executive Director	Executive Director

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

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, as amended, read with Rules framed thereunder;
- ii. Recommend the amount of expenditure to be incurred on such activities and
- iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

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

GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Financial Year	Day, Date & Time	Venue	Special resolution passed for
FY 2021-22	Thursday, August 04, 2022 At 11:30 am	Through Video Conferencing	1) Appointment of Prof. Bhaskar N. Thorat (DIN: 01293824) as an Independent Director of the Company. 2) Appointment of Smt Neha R. Gada (DIN: 01642373) as an Independent Director of the Company. 3) Approval for giving loan or guarantee or providing security under Section 185 of the Companies Act 2013.
FY 2020-21	Saturday, September 04, 2021 At 11:30 am	Through Video Conferencing	Re-appointment of Shri Prakash M. Patil (DIN: 00005618) as the Managing Director of the Company for a period of five years w.e.f. June 01, 2022
FY 2019-20	Tuesday, August 25, 2020 At 11:30 am	Through Video Conferencing	No Special Resolution was passed.

CORPORATE GOVERNANCE REPORT (CONTD.)**EXTRAORDINARY GENERAL MEETINGS:**

No Extraordinary General Meetings of members were convened during the last three financial years.

DETAILS OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT:

During the financial year, following Resolution was passed by the Company through a Postal Ballot.

Date of Announcement of Result	Type of Resolution	Particulars of Resolution	% of Votes in Favour	% of Votes Against
October 29, 2022	Ordinary	Re-appointment of Shri Rashesh C. Gogri (DIN: 00066291) as the Managing Director of the Company for the period of 5 years with effect from October 31, 2022.	97.16	2.84

PROCEDURE FOR POSTAL BALLOT

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder and Listing Regulations, the Company had issued Postal Ballot Notice dated September 26, 2022 to the Members, seeking their consent with respect to the Re-appointment of Shri Rashesh C. Gogri (DIN: 00066291) as the Managing Director of the Company for the period of 5 years with effect from October 31, 2022.

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

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

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

MEANS OF COMMUNICATION:**Quarterly Results-**

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in Financial Express (English) edition and Aapla Mahanagar (Marathi) edition. These results and official press releases are also available on the website of the Company (www.aartidrugs.co.in)

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication
First Quarter	July 27, 2022	July 29, 2022
Half Year	October 20, 2022	October 21, 2022
Third Quarter	January 27, 2023	January 28, 2023
Annual	April 29, 2023	April 30, 2023

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

Detailed presentations are made to institutional investors and financial analysts on the Company's audited quarterly and yearly financial results. These presentations / Concall transcripts are also uploaded on the Company's website www.aartidrugs.co.in

CORPORATE GOVERNANCE REPORT (CONTD.)

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@aartidrugs.com

GENERAL SHAREHOLDERS INFORMATION

i) The day, date, time & venue of the 38th Annual General Meeting (AGM):

Day	Date	Time	Venue
Tuesday	September 26, 2023	10:30 AM	through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)

ii) Financial year and Tentative Financial Calendar:

The Company's financial year begins on April 01 and ends on March 31. Our tentative calendar for declaration of the quarterly results during financial year 2023-24 are as follows:

Financial Year	FY 2023-24
June, 2023	Last week of July 2023
September, 2023	Last week of October 2023
December, 2023	Last week of January 2024
March, 2024	1st/2nd week of May 2024

(iii) Cut-off date for e-voting: Tuesday, September 19, 2023

(iv) Listing on Stock Exchanges:

Stock Exchange	Stock Code/ Symbol
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	524348
National Stock Exchange of India Limited "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	AARTIDRUGS

v) Listing fees and Annual Custodial Fee:

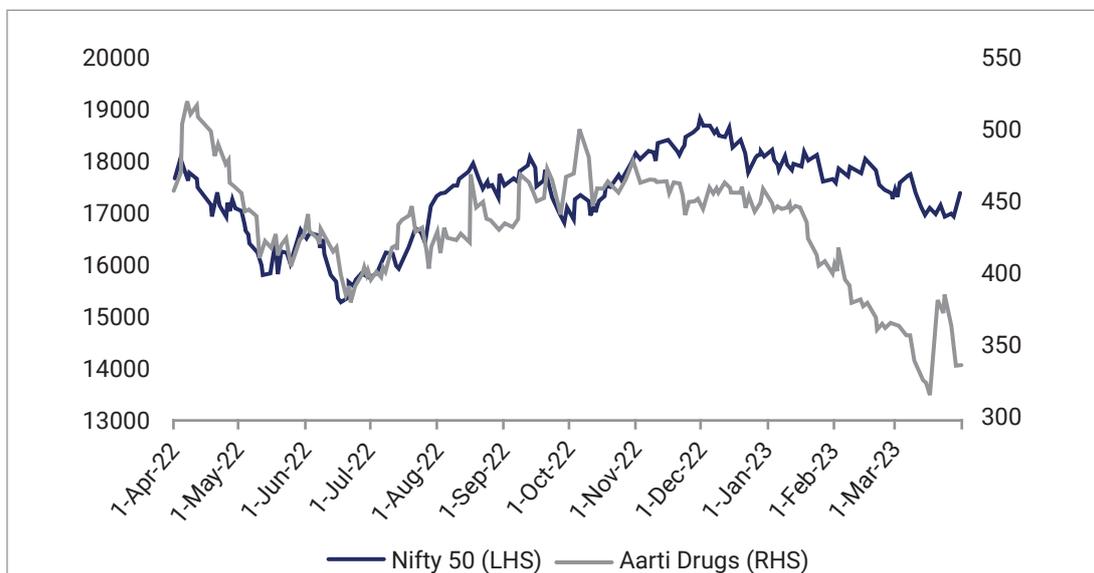
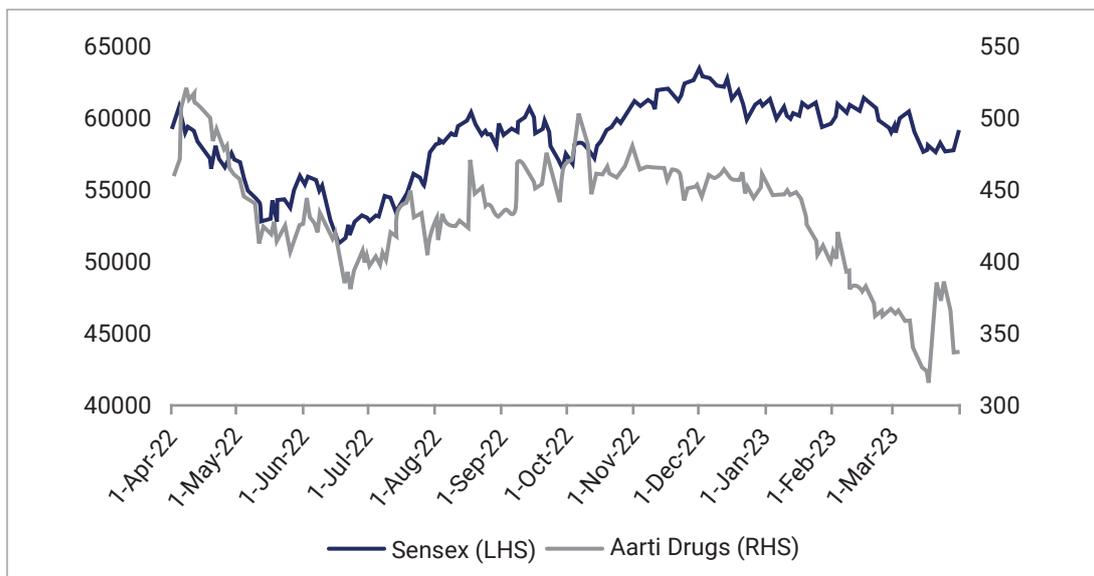
The Company had paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the FY 2023-24.

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

Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2022	531.60	432.55	336653	531.40	430.00	3863300
May 2022	460.00	400.90	176157	460.00	401.10	1654048
June 2022	450.00	378.40	175691	452.00	378.00	1156688
July 2022	458.50	394.00	171306	455.65	394.10	1717895
August 2022	488.70	407.95	352366	489.95	414.45	5212041
September 2022	488.40	418.65	536480	488.60	426.05	5277005
October 2022	511.65	441.90	507614	512.40	441.85	2697879
November 2022	485.00	441.00	178838	488.00	440.50	1282992
December 2022	474.55	440.00	210167	474.75	440.85	1699079
January 2023	463.10	390.00	147206	464.00	391.05	1428185
February 2023	429.00	357.10	218414	429.45	356.85	2251038
March 2023	404.70	310.80	1047700	404.70	313.90	32368439

CORPORATE GOVERNANCE REPORT (CONTD.)**vii) Performance in comparison to broad based indices:**

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	ADL (₹)	SENSEX	ADL (₹)	NIFTY
April 2022	461.10	57060.87	461.20	17102.55
May 2022	426.05	55566.41	425.55	16584.55
June 2022	404.15	53018.94	403.85	15780.25
July 2022	417.80	57570.25	418.90	17158.25
August 2022	431.65	59537.07	431.50	17759.30
September 2022	468.05	57426.92	468.75	17094.35
October 2022	479.40	60746.59	479.30	18012.20
November 2022	452.20	63099.65	452.90	18758.35
December 2022	460.00	60840.74	460.10	18105.30
January 2023	400.90	59549.9	401.00	17662.15
February 2023	366.40	58962.12	366.30	17303.95
March 2023	337.80	58991.52	337.75	17359.75



CORPORATE GOVERNANCE REPORT (CONTD.)

viii) Registrar & Transfer Agents & Address for Correspondence:

M/s. Link Intime India Private Limited

C-101, 247 Park, L. B. S. Marg,

Vikhroli (West), Mumbai - 400 083,

Tel. No. +91 22 49186000 | Fax No. 022 - 4918 6060

Email ID: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

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

(ix) Share transfer System:

In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialised form w.e.f. April 01, 2019, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfer of Equity Shares in electronic form are effected through the depositories with no involvement of the Company.

x) Shareholding Pattern:

Category	As on March 31, 2023		As on March 31, 2022		% Change
	No. of Shares	%	No. of Shares	%	
Promoter and Promoter Group	55167166	59.58	55402454	59.83	-0.25
Mutual Funds	3716807	4.01	2422331	2.62	1.40
Foreign Portfolio Investors	1795690	1.94	1914753	2.07	-0.13
Insurance Companies	71238	0.08	71345	0.08	0.00
Body Corporate	475473	0.51	692422	0.75	-0.23
Others	31373626	33.88	32096695	34.66	-0.78
Total	92600000	100	92600000	100	

xi) Distribution of Shareholding as on March 31, 2023:

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-500	166491	96.20	9138541	9.87
501-1000	3551	2.05	2702202	2.91
1001-2000	1640	0.95	2335863	2.52
2001-3000	443	0.26	1102665	1.19
3001-4000	272	0.16	986982	1.07
4001-5000	122	0.07	571813	0.62
5001-10000	256	0.15	1829406	1.98
Above 10000	284	0.16	73932528	79.84
Total	173059	100	92600000	100

xii) Dematerialisation of Shares and Liquidity:

99.20% of the Paid-up Capital is held in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2023 under ISIN No: INE767A01016.

Particulars	NSDL	CDSL	Physical	Total
Shares (nos.)	81590647	10270012	739341	92600000
Shares (%)	88.11	11.09	0.80	100

xiii) Liquidity of shares:

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

CORPORATE GOVERNANCE REPORT (CONTD.)**xiv) 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.

xv) ADRs/ GDRs/ Warrants:

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

xvi) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the FY 2022-23, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in **Note No. 35** to the Annual Accounts.

xvii) Plant Locations:

- Plot No. N-198, G-60, E-1, E-21, E-22, E-120, K-40, K-41, E-9/3, E-9/4, T-150, W-60, W-61, W-62, W-71, W-72 and W-73 MIDC Industrial Area, Tarapur, Village Pamtembhi, Dist. Palghar, 401 506, Maharashtra
 - Plot Nos. 211, 213, 2601, 2602, 2603, 2902/2904, GIDC, Sarigam - 396155, Dist. Valsad, Gujarat
- R & D Centres:** Plot No. E-1, MIDC, Tarapur, Village Pamtermbhi, Dist. Palghar - 401 506, Maharashtra

xviii) Address for Correspondence:

- Corporate and Head Office:** Ground Floor, Mahendra Industrial Estate, Plot No. 109-D, Road No.29, Sion (E), Mumbai - 400 022, Maharashtra
- Registered Office:** Plot No. N-198, MIDC, Tarapur, Village-Pamtembhi, Dist. Palghar - 401 506, Maharashtra

xix) Credit Rating:

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

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

Facilities	CRISIL Rating	India Ratings and Research Rating
Long Term Rating	AA-/Stable	AA-/Stable
Short Term Rating	A1+	A1+

xx) Disclosure in respect of Equity Shares transferred to Unclaimed Suspense Account and Suspense Escrow Demat Account**Aarti Drugs Limited - Unclaimed Suspense Account:**

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

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity Shares	No. of Shareholders	No. of equity Shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022	696	3,02,902	-	-
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	4	1,325	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	4	1325	-	-
Shares transferred to IEPF A/c	614	2,89,011	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023.	78	12,566	-	-

CORPORATE GOVERNANCE REPORT (CONTD.)

Aarti Drugs Limited - Suspense Escrow Demat Account:

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

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

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

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

xxi) CEO/ CFO Certification:

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO were placed at the Meeting of the Board of Directors held on April 29, 2023 copy of which is attached in this Annual Report. The CEO and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

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.aartidrugs.co.in/policies-and-related-documents/>

(ii) Securities and Exchange Board of India (SEBI) has imposed a penalty of ₹ 1,00,000/- (Rupees One lakhs Only) vide its order dated June 24, 2019 for non-compliance with the provisions of SEBI (Buyback of Securities) Regulations, 2018 pertaining to the trading by one of the Promoter at the time of trading window closure during Buy Back. Except that there was no non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or 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.aartidrugs.co.in/policies-and-related-documents/>

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.aartidrugs.co.in/wp-content/uploads/2021/04/ADL-Insider-Trading-Code.pdf>

(v) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted website of the Company at the following Web link: <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

(vii) There were no instances during the FY 2022-23, wherein the Board had not accepted recommendations made by any committee of the Board

(viii) Total fees of ₹11.25 lakhs for FY 2022-23, for all services were paid by the Company and its subsidiaries, on a consolidated basis, to the statutory

CORPORATE GOVERNANCE REPORT (CONTD.)

auditors and all entities in the network firm/network entity of which the statutory auditor is part.

- (ix) During the financial year 2022-23, the Company has not raised funds through any kind of issue (public issue, rights issue, preferential issue, etc.)
- (x) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

- xi) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.
- xii) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a code of Conduct to regulate, monitor and report trading by Insiders.
- xiii) None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

- xiv) Pinnacle Life Science Private Limited has been classified as the material subsidiary as it fulfils the criteria given under Regulation 16(1)(c) of the Listing Regulations, details of which are mentioned below:

Name	Pinnacle Life Science Private Limited
Date of Incorporation	January 15, 2003
Place of Incorporation	Registered Office at the time of incorporation was situated at Madhya Pradesh, which is subsequently shifted to Himachal Pradesh
Name of Statutory Auditors	Gokhale and Sathe, Chartered Accountants
Date of Appointment of Statutory Auditors	Re-appointed at the AGM dated August 03, 2022 for the period of 3 years.

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 FY 2022-23 is unmodified.
4	Separate posts of Chairman and CEO	The Company does not have separate post of Chairman and MD/ CEO.
5	Reporting of Internal Auditor	The Internal Auditor reports to Chairman & Managing Director and has direct access to the Audit Committee.

For and on behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN:00005618

Place: Mumbai

Date: April 29, 2023

CORPORATE GOVERNANCE REPORT (CONTD.)

CEO'S CERTIFICATION

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

For and on behalf of the Board

Place: Mumbai
Date: April 29, 2023

Sd/-
Prakash M. Patil
Chairman, Managing Director & CEO
DIN:00005618

CORPORATE GOVERNANCE REPORT (CONTD.)**CEO & CFO CERTIFICATION**

(Pursuant to Regulation 17(8) of the SEBI

(Listing Obligation and Disclosure Requirement) Regulations, 2015)

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2023 and we hereby certify and confirm to the best of our knowledge and belief the following:

- a. The Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- b. The Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
- c. There are no transactions entered into by the Company during the year ended March 31, 2023 which are fraudulent, illegal or violative of Company' Code of Conduct.
- d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.
- e. There have been no significant changes in the above-mentioned internal controls over financial reporting during the relevant period.
- f. That there have been no significant changes in the accounting policies during the relevant period.
- g. We have not noticed any significant fraud particularly those involving the management or an employee having a significant role in the Company's internal control system over Financial Reporting.

For AARTI DRUGS LIMITED

Place: Mumbai

Date: April 29, 2023

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN:00005618

Sd/-

Adhish P. Patil

Chief Financial Officer

CORPORATE GOVERNANCE REPORT (CONTD.)

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 Drugs Limited

(CIN: L37060MH1984PLC055433)
Plot No. N - 198, M.I.D.C., Tarapur,
Village-Pamtermbhi, Dist. Palghar,
Maharashtra - 401 506

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Drugs Limited** having CIN: L37060MH1984PLC055433 and having registered office at Plot No. N - 198, M.I.D.C., Tarapur, Village-Pamtermbhi, Dist. Palghar, Maharashtra - 401 506 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below **as on the Financial Year ended on March 31, 2023** had been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN	Full Name	Designation	Date of Appointment
00005340	Harshit Manilal Savla	Managing Director	January 02, 1987
00005501	Harit Pragji Shah	Wholetime Director	September 15, 1995
00005618	Prakash Moreshwar Patil	Managing Director	January 05, 1985
00066291	Rashesh Chandrakant Gogri	Managing Director	August 16, 2012
00299202	Narendra Jagannath Salvi	Director	August 25, 2020
00662996	Priti Paras Savla	Director	September 26, 2014
01186406	Uday Moreshwar Patil	Wholetime Director	October 18, 2000
01415556	Navin Chapshi Shah	Director	November 04, 2010
02354032	Krishnacharya Govindacharya Akamanchi	Director	October 20, 2008
06975564	Ankit Vikram Paleja	Director	October 13, 2021
01293824	Bhaskar Narayan Thorat	Director	May 09, 2022
01642373	Neha Rajen Gada	Director	May 09, 2022

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.

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483E000218599

Place: Mumbai

Date: April 28, 2023

CORPORATE GOVERNANCE REPORT (CONTD.)**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of
Aarti Drugs Limited,
Mumbai.

We, Kirtane & Pandit LLP, Chartered Accountants, Statutory Auditors of the Aarti Drugs Limited ("the Company"), have examined the compliance of conditions of Corporate Governance for the year ended on March 31, 2023, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations.

MANAGEMENT RESPONSIBILITY

The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

AUDITOR'S RESPONSIBILITY

We have examined the books of account and the other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirement by the Company. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.

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 the conditions of Corporate Governance as stipulated in the abovementioned SEBI Listing Regulations.

We further state that 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.

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

Sd/-

Aditya A Kanetkar

Partner

Membership No.: 149037

UDIN: 23149037BGUGHU9864

Place: Mumbai

Date: April 29, 2023



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L37060MH1984PLC055433
2.	Name of the Listed Entity	Aarti Drugs Limited
3.	Year of incorporation	1984
4.	Registered office address	Plot No. N-198, M.I.D.C. Tarapur, Village – Pamtembhi, Taluka & Dist. Palghar – 401506 Maharashtra, India
5.	Corporate address	Ground Floor, Mahendra Industrial Estate, Road No 29, Plot No 109-D, Sion (East), Mumbai – 400022. (INDIA), Maharashtra
6.	E-mail	investorrelations@aartidrugs.com
7.	Telephone	9122-24019025
8.	Website	www.aartidrugs.co.in
9.	Financial year for which reporting is being done	April 01, 2022 to March 31, 2023
10.	Name of the Stock Exchange(s) where shares are listed -	a. National Stock Exchange of India Limited b. BSE Limited
11.	Paid-up Capital	As on March 31, 2023 total paid up capital of the Company stood at 92.60 Crores consisting of 9,26,00,000 Equity shares of ₹ 10/- each
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	a. Name - Rushikesh Deole b. Designation –Company Secretary c. Telephone Number - (022) 2401 9025 d. E-mail ID - investorrelations@aartidrugs.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Description of Main Activity	Description of Business Activity	% of Turnover of the entity
Pharmaceuticals	Manufacturing and marketing of pharmaceutical products	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed	Total Sales (₹ In Crores)
1	API	21001	91%	2,278.93
2	Speciality Chemicals	21001	6%	139.19
3	Intermediates & Others	21001	3%	79.84

III. Operations

16. Number of locations where plants and/ or operations/ offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	11	1	12
International	-	-	-

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	28 states and 8 union territories
International (No. of Countries)	Over 100 countries served across the six continents - Asia, North America, Europe, Africa, Latin America

b. What is the contribution of exports as a percentage of the total turnover of the entity?

The Company is presently serving the market requirements in over 100 countries spanning across the six continents, viz. Asia, North America, Europe, Africa, Latin America. The Company has been undertaking several initiatives to fulfill market needs across the globe and continue to grow exports. At present 37.77% of total turnover is contributed by the exports of products.

c. A brief on types of customers

We serve a wide range of customers such as Pharmaceutical formulation companies, Specialty Chemical manufacturers, dyes pigments manufacturers across the globe.

IV. Employees**18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
EMPLOYEES						
1.	Permanent (D)	731	634	86.73%	97	13.27%
2.	Other than Permanent (E)	668	578	86.53%	90	13.47%
3.	Total employees (D+E)	1,399	1,212	86.63%	187	13.37%
WORKERS						
4.	Permanent (F)	272	271	99.63%	1	0.37%
5.	Other than Permanent (G)	919	884	96.19%	35	3.81%
6.	Total workers (F+G)	1,191	1,155	96.98%	36	3.02%

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)	3	2	66.67%	1	33.33%
2.	Other than Permanent (E)	0	0	0.00%	0	0.00%
3.	Total differently abled employees (D+E)	3	2	66.67%	1	33.33%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0.00%	0	0.00%
5.	Other than Permanent (G)	1	1	100.00%	0	0.00%
6.	Total differently abled workers (F+G)	1	1	100.00%	0	0.00%

19. Participation/Inclusion/Representation of women

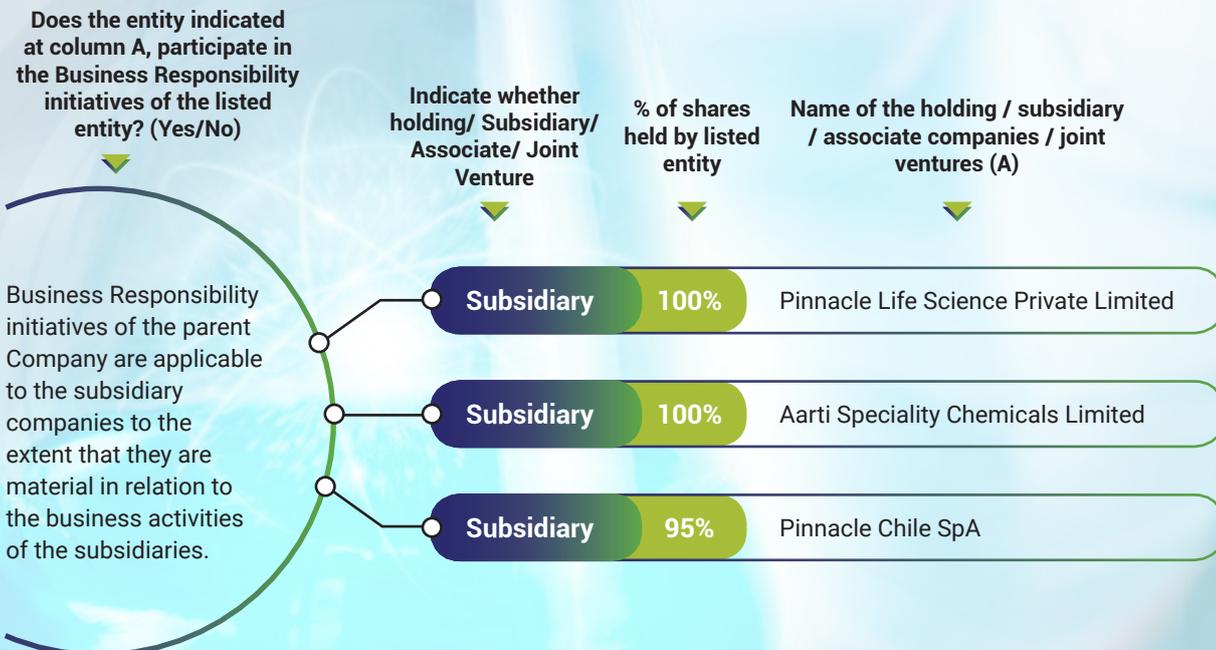
	Total (A)	No. and percentage of Females	
		No.(B)	%(B/A)
Board of Directors	12	2	16.67
Key Management Personnel	2	0	-

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	7.92	7.14	7.82	13.52	8.12	12.84	19.09	12.24	18.26
Permanent Workers	1.55	0.00	1.55	1.21	0.00	1.21	1.59	0.00	1.59

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary /associate companies/joint ventures



VI. CSR Details

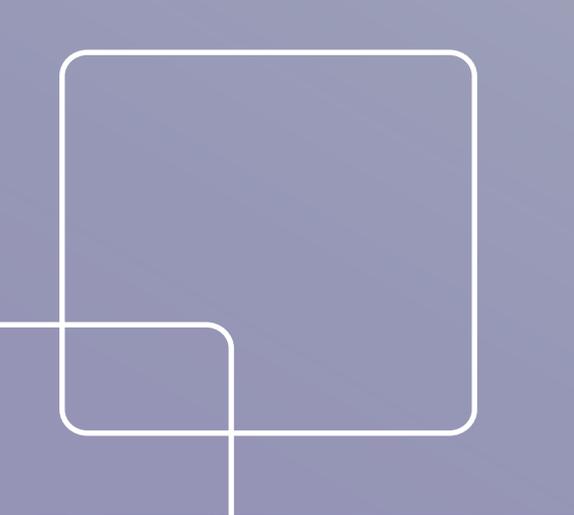


VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	Current Financial Year FY 2022-23			Previous Financial Year FY 2021-22		
		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	https://www.aartidrugs.co.in/wp-content/uploads/2021/05/Code-of-Conduct.pdf	0	0		0	0	
 Investors (other than shareholders)	NA	0	0		0	0	
 Shareholders	No, the Company complies with all the circulars issued by SEBI to handle shareholders complaints. So, there is no separate policy for handling shareholders grievances.	15	0		1	0	
 Employees and workers	https://www.aartidrugs.co.in/wp-content/uploads/2021/05/Code-of-Conduct.pdf aartidrugs.co.in/wp-content/uploads/2020/11/Whistle-Blower-Policy.pdf	0	0		0	0	
 Customers	https://www.aartidrugs.co.in/contact-us/ https://www.aartidrugs.co.in/wp-content/uploads/2021/05/Code-of-Conduct.pdf	6	3		5	0	

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes ,then provide web-link for grievance redress policy)	Current Financial Year FY 2022-23			Previous Financial Year FY 2021-22		
		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
 Value Chain Partners	https://www.aartidrugs.co.in/contact-us/ https://www.aartidrugs.co.in/wp-content/uploads/2021/05/Code-of-Conduct.pdf	0	0		0	0	
 Government and Regulators	https://www.aartidrugs.co.in/contact-us/ https://www.aartidrugs.co.in/wp-content/uploads/2021/05/Code-of-Conduct.pdf	0	0		0	0	



24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format



S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Innovation, R&D		Continuous innovation in our operations helps us to improve the efficiency and quality of product	N.A.	
2	Product Quality and Safety, and Data integrity		Product Quality and Safety, and Data Integrity issues might impact our ability to fulfill the demand of our customers and create value for our stakeholders.	Company is focusing in its QA and QC and IT function	
3	Community Engagement		Community expectations are higher	N.A.	
4	Environmental Sustainability		Various consequences of climate change has potential to pose a threat to business continuity and human safety.	to develop the sustainable manufacturing processes	
5	Employee Health and Safety		Employees are backbone of our business operations and it is our responsibility to provide them a healthy and safe environment. Additionally, Employee Health and Safety incidents pose regulatory, reputational, and business continuity risks. Risk of failure / non-compliance can impact our business operations and patient needs.	Company follows adequate safety standards	
6	Governance		Adhering to good governance standards will help to create brand value	N.A.	
7	Governance		Non-compliance with the regulatory and statutory requirements can impact our operations, ability to raise funds in future and valuation of the Company.	Company periodically review the processes to improve the governance standards	

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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)	Yes								
b. Has the policy been approved by the Board?(Yes/No)	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management].								
c. Web Link of the Policies, if available	Mandatory policies are uploaded on the website of the Company www.aartidrugs.co.in								
2. Whether the entity has translated the policy into procedures. (Yes /No)	Yes								
3. Do the enlisted policies extend to your value chain partners?(Yes/No)	Code of Conduct extend to our value chain partners and other policies are applicable to our value chain partners considering the prevailing legal requirements								
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fair trade, Rainforest Alliance, Trustea) standards(e.g. SA8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	 Certificates such as ANVISA, KFDA, COFEPRIS , WC Certificate, TGA, WHO-GMP and TFDA are obtained to facilitate business operations in countries including Brazil, South Korea, Mexico, European nations, Australia , Africa, Middle East, Southeast ASIA and Taiwan  ISO 9001: 2015: Quality Management System  ISO 14001:2015 – Environment Management System  ISO 45001:2018 – Occupational Health & Safety Management System  Good Manufacturing Practice (GMP) compliance across facilities as per various Global Standards for GMP like ICH , EU-GMPPIC/S, WHO-TRS, etc.  WHO-GMP accreditations received for several plants								
5. Specific commitments, goals and targets Set by the entity with defined timelines, if any.	Yes								
6. Performance of the entity against the specific commitments, goals and targets along - with reasons in case the same are Not met.	Mostly met								
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) Please refer "Chairman's message" and "Management Discussion & Analysis report" in the Annual Report									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	DIN: 00005618 Shri Prakash M. Patil Chairman, Managing Director & CEO Ph:-022-2401 9025 Email:- mgnt@aartidrugs.com								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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.	Stakeholders Relationship Committee, Corporate Social Responsibility and Risk Management Committee periodically reviews the sustainability initiatives of the Company. Composition of these Committees is mentioned in Corporate Governance Report.								

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	The policies of the Company are reviewed periodically/ on a need basis by the department heads/ Director/ Board/ its Committees and any other committees wherever applicable																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Status of compliance with all applicable statutory requirements is reviewed by the Board and its committees (as applicable) on a quarterly basis																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
No. The policies of the Company are subject to audit by Internal Auditors of the Company. The working of the policies is also ensured by the various Department Heads/ Directors/ Committees of the Board/ Other Committees, wherever applicable.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Not Applicable



SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE

1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year.

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors Key Managerial Personnel	1	The Company conducts familiarisation programmes for its Board of Directors at regular intervals which covers topics such as ESG parameters, corporate governance practices, employee well-being, innovation and R&D and various other regulatory updates.	100%
Employees other than BoD and KMPs Workers	94	The employees / workers undergo various trainings / awareness sessions such as induction training at the time of joining, Training on Code of Conduct, technical and compliance training during the course of employment, safety training etc.	100%

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):

NIL

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Code of Conduct of the Company covers the provisions related to anti-corruption and anti-bribery. Weblink for the same is <https://www.aartidrugs.co.in/wp-content/uploads/2021/05/Code-of-Conduct.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Nil

6. Details of complaints with regard to conflict of interest:

NIL

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

Leadership Indicators**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year.**

Company is in process to design awareness programme for its value chain partners for their inclusion in the sustainability initiatives of the Company

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, every Director of the Company discloses his/her concern or interest in the Company or companies or bodies corporate, firms or other association of individuals and any change therein, annually or upon any change, which includes the shareholding.

In the Meetings of the Board, the Directors abstain from participating in the items in which they are concerned or interested.

Yes, the code of conduct of the Company has provision for avoiding conflict of interest

Link is <https://www.aartidrugs.co.in/wp-content/uploads/2021/05/Code-of-Conduct.pdf>



PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of Improvements in environmental and social impacts
 R&D	10.10%	NIL	Note 1
 Capex	16.15%		Note 2

Note 1:

The Company's investments in Research and Development (R&D) have yielded significant environmental benefits, showcasing its commitment to sustainable innovation and environmentally responsible practices:

1. Vacuum Oven (121 ltr):

Energy Efficiency: The adoption of vacuum ovens in R&D processes reduces energy consumption, leading to lower greenhouse gas emissions and a smaller carbon footprint.

Waste Reduction: Operating at low temperatures mitigates material degradation during processing, resulting in reduced waste generation and resource conservation.

2. Refrigerator/Freight (400 ltr):

Greenhouse Gas Reduction: Efficient refrigeration systems minimise energy consumption, thereby reducing greenhouse gas emissions and promoting energy conservation.

VOC Emission Control: By safely storing volatile chemicals, the Company minimises the release of volatile organic compounds (VOCs) into the environment, contributing to air quality improvement.

3. Fume Hood (3900mmW x 11000mm D x 1580 mm H):

Air Quality Improvement: Fume hoods play a crucial role in controlling hazardous emissions in laboratories, preventing harmful fumes, vapors, and dust from entering the atmosphere.

Regulatory Compliance: By using fume hoods, the Company ensures compliance with environmental regulations, protecting both the environment and the health of employees.

4. Ultrasonic Cleaning Bath:

Water Conservation: The implementation of ultrasonic cleaning baths reduces water consumption compared to conventional methods, conserving precious water resources.

Chemical Footprint Reduction: The use of fewer harsh chemicals in ultrasonic cleaning contributes to a decreased chemical footprint and supports environmentally friendly practices.

Through these R&D investments, the Company fosters a culture of sustainable innovation, emphasizing environmental stewardship in its operations. By striving for energy efficiency, waste reduction, and pollution control, the Company actively contributes to a greener future while maintaining a competitive edge in its industry.



Note 2:**Summary of Environmental and Social Benefits from Capex Investments:**

The capex investments made by the Company in various assets have resulted in significant environmental and social benefits. Through these investments, the Company has demonstrated its commitment to sustainability and responsible business practices. Here are some of the key benefits:

- 1. Improved Energy Efficiency and Emission Reduction:** Investments in boiler smoke tube replacement and condenser equipment have enhanced the overall efficiency of operations, reducing fuel consumption and associated greenhouse gas emissions. This contributes to mitigating climate change and supports global efforts towards a low-carbon future.
- 2. Solvent Recovery and Waste Management:** The implementation of solvent recovery units and solid waste sheds has resulted in reduced emissions of volatile organic compounds and hazardous waste. This environmentally responsible approach conserves natural resources, minimises pollution, and promotes a healthier and more sustainable environment.
- 3. Fire Hydrant and Stack Monitoring Systems:** By ensuring reliable fire hydrant systems and stack monitoring, the Company effectively safeguards against potential environmental damages and harmful pollutant emissions. These measures aid in compliance with environmental regulations, maintaining air quality control, and improving public health.
- 4. Closed System Operations and Ultrasonic Cleaning:** Adoption of closed SCADA systems and ultrasonic cleaning baths reduces the emission of volatile organic compounds and conserves water resources. These eco-friendly practices align with environmental standards and foster sustainable water usage.
- 5. Efficient Co-Generation Boiler and Chimney Design:** Co-generation boilers allow simultaneous heat and electricity production, utilising waste heat to increase overall efficiency. Chimneys designed for higher altitude emission disperse harmful gases, reducing their immediate impact on the local environment and human health.
- 6. Reverse Osmosis for Water Conservation:** Implementation of reverse osmosis systems not only reduces water consumption but also minimises chemical usage, protecting water resources and promoting responsible water management.
- 7. Air Preheaters and Scrubbers for Cleaner Air:** Air preheaters recover waste heat from flue gases, leading to reduced fuel consumption. Scrubbers effectively absorb pollutants, improving air quality, mitigating global warming, and promoting better health for workers and the community.
- 8. Social Benefits:** The Company's investments in occupational health centres and safety equipment, such as SCBA sets, demonstrate a commitment to employee well-being. This contributes to improved worker health, reduced healthcare costs, and fosters a more productive and socially responsible work environment.

In conclusion, the Company's capex investments have yielded a wide array of environmental and social benefits. By implementing sustainable practices and advanced technologies, the Company is making positive contributions to environmental protection, resource conservation, and social well-being. These initiatives not only align with ESG principles but also position the Company as a responsible corporate citizen, gaining the trust and support of stakeholders and investors.



2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**
 b. **If yes, what percentage of inputs were sourced sustainably?**

The Company is in process of creating a procedure for sustainable sourcing. Currently, there is no check for the same

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Aarti Drugs is committed to going beyond compliance in its waste management practices. We have taken numerous steps to minimise waste generation and to ensure that our waste is managed in an environmentally responsible manner. Our waste management practices are based on the following principles:

 **Minimisation:** We strive to minimise waste generation at the source through the use of efficient processes and technologies.

 **Recovery:** We recover and recycle as much waste as possible.

 **Treatment:** We treat waste that cannot be recovered or recycled in a manner that minimises its environmental impact.

 **Disposal:** We dispose of waste in a secure manner that protects human health and the environment.

We are continuously reviewing and improving our waste management practices. We believe that these practices are essential to our commitment to sustainability and to our responsibility to the environment. Here are some specific examples of our waste management practices:

 We have installed a solvent recovery unit at our manufacturing facility. This unit recovers spent solvent, which is then recycled.

 We send process residues that have high calorific values to a cement plant for energy recovery.

 We send waste that cannot be recovered or recycled to a Common Hazardous Waste Disposal Facility for secure landfilling.

We believe that our waste management practices are a model for other companies. We are committed to continuing to improve our practices and to leading the way in sustainable waste management.

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, the Company is in process of application to get EPR License from CPCB. The Company also assures that they will develop a comprehensive EPR plan that outline waste management goals and strategies for reducing waste, reusing materials, and recycling.

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?**

Name of Product / Service	% of total Turnover contribute	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.
Metronidazole (Sar-2902)	8.36%	Gate to Gate	Yes	No

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
Metronidazole	Global warming potential is due to the use of fuel i.e. Coal & Electricity.	Given that we currently utilise natural gas as fuel for one of the boilers on our premises and will persist with this approach, it becomes impractical to transition the entire system to a more environmentally friendly fuel source due to elevated costs and the limited accessibility of natural gas. Furthermore, we have integrated pollution abatement equipment at strategic points to effectively mitigate the impact of potential pollution sources.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22

In our production process, we prioritise sustainability by recycling solvents and selected raw materials. We recycle around 43-45% solvents and selected raw material.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

FY 2022-23				FY 2021-22		
Re-Used	Recycled	Safely Disposed		Re-Used	Recycled	Safely Disposed
-	214.78	-	 Plastics(including packaging)	-	234.313	-
-	-	-	 E-waste	-	-	-
0	0	30,364.33	 Hazardous waste	0	0	21,931.56
-	4,354.68	-	 Other waste (Fly ash generated from coal)	-	4,752.42	-

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Since the Company is engaged in pharmaceutical sector, we do not reclaim products for reusing, recycling and disposing them at the end of their life.

PRINCIPLE

3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B / A)	No. (C)	% (C / A)	No. (D)	% (D / A)	No. (E)	% (E / A)	No. (F)	% (F / A)
Permanent employees											
Male	634	634	100	634	100	N.A.	N.A.	-	-	-	-
Female	97	97	100	97	100	97	100	-	-	-	-
Total	731	731	100	731	100	97	-	-	-	-	-
Other than Permanent employees											
Male	578	-	-	157	27.16	-	-	-	-	-	-
Female	90	-	-	30	33.33	-	-	-	-	-	-
Total	668	-	-	187	27.99*	-	-	-	-	-	-

*For other than permanent employees those who are hired from a contractor, the trainings are expected to be given by the said contractor. Aarti Drugs gives trainings only to people from GH who are hired for a period between 1-3 years

b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B / A)	No. (C)	% (C / A)	No. (D)	% (D / A)	No. (E)	% (E / A)	No. (F)	% (F / A)
Permanent employees											
Male	271	271	100	271	100	N.A.	N.A.	-	-	-	-
Female	1	1	100	1	100	1	100	-	-	-	-
Total	272	272	100	272	100	1	-	-	-	-	-
Other than Permanent workers											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23						FY 2021-22					
	No. of employees covered as a % of total employees		No. of employees 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 employees covered as a % of total workers		Deducted and deposited with the authority (Y/N/N.A.)	
PF	731	100%	272	100%	Y		753	100%	245	100%	Y	
Gratuity	731	100%	272	100%	Y		753	100%	245	100%	Y	
ESI	0	0	35	12.87%	Y		0	0	8	3.27%	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.

As per the nature of ADL's business, differently abled employees cannot be recruited in the manufacturing plant operations activities. However, the Company gives opportunities to differently abled persons in office premises. The office areas have lifts making it accessible with people with mobility impairment.

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.

Company has internal guidelines for equal opportunity. The Company provides equal opportunities to all its employees and to all eligible applicants for employment in the Company.

The Company has "Discrimination Policy" as well as "Human Rights and labor policy" to safeguard employees from any discrimination on basis of disabilities

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

♂ Male ♀ Female ⊕ Total

Permanent Employees		Gender	Permanent Workers	
Return to work rate	Retention rate		Return to work rate	Retention rate
N.A.	N.A.	♂	N.A.	N.A.
100%	100%	♀	100%	100%
100%	100%	⊕	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

The Company has a whistle blower policy for redressal of grievances of employees. The same can be found at <https://www.aartidrugs.co.in/policies-and-related-documents/>. However, there is no specific mechanisms w.r.t the below mentioned categories

A short summary of procedure to be followed to resolve routine complaints is given below.

Yes/No (If Yes, then give details of the mechanism in brief)

Permanent Workers	Reporting to the field supervisor and then field supervisor taking it up with Factory Manager
Other than Permanent Workers	Reporting to the field supervisor and then field supervisor taking it up with Factory Manager
Permanent Employees	Reporting to reporting manager for redressal of the grievances
Other than Permanent Employees	Reporting to reporting manager for redressal of the grievances

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Benefits	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	%(B/ A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	%(D/C)
Total Permanent Employees	731	0	NA	753	0	NA
- Male	634	0	NA	654	0	NA
- Female	97	0	NA	99	0	NA
Total Permanent Workers	272	90	33.09%	245	91	37.14%
- Male	271	90	33.21%	244	91	37.30%
- Female	1	0	0	1	0	0

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On health and Safety Measures		On Skill Upgradation		Total (D)	On health and Safety Measures		On Skill Upgradation	
		Number (B)	% (B/A)	No. (C)	% (C/A)		Number (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1,212	1,212	100	1,212	100	1,239	1,239	100	1,239	100
Female	187	187	100	187	100	158	158	100	158	100
Total	1,399	1,399	100	1,399	100	1,397	1,397	100	1,397	100
Workers										
Male	1,155	900	77.9	900	77.9	1,128	880	78	880	78.0
Female	36	29	80.0	29	80.0	36	28	79	28	79.0
Total	1,191	929	78.0	929	78.0	1,164	908	78.0	908	78.0

9. Details of performance and career development reviews of employees and worker.

Category	FY 2022-23			FY 2021-22		
	Total (A)	Number (B)	% (B/A)	Total (A)	Number (B)	% (B/A)
Employees						
Male	1,212	1,212	100	1,239	1,239	100
Female	187	187	100	158	158	100
Total	1,399	1,399	100	1,397	1,397	100
Workers						
Male	1,155	1,155	100	1,128	1,128	100
Female	36	36	100	36	36	100
Total	1,191	1,191	100	1,164	1,164	100

8. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity?(Yes/ No).If yes, the coverage such system?

Aarti Drugs Limited (ADL) is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates, Specialty Chemicals and also produces Formulations with its wholly-owned subsidiary – Pinnacle Life Science Private Limited. With the vision to adopt processes supported by proven technologies, which are cost effective and safe. We are committed to develop and continually improve our safety systems and culture.

We have a comprehensive Health, Safety and Environment Policy to demonstrate our commitment to maintain the world-class standards of health and safety in line with our core values of 'Care', 'Integrity' and 'Excellence'. We have an implemented occupational health and safety management system across all our sites. We strive to make our workplace injury and incident free by inculcating safety culture at all levels of the organisation. We also organise various safety trainings, safety initiatives, mock drills and campaigns in the Company. At ADL, we are highly committed to creating a safe & healthy workplace and focusing on the continual improvement of the safety & health standards of employees and contractors.

ADL has implemented programmes on safety & occupational health which incorporates best-in-class practices related to occupational health. At ADL, various leading and lagging indicators are implemented and regularly monitored through the top management including safety studies, safety training, audits, and Incident investigations. We are certified with Integrated Management System of ISO 9001, ISO 14001 and ISO 45001. Safe and reliable operation is assured by the inherent safe design of plants.

Our infrastructure and trained man-power is equipped to handle any on-site and off-site emergency. We have mutual aid signed with neighbouring industries and provide support to other industries and communities in case of emergency situations.

b. What are the processes used to identify work – related hazards and assess risks on a routine and non-routine basis by the entity?

We have engaged experienced and competent people for plant operation, and to perform safety studies and assessments such as HAZOP, HIRA and other risk studies as required for process validation. We have effectively implemented safety programmes like management of changes, process management, pre-startup safety review, General plant conditions, Job safety analysis, work permit system, cross site safety audits, safety rounds by key plant personnel etc.

We have ensured safety trainings and vigilance throughout our operations and validate the effectiveness of the safety programmes through internal and external safety audits

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Y/N)

At ADL, we have implemented safety programmes to identify the unsafe acts and unsafe conditions through Behavior Based Safety (BBS), General Plant Conditioning (GPC), Near Miss Reporting (NMR), Incident Managements and global CAPA compliance.

All workers have access to report hazards and contributing towards enhancement of safety culture.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Our organisation has secured a Medclaim Insurance Policy to provide personal health and accidental treatment benefits for all employees. Additionally, a specialised Employees State Insurance Corporation (ESIC) Medclaim policy has been acquired for contract employees to cover their hospital treatments. Amid the Covid-19 pandemic, we initiated bus transportation services for employees commuting between home and work. Furthermore, we distributed masks and hand sanitizers to nearby hospitals and government offices, and proudly donated an Oxygen Plant to Rajawadi Hospital in Chembur, Mumbai.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 Current Financial Year	FY2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	00	00
	Workers	00	0.3999
Total recordable work-related injuries	Employees	00	0
	Workers	00	01 Nos.
No. of fatalities	Employees	00	00
	Workers	00	00
High consequence work-related injury or ill-health (excluding fatalities)	Employees	00	00
	Workers	00	00

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

- i. The Company is using Hazard operability (HAZOP) for process related hazards, Hazard Identification and Risk assessment (HIRA) for routine and non-routine activities and Health Risk Assessment (HRA) for identifying exposure related activities.
- ii. Regular site review, inspections and audits to assess safety preparedness
- iii. Regular training on occupational health & safety training

13. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year:**Health and safety practices****100%**

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)

Working Conditions**100%**

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)

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.

There were no major and reportable safety related incidents occurred in past financial year. Though, there were first-aid related incidents during the year which have been investigated and closed with necessary corrective and preventive actions.

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

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We are ensuring that vendors in our value chain are deducting and submitting the required statutory dues on time especially GST. Also, we are approving the vendors based on the statutory dues paid by their firm on periodic basis.

Also, the entity ensures adherence to statutory compliances related to workers such as timely wage payment and Provident fund.

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 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Retiring employees are given option to continue employment even after their retirement age has been crossed.

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.

Our company has a process for identifying key stakeholder groups that is based on the following steps:

- a. We define the Company's business and its operations. This helps us to identify the groups of people who are most directly affected by the Company's activities.
- b. We identify the groups of people who have a vested interest in the Company's success. These groups of people are likely to be the most important stakeholders, as they have the potential to impact the Company's performance.
- c. We assess the influence and impact of each stakeholder group. This helps us to prioritise our stakeholder engagement efforts.
- d. We develop a stakeholder engagement strategy. This strategy helps us to build relationships with our stakeholders and to ensure that we are meeting their needs.

We have identified the following key stakeholder groups:

-  **Employees:** Employees are the lifeblood of our company, and they play a critical role in our success. Employees are also the most directly affected by the Company's activities, so they are likely to be one of the most important stakeholder groups.
-  **Customers:** Customers are the people who buy our products or services. Customers are also the ones who are most affected by the quality of our products or services. Therefore, customers are another important stakeholder group that we need to consider.
-  **Suppliers:** Suppliers provide us with the raw materials and other inputs that we need to produce our products or services. Suppliers are also affected by the Company's activities, as they may be impacted by the Company's demand for their products or services.
-  **Investors and shareholders:** Investors and shareholders are the people who own the Company. They are interested in the Company's performance, as they want to see their investment grow in value. Therefore, investors and shareholders are another important stakeholder group that we need to consider.
-  **Communities:** The communities in which we operate are also important stakeholders. These communities are affected by the Company's activities, as they may be impacted by the Company's pollution or its impact on the local economy.
-  **Government and regulatory bodies:** Government and regulatory bodies are also important stakeholders, as they have the power to regulate the Company's activities. We need to work with government and regulatory bodies to ensure that we are in compliance with the law.

We believe that these stakeholder groups are the most important to our company's success. We will continue to engage with these groups in order to build strong relationships and to ensure that we are meeting their needs.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

 Ongoing

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
 Employees	No	<ol style="list-style-type: none"> 1. Emails and Meetings 2. Employee Satisfaction Surveys 3. Training Programmes 4. Performance appraisal reviews 5. Grievance Redressal Mechanisms 		<ol style="list-style-type: none"> 1. Fair wages and Rewards 2. Work life Balance 3. Training & Skill development 4. Career Growth 5. Occupational Health and Safety 6. Job Security 7. Transparent Communication
 Customers	No	<ol style="list-style-type: none"> 1. Customer feedback 2. Customer satisfaction survey 3. Phone calls, emails and Meetings 4. Signed contracts 5. Exhibitions, Events 6. Customer visits & audits 7. Websites 		<ol style="list-style-type: none"> 1. Timely Delivery 2. Quality 3. Pricing 4. Post-sales Support 5. Product related certifications 6. EHS Management Systems
 Suppliers	No	<ol style="list-style-type: none"> 1. Emails and Meetings 2. Vendor Assessment & Review 3. Signed Contracts 		<ol style="list-style-type: none"> 1. Timely Payment 2. Continuity of orders 3. Capacity Building 4. Transparency
 Investors & Shareholders	No	<ol style="list-style-type: none"> 1. Shareholders Meetings 2. Publishing requisite notices/ press releases/ other communications through Newspaper Advertisements/ e-mails/ websites 3. Annual Reports 4. Company's Website/ dissemination of requisite information on website of stock exchanges and depositories 5. Investor meet 		<ol style="list-style-type: none"> 1. Sustainable Growth & Returns 2. Risk Management 3. Corporate Governance 4. Market Share 5. Operational Performance
 Communities	No	<ol style="list-style-type: none"> 1. Training & Workshops 2. Regular Meetings 3. Need Assessment & Satisfaction Surveys 4. CSR Reports 		<ol style="list-style-type: none"> 1. Local Employment 2. Environmental pollution control 3. Infrastructure development 4. Training & Livelihood programmes 5. Participation in social services

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
 Government and Regulatory bodies	No	<ol style="list-style-type: none"> Annual Reports Statutory filings Communication with regulatory bodies Formal Dialogues 		<ol style="list-style-type: none"> Tax Compliance with laws, rules & regulations Employment Pollution Prevention Local Economy Growth

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.

Respective business / functional heads engage with the stakeholders on various ESG topics and the relevant feedback from such consultation is provided to the Board, wherever applicable

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. We have framed our ESG agenda on material topics from stakeholder consultations. Material topics were shortlisted and prioritised based on their impact on our stakeholders and our business.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

The Company through its Corporate Social Responsibility (CSR) initiatives focus the local areas for the upliftment of the weaker section of the society.

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:

The Company is currently preparing policies for conducting and providing trainings on many human rights to each of its employees and workers at the time of joining and a yearly training on all such topics. For the year FY 2022-23 and FY 2021-22, no such training was conducted

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	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	647					665				
Male	581	104	18%	477	82%	598	156	26%	442	74%
Female	66	28	42%	38	58%	67	36	54%	31	46%
Other than Permanent	662					639				
Male	576	576	100%	0	0%	583	583	100%	0	0%
Female	86	86	100%	0	0%	56	56	100%	0	0%
Workers										
Permanent	272					245				
Male	271	32	12%	239	88%	244	0	0%	244	100%
Female	1	0	0%	1	100%	1	0	0%	1	100%
Other than Permanent	919					919				
Male	884	720	81%	164	19%	884	685	77%	199	23%
Female	35	35	100%	0	0%	35	35	100%	0	0%



3. Details of remuneration/salary/wages, in the following format:

Male			Female	
Number	Median remuneration/ salary/ wages of respective category (₹ in lakhs)		Number	Median remuneration/ salary/ wages of respective category (₹ in lakhs)
5	70.40	Board of Directors (BoD)*	-	-
2	33.66	Key Managerial Personnel	-	-
632	4.16	Employees other than BoD and KMP	97	3.33
271	4.90	Workers	1	5.15

* includes the remuneration of Executive Directors only.

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. Company has a whistle Blower policy in place and it can be found of company website here <https://www.aartidrugs.co.in/policies-and-related-documents/>

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Grievances related to human rights can be submitted to Ethics Officer or Human resource department. Also Whistle Blower Mechanism is available to address major issues. A detailed process has been laid down in the whistle blower policy of the Company available on the website <https://www.aartidrugs.co.in/policies-and-related-documents/>

6. Number of Complaints on the following made by employees and workers:

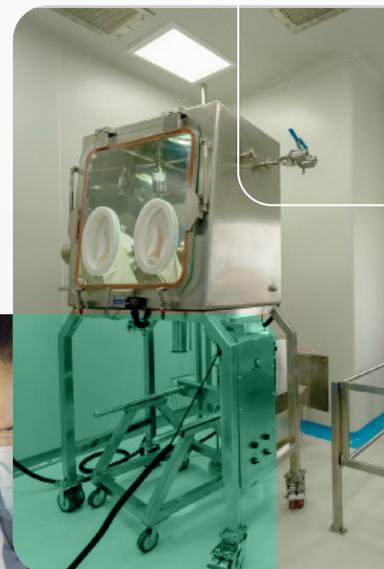
No Complaints were received for Sexual Harassment, Discrimination at workplace, Child Labour, Forced Labour/ Involuntary Labour, Wages or any other human rights related issues during the year and in the previous year.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

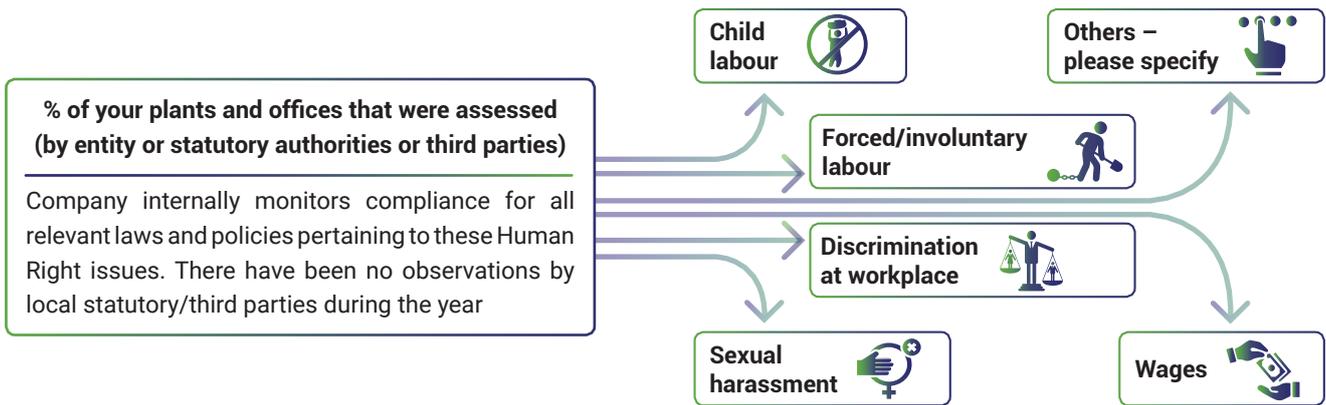
The Company has implemented Whistle Blower Mechanism where any discrimination and harassment cases can be directly brought to the notice of Board of Directors. Similarly, in sexual harassment cases, there are Internal Complaints Committees (ICCs) and relevant policies to ensure that complainant(s) shall not be met with adverse consequences.

8. Do human rights requirements form part of your business agreements and contracts? (YES/ NO)

There are no agreements entered by the Company and hence this question does not apply



9. Assessments for the year.



10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above
 There were no significant risks / concerns arising from the assessments at question 9 above

Leadership Indicators

- Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**
Not applicable
- Details of the scope and coverage of any Human rights due-diligence conducted.**
No such due diligence was conducted. Company is in process to design the Human rights due-diligence
- 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
- Details on assessment of value chain partners:**
The Company is in process for formation of a procedure for assessing value chain partners for Child Labor, Forced/involuntary labour, Sexual harassment, Discrimination at workplace, Wages, etc.
- Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**
NIL

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment**Essential Indicators****1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23 (In Giga Joules)	FY2021-22 (In Giga Joules)
Total electricity consumption(A)	2,84,565.02	2,97,509.59
Total fuel consumption(B)	10,25,913.79	11,11,682.17
Energy consumption through Other sources (C)	0	0
Total energy consumption (A+B+C)	13,10,478.81	14,09,191.75
Energy intensity per rupee of turnover (Total energy consumption/Turnover in rupees)	$13,10,478.81/2,50,020.24 =$ 5.2415 Gigajoules per 100000 Rupees of Turnover	$14,09,191.75/2,25,594.63 =$ 6.2466 Gigajoules per 100000 Rupees of Turnover
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: NO assessment is done

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.

No, we do not have any site as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY2022-23	FY2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	4,45,146	4,35,079
(ii) Groundwater	0	0
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	4,45,146	4,35,079
Total volume of water consumption (in kilolitres)	4,45,146	4,35,079
Water intensity per rupee of turnover (Water consumed / turnover)	4,45,146/2,50,020.24 = 1.7804 Kilolitres per 1,00,000 Rupees of Sales	4,35,079/2,25,594.63 = 1.9286 Kilolitres per 1,00,000 Rupees of Sales
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. NO

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, we have implemented a mechanism for Zero Liquid Discharge (ZLD). Currently, we are operating our 08 API manufacturing facilities out of 10 on a Zero Liquid Discharge (ZLD) basis and of remaining 02 facilities are connected to Common Effluent Treatment Plant (CETP) for further treatment.

Company's major manufacturing plants have Zero-Liquid Discharge (ZLD) wherein the waste water is treated and reused. The quality of effluent discharge where applicable is ensured as per regulatory requirements at all applicable locations. Aarti Drugs Limited has installed Multiple Effect Evaporator (MEE), Mechanical Vapour Re-compression (MVR) , Effluent Treatment Plant (ETP) for the effluent treatment and on-site distillation setup to achieve Zero Liquid Discharge.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY2022-23	FY2021-22
NOx	Tonnes	8.31	9.073
SOx	Tonnes	22.169	24.194
Particulate matter (PM)	Tonnes	24.94	27.218
Persistent organic Pollutants (POP)	NA	NA	NA
Volatile organic Compounds (VOC)			
Hazardous air Pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

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. NO

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	75,908	84,380
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1,31,625	1,04,966
Total Scope 1 and Scope 2 emissions per rupee of turnover		$(75,908+1,31,625) / 2,50,020.24 =$ 0.83 tonnes per 1,00,000 Rupees of turnover	$(84,380+1,04,966) / 2,25,594.63 =$ 0.8393 tonnes per 1,00,000 Rupees of Turnover
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. NO

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Aarti Drugs Limited is committed to climate action and to create a positive impact for the community and environment in which it operates. In line with the aspirations, Aarti Drugs Limited has committed to provide the pathway to develop integrated solutions for becoming carbon neutral. This includes phasing out coal-based boilers and ramping up renewable's and other forms of clean energy, investments in improvement measures and operational efficiency technology etc.

8. Provide details related to waste management by the entity, in the following format:

Parameter		FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)			
Plastic waste (A)	MT	214.78	234.3
E-waste (B)	-	-	-
Bio-medical waste (C)	-	-	-
Construction and demolition waste (D)	-	-	-
Battery waste (E)	-	-	-
Radioactive waste (F)	-	-	-
Other Hazardous waste. Please specify, if any. (G)			
Spent carbon	MT	1,828.82	724.245
Spent organic solvents	MT	3,491.81	1,850.916
Chemical sludge from ETP	MT	671.697	88.983
Conc& evaporation residue	MT	1,614.358	483.6
Off specification products	MT	1.23	0.275

Parameter		FY 2022-23	FY 2021-22
Date expired products	MT	0.524	0
Distillation residue	MT	144.22	264.77
Process residue & waste	MT	9,865.258	4,450.346
Organic liquid residue	MT	971.72	2,825.23
Sodium sulphate (By-product)	MT	698.76	124.21
Glycol to sale (By-product)	MT	1,408.17	1,368.32
Oil & grease	MT	0.403	0.487
Spent sulphuric acid	MT	5,103.06	4,946.3
Spent hydrochloric acid	MT	4,564.3	4,803.88
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-	-
Fly ash generated from coal	MT	4,354.68	4,752.42
Total (A+B + C + D + E + F + G + H)	MT	34,933.79	26,918.282
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	MT	214.78	234.3
(ii) Re-used	MT	4,354.68	4,752.42
(iii) Other recovery operations	MT	0	0
Total	MT	4,569.46	4,986.72
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Category of waste			
(i) Incineration	MT	5,801.048	3,181.19
(ii) Landfilling	MT	3,711.533	3,856.853
(iii) Other disposal operations	MT	20,851.749	14,893.24
Total	MT	30,364.852	21,931.283

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. - NO





9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Aarti Drugs Limited has robust waste management practices and aims to reduce the waste to landfill. Following are the methods and techniques used to manage and dispose of waste material generated at site for preventing pollution, conserving natural resources, protecting human health environment.

Reduction at source - This is the hazardous waste reduction technique in which hazardous waste is reduced at the source by implementing recycling the reactants up to the greater extent, developing the process by research, use of reusable products, and reducing packing material.

Hazardous waste management - This involves specialised practices such as,

1. Assigned dedicated facilities according to categories of wastes
2. Safe handling procedures, labeling of HW bags and drums.
3. Following manifest system as per MPCB.

Waste - to - energy - Various hazardous waste generated at our factory is having high calorific value are segregated at site and sent to cement industry for energy recovery through incineration.

Landfilling - The HW having low calorific value and other parameters within the limit of landfilling criteria are sent for CHWTSDF facility & then safely dispose of material by burying in to land and covered by soil usually.

Recycling - The waste which are having the potential reusable content that can be recovered and reused

Incineration - Some of the hazardous waste that require incineration in a controlled condition are sent to the CHWTSDF facility where they dispose the hazardous waste through incineration.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification no.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
M/s. Aarti Drugs Limited Plot no. DP-94/95/96 GIDC, Sayakha.	EIA Notification 2006	October 22, 2021	Yes	Yes	-

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

No fine/ penalty was levied

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY2022-23	FY2021-22
From renewable sources		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	Nil	Nil
From non-renewable sources		
Total electricity consumption (D)	2,84,565.02	2,97,509.59
Total fuel consumption (E)	10,25,913.79	11,11,682.17
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	13,10,478.81	14,09,191.75

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. - NO



2. Provide the following details related to water discharged:

Parameter	FY2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	Nil	Nil
- With treatment—please specify level of treatment	Nil	Nil
(ii) To Ground water		
- No treatment	Nil	Nil
- With treatment—please specify level of treatment	Nil	Nil
(iii) To Seawater		
- No treatment	Nil	Nil
- With treatment—please specify level of Treatment	Nil	Nil
(iv) Sent to third-parties		
- No treatment	Nil	Nil
- With treatment—please specify level of treatment	Nil	Nil
(v) Others		
- No treatment		
- With treatment—please specify level of treatment	19,260 m ³	18,360 m ³
Total water discharged (in kilolitres)	19,260 m³	18,360 m³

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. - NO

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Not Applicable

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

The Company is not tracking scope 3 emissions currently

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on bio-diversity in such areas along-with prevention and remediation activities.

Not Applicable



6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Segregation of hazardous waste generated according to their Calorific value.	<p>Hazardous waste generated are segregated on the basis of calorific value.</p> <p>Low CV material is disposed off through landfilling.</p> <p>High CV material is disposed off through co-processing / pre-processing in cement kilns.</p>	<p>High calorific Value material is used in cement kilns as a fuel.</p> <p>Utilisation of hazardous waste by co-processing in cement Kiln is considered as an effective and sustainable option. There is dual benefit in co-processing of wastes in cement kilns, in terms of utilising the waste as a supplementary fuel as well as an alternative raw material.</p> <p>Wastes contain, materials that have the potential for use as an alternative raw material or as a supplementary fuel for energy recovery.</p>
2	MEE	We have installed Three & two stage multiple effect evaporators in our units for effluent treatment to achieve zero liquid discharge. It has around 60% lower energy requirement than conventional evaporation set up.	MEE has much higher steam economy than conventional evaporators.
3	Boiler	We have converted external furnace coal fired to semi fluidised boiler to improve steam to coal ratio.	Improved steam to fuel ratio as well as minimise fuel consumption. Also minimise immission
4	Boiler & Thermopack	Tuning of boilers / thermopacs for optimum Air-Fuel ratio to increase efficiency	Improved boiler efficiency
5	Condensate recovery	Condensate recovery improved to reduce fuel consumption.	Improved steam to fuel ratio as well as minimise fuel consumption.
6	Solvent recovery & yield	We have conducted pilot trials on ATFD to remove residual solvent from feed and improve the yield of product. This has improved solvent recovery and product quality.	Improved yield and solvent recovery
7	Efficient motors	We are using Energy efficient motors (high power factor motors) which saves around 3-5% energy.	Power saving
8	Membrane filter press	Use of membrane type filter press for corrosive products instead of ANF and centrifuge. Product coming from it has less moisture content and use of nitrogen is also reduced. Energy required for operation is also less.	Power saving
9	Chilling plant evaporator	We have modified design of evaporator of a chilling plant. Due to this 100% evaporator tubes are now submerged in refrigerant. It has improved efficiency of a chilling plant.	Chilling plant operated efficiently.
10	Chilling plant compressor	We have installed Freon based chilling plant operating on screw & scroll compressors in order to achieve better energy efficiency.	Improved energy efficiency.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
11	IE3 motors	We have started the use of IE-3 motors, these motors have more efficiency than IE-2 motors.	Power saving
12	Boiler	Interchanged position of air pre-heater and mechanical dust collector in briquette fired boiler. APH fouling issue is now reduced and due to clean flue gas to APH overall heat transfer coefficient has improved, results in lesser fuel consumption	Heat recovery from flue gas, so increased boiler efficiency Also fuel saving
13	Co-generation boiler	We have started back pressure turbine for 10 TPH co-generation boiler	We get around 0.16 MW of power which can be effective towards cost savings amid, now we are utilise for in-house consumption.
14	Co-generation boiler	Installation of high pressure co-generation boiler is under process. From this we will get around 1.6 MW of power which can be effective towards cost savings amid, we can utilise for in-house consumption.	We will get around 1.6 MW of power which can be effective towards cost savings amid, we can utilise for in-house consumption.
15	MVR	We have completed the erection activities of MVR & commissioning activities are under progress to achieve zero liquid discharge. MVR has much higher steam economy than conventional evaporators	MVR has much higher steam economy than conventional evaporators.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ weblink.

Aarti Drugs Limited has a robust Business Continuity Plan (BCP). In addition, workforces are continuously trained by carrying out mock drills and disaster management exercises for possible emergency situations.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The pharmaceutical industry has significant impact on the environment through the entire value chain, from R&D to production and packaging and disposal. Some of the significant impact are

- a) **Water pollution** - Aarti drugs Limited is operating majority of manufacturing plant on Zero Liquid Discharge (ZLD) and we are strictly following the effluent discharge norms laid down by pollution control board for those unit which connected to CETP for further treatment.
- b) **Air pollution** - Scrubbers are provided for the each stack at strategic locations. Online Continuous Monitoring System implemented at site.
- c) **Land pollution** - Hazardous wastes are disposed through only authorised Waste Management facilities.
- d) **Packaging waste** - Packaging waste is disposed only after decontamination. Infrastructure developed at site for decontamination.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

The Company is in process of creating a procedure for assessment of value chain partners for environmental impact. Currently, there is no check for the same

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.
- 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.

State

Bombay Chamber of Commerce

National

Federation of Indian Chambers of commerce and Industry (FICCI)

National

Indian Institute of Chemical Engineering (IICChE)

State

Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India

National

PHARMEXCIL - Pharmaceuticals Export Promotion Council

National

CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council

National

Federation of Indian Export Organisation

National

Indian Merchants Chamber (IMC)

State

Vapi Industrial Association

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

Leadership Indicators

1. Details of public policy positions advocated by the entity.

Not applicable



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.**

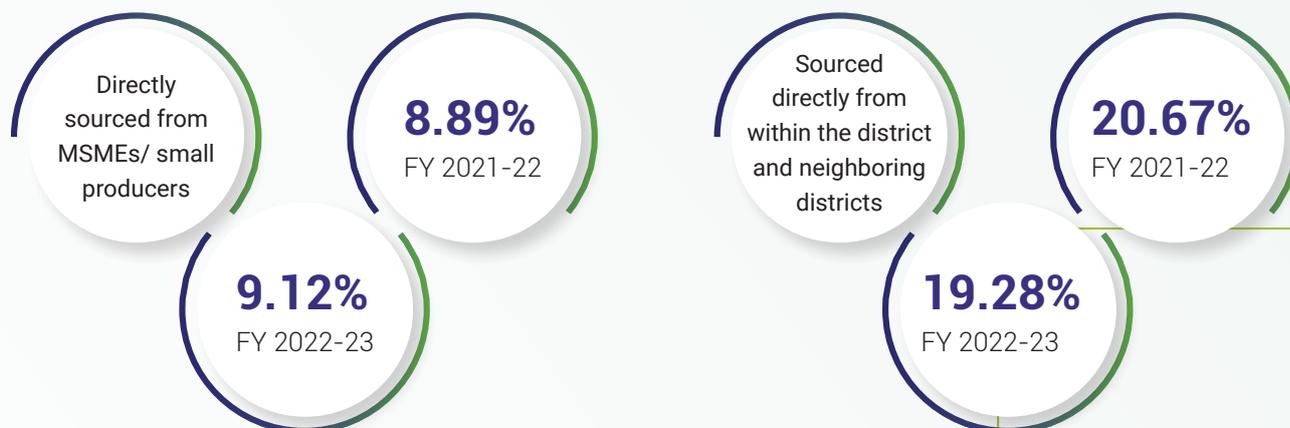
Not applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Grievances can be written or verbal and can be expressed in local languages. They can be lodged by email, phone or written letters. Each grievance is acknowledged once received, and the complainant is informed of the next steps. Grievances with high severity levels are escalated to senior management levels. The respective departments investigate the grievance and respond to the complainant informing them about the proposed resolution.

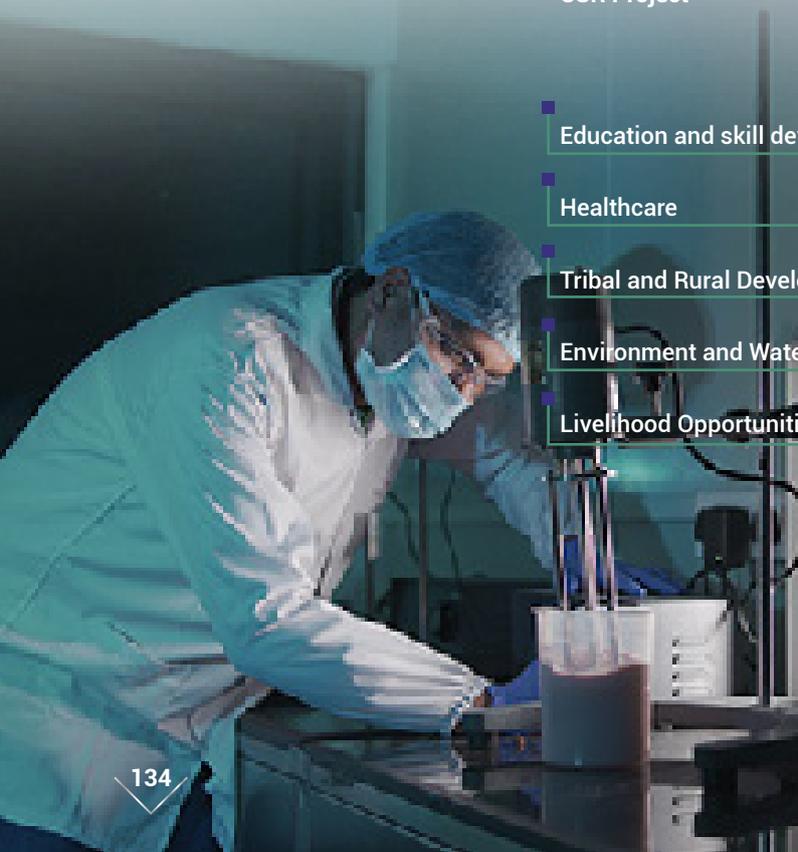
4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

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
2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**
NIL
3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No) - NO**
(b) **From which marginalised /vulnerable groups do you procure? - N.A.**
(c) **What percentage of total procurement (by value) does it constitute? - N.A.**
The Company is impartial in its selection and procurement processes of its suppliers which is driven by the Company's procurement policy, supplier code of conduct and supply chain management sustainability policy. The Company does not consider the criteria for marginalised / vulnerable group during selection of its suppliers. Because the business in which the Company operate, procurement from standard manufacturers is important for ensuring that the end product is suitable for safe consumption.
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:**
NIL
5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**
Not Applicable

6. Details of beneficiaries of CSR Projects: : Please refer the Annual Report on CSR for FY 2022-23

CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
Education and skill development	10000+	100%
Healthcare	10000+	100%
Tribal and Rural Development	10000+	100%
Environment and Water Conservation	5000+	100%
Livelihood Opportunities	5000+	100%



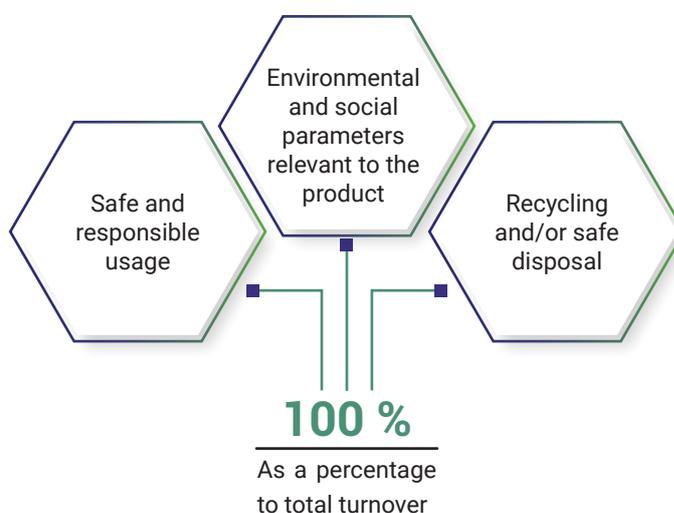
PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We regularly interact with the customers to understand their needs. Meetings are conducted at least once in a year with key customers and regular feedbacks are encouraged by other customers through emails.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:



3. Number of consumer complaints in respect of the following

No complaints were received during FY 2022-23 and FY 2021-22 for Data privacy, Advertising, Cyber-security, Delivery of essential services, restrictive trade practices, unfair trade practices or any other complaint from consumer

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	NA
Forced recalls	Nil	NA



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. The Company shares the framework with its stakeholders on need basis.

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.**

We have not received any penalty / or no action has been taken by regulatory authorities on safety of products in last financial year.

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

<https://www.aartidrugs.co.in/api/>

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company adheres to relevant regulatory requirements by disclosing all the necessary information to its stakeholders including safe and responsible usage of products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

We have procedures in place which triggers the communication to customers in case of any risk of disruption/ discontinuation of essential services.

The Company engages with its 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 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. 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)**

The Company shows all the information which is mandatory as per regulatory requirements.

We regularly interact with the customers to understand their needs. Meetings are conducted at least once in a year with key customers and regular feedbacks are encouraged by other customers through emails.

5. **Provide the following information relating to data breaches:**

a. **Number of instances of data breaches along-with impact :- Nil**

b. **Percentage of data breaches involving personally identifiable information of customers :- Not Applicable**

INDEPENDENT AUDITOR'S REPORT

To The Members of
Aarti Drugs Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the Standalone Financial Statements of Aarti Drugs Limited ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of

the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to the Key Audit Matters to be communicated in the Report.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Sr. No.	Key Audit Matter	Auditor's Response (Audit Procedures followed)
1	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipments.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipments used in the operations requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipments.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> We assessed the Company's process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment as per the Ind AS 16. We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment. We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.
2	<p>Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2.</p> <p>Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2. We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory. We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTD.)

If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic

decisions of users taken on the basis of these Standalone Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning

INDEPENDENT AUDITOR'S REPORT (CONTD.)

the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, Statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- (g) With the respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of the Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 26 to the Standalone Financial Statements;
- ii. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 35 to the Standalone Financial Statements;
- 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, other than disclosed in the notes, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded

INDEPENDENT AUDITOR'S REPORT (CONTD.)

- in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, other than disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend declared or paid by the company during the year is in compliance with section 123 of the Companies Act, 2013.
- vi. Proviso to rule 3(1) of the companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from 1st April 2023, and accordingly, reporting under rule 11(g) of companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31,2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **KIRTANE & PANDIT LLP,**

Chartered Accountants

Firm's Registration No. 105215W/W100057

Sd/-

Aditya A Kanetkar

Partner

Place: Mumbai.

M. No. 149037

Date: April 29, 2023

UDIN: 23149037BGUGHS8310

ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2023

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Aarti Drugs Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and

evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2023 (CONTD.)

reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For **KIRTANE & PANDIT LLP**,
Chartered Accountants
Firm Registration No. 105215W/ W100057

Sd/-

Aditya A Kanetkar

Partner

M. No. 149037

UDIN: 23149037BGUGHS8310

Place: Mumbai.

Date: April 29, 2023

ANNEXURE B TO THE AUDITOR'S REPORT – MARCH 31, 2023

ANNEXURE B REFERRED TO IN PARAGRAPH 2 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF AARTI DRUGS LIMITED ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2023.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipments and relevant details of right-of-use-assets.
- (B) The company is maintaining proper records showing full particulars of intangible assets;
- (b) As explained to us, the Company has phased programme of physical verification of Property, Plant & Equipments by which all Property, Plant & Equipments are verified over a period of three years. In our opinion, periodicity of the physical verification is reasonable having the regard to the size of the Company and nature of assets. According to the information and explanation given to us no material discrepancies were noticed on such verification;
- (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, the title deeds of the immovable properties other than self-constructed immovable properties (buildings), are held in the name of the Company except leasehold lands Plot No. E-105, E-106, S-33/34, (aggregate book value ₹ 5.12 Lakhs) are in the name of erstwhile entities which are merged with the Company. According to explanations obtained from management, in view of merger through Court scheme, leasehold rights are deemed to be transferred to the Company and procedure for transferring in the name of the Company is yet to be completed.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year;
- (e) According to the information and explanation given to us and on the basis of examination of the records of the Company, there are no Proceedings are initiated or no pending cases against the company for holding Benami Property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;
- (ii) (a) The Management has been conducted physical verification of the inventories at reasonable intervals, and as per our opinion, the coverage and procedure of such verification by the management is appropriate; no discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification, all immaterial discrepancies have been properly dealt with books of accounts.
- (b) During the year, the company has been sanctioned working capital limits in excess of Five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; the quarterly returns or statements filed by the company with such banks or financial institutions are not in agreement with the books of account of the Company, details are as under:-

Quarter Ended	Discrepancies found in	Amount as per Books of Accounts (₹ in Lakhs)	Amount as per Quarterly Returns filed (₹ in Lakhs)	Differences (₹ in lakhs)	Reason for Differences
Sep-22	Current Asset	1,29,576	1,29,724	(148)	As explained by the management, the differences are because the statement filed with lenders are based on financial statements which are prepared on provisional basis before quarterly audit.
Dec-22	Current Asset	1,30,770	1,30,963	(193)	

ANNEXURE B TO THE AUDITOR'S REPORT – MARCH 31, 2023 (CONTD.)

(iii) According to the information and explanations given to us and on the basis of examination of books & record by us.

a.A. The Company has not granted any loans or advances but provided guarantee for its subsidiary company during the year. The details are as follows:

Name of the subsidiary	Nature of Guarantee	Amount in USD
Pinnacle Chile SpA		
During the year	SBLC	21,12,000
End of the year	SBLC	21,12,000

B. The Company has only granted unsecured loans or advances in the nature of loan to employees as specified below:

Loan to Employees	Amount (₹ in Lakhs)
Aggregate amount granted during the year	12.08
Balance outstanding as on March 31, 2023	25.06

b. The terms and condition of the grant of loans or advances in the nature of loans, as referred to a (A & B) above are not prima facie prejudicial to the interest of the company.

c. In respect of loans or advances in the nature of loans granted by the Company, the schedule of repayment of principal has been stipulated and the repayments are regular.

d. There are no such amount which are overdue for more than 90days which includes principal and interest.

e. No loans or advances in the nature of loans granted by the Company that have fallen due during the year, have

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited on account of any dispute as on March 31, 2023 are as under:

Nature of Statute	Nature of Dues	Forum where Dispute is pending	Period for which Amount relates	₹ in Lakhs
The Central Excise Act, 1944, Custom Act 1962, GST Act 2017	Custom Duty/GST/ Interest & Penalty	Appellate Authorities/ Tribunals/ HC	FY 2007-08 to FY 2019-20	1,017.12
Income Tax Act, 1961	Income Tax/ Interest & Penalty	Appellate Authorities/ Tribunals	FY 2009-10 & FY 2019-20	7,205.94
Total				8,223.06

(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 loans or other borrowings or in the payments of interest thereon to any lender;

been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

f. The Company has not granted any loans or advances in the nature of loans that are either repayable on demand or without specifying any terms or period of repayment.

(iv) In respect of loans, investments, guarantees, and security, provisions of Section 185 & Section 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India for the maintenance of cost records under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us and based on the records of the company examined by us, in respect of Statutory Dues,

(a) The Company generally been regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employee State Insurance, Income tax, custom duty, cess and any other statutory dues to the appropriate authorities and there are no arrears of outstanding statutory dues as on the last day of the FY concerned for a period of more than 6 months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us and on the basis of our audit

ANNEXURE B TO THE AUDITOR'S REPORT – MARCH 31, 2023 (CONTD.)

- procedure, the term loans were applied for the purpose for which the loan were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on Short Term basis have been used for Long Term purposes by the company.
- (e) According to the information and explanations given to us, and the procedures performed by us, Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
- (f) The Company has not raised loans during the year on the pledge of securities held by the subsidiaries, associates or joint ventures
- (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) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi)
- (a) No fraud by the company or on the company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, and the procedures performed by us, there are no whistle-blower complaints received by the Company during the year and upto the date of this Report.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv)
- (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our Opinion 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 the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

ANNEXURE B TO THE AUDITOR'S REPORT – MARCH 31, 2023 (CONTD.)

(xx)

- (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section

135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

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

For **KIRTANE & PANDIT LLP,**

Chartered Accountants

Firm Registration No. 105215W/ W100057

Sd/-

Aditya A Kanetkar

Partner

M. No. 149037

UDIN: 23149037BGUGHS8310

Place: Mumbai.

Date: April 29, 2023

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in lakhs)

Particulars	Note No	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	63,198.84	64,525.89
Right of use Assets	1.2	218.64	408.64
Capital Work - in - Progress	1.3	16,075.05	5,962.02
Intangible Assets	2	30.70	6.94
Financial Assets			
Investments	3	2,862.24	2,803.16
Other Non- Current Assets	4	2,210.90	2,426.33
Total Non- Current Assets		84,596.36	76,132.98
Current Assets			
Inventories	5	47,772.65	48,846.46
Financial Assets			
(i) Trade Receivable	6	80,167.51	71,164.07
(ii) Cash and Bank Balances	7	267.55	220.82
(iii) Other Financial Assets	8	1,160.49	1,166.22
Other Current Assets	9	5,584.95	5,921.61
Total Current Assets		1,34,953.15	1,27,319.17
TOTAL ASSETS		2,19,549.51	2,03,452.15
EQUITIES AND LIABILITIES			
EQUITY			
Equity Share Capital	10	9,260.00	9,260.00
Other Equity		1,02,170.43	87,957.17
Total Equity		1,11,430.43	97,217.17
LIABILITIES			
Non- Current Liabilities			
Financial Liabilities			
(i) Borrowings	11	16,188.63	11,832.88
(ii) Lease Liabilities	1.2	40.31	187.94
(iii) Other Financial Liabilities	12	1,243.60	955.64
Provisions	13	710.58	786.42
Deferred Tax Liabilities (Net)	14	6,836.64	7,004.44
Total of Non- Current Liabilities		25,019.76	20,767.32
Current Liabilities			
Financial Liabilities			
(i) Borrowings	15	37,119.64	39,655.20
(ii) Lease Liability	1.2	199.22	259.67
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		1,361.67	1,324.64
Dues of creditors other than micro enterprises and small enterprises		40,539.72	40,294.65
Provisions	17	262.65	258.59
Other Current Liabilities	18	3,616.42	3,674.92
Total Current Liabilities		83,099.32	85,467.66
TOTAL EQUITY AND LIABILITIES		2,19,549.51	2,03,452.15
Summary of significant Accounting Policies and Other Explanatory Information	26-43		

AS PER REPORT OF EVEN DATE

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Aditya A. Kanetkar

Partner

M.NO.149037

Place : Mumbai

Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

Jt. Managing Director

DIN: 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary &
Compliance officer)

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakhs)

Particulars	Note No	Year Ended	
		March 31, 2023	March 31, 2022
I Revenue from Operations		2,49,797.03	2,25,117.43
II Other Income	19	223.21	477.19
III Total Income (I + II)		2,50,020.24	2,25,594.63
IV Expenses :			
(a) Cost of materials consumed	20	1,70,244.27	1,52,456.04
(b) Purchase of Stock-in-Trade		4,701.34	5,831.38
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		(672.11)	(7,794.08)
(d) Employee Benefits Expense	21	7,499.44	6,931.56
(e) Finance Cost (Interest)	22	3,253.12	2,006.50
(f) Depreciation and Amortisation Expense	23	4,729.35	4,739.20
(g) Other Expenses	24	39,783.74	35,874.19
Total expenses (IV)		2,29,539.15	2,00,044.80
V Profit before exceptional items and tax (III - IV)		20,481.09	25,549.82
VI Exceptional Items		-	-
VII Profit Before Tax (V - VI)		20,481.09	25,549.82
VIII Tax Expenses :	39		
Provision for Taxation - Current Year		5,325.00	6,550.00
- Earlier Year		-	-
Provision for Deferred Tax		(125.00)	(500.00)
Total Tax Expenses (VIII)		5,200.00	6,050.00
IX Profit / (Loss) for the Year (VII - VIII)		15,281.09	19,499.82
X Other Comprehensive Income			
Item that will not to be reclassified to statement of Profit and Loss			
Fair value changes on Investments, net		(54.44)	174.21
Remeasurement of defined benefit Liability/Assets, net		(87.38)	(108.21)
Total Other Comprehensive Income,net		(141.82)	66.00
XI Total Comprehensive Income for the Year (IX+X)		15,139.26	19,565.82
Earnings per Equity Shares (EPS) (In ₹)	25		
Basic/Diluted		16.50	21.04
Summary of significant Accounting Policies and Other Explanatory Information	26-43		

AS PER REPORT OF EVEN DATE

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Aditya A. Kanetkar

Partner

M.NO.149037

Place : Mumbai

Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

Jt. Managing Director

DIN: 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary)

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance at the April 01,2022	Changes in equity share capital due to prior period errors	Restated balance as at April 01,2022	Changes in equity share capital During Current Year	Balance as at March 31,2023
9,260.00	-	9,260.00	-	9,260.00

(₹ in lakhs)

Balance at the April 01,2021	Changes in equity share capital due to prior period errors	Restated balance as at April 01,2021	Changes in equity share capital During Current Year	Balance as at March 31,2022
9,320.00	-	9,320.00	(60.00)	9,260.00

- Notes- 1. Refer Note No 10.3(a)
 2. Refer Note No 10.3(b)
 3. Refer Note No. 10.5 for changes in promoters holding

B. OTHER EQUITY

(₹ in lakhs)

Particulars	Other Equity Reserves				Other Comprehensive Income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
As on April 01,2021	200.74	301.98	4,797.12	70,426.19	915.09	76,641.13
Transfer to General Reserve from Retained Earning	-	-	1,949.98	(1,949.98)	-	-
Profit for the Year	-	-	-	19,499.82	-	19,499.82
Dividend Paid	-	-	-	(926.00)	-	(926.00)
Buyback of shares	-	60.00	(2,220.00)	(3,780.00)	-	(5,940.00)
Buyback Tax	-	-	-	(1,383.78)	-	(1,383.78)
Fair value change on Investment, net	-	-	-	-	174.21	174.21
Remeasurment of defined benefit Liabiliy/ Assets, net	-	-	-	-	(108.21)	(108.21)
Balance as at March 31,2022	200.74	361.98	4,527.11	81,886.25	981.09	87,957.17
Transfer to General Reserve from Retained Earning	-	-	1,528.11	(1,528.11)	-	-
Profit for the Year	-	-	-	15,281.09	-	15,281.09
Dividend Paid	-	-	-	(926.00)	-	(926.00)
Fair value change on Investment, net	-	-	-	-	(54.44)	(54.44)
Remeasurment of defined benefit Liabiliy/ Assets, net	-	-	-	-	(87.38)	(87.38)
Balance as at March 31,2023	200.74	361.98	6,055.21	94,713.23	839.27	1,02,170.43

AS PER REPORT OF EVEN DATE
For Kirtane & Pandit LLP
 Chartered Accountants
 Firm Registration No.105215W/W100057

Sd/-
CA Aditya A. Kanetkar
 Partner
 M.NO.149037

Place : Mumbai
 Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-
Prakash M. Patil
 (Chairman, Managing Director & CEO)
 DIN : 00005618

Sd/-
Adhish P. Patil
 (Chief Financial Officer)

Sd/-
Harshit M. Savla
 Jt. Managing Director
 DIN: 00005340

Sd/-
CS Rushikesh Deole
 (Company Secretary)

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	20,481.09	25,549.82
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	4,729.35	4,739.20
	Provision for Doubtful debts /Bad debts	-	75.58
	Unrealised Foreign Exchange (Gain)/Loss (Net)	(61.09)	159.00
	Interest Paid	3,253.12	2,006.50
	Interest Received	(67.33)	(65.22)
	Dividend Received	(0.11)	(237.64)
	Profit on Sale of PPE	(11.12)	(1.69)
	Operating Profit before Working Capital Charges	28,323.91	32,225.55
	Trade & Other Receivable	(8,646.92)	(21,708.49)
	Changes in Inventories	1,073.81	(9,808.71)
	Trade & Other Payable	960.26	11,290.54
	Cash generated from operation	21,711.06	11,998.90
	Direct Taxes Paid	(5,482.82)	(8,009.29)
	Net Cash Flow from Operating Activities	16,228.24	3,989.60
B	Cash Flow from Investing Activities		
	Purchase of PPE / Capital Work in Progress/ Advances	(13,068.5)	(12,686.97)
	Sale of PPE	14.54	2.00
	Investments	(127.20)	(153.67)
	Interest Received	67.33	65.22
	Dividend Received	0.11	237.64
	Net Cash Flow from Investing Activities	(13,113.75)	(12,535.78)
C	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	3,735.61	(2,703.90)
	Proceeds from Unsecured Loans & from Scheduled Bank	(2,596.0)	21,455.97
	Buyback of shares	-	(6,000.00)
	Buyback Tax	-	(1,383.78)
	Dividend Paid	(940.13)	(950.77)
	Interest Paid	(3,253.1)	(2,006.50)
	Net Cash Flow from Financing Activities	(3,053.6)	8,411.02
	Net Increase in Cash and Cash Equivalents (A+B+C)	60.86	(135.16)
	Opening Cash and Cash Equivalents	149.00	284.16
	Closing Cash and Cash Equivalents	209.86	149.00

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	Reconciliations of Cash and Cash Equivalents		
	Balance with Banks	98.28	81.62
	Cash in Hand	24.07	18.83
	Cheques in Hand	87.51	48.55
	Balance as per Cash Flows Statement	209.86	149.00

Notes:

- (i) Figures in brackets indicate outflows
- (ii) Cash and cash equivalent is cash and bank balance as per balance sheet
- (iii) Fixed Deposits with bank amounting to ₹ **58.36 lakhs** (previous year ₹ 46.58 lakhs) under lien are considered as cash and cash equivalents.
- (iv) Previous year figures have been regrouped/ rearranged to confirm to the current years presentation wherever necessary.

AS PER REPORT OF EVEN DATE

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Aditya A. Kanetkar

Partner

M.NO.149037

Place : Mumbai

Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

Jt. Managing Director

DIN: 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

CORPORATE INFORMATION:

Aarti Drugs Limited ("the Company") is a public limited company incorporated and domiciled in India. Its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. The registered office of Company is located at Plot No N-198, M.I.D.C, Tarapur, Village-Pamtermbhi, Dist. Palghar, Maharashtra - 401506 and is incorporated under the provisions of the Companies Act applicable in India.

The Company is primarily involved in manufacturing and marketing of Active Pharmaceutical Ingredients (API), Pharma Intermediates and Specialty Chemicals.

The financial statements have been authorised for issue by the Board of Directors at their meeting held on April 29, 2023.

Note: 1 Significant Accounting Policies and Accounting Estimates and Judgements

1) Basis of preparation:

Statement of Compliance

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) to be read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. The Company's Financial Statements for the year ended March 31, 2023 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

Classification of Assets and Liabilities:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

The Statement of Cash flows have been prepared under Indirect Method.

Historic Cost Convention:

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured at fair value, viz employee benefit plan assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date.

Functional and presentation currency

The financial statements are presented in Indian Rupees which is the functional currency of the Company and all values are rounded to the nearest lakhs, except when otherwise indicated.

Use of estimates and Judgments:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, Judgment & Assumptions. These estimates, judgments & assumption affect the application of accounting policies and the reported amounts of assets & liabilities, the disclosures of contingent assets & liability at the date of the financial statement & reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(2) Revenue recognition:

Revenue from contract with customer

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

(i) **Sale of goods:** Revenue from contracts with customers is recognised on satisfaction of performance obligation, when control of the goods is passed to customer, at an amount that reflect the consideration the Company expects to receive. The point at which control passes is determined based on terms of agreement with customer or as per general industry / market practice. GST and other taxes on sales are excluded from revenue.

(ii) **Interest Income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

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:** Dividend income is recognised when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

(iv) **Export benefits:** Export incentives are recognised 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.

3) **Property, plant and equipment (PPE):**

All items of property, plant and equipment other than Leasehold Land are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes Taxes eligible for credit / setoff.

When significant parts of plant and equipment are required to be replaced at intervals, the same is depreciated separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Capital expenditure on property, plant and equipment for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortisation and accumulated impairment loss, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The amortisation period and the amortisation method for an intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible assets 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 assets is derecognised.

Research and Development:

Revenue expenditure on Research and Development is recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other fixed assets.

Depreciation:

Depreciable amount of all items of property, plant and equipment other than Land is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, plant and equipment are provided on straight line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively; if appropriate an asset's

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
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carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Non-current assets held for sale

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of the assets held for sale has been estimated using valuation techniques (including income and market approach), which include unobservable inputs. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" and its recoverable amount at the date of the subsequent decision not to sell. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions.

4) Inventories:

Raw materials, packing materials, store & spares, Traded goods and Work in progress are valued at the lower of cost and net realisable value. The cost of Raw materials, packing materials, store & spares and traded goods includes all cost of purchase, duties and taxes (other than those subsequently recoverable from the tax authorities) and all other cost incurred in bringing the inventory to its present location and conditions. Cost is arrived on moving stock on FIFO basis.

Finished goods are valued at lower of cost and net realisable value. The cost of finished goods and Work in progress have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating capacity and other related cost incurred in bringing the inventories to their present condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Slow and non-moving material, obsolesces, defective inventory are fully provided for and valued at net realisable value.

Goods and material in transits are valued at cost incurred upto to the date of balance sheet.

5) Retirement and other employee benefits:**Defined contribution plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state

managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value plan assets.

Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end. Accumulated compensated absences which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise. Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

6) Foreign Currency Transactions:

Transaction denominated in foreign currencies is recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary item denominated in foreign currency remaining unsettled at the year end are translated at year end rates. Differences arising on settlement or conversion of monetary items are recognised in statement of profit and loss. Non-monetary items which are carried in terms of historical cost

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of forward contracts is dealt with in the Profit and Loss Account proportionately over the period of contracts. The exchange differences arising on settlement/translation are dealt with in the Statement of Profit and Loss.

7) Leases (as a lessee):

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

8) Income Taxes:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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 for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current

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tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

9) Borrowing Costs:

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

10) Provisions and Contingent Liabilities and Contingent Assets**Provisions:**

Provisions for legal claims, chargeback and sales returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent Liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that

an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements

11) Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 %' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

12) Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. 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 profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

The Company considers all highly liquid investments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

1 PROPERTY, PLANT AND EQUIPMENTS

(₹ in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on April 01,2022	Addition	Deduction	As on March 31, 2023	As on April 01, 2022	Addition	Deduction	As on March 31,2023	As on March 31,2023	As on March 31,2022	
TANGIBLES ASSETS											
BUILDING	17,665.24	101.23	-	17,766.46	5,197.97	582.59	-	5,780.56	11,985.91	12,467.27	
FURNITURE	942.78	3.18	-	945.96	752.97	42.18	-	795.16	150.80	189.80	
LAND	8,861.21	30.70	-	8,891.91	-	-	-	-	8,891.91	8,861.21	
OFFICE EQUIPMENTS	248.98	5.33	-	254.31	210.86	21.74	-	232.60	21.71	38.12	
PLANT & MACHINERY	82,438.06	2,938.95	-	85,377.01	39,791.19	3,759.50	-	43,550.69	41,826.31	42,646.87	
VEHICLES	670.65	61.29	68.33	663.61	348.04	58.30	64.91	341.43	322.18	322.61	
TOTAL	1,10,826.92	3,140.68	68.33	1,13,899.27	46,301.03	4,464.31	64.91	50,700.44	63,198.84	64,525.89	
PREVIOUS YEAR	1,04,330.04	6,502.98	6.10	1,10,826.92	41,878.50	4,428.33	5.80	46,301.03	64,525.89		

Note :

1) Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 13.77 lakhs (previous year ₹136.44 lakhs)

1.1 DETAILS OF TITLE DEED NOT HELD IN THE NAME OF COMPANY

Particulars	Description of item of property	Gross carrying value (₹ in lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
PPE	Land - E 106	0.74	Effective Chemical Private Limited	No	26-02-1988
PPE	Land - E 105	0.80	Rupal Chemicals	No	27-06-1986
PPE	Land - S 34	1.87	Star Aluminium Industries	No	06-11-1992
PPE	Land - S 33	1.71	Avez Wire Industries Private Limited	No	11-06-1993

Note : Leaseholds land are in the name of erstwhile entities, which were merged with the Company through the court scheme, leasehold rights are deemed to be transferred to the Company.

1.2 RIGHT OF USE ASSETS/LEASE LIABILITY

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,2022
Opening Balance	408.64	589.42
Additions during the year	68.55	126.03
Amortisation	(258.55)	(306.80)
Closing Balance	218.64	408.64

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
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Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,2022
Opening Balance	447.61	637.66
Finance cost accrued during the year	68.55	127.77
Payment of lease liabilities	(276.63)	(317.82)
Closing Balance	239.53	447.61

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,2022
Current lease liabilities	199.22	259.67
Non- current lease liabilities	40.31	187.94
Total	239.53	447.61

1.3 CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,2022
Opening Balance	5,962.03	1,595.25
Capitalised	(3,046.22)	(565.30)
Additions during the year	13,159.24	4,932.08
Closing Balance	16,075.05	5,962.03

CWIP Ageing Schedule:

(₹ in lakhs)

	Amount in CWIP for a period of				Total
	Less than 1yr	1-2 yrs	2-3 yrs	More than 3 yrs	
As at March 31,2023					
Project in progress :	15,477.88	-	-	597.17	16,075.05
Projects Temporarily Suspended :	-	-	-	-	-
Total	15,477.88	-	-	597.17	16,075.05
As at March 31,2022					
Project in progress :	1,456.10	3,908.75	-	597.17	5,962.02
Projects Temporarily Suspended :	-	-	-	-	-
Total	1456.10	3908.75	-	597.17	5962.02

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
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2 INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
COMPUTER SOFTWARE		
Opening Balance	6.94	11.01
Additions during the year	30.25	-
Amortisation	(6.48)	(4.07)
Closing Balance	30.70	6.94

3 NON CURRENT INVESTMENTS

(₹ in lakhs)

Name of the Company	No. of Shares/ Units	As at March 31, 2023 (₹ in lakhs)	No. of Shares/ Units	As at March 31, 2022 (₹ in lakhs)
Investments - (Unquoted) in Equity				
Shares of Subsidiary Companies				
Pinnacle Life Science Private Limited	77,82,750	648.56	77,82,750	648.56
Aarti Speciality Chemicals Limited	2,50,000	25.00	250,000	25.00
Pinnacle Chile SpA (Chilean Company)*	95,000	309.25	95,000.00	182.05
Investments - (Unquoted) in Equity Shares of Other Companies				
Perfect Enviro Control Systems Limited	2,40,200	17.47	2,40,200	16.01
The Shamrao Vitthal Co- op Bank Limited	100	0.03	100	0.03
The Saraswat Co - op Bank Limited	10,100	1.01	10,100	1.01
Tarapur Environment Protection Society	68,188	92.99	68,188	109.46
Amit Hetrochem (I) Limited	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Limited	1,200	0.04	1,200	0.04
Huanggang Yinhe Aarti Pharmaceutical Co. Limited**	234	1,738.72	234	1,791.83
TOTAL		2,862.24		2,803.16

*Face Value of 1 share = 3500 CLP

**Face Value of 1 share = 10000 RMB

4 OTHER NON- CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Advances	2,210.90	2,426.33
TOTAL	2,210.90	2,426.33

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
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5 INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials (incl.In- transit stock)	18,353.04	20,592.95
Packing Materials	121.70	97.94
Work in process	16,372.70	15,506.88
Finished Goods (incl.In- transit stock)	11,384.26	11,577.98
Stores & Spares	1,531.35	1,063.10
Stock in Trade	9.61	7.62
TOTAL	47,772.65	48,846.46

6 TRADE RECEIVABLE

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
-considered good	80,167.51	71,164.07
-considered doubtful	195.89	289.19
	80,363.40	71,453.26
Less: Provision for Doubtful Debts	(195.89)	(289.19)
TOTAL	80,167.51	71,164.07

Ageing of trade receivables

Particulars	As at March 31, 2023					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable- Considered Goods	77,993.58	796.22	863.34	149.94	404.93	80,208.03
Undisputed Trade Receivable- Credit impaired						
Disputed Trade Receivable-Credit impaired					155.37	155.37
Total Debtors	77,993.58	796.22	863.34	149.94	560.31	80,363.40
Less: Allowanace for Credit Loss					(195.89)	(195.89)
Net Debtors	77,993.58	796.22	863.44	149.94	364.42	80,167.51

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

Ageing of trade receivable

Particulars	As at March 31, 2022					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable-Considered Goods	70,198.24	505.86	141.35	23.58	425.17	71,294.20
Undisputed Trade Receivable-Credit impaired						
Disputed Trade Receivable-Credit impaired					159.06	159.06
Total Debtors	70,198.24	505.86	141.35	23.58	584.23	71,453.26
Less: Allowance for Credit Loss					(289.19)	(289.19)
Net Debtors	70,198.24	505.86	141.35	23.58	295.04	71,164.07

Above balances of trade receivables include balances with related parties (Refer Note No. 29h)

7 CASH AND BANK BALANCES

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Cash on Hand	24.07	18.83
Cheques on Hand	87.51	48.55
Balances with Scheduled Banks :		
- Current Accounts	39.93	35.04
- Deposit Accounts	58.36	46.58
Cash and cash equivalents	209.86	149.00
Other Bank Balances		
Earmarked balance - unpaid dividend	57.69	71.81
TOTAL	267.55	220.82

8 OTHER FINANCIAL ASSETS

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Unsecured , Consider good		
Deposits	1,132.95	1,130.32
Loans & Advances - Employees & Others	27.53	35.90
TOTAL	1,160.49	1,166.22

9 OTHER CURRENT ASSETS

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Advances recoverable in cash or ' kind or for value to be received	1,493.51	2,303.49
Insurance claim receivable	69.81	69.81
Balances with Govt.Authority	4,021.63	3,548.30
TOTAL	5,584.95	5,921.61

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

10 EQUITY SHARE CAPITAL

(₹ in lakhs, except share data)

Particulars	No. of Shares	As at	
		March 31, 2023	March 31, 2022
Authorised Share Capital			
Equity shares of ₹ 10/- each	12,00,00,000	12,000.00	12,00,00,000
Issued, Subscribed & Paid up			
Equity Shares of ₹ 10/- each fully paid up	9,26,00,000	9,260.00	9,26,00,000
		9,260.00	9,260.00

10.1 RIGHT ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares with voting rights having a par value of ₹10/- per share . The Company declares and pays dividends in Indian Rupees. Any Interim dividend paid is recognised on the approval by the Board of Directors.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

10.2 The details of Equity Shares outstanding during last 5 years

No. of Equity Shares outstanding

Particulars	Financial Year				
	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Equity Shares at the beginning of the year	926.00	932.00	233.00	235.82	235.82
Issue of Bonus shares	-	-	699.00	-	-
Buyback of Shares	-	(6.00)	-	(2.82)	-
Equity shares at the end of the year	926.00	926.00	932.00	233.00	235.82

10.3 NOTES ON ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL

- During the Financial 2021-22 , the Company has completed buyback of 6,00,000/- Equity Shares of face value ₹10/- each at a price of ₹1000/- per share settlement of buyback bids was completed on May 19,2021. The number of shares post buyback stands reduced to 9,26,00,000 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹9,260 lakhs.
- During the Financial 2020-21 ,the Company has allotted 6,99,00,000 Bonus Equity Shares of ₹10/- each fully paid up on October 05, 2020 in the proportion of 3 Equity Shares for every 1 Equity Share held by the Equity Shareholders of the Company as on the record date of October 01, 2020
- During the Financial 2019-20 , the Company has completed buyback of 2,82,100/- equity shaes of face value ₹10/- each at a price of ₹900/- per share on May 27, 2019.the number of shares post buyback stands reduced to 2,33,00,000 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹2,330 lakhs.

10.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Name of the shareholders	As at March 31, 2023		As at March 31,2022	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	85,58,928	9.24	84,69,729	9.15

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

10.5 DISCLOSURES OF SHAREHOLDING OF PROMOTERS

Promoter name	As at March 31,2023		As at March 31,2022		% Change during the year
	No. of Shares	% held	No. of Shares	% held	
Chandrakant Vallabhaji Gogri	17,36,777	1.88	17,36,777	1.88	0.00
Jaya Chandrakant Gogri	15,88,422	1.72	15,88,422	1.72	0.00
Rashesh Chandrakant Gogri	43,05,016	4.65	43,05,016	4.65	0.00
Hetal Gogri Gala	28,30,731	3.06	28,30,731	3.06	0.00
Manisha Rashesh Gogri	1,89,675	0.20	1,89,675	0.20	0.00
Aarnav Rashesh Gogri	1,89,273	0.20	1,89,273	0.20	0.00
Aashay Rashesh Gogri	8,89,558	0.96	8,89,558	0.96	0.00
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	13,89,783	1.50	13,89,783	1.50	0.00
Gogri Finserv Private Limited	35,18,025	3.80	35,18,025	3.80	0.00
Anushakti Enterprise Private Limited	24,30,032	2.62	24,30,032	2.62	0.00
Paridhi Business Trust (Saswat Trusteeship Private Limited)	5,95,622	0.64	5,95,622	0.64	0.00
Rajendra Vallabhaji Gogri	7,76,191	0.84	7,76,191	0.84	0.00
Arti Rajendra Gogri	4,17,525	0.45	5,37,157	0.58	(0.13)
Renil Rajendra Gogri	14,24,377	1.54	16,25,475	1.76	(0.22)
Mirik Rajendra Gogri	19,97,952	2.16	19,97,952	2.16	0.00
Tulip Family Trust (Gloire Trusteeship Services Private Limited)	9,33,140	1.01	9,33,140	1.01	0.00
Orchid Family Trust (Relacion Trusteeship Services Private Limited)	9,21,228	0.99	9,21,228	0.99	0.00
Alchemie Finserv Private Limited	20,44,827	2.21	19,21,327	2.07	0.13
Safechem Enterprises Private Limited	12,22,662	1.32	12,22,662	1.32	0.00
Prakash Moreswar Patil	85,58,928	9.24	84,69,729	9.15	0.10
Priti Prakash Patil	40,78,989	4.40	40,78,989	4.40	0.00
Adhish Prakash Patil	11,50,046	1.24	11,34,866	1.23	0.02
Prakash M. Patil (HUF)	1,64,078	0.18	1,64,078	0.18	0.00
Uday Moreswar Patil	51,022	0.06	50,922	0.05	0.00
Arun Moreswar Patil	74,000	0.08	70,000	0.08	0.00
Vikas Moreswar Patil	34,675	0.04	0	0.00	0.04
Kalika Amit Mishra	25,556	0.03	0	0.00	0.03
Arati Tushar Sankhe	1,77,000	0.19	0	0.00	0.19
Harshit Manilal Savla	43,90,733	4.74	43,76,733	4.73	0.02
Vishwa Harshit Savla	9,54,571	1.03	9,54,571	1.03	0.00
Seema Harshit Savla	45,67,514	4.93	45,56,514	4.92	0.01
Bhoomi Harshit Savla	0	0.00	0	0.00	0.00
Harshit M. Savla (HUF)	5,956	0.01	5,956	0.01	0.00
Jay Manilal Savla (Trustee of MOMI's Trust)	-	-	3,99,403	0.43	(0.43)
Jay Manilal Savla	2,93,447	0.32	3,13,447	0.34	(0.02)
Kenisha Savla	10,000	0.01	0	0.00	0.01
Hriman Savla	10,000	0.01	0	0.00	0.01
Jigna Hiren Shah	4,59,633	0.50	4,59,633	0.50	0.00
Aarti Industries Limited	0	0.00	0	0.00	0.00
Aarti Life Science LLP	13,577	0.01	13,577	0.01	0.00
Dilesh Roadlines Private Limited	4,96,356	0.54	4,96,356	0.54	0.00
Alchemie Financial Services Limited	39,145	0.04	39,145	0.04	0.00
Indira Madan Dedhia	2,11,124	0.23	2,20,489	0.24	(0.01)
Total	5,51,67,166	59.58	5,54,02,454	59.83	(0.25)

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

11. NON CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Term loans		
Secured borrowings		
From Scheduled Banks	15,331.63	10,975.88
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
TOTAL	16,188.63	11,832.88

12. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables of Project		
Due to others	1,226.61	938.65
Other - Deferred Payment Liability		
- Trade Deposits	16.99	16.99
TOTAL	1,243.60	955.64

13. LONG TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Income Tax Provision (Net of Advance Tax and TDS)	413.07	570.88
Provision for Employee benefits	297.52	215.54
TOTAL	710.58	786.42

14. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Recognised in Profit and Loss		
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	6,627.45	6,752.45
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit liability/Assets	209.18	251.99
Total	6,836.64	7,004.44

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

15. CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note No.34b)	28,292.14	33,935.03
Unsecured borrowings	4,950.00	1,370.17
Current Maturity of Long term debts	3,877.50	4,350.00
TOTAL	37,119.64	39,655.20

16. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises	1,361.67	1,324.64
Due to others	40,539.72	40,294.65
TOTAL	41,901.39	41,619.29

Ageing of trade payable

Particulars	As at March 31, 2023				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total
Undisputed dues-MSME	1,361.67				1,361.67
Undisputed dues-Others	40,539.72	-	-	-	40,539.72
Total	41,901.39	-	-	-	41,901.39

Ageing of trade payable

Particulars	As at March 31, 2022				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total
Undisputed dues-MSME	1,324.64				1,324.64
Undisputed dues-Others	40,294.65	-	-	-	40,294.65
Total	41,619.29	-	-	-	41,619.29

17. SHORT TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee benefits	262.65	258.59
TOTAL	262.65	258.59

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

18. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on Loans	170.58	101.86
Unpaid Dividend	57.69	71.81
Payable Duties & Taxes	146.62	294.46
Other Payables	3,241.54	3,206.79
TOTAL	3,616.42	3,674.92

19. OTHER OPERATING INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Dividend	0.11	237.64
Interest	67.33	65.22
Miscellaneous income	155.77	174.33
Total	223.21	477.19

20. COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw Material Consumption	1,65,015.42	1,47,588.32
Packing Materials	2,608.45	2,427.30
Freight Inward	2,062.87	1,891.64
Clearing & Forwarding	557.53	548.78
Total	1,70,244.27	1,52,456.04

21. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Bonus (Mfg)	5,347.42	4,677.58
Labour Welfare Expenses	128.48	117.92
Salaries and Bonus (Admin)	714.70	682.25
Provident Fund Contribution	230.75	237.82
Staff Welfare Expenses	3.21	1.64
Directors' Remuneration	1,074.88	1,214.36
Total	7,499.44	6,931.56

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

22. FINANCE COST

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on Term Loans	992.55	1,170.12
Interest on Working Capital	2,155.04	708.07
Interest on Others (Including Ind AS 116 Interest)	105.53	128.32
Total	3,253.12	2,006.50

23. DEPRECIATION AND AMORTISATION

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Property, Plant & Equipment	4,464.31	4,428.33
Amortisation on Lease Assets	258.55	306.80
Amortisation on Intangible Assets	6.48	4.07
Total	4,729.35	4,739.20

24. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Manufacturing Expenses		
Processing Charges	1,883.77	2,179.74
Labour Charges	5,198.88	5,104.35
Insurance Expenses	548.94	585.73
Lease Expenses	6.00	6.00
Power & Fuel	15,024.46	12,337.91
Stores & Spares	3,312.46	2,437.16
Repairs & Maintenance - Building	449.47	116.99
- Plant & Machinery	1,628.63	1,121.27
Research & development	478.40	435.78
Water Charges	311.66	261.89
Laboratory Expenses	291.96	224.82
Other Factory Expenses	2,822.55	3,468.91
Sub Total (a)	31,957.19	28,280.54
Office & Administration Expenses		

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Books & Periodicals	0.05	-
Auditors' Remuneration	11.25	11.10
Conveyance Expenses	30.39	37.29
Legal & Professional Charges	325.75	422.24
Membership & Subscriptions	5.43	3.13
Printing & Stationery	19.51	16.26
Postage, Telegram & Telephone	16.15	26.77
Office Electricity Charges	8.45	5.56
Insurance Charges	33.55	46.75
Repairs & Maintenance - Others	62.39	32.26
Entertainment Expenses	0.47	0.48
Miscellaneous Expenses	49.72	27.31
Vehicle Expenses	15.44	14.19
Travelling Expenses - Directors	8.66	0.45
- Others	37.34	1.78
Directors' Sitting Fees	12.80	12.65
Sub Total (b)	637.35	658.21
Selling & Distribution		
Advertisement & Sales Promotion	35.49	35.33
Freight & Forwarding -Export	3,205.85	3,706.14
Freight & Forwarding - Local	871.71	730.64
Commission Expenses	1,691.36	1,366.45
Insurance Expenses	92.41	106.35
Postage & Telegram	14.03	28.62
Other Export Expenses	389.17	166.45
Bad Debts & other written off	-	75.58
Sub Total (c)	6,300.01	6,215.55
Finance Cost		
Bank Charges (d)	364.79	298.46
Non Operative Expenses		
Donations	0.56	0.37
CSR Expenditure	523.84	421.06
SubTotal (e)	524.39	421.43
Total (a+b+c+d+e)	39,783.74	35,874.19

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

25. EARNING PER SHARE:

(₹ in lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	15,281.09	19,499.82
Total Comprehensive Income	15,139.26	19,565.82
Number of Equity Shares (Nos.)	9,26,00,000	9,26,00,000
Basic & Diluted EPS (after extraordinary items) (₹)	16.50	21.04
Nominal value per share (₹)	10.00	10.00

26. CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Contingent Liabilities		
In respect of bank guarantees issued and L/C opened by the Company's bankers	8046.40	7,227.00
Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	9,001.86	9,001.86
Demand in respect of additional Excise, custom duty, service tax, sales tax, GST fine & disputed in appeal(not acknowledged as debt)	1,017.12	498.08
Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	193.88	214.42
Liability for Maharashtra Pollution Control Board	879.35	879.35
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6,678.62	1,409.22

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

27. DISCLOSURE REGARDING SCIENTIFIC RESEARCH & DEVELOPMENT EXPENDITURE

(₹ in lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
FY 2022-2023	478.40	82.56
FY 2021-2022	435.78	136.44

28. SEGMENT REPORTING (IND-AS 108)

Ind AS 108 establishes standards for the way that company reports information about operating segment and related disclosure about products and geographical areas.

I. BASIS FOR SEGMENTATION

The operations of the Company are limited to one segment i.e Manufacturing of API (Active Pharmaceutical Ingredients). The products being sold under this segment are of similar nature and comprises of pharmaceutical intermediary products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information adjustments, etc.) on a periodic basis.

(₹ in lakhs)

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended March 31, 2023	For the year ended March 31, 2022
Segment Revenue		
a) Out of India	94,339.16	83,786.89
b) India	1,55,457.87	1,41,330.55
Total	2,49,797.03	2,25,117.43

29. RELATED PARTY DISCLOSURES AS PER IND AS 24

A. Name and Relationship of the Related Parties:

(1) Subsidiary – Wholly owned & Subsidiary Company

Name of the Company	Country of Incorporation	Proportion of Ownership Interest
Wholly Owned Subsidiary Company		
Pinnacle Life Science Private Limited	India	100%
Aarti Speciality Chemicals Limited	India	100%
Subsidiary Company		
Pinnacle Chile SPA	Chile	95%

(2) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

• Individuals

Shri. Chandrakant V. Gogri	Chairman Emeritus
Shri. Rajendra V. Gogri	Promoter

• Relatives of Individuals

Smt. Jaya C. Gogri	Shri. Mirik R Gogri
Smt. Arti R. Gogri	Shri. Renil R. Gogri
Shri. Mulraj C. Gala	Smt. Hetal Gogri Gala
Smt. Indira M. Dedhia	Smt. Dollar Dedhia
Smt. Pooja Renil Gogri	

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

(3) Key Management personnel along with their relatives have significant influence.

• Key Management Personnel

Shri. Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Shri. Harshit M. Savla	Jt. Managing Director
Shri. Rashesh C. Gogri	Managing Director
Shri. Harit P. Shah	Whole-time Directors
Shri. Uday M. Patil	Whole-time Directors
Shri. Adhish P. Patil	Chief Financial Officer
Shri. Rushikesh Deole	Company Secretary & Compliance Officer
Shri. Jaun Fidel Gomez Barrera	Director of Subsidiary

• Relatives of Key Management Personnel

Smt. Priti P. Patil	Smt. Seema H. Savla
Shri. Arun M. Patil	Smt. Bhoomi H. Savla
Dr. Vikas M. Patil	Shri. Vishwa H. Savla
Shri. Sameer P. Shah	Smt. Jayashree H. Shah
Smt. Arati T. Sankhe	Smt. Manisha R. Gogri
Smt. Reshmi Vanjara	Smt. Kalika A. Mishra
Shri. Tushar Sankhe	Shri. Amit Mishra
Smt. Kalpana Sankhe	Shri. Aashay R. Gogri
Shri. Aarnav R. Gogri	Smt. Richie Gandhi
Shri. Jigar Solanki	Shri. Jay M. Savla
Smt. Jigna Shah	Smt. Kalpana H. Chheda
Smt. Vandana U. Patil	Shri. Tejas U. Patil
Smt. Riya T. Patil	Smt. Snehal T. Sahu
Shri. Pradeep S. Sahu	

(4) Enterprise/firms with whom transactions have taken place and over which controlling individuals have significant influence.

- Aarti Industries Limited
- Pinnacle Life Science Private Limited
- Aarti Life Science LLP.
- Aarti Speciality Chemicals Limited
- Aarti Pharmalabs Limited
- Alchemie Gases & Chemicals Private Limited
- Alchemie Finechem Private Limited
- Pinnacle Chile SpA

B. Transaction with the Related Parties:

Sr. No.	Particulars	Relationship	FY 2022-23	FY 2021-22
			₹ In lakhs	₹ In lakhs
a)	Sale of Goods			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	5,555.62	4,624.48
	Aarti Industries Limited	Entities in which some of the directors are interested	1.86	6.68
	Aarti Pharmalabs Limited	Entities in which some of the directors are interested	1.31	0.00

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

Sr. No.	Particulars	Relationship	FY 2022-23 ₹ In lakhs	FY 2021-22 ₹ In lakhs
b)	Dividend/Rent Income from Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	18.80	94.03
c)	Purchase of Goods Traded			
	Aarti Industries Limited	Entities in which some of the directors are interested	1,476.39	2,326.87
	Aarti Pharamalabs Limited	Entities in which some of the directors are interested	110.14	0.00
	Alchemic Finechem Private Limited	Entities in which some of the directors are interested	91.30	51.54
d)	Manufacturing Expenses			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	27.00	155.62
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	19.98	14.95
	Aarti Industries Limited	Entities in which some of the directors are interested	00.00	45.00
e)	Finance Cost			
	Prakash M Patil	KMP	20.56	19.28
	Harshit M Savla	KMP	47.99	45.00
f)	Employee Benefit and Office & Administration Expenses			
	Prakash M Patil	Director	276.46	309.11
	Harshit M Savla	Director	255.50	291.16
	Harit P. Shah	Director	255.50	291.16
	Uday M Patil	Director	31.93	31.77
	Rashesh C Gogri	Director	255.50	291.16
	Adhish Patil	KMP	111.62	117.21
	Vikas Patil	Relative of KMP	20.77	19.29
	Rushikesh Deole	KMP	11.16	8.06
	Jaun Fidel Gomez Barrera	KMP	7.07	0.00
g)	Director Sitting Fees			
	Rajendra V Gogri	Non-Executive Director	0.00	0.10
h)	Closing Balance			
	Balance Receivable			
	Aarti Speciality Chemicals Limited	Wholly Owned Subsidiary	16.69	36.16
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	2,404.43	2,693.35
	Pinnacle Chile SpA	Subsidiary	33.32	3.43
	Balance Payable			
	Aarti Life Science LLP	Entities in which some of the directors are interested	00.00	95.04
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	2.01	1.74
	Aarti Industries Limited	Entities in which some of the directors are interested	187.35	472.89
	Alchemie Finechem Private Limited	Entities in which some of the directors are interested	18.49	22.66
	Aarti PharmaLabs Limited	Entities in which some of the directors are interested	70.44	00.00
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	600.00	600.00

Note: Transactions are Net of Taxes

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

30 ADDITIONAL INFORMATION

Licensed capacity installed capacity and production

a. Class of Goods	* Licensed	Units	Year	Installed	Production	Captive
Pharmaceutical	---	MT	FY 2022-23	51,126	38,215	9,382
		MT	FY 2021-22	48,920	37,697	7,657

* As license is not required Licensed Capacity not given.

b. Purchase of trading items (Net):	Current Year	Previous Year
Quantity in MT	8503.52	7242.52
Amounts (₹ in lakhs)	4,701.34	5,831.38

c. Value of Raw materials and spares consumed	Current Year	Previous Year
Raw Material:		
Indigenous		
Percentage %	40.03	39.92
Amount (₹ In lakhs)	66,057.32	58,916.98
Imported		
Percentage %	59.97	60.08
Amount (₹ In lakhs)	98,958.10	88,671.33
Stores and spares		
Indigenous		
Percentage %	100.00	100.00
Amount (₹ In lakhs)	3,312.46	2,437.15

(₹ in lakhs)

d. C.I.F Value of Imports	Current Year	Previous Year
Raw Material	90,821.70	86,120.03
Capital Goods	843.55	78.51

(₹ in lakhs)

e. Expenditure in Foreign Currency	Current Year	Previous Year
Commission	1,175.03	945.03
Travelling Expenses	34.96	00.35
Foreign Bank Charges	125.85	107.03
Interest on F.C. Loan	210.23	85.87
Others	309.62	82.78

(₹ in lakhs)

f. Earnings in Foreign Exchange	Current Year	Previous Year
F.O.B. Value of Exports	85,363.84	75,630.94

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

31 FAIR VALUE MEASUREMENTS:

Financial Instrument by Category

(₹ in lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial Asset								
At Amortised Cost								
Trade Receivables	80,167.51	-	-	-	71,164.07	-	-	-
Cash & Cash Equivalent	209.86	-	-	-	149.00	-	-	-
Bank Balance Other than Cash and Cash Equivalents	57.69				71.81			
Other Financial Assets	1,160.49	-	-	-	1,166.22	-	-	-
At FVTOCI								
Investment	2,862.24	-	2,862.24	-	2,803.16	-	2,803.16	-
Financial Liabilities								
At Amortised Cost								
Borrowings	53,308.27	-	-	-	51,488.08	-	-	-
Trade Payables	41,901.39	-	-	-	41,619.29	-	-	-
Other Financial Liabilities	1,283.91	-	-	-	1,143.58	-	-	-

The financial instruments are categorised into two levels based on the inputs used to arrive at fair value measurements are 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 observed for the asset or liability, either directly or indirectly.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

32 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 debt divided by total capital. Debt is calculated as loans and borrowings plus lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Debt (A)	53,547.80	51,935.69
Total Equity (B)	1,11,430.43	97,217.17
Gearing Ratio (A/B)	0.48	0.53

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

33 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.

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

I. Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and mutual funds, foreign exchange transactions and other financial instruments.

Credit risk management.

To manage the credit risk, the Company follows an adequate credit control policy and also has an external credit insurance cover with ECGC policy & HDFC ERGO General Insurance Company Limited. The requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated. Bank balances are held with banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt, and overdraft from banks at an optimised cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

Liquidity Risk Management

The Company's corporate treasury team from finance department is responsible for liquidity and funding as well as settlement. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at March 31, 2023

Maturities of non-derivative financial liabilities

Particulars	(₹ in lakhs)			
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	41,901.39		-	41,901.39
Other financial liabilities	1,226.61	57.30	-	1,283.91
Total	43,128.00	57.30	-	43,185.30

As at March 31, 2022

Maturities of non-derivative financial liabilities

Particulars				
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	41,619.29		-	41,619.29
Other financial liabilities	938.65	204.93	-	1,143.58
Total	42,557.94	204.93	-	42,762.87

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

III. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices– will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The Company’s activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

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.

34 SECURED BORROWING FROM BANKS:

a. Term loan Secured Borrowing from Bank

(₹ in lakhs)

Bank Name	As at March 31,2023	As at March 31,2022	Future Installment	
			Within 1 Year	Subsequent Years
SVC Co-op Bank Limited	3,793.66	5,000.71	1,380.00	2,413.66
Kotak Mahindra Bank limited	12,100.47	5,028.75	1,350.00	10,750.47
HDFC Bank ltd	3,315.00	4,207.50	1,147.50	2,167.50
State Bank of India	0000.00	1,088.93	0000.00	0000.00

Note:

- (ai) Above term loans are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21, E22, E-1, K-40, K-41 E120, E9/3, E9/4, W-60(B), W61(B), W62(A),W71(B), W72(B)W73(B), T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904, 211,213, 2601, 2602, 2603.
- (aii) Term Loan from HDFC Bank Limited and SVC Co-op Bank Limited is also secured by way of pari-passu second charge on current assets of the Company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹ **28,292.14 lakhs** (Previous Year ₹ 33,935.03 lakhs) are secured by pari-passu first charge by way of hypothecation of Company’s raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of movable fixed assets. both present and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3,E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B), T-150 and MIDC Turbhe Plot No. D-277 & D-278.GIDC, Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, 211,213, 2601,2602,2603.

35 CAPITAL MANAGEMENT:

The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The Company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended March 31,2023, the Company had hedge in aggregate an amount of ₹ **36,652.06/-lakhs** (previous year ₹ 23,597.02) out of its annual trade related operations (export & import) aggregating to ₹ **1,78,003.16/-lakhs** (previous year ₹ 1,62,749.21/-lakhs) after considering natural hedge.

- 36** Sales/Income from Operation include export benefits amounting to ₹ **384.82/- lakhs** (previous year ₹ 1184.09 /- lakhs)

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

37 DIRECTORS REMUNERATION:

Particulars	(₹ in lakhs)	
	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	270.26	248.96
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	56.46	53.35
Commission payable to Directors	685.71	853.39
Contribution to Provident Fund	1.08	1.08
Superannuation fund scheme	61.38	57.58
Total Remuneration	1,074.88	1,214.36

38 AUDITORS' REMUNERATION INCLUDES

Particulars	(₹ in lakhs)	
	Current Year	Previous Year
Statutory Audit	11.10	10.04
Certification	0.15	1.06
Total	11.25	11.10

39 RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S DOMESTIC TAX RATE FOR MARCH 31, 2023 AND MARCH 31, 2022.

Particulars	(₹ in lakhs)	
	Current Year	Previous Year
Accounting profit before income taxes	20,481.09	25,549.82
Enacted tax rate in India (%)	25.168	25.168
Computed expected tax (benefit)/expenses	5,154.68	6,430.38
Timing difference in depreciable assets	54.01	(16.18)
Other Non-deductible expenses for tax purpose	131.88	106.21
Other deductible Items for tax purpose	(40.57)	(2.77)
Deferred Tax not recognised (net)	(100.00)	(500.00)
Income tax expense reported in the statement of profit and loss	5,200.00	6,050.00
Effective Income Tax Rate	25.39	23.68

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax.

40 EMPLOYEE BENEFITS:

a) Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance of India and Aditya Birla Sun Life Insurance Company Limited is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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.

a.	Reconciliation of Opening and Closing balances of Defined Benefit Obligation	(₹ in lakhs)	
		Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
	Defined Benefit Obligation at beginning of the Year	1,767.68	1,521.42
	Current/Past Service Cost	85.96	78.56
	Interest Cost	128.51	104.98
	Actuarial(gain)/ loss	89.49	161.75
	Benefits Paid	(112.96)	(99.02)
	Defined Benefit Obligation at year end	1,958.67	1,767.68

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

b. Reconciliation of opening and closing balances fair value of plan assets	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
Fair value of plan assets at beginning of the year	1,538.70	1,419.09
Expected return of plan assets	(27.02)	17.47
Interest Income	111.86	97.92
Actuarial gain/ (loss)	0.00	0.00
Employer Contribution	225.00	103.25
Benefits Paid	(112.96)	(99.02)
Fair value of plan assets at year end	1,735.58	1,538.70
Actual return on plan assets	(27.02)	17.47
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	1,735.58	1,538.70
Present value of obligation	(1,958.67)	(1,767.68)
Amount Recognised	(223.09)	(228.98)
d. Expenses recognised during the year		
Current/Past Service cost	85.96	78.56
Interest cost	16.65	7.06
Expected return on plan assets	0.00	0.00
Actuarial(gain)/ loss	116.51	144.28
Net Cost	16.65	7.06
L.I.C Group Gratuity (Cash Accumulation) Policy, and Aditya Birla Sun Life Insurance Company Limited Group Gratuity Policy	79.05% Invested with L.I.C. & 20.95% ABSLCL	83.01% Invested with L.I.C. & 16.99% ABSLCL
e. Actuarial assumptions		
Mortality Table(L.I.C.)	-	-
	FY 2012-14	FY 2006-08
	(Ultimate)	(Ultimate)
Discount rate (per annum)	7.50%	7.27%
Expected rate of return on plan assets (per annum)	7.50%	7.27%
Rate of escalation of in Salary (per annum)	5.00%	5.00%
The estimate of rate of escalation in salary considered in Actuarial valuation, take into account inflation, seniority, promotion, other relevant factors' including supply and Demand in the employment market. The above information is certified by the actuary		

b) Leave Encashment :

Leave Encashment liability amounting to ₹ 337.08 lakhs previous year (₹ 250.57 lakhs) has been provided in the Accounts for the year

41 AS PER SECTION 135 OF THE COMPANIES ACT 2013, DETAILS OF AMOUNT TO BE SPENT ON CORPORATE SOCIAL RESPONSIBILITY ARE AS BELOW.

Particulars	(₹ in lakhs)	
	Current Year	Previous Year
Gross Amount to be spent on CSR Activity	523.72	418.63
Amount spent during the year	523.84	421.06

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

42 ADDITIONAL STATUTORY INFORMATION:

Additional Regulatory Information pursuant to Clause 6L of General Instructions for preparation of Balance Sheet as given in Part 1 of Division II of Schedule III of the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Financial Statements.

a. Ratios:

Ratio	Current year	Previous year	% Variance
Current ratio (in times) (Current Assets/ Current Liabilities)	1.62	1.49	8.72
Debt-Equity ratio (in times) (Debt consists of borrowings and lease liabilities/ Shareholder's Equity)	0.48	0.53	(9.43)
Debt service coverage ratio (in times) (Net Profit after taxes + Depreciation + Interest on loan)/ (Interest on loan and lease payments + Long term principal repayments)	2.61	4.26	(38.73)
Return on equity ratio (in %) (Net profit after tax/ Average Shareholder's equity)	14.65	21.29	(31.19)
Inventory Turnover Ratio (in %) (Cost of goods sold/ Average Inventories)	4.48	4.29	4.43
Trade receivables turnover ratio (in times) (Net Credit Sales/ Average trade receivables)	3.90	4.37	(10.76)
Trade payables turnover ratio (in times) (Net Credit Purchase/ Average trade payables)	5.77	5.35	7.85
Net capital turnover ratio (in times) (Net Sales/ Average working capital (i.e. Total current assets less Total current liabilities))	3.25	3.73	(12.87)
Net profit ratio (in %) (Net Profit after tax/ Net Sales)	6.12	8.66	(29.33)
Return on capital employed (in %) (Earning before interest and taxes/ (Tangible Net Worth + Total Debt + Deferred tax Liability)	14.50	19.54	(25.79)
Return on investment (in %) (Income generated from invested funds/ Average Investments)	0.00	8.48	(100.00)

Note: Growth in API business remained below expectation primarily due to inventory recalibration at the customer's level owing to high API prices. Margins and profitability continued to remain affected as inflationary pressure weighed on raw materials, power and fuel costs, coupled with sharp depreciation in the currency. Debt-Equity ratio for FY 2022-23 stood 0.48x largely owing to ongoing capex.

b. The difference between the value as per books of accounts and as per quarterly statement submitted with lenders are given below:

(₹ in lakhs)					
Current Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-22	Union Bank of India Consortium Bank	Inventory	57230	57230	0
Jun-22	Union Bank of India Consortium Bank	Receivable	64759	64759	0
Jun-22	Union Bank of India Consortium Bank	Other Assets	7525	7525	0
Sep-22	Union Bank of India Consortium Bank	Inventory	55019	55019	0
Sep-22	Union Bank of India Consortium Bank	Receivable	68116	68116	0
Sep-22	Union Bank of India Consortium Bank	Other Assets	6441	6589	(148)
Dec-22	Union Bank of India Consortium Bank	Inventory	55006	55006	0
Dec-22	Union Bank of India Consortium Bank	Receivable	69283	69283	0
Dec-22	Union Bank of India Consortium Bank	Other Assets	6481	6674	(193)
Mar-23	Union Bank of India Consortium Bank	Inventory	47773	47773	0
Mar-23	Union Bank of India Consortium Bank	Receivable	80168	80168	0
Mar-23	Union Bank of India Consortium Bank	Other Assets	7013	7013	0

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

(₹ in lakhs)

Previous Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-21	Union Bank of India Consortium Bank	Inventory	43989	43989	0
Jun-21	Union Bank of India Consortium Bank	Receivable	57054	57054	0
Jun-21	Union Bank of India Consortium Bank	Other Assets	5804	6954	1150
Sep-21	Union Bank of India Consortium Bank	Inventory	41279	41279	0
Sep-21	Union Bank of India Consortium Bank	Receivable	53577	53577	0
Sep-21	Union Bank of India Consortium Bank	Other Assets	7157	7157	0
Dec-21	Union Bank of India Consortium Bank	Inventory	49068	49068	0
Dec-21	Union Bank of India Consortium Bank	Receivable	64057	64057	0
Dec-21	Union Bank of India Consortium Bank	Other Assets	7660	7660	0
Mar-22	Union Bank of India Consortium Bank	Inventory	48847	48847	0
Mar-22	Union Bank of India Consortium Bank	Receivable	71164	71164	0
Mar-22	Union Bank of India Consortium Bank	Other Assets	7309	7309	0

(₹ in lakhs)

Current Year	Name of the bank	Nature of the current Liability	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-22	Union Bank of India Consortium Bank	Borrowing	38810	38810	0
Jun-22	Union Bank of India Consortium Bank	Payable	44665	44665	0
Jun-22	Union Bank of India Consortium Bank	Other Liability	4437	4437	0
Sep-22	Union Bank of India Consortium Bank	Borrowing	42948	42948	0
Sep-22	Union Bank of India Consortium Bank	Payable	40362	40362	0
Sep-22	Union Bank of India Consortium Bank	Other Liability	4390	4390	0
Dec-22	Union Bank of India Consortium Bank	Borrowing	39211	39211	0
Dec-22	Union Bank of India Consortium Bank	Payable	39370	39370	0
Dec-22	Union Bank of India Consortium Bank	Other Liability	3605	3605	0
Mar-23	Union Bank of India Consortium Bank	Borrowing	37120	37120	0
Mar-23	Union Bank of India Consortium Bank	Payable	41901	41901	0
Mar-23	Union Bank of India Consortium Bank	Other Liability	4078	4078	0

(₹ in lakhs)

Previous Year	Name of the bank	Nature of the current liability	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-21	Union Bank of India Consortium Bank	Borrowing	28896	28896	0
Jun-21	Union Bank of India Consortium Bank	Payable	35354	35354	0
Jun-21	Union Bank of India Consortium Bank	Other Liability	7968	6818	1150
Sep-21	Union Bank of India Consortium Bank	Borrowing	32240	32240	0
Sep-21	Union Bank of India Consortium Bank	Payable	29592	29592	0
Sep-21	Union Bank of India Consortium Bank	Other Liability	3951	3951	0
Dec-21	Union Bank of India Consortium Bank	Borrowing	36966	36966	0
Dec-21	Union Bank of India Consortium Bank	Payable	39068	39068	0
Dec-21	Union Bank of India Consortium Bank	Other Liability	4244	4244	0
Mar-22	Union Bank of India Consortium Bank	Borrowing	39655	39655	0
Mar-22	Union Bank of India Consortium Bank	Payable	41619	41619	0
Mar-22	Union Bank of India Consortium Bank	Other Liability	4194	4194	0

Note – The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also prior to quarterly audit.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

- c. The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- d. The Company do not have any transactions with companies struck off.
- e. The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- f. The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- g. The Company have 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:
- i 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
 - ii provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- h. 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 Company shall:
- i 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
 - ii provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- i. The Company have not 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.
- j. The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

43 Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER REPORT OF EVEN DATE**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Aditya A. Kanetkar

Partner

M.NO.149037

Place : Mumbai

Date: April 29,2023

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

Jt. Managing Director

DIN: 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary)

INDEPENDENT AUDITOR'S REPORT

To The Members of

Aarti Drugs Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Consolidated Financial Statements of Aarti Drugs Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2023, of consolidated profit, their consolidated total comprehensive

income consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 the Key Audit Matters to be communicated in the Report.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

SR. NO.	KEY AUDIT MATTER	AUDITOR'S RESPONSE
1.	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipments.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipment used in the operations requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipment.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>(a) We assessed the Group's process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment as per the Ind AS 16.</p> <p>(b) We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment.</p> <p>(c) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment.</p> <p>(d) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.</p> <p>(e) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.</p>
2.	<p>Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2.</p> <p>Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>(a) We assessed the Group's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2.</p> <p>(b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</p> <p>(c) We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory.</p> <p>(d) We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.</p>

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

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

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

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

Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this information, we required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards

INDEPENDENT AUDITOR'S REPORT (CONTD.)

specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so 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 two wholly owned subsidiaries, and, whose financial statements / financial information reflect total assets of ₹ 23,520.85 Lakhs as at March 31, 2023, total revenues of ₹ 28,672.42 Lakhs and net cash flows amounting to ₹ 336.87 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
 - (b) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹ 3,097.47 Lakhs as at March 31, 2023, total revenues of ₹ 1,047.89 and net cash flows amounting to ₹ 271.55 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.
- Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) With the respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries which are incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group— Refer Note 26 to the Consolidated Financial Statements.

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34 to the Consolidated Financial Statements in respect of such items as it relates to the Group

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

iv.

(a) The respective Management of the Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, other than disclosed in the notes, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

(c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the

INDEPENDENT AUDITORS' REPORT (CONTD.)

representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The Holding Company declared interim dividend and paid during the year which is in compliance with section 123 of the Companies Act, 2013.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries which are incorporated in India included in the consolidated financial statements

of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

3.

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

Firm's Registration No.105215W/W100057

Aditya A Kanetkar

Partner

M. No. 149037

UDIN: 23149037BGUGHT4403

Place: Mumbai.

Date: April 29, 2023

ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2023

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE FINANCIAL CLAUSE (I) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Aarti Drugs Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group") as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiaries, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial

controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2023 (CONTD.)**OPINION**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiaries, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial

Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Financial Statements of two subsidiaries which are incorporated in India is based on the corresponding reports of the auditors of such companies.

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

Firm Registration No. 105215W/ W100057

**Aditya A Kanetkar
Partner**

M. No. 149037

UDIN: 23149037BGUGHT4403

Place: Mumbai.

Date: April 29, 2023

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in lakhs)

Particulars	Note No	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	67,324.64	68,569.31
Right of use Assets	1.2	218.64	408.64
Capital work - in - progress	1.3	21,035.03	7,673.69
Intangible assets	2	79.43	15.33
Financial Assets			
Investments	3	1,879.92	1,948.04
Other Non- Current Assets	4	2,367.26	2,843.54
Total Non- Current Assets		92,904.93	81,458.56
Current Assets			
Inventories	5	51,629.10	52,594.24
Financial Assets			
(i) Trade Receivables	6	86,483.91	74,990.19
(ii) Cash and Bank Balances	7	895.98	2,233.01
(iii) Other Current Financial Assets	8	1,220.64	1,263.61
Other current assets	9	9,005.26	8,256.23
Total Current Assets		1,49,234.90	1,39,337.28
TOTAL		2,42,139.82	2,20,795.84
EQUITIES AND LIABILITIES			
EQUITY			
Share Capital	10	9,260.00	9,260.00
Other Equity		1,09,983.47	94,376.11
Total Equity Attributable to Equity Holders of the Company		1,19,243.47	1,03,636.11
Non- Controlling Interests		23.33	(5.97)
Total Equity		1,19,266.80	1,03,630.14
LIABILITIES			
Non current liabilities			
Financial Liabilities			
(i) Borrowings	11	20,467.73	13,849.88
(ii) Lease Liability	1.2	40.31	187.94
(ii) Other financial liability	12	1,243.60	955.64
Provisions	13	726.77	923.35
Deferred tax liability (Net)	14	7,096.81	7,243.08
Total of Non current liabilities		29,575.22	23,159.89
Current liabilities			
Financial Liabilities			
(i) Borrowings	15	40,184.19	39,984.04
(ii) Lease Liability	1.2	199.22	259.67
(iii) Trade payables	16		
Dues of micro enterprises and small enterprises		2,078.29	1,602.61
Dues of creditors other micro enterprises and small enterprises		45,948.31	45,264.81
Provisions	17	436.73	371.35
Other current liabilities	18	4,451.05	6,523.33
Total Of Current Liabilities		93,297.80	94,005.81
TOTAL		2,42,139.82	2,20,795.84
Summary of significant Accounting Policies and Other Explanatory Information	26-37		

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-
CA Aditya A. Kanetkar
(Partner)
M.NO.149037

Place: Mumbai
Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman, Managing Director & CEO)
DIN : 00005618

Sd/-
Adhish P. Patil
(Chief Financial Officer)

Sd/-
Harshit M. Savla
Jt. Managing Director
DIN: 00005340

Sd/-
CS Rushikesh Deole
(Company Secretary &
Compliance officer)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakhs)

Particulars	Note No	Year Ended	
		March 31, 2023	March 31, 2022
I Revenue from Operations		2,71,605.36	2,48,864.58
II Other Income	19	219.39	1,131.58
III Total Revenue (I + II)		2,71,824.75	2,49,996.17
IV Expenses :			
(a) Cost of materials consumed	20	1,76,897.43	1,66,635.66
(b) Purchase of stock-in-trade		12,129.26	10,856.91
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		(175.49)	(8,608.08)
(d) Employee Benefits Expense	21	9,202.10	8,264.28
(e) Finance cost (Interest)	22	3,329.32	2,074.79
(f) Depreciation and Amortisation Expense	23	5,032.42	5,004.89
(g) Other Expenses	24	42,991.51	38,772.22
Total Expenses (IV)		2,49,406.55	2,23,000.66
V Profit before exceptional items and tax (III - IV)		22,418.21	26,995.51
VI Exceptional Items			
VII Profit before tax (V - VI)		22,418.21	26,995.51
VIII Tax Expenses :	32		
Provision for Taxation - Current Year		5,885.95	6,973.97
- Earlier Year		-	-
Provision for Deferred Tax		(103.47)	(478.04)
Total tax expenses (VIII)		5,782.49	6,495.93
IX Profit / (Loss) for the period (VII - VIII)		16,635.72	20,499.58
X Other Comprehensive Income(Net of Tax)			
Item that will not to be reclassified to statement of Profit and Loss			
Fair value changes on Investments, net		(54.44)	174.21
Remeasurement of defined benefit Liabiliy/Assets, net		(95.44)	(105.59)
Total Other Comprehensive Income,net		(149.88)	68.61
XI Total Comprehensive Income for the Year (IX+X)		16,485.85	20,568.19
XII Profit attributable to :			
Owner of the Company		16,630.88	20,503.86
Non- Controlling Interest		4.84	(4.28)
XIII Total Comprehensive Income attributable to :			
Owner of the Company		16,481.01	20,572.47
Non- Controlling Interest		4.84	(4.28)
Earnings per Equity Shares (EPS) (In ₹)	25		
Basic/Diluted		17.97	22.12
Summary of significant Accounting Policies and Other Explanatory Information	26-37		

AS PER OUR REPORT OF EVEN DATE.
For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
CA Aditya A. Kanetkar
(Partner)
M.NO.149037

Place: Mumbai
Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman, Managing Director & CEO)
DIN : 00005618

Sd/-
Adhish P. Patil
(Chief Financial Officer)

Sd/-
Harshit M. Savla
Jt. Managing Director
DIN: 00005340

Sd/-
CS Rushikesh Deole
(Company Secretary &
Compliance officer)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance at the April 01,2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01,2022	Changes in equity share capital during the current year	Balance as at March 31,2023
9,260.00	-	9,260.00	-	9,260.00

(₹ in lakhs)

Balance at the April 01,2021	Changes in Equity Share Capital due to prior period errors	Restated balance at April 01,2021	Changes in equity share capital during the current year	Balance as at March 31,2022
9,320.00	-	9,320.00	(60.00)	9,260.00

Notes - 1. Refer Note No 10.3(a)

2. Refer Note No 10.3(b)

3. Refer Note No 10.5 for change in promoter holding

B. OTHER EQUITY

(₹ in lakhs)

Particulars	Other Equity					Other Comprehensive Income	Total Equity Attributable to Equity Holder of the Company	Non-Controlling Interest	Total Equity
	Reserves								
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation reserve				
Opening Balance at April 01,2021	628.27	301.98	4,797.12	75,379.91	-	915.18	82,022.46	(1.68)	82,020.78
Transfer to Other Reserve from Retain Earning	-	-	1,949.98	(1,949.98)	-	-	-	-	-
Profit for the Period	-	-	-	20,503.86	-	-	20,503.86	(4.28)	20,499.58
Dividend Paid	-	-	-	(926.00)	-	-	(926.00)	-	(926.00)
Buyback of shars	-	60.00	(2,220.00)	(3,780.00)	-	-	(5,940.00)	-	(5,940.00)
Tax on Buyback	-	-	-	(1,383.78)	-	-	(1,383.78)	-	(1,383.78)
Fair value change on Investment, net	-	-	-	-	-	174.21	174.21	-	174.21
Remeasurment of defined benefit Liabiliy/ Assets, net	-	-	-	-	-	(105.59)	(105.59)	-	(105.59)
other adjustments	-	-	-	30.95	-	-	30.95	-	30.95
Balance at March 31,2022	628.27	361.98	4,527.11	87,874.96	-	983.79	94,376.11	(5.97)	94,370.14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Particulars	Other Equity					Other Compre- hensive Income	Total Equity Attributable to Equity Holder of the Company	Non- Controlling Interest	Total Equity
	Reserves								
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation reserve				
Transfer to Other Reserve from Retain Earning	-	-	1,528.11	(1,528.11)	-	-	-	-	-
Share capital Contribution to equity	-	-	-	-	-	-	-	24.46	24.46
Profit for the Period	-	-	-	16,630.88	-	-	16,630.88	4.84	16,635.72
Dividend Paid	-	-	-	(926.00)	-	-	(926.00)	-	(926.00)
Fair value change on Investment, net	-	-	-	-	-	(54.44)	(54.44)	-	(54.44)
Remeasurment of defined benefit Liability/ Assets, net	-	-	-	-	-	(95.44)	(95.44)	-	(95.44)
Foreign Currency Translation	-	-	-	-	50.60	-	50.60	-	50.60
other adjustments	-	-	-	1.76	-	-	1.76	-	1.76
Balance as at March 31,2023	628.27	361.98	6,055.21	1,02,053.49	50.60	833.92	1,09,983.47	23.33	1,10,006.80

AS PER OUR REPORT OF EVEN DATE.**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Aditya A. Kanetkar

(Partner)

M.NO.149037

Place: Mumbai

Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

Jt. Managing Director

DIN: 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	22,418.21	26,995.51
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	5,032.42	5,004.85
	Provision for Bad & doubtful Debts/ Bad debts	75.94	168.65
	Unrealised Foreign Exchange (Gain)/Loss (Net)	(130.74)	120.52
	Interest Paid	3,618.63	2,057.85
	Interest Received	(69.92)	(71.69)
	Dividend Received	(0.11)	(159.81)
	(Gain)/Loss on Sale of PPE	(11.12)	(1.69)
	Operating Profit before Working Capital Charges	30,933.30	34,114.19
	Trade & Other Receivable	(9,354.28)	(19,386.70)
	Changes in Inventories	582.18	(11,063.02)
	Trade & Other Payable	(2,773.66)	11,714.59
	Cash generated from operation	19,387.55	15,379.07
	Direct Taxes Paid	(5,967.48)	(8,337.67)
	Net Cash Flow from Operating Activities	13,420.07	7,041.40
B.	Cash Flow from Investing Activities		
	Purchase of PPE / Capital Work in Progress/ Advances	(16,481.78)	(15,197.49)
	Sale of PPE	14.54	2.00
	Dividend Received	0.11	159.81
	Interest Received	69.92	71.69
	Net Cash Flow from Investing Activities	(16,397.20)	(14,963.99)
C.	Cash Flow from Financing Activities		
	Proceeds/(Repayment) from Long Term Borrowings	5,997.72	(686.90)
	Proceeds/(Repayment) from Short Term Borrowings	139.70	20,281.80
	Capital Proceeds	75.56	-
	Buyback of shares	-	(6,000.00)
	Buyback Tax	-	(1,383.78)
	Dividend Paid	(940.13)	(950.77)
	Interest Paid	(3,618.63)	(2,057.85)

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	Net Cash Flow from Financing Activities	1,654.22	9,202.51
	Net Increase in Cash and Cash Equivalents (A+B+C)	(1,322.91)	1,279.91
	Opening Cash and Cash Equivalents	2,161.20	881.29
	Closing Cash and Cash Equivalents	838.29	2,161.20
	Reconciliations of Cash and Cash Equivalents		
	Balance with Banks	722.04	2,084.22
	Cash in Hand	28.24	24.33
	Cheques in Hand	88.01	52.65
	Balance as per Cash Flows Statement	838.29	2,161.20

Notes:

- Figures in brackets indicate outflows
- Cash and cash equivalent is cash and bank balance as per balance sheet
- Fixed Deposits with bank amounting to ₹ **87.95 lakhs** (previous year ₹ 128.42 lakhs) under lien are considered as cash and cash equivalents.
- Previous year figures have been regrouped/ rearranged to confirm to the current years presentation wherever necessary.

AS PER OUR REPORT OF EVEN DATE.**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Aditya A. Kanetkar

(Partner)

M.NO.149037

Place: Mumbai

Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

Jt.Managing Director

DIN: 00005340

Sd/-

CS Rushikesh Deole(Company Secretary &
Compliance officer)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

CORPORATE INFORMATION:

Aarti Drugs Limited ("the Group") is a public limited group incorporated and domiciled in India. Its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. The registered office of group is located at Plot No N-198, M.I.D.C, Tarapur, Village-Pamtermbhi, Dist. Palghar, Maharashtra - 401506 and is incorporated under the provisions of the Companies Act applicable in India.

The List of Companies which are included in the Consolidated Financial Statements are follows:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest (%)	
		As on March 31, 2023	As on March 31, 2022
Wholly Owned Subsidiary			
Pinnacle Life Science Private Limited	India	100%	100%
Aarti Speciality Chemicals Limited	India	100%	100%
Subsidiary Company			
Pinnacle Chile SpA.	Chile	95%	95%

The group is primarily involved in Manufacturing and Marketing of Active Pharmaceutical Ingredients (API), Pharma Intermediate, Specialty Chemicals and Formulations (Finished Dosage Forms). The group caters to both domestic and International markets.

The financial statements have been authorised for issue by the Board of Directors at their meeting held on April 29, 2023.

Note: 1 Significant Accounting Policies and Accounting Estimates and Judgments

1) Basis of preparation:

Statement of Compliance

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) to be read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. The Company's Financial Statements for the year ended March 31, 2023 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements

Classification of Assets and Liabilities:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non - current classification of assets and liabilities.

The Statement of Cash flows have been prepared under Indirect Method.

Historic Cost Convention:

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured at fair value, viz employee benefit plan assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Functional and presentation currency

The financial statements are presented in Indian Rupees which is the functional currency of the Group and all values are rounded to the nearest lakhs, except when otherwise indicated.

Use of estimates and Judgments:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, Judgment & Assumptions. These estimates, judgments' & assumption affect the application of accounting policies and the reported amounts of assets & liabilities, the disclosures of contingent assets & liability at the date of the financial statement & reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)****2) Basis of consolidation:**

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the group have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-company balances, intra-company transactions and unrealised profits resulting there from and are presented to the extent possible, in the same manner as the group's independent financial statements. The statement of profit and loss and each component of other comprehensive income are attributed to the equity holders of the group.

Assets and liabilities of entities with functional currency other than the functional currency of the Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to statement of profit and loss as part of the gain or loss on disposal.

3) Revenue recognition:**Revenue from contract with customer**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

(i) **Sale of goods:** Revenue from contracts with customers is recognised on satisfaction of

performance obligation, when control of the goods is passed to customer, at an amount that reflect the consideration the Company expects to receive. The point at which control passes is determined based on terms of agreement with customer or as per general industry / market practice. GST and other taxes on sales are excluded from revenue.

(ii) **Interest Income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group 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:** Dividend income is recognised when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

(iv) **Export benefits:** Export incentives are recognised 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.

4) Property, plant and equipment (PPE):

All items of property, plant and equipment other than Leasehold Land are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes Taxes eligible for credit / setoff.

When significant parts of plant and equipment are required to be replaced at intervals, the same is depreciated separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

Capital expenditure on property, plant and equipment for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence

Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the group and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortisation and accumulated impairment loss, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The amortisation period and the amortisation method for an intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible assets 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 assets is derecognised.

Research and Development:

Revenue expenditure on Research and Development is recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other fixed assets.

Depreciation:

Depreciable amount of all items of property, plant and equipment other than Land is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively; if appropriate an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Non-current assets and disposal group held for sale

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. The determination of fair value less costs to sell includes use of the Management estimates and assumptions. The fair value of the disposal groups have been estimated using valuation techniques including income and market approach which includes unobservable inputs. Non-current assets and the disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and the disposal group was classified as "Held for Sale" adjusted for any depreciation / amortisation and its recoverable amount at the date when the disposal group no longer meets the "Held for Sale" criteria. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions.

5) Inventories:

Raw materials, packing materials, store & spares, Traded goods and Work in progress are valued at the lower of cost and net realisable value. The cost of Raw materials, packing materials, store & spares and traded goods includes all cost of purchase, duties and taxes (other than those subsequently recoverable from the tax authorities) and all other cost incurred in bringing the inventory to its present location and conditions. Cost is arrived on moving stock on FIFO basis.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

Finished goods are valued at lower of cost and net realisable value. The cost of finished goods and Work in progress have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating capacity and other related cost incurred in bringing the inventories to their present condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Slow and non-moving material, obsolesces, defective inventory are fully provided for and valued at net realisable value.

Goods and material in transits are valued at cost incurred upto to the date of balance sheet

6) Retirement and other employee benefits:**Defined contribution plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Remeasurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value plan assets.

Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end. Accumulated compensated absences which are expected to be

availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise. Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

7) Foreign Currency Transactions:

Transaction denominated in foreign currencies is recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary item denominated in foreign currency remaining unsettled at the year end are translated at year end rates. Differences arising on settlement or conversion of monetary items are recognised in statement of profit and loss. Non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of forward contracts is dealt with in the Profit and Loss Account proportionately over the period of contracts. The exchange differences arising on settlement/ translation are dealt with in the Statement of Profit and Loss.

8) Leases:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

readily determined, company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

9) **Income Taxes:**

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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 for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT):

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the group 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.

10) **Borrowing Costs:**

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

11) Provisions and Contingent Liabilities and Contingent Assets:**Provisions:**

Provisions for legal claims, chargeback and sales returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent Liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

12) Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 %' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

13) Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. 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 profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

The Group considers all highly liquid investments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial

assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net of direct issue.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

1 PROPERTY, PLANT AND EQUIPMENTS

(₹ in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on April 01,2022	Addition	Deduction	As on March 31,2023	As on April 01,2022	Addition	Deduction	As on March 31, 2023	As on March 31, 2023	As on March 31,2022	
TANGIBLES ASSETS											
BUILDING	19,206.80	102.32	-	19,309.12	5,625.86	637.09	-	6,262.95	13,046.17	13,580.94	
FURNITURE	1,075.63	21.54	-	1,097.17	793.37	55.27	-	848.64	248.54	282.26	
LAND	9,345.95	30.70	-	9,376.65	-	-	-	-	9,376.65	9,345.95	
OFFICE EQUIPMENTS	1,164.83	170.70	-	1,335.53	659.96	121.59	-	781.55	553.98	504.87	
PLANT & MACHINERY	85,003.38	3,095.52	-	88,098.90	40,478.75	3,880.54	-	44,359.29	43,739.61	44,524.63	
VEHICLES	679.07	92.74	68.33	703.49	348.42	59.76	64.91	343.27	360.22	330.65	
TOTAL	1,16,475.66	3,513.52	68.33	1,19,920.85	47,906.34	4,754.25	64.91	52,595.69	67,325.16	68,569.31	
PREVIOUS YEAR	1,09,149.57	7,332.78	6.69	1,16,475.66	43,224.66	4,687.84	6.15	47,906.34	68,569.31		

Note :

1) Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ **138.86 lakhs** (previous year ₹ 340.62 lakhs)

1.1 DETAILS OF TITLE DEED NOT HELD IN THE NAME OF COMPANY

Particulars	Description of item of property	Gross carrying value (₹ in lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
PPE	Land - E 106	0.74	Effective Chemical Private Limited	No	February 26, 1988
PPE	Land - E 105	0.80	Rupal Chemicals	No	June 27, 1986
PPE	Land - S 34	1.87	Star Aluminium Industries	No	November 06, 1992
PPE	Land - S 33	1.71	Avez Wire Industries Private Limited	No	June 11, 1993

Note : Leaseholds land are in the name of erstwhile entities, which were merged with the Company through the court scheme, leasehold rights are deemed to be transferred to the Company.

1.2 RIGHT OF USE ASSETS/LEASE LIABILITY

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,2022
Opening Balance	408.64	589.42
Additions during the year	68.55	126.03
Amortisation	(258.55)	(306.80)
Closing Balance	218.64	408.64

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,'2022
Opening Balance	447.61	637.66
Finance cost accrued during the year	68.55	127.77
Payment of lease liabilities	(276.63)	(317.82)
Closing Balance	239.53	447.61

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,'2022
Current lease liabilities	199.22	259.67
Non- current lease liabilities	40.31	187.94
Total	239.53	447.61

1.3 CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31,2023	As at March 31,'2022
Opening Balance	7,673.69	1,925.72
Capitalised	(3,531.43)	(761.37)
Additions during the year	16,892.78	6,509.34
Closing Balance	21,035.03	7,673.69

CWIP Ageing Schedule:

(₹ in lakhs)

	Amount in CWIP for a period of				Total
	Less than 1yr	1-2 yrs	2-3 yrs	More than 3 yrs	
As at March 31,2023					
Project in progress :	18,956.25	1,370.82	59.85	648.11	21,035.03
Projects Temporarily Suspended :	-	-	-	-	-
Total	18,956.25	1,370.82	59.85	648.11	21,035.03
As at March 31,2022					
Project in progress :	2,837.30	4,114.75	88.15	633.49	7,673.69
Projects Temporarily Suspended :	-	-	-	-	-
Total	2,837.30	4,114.75	88.15	633.49	7,673.69

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

2 INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) PROCESS DEVELOPMENT (R & D)		
Opening Balance	-	-
Additions during the year	44.75	-
Amortisation	4.69	-
Closing Balance	40.07	-
(b) COMPUTER SOFTWARE		
Opening Balance	15.33	25.52
Additions during the year	38.41	0.06
Amortisation	(14.90)	(10.25)
Closing Balance	38.85	15.33
Total (a+b)	78.91	15.33

3 NON CURRENT INVESTMENTS

(₹ in lakhs)

Name of the Company	No. of Shares/ Units	As at March 31, 2023 (₹ in lakhs)	No. of Shares/ Units	As at March 31, 2022 (₹ in lakhs)
Investments - (Unquoted) in Equity Shares of Other Companies				
Perfect Enviro Control Systems Limited	2,40,200	17.47	2,40,200	16.01
The Shamrao Vitthal Co- op Bank Limited	100	0.03	100	0.03
The Saraswat Co - op Bank Limited	10,100	1.01	10,100	1.01
Shivalik Solid Waste Management Limited	2,500	0.50	2,500	0.50
Tarapur Environment Protection Society	68,188	92.99	68,188	109.46
Amit Hetrochem (I) Limited	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Limited	1,200	0.04	1,200	0.04
Huanggang Yinhe Aarti Pharmaceutical Co. Limited*#	234	1,738.72	234	1,791.83
TOTAL		1,879.92		1,948.04

*Face Value of 1 share = 10000 RMB

Although Company held more than 20% of shares but does not exercise significant influence over the Company. Therefore, it has not been included in the consolidated financial statements.

4 OTHER NON- CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Advances	2,367.26	2,843.54
TOTAL	2,367.26	2,843.54

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

5 INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials (incl.In- transit stock)	19,684.70	22,162.22
Packing Materials	478.07	561.97
Work in process	17,281.74	16,252.66
Finished Goods (incl.In- transit stock)	11,693.07	12,546.66
Stores & Spares	1,531.35	1,063.10
Stock in Trade	960.17	7.62
TOTAL	51,629.10	52,594.24

6 TRADE RECEIVABLE

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
-considered good	86,483.91	74,990.19
-considered doubtful	395.62	427.84
	86,879.54	75,418.04
Less: Provision for Doubtful Debts	(395.62)	(427.84)
TOTAL	86,483.91	74,990.19

Ageing of trade receivables

Particulars	As at March 31, 2023					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable- Considered Goods	83,417.98	1,279.11	1,233.46	167.61	423.27	86,521.43
Undisputed Trade Receivable- Credit impaired						
Disputed Trade Receivable-Credit impaired	0.00	23.29	39.98	83.81	211.03	358.11
Total Debtors	83,417.98	1,302.40	1,273.44	251.43	634.30	86,879.54
Less: Allowance for Credit Loss		(23.29)	(39.98)	(83.81)	(248.54)	(395.62)
Net Debtors	83,417.98	1,279.11	1,233.46	167.61	385.76	86,483.91

Ageing of trade receivables

Particulars	As at March 31, 2022					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable- Considered Goods	72,686.13	1,617.81	342.99	48.23	425.17	75,120.33
Undisputed Trade Receivable- Credit impaired						
Disputed Trade Receivable-Credit impaired			71.56	7.09	219.06	297.71
Total Debtors	72,686.13	1,617.81	414.55	55.32	644.23	75,418.04
Less: Allowance for Credit Loss			(71.56)	(7.09)	(349.19)	(427.84)
Net Debtors	72,686.13	1,617.81	342.99	48.23	295.04	74,990.20

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

7 CASH AND BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on Hand	28.24	24.33
Cheques on Hand	88.01	52.65
Balances with Scheduled Banks :		
- Current Accounts	634.09	1,955.81
Deposit Accounts	87.95	128.42
Cash and cash equivalents	838.29	2,161.20
Other Bank Balances		
Earmarked balance - unpaid dividend	57.69	71.81
TOTAL	895.98	2,233.01

8 OTHER CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured , Consider good		
Deposit	1,189.03	1,205.07
Advances and loans - Staff & workers	31.61	58.54
TOTAL	1,220.64	1,263.61

9 OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances recoverable in cash or ' kind or for value to be received	1,634.92	2,348.09
Insurance claim receivable	69.81	69.81
Balances with Statutory/ Govt.Audthority	7,300.53	5,838.32
TOTAL	9,005.26	8,256.23

10 SHARE CAPITAL

(₹ in lakhs, except share data)

Particulars	No. of Shares	As at March 31, 2023	No. of Shares	As at March 31, 2022
Authorised Share Capital				
Equity shares of ₹ 10/- each	12,00,00,000	12,000.00	12,00,00,000	12,000.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	9,26,00,000	9,260.00	9,26,00,000	9,260.00
		9,260.00		9,260.00

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

10.1 RIGHT ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares with voting rights having a par value of rs.10/- per share . The Company declares and pays dividends in Indian Rupees. Any Interim dividend paid is recognised on the approval by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

10.2 The details of Equity Shares outstanding during last 5 years
No.of Equity Shares outstanding

Particulars	Financial Year				
	As at March 31,2023	As at March,2022	As at March,2021	As at March,2020	As at March,2019
Equity Shares at the beginning of the year	926.00	932.00	233.00	235.82	235.82
Issue of Bonus shares	-	-	699.00	-	-
Buyback of Shares	-	(6.00)	-	(2.82)	-
Equity shares at the end of the year	926.00	926.00	932.00	233.00	235.82

10.3 NOTES ON ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL

- During the Financial 2021-22, the Company has completed buyback of 6,00,000/- equity shaes of face value ₹10/- each at a price of ₹ 1000/- per share settlement of buyback bids was completed on May 19,2021.the number of shares post buyback stands reduced to 9,26,00,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹9,260 lakhs.
- During the Financial 2020-21 ,the Company has allotted 6,99,00,000 Bonus Equity Shares of ₹ 10/- each fully paid up on October 05, 2020 in the proportion of 3 Equity Shares for every 1 Equity Share held by the Equity Shareholders of the Company as on the record date of October 01, 2020
- During the Financial 2019-20 , the Company has completed buyback of 2,82,100/- equity shaes of face value ₹ 10/- each at a price of ₹ 900/- per share on May 27,2019. The number of shares post buyback stands reduced to 2,33,00,000 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹ 2,330 lakhs.

10.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Name of the shareholders	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	85,58,928	9.24	84,69,729	9.15

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

10.5 DISCLOSURES OF SHAREHOLDING OF PROMOTERS

Promoter name	As at March 31, 2023		As at March 31, 2022		% change during the year
	No. of Shares	% held	No. of Shares	% held	
Chandrakant Vallabhaji Gogri	17,36,777	1.88	17,36,777	1.88	0.00
Jaya Chandrakant Gogri	15,88,422	1.72	15,88,422	1.72	0.00
Rashesh Chandrakant Gogri	43,05,016	4.65	43,05,016	4.65	0.00
Hetal Gogri Gala	28,30,731	3.06	28,30,731	3.06	0.00
Manisha Rashesh Gogri	1,89,675	0.20	1,89,675	0.20	0.00
Aarnav Rashesh Gogri	1,89,273	0.20	1,89,273	0.20	0.00
Aashay Rashesh Gogri	8,89,558	0.96	8,89,558	0.96	0.00
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	13,89,783	1.50	13,89,783	1.50	0.00
Gogri Finserv Private Limited	35,18,025	3.80	35,18,025	3.80	0.00
Anushakti Enterprise Private Limited	24,30,032	2.62	24,30,032	2.62	0.00
Paridhi Business Trust (Saswat Trusteeship Private Limited)	5,95,622	0.64	5,95,622	0.64	0.00
Rajendra Vallabhaji Gogri	7,76,191	0.84	7,76,191	0.84	0.00
Arti Rajendra Gogri	4,17,525	0.45	5,37,157	0.58	(0.13)
Renil Rajendra Gogri	14,24,377	1.54	16,25,475	1.76	(0.22)
Mirik Rajendra Gogri	19,97,952	2.16	19,97,952	2.16	0.00
Tulip Family Trust (Gloire Trusteeship Services Private Limited)	9,33,140	1.01	9,33,140	1.01	0.00
Orchid Family Trust (Relacion Trusteeship Services Private Limited)	9,21,228	0.99	9,21,228	0.99	0.00
Alchemie Finserv Private Limited	20,44,827	2.21	19,21,327	2.07	0.13
Safechem Enterprises Private Limited	12,22,662	1.32	12,22,662	1.32	0.00
Prakash Moreshwar Patil	85,58,928	9.24	84,69,729	9.15	0.10
Priti Prakash Patil	40,78,989	4.40	40,78,989	4.40	0.00
Adhish Prakash Patil	11,50,046	1.24	11,34,866	1.23	0.02
Prakash M. Patil (HUF)	1,64,078	0.18	1,64,078	0.18	0.00
Uday Moreshwar Patil	51,022	0.06	50,922	0.05	(0.00)
Arun Moreshwar Patil	74,000	0.08	70,000	0.08	(0.00)
Vikas Moreshwar Patil	34,675	0.04	0	0.00	0.04
Kalika Amit Mishra	25,556	0.03	0	0.00	0.03
Arati Tushar Sankhe	1,77,000	0.19	0	0.00	0.19
Harshit Manilal Savla	43,90,733	4.74	43,76,733	4.73	0.02
Vishwa Harshit Savla	9,54,571	1.03	9,54,571	1.03	0.00
Seema Harshit Savla	45,67,514	4.93	45,56,514	4.92	0.01
Bhoomi Harshit Savla	0	0.00	0	0.00	0.00
Harshit M. Savla (HUF)	5,956	0.01	5,956	0.01	0.00
Jay Manilal Savla (Trustee of MOMI's Trust)	-	-	3,99,403	0.43	(0.43)

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

Promoter name	As at March 31, 2023		As at March 31, 2022		% change during the year
	No. of Shares	% held	No. of Shares	% held	
Jay Manilal Savla	2,93,447	0.32	3,13,447	0.34	(0.02)
Kenisha Savla	10,000	0.01	0	0.00	0.01
Hriman Savla	10,000	0.01	0	0.00	0.01
Jigna Hiren Shah	4,59,633	0.50	4,59,633	0.50	0.00
Aarti Industries Limited	0	0.00	0	0.00	0.00
Aarti Life Science LLP	13,577	0.01	13,577	0.01	0.00
Dilesh Roadlines Private Limited	4,96,356	0.54	4,96,356	0.54	0.00
Alchemie Financial Services Limited	39,145	0.04	39,145	0.04	0.00
Indira Madan Dedhia	2,11,124	0.23	2,20,489	0.24	(0.01)
Total	5,51,67,166	59.58	5,54,02,454	59.83	(0.25)

11. NON CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note No.34 a)	19,610.73	12,992.88
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
TOTAL	20,467.73	13,849.88

12. OTHER FINANCIAL LIABILITY

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables of Project		
Due to others	1,226.61	938.65
Other - Deferred Payment Liability		
- Trade Deposits	16.99	16.99
TOTAL	1,243.60	955.64

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

13. LONG TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Income Tax Provision (Net of Advance Tax and TDS)	423.30	635.89
Provision for Employee benefits	303.47	287.46
TOTAL	726.77	923.35

14. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Recognised in Profit and Loss		
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	6,887.62	6,991.09
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit Liability/Assets	209.18	251.99
Total	7,096.81	7,243.08

15. SHORT TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note no.34b)	31,104.56	34,263.87
Unsecured borrowings	4,950.00	1,370.17
Current Maturity of Loang Term Debts	4,129.63	4,350.00
TOTAL	40,184.19	39,984.04

16. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables of Goods,Services & Expenses		
Due to micro enterprises and small enterprises	2,078.29	1,602.61
Due to other than micro enterprises and small enterprises	45,948.31	45,264.81
TOTAL	48,026.61	46,867.42

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

Ageing of trade payable

Particulars	As at March 31, 2023				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total
Undisputed dues-MSME	2,078.29	-	-	-	2,078.29
Undisputed dues-Others	45,948.31	-	-	-	45,948.31
Total	48,026.61	-	-	-	48,026.61

Ageing of trade payable

Particulars	As at March 31, 2022				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total
Undisputed dues-MSME	1,602.61	-	-	-	1,602.61
Undisputed dues-Others	45,264.81	-	-	-	45,264.81
Total	46,867.42	-	-	-	46,867.42

17. SHORT TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee benefits	436.73	371.35
TOTAL	436.73	371.35

18. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on Loans	170.58	101.86
Unpaid Dividend	57.69	71.81
Other Payable - Duties & Taxes	309.16	294.46
Other Payable for Goods & Expenses	3,913.63	6,055.20
TOTAL	4,451.05	6,523.33

19. OTHER OPERATING INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Dividend	0.24	159.86
Interest	69.92	71.69
Miscellaneous Income	149.23	900.03
Total	219.39	1,131.58

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

20. COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw Material Consumption	1,69,401.64	1,59,200.26
Packing Materials	4,840.31	4,948.78
Freight Inward	2,097.94	1,937.84
Clearing & Forwarding	557.53	548.78
Total	1,76,897.43	1,66,635.66

21. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries,Wages and Bonus (Mfg)	6,498.75	5,542.84
Labour Welfare Expenses	128.48	116.34
Salaries and Bonus (Admin)	1,157.63	1,013.48
Provident Fund Contribution	230.75	237.82
Staff Welfare Expenses	21.26	19.87
Directors' Remuneration	1,165.23	1,333.93
Total	9,202.10	8,264.28

22. FINANCE COST

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on Term Loans	992.55	1,170.12
Interest on Working Capital	2,231.24	776.36
Interest on Others (Including Ind AS 116 Interest)	105.53	128.32
Total	3,329.32	2,074.79

23. DEPRECIATION AND AMORTISATION

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Property, Plant & Equipment	4,767.38	4,694.02
Amortisation on Lease Assets	258.55	306.80
Amortisation on Intangible Assets	6.48	4.07
Total	5,032.42	5,004.89

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

24. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Manufacturing Expenses		
Processing Charges	2,124.02	2,550.11
Labour Charges	5,473.59	5,378.75
Insurance Expenses	592.94	634.48
Lease Expenses*	6.00	6.00
Power & Fuel	15,283.92	12,548.29
Stores & Spares	3,423.80	2,523.81
Repairs & Maintenance - Building	465.53	142.04
- Plant & Machinery	1,645.20	1,156.28
Research & development	647.15	557.25
Water Charges	311.66	261.89
Laboratory Expenses	291.96	224.82
Other Factory Expenses	3,142.91	3,630.11
SubTotal (a)	33,408.69	29,613.83
Office & Administration Expenses		
Books & Periodicals	0.05	-
Auditors' Remuneration	14.39	14.40
Conveyance Expenses	38.98	53.33
Legal & Professional Charges	558.02	630.44
Membership & Subscriptions	8.12	3.41
Printing & Stationery	19.51	16.26
Postage, Telegram & Telephone	18.59	32.48
Office Electricity Charges	14.58	23.54
Insurance Charges	34.84	46.75
Repairs & Maintenance - Others	62.39	32.26
Entertainment Expenses	0.47	0.48
Miscellaneous Expenses	344.83	269.56
Vehicle Expenses	15.44	14.19
Travelling Expenses - Directors	30.32	13.15
- Others	162.97	83.08
Directors' Sitting Fees	18.09	12.65
Sub Total (b)	1,341.58	1,245.98
Selling & Distribution		
Advertisement & Sales Promotion	116.69	135.02

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Freight & Forwarding -Export	3,672.07	4,305.81
Freight & Forwarding - Local	871.71	730.64
Commission Expenses	1,940.47	1,462.81
Insurance Expenses	92.41	106.35
Postage & Telegram	14.03	28.62
Other Export Expenses	427.06	202.20
Bad Debts & other written off	153.05	168.65
Sub Total (c)	7,287.50	7,140.10
Finance Cost		
Bank Charges (d)	384.48	315.98
Non Operative Expenses		
Donations	2.09	0.42
CSR Expenditure	567.17	455.90
SubTotal (e)	569.26	456.32
Total (a+b+c+d+e)	42,991.51	38,772.22

25. EARNING PER SHARE:

(₹ in lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	16,630.88	20,503.86
Total Comprehensive Income	16,481.01	20,572.47
Number of Equity Shares (Nos.)	9,26,00,000	9,26,00,000
Basic & Diluted EPS (after extraordinary items) (₹)	17.97	22.12
Nominal value per share (₹)	10.00	10.00

26. CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in lakhs)

Sr. No.	Particulars	On the Parent Company Mar-23	On the Subsidiary Companies Mar-23	On the Parent Company Mar-22	On the Subsidiary Companies Mar-22
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	8046.40	125.20	7,227.00	459.69
b.	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	9,001.86	81.07	9,001.86	171.88

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

(₹ in lakhs)

Sr. No.	Particulars	On the Parent Company Mar-23	On the Subsidiary Companies Mar-23	On the Parent Company Mar-22	On the Subsidiary Companies Mar-22
c.	Demand in respect of additional Excise, custom duty, service tax, sales tax, GST, fine & penalty in appeal (not acknowledged as debt)	1,017.12	39.66	498.08	39.66
d.	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	193.88	-	214.42	-
e.	Liability for Maharashtra Pollution Control Board	879.35	-	879.35	-
f.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6,678.62	230.80	1,409.22	1,053.94

27 DISCLOSURE REGARDING SCIENTIFIC RESEARCH & DEVELOPMENT EXPENDITURE

(₹ in lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
FY 2022-2023	1,235.89	207.65
FY 2021-2022	557.25	340.62

28 SEGMENT REPORTING (IND- AS 108)

Ind AS 108 establishes standards for the way that group reports information about operating segment and related disclosure about products and geographical areas.

I. BASIS FOR SEGMENTATION

The operations of the group are limited to one segment i.e Development, Manufacturing and Marketing of Active Pharmaceutical Ingredients (API), Pharma Intermediate, Specialty Chemicals Formulations (Finished Dosage Forms). The products being sold under this segment are of similar nature and comprises of pharmaceutical intermediary products only. The group's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information adjustments, etc.) on a periodic basis.

(₹ in lakhs)

II.	Geographical Segments as Secondary Segments	For the year ended March 31, 2023	For the year ended March 31, 2022
	Segment Revenue		
a)	Out of India	1,07,140.91	92,232.54
b)	India	1,64,464.45	1,56,632.03
	Total	2,71,605.36	2,48,864.57

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

29 RELATED PARTY DISCLOSURE UNDER (IND-AS 24)

A. Name and Relationship of the Related Parties:

- (1) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

• Individuals

Shri. Chandrakant V. Gogri	Chairman Emeritus
Shri. Rajendra V. Gogri	Promoter

• Relatives of Individuals

Smt. Jaya C. Gogri	Shri. Mirik R Gogri
Smt. Arti R. Gogri	Shri. Renil R. Gogri
Shri. Mulraj C. Gala	Smt. Hetal Gogri Gala
Smt. Indira M. Dedhia	Smt. Dollar Dedhia
Smt. Pooja Renil Gogri	

- (2) Key Management personnel along with their relatives have significant influence.

• Key Management Personnel

Shri. Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Shri. Harshit M. Savla	Jt. Managing Director
Shri. Rashesh C. Gogri	Managing Director
Shri. Harit P. Shah	Whole-time Directors
Shri. Uday M. Patil	Whole-time Directors
Shri. Adhish P. Patil	Chief Financial Officer
Shri. Rushikesh Deole	Company Secretary & Compliance Officer
Shri. Jaun Fidel Gomez Barrera	Director of Subsidiary

• Relatives of Key Management Personnel

Smt. Priti P. Patil	Smt. Seema H. Savla
Shri. Arun M. Patil	Smt. Bhoomi H. Savla
Dr. Vikas M. Patil	Shri. Vishwa H. Savla
Shri. Sameer P. Shah	Smt. Jayashree H. Shah
Smt. Arati T. Sankhe	Smt. Manisha R. Gogri
Smt. Reshmi Vanjara	Smt. Kalika A. Mishra
Shri Tushar Sankhe	Shri Amit Mishra
Smt. Kalpana Sankhe	Shri Aashay R. Gogri
Shri. Aarnav R. Gogri	Smt. Richie Gandhi
Shri. Jigar Solanki	Shri. Jay M. Savla
Smt. Jigna Shah	Smt. Kalpana H. Chheda
Smt. Vandana U. Patil	Shri. Tejas U. Patil
Smt. Riya T. Patil	Smt. Snehal T. Sahu
Shri. Pradeep S. Sahu	

- (3) Enterprise/firms with whom transactions have taken place and over which controlling individuals have significant influence.

- Aarti Industries Limited.
- Aarti Life Science LLP
- Aarti Pharmalabs Limited
- Alchemie Gases & Chemicals Private Limited
- Alchemie Finechem Private Limited

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

Transaction with the Related Parties:

Sr. No.	Particulars	Relationship	FY 2022-23 ₹ In lakhs	FY 2021-22 ₹ In lakhs
a)	Sale of Goods			
	Aarti Industries Limited	Entities in which some of the directors are interested	1.86	6.68
	Aarti Pharamalabs Limited	Entities in which some of the directors are interested	1.31	0.00
b)	Purchase of Goods Traded			
	Aarti Industries Limited	Entities in which some of the directors are interested	1,476.39	2,326.87
	Aarti Pharamalabs Limited	Entities in which some of the directors are interested	110.14	0.00
	Alchemic Finechem Private Limited	Entities in which some of the directors are interested	91.30	51.54
c)	Manufacturing Expenses			
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	19.98	14.95
	Aarti Industries Limited	Entities in which some of the directors are interested	00.00	45.00
d)	Finance Cost			
	Prakash M Patil	KMP	20.56	19.28
	Harshit M Savla	KMP	47.99	45.00
e)	Employee benefits and Office & Administration Expenses			
	Prakash M Patil	Director	276.46	309.11
	Harshit M Savla	Director	255.50	291.16
	Harit P. Shah	Director	255.50	291.16
	Uday M Patil	Director	31.93	31.77
	Rashesh C Gogri	Director	255.50	291.16
	Adhish Patil	KMP	111.62	117.21
	Vikas Patil	Relative of KMP	20.77	19.29
	Vishwa Savla	Relative of KMP	90.35	106.82
	Rushikesh Deole	KMP	11.16	8.06
	Jaun Fidel Gomez Barrera	KMP	7.07	0.00
f)	Director Sitting Fees			
	Rajendra V Gogri	Non Executive Director	0.00	0.10
g)	Closing Balance :			
	Balance Payable:			
	Aarti Life Science LLP	Entities in which some of the directors are interested	00.00	95.04
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	2.01	1.74
	Aarti Industries Limited	Entities in which some of the directors are interested	187.35	472.89
	Alchemie Finechem Private Limited	Entities in which some of the directors are interested	18.49	22.66
	Aarti PharmaLabs Limited	Entities in which some of the directors are interested	70.44	00.00
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	600.00	600.00

Note: Transactions are Net of Taxes

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

30 DIRECTORS REMUNERATION:

(₹ in lakhs)

Particulars	By the Parent Company	By the Subsidiary Company	By the Parent Company	By the Subsidiary Company
	March 31, 2023	March 31, 2023	March 31, 2022	March 31, 2022
Salary to Managing Directors and whole time Directors	270.26	86.90	248.96	116.13
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	56.46	0.00	53.35	0.00
Commission payable to Directors	685.71	0.00	853.39	0.00
Contribution to Provident fund	1.08	0.00	1.08	0.00
Superannuation fund scheme	61.38	3.44	57.58	3.44
Total Remuneration	1,074.88	90.35	1,214.36	119.57

31 AUDITORS' REMUNERATION INCLUDES

(₹ in lakhs)

Particulars	Statutory Audit		Certification		Total	
	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
By the Parent Company	11.10	10.04	0.15	1.06	11.25	11.10
By the Subsidiary Company						
Pinnacle Life Science Private Limited	2.99	2.91	0.00	0.00	2.99	2.91
Aarti Speciality Chemicals Limited	0.20	0.20	0.00	0.20	0.20	0.40

32 RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S DOMESTIC TAX RATE FOR MARCH 31, 2023 AND MARCH 31, 2022.

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting profit before income taxes	22,418.21	26,995.51
Enacted tax rate in India (%)	25.168	25.168
Computed expected tax (benefit)/expenses	5,642.21	6,794.23
Timing difference in depreciable assets	38.29	(0.50)
Other Non deductible expenses for tax purpose	143.17	114.99
Other deductible Items for tax purpose	62.28	65.25
Deferred Tax not recognised (net)	(103.47)	(478.04)
Income tax expense reported in the statement of profit and loss	5,782.49	6,495.93
Effective Income Tax Rate	25.79	24.06

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax for the year ended March 31, 2023 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the Statement of Profit & Loss for the year ended March 31, 2023.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

33 DETAILS OF FINANCIAL STATEMENT OF SUBSIDIARIES:

Name of the Subsidiary	(₹ in lakhs)	(₹ in lakhs)	(CLP in lakhs)
	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Pinnacle Chile SPA
The financial year of Subsidiary ended on	March 31, 2023	March 31, 2023	March 31, 2023
Reporting currency	₹	₹	CLPESOS
a-Share Capital	778.28	25.00	3,489.82
b- Other Equity	8,035.23	(36.53)	127.94
c- Debts & other Liability	14,702.14	16.74	27,356.90
Total Liability (a+b+c)	23,515.64	5.21	30,974.67
Total Assets	23,515.64	5.21	30,974.67
Total Income	28,672.42	0.00	10,933.57
Profit/(loss) Before Tax	2,185.35	(0.47)	967.91
Tax Expenses	582.49	-	-
Profit/(Loss) after Tax	1,602.87	(0.47)	967.91

Name of the Subsidiary	(₹ in lakhs)	(₹ in lakhs)	(CLP in lakhs)
	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Pinnacle Chile SPA
The financial year of Subsidiary ended on	March 31, 2022	March 31, 2022	March 31, 2022
Reporting currency	₹	₹	CLPESOS
a-Share Capital	778.28	25.00	18,37.75
b- Other Equity	6,440.41	(36.07)	(849.63)
c- Debts & other Liability	13,625.57	36.22	(294.07)
Total Liability (a+b+c)	20,844.26	25.15	694.05
Total Assets	20,844.26	25.15	694.05
Total Income	29,120.05	0.00	151.15
Profit/(loss) Before Tax	1,624.26	(13.36)	(849.63)
Tax Expenses	445.93	0.00	0.00
Profit/(Loss) after Tax	1,178.33	(13.36)	(849.63)

34 SECURED BORROWING FROM BANKS:

a.

Bank Name	(₹ in lakhs)			
	As at March 31, 2023	As at March 31, 2022	Due for Installment	
			F.Y.2023-24	Subsequent Years
SVC Co-op Bank Limited	3,793.66	5,000.71	1,380.00	2,413.66
Kotak Mahindra Bank Limited	12,100.47	5,028.75	1,350.00	10,750.47
HDFC Bank Limited	3,315.00	4,207.50	1,147.50	2,167.50
State Bank of India	-	1,088.93	-	-
Axis Bank Limited	2,200.00	1,305.97	115.00	2,085.00
Hongkong & Shanghai Banking Corporation Limited	2,331.23	711.03	137.13	2,194.10

Note:

- Above term loans are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3, E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B) ,T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904 , 211,213 , 2601,2602,2603 & Baddi- Himachal Pradesh.
- Term Loan from HDFC Bank Limited and SVC Co-op Bank Limited is also secured by by way of pari-passu second charge on current assets of the Company both present and future.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)

- b. Loans from Scheduled Banks Payable on Demand of ₹ **31,104.56 lakhs** (Previous Year ₹34,263.87 lakhs) are secured by pari-passu first charge by way of hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of movable fixed assets. both present and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3,E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B),T-150 and MIDC Turbhe Plot No. D-277 & D-278.GIDC, Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, 211,213, 2601,2602,2603.& Baddi- Himachal Pradesh.

35 The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The Company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2023, the Company had hedge in aggregate an amount of ₹ **36,652.06/-lakhs** (previous year ₹ 23,597.02/-lakhs) out of its annual trade related operations (export& import) aggregating to ₹1,78,003.16/-lakhs (previous year ₹ 1,62,749.21/-lakhs) after considering natural hedge

36 ADDITIONAL STATUTORY INFORMATION:

Additional Regulatory Information pursuant to Clause 6L of General Instructions for preparation of Balance Sheet as given in Part 1 of Division II of Schedule III of the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Financial Statements.

a. Ratios:

Ratio	Current year	Previous year	% Variance
Current ratio (in times) (Current Assets/ Current Liabilities)	1.60	1.48	8.11
Debt-Equity ratio (in times) (Debt consists of borrowings and lease liabilities/ Shareholder's Equity)	0.51	0.52	(1.92)
Debt service coverage ratio (in times) (Net Profit after taxes + Depreciation + Interest on loan)/ (Interest on loan and lease payments + Long term principal repayments)	2.78	4.43	(37.25)
Return on equity ratio (in %) (Net profit after tax/ Average Shareholder's equity)	14.93	21.03	(29.01)
Inventory Turnover Ratio (in %) (Cost of goods sold/ Average Inventories)	3.99	3.97	0.50
Trade receivables turnover ratio (in times) (Net Credit Sales/ Average trade receivables)	3.97	4.50	(11.78)
Trade payables turnover ratio (in times) (Net Credit Purchase/ Average trade payables)	5.47	5.12	6.84
Net capital turnover ratio (in times) (Net Sales/ Average working capital (i.e. Total current assets less Total current liabilities))	3.46	4.07	(14.99)
Net profit ratio (in %) (Net Profit after tax/ Net Sales)	6.12	8.24	(25.73)
Return on capital employed (in %) (Earning before interest and taxes)/ (Tangible Net Worth + Total Debt + Deferred tax Liability)	14.61	19.43	(24.81)
Return on investment (in %) (Income generated from invested funds/ Average Investments)	0.01	8.20	(99.88)

Notes: Growth in API business remained below expectation primarily due to inventory recalibration at the customer's level owing to high API prices. Margins and profitability continued to remain affected as inflationary pressure weighed on raw materials, power and fuel costs, coupled with sharp depreciation in the currency.

Debt Equity Ratio for F.Y 22-23 Stood 0.51 largely owing to ongoing capex.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

- b. The difference between the value as per books of accounts and as per quarterly statement submitted with lenders are given below:

					(₹ in lakhs)
Current Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-22	Union Bank of India Consortium Bank	Inventory	60771	60771	0
Jun-22	Union Bank of India Consortium Bank	Receivable	68197	68197	0
Jun-22	Union Bank of India Consortium Bank	Other Assets	11024	11024	0
Sep-22	Union Bank of India Consortium Bank	Inventory	58100	58100	0
Sep-22	Union Bank of India Consortium Bank	Receivable	70933	70933	0
Sep-22	Union Bank of India Consortium Bank	Other Assets	10848	10996	(148)
Dec-22	Union Bank of India Consortium Bank	Inventory	58899	58899	0
Dec-22	Union Bank of India Consortium Bank	Receivable	71939	71939	0
Dec-22	Union Bank of India Consortium Bank	Other Assets	10023	10216	(193)
Mar-23	Union Bank of India Consortium Bank	Inventory	51629	51629	0
Mar-23	Union Bank of India Consortium Bank	Receivable	86484	86484	0
Mar-23	Union Bank of India Consortium Bank	Other Assets	11122	11122	0

					(₹ in lakhs)
Previous Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-21	Union Bank of India Consortium Bank	Inventory	48496	48496	0
Jun-21	Union Bank of India Consortium Bank	Receivable	64009	64009	0
Jun-21	Union Bank of India Consortium Bank	Other Assets	8552	9702	1150
Sep-21	Union Bank of India Consortium Bank	Inventory	43875	43875	0
Sep-21	Union Bank of India Consortium Bank	Receivable	59530	59530	0
Sep-21	Union Bank of India Consortium Bank	Other Assets	9444	9444	0
Dec-21	Union Bank of India Consortium Bank	Inventory	51986	51986	0
Dec-21	Union Bank of India Consortium Bank	Receivable	67840	67840	0
Dec-21	Union Bank of India Consortium Bank	Other Assets	10100	10100	0
Mar-22	Union Bank of India Consortium Bank	Inventory	52594	52594	0
Mar-22	Union Bank of India Consortium Bank	Receivable	74990	74990	0
Mar-22	Union Bank of India Consortium Bank	Other Assets	11753	11753	0

					(₹ in lakhs)
Current Year	Name of the bank	Nature of the current liability	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-22	Union Bank of India Consortium Bank	Borrowing	40171	40171	0
Jun-22	Union Bank of India Consortium Bank	Payable	47468	47468	0
Jun-22	Union Bank of India Consortium Bank	Other Liability	5831	5831	0
Sep-22	Union Bank of India Consortium Bank	Borrowing	44588	44588	0
Sep-22	Union Bank of India Consortium Bank	Payable	43471	43471	0
Sep-22	Union Bank of India Consortium Bank	Other Liability	5372	5372	0
Dec-22	Union Bank of India Consortium Bank	Borrowing	40796	40796	0
Dec-22	Union Bank of India Consortium Bank	Payable	42609	42609	0
Dec-22	Union Bank of India Consortium Bank	Other Liability	4506	4506	0
Mar-23	Union Bank of India Consortium Bank	Borrowing	40184	40184	0
Mar-23	Union Bank of India Consortium Bank	Payable	48027	48027	0
Mar-23	Union Bank of India Consortium Bank	Other Liability	5087	5087	0

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (CONTD.)**

(₹ in lakhs)

Previous Year	Name of the bank	Nature of the current liability	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-21	Union Bank of India Consortium Bank	Borrowing	30010	30010	0
Jun-21	Union Bank of India Consortium Bank	Payable	43440	43440	0
Jun-21	Union Bank of India Consortium Bank	Other Liability	10349	9199	1150
Sep-21	Union Bank of India Consortium Bank	Borrowing	33906	33906	0
Sep-21	Union Bank of India Consortium Bank	Payable	34347	34347	0
Sep-21	Union Bank of India Consortium Bank	Other Liability	6009	6009	0
Dec-21	Union Bank of India Consortium Bank	Borrowing	37699	37699	0
Dec-21	Union Bank of India Consortium Bank	Payable	42512	42512	0
Dec-21	Union Bank of India Consortium Bank	Other Liability	6033	6033	0
Mar-22	Union Bank of India Consortium Bank	Borrowing	39984	39984	0
Mar-22	Union Bank of India Consortium Bank	Payable	46867	46867	0
Mar-22	Union Bank of India Consortium Bank	Other Liability	7155	7155	0

Note – The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also prior to quarterly audit.

- c. The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- d. The Company do not have any transactions with companies struck off.
- e. The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- f. The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- g. The Company have 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:
- 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 to or on behalf of the Ultimate Beneficiaries
- h. 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 Company shall:
- 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.
- i. The Company have not 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.
- j. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

37 Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Aditya A. Kanetkar

(Partner)

M.NO.149037

Place: Mumbai

Date : April 29,2023

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

Jt. Managing Director

DIN: 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)



AARTI DRUGS LIMITED

CIN: L37060MH1984PLC055433

Regd. Off: Plot No. N-198, M.I.D.C. Tarapur, Village - Pamtembhi, Tal. and Dist. Palghar -401 506, Maharashtra.

Phone: 022-2401 9025, **Fax:** 022-2407 3462

Website: www.aartidrugs.co.in, **Email:** investorrelations@aartidrugs.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY EIGHTH ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED** will be held on **Tuesday, the 26th day of September 2023 at 10:30 AM (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, 2023, together with the report of the board of directors and the auditors thereon.
2. To appoint a Director in place of Shri Harit P. Shah (DIN: 00005501), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
3. **Appointment of Statutory Auditors of the Company.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, Gokhale & Sathe, Chartered Accountants (Firm Registration No.: 103264W) be and are hereby appointed as the Statutory Auditors of the Company in place of retiring auditor Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215W/W100057), to hold office from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the forty-third AGM to be held in the FY 2027-28, at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

4. **Approval to Smt Richie Gandhi to continue to hold office or place of profit with revised remuneration.**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to provisions of Section 188 of the Companies Act 2013 read with rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any (including any statutory modifications or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to Smt Richie Gandhi, to hold and continue to hold an office of profit as Vice President- Business Development in the Wholly-owned Subsidiary Company, Pinnacle Life Science Private Limited on a total remuneration exceeding ₹ 2.50 lakhs per month subject to maximum remuneration up to ₹ 50 lakhs per annum.

RESOLVED FURTHER THAT on the basis of recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company be and are hereby authorised to review and determine, from time to time, the terms of holding of the said office or place of profit by Smt Richie Gandhi, including her remuneration at its discretion and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **Ratification of remuneration of Cost Auditors for FY 2023-24.**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 3,00,000/- (Rupees three lakhs only) per annum

NOTICE (CONTD.)

plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid to GMVP & Associates LLP, Cost Accountant, being the Cost Auditor as appointed by the Board of Directors based on the recommendations of the Audit Committee of the Company, for the conduct of the Audit of the cost accounting records of the Company, for the Financial Year 2023-24 be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered Office:

Plot No. N-198, MIDC Tarapur,
Village - Pamtembhi,
Dist. Palghar - 401 506,
Maharashtra
Date : April 29, 2023

By Order of the Board

Sd/-
Rushikesh Deole
Company Secretary
ICSI M.No. A54527

NOTES:

- In terms of General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020 and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as 'MCA Circulars') issued by the Ministry of Corporate Affairs ('MCA'), the Annual General Meeting ('AGM') is being held through Video Conferencing ('VC') facility / Other Audio Visual Means ('OAVM') without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the MCA Circulars, the AGM of the Company is being held through VC/OAVM on Tuesday, September 26, 2023 at 10:30 a.m. (IST). The deemed venue for the AGM shall be the Registered Office of the Company.
- In accordance with the provisions of the Act, read with the Rules made thereunder and General Circular No. 10/2022 dated December 28, 2022, other Circulars issued by the Ministry of Corporate Affairs ("MCA") from time to time, and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 issued by SEBI ("the Circulars"), companies are allowed to hold AGM through video conferencing/other audio visual means ("VC/OAVM") upto September 30, 2023, without the physical presence of members. The AGM of the Company is being held through VC/OAVM, and video recording and transcript of the same shall be made available on the website of the Company. National Securities Depository Limited ("NSDL") will be providing facilities for voting through remote e-voting, for participation in the AGM through VC/OAVM and e-voting during the AGM.
- In terms of the MCA Circulars, the physical attendance of Members has been dispensed with and there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) attending the meeting through VC / OAVM are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the Scrutiniser by email through its registered email address to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in.
- As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from; April 01, 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 02, 2020 had fixed March 31, 2021 as the cut-off date for relodgement of transfer deeds and the shares that are relodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, mobile/ phone numbers, PAN, mandates, nominations and bank details etc., to their Depository Participants ("DPs") in case shares are held by them in electronic form and to the M/s. Link Intime India Private Limited in Form ISR-1, in case shares are held by them in physical form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited for assistance in this regard. Members may also refer to Frequently Asked

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- Questions ("FAQs") on Company's website <https://www.aartidrugs.co.in/>.
6. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. The Members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members, who hold shares in physical form, are requested to provide their email addresses to the M/s. Link Intime India Private Limited sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aartidrugs.com.
 7. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.aartidrugs.co.in Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to M/s. Link Intime India Private Limited, in case the shares are held in physical form. Further, if Members desire to opt out/ cancel the nomination and to record a fresh nomination, are requested to submit Form ISR-3 (in case of shares held in physical form) or SH-14 (in case of shares held in electronic mode).
 8. SEBI has mandated listed companies to issue securities in dematerialised form only, while processing service requests for issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; subdivision/ splitting of securities certificate; consolidation of securities certificates / folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR – 4. It may be noted that the service request can be processed only, if the respective folio is KYC Compliant.
 9. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or M/s. Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
 10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote upon e-voting.
 11. In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report FY 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.
 12. The Company has transferred unclaimed amounts of Second Interim Dividend for FY 2014-15, Final Dividend for FY 2014-15 and First Interim Dividend for FY 2015-16 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.
 13. 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.aartidrugs.co.in
 14. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid and claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) and Apla Mahanagar (Marathi) published from Mumbai for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to Demat Account of IEPF Authority on its website at www.aartidrugs.co.in under "Investors Section." The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.

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15. To register email address for all future correspondence and update the bank account details, please follow the below process:

Physical Holding	<p>Send a request to M/s. Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in:</p> <p>To register e-mail address, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy of both PAN card and Aadhar card)</p> <p>To update bank account details, please send the following additional documents/ information followed by the hard copies:</p> <ol style="list-style-type: none"> Name of the bank and branch address Type of bank account i.e., savings or current Bank account no. allotted after implementation of core banking solutions 9-digit MICR code no., and 11-digit-digit IFSC code 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

16. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business is annexed hereto and forms part of the Notice.
17. Members may note that the Notice and Annual Report FY 2022-23 will also be available on the Company's website www.aartidrugs.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL, www.evoting.nsdl.com.
18. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to investorrelations@aartidrugs.com till the date of the AGM.
19. Members seeking any information with regards to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company on or September 25, 2023 through email at investorrelations@aartidrugs.com. The same will be replied by the Company suitably.

20. Voting through Electronic Means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of

SEBI (LODR Regulations, 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 in relation to e-voting Facility provided by Listed Entities, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.

The Members, whose names appear in the Register of Members /list of Beneficial Owners as on **Tuesday, September 19, 2023** are entitled to vote on the resolutions, set forth in this Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of **Tuesday, September 19, 2023**. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut- off date i.e. Tuesday, September 19, 2023 may obtain the login ID and password by sending a request at rnt.helpdesk@linkintime.co.in and/ or evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

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In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

CS Sunil M. Dedhia, Practising Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

The Scrutiniser shall, after scrutinising the vote, within 2 working days from the 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 ARE AS UNDER:-

The remote e-voting period begins on **Saturday, September 23, 2023 at 9:00 a.m. (IST)** and ends on **Monday, September 25, 2023 at 5:00 p.m. (IST)**. During this period, Members holding shares either in physical form or in dematerialised form, as on **Tuesday, September 19, 2023 i.e. cut-off date**, may cast their vote electronically. The E-voting module shall be disabled by NSDL for voting thereafter.

Those members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

The instructions for shareholders voting electronically are as under:

Step 1: Log-in to NSDL e-voting system at www.evoting.nsd.com

Step 2: Cast your vote electronically on the NSDL e-voting system

Details on Step 1: is mentioned below:

1) Login method for remote e-voting and joining virtual meetings for Individual shareholders holding securities in demat mode.

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual Demat account holders, by way of single login credential, through their Demat accounts /websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual Demat account holders would be able to cast their vote without having to register again with the e-voting service provider ("ESP") thereby not only facilitating seamless authentication but also ease and convenience of participating in the e-voting process.

Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to Access e-voting facility.

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat Mode with NSDL	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services homepage click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider i.e. NSDL and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp

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Type of Shareholders	Login Method
	<p>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.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <p> </p>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi /Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at https://evoting.nsdl.com/ or call at toll free no.: 1800 1020 990 and 1800224430
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

II) Login Method for e-voting and joining virtual meetings for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to the NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open a web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section
4. Your User ID details are given below:

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click one-Voting and you can proceed to Step 2 i.e. cast your vote electronically.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in a demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using the NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your User ID' and your 'initial password'.

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- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:**How to cast your vote electronically on the NSDL e-voting system and join the General Meeting on the NSDL e-voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of the Company for which you wish to cast your vote during the remote E-Voting period and casting your vote during the General Meeting. For joining a virtual meeting, you need to click on the "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

GENERAL GUIDELINES FOR SHAREHOLDERS:

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsd.com to reset the password. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsd.com or call on toll free no.: 1800-222-990 or can contact NSDL on www.evoting.nsd.com or contact Further, please find below details of NSDL officials for queries.

Shri Amit Vishal, Senior Manager, NSDL, 022-24994360 or email at amitv@nsdl.co.in

Smt Pallavi Mhatre, Manager, NSDL, 022-24994545 or email at pallavid@nsdl.co.in

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be able to attend the AGM through VC / OAVM at www.evoting.nsd.com by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. The link for VC/OAVM will be available in shareholder/ members login where the EVEN of the Company will be displayed.
2. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
3. Members are encouraged to join the AGM through Laptops for better experience. Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.
4. Members connecting from mobile devices or tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

NOTICE (CONTD.)

5. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1000 members on a first come first served basis. This will not include Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. Members who need assistance before or during the AGM, can contact NSDL on www.evoting.nsdl.com / 1800-222- 990.
7. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at investorrelations@aartidrugs.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
8. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/ OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied to by the Company suitably.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.

2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email investorrelations@aartidrugs.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@aartidrugs.com
3. Alternatively members may send an email request to www.evoting.nsdl.com for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.
4. In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

Registered Office:

Plot No. N-198, MIDC Tarapur,
Village - Pamtembhi,
Dist. Palghar - 401 506,
Maharashtra
Date : April 29, 2023

By Order of the Board

Sd/-
Rushikesh Deole
Company Secretary
ICSI M.No. A54527

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

Gokhale & Sathe, Chartered Accountants are proposed to be appointed as the Statutory Auditors by shareholders in the 38th Annual General Meeting to hold the office upto conclusion of 43rd Annual General Meeting as per Section 139 of the Companies Act, 2013.

Terms and Conditions of Appointment proposed are as under:

Term of Appointment: 5 consecutive years from the conclusion of this AGM till the conclusion of 43rd AGM.

Remuneration: After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc. the remuneration shall be paid as may be mutually agreed between the Board of Directors and Statutory Auditors.

Credentials

Gokhale & Sathe, Chartered Accountants ("the firm") is having 40 years of experience. As of date, the firm has 12 partners and staff strength of around 150 of which 20 are Qualified CAs and Professionals. The firm is empanelled with various authorities like ICAI, C&AG, NHAI, CBI, IBA, etc. The firm is having rich clientele of listed manufacturing companies, various financial institutions, banks, non-

banking financial companies (NBFC's), insurance companies, along with other entities from other sectors. The firm is also peer reviewed by ICAI.

Gokhale & Sathe, Chartered Accountants has confirmed their eligibility for appointment as the Statutory Auditors of the Company.

Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 4

Smt Richie Gandhi has been associated with the Wholly - owned Subsidiary Company, Pinnacle Life Science Private Limited (Pinnacle) since 2019 and has an extensive experience of over 10 years in corporate strategy, project management in international markets. Presently she is Vice President – Business Development and Strategic Alliance at Pinnacle and plays a vital role in Pinnacle's R&D endeavour. She is currently heading the R&D function along with portfolio management, project management and strategic Business Development. She holds Master's Degree in Chemical Engineering from Aston University.

It is proposed to revise terms of her appointment/remuneration with effect from April 01, 2023 whereby monthly remuneration payable to her may increase beyond ₹ 2.50 lakhs per month.

The information as required in accordance with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as well as pursuant to Section 102 of the Act and SEBI Listing Regulations is as under:-

a	Name of the Related Party	Smt Richie Gandhi
b	Name of the Director or Key Managerial Personnel who is related, if any;	Shri Harshit M. Savla, Joint Managing Director
c	Nature of Relationship	Smt Richie Gandhi is daughter in law of Shri Harshit M. Savla, Joint Managing Director
d	Nature, material terms, monetary value and particulars of the Contract or arrangement	Smt Richie Gandhi currently draws remuneration of ₹ 29.04 lakhs per annum. It is proposed to increase the remuneration of Smt Richie Gandhi whereby remuneration payable to her may increase beyond ₹ 2.50 lakhs per month subject to maximum remuneration of ₹ 50 lakhs per annum.
e	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	Proposed transaction is 0.02% of Annual Consolidated Turnover of the Company as on March 31, 2023

ANNEXURE TO THE NOTICE (CONTD.)

f	<p>If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:</p> <p>i) details of the source of funds in connection with the proposed transaction;</p> <p>ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,</p> <ul style="list-style-type: none"> • nature of indebtedness; • cost of funds; and • tenure; <p>iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and</p> <p>iv) the purpose for which the funds will be utilised by the ultimate beneficiary of such funds pursuant to the RPT</p>	Not Applicable
g	<p>Justification as to why the RPT is in the interest of the listed entity and any other information relevant or important for the members to take a decision on the proposed resolution</p>	<p>Smt Richie Gandhi has been associated with the Wholly-owned Subsidiary Company, Pinnacle Life Science Private Limited (Pinnacle) since 2019 and has an extensive experience of over 10 years in corporate strategy, project management in international markets. Presently she is Vice President – Business Development and Strategic Alliance at Pinnacle and plays a vital role in Pinnacle’s R&D endeavour. She is currently heading the R&D function along with portfolio management, project management and strategic Business Development. She holds Master’s Degree in Chemical Engineering from Aston University.</p> <p>Keeping in view that Smt Richie Gandhi has rich and varied experience in the Industry, it would be in the interest of the Company to continue her employment.</p>

The Board of Directors on the basis of recommendation of Nomination and Remuneration Committee may determine increments including perquisites etc. from time to time or annually as may be considered appropriate subject to maximum remuneration of ₹ 50 lakhs per annum.

Smt Richie Gandhi is daughter in law of Shri Harshit M. Savla, Joint Managing Director. Under the provisions of Section 188 of the Companies Act, 2013, prior approval of the Company by way of a resolution is necessary for a relative of a Director to hold and continue to hold an office of profit in the Company or its subsidiary carrying a monthly remuneration exceeding ₹ 2.50 lakhs.

In view of the business expediency, administrative convenience and to ensure due compliance of the applicable law, it is thus proposed to obtain enabling approval of the Company as such for provision of remuneration in the manner stated in the draft resolution and herein above.

Your Directors recommend the resolution at Item No. 4 of the Notice for your approval as an Ordinary Resolution.

Shri Harshit M. Savla being relatives are deemed to be concerned or interested in the resolution. None of the other Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 5

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor for Financial Year 2023-24 was recommended by the Audit Committee to the Board. The Board thereby re-appointed GMVP & Associates LLP, Cost Accountant, as Cost Auditor for the conduct of the audit of the cost accounting records of the Company, at a remuneration of ₹ 3,00,000/- (Rupees

ANNEXURE TO THE NOTICE (CONTD.)

three lakhs only) per annum plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid for the Financial Year 2023-24. GMVP & Associates LLP has confirmed their eligibility for appointment as Cost Auditor.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

Your Directors recommend the said resolution for your approval as an Ordinary Resolution. None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Registered Office:

Plot No. N-198, MIDC Tarapur,
Village - Pamtembhi,
Dist. Palghar - 401 506,
Maharashtra
Date : April 29, 2023

By Order of the Board

Sd/-
Rushikesh Deole
Company Secretary
ICSI M.No. A54527

ANNEXURE-A

BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT ARE AS UNDER:

Name of the Director	Shri Harit P. Shah
Director Identification Number (DIN)	00005501
Designation/ Category of Director	Executive Director
Date of birth and age	October 12, 1963
Age (in years)	59 years
Date of Appointment on the Board	September 15, 1995
Qualifications	Commerce Graduate
Experience and expertise in specific functional areas	Shri Harit P. Shah has been Executive Director of the Company since September 1995. He is a Commerce Graduate and has experience of more than 39 years in the handling commercial functions encompassing Sales, Purchases and Exports. He looks after local sales and exports as well. He has in-depth knowledge of the Pharmaceutical industry.
Remuneration last drawn (including sitting fees, if any)	₹ 255.50 lakhs
Remuneration proposed to be paid	As approved by the shareholders in the Annual General Meeting dated September 04, 2021
Relationship with other Directors, Manager and Key Managerial Personnel	None
Number of meetings of the Board attended during the year	6
Directorships held in other Companies	Pinnacle Life Science Private Limited Aarti Speciality Chemicals Limited Spark Pharmachem Private Limited Aarti Ventures Private Limited Unidus Developers & Logistics Private Limited Aarti Vikas and Seva Mission Panbai Welfare Foundation Radiant Entertainments Private Limited
Memberships/Chairmanships of committees of companies other than Aarti Drugs Limited	None
Number of shares held in the Company	24,75,133
Name of Listed Companies from which resigned from past three years	None
Terms and Conditions of Re-appointment	He is due for retirement by rotation at the ensuing AGM. Hence, he is being re-appointed in compliance with the applicable provisions of the Companies Act, 2013



Aarti Drugs Limited

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Ground Floor, Road No. 29
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