



Future-Ready.
Redefining Sustainability.

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Financial Statements

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Annual General Meeting

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For more investor-related information,
please visit

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



Or simply scan
this QR code

Investor Information

Market Capitalisation as on March 31, 2024	₹ 3,992.74 Crores
CIN	L37060MH1984PLC055433
BSE Code	524348
NSE Symbol	AARTIDRUGS
AGM Date	September 20, 2024
AGM Venue/Mode	VC/OAVM

Disclaimer:

This document contains statements about expected future events and financials of Aarti Drugs Limited ('The Company'), which are forward looking. By their nature, forward-looking statements require the 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 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.

Future-Ready. Redefining Sustainability.



Aarti Drugs has long been a leader in the pharmaceutical industry. As we enter our transformative phase, 'Aarti 2.0,' we are committed to pioneering sustainability, setting new industry benchmarks through our innovative and environmentally responsible practices.

This year represents a pivotal shift for the Company as we expand our manufacturing capabilities and introduce new products. By doing so, we position ourselves to meet the evolving demands of the industry. We are strategically broadening our portfolio by entering the dermatology and speciality chemicals segments, targeting growth across both domestic and international markets. Concurrently, we are investing in brownfield expansions to strengthen our existing product lines and pursuing backward integration in our API and Formulation segments, with a clear focus on optimising margins and enhancing return ratios over the next few years.

Sustainability is ingrained in our operational ethos. We are enhancing our environmental efforts by adopting energy efficient practices such as waste heat recovery and implementing responsible waste management strategies.

Our commitment to zero liquid discharge (ZLD) across facilities, coupled with our initiatives to recover and repurpose materials from effluent waste, exemplifies our dedication to sustainable excellence.

With a strong focus on long-term value creation and a deep commitment to sustainable practices, Aarti Drugs is future-ready, poised to meet the dynamic needs of the pharmaceutical industry, paving the way towards a more sustainable and prosperous future.



Key Highlights

Key Highlights for FY 2023-24



At Aarti Drugs, we strive to drive innovation and customer satisfaction, along with robust financial performance, all with a focus on sustainable operations. We ensure that our practices not only benefit our customers but also contribute positively to the environment.

Sustainability Highlights

8



ZLD Facilities



~1,749



Employees



50,000+



Lives Impacted through Our CSR Activities



Operational Highlights

**13**

Manufacturing Facilities

**50+**

API Molecules

**4,765**

MT/Monthly Capacity

**80+**

Finished Products

**1,26,642**

Sq. m Plant Area



Financial Highlights

**₹ 2,533** Crores

Total Revenue

**₹ 320.50** Crores

EBITDA

**~38%**

Export Revenue

**₹ 172** Crores

PAT



Note: The above numbers are on Consolidated Basis.

Redefining Sustainability Since Inception



Established in 1984, Aarti Drugs Limited ('Aarti Drugs,' 'We,' 'The Company') has become a prominent player in the pharmaceutical industry and is well-positioned for future market growth. With a distinguished 40-year history, we specialise in manufacturing active pharmaceutical ingredients (APIs), speciality chemicals, and intermediates. Through our wholly owned subsidiary, Pinnacle Life Sciences Private Limited, we also manufacture advanced formulations. Our aim is to solidify our reputation as the preferred choice in this evolving market by delivering outstanding products, upholding rigorous quality standards, and ensuring timely delivery.



Largest Producers of
Metronidazole in India

One of the Leading Producers of
Metformin in the World



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

Certifications



ISO 9001: 2015
Quality Management
System



ISO 14001:2015
Environment Management
System



ISO 45001:2018
Occupational Health & Safety
Management System



WHO - GMP



EU GMP



K-FDA



ANVISA - Brazil



COFEPRIS - Mexico



Australian Govt Certified



Japanese Accreditation



US FDA Accreditation

Redefining the Future Globally



Present across six continents spanning over 100 countries, Aarti Drugs has an extensive global presence. Equipped with state-of-the-art, backward-integrated manufacturing facilities and advanced R&D centres, we take pride in catering to our global clientele. Our infrastructure is boosted by a strong network of manufacturers and distributors, ensuring comprehensive support for worldwide operations.

Manufacturing Facilities



Himachal Pradesh

Baddi
(Formulation Plant)



Gujarat

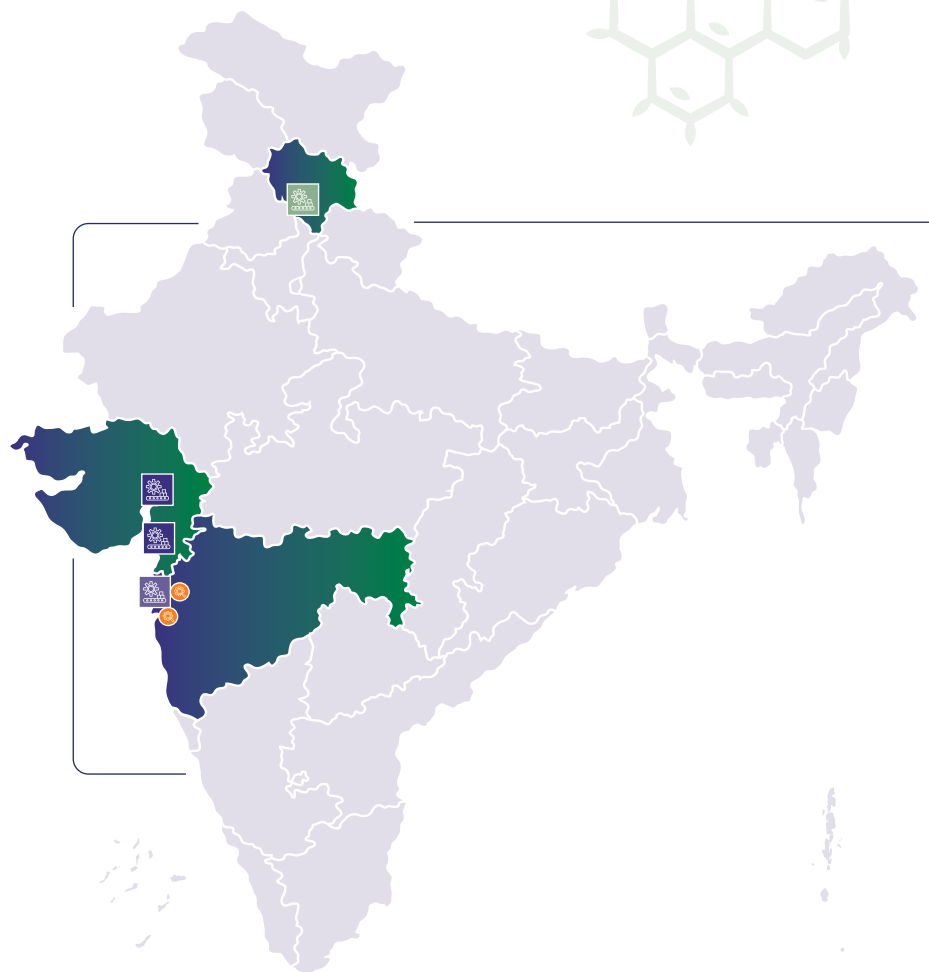
Sarigam - 2 Locations
(API Plant)

Sayakha
(Under Construction)



Maharashtra

Tarapur - 10 Locations
(API Plant and Speciality Chemical Plant)



R&D Centres



Maharashtra

Tarapur
(API)

Turbhe
(Formulations)

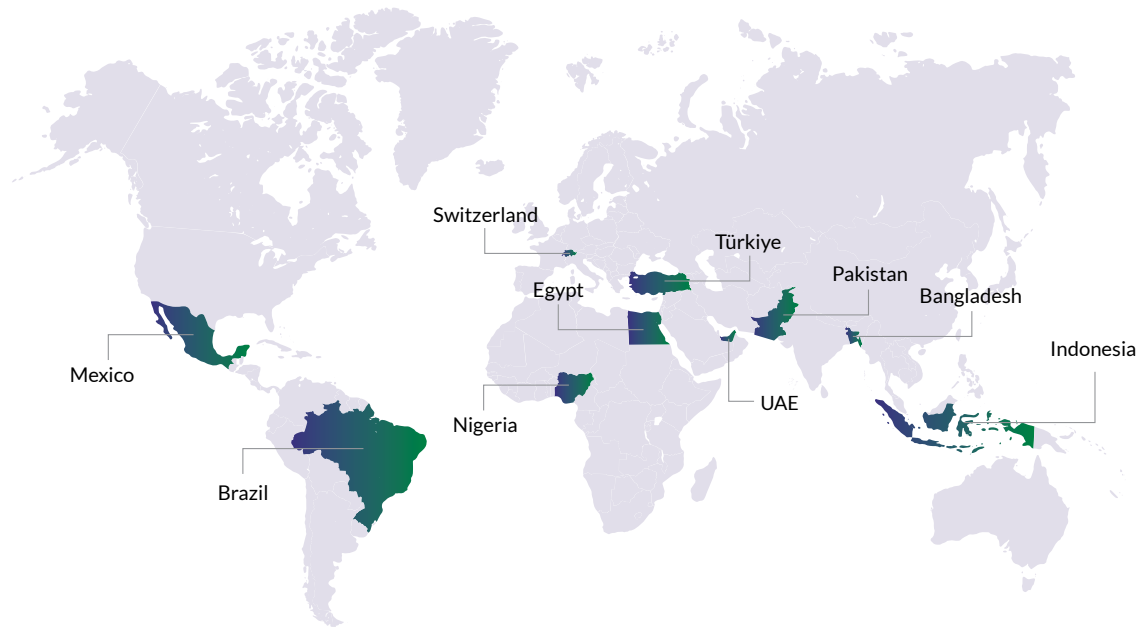
Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its Directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof.

International Presence

Top 10 Export Destinations

100+

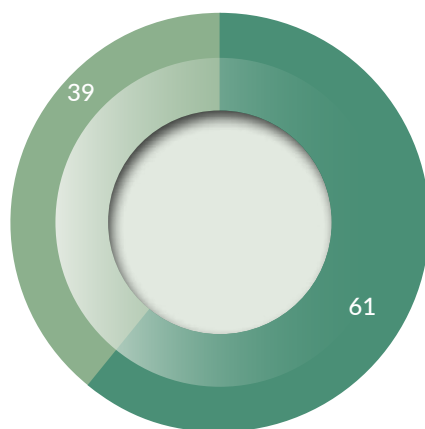
Countries across 6 Continents



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its Directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof.

Market Share

(in %)

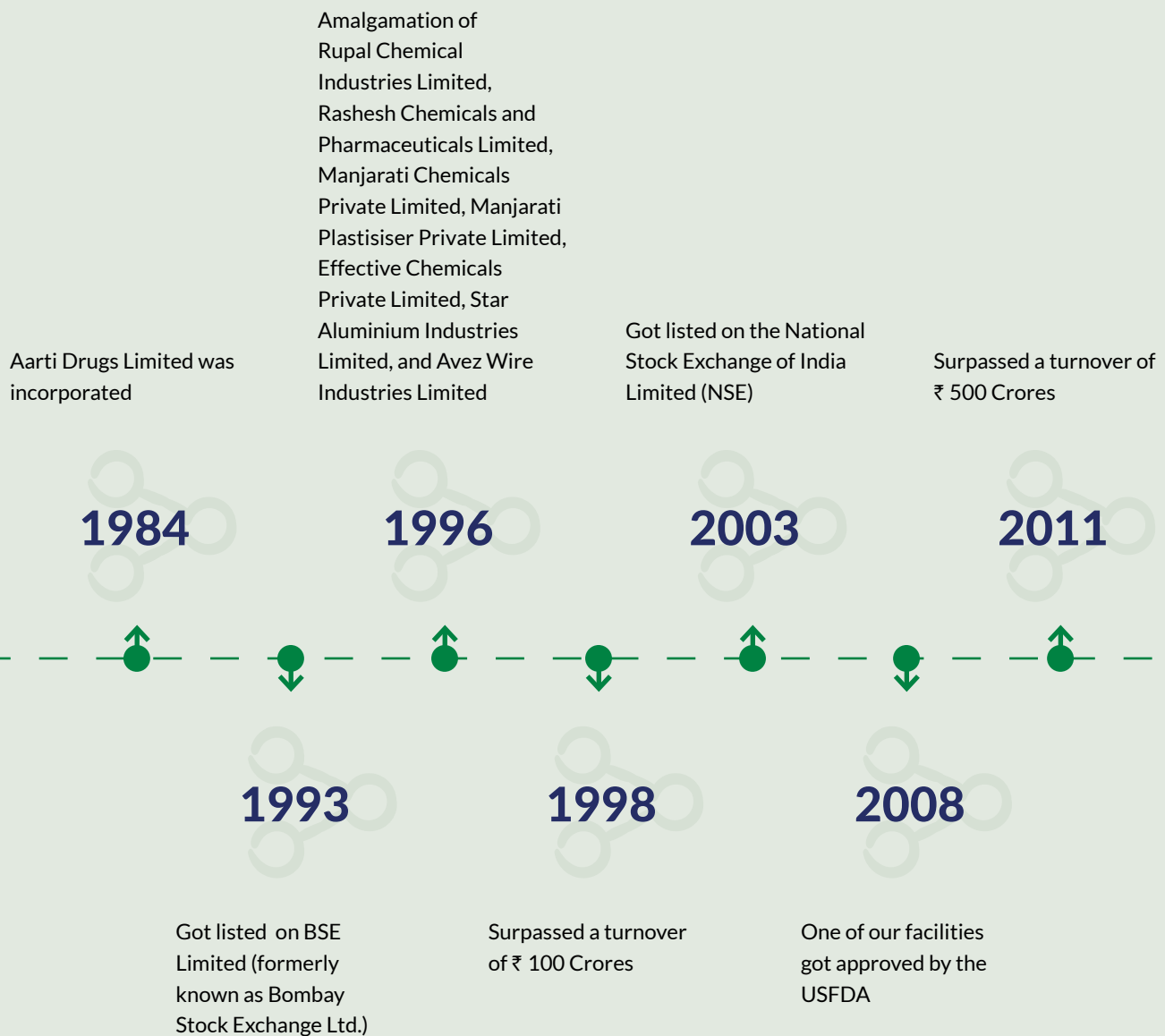


- Regulated
- Semi-Regulated

Our Esteemed Clientele across Segments



Our Journey through the Years





Surpassed a Profit Before
Tax (PBT) of ₹ 100 Crores

✧ Surpassed a consolidated
turnover of ₹ 2,000 Crores

✧ Pinnacle Life Science
Private Limited surpassed
a turnover of ₹ 200 Crores

✧ Surpassed a Profit After
Tax (PAT) of ₹ 200 Crores

Surpassed a
standalone turnover
of ₹ 2,500 Crores

2015

2021

2023

2014

2017

2022

2024

✧ Surpassed a turnover of
₹ 1,000 Crores

✧ Expanded into the
formulations segment
with our 100% subsidiary
Pinnacle Life Science
Private Limited

Pinnacle Life Science
Private Limited surpassed
a turnover of ₹ 100 Crores

Recorded a consolidated
revenue of ₹ 2,500 Crores

Forayed into the personal
care segment with the
commissioning of a
greenfield project for
dermatology products at
Tarapur



From the Chairman's Desk



“

At Aarti Drugs, we have always been known for our quality and commitment to excellence. With the advent of Aarti 2.0, we are building on this legacy by embracing innovative practices and setting a robust foundation for future progress.

”

Dear Shareholders,

It is with great enthusiasm that I share the strides Aarti Drugs has made during FY 2023-24. Sustainability has been a fundamental aspect of our ethos, and remains a crucial pillar of our strategy. This year, we are redefining sustainability and aligning our operations with India's broader environmental goals.

As the world undergoes significant transformation due to globalisation, stringent regulatory changes, and heightened health awareness, we are integrating these macro trends into our operations while also rigorously focussing on sustainability. Despite the challenges and disruptions faced by the industry, the pharmaceutical sector continues to grow, and we remain committed to positively contributing to this expansion.

Navigating the Macros

The global economy faced significant challenges in CY 2023 such as the ongoing Russia-Ukraine conflict, inflationary pressures, tightened monetary policies, tensions in the Middle East, and the Red Sea crisis. Despite this, it managed to record a growth rate of 3.30% and is projected to moderate slightly to 3.20% in CY 2024.

In contrast, India demonstrated remarkable economic resilience with a robust growth rate of 8.20% for FY 2023-24. This impressive performance was driven by increased industrial production, expansion in the eight core manufacturing sectors, and proactive government initiatives and schemes.

Global Pharma Industry Outlook

In CY 2024, the global pharmaceutical industry is projected to reach USD 1,267 billion and is expected to grow to USD 2,092 billion by CY 2028, at a CAGR of 13.40%.¹

Major advanced and emerging economies around the world are embracing significant changes in healthcare. They are taking measures to expand access to healthcare services, ensuring that a greater segment of the population benefits from essential medical care. There is an increasing recognition of the vital importance of immunisation and vaccinations, strengthening efforts to prevent diseases and safeguard public health on a larger scale. With the rise in chronic illnesses and the growing elderly population, the pharmaceutical industry is experiencing significant growth. Additionally, factors such as advancements in drug technology, increased healthcare spending, and expanded access to healthcare services are also driving this growth.

The expansion of the pharmaceutical industry presents significant opportunities for us at Aarti Drugs. With a diverse product range across various therapeutic segments and a commitment to expanding our portfolio in response to the latest trends, we are strategically positioned to leverage on these opportunities. A robust R&D pipeline dedicated to developing innovative pharmaceuticals and speciality chemicals also strengthens our market presence, addressing the growing healthcare needs worldwide.

Strategic Investments and Expansions

To meet the rising demands of the pharmaceutical industry and enhance our competitive edge, we are dedicated to making substantial capital investments. These strategic investments are designed to not only boost our production capacities but also enhance our sustainability efforts. By integrating backward processes and introducing innovative products within our API and Formulation segments, we are addressing the surge in demand for speciality chemicals used across various end-user industries. This presents opportunities for high-margin returns. Our expansion initiatives are aligned with our commitment to sustainable development, ensuring that our growth is both economically and environmentally responsible. We have incurred a capital expenditure of ₹ 543 Crores from FY 2021-22 to FY 2023-24. The expenditure incurred during FY 2023-24 amounted to ₹ 226 Crores. This is primarily for infrastructure upgrades and R&D initiatives to support our growth in the pharmaceutical and speciality chemicals sectors.

The capacity expansion at the Tarapur Facility for dermatology products is a bold move to capitalise on the growing opportunities in the dermatology sector. There is a rising demand for specialised skincare and dermatological treatments due to increasing awareness

and the expanding global market. Thus, it is imperative for us to invest in ramping up production capacity to meet this demand effectively. By increasing our production capacity to 2,000 tonnes per month by late FY 2024-25, we position ourselves to not only secure a competitive edge but also fulfil the needs of a diverse and evolving customer base. This proactive expansion enables us to leverage market growth, enhance our product offerings, and strengthen our market presence in a sector ripe with potential.

In addition, we are also making significant strides in other key existing areas of our business. The greenfield project at Sayakha, Gujarat for speciality chemicals and intermediates is on track, with plans to commence in FY 2024-25 and gradually ramp it up as we move ahead. With capital expenditure focussed on speciality chemicals, we anticipate a significant increase in our revenue mix.

Further, our brownfield expansion and de-bottlenecking of API facilities at the Baddi plant, specifically for anti-diabetic products, have successfully increased our production capacity to 1,450 tonnes per month. This enhancement not only supports growth in our formulation business but also strengthens our capacity to produce key products such as anti-diabetic (Gliptin) and oncology formulations.

Commitment to Sustainability

Our commitment to sustainability goes beyond the work that we do. We are also mindful of our social responsibilities and have always strived to make a positive change in society by contributing to its betterment. We have converted multiple facilities to Zero Liquid Discharge (ZLD), installed Dual Fired Boilers in greenfield facilities to reduce our carbon footprint, and engaged in periodic forestation efforts. We have implemented waste heat recovery systems, are packaging bulk APIs in paper bags, and using fibre drums instead of HDPE drums.

We pack bulk intermediates in jumbo bags (1 MT packing) to reduce the excess use of plastic bags. For efficient utilisation of utilities, we are using equipment with high-end technologies like Agitated Thin Film Dryer (ATFD), Agitated Thin Film Evaporator (ATFE), FBC boilers, and membrane-type filter presses. We are also using MEE and MVR for evaporation, which consume much less energy than conventional evaporators.

Additionally, we are dedicated to promoting women empowerment and gender diversity. About 40% of our staff at the head office comprises of women. This approach not only fosters a diverse and innovative work environment but also aligns with our values of social responsibility and equality. Through Aarti Foundation and other Trusts/ NGOs – our CSR arm undertakes community interventions to enhance the lives of the communities. Besides our direct

¹Pharmaceutical Drugs Global Market Report 2024 (researchandmarkets.com)

involvement, we partner with numerous implementing agencies to carry out need assessments and make impactful interventions. Our focus areas during the year have been cluster & rural development, education and skill development, healthcare facilities, livestock development, tribal welfare, women empowerment and livelihood opportunities, water conservation and environment sustainability.

Pioneering Innovation

Our manufacturing facilities at Tarapur and Sarigam are dedicated to advancing API process development. Our pilot facility is specifically designed for kilo-scale manufacturing, adhering to good manufacturing practice (GMP) standards. It plays a critical role in producing toxicology and clinical trial batches (Phase I/II/III) of new drug molecules. This capability supports the drug development programmes of leading global pharmaceutical and biotechnology companies, for whom Aarti Drugs serves as a trusted Contract Development and Manufacturing Organisation (CDMO). This capability enables us to consistently improve the efficiency and competitiveness of our manufacturing operations. The pilot plants are also used to conduct trials for improving the performance of existing molecules and processes.

In addition to pharmaceuticals, we are actively engaged in the contract manufacturing of speciality chemicals and intermediates for the global and domestic markets. This not only enhances our operational flexibility but also strengthens our position as a reliable partner in the chemical industry.

Moreover, our R&D Centre at Turbhe, Mumbai, serves as a foundation for innovation and development. This facility focusses on creating complex generics tailored for our in-house formulation business. The robust infrastructure empowers us to propel forward in the pharmaceutical industry, ensuring we not only meet evolving market demands but also uphold high standards and continuous innovation.

We maintain a robust R&D pipeline aimed at driving future growth and innovation. Our current portfolio includes promising developments such as Mesalamine, Loxoprofen Sodium, Dronedarone, Olmesartan, Dabigatran, Duloxetine, and several other advanced pharmaceuticals. This shows our commitment to addressing unmet medical needs and expanding therapeutic options for global markets.

Financial Performance and Growth

For FY 2023-24, we recorded revenues of approximately ₹ 2,533 Crores, reflecting a decrease from ₹ 2,718 Crores in FY 2022-23. This is primarily due to negative rate variance and sluggish export demand in the API and Speciality Chemicals segment. Despite these challenges, the domestic market saw robust volume growth within the same segments. Our EBITDA for FY 2023-24 stood at around ₹ 321 Crores, up from ₹ 308 Crores in FY 2022-23, with an EBITDA margin of 12.70%. Profit After Tax (PAT) for the year amounted to ₹ 172 Crores, compared to ₹ 166 Crores in the previous fiscal year, registering a growth of 3.61%.

APIs continue to be the main revenue driver for FY 2023-24, contributing to 80% of our total revenue. On the other hand, Formulations accounted for 13%, while Speciality Chemicals and Intermediaries accounted for 5% and 2% respectively.

The enhanced production capabilities and expanded facilities will enable us to capture a larger share of this high-margin segment. As a result, we expect speciality chemicals to make a more substantial impact on our overall revenue, leading to a more value-added revenue mix and improving our financial performance in the coming periods.

Additionally, our commitment to sustainability and technological advancement will further enhance our ability to navigate regulatory challenges and deliver value to our stakeholders.

Future Strategy and Growth

At Aarti Drugs, we have always been known for our quality and commitment to excellence. 'Aarti 2.0' marks our new phase of growth and transformation, focussed on increasing our product offerings for existing customers and acquiring new customers in both domestic and export markets. Additionally, we are expanding our manufacturing capabilities and enhancing our operational efficiency.



Looking ahead, our strategic roadmap includes significant investments in both greenfield and brownfield projects with backward integration of our API and formulation segments substantially boosting margins and return ratios over the next five years. By achieving low-cost production through comprehensive backward integration, we intend to enhance our competitiveness and operational efficiency.

Our strategy also prioritises robust growth in export markets and the revitalisation of domestic demand. We are actively expanding our export share in the Formulations segment, especially, through exhibitions and market strategy development. With new plants set to gain approvals from European authorities and US FDA, we are well-positioned to enhance our global footprint in markets like the EU, LATAM, Canada, Australia, New Zealand, MENA, UK, and South-East Asia. Additionally, our recent US FDA inspection and approval at our Formulation plant signifies a commitment to the highest standards of quality, opening doors to the lucrative US market. Leveraging our expertise in cost-effective pharmaceutical formulations, this trajectory highlights our ambition to become a leader in bulk manufacturing within the pharmaceutical industry. Engaging proactively with government tenders and ensuring prudent capital allocation are integral parts of our approach to sustaining growth and profitability.

Our journey may have its complexities, but it is defined by our collective ability to adapt, innovate, and progress together. United and determined, we will continue to strengthen our success story and maintain a positive outlook for both our API and non-API as well as formulation businesses.

Our ongoing projects, coupled with optimised capabilities, will serve as the foundation for steady growth in the coming years.

Concluding Note

I extend my heartfelt thanks to our valued shareholders for their solid trust and support throughout our journey at Aarti Drugs. Your confidence in us fuels our commitment to excellence.

I also express deep gratitude to our esteemed Board of Directors, whose dedication, expertise, and firm commitment drive our progress and inspire us to reach new heights. Additionally, I want to sincerely thank the dedicated employees of Aarti Drugs whose hard work, dedication, and resilience have been the backbone of our success. Together, we continue to strive for innovation, growth, and positive impact.

Yours Sincerely,

Shri Prakash M. Patil

Chairman, Managing Director & CEO

Our Future-Ready Product Portfolio



With an expansive portfolio, our goal is to cater to diverse therapeutic areas, meeting the needs of a wide spectrum of clients. We have established a strong presence in both the pharmaceutical and chemical industries, solidifying our position as a trusted provider of comprehensive solutions.



APIs

Leading API producer of 50+ molecules for antibiotics, antiprotozoals, anti-inflammatory, anti-diabetics antifungals & Cardioprotectant

Largest manufacturer of 3 molecules in the world

Antiprotozoals

Metronidazole, Tinidazole and Metronidazole Benzoate, among others

Anti-inflammatory

Diclofenac derivatives, Aceclofenac, Nimesulide and Celecoxib, among others

Cardioprotectant

Clopidogrel Bisulphate and Ticlopidine HCL

Antibiotics

Ciprofloxacin Hydrochloride, Ofloxacin, Levofloxacin, Norfloxacin, and Enrofloxacin, among others

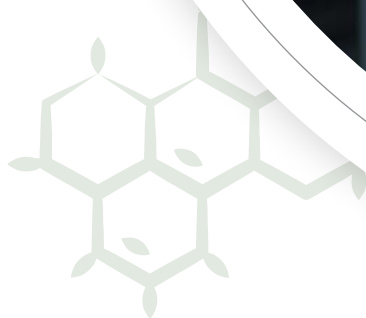
Anti-diabetics

Metformin HCL, Pioglitazone, Vildagliptin and Teneligliptin, among others

Antifungals

Ketoconazole, Tolnaftate and Fluconazole

Other Categories



Formulations

We manufacture various formulations through our wholly owned subsidiary, Pinnacle Life Science Private Limited at Baddi, Himachal Pradesh. Our cutting-edge drug manufacturing plant invests heavily in R&D for continuous technology and new product development. The goal is to create safe, pure, and efficacious patient-centric drugs that meet all regulatory standards, achieving breakthroughs in formulation development through intensive research and strong business ethics.



Speciality Chemicals, Intermediates and Others

- ✧ Benzene Sulfonyl Chloride
- ✧ Derivatives of Chlorosulphonation Chemistry
- ✧ Other Products



Redefining Sustainability through Manufacturing Capabilities



Our state-of-the-art manufacturing facilities, accredited with certifications such as ISO 9001, WHO-GMP, and EU GMP, enable the production of top-quality products that align with global standards. As we diversify our product portfolio in segments like dermatology and speciality chemicals, we are simultaneously expanding our production capacity through both greenfield and brownfield developments. This strategic approach fosters innovation and operational efficiency, positioning us to better meet customer needs while upholding our commitment to excellence.

Baddi, Himachal Pradesh

Pinnacle Life Science Private Limited

Formulation Plant

WHO-GMP and US FDA approved

Features

Installed capacity of 3 billion units of tablets and 300 million units of capsules

Sarigam, Gujarat

Sarigam-1

WHO-GMP

Sarigam-2

WHO-GMP/ COFEPRIS/CEP ANVISA-Brazil



Tarapur, Maharashtra

E-22

Australian Government –
Department of Health and Ageing
- Therapeutic Goods Administration
EU GMP/WHO-GMP/Japanese
Accreditation

Accredited by US FDA (Import
Alert Under Resolution)
ISO/IMS

G-60

ANVISA-Brazil/WHO-GMP/
COFEPRIS-MEXICO
ISO/IMS

E-21

WHO-GMP Certified/Korean FDA
ANVISA-Brazil, CEP (under
assessment)
ISO/IMS

N-198

EU GMP/WHO-GMP/ISO
ANVISA-Brazil, CEP
ISO/IMS

K-40

WHO-GMP/COFEPRIS
ISO/IMS

W-61

EU GMP/WHO-GMP
CEP, EDQM and EU GMP
(Inspection completed, certificate
awaited)

BIS (Inspection completed,
certificate awaited)

E-120

WHO-GMP
ISO/IMS

E-9/3

ISO 9001:2008
ISO/IMS

T-150

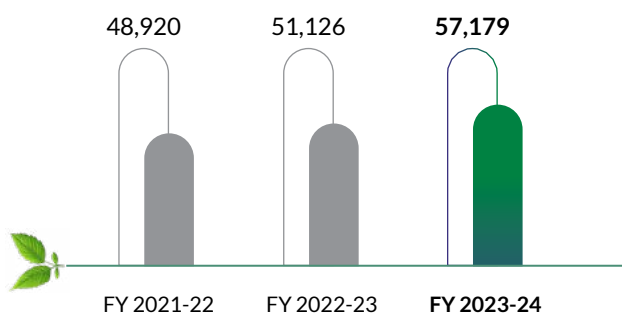
Intermediates
ISO/IMS

Features

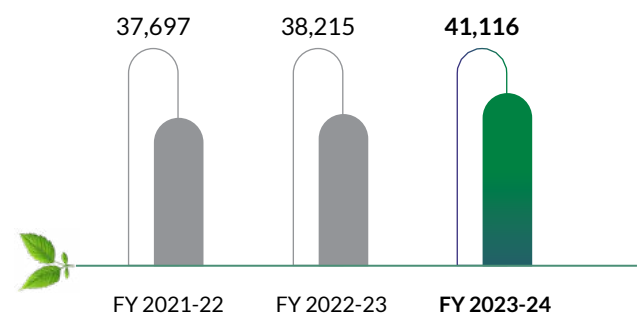
- ✧ 3 manufacturing units with another one currently under greenfield capex
- ✧ Through backward integration of our facilities, we supply intermediates of antibiotics, antifungals, anti-inflammatory and cardiovascular to API manufacturers

Installed Capacity

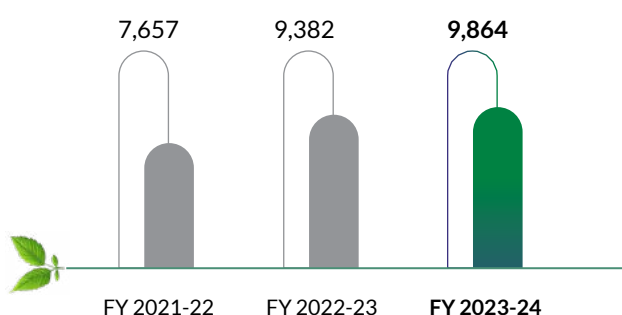
(MT)

**Current Production**

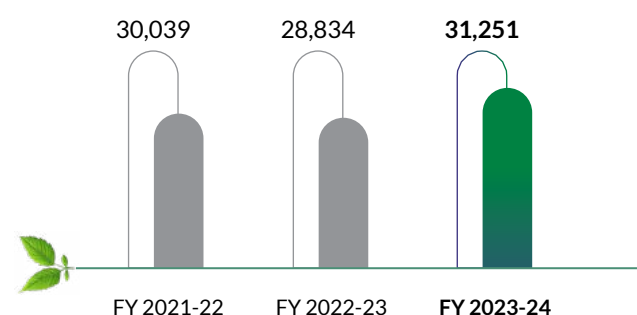
(MT)

**Captive**

(MT)

**Net Production**

(MT)



Reaction Capabilities

Nitration
Cyclocondensation
Ammonolysis (Amidation)
Epoxidation (Chiral and Achiral)
Reduction
Dehalohydrogenation
Condensation
Noble Metal Hydrogenation (Catalytic Reduction)
Oxidation
Fischer Indolisation
Balz-Schiemann (Halex) (Fluorination of Amines)
Esterification (Including Asymmetric Esterification)
Sulphonation
Alkylation
Methoxylation
Halogenation (Cl, Br, I)
Acylation
Diazotisation and Related Chemistry
Grignard Reaction
Friedel Craft Reaction
Aldol Condensation
Cyanation
Chloro Sulfonation
Cold Chemistry: Reaction capabilities at -90°C
Amination
Carboxylation at various pressures

Product-Wise Capex



Anti-diabetics

- ✧ With a manufacturing capacity exceeding 1,000 TPM, we are one of the leading Metformin manufacturers in the world.
- ✧ We are expanding to achieve a production capacity of 1,450 TPM through brownfield expansion.
- ✧ The launch of Gliptins will further enhance and solidify the position of this category.
- ✧ We are also exploring options for backward integration to further boost our business.



Antiprotozoals

- ✧ We are enhancing our position in the Indian market through a brownfield expansion focussed on selected products, which will increase production capacity by approximately 40%.
- ✧ We have secured approval to market the products in China, expanding our market reach into new territories.
- ✧ By pursuing incremental expansions and improving downstream products within the antiprotozoals segment, we are poised to accelerate our growth trajectory.



Vitamins / Anti-inflammatory

- ✧ Targeting highly regulated markets, we have undertaken the construction of a multi-purpose facility to better serve our customers.
- ✧ The brownfield expansion of our existing facilities is underway, further driving our growth in this segment.
- ✧ The enhanced capacity is expected to yield revenues of about ₹ 35-50 Crores annually based on product selection, with plans currently on hold pending further developments.
- ✧ There is likely to be a re-inspection by the USFDA in the future.



Antifungals

We continue to strengthen our dominant position in the global antifungals market, having recently expanded our production capacity to reinforce our market standing.



Speciality Chemicals

We are incrementally expanding our chloro-sulphonation capabilities in the existing block to meet supply demands effortlessly. We also have a plan for a greenfield expansion in the near future.



R&D Product Pipeline

With a robust pipeline of products in R&D, we are positioning ourselves for future growth and innovation in the market. Leveraging our expertise and infrastructure, we also provide contract manufacturing services for Speciality Chemicals and Intermediates.



Formulations

We have commenced commercial operations in Latin America and a few African markets along with undertaking new registrations in export markets and government tenders.

Currently, we are pursuing expansion into new geographies, alongside toll manufacturing of formulations. We have filed approximately 330 registrations across 16 geographies and established a foreign subsidiary to seize emerging opportunities.



Securing Future Growth through Innovation



Over the years, we have demonstrated a strong commitment to innovation, having successfully developed over 30 APIs since FY 2019-20. Our strategically located R&D centres in close proximity to the manufacturing facilities ensure a seamless integration between research and production. This alignment fosters enhanced collaboration, accelerates the development of new products, and facilitates the rapid implementation of innovative solutions.

Backed by a highly qualified team, we are at the forefront of technological advancements and product innovation, consistently addressing the diverse needs of our customers. Our in-house project management team is instrumental in ensuring the timely and efficient commercialisation of new products. Additionally, we are actively engaged in developing next-generation formulation products for key markets, including Europe, USA, Australia, Brazil, Canada, and Chile.

Looking forward, we plan to expand our R&D capabilities to encompass the development of complex semi-solids such as creams and ointments, as well as oral liquids.

₹ 20 Crores
R&D Spend for FY 2023-24

2
Research Centres

Our R&D centres strategically located in Turbhe and Tarapur, Maharashtra, play a crucial role in supporting our manufacturing capabilities.

The Tarapur R&D centre focusses on API process development, benefitting our manufacturing facilities in Tarapur and Sarigam. Renowned for its expertise, the centre is accredited by the Department of Science and Industrial Research (DSIR), Government of India, emphasising its excellence in R&D.

Meanwhile, our Turbhe R&D centre in Mumbai specialises in the development of complex generics for our in-house formulations and complex oral solids tailored for both regulated and emerging markets. The centre houses Synthetic Chemistry Labs (APIs), Formulation Development and Analytical Method Development systems.



APIs

Products Under Development

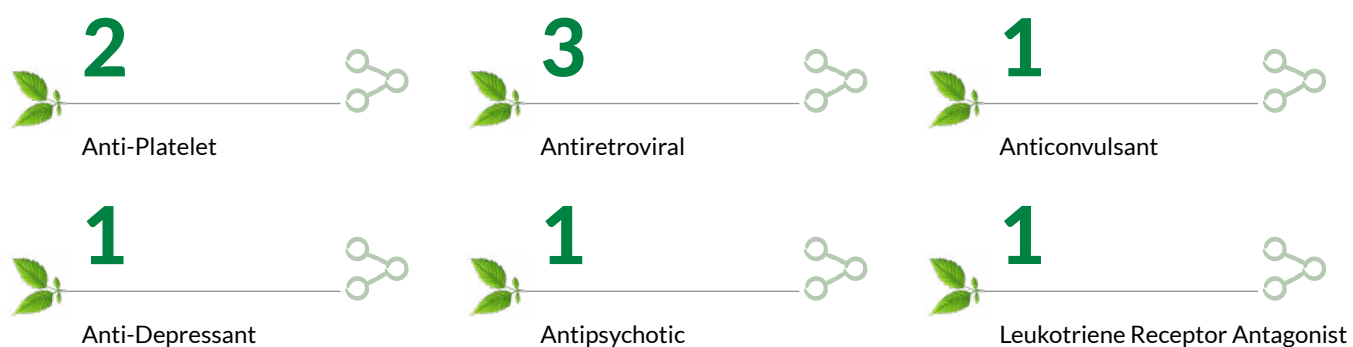


Products Under Pipeline



Finished Dosages

Products Under Development



Thriving in Today's Landscape



We operate in a highly regulated and competitive pharmaceutical industry, navigating a landscape defined by stringent quality standards and evolving market demands. Our commitment to innovation and sustainability drives us to continually enhance our manufacturing capabilities while expanding our product portfolio into new therapeutic areas. With a robust framework of certifications and strategic R&D and production facilities, we are well-positioned to address global healthcare needs and maintain a leadership role in the industry.

Global Pharmaceutical Industry

Projected to Reach Around

USD 2,832.66 billion by CY 2033

Growing at a CAGR of 6.15% 

Global Market for Medicines will Reach

USD 1.90 trillion by CY 2027

Growing at a CAGR of 3-6% 

Key Growth Drivers

- ✧ Increasing ageing population
- ✧ Rise in chronic diseases
- ✧ Technological advancements in biotechnology, genomics, and personalised medicine leading to the development of more effective and targeted therapies
- ✧ Increasing awareness about health
- ✧ Better accessibility and affordability of healthcare services



Indian Pharmaceutical Industry

Currently Valued at

~USD 50 billion

Projected to Reach Around

USD 130 billion by FY 2030-31

Growing at a CAGR of over 10%



Key Growth Drivers

- ✧ Strong demand in the domestic market
- ✧ Cost-effective manufacturing at 30-35% lower than those in the US and Europe, making it an attractive location for pharmaceutical production
- ✧ Government initiatives such as 'Pharma Vision 2020' policy and Production Linked Incentive (PLI) scheme

Global API Market

Currently Valued at

~USD 228.50 billion

Expected to Reach

~USD 379 billion by CY 2031

Formulation Market

Valued at

USD 1.58 trillion in CY 2022

Projected to Reach

USD 2.87 trillion by CY 2032

Speciality Chemicals Market

Valued at

USD 650 billion in CY 2022

Expected to Reach

USD 1,036 billion by CY 2032

Growing at a CAGR of 4.90%



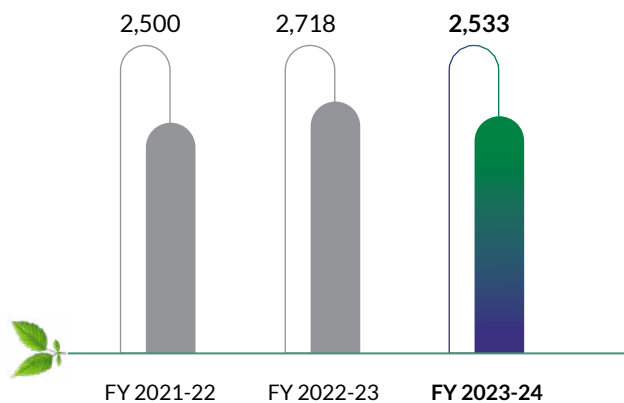
Future-Ready with Robust Financial Performance



At Aarti Drugs, we have consistently achieved strong results and notable successes across diverse areas. By employing strategic financial oversight, embracing innovation, and prioritising customer satisfaction, we are moving forward while adapting to dynamic market conditions. This approach highlights our robust business model and strategic agility.

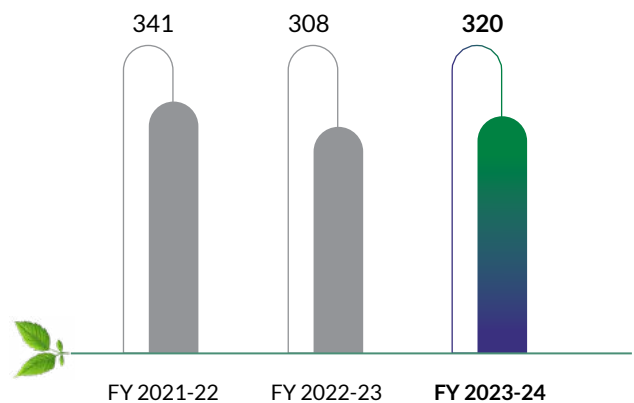
Revenue

(₹ in Crores)



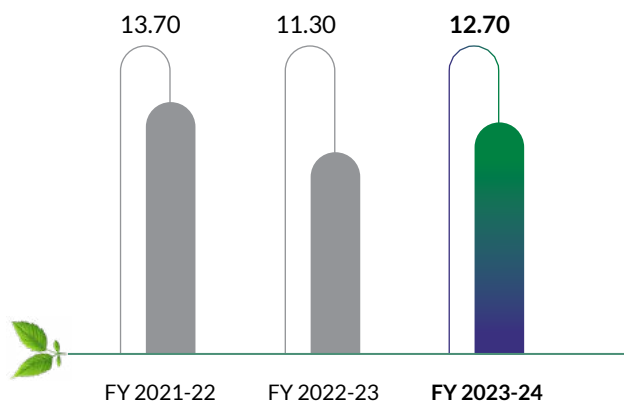
EBITDA

(₹ in Crores)



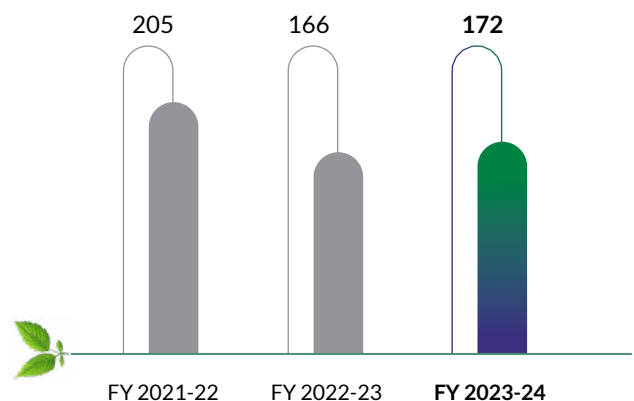
EBITDA Margin

(in %)



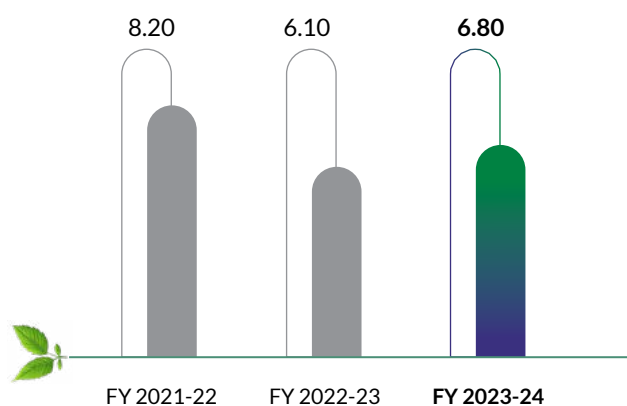
PAT

(₹ in Crores)



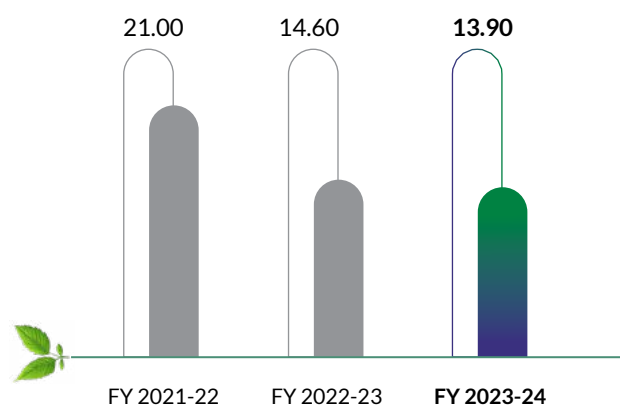
PAT Margin

(in %)



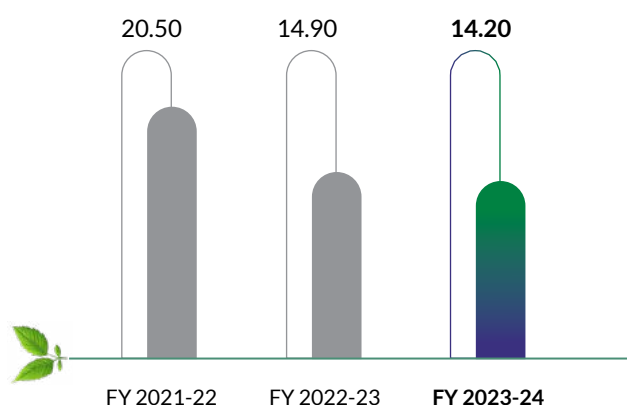
RoE

(in %)



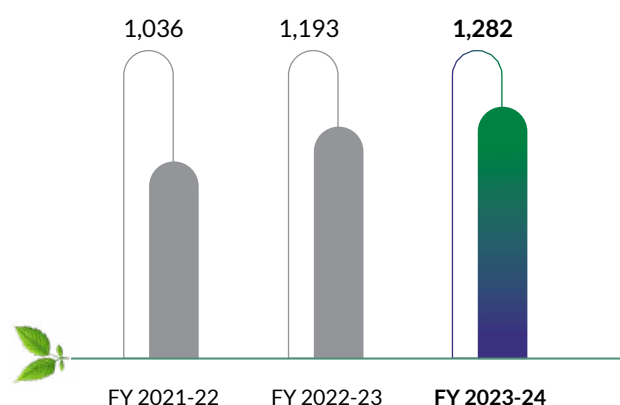
ROCE

(in %)



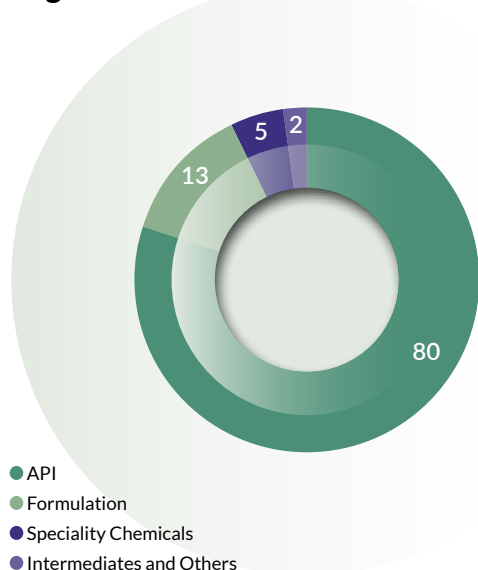
Net Worth

(₹ in Crores)



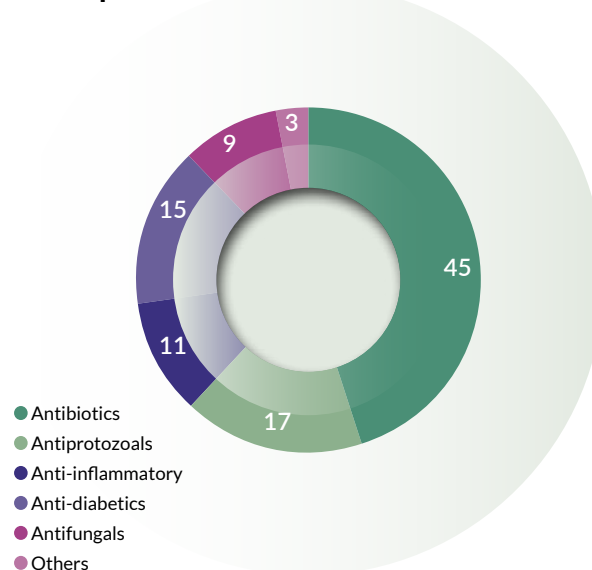
Segmental Revenue

(in %)



Therapeutic-wise Revenue

(in %)



Driving Future Growth through Sustainable Strategies



Our strategic initiatives focus on strengthening our market position, adapting to industry changes, and addressing challenges to secure a sustainable competitive edge. These initiatives help us in achieving our long-term goals and managing complex market dynamics. They also help us in aligning our efforts with our vision and mission. Growth drivers like strong demand, supportive government policies, and targeted investments in the pharmaceutical sector are crucial for reaching new milestones and delivering value to stakeholders.

Key Strategies

Diversified Product and Client Mix

By offering a range of products across various therapeutic categories, formulations, and markets, we mitigate risk by reducing reliance on any single product or market segment. This approach helps cushion the impact of market fluctuations, regulatory changes, or supply chain disruptions, while allowing us to seize opportunities in different geographies and adapt to shifting consumer preferences and healthcare trends. Serving a broad spectrum of clients across sectors and regions further reduces our dependency on any single customer or market condition. This further helps us in improving our resilience against demand fluctuations, purchasing behaviour changes, and unforeseen challenges. This diversified client mix also strengthens market stability, improves revenue predictability, and enables us to capitalise on emerging opportunities.



High Entry Barriers

The complex landscape and rigorous demands of the API manufacturing sector pose significant challenges for new entrants. This reinforces the entrenched positions of established players, who possess specialised capabilities and strong compliance frameworks. Moreover, API manufacturing has shifted from a generic, commodity-based industry to one characterised by specialisation and rigorous regulation. Established manufacturers hold a competitive edge due to their specialised expertise, while new entrants face high capital costs, complex processes, lengthy development times, and substantial R&D investments. At Aarti Drugs, our long-standing presence, coupled with continuous process improvements and ongoing R&D, positions us to excel and maintain our leadership position in the pharmaceutical industry.

Backward Integration

Our fully integrated facilities reduce our reliance on external sources for raw materials, giving us control over the supply chain and enhancing our operational efficiency. This approach not only ensures a consistent and reliable supply of essential inputs but also mitigates risks associated with dependency on external suppliers. Moreover, it results in cost synergies through economies of scale, improved quality control, and accelerated time-to-market for new products. This strategic move empowers us to strengthen our competitive position, streamline operations, and enhance overall resilience in the dynamic global market landscape.

Expanding Our Capabilities

With an aim to expand our footprint, increase market share, and seize emerging opportunities, we have undertaken greenfield and brownfield expansions at our manufacturing facilities in Tarapur, Maharashtra, and Gujarat. This strategic approach allows us to effectively manage capital investments and operational risks while enhancing our production capabilities. By leveraging our current infrastructure, our goal is to enhance operational efficiencies, foster synergies, scale up production to meet rising market demands, and explore entry into new markets. These strategic initiatives are designed to boost our competitive edge and sustain growth in the dynamic pharmaceutical industry landscape.

Growth Drivers

Known Brand in the API space

With more than 40 years in the industry, we have built a name for ourselves. Known for reliability in terms of quality and timely deliveries, we honour our commitments even in changing market conditions.

Robust Domestic Demand

The pharmaceutical sector is expanding rapidly due to heightened healthcare spending, growing public awareness, an ageing population, improved accessibility to treatments, and enhanced affordability, all contributing to a strong demand for our products.

6%

Rise in Domestic Market from FY 2017-18 to FY 2022-23

Government Initiatives

The pharmaceutical sector is poised for growth with the introduction of government initiatives such as Make in India and Ayushman Bharat. These initiatives, coupled with schemes like the Production Linked Incentive (PLI) Scheme are set to enhance India's manufacturing capabilities. Along with expanding insurance coverage, they are expected to significantly boost the industry's expansion.

The New Drugs and Clinical Trial Rules, introduced in 2019, streamlines regulatory processes and enhances the efficiency of drug approvals, enabling faster time-to-market for innovative products. Another initiative, the Atal Innovation Mission, created to promote a

culture of innovation and entrepreneurship across India, provides funding and support for cutting-edge research.

Together, these factors create an environment that encourages the development of advanced, high-value generic drugs, opens up new market opportunities, and strengthens the Company's competitive position in the pharmaceutical industry.

₹ 15,000 Crores

Allocated by the Government for the PLI Scheme

Technological Advancements

Automation along with AI is set to revolutionise the pharmaceutical industry by enabling the development of advanced algorithms. These algorithms promise to accelerate research processes, delivering results that are not only faster but also more precise, accurate, and reproducible. By leveraging AI-driven algorithms, we can enhance efficiency, reduce costs, and ultimately bring innovative therapies to market more swiftly, leading to our growth and success in the industry.

AI-related strategic deals in the pharmaceutical industry grew by **58%** in early 2024 compared to early 2023



Increased Investments

With the implementation of 100% Foreign Direct Investment (FDI) in the pharmaceutical sector, foreign investors can now fully own and control their investments without the need for prior approval from the government. This policy facilitates smoother and quicker capital inflows. Through this measure, the pharmaceutical sector benefits from advanced technologies, global expertise, and increased financial resources, which fuel innovation, enhance manufacturing capabilities, and support expansion efforts. This liberalisation not only accelerates growth and competitiveness but also strengthens the sector's global position, fostering a more dynamic and robust pharmaceutical landscape.

USD 1 billion



FDI Equity Flow in FY 2023-24

Cost Advantage

We excel in delivering high-quality services at competitive costs relative to those in the US, Europe, and South Asia, creating a greater demand for our products. With a focus on low-cost generic patented drugs, we have honed our expertise in end-to-end manufacturing processes, aiming at making our products affordable to a larger share of the population. By leveraging our proficiency in both generic and patented drug manufacturing, we not only enhance accessibility to essential medications but also reinforce our commitment to affordability without compromising on excellence.

Aarti Drugs has the lowest-cost product in the market, relative to its peers

Redefining Stakeholder Engagement



Nurturing stakeholder relationships is paramount for us as we strive to foster trust, promote collaboration, and align closely with the interests of our stakeholders. All our stakeholders including customers, employees, and shareholders have made immense contributions to our achievements. We actively engage with them through consistent engagement via feedback sessions, surveys, and meetings, seeking to grasp their needs and expectations.



Stakeholder Type	Priority Level	Mode of Communication	Frequency
 Customers	High	<ul style="list-style-type: none"> Surveys that collect quantitative data on various aspects Feedback sessions gathering inputs on experiences and suggestions Focus groups to understand perspectives, concerns and demands 	On a Continuous Basis
 Shareholders	High	<ul style="list-style-type: none"> Annual general meetings Quarterly results along with earnings calls Company website 	Event Based
 Employees	High	<ul style="list-style-type: none"> Collecting periodic feedback through employee surveys Suggestion boxes Focussed training programmes 	On Need Basis
 Government	High	<ul style="list-style-type: none"> Inputs on current and new policies Adhering to regulatory compliances 	On Need Basis
 Suppliers	Medium	<ul style="list-style-type: none"> Feedback sessions Periodic meetings Conferences 	On a Continuous Basis
 Community	Medium	<ul style="list-style-type: none"> Addressing concerns through discussions Community development Sponsorships 	On a Continuous Basis
 NGOs	Medium	<ul style="list-style-type: none"> Partnerships Collaborative projects Joint events 	On Need Basis
 Industry Peers	Low	<ul style="list-style-type: none"> Conferences Industry Associations Networking events 	On Need Basis
 Media	Low	<ul style="list-style-type: none"> Press releases Media interviews Media briefings 	On Need Basis
 Competitors	Low	<ul style="list-style-type: none"> Industry conferences Market research Industry reports 	On an Annual Basis

Progressing through Sustainable Endeavours



Recognising the importance of sound environmental practices, we are committed to reducing our environmental footprint through a range of initiatives. By integrating sustainable practices into our core operations, Aarti drugs is implementing measures that promote clean energy, enhance resource efficiency, and minimise waste generation. This commitment demonstrates our dedication to fostering a greener future.

ISO 14001 Certified



Material Topics Identified



Climate Change, Energy and Emission Management



Sustainable Supply Chain and Responsible Procurement



Water and Wastewater Management



Waste and Hazardous Materials Management

Energy Conservation

We have systems in place for waste heat recovery, wherein the heat generated from our processes is used to power our operations. In our effort to shift towards more sustainable energy sources, we are planning to replace steam boilers with solar energy systems at our manufacturing sites. These initiatives aim to not only decrease our carbon footprint but also achieve significant savings in energy costs, benefitting both the Company and the environment. By pursuing energy independence through these transitions, we aim to set a new standard for environmental responsibility within our industry.

Waste Management

At the Company, we take proactive measures to reduce our waste generation and ensure minimal waste lands up in landfills and oceans. In line with this objective, we have taken an initiative to pack our bulk API in paper bags instead of plastic bags and use fibre drums instead of HDPE drums, reducing our dependence on plastic.

Water Resource Management

Considering water as a crucial and invaluable resource, we undertake various measures for its conservation. We have implemented Zero Liquid Discharge (ZLD) systems at many of our manufacturing facilities to recycle and reuse our wastewater generated, integrating it back into our processes. We are also in the process of implementing methods to recover materials from our effluent waste, with an aim to promote resource efficiency.



Sustainable Sourcing

We are in the process of carrying out vendor assessments for our key suppliers using a detailed questionnaire. This process ensures that we thoroughly know where our vendors stand in terms of ESG aspects and can move towards more sustainable sourcing. Additionally, we are actively engaged in supplier training based on the Global Reporting Initiative (GRI) principles. This ongoing training aims to enhance our suppliers' awareness of sustainable practices, ensuring that they align with our commitment to sustainability and responsible business practices. The following actions are underway to improve the Environment, Health and Safety of our value chain partners:

1

Vendor EHS Assessment

2

Vendor Training on Sustainable Procurement

3

Vendor EHS Audits

4

Mapping the Carbon Footprint of Our Suppliers



Redefining Social Relationships



We prioritise equal value for all our stakeholders, emphasising on their development, upliftment, and satisfaction at the Company. Through mentorship and diverse training programmes, we equip our employees with evolving skills and knowledge, nurturing their continuous growth. Ensuring a safe workplace and comprehensive wellness schemes, we prioritise employee well-being. These initiatives empower our employees to excel both professionally and personally. Furthermore, our CSR activities reflect our commitment to uplifting communities and promoting sustainability.



Material Topics Identified



Occupational Health and Safety




Community Impact, Relations, and Development




Product Safety

Employee Health and Safety

We place utmost importance on the health and safety of our workforce. Being certified ISO 45001 in Occupational Health and Safety Management Systems highlights our commitment to maintaining a safe and secure workplace environment. Critical safety studies such as HAZOP, HIRA, and other risk assessments essential for process validation are carried out for routine and non-routine activities for identifying exposure related issues. With a comprehensive Health and Safety Policy in place, our employees undergo regular training on occupational health and safety measures at the workplace. The effectiveness of these trainings is validated through internal and external safety audits. We have effectively implemented safety programmes such as change and process management, incident management, pre-startup safety reviews, general plant conditioning, near miss reporting, job safety analysis, work permit system, cross site safety audits, and safety rounds by key plant personnel, to name a few. We foster a culture where all employees are empowered to report hazards, contributing to the enhancement of our safety protocols.




100% of our employees and workers received training on Health and Safety measures in FY 2023-24




ISO 45001 Certified

Product Safety

Upholding the highest quality and safety standards is integral to our operational philosophy. We achieve this by implementing and enforcing robust quality control systems, including stringent quality checks, employee training on safety protocols, and continuous monitoring of production processes along with complying with rigorous regulatory standards. These measures ensure that our products meet the highest safety standards, providing the confidence our customers expect. Our commitment to these principles underscores our dedication to excellence and creates a lasting, positive impact on society. These measures also embody the Company's core values, ensuring both efficient and sustainable service.



There were no product recalls related to product safety and quality in FY 2023-24



ISO 9001 Certified

CSR Activities

Adopting a multisectoral perspective on growth, Aarti Drugs considers the wider impact on all people and resources. We are committed to shared growth, fostering inclusivity within the Company and supporting community advancement. Through Aarti Foundation, our CSR arm for implementing various CSR initiatives, and other partnerships, we aim to improve community well-being.

₹ 5.44 Crores

CSR Spend

50,000+

Lives Impacted

Focus Areas



Cluster and Rural Development



Education and Skill Development



Healthcare Facilities



Livestock Development



Tribal Welfare



Women Empowerment and Livelihood Opportunities



Water Conservation and Environment sustainability



Education and Skill Development

Through Aarti Foundation, we have proudly supported various schools, directly impacting the lives of over 1,500 students over the last 5 years.

₹ 1.78 Crores

Total Spend in FY 2023-24 through Aarti Foundation

Yusuf Meherally Centre (YMC) runs 3 different institutions, namely, Vallabh Vidyalaya, providing primary and secondary education; Centres for Salt Pan Workers' Children providing primary education for the children of salt pan workers; and Centres for Fishermen's Children providing primary education for the children of fishermen. Through our CSR initiatives we have supported the education and development of a large number of students at this organisation.

Vallabh Vidyalaya

835 Students Impacted

Centres for Salt Pan Workers' Children

312 Students across
11 Locations Impacted

Centres for Fishermen's Children

48 Students across
3 Locations Impacted



We have also supported Vicharta Samuday Samarthan Manch (VSSM), a students' hostel in Ahmedabad.

476

Students Impacted

Through our implementing partners, we have supported several educational initiatives. This includes funding the regular operational expenses of RNB Global University in Bikaner, Rajasthan, as well as overseeing the colouring and repair work at the Sarigam Gram Panchayat Library. We have also provided financial assistance to the school and boarding facilities managed by Shri Hirji Bhojraj and Sons, ensuring their continued operation and positive impact.

₹ 1.75 Crores

Total Spend in FY 2023-24

Aarti Drugs is also directly engaged in CSR activities benefitting local communities. We have undertaken repair, painting, and colouring projects at Kalawade School to enhance the learning environment for students. Additionally, we have provided school uniforms to Bonpada Primary School, ensuring that children have the necessary attire to attend school comfortably and with dignity.

Healthcare

In partnership with Dhan Vallabh Welfare Foundation, we are constructing a 205-bed hospital in Nalanda, Bihar. This facility will feature advanced medical equipment, including imaging machines, laboratory tools, and telemedicine capabilities. The hospital will have 4 fully-equipped operating theatres for various surgical procedures.

Recognising the challenge of accessing healthcare in remote areas, we are also planning to introduce 2 mobile hospitals to deliver urgent medical aid directly to underserved communities. Additionally, we will provide 1 ambulance and 12 electric auto-rickshaws to transport elderly patients to hospitals. Another ambulance will be used for regular awareness campaigns, supported by health camps with 2 RMO doctors, 4 nurses, and 2 housekeeping staff. These initiatives will educate the community about the available services and promote preventive healthcare.

₹ 0.50 Crores

Amount Spent



Rural Development

Through our rural development CSR initiatives, we strive to meet the essential needs of underserved communities, fostering inclusive growth. By investing in critical areas, we aim to enhance community well-being and uphold our commitment to sustainable development and responsible corporate practices.

We have donated an ambulance to Salwad gram panchayat, Palghar, Maharashtra.

Through our implementation partner, Sarigam Industrial Association, we have provided financial support for installing CCTV cameras at Bhilad Police Station.

Through our CSR arm, Aarti Foundation, we have collaborated with the Bhansali Trust to support and uplift landless farmers, daily wage labourers, and underserved communities. Our initiatives include organising health camps, providing a mobile dispensary, establishing self-help groups, and distributing supplementary nutrition and vegetable seed packets to foster community development.

₹ 0.25 Crores

Amount Spent through Aarti Foundation

₹ 0.42 Crores

Amount Spent for Livestock Development

Women Empowerment

Aarti Foundation has teamed up with the Tribal Integrated Development and Education Trust (TIDE) to support tribal women in Assam and Meghalaya. This partnership focusses on empowering women by providing livelihood skills training, educational opportunities, and access to essential healthcare services.



Initiatives

- ☆ 900 training and awareness camps organised in Assam during the year for women and girls, with almost 40 participants present in each camp, totalling to 36,000 beneficiaries. These camps are organised to create awareness about various topics such as:
 - o Hygiene
 - o Vices like alcohol, tobacco
 - o Injectable drug abuse which is common in the North East
 - o Importance of education
 - o Supplementary income through various means
 - o Family planning
 - o Organic farming
- ☆ Formed 14,500+ Micro Credit Groups (self-help groups) covering 1,67,800+ women, providing support for their families
- ☆ Provided mental healthcare to 1,250+ patients, through 9 camps

Villages Covered

3,700+ villages of 10 districts in Assam

220 villages of 3 districts in Meghalaya

Total Staff

207 in Assam

14 in Meghalaya

Tree Plantation

Miyawaki forests are multi-layered forests built with native plants, with the potential to turn into a full-fledged dense forest in a span of 3-5 years. This is a very effective and quick technique for urban reforestation.

Aarti Drugs is currently transforming a garbage dumping area near Karajgam Talav in Tarapur, Maharashtra, into a Miyawaki forest through extensive tree planting efforts.



Becoming Future-Ready with Strong Governance



At Aarti Drugs, we uphold transparency, ethical standards, and exemplary governance practices. Our robust governance framework ensures that we conduct our operations responsibly and sustainably, fostering a culture rooted in integrity and principled behaviour. Guided by a distinguished Board of Directors with diverse expertise, we strive to align Company goals with stakeholder expectations, thereby creating enduring value for all.



Material Topics Identified



Corporate
Governance



Business Ethics



Economic
Performance



Regulatory
Compliance



Data Privacy and
Integrity



Risk Management

Governance Structure and Composition

Our governance framework is built upon a comprehensive structure that emphasises on essential policies, procedures, and initiatives. We uphold stringent ethical standards and are steadfastly committed to transparency and accountability. The Board of Directors assumes a pivotal role in policymaking and operational oversight, ensuring adherence to legal and regulatory mandates while prioritising the Company's and shareholders' best interests. With a diverse composition that includes leaders from various backgrounds in key leadership and decision-making roles, Aarti Drugs promotes inclusive governance and effective strategic direction.



Risk Management

Recognising that risks are an inherent and fundamental aspect of our business, we are committed to actively and effectively managing it. Our goal is to leverage risk management to make more informed decisions and enhance the likelihood of achieving our strategic and operational objectives. These objectives include sustainability objectives along with business strategies.

In line with regulatory and ethical standards, the Company discloses conflict of interest, especially related party transactions, to stakeholders biannually through stock exchanges, ensuring transparency and accountability. This commitment reinforces our dedication to integrity and corporate governance, protecting shareholders and stakeholders. We also address grievances from customers, employees, and the community, with no significant non-compliance reported this year.

We also have a Risk Management Committee that identifies, evaluates, and mitigates risks through a dynamic framework. Meeting at least twice a year, the committee ensures robust risk management practices and oversees the implementation of our Risk Management Policy, including preparing remediation plans for any negative impacts.

Additionally, in our pursuit to achieve 100% compliance, we have implemented a third-party, IT-based Compliance Management System that maintains a comprehensive repository of all relevant regulations and requirements. This system features an integrated alert function, which notifies users and informs relevant personnel about upcoming compliance deadlines.

Board Committees



Policies

- ✧ Whistle Blower Policy
- ✧ Code of Conduct for Independent Directors
- ✧ CSR Policy
- ✧ Materiality Policy
- ✧ SHE Policy
- ✧ Quality Policy
- ✧ Supplier Code of Conduct
- ✧ Policy on Related Party Transactions
- ✧ Policy for Determining Material Subsidiaries
- ✧ Nomination and Remuneration Policy
- ✧ Dividend Distribution Policy
- ✧ Archival Policy
- ✧ Environment and Climate Change Policy
- ✧ People Policy
- ✧ Water Policy
- ✧ Information Security Policy
- ✧ Energy Policy
- ✧ Responsible Procurement Policy

Meet the Board



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 52+ years of experience have 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 the Chairman, Managing Director & Chief Executive officer (CEO) of the Company and has been associated with us since inception. 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 52 years of experience in the Chemical and Pharmaceutical industry. His areas of expertise include 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 25 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 and has been associated with us since 1987. He is a Commerce Graduate having more than 37 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 37 years in 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 the Executive Director of the Company since October 2000. He has more than 37 years of experience in Factory Administration work and Liaisoning 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 37 years of expertise in the API industry. He also serves as the Managing Director of Aarti Pharmalabs Limited, where he oversees the operation, projects, regulatory compliances and sustainability initiatives.



Shri Ankit V. Paleja
Independent Director

Shri Ankit V. Paleja is an Independent Director of the Company. He is a qualified lawyer and holds double Bachelor's degrees in Legal Science and Law. With around 17 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.



Prof. Bhaskar N. Thorat
Independent Director

Prof. Bhaskar N. Thorat is an Independent Director of the Company. He holds an M.Chem. Engg. and Ph.D Degree 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

Smt Neha R. Gada is an Independent Director of the Company. She is a Chartered Accountant and an Insolvency Professional and has an experience of over 22 years in compliance pertaining to Securities and Corporate Laws. She is a Co-founder of Dhhanish Advisors Private Limited.



Shri Hasmukh B. Dedhia
Independent Director
(Appointed on March 29, 2024)

Shri Hasmukh Bhavanji Dedhia is an Independent Director of the Company. He is a Chartered Accountant and also holds DISA (ICAI). He has an experience of over 40 years in handling audits, due diligence, consultancy and business restructuring. He possesses rich experience in the fields of internal auditing and control enhancement aspects.

**Shri Sandeep M. Joshi****Independent Director**

(Appointed on March 29, 2024)

Shri Sandeep M. Joshi is an Independent Director of the Company. He is a graduate in Chemistry from Mumbai University and completed his MBA degree from the Symbiosis Institute of Business Management, Pune. He has 30+ years of experience in export marketing and business development with companies in India and abroad.

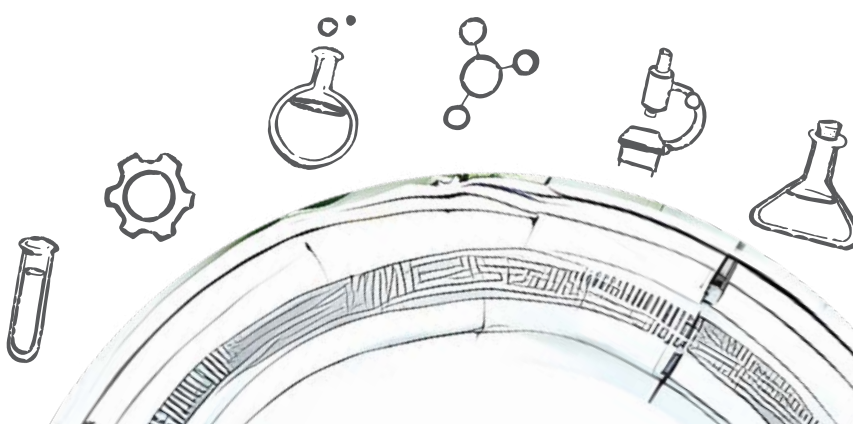
**Shri Ajit E. Venugopalan****Independent Director**

(Appointed on March 29, 2024)

Shri Ajit E. Venugopalan is an Independent Director of the Company. He is a Chartered Accountant and a Banking professional with 30+ years of experience in banking and finance. He served as Managing Director at SVC Co-op Bank Limited. He is also an advisor of Central Rating Committee of Brickwork Rating.

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

Shri Adhish P. Patil is a proven leader with 19 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 medallist 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 20 CFOs in India,' awarded by StartupLanes in 2024. He has managed Production Efficiencies, Projects, Financial Operations, ERP Implementation and Automations for regulatory compliances for a publicly traded pharmaceutical company.





Awards & Achievements

Progressing Ahead with Awards and Recognitions

1991-1992

CHEMEXCIL

Outstanding Performance in Export

2013

ABBOTT

Best Vendor of the Year

2001

CHEMEXCIL

Outstanding Performance in Export

Organisation of Pharmaceutical Product

Best Vendor

2014

CHEMEXCIL

Appreciation as a Business Partner

Government of India (Ministry of Commerce and Industry)

Certificate of Recognition - Star Export House

2005

AVAYA GLOBAL CONNECT

Customer Responsiveness

2015-2019

ABBOTT

Business Partner of the Year

2006

AVAYA GLOBAL CONNECT

Customer Responsiveness

2021-2022

PHARMEXCIL

Export Performance Award - API and Intermediaries Gold Star

2009

CHEMEXCIL

Outstanding Performance in Export

2022-2023

PHARMEXCIL

Export Performance Award - API and Intermediaries Platinum Star

2012

CHEMEXCIL

Outstanding Performance Latin American Export

2023

ABBOTT

Business Partner of the Year



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 Ankit V. Paleja

Prof. Bhaskar N. Thorat

Smt Neha R. Gada

Shri Hasmukh B. Dedhia (w.e.f. March 29, 2024)

Shri Sandeep M. Joshi (w.e.f. March 29, 2024)

Shri Ajit E. Venugopalan (w.e.f. March 29, 2024)

CHIEF FINANCIAL OFFICER & CHIEF OPERATING OFFICER

Shri Adhish P. Patil

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri 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, Maharashtra, India
Website: www.aartidrugs.co.in
Email: investorrelations@aartidrugs.com
Tel No: +91 22-2401 9025

Corporate Identification Number

L37060MH1984PLC055433

Statutory Auditors

Gokhale & Sathe

Chartered Accountants

Secretarial Auditors

CS Sunil M. Dedhia

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 & Analysis

Global Economy

The global economic outlook is showing signs of improvement, though growth remains modest. Imbalances in the labour market are easing, with unemployment rates staying at or near historic lows. As inflation moderates, real incomes are beginning to rise, and trade growth has turned positive. However, economic performance varies across countries; while Europe and most low-income nations are experiencing weaker outcomes, the United States and many large emerging-market economies are witnessing strong growth.

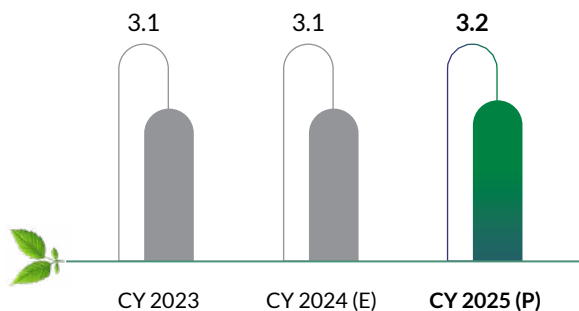
Global GDP growth is projected to remain steady at 3.1% in CY 2024, the same rate as in CY 2023, with a slight increase

to 3.2% expected in CY 2025. This improvement is likely to be driven by stronger real income growth and lower policy interest rates. Annual consumer price inflation in G20 economies is forecasted to decline gradually, from 5.9% in CY 2024 to 3.6% in CY 2025, as cost pressures subside. By the end of CY 2025, inflation is anticipated to be back on target for most major economies. However, high geopolitical tensions present a significant near-term risk, particularly if conflicts in the Middle East escalate, potentially disrupting energy and financial markets, increasing inflation, and reducing growth.

Real GDP Growth Projections

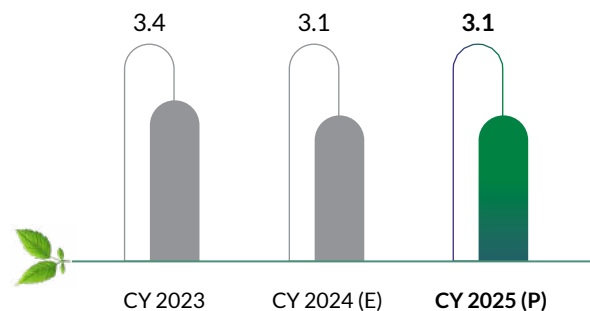
World

(in %)



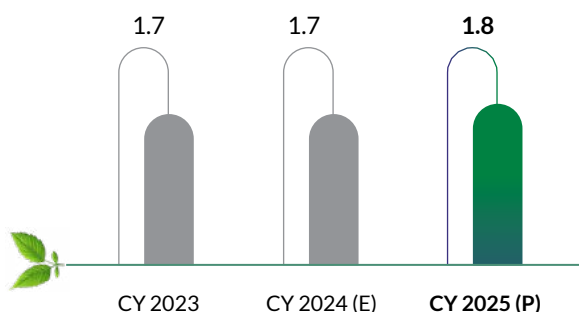
G20

(in %)



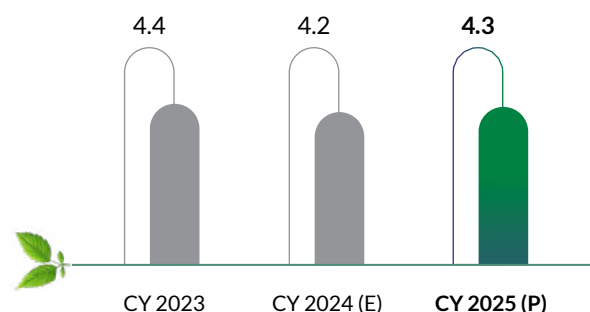
OECD

(in %)



Non-OECD

(in %)



E - Estimated

P - Projected

Source: https://www.oecd-ilibrary.org/sites/69a0c310-en/1/3/1/index.html?itemId=/content/publication/69a0c310-en&_csp_3184060ecf59639d0f609174b10264b5&itemGO=oecd&itemContentType=book#figure-d1e236-2bce04dd3a

Indian Economy

India's Gross Domestic Product (GDP) has significantly outperformed expectations for FY 2023-24. The Ministry of Statistics and Programme Implementation revised its GDP growth projections upwards to 8.2%, a substantial increase from the 7% growth recorded in the fiscal year 2022-23. This remarkable surge highlights the resilience and strength of the Indian economy amid evolving global dynamics.

A major contributor to this robust performance is the manufacturing sector, which experienced an impressive growth of 9.9% in FY 2023-24. This stark turnaround from the 2.2% degrowth registered in FY 2022-23 highlights the sector's pivotal role in driving the nation's economic expansion. The latest data released by the National Statistical Office (NSO) on May 31, 2024 supports this narrative, revealing that the real gross value added (GVA) grew at a rate of 7.2% in FY 2023-24, compared to the 6.7% growth observed in FY 2022-23.

The combination of government support and a consumer-driven economy has created a dynamic environment conducive to sustained economic growth, job creation, and improved living standards for millions of Indians. These factors continue to play a crucial role in shaping India's economic trajectory in the global arena.

This accelerated growth has propelled the Indian economy to a milestone of USD 4 trillion, setting the stage for achieving the ambitious USD 5 trillion target in the coming years. With continued robust performance across key sectors, India is well-positioned to capitalise on this momentum and drive further economic expansion. As India advances towards its USD 5 trillion GDP target, strategic investments in infrastructure, innovation, and sustainable development will be crucial. The government's focus on policy reforms and fostering a conducive business environment shall further enhance growth prospects, ensuring that India remains a key player in the global economic landscape.

Source: <https://www.fortuneindia.com/macro/gdp-boost-indian-economy-grows-78-in-q4-82-in-fiscal-fy24/117015>, <https://ddnews.gov.in/en/indias-gdp-exceeds-estimates-grows-at-8-2-in-fy24-and-7-8-in-q4/>

Global Pharmaceutical Industry

The pharmaceutical drugs market has experienced robust growth in recent years. The global pharmaceutical market size is projected to reach USD 1,267.05 billion in CY 2024 and is anticipated to expand at a compounded annual growth rate (CAGR) of 13.4%, reaching USD 2,092.95 billion by CY 2028. This expansion can be attributed to increasing support from governments, enhanced healthcare access, rising investments, rapid growth in the elderly population, increased healthcare expenditure, and greater awareness of immunisation and vaccinations.

The pharmaceutical industry is propelled by enhanced access to healthcare, which is fostering increased demand amid rising chronic diseases and a growing elderly population. This demand is further amplified by significant investments in research and development (R&D), driving innovation in biotechnology and personalised medicine. These factors, alongside favourable regulatory environments and the globalisation of markets, are pivotal in expanding healthcare solutions and pharmaceutical advancements globally, reinforcing the industry's pivotal role in healthcare provision and economic growth.

The shift towards more sedentary jobs, busy lifestyles, and evolving consumer preferences is significantly impacting the global disease landscape, particularly the prevalence of non-communicable diseases (NCDs) such as cancer, diabetes, and cardiovascular conditions. Factors like prolonged working hours, reduced physical activity, and unhealthy dietary habits are major contributors to chronic diseases like diabetes. According to the World Health Organisation, as of September 16, 2023, NCDs account for 41 million deaths annually, representing 74% of global mortality.

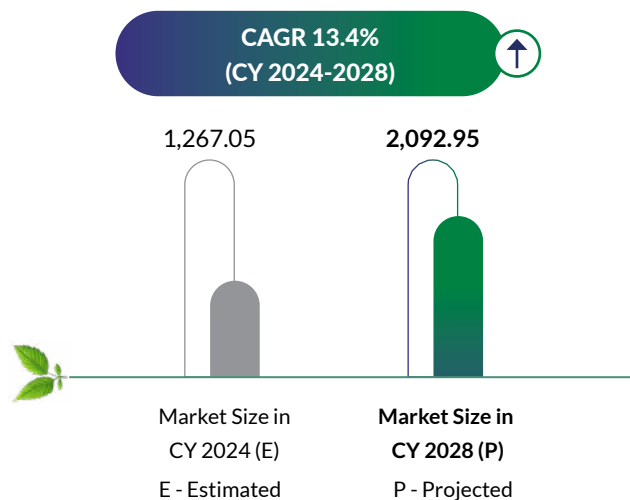
Source: <https://www.who.int/news-room/fact-sheets/detail/noncommunicable-diseases>

Key trends during the forecast period include the use of biomarkers for drug development, a heightened focus on next-generation biologics, an increased emphasis on personalised medicine, investments in artificial intelligence (AI) for drug discovery, the adoption of combination drug therapies for respiratory diseases, partnerships with wearable technology companies to enhance drug research and development, the utilisation of 3D printing in drug manufacturing, the development of microneedle pills for improved drug delivery, and advancements in vaccine development using mRNA technology.

These factors are expected to expand the global patient population, thereby driving growth in the pharmaceutical drug market throughout the forecasted period.

Global Pharmaceutical Drugs Market Forecast

(USD in billion)



Source: [https://www.researchandmarkets.com/report/pharmaceuticals#:~:text=The%20pharmaceutical%20drugs%20market%20size,\(CAGR\)%20of%205.6%25](https://www.researchandmarkets.com/report/pharmaceuticals#:~:text=The%20pharmaceutical%20drugs%20market%20size,(CAGR)%20of%205.6%25).

Indian Pharmaceutical Industry

The pharmaceutical industry in India, which was valued at USD 50 billion in CY 2023, is projected to grow to USD 65 billion by CY 2024 and USD 130 billion by CY 2030. This industry has undergone a remarkable transformation, evolving into a dynamic powerhouse that drives healthcare advancements worldwide. The focus is shifting from 'Make in India' to 'Develop in India,' with new product development and innovation capabilities set to be crucial for future growth.

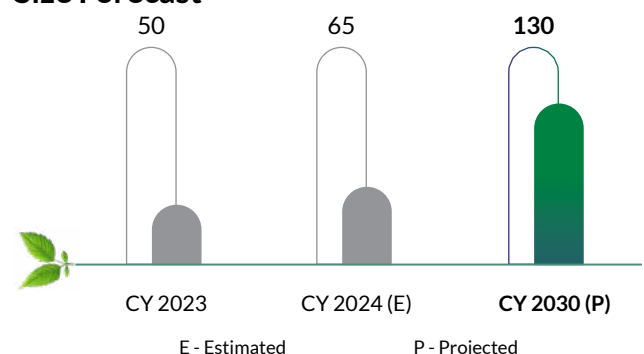
Globalisation has been a key trend in the industry over the past several years. Increasingly, global leaders are establishing a presence in India, while Indian pharmaceutical companies are expanding their footprint abroad. Indian pharma players currently operate in more than 200 countries, a reach expected to grow further. As globalisation intensifies, the depth and breadth of market penetration will expand, with companies operating on an even broader scale.

Both rural and urban markets will become increasingly important moving forward. Currently, about 70% of the Indian population resides in rural areas, while healthcare services are disproportionately concentrated in urban areas. Bridging this gap and catering to healthcare demands in both regions will play a critical role in the industry's sustained growth and development.

The future of the Indian pharmaceutical industry will be marked by a shift towards more advanced research and development initiatives, fostering innovation and the creation of new drugs and therapies. Increasing collaboration with global entities will further enhance India's position in the global pharmaceutical landscape. Efforts are underway to improve healthcare infrastructure and access, particularly in rural areas. Combined with a strong push towards innovation and globalisation, these efforts will ensure that the Indian pharmaceutical industry remains a key driver of global healthcare progress.

Indian Pharmaceutical Market Size Forecast

(USD in billion)



Source: <https://www.investindia.gov.in/sector/pharmaceuticals>, <https://www.amrop.com/media/kj1pvkpo/pharma-india-2030-trends-and-talent.pdf>

Domestic Pharmaceutical Market

The Indian domestic pharmaceutical market is a crucial driver of the nation's healthcare sector, representing a significant portion of the overall pharmaceutical industry. The market offers a diverse range of products, including generics, over-the-counter medications, and Speciality drugs, catering to the healthcare needs of millions of Indians across the country.

In the fiscal year 2023-24, the domestic pharmaceutical sector achieved growth with a projected revenue increase of 8-10%. The sector's success can be attributed to strategic advancements in R&D, improved healthcare access, and favourable regulatory reforms. These factors have not only strengthened the industry's position domestically but also enhanced its competitiveness on the global stage, marking a milestone in India's pharmaceutical growth trajectory.

Source: <https://www.businesstoday.in/industry/pharma/story/indian-pharma-industry-aims-for-8-10-growth-with-strong-domestic-and-export-sales-to-regulated-markets-397906-2023-09-11?onetap=true>

Moreover, the Indian domestic pharmaceutical market is witnessing notable growth fuelled by factors such as increasing healthcare awareness, rising disposable incomes, and the expansion of healthcare infrastructure. Government initiatives aimed at enhancing healthcare access, such as the implementation of universal healthcare schemes and initiatives to promote generic medicines, further contribute to the market's expansion. The launch of the largest National Health Protection Scheme globally and the implementation of universal healthcare schemes also play a significant role in driving the growth of the domestic market.

With a diverse range of products catering to various therapeutic areas, the Indian domestic pharmaceutical market serves the healthcare needs of millions of Indians across the country. As India continues to emerge as a global hub for pharmaceutical manufacturing, the domestic market is poised for continued growth. The market plays a pivotal role in ensuring healthcare affordability and accessibility for its citizens.

Export Pharmaceutical Market

India stands as the world's largest provider of generic medicines, with its generic drugs constituting 20% of global exports by volume. Exported to over 200 countries, Indian pharmaceuticals include bulk drugs, intermediates, formulations, biologicals, AYUSH & herbal products, and surgical items.

In FY 2023-24, India's pharmaceutical exports surged by 10% to reach USD 27.90 billion, marking a notable increase from the USD 25.40 billion recorded in FY 2022-23.

India exports APIs such as gliclazide, adapalene, epinastine HCl, and benzydamine HCl, along with pharmaceutical packaging materials like PP cap flip top with valve to various global markets. The United States has emerged as the primary market for Indian pharmaceutical exports accounting for over 31%, followed by Africa and the European Union. Other markets include South East Asia, Latin America and the Caribbean and the Middle East.

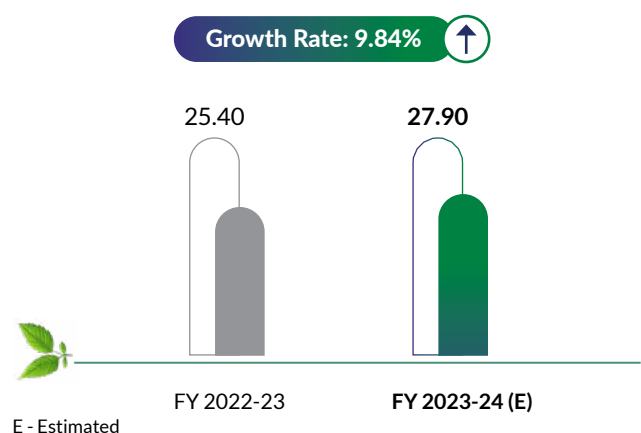
During FY 2023-24, Indian pharmaceutical exports expanded into new regions, including Montenegro, South Sudan, Chad, Comoros, Brunei, Latvia, Ireland, Sweden, Haiti, and Ethiopia. This diversification into emerging markets highlights the sector's growing global presence and underscores its ability to adapt to evolving market demands.

Consistently, India exports pharmaceutical products worth USD 2-3 billion every month, demonstrating the sector's stability and reliability in international trade. Looking ahead, the future of India's pharmaceutical exports appears promising, with continued expansion into new markets and sustained demand from established ones. The key to maintaining this growth trajectory will be the industry's capacity to innovate and respond effectively to changing global dynamics.

Initiatives such as the Production Linked Incentive (PLI) Scheme for Promoting Domestic Manufacturing of Medical Devices, the Scheme for Strengthening of Pharmaceuticals Industry (SPI), the Scheme for Promotion of Research and Innovation in Pharma MedTech Sector (PRIP), and the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) are poised to significantly aid Indian pharmaceutical manufacturing companies. These strategic measures aim to foster an environment conducive to innovation and growth, ensuring that India remains a significant player in the global pharmaceutical landscape.

Indian Export Pharmaceutical Market Size

(USD in billion)



Source: <https://indbiz.gov.in/indias-pharma-exports-reach-us-27-9-bn-in-fy24/#:~:text=In%20the%20fiscal%20year%202023,3%25%20dip%20in%20total%20exports>

Company Overview

Established in 1984, Aarti Drugs Limited (referred to as 'Aarti Drugs', 'ADL' or 'The Company'), a prominent player in the pharmaceutical industry, specialises in manufacturing Active Pharmaceutical Ingredients (APIs), Pharma Intermediates, and Speciality Chemicals. As part of the Aarti Group, a conglomerate with a net worth of USD 900 million, the Company features a comprehensive portfolio of over 50 compounds catering to various therapeutic areas such as antibiotics, antiprotozoals, anti-inflammatory, anti-diabetics, antifungals, anti-arthritis, antidiarrheal, cardioprotectant, and vitamins medications. Aarti Drugs has emerged as a market leader in APIs and owns a wholly owned subsidiary, Pinnacle Life Science Private Limited, dedicated to formulation manufacturing.

Aarti Drugs adopts a flexible production approach, utilising both in-house and outsourced manufacturing, coupled with significant in-house Research and Development (R&D) capabilities. Its multi-purpose plants, with capacities ranging from kilograms to multi-tonnes, enable the Company to meet diverse market demands efficiently. The Company's in-house formulation business is supported by its R&D centre located in Turbhe, Navi Mumbai, focussed on developing complex generics. Additionally, the Tarapur R&D facility, situated at MIDC, Maharashtra, is engaged in research on API process development. Strategically located near industrial hubs, these facilities ensure streamlined operations and timely delivery of high-quality products to customers.

Competencies

13

Manufacturing Facilities

50+

API Molecules

80+

Finished Products

4,765

MT/Monthly Capacity

1,26,642

Sq.m. Plant Area

~38%

Export Revenue

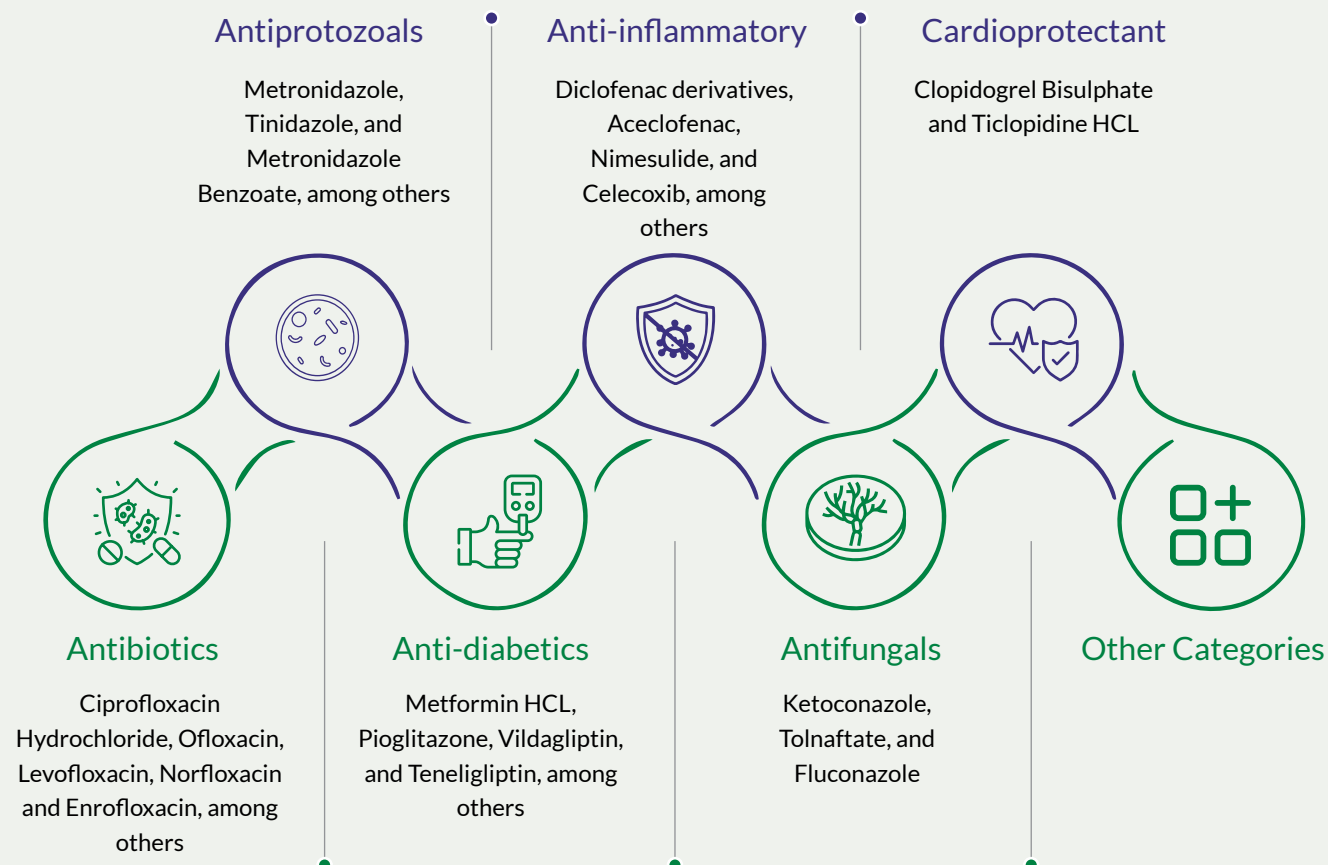
Note: The above numbers are on Consolidated Basis.



Product Portfolio

APIs

Aarti Drugs holds a diverse portfolio of Active Pharmaceutical Ingredients (APIs) encompassing various therapeutic categories such as:

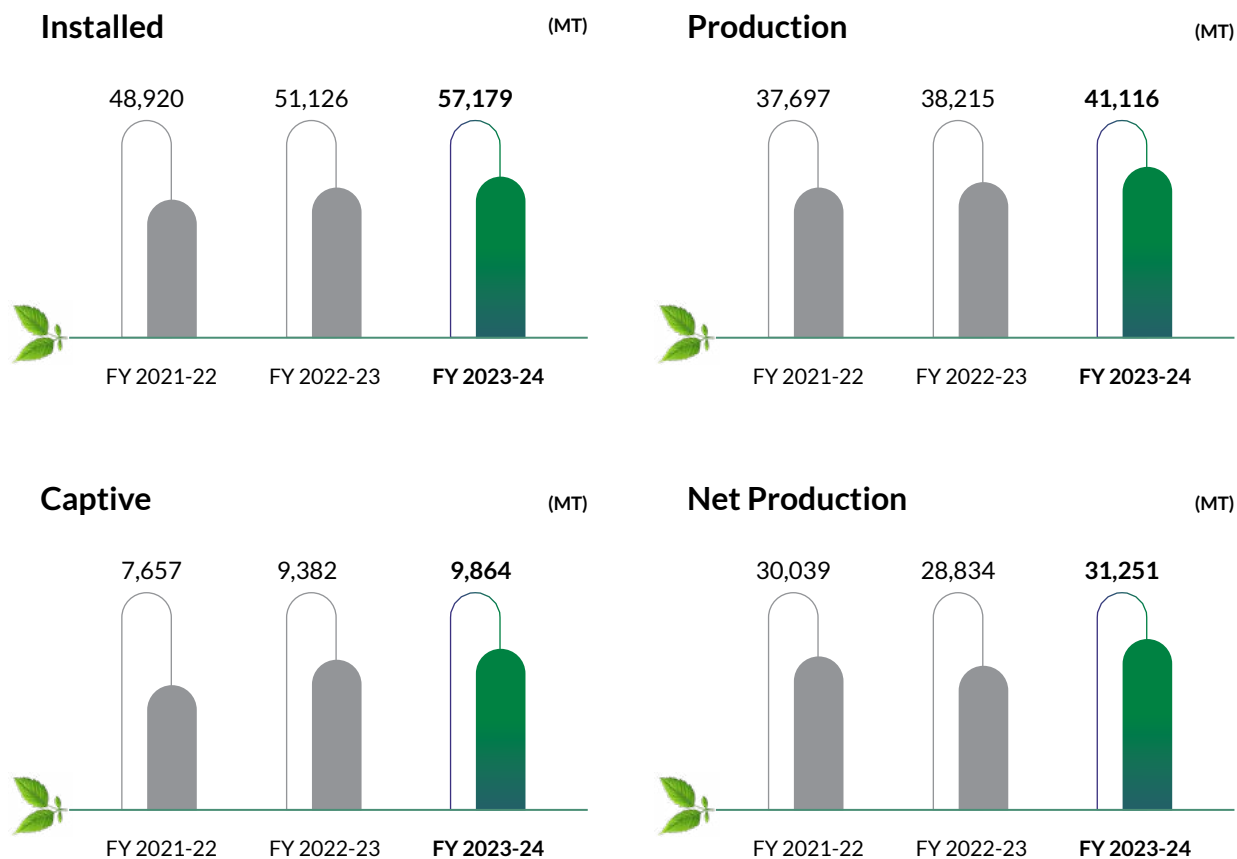


Speciality Chemicals

Aarti Drugs is also actively involved in the development of a range of Speciality Chemicals, which include:

- ✧ Benzene Sulfonyl Chloride
- ✧ Derivatives of Chlorosulphonation Chemistry
- ✧ Other Products

Manufacturing Capacity



Highlights of FY 2023-24

Aarti Drugs has undertaken two greenfield projects:

- ✳ The first project, located at the Tarapur Facility, is for dermatology products and has already commenced operations. The ramp-up for this project is planned throughout FY 2024-25. This project is being executed as the dermatology APIs market is seeing increasing demand globally.
- ✳ The second project, located in Sayakha, Gujarat, is for manufacturing Speciality Chemicals and Intermediates. It is on track and is expected to commence in the second half of FY 2024-25, with scaling up planned around the end of the same fiscal. This project will help Aarti Drugs to expand its Speciality Chemicals and Intermediates business.



Research and Development

The Research and Development (R&D) team at Aarti Drugs boasts exceptional skill and expertise, encompassing doctorates, postgraduates (M.Sc.), graduates (B.Sc.), and engineering technicians. The team's core strengths lie in continuous process enhancement, product quality improvement and pioneering new products for future growth. Demonstrating excellence in its capabilities, the Company's R&D centres and associated institutions have been accredited by the Department of Science and Industrial Research (DSIR).

The Company has established pilot plant facilities at its R&D centre in Tarapur, Maharashtra, which is suitable for producing pharmaceutical products on a kilo scale. The pilot plant facility is recognised by the Department of Science and Technology, Government of India, enables the Company to conduct scale-up studies, process optimisation, and technology transfer from lab to commercial scale manufacturing.

Aarti Drugs' R&D endeavours are supported by an internal team of project managers, ensuring the timely launch and commercialisation of its innovative products. Moreover, the Company frequently consults professionals and academics affiliated with the Institute of Chemical Technology (ICT) and the Council of Scientific and Industrial Research (CSIR) for insights on its product development processes.

Subsidiaries

Aarti Drugs has three subsidiaries, including:

Pinnacle Life Science Private Limited

This is a wholly owned subsidiary of ADL, located in Baddi, Himachal Pradesh, founded with a vision to become the world's leading provider of high-quality and cost-effective pharmaceutical formulations. It has played a pivotal role in generating approximately 13% of the Company's revenue by tapping into new export markets in Latin America, a few African nations, and Asia. This expansion was facilitated through the establishment of new export channels and registrations for government tenders.

Aarti Speciality Chemicals Limited

This is another wholly owned subsidiary of ADL, located in Mumbai. It is engaged in the business of manufacturing, production, processing, purchase, sale, import, export, and various other activities related to Website: www.aartidrugs.co.in chemicals, pharmaceuticals, and drugs.

Pinnacle Chile SpA

This subsidiary in Santiago, Chile, is dedicated to promoting medication formulations. It actively engages in marketing activities and participates in both public tenders and in the private sector within Chile.

These subsidiaries complement ADL's comprehensive portfolio catering to various therapeutic areas such as antibiotics, antiprotozoals, anti-inflammatory, anti-diabetics, antifungals, anti-arthritis, antidiarrheal, cardioprotectant, and vitamins medications.

Distribution Network

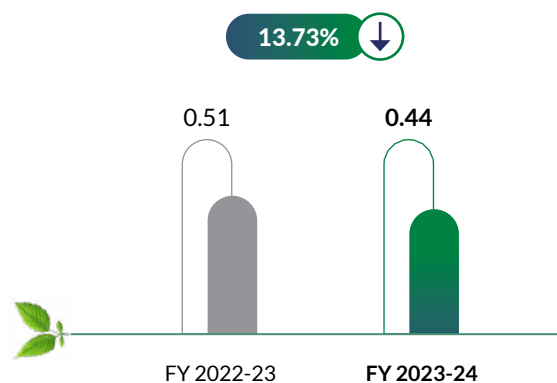
The vast distribution network at Aarti Drugs plays a pivotal role in its expansion across more than 100 countries. Typically, the Company delivers products directly to consumers using air or water transportation, which helps in reducing costs. When dealing with smaller volumes, the Company employs distributors. Aarti Drugs meticulously assesses the creditworthiness of its clients, and if any risks are identified, it collaborates with European traders to manage those transactions. The Company mitigates risks, such as receivables risk, through trade credit insurance. Consequently, the Company's exceptional distribution network is crucial and integral to its expansive worldwide operations.



Financial Highlights

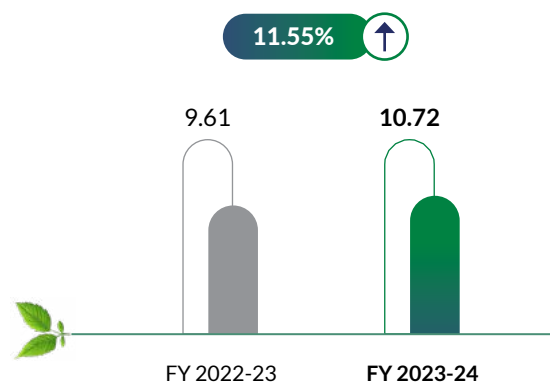
Debt-Equity Ratio

(x)



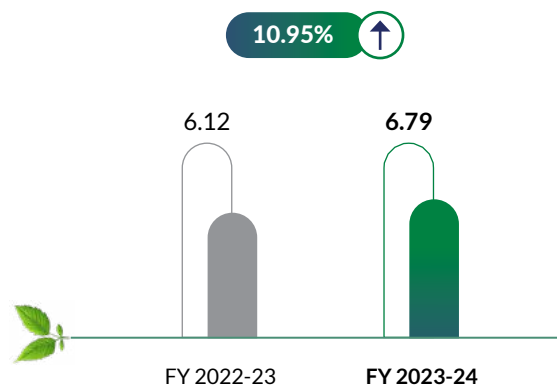
Operating Profit Margin

(in %)



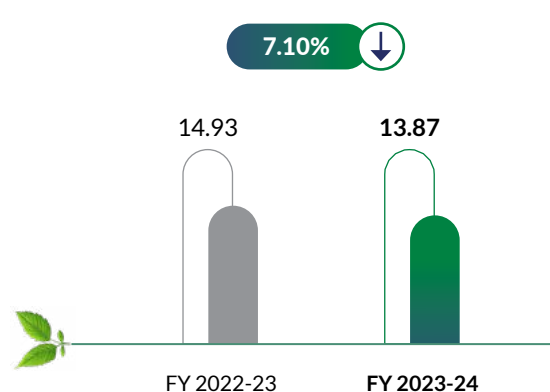
Net Profit Margin

(in %)



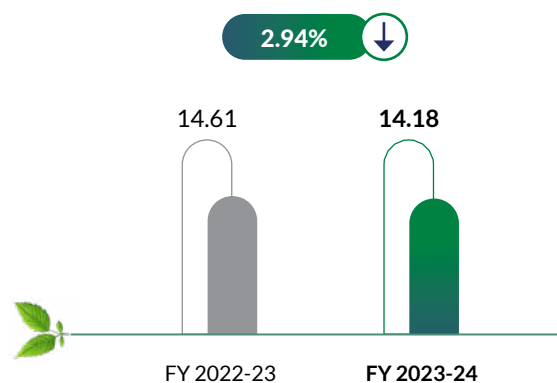
Return on Equity

(in %)



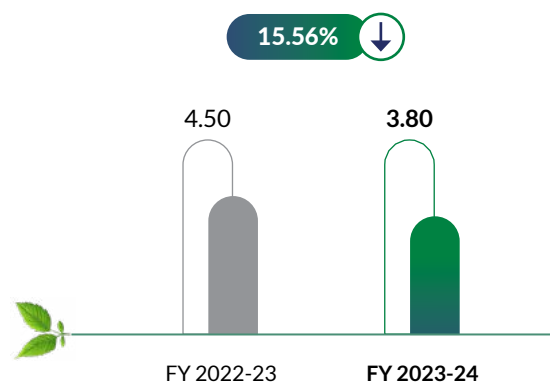
Return on Capital Employed

(in %)



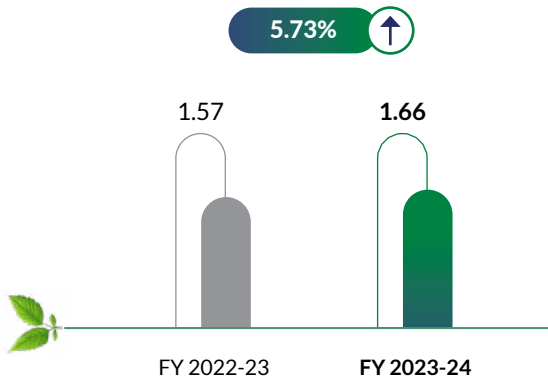
Debtors' Turnover Ratio

(x)



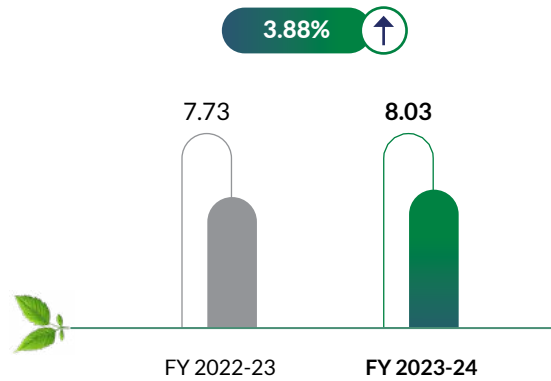
Current Ratio

(x)



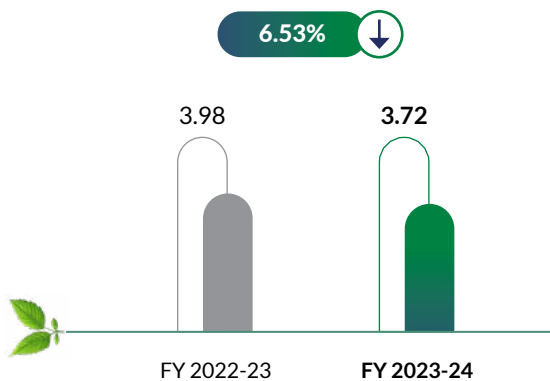
Interest Coverage Ratio

(x)



Inventory Ratio

(x)



Note:

1. There is no significant change (i.e. change of 25% or more as compared to FY 2022-23) in the other key financial ratios.
2. Debt-Equity ratio for FY 2023-24 stood at 0.44x largely owing to ongoing capex.
3. The above ratios are calculated on the basis of the consolidated financial statement.

Aarti Drugs saw a decrease in the consolidated topline by 7% to ₹ 2,533 Crores. The EBITDA was recorded at ₹ 321 Crores while the EBITDA margin stood at 12.70%. The Profit After Tax (PAT) for the year stood at ₹ 172 Crores with the PAT margin at 6.80%. To lessen the risk of shortages, the Company is seeking to reduce its dependency on imports through further backward integration in the API segment, in-house material production, and the development of alternative procedures. The capex for FY 2023-24 stood at ₹ 226 Crores, which was funded through a mix of internal accruals and debt. The net debt-to-equity ratio for FY 2023-24 stood at 0.44 compared to 0.51 year-on-year. The Return on Equity (ROE) for FY 2023-24 stood at 13.90% while the Return on Capital Employed (ROCE) stood at 14.20%.



Internal Controls

Internal controls are essential to the operations of any Company, and Aarti Drugs places significant importance on maintaining them. The Company has established comprehensive internal controls to prevent any wrongdoing or misconduct, which are regularly scrutinised by the Audit Committee. These controls ensure asset security, accurate transaction recording, and timely reporting. The systems are frequently upgraded and analysed to adapt to evolving circumstances.

Furthermore, regular internal audits are carried out through an independent firm of Chartered Accountants. The Audit Committee carefully evaluates the reports and addresses any concerns raised, ensuring continuous improvement and adherence to high standards of corporate governance.



Human Resources

Aarti Drugs acknowledges the unique qualities of each of its employees, viewing them not just as assets, but as individuals with diverse skills, talents, and dreams. The Company's commitment goes beyond meeting business targets; it strives to foster an environment where employees can flourish both personally and professionally. Through its Human Resource Division (HRD), Aarti Drugs ensures every employee is empowered with equal opportunities for growth, learning, and career advancement.

Recognising employees as the driving force behind its success, the Company prioritises creating an inclusive and supportive work environment where individuals can thrive and achieve their full potential. Along with conducting regular seminars and training sessions to enhance employee skills, new areas for learning and development are also identified to enhance employee performance. The Company also offers cross-functional learning opportunities and leadership development programmes to promote continuous learning and development. Through these initiatives, the Company empowers individuals to realise their aspirations and excel in their roles, driving forward a culture of excellence and achievement.



Environment, Health and Safety

Aarti Drugs is making strides in its sustainability journey, by enhancing waste management systems and improving efficient water usage through its manufacturing processes.

The Company has successfully implemented Zero Liquid Discharge (ZLD) systems at many of its facilities, ensuring all wastewater is treated and reused within the plant, eliminating any discharge into the environment. The Company has incorporated air scrubbers and dust filters to maintain air quality standards around all its facilities. Additionally, the Company has introduced Dual Fired Boilers in its greenfield facilities, significantly reducing the carbon footprint by utilising both gas and oil, thus optimising fuel efficiency and lowering emissions. The Company has also introduced waste isolation practices, harnessing garbage as a fuel source for energy production. In a bid to improve energy efficiency, Aarti Drugs has implemented waste heat recovery systems that capture and reuse heat from industrial processes, further minimising energy consumption. Moreover, to reduce the dependence on plastic bags, the Company uses paper bags and fibre drums to pack its products. Aarti Drugs also packs its bulk intermediates in jumbo bags. Periodic forestation efforts form a core part of Aarti Drugs' environmental strategy. The Company regularly plants trees and maintains green spaces to promote biodiversity and enhance carbon sequestration.

To ensure efficient resource utilisation, Aarti Drugs employs advanced technologies such as Agitated Thin Film Dryer (ATFD), Agitated Thin Film Evaporator (ATFE), FBC boilers, and membrane type filter presses. Moreover, the Company utilises Multi-Effect Evaporation (MEE) and Mechanical Vapor Recompression (MVR) systems for evaporation processes, which consume lesser energy than conventional evaporators.

Committed to ensuring employee well-being, the Company actively conducts regular training sessions focussing on the proper use and importance of Personal Protective Equipment (PPE), instilling a strong safety awareness culture. Collaborating with the Bombay Productivity Council, training programmes on Kaizen and behaviour-based safety are organised to enhance industrial safety awareness. The employees of Aarti Drugs undergo comprehensive training in first aid, firefighting, and emergency rescue operations provided

by Civil Defence, a Central Government agency. Prioritising employee safety, the Company has equipped its facilities with fire hydrant systems, fire extinguishers, smoke and heat detectors, hydrogen and ammonia gas leak detectors, and flameproof electric components. An audio-visual alert alarm system monitors temperature fluctuations and system failures to ensure a secure working environment. Additionally, all the Company's safety controls are aligned with ISO 14489:1998, ISO 9001:2008, ISO 14001, ISO 45001, and ISO 9002 for all units.

Through these comprehensive efforts, Aarti Drugs continues to uphold its commitment to sustainability and environmental stewardship.



Outlook

Aarti Drugs has an optimistic outlook for the future, driven by the strategic initiatives to expand capabilities, enhance offerings, and invest in new technologies. The Company is well-positioned to capitalise on growth opportunities in the Pharmaceutical and Speciality Chemicals sectors.

One of the key focus areas for Aarti Drugs is adding around 2,000 tonnes per month capacity for a new greenfield project in the dermatology segment, which will ramp up slowly in FY 2024-25. This expansion will allow the Company to enter the high-growth dermatology APIs market and leverage its strong R&D capabilities to develop a portfolio of niche products. By investing in this new facility, Aarti Drugs aims to strengthen its presence in the dermatology segment and cater to the rising demand for specialised APIs.

Alongside capacity expansion, Aarti Drugs is also committed to improving operational efficiencies across its manufacturing facilities. The Company aims to maintain capacity utilisation at the mid to late 70% range, with potential to reach 75-79%.

In terms of enhancing the product portfolio, the Company has set ambitious targets. The Company aims to achieve a 10% topline growth and cross the 14% mark for EBITDA margin, potentially reaching 15%. To realise these goals, the Company is awaiting an FDA inspection for the API

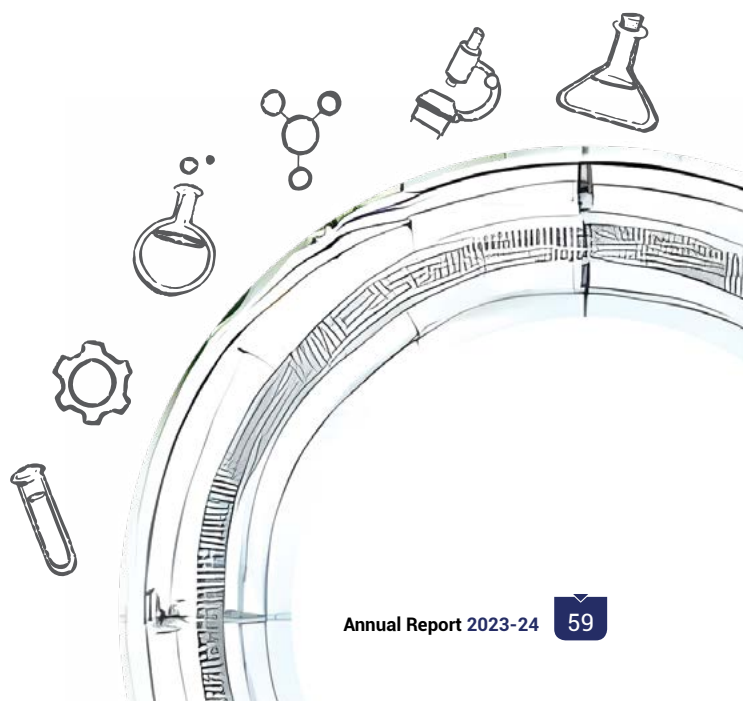
plant and is hopeful for a positive outcome. A successful FDA inspection will open up export opportunities for the products, especially in the lucrative US market. Additionally, the Company plans to focus on maintenance capex and potentially invest in developing more oncology formulations to expand its Speciality products portfolio.

To fund these growth plans, the Company estimates a budget of around ₹ 200-250 Crores for future capex. The Company aims to maintain a healthy balance sheet with comfortable leverage ratios to support its expansion and investment initiatives.



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 39th (Thirty Ninth) 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, 2024.

FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Revenue from Operations	2,26,691	2,49,797	2,52,858	2,71,605
Other income	418	223	403	219
Total Revenue	2,27,109	2,50,020	2,53,261	2,71,825
Total Expenditure	2,07,861	2,29,539	2,29,708	2,49,407
Profit before Depreciation, Amortisation Interest and tax Expenses	27,031	28,464	32,049	30,780
Finance Cost	3,016	3,253	3,351	3,329
Depreciation & Amortisation	4,767	4,729	5,145	5,032
Profit before Exceptional Items and Tax	19,248	20,481	23,553	22,418
Exceptional Income	-	-	-	-
Profit Before Tax	19,248	20,481	23,553	22,418
Less: Total Tax Expenses	5,060	5,200	6,394	5,782
Profit after Tax	14,188	15,281	17,159	16,636
Earnings Per Share (in ₹)	15.35	16.50	18.56	17.97

SUMMARY

During the year under review, Standalone Revenue from operations of the Company was ₹ 2,26,691 lakhs as compared to ₹ 2,49,797 lakhs for FY 2022-23.

The Company has achieved Export Sales of ₹ 74,922 lakhs as against ₹ 94,339 lakhs for the last year.

Likewise, Consolidated Revenue from operations of the Company was ₹ 2,52,858 lakhs as compared to ₹ 2,71,605 lakhs for FY 2022-23.

On Consolidated basis, The Company has achieved Export Sales of ₹ 86,288 lakhs as against ₹ 107,141 lakhs for the last year

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Companies Act, 2013, Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2023-24, together with the Auditors' Report, form part of this Annual Report.

TRANSFER TO RESERVES

Your Company has transferred ₹ 1418.83 lakhs to the General Reserve (Previous Year ₹ 1,528.11 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 ₹ 919.35 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 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 weblink 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, 2024 was as follows:

Particulars	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Authorised Share Capital	12,00,00,000	10	1,20,00,00,000
Issued, Subscribed & Paid-up Share Capital	9,19,35,000	10	91,93,50,000

The Board at its meeting held on July 21, 2023, had offered for buy back of 6,65,000 fully paid-up Equity shares of face value of ₹ 10/- each representing 0.72% of the total number of Equity shares at a price of ₹ 900/- per Equity Share (including premium of ₹ 890/- per Equity Share) payable in cash for an aggregate amount of ₹ 59,85,00,000/- on a proportionate basis through the tender offer using stock exchange mechanism in accordance with prevailing regulations. Settlement of buy back bids was completed on August 24, 2023. Post Buyback, the paid-up Equity Share Capital of the Company stood at ₹ 91,93,50,000/- consisting of 9,19,35,000 Equity Shares of face value of ₹ 10/- each.

Apart from the above, there was no change in the Share Capital during the Financial Year under review.

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 fulfils 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, 2024 is annexed as **"Annexure –D2"** 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 - A"** 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 37 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 within the meaning of Section 2(6) of the

Companies Act, 2013. A policy on material subsidiaries has been formulated and is available on the website of the Company at the weblink <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, 2024, the Board of Directors, comprises Fifteen Directors (with Five Executive Directors, One Non-Executive Director and Nine Non-Executive Independent Directors including Two Woman Independent Director). The Chairman of the Board is an Executive Director. The Board has highly qualified members and having varied experience in their respective fields.

Shri Krishnacharya G. Akamanchi (DIN: 02354032), Shri Navin C. Shah (DIN: 01415556) and Smt Priti P. Savla (DIN: 00662996) retired upon completion of second term of 5 years on March 31, 2024 as an Independent Directors. The Board places on record its appreciation towards valuable contribution made by them during their tenure as an Independent Directors of the Company.

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC), Shri Hasamukh B. Dedhia (DIN: 07510925), Shri Ajit E. Venugopalan (DIN: 09439069) and Shri Sandeep M. Joshi (DIN: 00516409) have been appointed as an Independent Directors of the Company for the period of 3 years with effect from March 29, 2024. The Approval of the Shareholders of the Company was sought through the Postal Ballot. The members approved the postal ballot resolution on June 15, 2024.

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 Narendra J. Salvi (DIN: 00299202), Non-Executive Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for

DIRECTORS' REPORT (CONTD.)

re-appointment. The Board recommends his re-appointment for consideration of the Members.

In addition, your Directors also recommend the reappointment of Independent Directors, Shri Ankit V. Paleja (DIN: 06975564), Shri Bhaskar N. Thorat (DIN: 01293824) for the second term of 5 (five) years and Smt. Neha R. Gada (DIN: 01642373) for the second term of 3 (three) years at the ensuing Annual General Meeting.

Pursuant to Regulation 36(3) of the Listing Regulations read with Secretarial Standard-2 on General Meetings, the brief profile of the Directors to be re-appointed is made available, as an Annexure to the Notice of the Annual General Meeting.

Pursuant to the provisions of Regulation 34(3) read with Schedule V to the Listing Regulations, the Company has obtained a Certificate from CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice 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 2023-24.

KEY MANAGERIAL PERSONNEL

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

INDEPENDENT DIRECTORS

In accordance with Section 149(7) of the Companies Act, 2013, all Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors after due assessment of the veracity of the same.

In the opinion of the Board of Directors, the Independent Directors fulfil 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 weblink thereto is: <https://www.aartidrugs.co.in/independent-directors/>

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5), your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, 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, 2024, 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

DIRECTORS' REPORT (CONTD.)

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 OF THE BOARD

The Board of Directors met Seven (7) times during the Financial Year under review. The details of the number of meetings of the Board and its Committees held during the FY 2023-24 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.

ANNUAL BOARD EVALUATION

The Company has a structured assessment process, wherein the Nomination and Remuneration Committee of the Company has laid down the criteria of performance evaluation of the Board, its Committees and the Directors, including the Chairman. The evaluations are carried out in a confidential manner and each member of the Board provides his/her feedback by rating based on various metrics.

Under the two layers evaluation process, Independent Directors evaluate the performance of the Board of Directors, Non-independent Directors and the Chairman of the Company. Later the Board of Directors evaluate performance of the Board itself, its Committees and the Board members.

Under the fast changing regulatory regime, business scenario and Industry trend, an annual performance evaluation process aims to improve the effectiveness of the Board, its Committees and the individual members.

With a specific focus on functioning of the Board, Individual Roles & Responsibilities; the criteria of assessment includes; Board Composition, governance procedures, managing conflict of interest, contribution to Company's long-term strategy, flow of information on key strategic matters, investment / Capex, opportunities, quality of discussions at the meeting, leadership, succession planning, adequacy of risk management measures and overall value creation to all the stakeholders.

Rating given by the individual member against each criteria of assessment is kept strictly confidential and the abstract / summary is presented to the Independent Directors and the Board of Directors along with the suggestions from the

members for deliberation/ discussion on improvements wherever required.

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 weblink thereto is: <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

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 have been;

- Cluster & Rural Development
- Education & Skill Development
- Healthcare Facilities
- Livestock Development
- Tribal Welfare
- Women Empowerment & Livelihood Opportunities
- Water Conservation & Environment sustainability

The above activities are aligned to the requirements of Section 135 of the Act read with Schedule VII.

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

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

The details of the composition of the CSR Committee and its term of reference are set out in the Corporate Governance Report, which is a part of this Report.

DIRECTORS' REPORT (CONTD.)

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 18 of the Listing Regulations.

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 in compliance with Section 177(9) of the Act and Regulation 22 of Listing Regulations, 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 weblink 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 weblink: <https://www.aartidrugs.co.in/policies-and-related%20documents/>

All related party transactions that were entered into during the FY 2023-24 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.

In terms of Regulation 23 of Listing Regulations, the Company submits details of related party transactions on a consolidated basis as per the specified format to stock exchanges on half yearly basis.

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.

CREDIT RATING

Below are the details of Credit Ratings as on March 31, 2024

Facilities	CRISIL Rating	ICRA Rating
Long Term Rating	AA-/Stable	AA-/Stable
Short Term Rating	A1+	A1+

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 information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and annexed as **Annexure - C**. As per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the report and financial statements are being sent to the members of the Company excluding

DIRECTORS' REPORT (CONTD.)

the statement of particulars of employees under Rule 5(2). However, these are available for inspection during business hours up to the date of the forthcoming AGM at the registered office of the Company. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office address of the Company.

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, 2024, the Company had 1064 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.

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, 2024 is available in prescribed format on the Company's website at the weblink: <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) read with Schedule V 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 BRSR indicates the Company's performance against the principles of the 'National Guidelines on Responsible Business Conduct'. This would enable the Members to have an insight into Environmental, Social and Governance initiatives of the Company.

BRSR for the year under review, as stipulated under Regulation 34(2) (f) of Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 has presented in a separate section forming part of the Annual 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. Shri Krishnacharya G. Akamanchi ceased to be member of the Committee due to his retirement upon completion of second term of 5 years on March 31, 2024 as an Independent Director. Further Shri Bhaskar N. Thorat and Shri Ankit V. Paleja, Independent Directors of the Company

DIRECTORS' REPORT (CONTD.)

has been appointed as a Member of the Committee with effect from April 1, 2024.

The Committee through its dynamic risk management framework continuously identifies, evaluates and takes appropriate measures to mitigate/ minimize 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 38th Annual General Meeting held on September 26, 2023 had approved the appointment of Gokhale & Sathe, Chartered Accountants (Firm Registration No. 103264W) for a term of 5 years, to hold office till the conclusion of 43rd Annual General Meeting of the Company.

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 on the recommendation of the Audit Committee has appointed GMVP & Associates LLP as Cost Auditor of the Company for FY 2024-25 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, 2025 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, 2024 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- D1** 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 of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the

DIRECTORS' REPORT (CONTD.)

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 has been set up to redress complaints received regarding sexual harassment.

The awareness is provided to all the employees through 'Online Training Module'. Upon joining it is mandatory for each employee to participate and gain adequate knowledge of all the policies and codes to ensure Governance level of the Company.

The status of the Complaints during the FY 2023-24 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- E** to this report.

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

During the period under review, 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 2023-24, 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 2023-24, 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: July 26, 2024

DIN: 00005618

ANNEXURE – A

FORM AOC-1

[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	(₹ In lakhs except % of Shareholding)	
												Proposed Dividend	% of Shareholding
1.	Pinnacle Life Science Private Limited	₹	778.28	11387.08	28799.04	28799.04	0.50	31475.67	4550.82	1194.50	3356.32	0.00	100
2.	Aarti Speciality Chemicals Limited	₹	42.00	(37.16)	5.03	5.03	0	0	(0.63)	0	(0.63)	0.00	100
3.	Pinnacle Chile SpA	CLP (Chilean Peso)	3489.82	3558.51	62875.02	62875.02	0	79595.26	4822.64	1392.08	3430.56	0.00	95
		₹	326.04	252.73	5349.69	5349.69	0	7616.77	484.22	139.21	345.01	0.00	

The Financial Statement of Pinnacle Chile SpA whose reporting Currency 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, 2024 CLP 1 = ₹ 0.085

For and on behalf of the Board

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

Sd/-
Harit P. Shah
Whole Time Director
DIN: 00005501

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
Rushikesh V. Deole
Company Secretary
ICSI M.No. F12932

Place: Mumbai

Date: July 26, 2024

ANNEXURE – B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2023-24

1. **Brief outline on CSR Policy of the Company:-** The Company's policy on CSR, sets out a statement containing the approach and direction given by the Board of Directors after taking into account the recommendations of its CSR Committee and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan. This policy is framed pursuant to Section 135 of the Companies Act, 2013 read with rules made thereunder as amended time to time.

2. **Composition of CSR Committee:**

Sr. no.	Name of Director	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 (upto March 31, 2024)	2	2
2	Shri Bhaskar N. Thorat	Chairman of Committee / Independent Director (w.e.f. April 01, 2024)	N.A.	N.A.
3	Shri Prakash M. Patil	Member / Executive Director	2	2
4	Shri Rashesh C. Gogri	Member / Executive Director	2	2

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: <https://www.aartidrugs.co.in/policies-and-related-documents/>

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.**

(₹ In lakhs)

5.	(a) Average net profit of the Company as per section 135(5)	26,913.92
	(b) Two percent of average net profit of the Company as per section 135(5)	538.28
	(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	2.55
	(e) Total CSR obligation for the financial year (b) +(c)-(d)	535.73
6.	(a) Amount spent on CSR Projects (both Ongoing Project and other than ongoing Project)	544.71
	(b) Amount spent in administrative overheads	Nil
	(c) Amount spent on Impact Assessment, if applicable	Not Applicable
	(d) Total Amount spent for the Financial Year [(a) + (b) +(c)]	544.71
	(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
544.71	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)]	535.73
(ii)	Total amount spent for the Financial Year	544.71

ANNEXURE – B (CONTD.)

Sr No.	Particular	Amount (₹ In lakhs)
(iii)	Excess amount spent for the financial year [(ii)-(i)]	8.98
(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)]	8.98

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

								(₹ In lakhs)
Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub section(6) of section 135	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the Financial Year (₹ In Lakhs)	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**

Place: Mumbai
Date: July 26, 2024

Sd/-
Prakash M. Patil
Managing Director & CEO
(Member of CSR Committee)
DIN: 00005618

Sd/-
Bhaskar N. Thorat
Independent Director
(Chairman of CSR Committee)
DIN: 01293824

ANNEXURE – C

STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- A. The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2023-24 as well as the percentage increase in remuneration of each Director, CEO, Chief Financial Officer and Company Secretary are as under :**

[Explanation - (i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values.]

Name of Director / Key Managerial Personnel	Ratio to Median Remuneration	% increase in remuneration over previous year
Executive Directors		
Shri Prakash M. Patil	59:1	~10%
Shri Rashesh C. Gogri	54:1	
Shri Harshit M. Savla	54:1	
Shri Harit P. Shah	54:1	
Shri Uday M. Patil	7:1	
Non-Executive Directors		
Shri Navin C. Shah	0.62:1	Refer Note No. 1
Shri Krishnacharya. G. Akamanchi	0.60:1	
Smt Priti P. Savla	0.46:1	
Shri Narendra J. Salvi	0.21:1	
Shri Ankit V. Paleja	0.45:1	
Shri Bhaskar N. Thorat	0.33:1	
Smt Neha R. Gada	0.33:1	
Shri Hasmukh B. Dedhia ²	N.A	-
Shri Sandeep M. Joshi ²	N.A	-
Shri Ajit E. Venugopalan ²	N.A	-
Key Managerial Personnel		
Shri Adhish P. Patil (Chief Financial Officer)	-	~10%
Shri Rushikesh V. Deole (Company Secretary)	-	12%

Note:

- The Non-Executive Directors are paid remuneration in the form of sitting fees for attending the meetings of the Board and/or Committees thereof during the year. Increase in remuneration during the year is due to increase in the number of meetings and rate of sitting fees per meeting.
- Appointed as an Independent Director w.e.f. March 29, 2024

ANNEXURE – C (CONTD.)

- B. The percentage increase in the median remuneration of employees in FY 2023-24: ~1%
- C. The number of permanent employees on the rolls of the Company as on March 31, 2024: 1064
- D. Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	% Change in remuneration
Average increase in salary of employees (other than Managerial Personnel*)	8.19%
Average increase in remuneration of Managerial Personnel*	8.22%

*Note: 'Managerial Personnel' means employees belong to categories such as Key Managerial Personnel, Senior Management and Senior Leaders but does not include Executive Directors of the Company

E. **Affirmation that the remuneration is as per the remuneration policy of the Company**

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and other employees is as per Remuneration Policy of the Company.

For and on behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO
DIN:00005618

Place: Mumbai
Date: July 26, 2024

ANNEXURE – D1

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024

(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, 2024 ('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, 2024 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, wherever applicable;
- (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 the 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 the 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 the 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 the Audit Period; and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

ANNEXURE – D1 (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 except that updation of Policy for Determination of Materiality of Any Event / Information on Company's website as per the requirement of amended Regulation 30(4)(i)(c) of SEBI LODR effective from 15.07.2023 was done post approval by the Board of Directors of the Company at meeting held on 24.01.2024.

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, the Company has completed on August 24, 2023 buy back of 6,65,000 equity shares of ₹ 10/- each at ₹ 900/- per share aggregating ₹ 59.85 Crores. 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

Place: Mumbai

Peer Review Certificate No. 867/2020

Date: July 11, 2024

UDIN: F003483F000720311

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: F003483F000720311

Place: Mumbai

Date: July 11, 2024

ANNEXURE – D2

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024

(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 authorised 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, 2024 ('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 the 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

ANNEXURE – D2 (CONTD.)

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

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.

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: July 24, 2024

Peer Review Certificate No. 867/2020
UDIN: F003483F000810762

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.

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: F003483F000810762

Place: Mumbai

Date: July 24, 2024

ANNEXURE - E

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 2 Units of MVR system for Ofloxacin & SBS as well to achieve the zero liquid discharge. It has significant lower steam 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 installed condensate recovery system & flash vessel, deaerator for waste heat recovery as a measure for energy efficiency.
- We have installed Condensate contamination detection system with polishing unit for boiler feed water quality.
- We are installing 1900 kw back pressure turbine for co-generation power plant at G-61 plant.
- 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.
- We have installed a Reverse osmosis system for product concentration. It has much 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 conventional fuel consumption.

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 high efficiency fan with VFD compatible IE-5 motor in AHU & HVAC System.
- We are planning to install high efficiency Thermic fluid heater system with oil pre heating system.
- For PHBA process, we have been working on the continuous extraction system (RDC) for the extraction of product from the organics.
- We are working on the closed loop cooling tower system, which will improve the cooling water quality and avoid scaling issues. Due to this downtime of system will reduce.

Sr. No.	Power & Fuel Consumption	For the Year ended March 31, 2024	For the Year ended March 31, 2023
1	Electricity		
	Purchased Units(KWH)	8,42,84,603	8,05,91,994
	Total Amount (₹ In lakhs)	8,685.48	7,832.45
	Per Unit (₹)	10.30	9.72
2	Furnace Oil		
	Purchased Units(MT)	60.78	661.05
	Total Amount (₹ In lakhs)	29.56	346.74
	Per Unit (₹ Per Kg.)	48.63	52.45
3	Coal		
	Consumption (Unit)	4,68,37,245	4,41,19,727
	Total Amount (₹ In lakhs)	3,644.91	4,312.55
	Rate per Unit	7.78	9.77
4	Steam		
	Consumption (Unit)	3,03,97,233	3,17,07,694
	Total Amount (₹ In lakhs)	721.40	789.64
	Rate per Unit	2.37	2.49

ANNEXURE – E (CONTD.)

Sr. No.	Power & Fuel Consumption	For the Year ended March 31, 2024	For the Year ended March 31, 2023
5	Others (₹ in lakhs)		
	Diesel	60.52	83.97
	Water Steam	1,553.76	1,536.69
	LDO	111.57	122.42

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.

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

- **Methyl amine derivative:** Work is going on to develop Methyl amine derivative like MMAHCl, TMAHCl & Choline Chloride solution aimed at expanding our product line and enhancing core chemical synthesis portfolio. This will help us to offer new Chemical / pharmaceutical solutions, meeting emerging market needs.
- **Metformin HCl:** Alternative process with Eco-friendly solvent technologies is developed, aligned with sustainable manufacturing practices and going to be commercialized soon. The process has improved yield, quality and decreased hazardous waste. Impurities in the product is also reduced.
- **Norfloxacin:** To optimize product from raw material alternate process is developed from starting raw material DCFBCl. Innovation in process optimization will help us to reduce total cost of manufacturing and increase supply chain resilience.
- **Salicylic Acid:** Salicylic Acid process commercialized with absorption of chemical synthesis technologies. It is Safe, Competitive with existing manufacturers and environment friendly.
- Improvement in various down stream product of Salicylic Acid like PHBA, Octyl Salicylate, Methyl Salicylate, Hexyl Salicylate, Methyl Paraben, Ethyl Paraben, Propyl Paraben etc in research laboratory are in progress to expand our product offering.
- **Thiophene & Derivative:** Technology absorption along with market survey is in progress to add sizable shipment in the list if product. This will enhance the turnover.
- Innovating with thiophene derivatives aims to diversify our product line and capitalize on market opportunities, driving revenue growth and market expansion.
- **Ciprofloxacin HCl:** Continuous process is developed and ready to commercialize in near future. This will increase capability to streamline our manufacturing process. This will increase production efficiency.
- **Teneligliptin:** Intermediate required for manufacturing of Teneligliptin like PPZ derivative, butyl ester development is under process.
- **Vildagliptin:** Intermediate required for manufacturing of Vildagliptin like Carbonitrile, Adamantanone development is under process.
- **Enrofloxacin:** Development of continuous process is in process.

3. RESEARCH AND DEVELOPMENT (R&D)

The Company's R&D center 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 commercialization of APIs and intermediates as well.

(A) Specific areas in which R&D carried out by the Company during the FY 2023-24

The focus area of the Company's R&D effort during FY 2023-24 includes:

- **Metformin HCl:** Alternative process with Eco-friendly solvent technologies is developed, aligned with sustainable manufacturing practices and going to be commercialized soon. The process has improved yield, quality and decreased hazardous waste. Impurities in the product is also reduced.
- **Salicylic Acid:** Salicylic Acid process commercialized with absorption of chemical synthesis technologies. It is Safe, Competitive with existing manufacturers and environment friendly.
- **Ciprofloxacin HCl:** Continuous process is developed and ready to commercialize in near future

ANNEXURE – E (CONTD.)**(B) Benefits derived as a result of the above R&D:**

- R&D efforts have helped for improvement in process and operating efficiency.
- Development/commercialization of various APIs and intermediates.
- Development of new markets, penetration in to regulatory markets through quality upgradation and cost reduction.
- Improved quality of products to fulfil 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 intermediate of Teneligliptin i.e. PPZ derivative & butyl ester is under progress.
- Process development of intermediate of Vildagliptin i.e. Carbonitrile & Adamantanone is under process.

(D) Expenditure on R & D

(₹ in lakhs)		
Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Capital	57.38	82.56
Recurring	523.43	478.40
Total	580.81	560.96

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)		
Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Total Foreign Exchange Earned(FOB)	67,284.01	85,363.84
Total Foreign Exchange Earned (CIF)	68,896.20	87,181.46
Total Foreign Exchange Used		
CIF Value of Imports:		
- Raw Materials	82,386.48	90,821.70
- Capital Goods	600.20	843.55
Expenditure in foreign currency		
- Commission	503.69	1,175.03
- Travelling Expenses	67.72	34.96
- Sales Promotion	32.54	0
- Foreign Bank charges	116.33	125.85
- Interest on F.C.loan	29.31	210.23
- Others	122.43	309.62
Total	83,858.70	93,520.94

For and on behalf of Board

Sd-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai

Date: July 26, 2024

CORPORATE GOVERNANCE REPORT

The Company's Report on Corporate Governance for the financial year ended March 31, 2024 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")

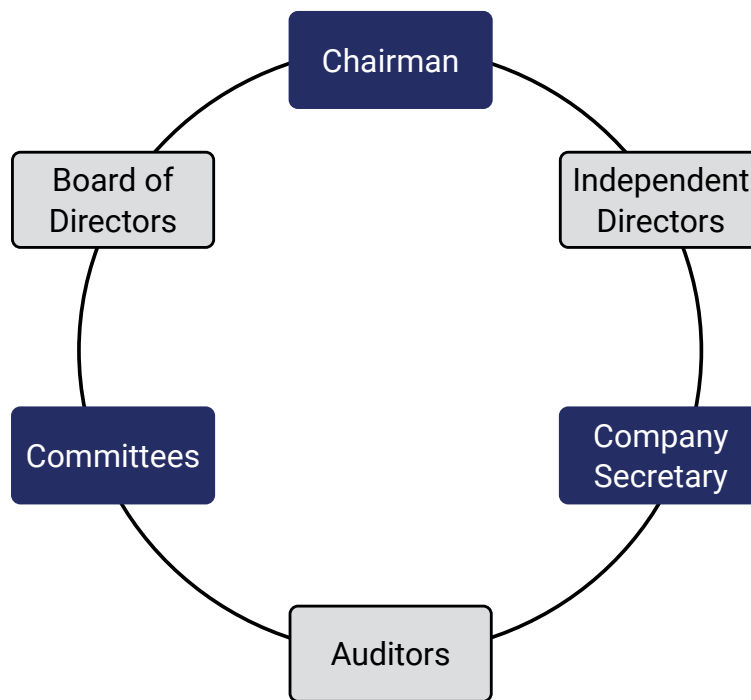
COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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.

BOARD 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 play a vital role in strengthening the Governance standards across the organisation by exercising their professional competencies.

COMPANY SECRETARY:

The Company Secretary plays a key role in;

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

AUDITORS:

An auditor is responsible for ensuring that the organisation 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.

As on March 31, 2024 the following was the composition of the Board;

Category	Independence		Gender Diversity			
			Male		Women	
	Nos	%	Nos	%	Nos	%
Independent	9	60	7	46.67	2	13.33
Non-Independent	6 (including 1 non-executive)	40	6	40	0	0

APPOINTMENT/ RE-APPOINTMENT DURING THE YEAR:

Shri Hasmukh B. Dedhia (DIN: 07510925), Shri Sandeep M. Joshi (DIN: 00516409) and Shri Ajit E. Venugopalan (DIN: 09439069) were appointed as Additional Director in the Category of Independent Director by the Board in its Meeting held on March 29, 2024 for the period of three (3) years w.e.f March 29, 2024. The Approval of the Shareholders of the Company was sought through the Postal Ballot. The members approved the postal ballot resolution on June 15, 2024.

RETIREMENT DURING THE YEAR:

Shri Krishnacharya G. Akamanchi (DIN: 02354032), Shri Navin C. Shah (DIN: 01415556) and Smt Priti P. Savla (DIN: 00662996), ceased to be an Independent Directors of the Company upon completion of second term of 5 years on March 31, 2024.

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

CORPORATE GOVERNANCE REPORT (CONTD.)

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 29, 2024 without the participation of non-Independent Directors and the members of the management. The Independent Directors discussed various aspects, viz. performance of non-Independent Directors and the Board as a whole,

performance of the Chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

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, seven 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. The attendance at the Board Meetings conducted during the financial year 2023-24 and at the AGM held is as under:

CORPORATE GOVERNANCE REPORT (CONTD.)

Name	No. of Board Meeting	1	2	3	4	5	6	7	Total Meetings attended	% of attendance	Attendance at last AGM held on September 26, 2023
	Date	April 07, 2023	April 29, 2023	July 21, 2023	September 27, 2023	October 19, 2023	January 24, 2024	March 29, 2024			
	Time	11:30 A.M.	12 Noon	11:00 AM	10:30 AM	12 Noon	12 Noon	12 Noon			
	Mode	Physical	Physical	Physical	VC	Physical	Physical	Physical			
	P/PG ED/ NED/ID										
Shri Prakash M. Patil DIN: 00005618	P	ED	✓	✓	✓	✓	✓	✓	7	100	✓
Shri Rashesh C. Gogri DIN: 00066291	PG	ED	✓	✓	✓	✓	✓	✓	7	100	✓
Shri Harshit M. Savla DIN: 00005340	P	ED	✓	✓	✓	✓	✓	✓	7	100	✓
Shri Harit P. Shah DIN: 00005501	-	ED	✓	✓	✓	✓	✓	✓	7	100	✓
Shri Uday M. Patil DIN: 01186406	PG	ED	✓	×	✓	✓	✓	✓	6	86	✓
Shri Narendra J. Salvi DIN: 00299202	-	NED	✓	×	✓	✓	✓	×	5	71	✓
*Shri Navin C. Shah DIN: 01415556	-	ID	✓	✓	✓	✓	✓	✓	7	100	✓
*Shri Krishnacharya. G. Akamanchi DIN: 02354032	-	ID	✓	✓	✓	✓	✓	✓	7	100	✓
*Smt. Priti P. Savla DIN: 00662996	-	ID	✓	✓	✓	✓	✓	×	6	86	✓
Shri Ankit V. Paleja DIN: 06975564	-	ID	✓	✓	✓	×	✓	✓	6	86	✓
Shri Bhaskar N. Thorat DIN: 01293824	-	ID	✓	✓	✓	✓	✓	✓	7	100	✓
Smt. Neha R. Gada DIN: 01642373	-	ID	✓	✓	✓	✓	✓	✓	7	100	✓
*Shri Hasmukh B. Dedhia DIN: 07510925	-	ID	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
*Shri Sandeep M. Joshi DIN: 00516409	-	ID	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
*Shri Ajit E. Venugopalan DIN: 09439069	-	ID	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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

* Appointed as an Independent Director w.e.f. March 29, 2024

^ Ceased to be an Independent Director from April 1, 2024 upon completion of second term of 5 years.

DIRECTORSHIPS AND COMMITTEE POSITIONS:

The names and categories of the Directors on the Board, their Directorship in other Companies, their committee positions in other Companies during financial year ended March 31, 2024, are as under:

Name of Director	Number of Shares held along with % of paid up share	No. of Directorships (excluding Aarti Drugs Limited)*	Directorship in Listed Entities	Category		Statutory Committees				
				P/PG	ED/ NED/ ID	AC	NRC	SRC	CSRC	RMC
Shri Prakash M. Patil DIN: 00005618	8493205 (9.24%)	None	Aarti Drugs Limited	P	ED	M	M	-	M	C
Shri Rashesh C. Gogri DIN: 00066291	4271964 (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	4357019 (4.74%)	2	Aarti Drugs Limited	P	ED	-	-	M	-	M

CORPORATE GOVERNANCE REPORT (CONTD.)

Name of Director	Number of Shares held along with % of paid up share	No. of Directorships (excluding Aarti Drugs Limited)*	Directorship in Listed Entities	Category		Statutory Committees				
				P/PG	ED/ NED/ ID	AC	NRC	SRC	CSRC	RMC
Shri Harit P. Shah DIN: 00005501	2456130 (2.67%)	2	Aarti Drugs Limited	-	ED	-	-	M	-	M
Shri Uday M. Patil DIN: 01186406	50637 (0.06%)	None	Aarti Drugs Limited	PG	ED	-	-	-	-	M
Shri Narendra J. Salvi DIN: 00299202	0	2	Aarti Drugs Limited	-	NED	-	-	-	-	-
			Aarti Pharmed Labs Limited	-	ED	M	-	M	-	M
Shri Ankit V. Paleja DIN: 06975564	0	1	Aarti Drugs Limited	-	ID	M	-	-	-	-
			Capacit'e Infraprojects Limited	-	ID	-	-	-	-	-
^Shri Navin C. Shah DIN: 01415556	0	1	Aarti Drugs Limited	-	ID	C	C	M	C	-
			Valiant Organics Limited	-	ID	M	M	M	C	-
^Shri Krishnacharya. G. Akamanchi DIN: 02354032	0	None	Aarti Drugs Limited	-	ID	M	M	-	-	M
^Smt Priti P. Savla DIN: 00662996	0	4	Aarti Drugs Limited	-	ID	M	M	C	-	-
			Apcotex Industries Limited	-	ID	-	-	-	-	-
			IRB Infrastructure Developers Limited	-	ID	M	M	-	-	-
Shri Bhaskar N. Thorat DIN:01293824	0	None	Aarti Drugs Limited	-	ID	-	-	-	-	-
Smt Neha R. Gada DIN:01642373	0	6	Aarti Drugs Limited	-	ID	-	-	-	-	-
			Sejal Glass Limited	-	ID	M	C	M	-	-
			Asian Star Company Limited	-	ID	-	-	-	-	-
			Tamboli Industries Limited	-	ID	C	C	M	-	M
**Shri Hasamukh B. Dedhia DIN:07510925	0	1	Aarti Drugs Limited	-	ID	-	-	-	-	-
			Mitsu Chem Plast Limited	-	ID	M	M	M	-	-
**Shri Sandeep M. Joshi DIN: 00516409	0	1	Aarti Drugs Limited	-	ID	-	-	-	-	-
			Anuh Pharma Limited	-	ID	-	-	-	-	-
**Shri Ajit E. Venugopalan DIN:09439069	3000 (0.003%)	1	Aarti Drugs Limited	-	ID	-	-	-	-	-

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, Branch of foreign companies and companies incorporated under Section 8 of the Companies Act, 2013 have been excluded.

** Appointed as an Independent Director w.e.f. March 29, 2024.

^ Ceased to be an Independent Director from April 1, 2024 upon completion of second term of 5 years.

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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

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	-	-	-	-	✓	✓
Shri Krishnacharya. G. Akamanchi	✓	✓	-	✓	-	-
Smt. Priti P. Savla	-	-	-	-	✓	✓
Shri Ankit V. Paleja	-	-	-	-	✓	✓
Shri Bhaskar N. Thorat	✓	✓	-	✓	-	-
Smt. Neha R. Gada	-	-	-	-	✓	✓
Shri Has Mukh B. Dedhia	-	-	-	-	✓	✓
Shri Sandeep M. Joshi	✓	✓	✓	✓	-	-
Shri Ajit E. Venugopalan	-	-	-	-	✓	✓

CORPORATE GOVERNANCE REPORT (CONTD.)

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 2023-24.

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 weblink <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, 2024 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 weblink <https://www.aartidrugs.co.in/insider-trading-regulation/>

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

1. AUDIT COMMITTEE

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

COMPOSITION, MEETING AND ATTENDANCE:

During FY 2023-24, 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	April 29, 2023	July 21, 2023	October 19, 2023	January 24, 2024
		Mode of meeting	Physical	Physical	Physical	Physical
		Start Timing	11:00 AM	10:00 AM	11:00 AM	11:00 AM
Shri Navin C. Shah (Chairman)	Independent Director	4	✓	✓	✓	✓
Shri Krishnacharya G. Akamanchi	Independent Director	4	✓	✓	✓	✓
Smt. Priti P.Savla	Independent Director	4	✓	✓	✓	✓
Shri Ankit V. Paleja	Independent Director	4	✓	✓	✓	✓
Shri Prakash M. Patil	Executive Director	4	✓	✓	✓	✓
Shri Rashesh C.Gogri	Executive Director	4	✓	✓	✓	✓

The intervening period between 2 consecutive Audit Committee meetings was well within the maximum allowed gap of 120 days. The Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditor as and when required attend the meetings of the Audit Committee from time to time. The Chairperson of the Audit Committee attended the 38th AGM held on September 26, 2023. 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.

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

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the Management, the annual financial statements and auditor's report thereon

CORPORATE GOVERNANCE REPORT (CONTD.)

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.

Mandatorily review the following information:

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

CORPORATE GOVERNANCE REPORT (CONTD.)

2. NOMINATION & REMUNERATION COMMITTEE

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

COMPOSITION, MEETING AND ATTENDANCE:

During FY 2023-24, 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	April 29, 2023	March 29, 2024
		Mode	Physical	Physical
		Start Timing	10:30 AM	11:30 AM
Shri Navin C. Shah (Chairman)	Independent Director	2	✓	✓
Shri Krishnacharya G. Akamanchi	Independent Director	2	✓	✓
Smt. Priti P. Savla	Independent Director	1	✓	×
Shri Prakash M. Patil	Executive Director	2	✓	✓

TERMS OF REFERENCE

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

- i) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- ii) for every appointment of an Independent Director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - (a) use the services of an external agencies, if required;
 - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (c) consider the time commitments of the candidates.
- iii) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iv) devising a policy on diversity of board of directors;
- v) identifying persons who are qualified to become directors and who may be appointed in senior

management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

- vi) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vii) recommend to the board, all remuneration, in whatever form, payable to senior management.
- viii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

NOMINATION AND REMUNERATION POLICY:**I. Criteria and Qualification for Nomination & Appointment:**

A person to be appointed as Director, Key Managerial Personnel (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

CORPORATE GOVERNANCE REPORT (CONTD.)

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	115.53	162.95	278.48
Shri Rashesh C. Gogri	92.47	162.95	255.42
Shri Harshit M. Savla	92.47	162.95	255.42
Shri Harit P. Shah	92.47	162.95	255.42
Shri Uday M. Patil	33.51	-	33.51

Notes:

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

Remuneration to Non-Executive Directors: The Non-Executive Directors are paid remuneration in the form of sitting fees for attending the meetings of the Board and/or Committees thereof which is within the limits prescribed by the Act. The details of the sitting fees paid and shares held by the Non-Executive Directors as on March 31, 2024 are as under:

Name of Directors	Sitting fees (₹ in lakhs)	Shareholding in the Company	% of Total Shareholding
Shri Narendra J. Salvi	1.00	-	-
Shri Navin C. Shah	2.95	-	-
Shri Krishnacharya G. Akamanchi	2.85	-	-
Smt Priti P. Savla	2.20	-	-
Shri Ankit V. Paleja	2.15	-	-
Shri Bhaskar N. Thorat	1.55	-	-
Smt. Neha R. Gada	1.55	-	-
*Shri Ajit E. Venugopalan	N.A.	3,000	(0.003%)
*Shri Hasmukh B. Dedhia	N.A.	-	-
*Shri Sandeep M. Joshi	N.A.	-	-

* Appointed as an Independent Director w.e.f. March 29, 2024.

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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. The overall performance evaluation exercise was completed to the satisfaction of the Board.

		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 (Chairman)	Shri Navin C. Shah	Shri Harshit M. Savla	Shri Harit P. Shah
Category	Independent Director	Independent Director	Executive Director	Executive Director

TERMS OF REFERENCE

The broad terms of reference of the Stakeholders' Relationship Committee shall inter alia, include the following:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/

statutory notices by the shareholders of the Company.

Further, 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;
- Review: Status of Cases in Suspense Accounts;
- Review: Balances Pending in Unclaimed Dividend/Fractional Shares Dividend account and measures taken by Company to reduce the same;
- Review: Status of IEPF Cases;
- Review: Trainings conducted on Takeover / Insider Regulations/ Code of Conduct to the Stakeholders of Company;
- Review: Compliances pertaining to Investors Meet;

CORPORATE GOVERNANCE REPORT (CONTD.)

- vii) Review: Recommendations of Proxy Advisors;
- viii) Authorise/ Review: Printing of Share Certificate and status of blank Share Certificates;
- ix) Review: Internal Audit Report of RTA Activities;
- x) Updation: Regulatory changes impacting shareholders;
- xi) Process Improvement initiatives;
- xii) Review and monitoring compliance under SEBI Takeover Regulations and SEBI Prohibition of Insider Trading Regulations.
- xiii) 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. F12932) 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 25 (Twenty Five) 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, 2024.

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 2023-24, the Risk Management Committee met 3 (three) 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 07, 2023	September 27, 2023	March 15, 2024
		Mode	Physical	Physical	Physical
		Start Timing	10:30 AM	10:30 AM	10:00 AM
Shri Prakash M. Patil (Chairman)	Executive Director	3	✓	✓	✓
Shri Rashesh C. Gogri	Executive Director	3	✓	✓	✓
Shri Harshit M. Savla	Executive Director	3	✓	✓	✓
Shri Harit P. Shah	Executive Director	3	✓	✓	✓
Shri Uday M. Patil	Executive Director	3	✓	✓	✓
Shri Krishnacharya G. Akamanchi	Independent Director	3	✓	✓	✓
Shri Adhish P. Patil	Chief Financial Officer & Chief Operating Officer	3	✓	✓	✓
Shri Dhanaji L. Kakade	Vice President -Technical	3	✓	✓	✓

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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.

SENIOR MANAGEMENT:

The particulars of the Senior Management including the changes therein since the end of previous financial year:

Sr. No.	Name	Designation
1	Shri Adhish P. Patil	Chief Financial Officer & Chief Operating Officer
2	Shri Dhanaji L. Kakade	Vice President -Technical
3	Shri Rushikesh V. Deole	Company Secretary

Note: During the year there were no changes in Senior Management Personnel.

CORPORATE GOVERNANCE REPORT (CONTD.)

GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Financial Year	Day, Date & Time	Venue	Special resolution passed for
2022-23	Tuesday, September 26, 2023 At 10:30 am	Through Video Conferencing	No Special Resolution was passed
2021-22	Thursday, August 04, 2022 At 11:30 am	Through Video Conferencing	1) Appointment of Shri 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.
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

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, no Resolution was passed by the Company through a Postal Ballot. Following resolutions were passed by the Company through Postal Ballot after the close of financial year but before the signing of this report:

Date of Announcement of Result	Type of Resolution	Particulars of Resolution	% of Votes in Favour	% of Votes Against
June 15, 2024	Special	Approval to the appointment of Shri Hasmukh B. Dedhia (DIN:07510925) as an Independent Director of the Company	99.99	0.01
June 15, 2024	Special	Approval to the appointment of Shri Sandeep M. Joshi (DIN:00516409) as an Independent Director of the Company	99.99	0.01
June 15, 2024	Special	Approval to the appointment of Shri Ajit E. Venugopalan (DIN:09439069) as an Independent Director of the Company	99.98	0.02

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 May 03, 2024 to the Members, seeking their consent with respect to the appointment of Shri Hasmukh B. Dedhia, Shri Sandeep M. Joshi and Shri Ajit E. Venugopalan as an Independent Directors of the Company for the period of 3 years with effect from March 29, 2024.

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, May 17, 2024 at 9:00 a.m. and ended on Saturday, June 15, 2024 at 5:00 p.m. The cut-off date, for the purpose of determining the number of Members was Friday, May 10, 2024.

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.

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The consolidated results of the voting by Postal Ballot and e-voting were announced on Saturday, June 15, 2024. The results were also displayed on the website of the Company at <https://www.aartidrugs.co.in/postal-ballot/> 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 or Pratahkal (Marathi) edition. These results and official press releases are also available on the website of the Company at www.aartidrugs.co.in

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication
First Quarter	July 21, 2023	July 23, 2023
Half Year	October 19, 2023	October 20, 2023
Third Quarter	January 24, 2024	January 25, 2024
Annual	May 03, 2024	May 04, 2024

All data required to be filed electronically or otherwise pursuant to the Listing Regulations with the Stock Exchanges, such as annual report, quarterly financial results, 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

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/ suggestions/ inquiries is investorrelations@aartidrugs.com

In addition to that, "Link Intime India Private Limited", our Registrar and Share Transfer Agents, has developed 'SWAYAM', user-friendly web-based application, which empowers shareholders to effortlessly access various services. We request the shareholders to get registered and have first-hand experience of the portal.

This application can be accessed at <https://swayam.linkintime.co.in>

Some of the features of this facility are:

- Effective Resolution of Service Request -Generate and Track Service Requests/Complaints through SWAYAM
- Features - A user-friendly GUI
- Track Corporate Actions like Dividend/Interest/Bonus/split
- PAN-based investments - Provides access to linked PAN accounts, Company wise holdings and security valuations
- Effortlessly Raise request for Unpaid Amounts
- Self-service portal – for securities held in demat mode and physical securities, whose folios are KYC compliant
- Statements - View entire holdings and status of corporate benefits
- Two-factor authentication (2FA) at Login - Enhances security for investors

GENERAL SHAREHOLDERS INFORMATION

i) The day, date, time & venue of the 39th Annual General Meeting (AGM):

Day	Date	Time	Venue
Friday	September 20, 2024	11:00 AM	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)

CORPORATE GOVERNANCE REPORT (CONTD.)

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 2024-25 are as follows:

Financial Year	2024-25
June, 2024	Last week of July 2023
September, 2024	Last week of October 2023
December, 2024	Last week of January 2024
March, 2025	1st/2nd week of May 2024

iii) Cut-off date for e-voting: Friday, September 13, 2024

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 2024-25.

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

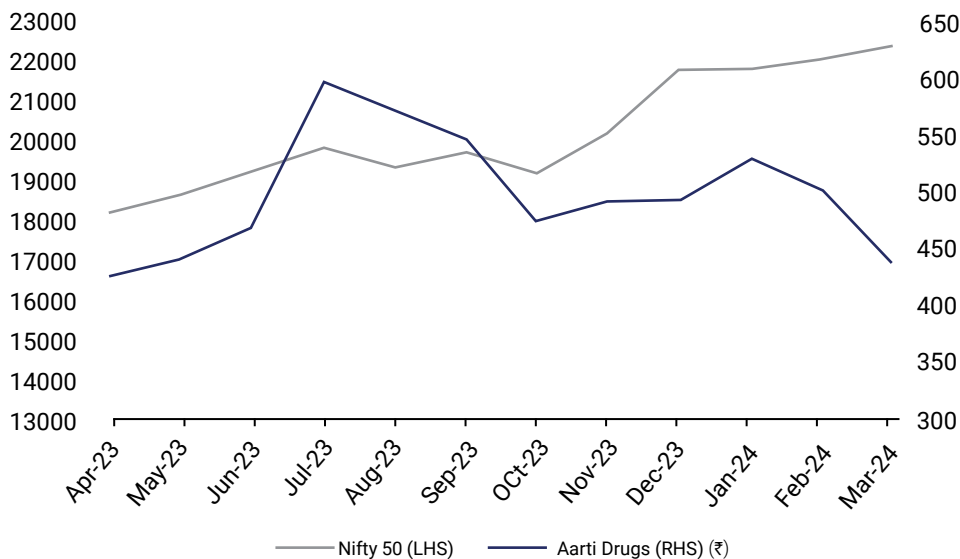
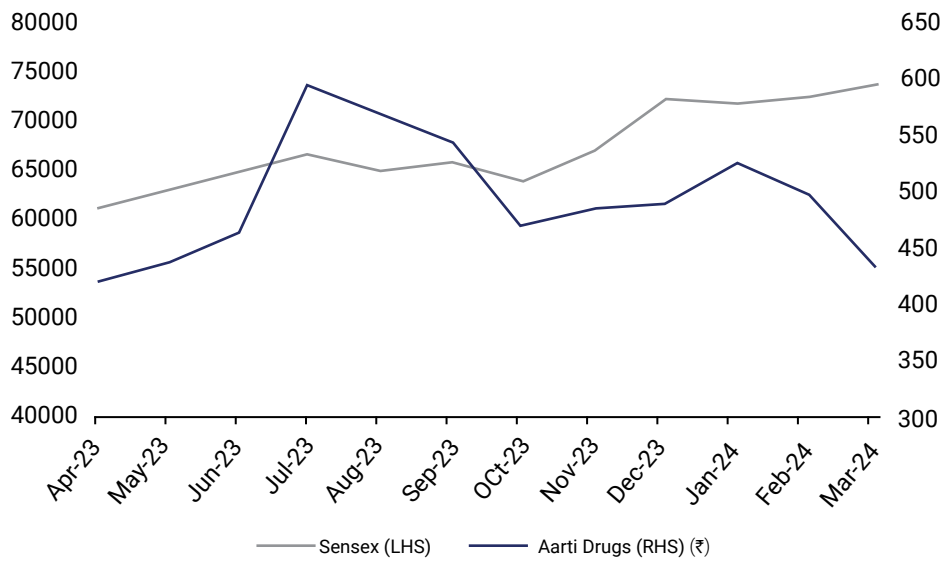
Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2023	436.00	336.05	896362	436.00	336.00	17618088
May 2023	478.25	423.00	671149	478.00	422.85	11041187
June 2023	492.95	437.35	547665	493.00	439.10	7115923
July 2023	645.00	456.85	2720954	645.75	456.55	36920466
August 2023	623.55	527.40	861147	624.40	530.00	8570963
September 2023	624.00	540.00	605037	625.00	539.40	7464154
October 2023	567.5	443.75	482865	568.90	444.00	8216564
November 2023	500.00	458.15	353619	500.90	457.95	4851042
December 2023	535.5	471.00	970580	526.45	470.95	9416884
January 2024	544.75	488.25	626039	545.00	488.00	8820817
February 2024	567.10	495.05	410026	568.00	495.00	5108640
March 2024	512.00	430.00	290285	511.90	431.05	3662300

vii) Performance in comparison to broad based indices:

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	ADL (₹)	SENSEX	ADL (₹)	NIFTY
April 2023	420.90	61112.44	420.85	18065.00
May 2023	436.85	62622.24	436.80	18534.40
June 2023	464.60	64718.56	465.10	19189.05
July 2023	594.90	66527.67	594.60	19753.80
August 2023	572.25	64831.41	572.40	19253.80
September 2023	544.10	65828.41	542.55	19638.30
October 2023	469.60	63874.93	469.45	19079.60

CORPORATE GOVERNANCE REPORT (CONTD.)

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	ADL (₹)	SENSEX	ADL (₹)	NIFTY
November 2023	485.95	66988.44	487.70	20133.15
December 2023	489.05	72240.26	489.20	21731.40
January 2024	526.25	71752.11	526.65	21725.70
February 2024	497.35	72500.30	497.60	21982.80
March 2024	433.85	73651.35	434.30	22326.90



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. Further, all requests for transmission, transposition, issue of duplicate share certificate, claim from unclaimed suspense account, renewal/exchange of share certificate, endorsement, subdivision/splitting of share certificate and consolidation of share certificates/folios are being processed only in demat form. In such cases the Company issues a letter of confirmation, which needs to be submitted to Depository Participant to get credit of these shares in dematerialised form.

x) Shareholding Pattern:

Category	As on March 31, 2024		As on March 31, 2023		% Change
	No. of Shares	%	No. of Shares	%	
Promoter and Promoter Group	52523075	57.13	55167166	59.58	-2.45
Mutual Funds	4670596	5.08	3716807	4.01	1.07
Foreign Portfolio Investors	2356580	2.56	1795690	1.94	0.62
Insurance Companies	70691	0.08	71238	0.08	0
Body Corporate	997160	1.08	475473	0.51	0.57
Others	31316898	34.07	31373626	33.88	0.19
Total	91935000	100	92600000	100	

During the year, the Company has completed the buyback of 665000 equity shares representing up to 0.72% of the total number of Equity Shares of the Company. Post buyback number of shares reduced to 91935000.

xi) Distribution of Shareholding as on March 31, 2024:

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1 to 500	154275	95.7837	8857151	9.6341
501 to 1000	3681	2.2854	2781167	3.0251
1001 to 2000	1695	1.0524	2424741	2.6375
2001 to 3000	457	0.2837	1144027	1.2444
3001 to 4000	273	0.1695	987602	1.0742
4001 to 5000	118	0.0733	551432	0.5998
5001 to 10000	275	0.1707	2001144	2.1767
Above 10000	292	0.1813	73187736	79.6081
TOTAL :	161066	100	91935000	100

CORPORATE GOVERNANCE REPORT (CONTD.)

xii) Dematerialisation of Shares and Liquidity:

99.29% 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, 2024 under ISIN No: INE767A01016.

Particulars	NSDL	CDSL	Physical	Total
Shares (nos.)	80180643	11103093	651264	91935000
Shares (%)	87.21	12.08	0.71	100

xiii) Liquidity of shares:

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

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 2023-24, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in **Note No. 39** to the Annual Accounts.

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, 2604, 2605, 2509, 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, 2024.

Below are the details of Credit Ratings as on March 31, 2024

Facilities	CRISIL Rating	ICRA Rating
Long Term Rating	AA-/Stable	AA-/Stable
Short Term Rating	A1+	A1+

CORPORATE GOVERNANCE REPORT (CONTD.)

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, 2023	78	12566	-	-
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	7	8250	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	7	8250		
Shares transferred to IEPF A/c	0	0	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2024.	71	4316	-	-

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, 750 shares were due and 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 May 03, 2024 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.

xxii) Dividend Payout Date

The Board has not recommended Final Dividend for FY 2023-24.

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 and also reported to the Stock Exchanges on half yearly basis pursuant to Regulation 23(9) of Listing Regulations. 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

- (ii) In terms of clause 5A of Para A of Part A of Schedule III of Listing Regulations, there are no agreements with any party which impact the management or control of the Company or impose any restriction or create any liability upon the Company.
- (iii) During the Financial Year 2023-24, Securities and Exchange Board of India (SEBI) has issued an Administrative warning letter pertaining to non-disclosure of information under regulation 30 of the Listing Regulations and failure to update Policy for Determination of Materiality of any event / information on the Website of the Company as per amended regulation 30(4) (i)(c) of the Listing Regulations. Adequate measures have been taken to comply with the requirements of aforesaid SEBI letter.
- (iv) 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.

- (v) 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 weblink: <https://www.aartidrugs.co.in/insider-trading-regulation/>
- (vi) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted on the website of the Company at the following weblink: <https://www.aartidrugs.co.in/policies-and-related-documents/>
- (vii) The Company has complied with all the requirements of Corporate Governance Report as provided in paras (2) to (10) of Part C of Schedule V of Listing Regulations
- (viii) There were no instances during the FY 2023-24, wherein the Board had not accepted recommendations made by any committee of the Board

- (ix) Total fees of ₹ 16.17 lakhs for FY 2023-24, for all services were paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is part, the details of the same are mentioned below:

(₹ in lakhs)

Name of the Statutory Auditors	Aarti Drugs Limited	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Total
Gokhale & Sathe	9.27	3.65	0.20	13.12
Kirtane & Pandit LLP	3.05	-	-	3.05
Total	12.32	3.65	0.20	16.17

Note: Gokhale & Sathe, Chartered Accountants, are appointed as Statutory Auditors of the Company at the 38th AGM held on September 26, 2023 in place of retiring auditor Kirtane & Pandit LLP, Chartered Accountants.

- (x) During the financial year 2023-24, the Company has not raised funds through any kind of issue (public issue, rights issue, preferential issue, etc.)

CORPORATE GOVERNANCE REPORT (CONTD.)

- (xi) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

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

- (xii) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.
- (xiii) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a code of Conduct to regulate, monitor and report trading by Insiders.
- (xiv) None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.
- (xv) 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 2023-24 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: July 26, 2024

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

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN:00005618

Place: Mumbai

Date: May 03, 2024

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, 2024 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, 2024 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: May 03, 2024

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-Pamtembhi, 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-Pamtembhi, 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, 2024** 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	02/01/1987
00005501	Harit Pragji Shah	Wholetime Director	15/09/1995
00005618	Prakash Moreshwar Patil	Managing Director	05/01/1985
00066291	Rashesh Chandrakant Gogri	Managing Director	16/08/2012
00299202	Narendra Jagannath Salvi	Director	25/08/2020
00662996	Priti Paras Savla	Director*	26/09/2014
01186406	Uday Moreshwar Patil	Wholetime Director	18/10/2000
01415556	Navin Chapshi Shah	Director*	04/11/2010
02354032	Krishnacharya Govindacharya Akamanchi	Director*	20/10/2008
06975564	Ankit Vikram Paleja	Director	13/10/2021
01293824	Bhaskar Narayan Thorat	Director	09/05/2022
01642373	Neha Rajen Gada	Director	09/05/2022
09439069	Ajit Eledath Venugopalan	Additional Director	29/03/2024
07510925	Hasmukh Bhavanji Dedhia	Additional Director	29/03/2024
00516409	Sandeep Madhusudan Joshi	Additional Director	29/03/2024

*Retired as Independent Director effective April 01, 2024.

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: F003483F000424288

Place: Mumbai

Date: May 22, 2024

CORPORATE GOVERNANCE REPORT (CONTD.)

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Aarti Drugs Limited

Plot No. N – 198,

M.I.D.C., Tarapur, Village – Pamtembhi,

Taluka & Dist. Palghar – 401 506.

Maharashtra. (INDIA)

Dear Members,

BACKGROUND:

We, Gokhale & Sathe, Chartered Accountants, being the Statutory Auditors of **Aarti Drugs Limited** ("the Company") are issuing this certificate as required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company. The Corporate Governance Report prepared by Aarti Drugs Limited, contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2024.

MANAGEMENT RESPONSIBILITY:

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITOR'S RESPONSIBILITY:

Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.

We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

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

The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. We have examined (a) the minutes of the meetings of the board of directors of the Company (the "**Board**") and of committees of the Board, the annual general meeting of the shareholders of the Company; (b) declarations made by the Board under relevant statutory / regulatory requirements; (c) relevant statutory registers maintained by the Company; and (d) such other documents and records of the Company as we deemed necessary, in connection with ascertaining compliance with the conditions of corporate governance by the Company, as prescribed under the, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**").

The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

CORPORATE GOVERNANCE REPORT (CONTD.)**OPINION:**

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, in our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with SEBI Listing Regulations, and the rules made thereunder, each as amended on Corporate Governance.

RESTRICTION ON USE:

The Certificate is issued to the Company solely for their consideration and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

DISCLAIMER:

Such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: July 26, 2024
Place: Mumbai

Yours faithfully,
For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Sd/-
Ravindra More
Partner
Membership No. 153666
UDIN:- 24153666BKDADH4642



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, Plot No 109-D, Road No. 29, Sion (East), Mumbai – 400022, Maharashtra, India
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 1, 2023 to March 31, 2024
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, 2024 total paid up capital of the Company stood at ₹ 91,93,50,000 consisting of 9,19,35,000 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).	Standalone basis (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.)
14.	Name of assurance provider	Not applicable, as BRSR Core Assurance is not mandatory for the Company.
15.	Type of assurance obtained	



II. Products/services

16. 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 Pharmaceuticals Products	100%

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

Product/Service	NIC Code	% of total turnover contributed
API	21001	92%
Speciality Chemicals	21001	6%
Intermediates & Others	21001	2%

III. Operations

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

National

International



Plants
12

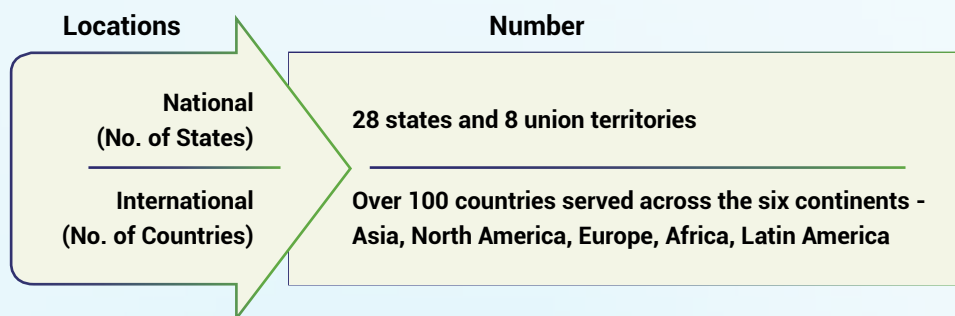
Offices
2

Total
14

-

19. Markets served by the entity:

a. Number of locations



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

The Company has a global presence with exports accounting for approximately 33% of its revenue.

c. A brief on types of customers

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

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
EMPLOYEES						
1.	Permanent (D)	766	663	86.55%	103	13.45%
2.	Other than Permanent (E)	706	612	86.69%	94	13.31%
3.	Total employees (D+E)	1,472	1,275	86.62%	197	13.38%
WORKERS						
4.	Permanent (F)	298	297	99.66%	1	0.34%
5.	Other than Permanent (G)	992	953	96.07%	39	3.93%
6.	Total workers (F+G)	1,290	1,250	96.90%	40	3.10%

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)	1	1	100%	0	0.00%
5.	Other than Permanent (G)	0	0	0.00%	0	0.00%
6.	Total differently abled workers (F+G)	1	1	100%	0	0.00%

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No.(B)	%(B/A)
Board of Directors	15	2	13.33%
Key Management Personnel	2	0	-

22. Turnover rate for permanent employees and workers

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	8.64	12.00	9.08	7.92	7.14	7.82	13.52	8.12	12.84
Permanent Workers	2.46	0.00	2.46	1.55	0.00	1.55	1.21	0.00	1.21

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

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

Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
Pinnacle Life Science Private Limited	Subsidiary	100%	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.
Aarti Speciality Chemicals Limited	Subsidiary	100%	
Pinnacle Chile SpA	Subsidiary	95%	

VI. CSR Details

24.

Whether CSR is applicable as per section 135 of Companies Act, 2013

Yes

Turnover (in ₹)








₹ 2,26,691.14 lakhs

Net worth (in ₹)

₹ 1,17,520.75 lakhs

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes ,then provide web-link for grievance redress policy)	Current Financial Year FY 2023-24			Previous Financial Year FY 2022-23		
		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/code-of-conduct/	0	0	-	0	0	-
 Investors (other than shareholders)	Yes. https://www.aartidrugs.co.in/stock-information/	0	0	-	0	0	-
 Shareholders	Yes. https://www.aartidrugs.co.in/stock-information/	25	0	-	15	0	-
 Employees and workers	Yes https://www.aartidrugs.co.in/code-of-conduct/	0	0	-	0	0	-
 Customers	Yes https://www.aartidrugs.co.in/contact-us/ https://www.aartidrugs.co.in/code-of-conduct/	2	0	-	6	3	-
 Value Chain Partners	https://www.aartidrugs.co.in/contact-us/ https://www.aartidrugs.co.in/code-of-conduct/	0	0	-	0	0	-
 Other (please specify)	NA	-	-	-	-	-	-

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

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














Risk



Opportunity








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.	Climate Change, Energy & Emission Management	 	There are risks associated with climate change such as manufacturing losses due to climate events but also offers opportunities for innovation in sustainability.	Develop climate resilience strategies and reduce carbon footprint.	Positive and Negative
2.	Sustainable Supply Chain & Responsible Procurement	 	Efficient sourcing reduces costs and environmental impact, while poor practices can lead to supply chain disruptions. Ensuring suppliers adhere to social standards mitigates risks related to labour practices and human rights violations.	Implement stringent supplier assessments and sustainable sourcing practices. Regular audits and collaboration with suppliers to improve environmental performance.	Positive and Negative
3.	Water and wastewater management	 	Effective water management ensures resource availability and reduces environmental impact, while poor management can lead to scarcity and regulatory issues.	Implement water saving technologies and practices. Implemented a mechanism for Zero Liquid Discharge (ZLD). Presently, 8 API manufacturing facilities out of 10 are operating on ZLD basis and remaining 2 are connected to Common Effluent Treatment Plant (CETP) for further treatment. Further, developed Water policy to promote conservation and effective management of water resources.	Positive and Negative
4.	Waste and hazardous materials management	 	Waste generated from our operations consists of hazardous as well as non-hazardous waste. Efficient waste management reduces environmental impact and compliance risks while offering opportunities for resource recovery.	Implement comprehensive waste reduction and recycling programs. Adopted following methods and techniques to manage and dispose of waste material generated at site for preventing pollution, conserving natural resources, protecting human health environment: <ul style="list-style-type: none">- Reduction at source- Hazardous waste management- Waste-to-energy- Landfilling- Recycling- Incineration	Positive and Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Occupational Health & Safety		As a responsible manufacturing Company, it is responsibility of the Company to safeguard the health and safety of individuals. Ensuring occupational health and safety prevents workplace accidents, reduces absenteeism, and complies with regulations.	Implement robust health and safety programs and training. Provision of various safety trainings, safety initiatives and mock drills to ensure proactive hazard identification and risk management.	Negative
6.	Community Impact, Relations and Development		Engaging with local communities through CSR initiatives fosters goodwill, enhances reputation, and contributes to sustainable development.	N.A.	Positive
7.	Product Safety		Ensuring product quality and safety protects consumer health, complies with regulations, and maintains reputation of the Company. Any deficiency in the product quality and safety has high adverse impacts like loss of revenue, reputational damage and regulatory actions.	Implement rigorous quality control and safety testing procedures. Company is focusing in its QA and QC function.	Negative
8.	Corporate Governance	 	Compliance with laws and regulations is essential to have a good corporate image, smooth operations and create long term stakeholder value. Ethical breach or non-compliances can affect stakeholder trust and regulatory action. Strong corporate governance facilitates responsible decision-making and financial transparency, vital for investor attraction.	Implement comprehensive compliance programs and regular audits. Periodical review of Corporate Governance norms to improve the governance standards and compliance with such standards by the Company. Further, Board and Audit committee ensures conflicts of interest are effectively prevented and mitigated crucially.	Positive and Negative
9.	Business Ethics		Upholding high ethical standards mitigates risks related to legal issues and reputational damage.	Implement robust ethics training and compliance programs. We have in place stringent and comprehensive Code of Conduct and policies to ensure ethical behaviour at all levels.	Negative
10.	Economic Performance	 	Strong economic performance ensures business viability, while poor performance can threaten sustainability.	Implement robust financial management and strategic planning.	Positive and Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11.	Regulatory Compliance		Compliance with laws and regulations prevents legal penalties and maintains operational integrity.	Implement comprehensive compliance programs and regular audits.	Negative
12.	Data Privacy & Integrity		Ensuring data privacy and security protects against breaches, legal penalties, and reputational damage.	Implement robust cybersecurity measures and data protection policies.	Negative
13.	Risk Management		Proactive risk management mitigates potential operational, financial, and reputational risks.	Develop and implement comprehensive risk management frameworks. Constituted Risk Management Committee to develop and implement risk mitigation strategies on need basis. Further, the code of conduct along with Whistle Blower Mechanism promotes a culture of transparency and accountability which aids in early detection and resolution of issues thus minimizing legal, financial, and reputational risks.	Positive and Negative



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 and available at below weblinks: https://www.aartidrugs.co.in/policies-and-related-documents/ https://www.aartidrugs.co.in/sustainability-policies/				
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)				Yes, we have dedicated “Supplier Code of Conduct” which covers all the applicable aspects under the BRSR principles.					
4.	Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.				 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-GMP, PIC/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.				Performance of each of the principles is reviewed periodically by various Committees led by the Management and Board of Directors.					
Governance, leadership and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) Please refer “Chairman’s message” and “Management Discussion & Analysis report” in the Annual Report									

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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								
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 Internal Auditors, 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																	

	P1	P2	P3	P4	P5	P6	P7	P8	P9
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.	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. We are in the process of undertaking independent third-party assurance for our sustainability performance.								

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

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

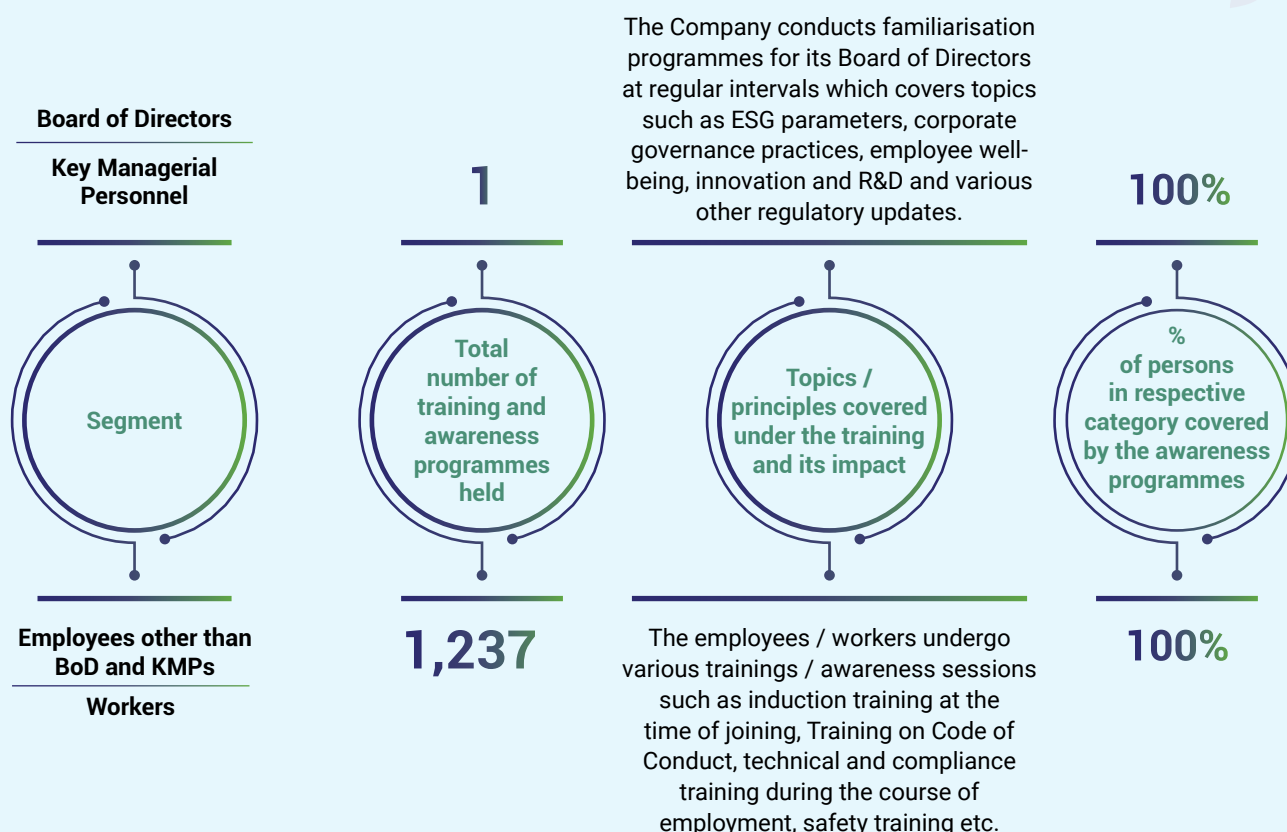
SECTION C PRINCIPLE WISE PERFORMANCE DISCLOSURE

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.



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):

Monetary					
	NGRBC principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (in ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/fine					
Settlement			NIL		
Compounding fee					

Non-Monetary				
	NGRBC principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment				
Punishment			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.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
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.

The Company has a comprehensive and well-defined Code of Conduct, Vigil Mechanism policy and Anti-Bribery and Anti-Corruption Policy that places significant emphasis on anti-corruption and anti-bribery practices. The Company firmly believes that all employees must uphold the principles outlined in these policies, fulfilling their responsibilities with the utmost faith, discretion, and care, while maintaining the highest standards of honesty, integrity, and fairness. The policy strictly prohibits the use or promise of bribery or any other unfair advantage, whether directly or indirectly, to gain or secure benefits.

Code of Conduct is available at the weblink: <https://www.aartidrugs.co.in/code-of-conduct/>

Vigil Mechanism policy and Anti-Bribery and Anti-Corruption Policies are available at the weblink: <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

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

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable as there were no fines or penalties reported during the reporting period.

8. Number of days of accounts payables ((Accounts payable*365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	91 days	90 days

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	9.60%	9.05%
	b. Number of trading houses where purchases are made from	86	69
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	50.11%	59.66%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	15.47%	13.62%
	b. Number of dealers / distributors to whom sales are made	129	97
	c. Sales to top 10 dealers /distributors as % of total sales to dealers / distributors	59.62%	60.90%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0.91%	1.07%
	b. Sales (Sales to related parties / Total Sales)	2.80%	1.81%
	c. Loans & advances (Loans & advances given to related parties)	0.00%	0.00%
	d. Investments (Investments in related parties / Total Investments made)	100%	100%

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. Also, the code of conduct of the Company has provision for avoiding conflict of interest. The weblink to access the code of conduct is: <https://www.aartidrugs.co.in/code-of-conduct/>

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 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
 R&D	7.06 %	10.10 %	Note 1
 Capex	18.29 %	16.15 %	Note 2

Note 1:

The Company's investments in Research and Development (R&D) have driven significant environmental advancements, highlighting its dedication to sustainable innovation and eco-friendly practices:

Vacuum Oven (121 L):

Energy Efficiency: Integrating vacuum ovens in R&D processes has reduced energy consumption, lowering greenhouse gas emissions and shrinking the Company's carbon footprint.

Waste Reduction: Operating at lower temperatures minimises material degradation during processing, reducing waste and conserving resources.

Refrigerator/Freezer (400 L):

Greenhouse Gas Reduction: The implementation of energy-efficient refrigeration systems reduces energy consumption, contributing to lower greenhouse gas emissions and enhanced energy conservation.

VOC Emission Control: Safe storage of volatile chemicals reduces the release of volatile organic compounds (VOCs), improving air quality.

Fume Hood (3900mm W x 11000mm D x 1580mm H):

Air Quality Improvement: Fume hoods are essential for controlling hazardous emissions in laboratories, preventing the release of harmful fumes, vapours, and dust into the atmosphere.

Regulatory Compliance: Utilising fume hoods ensures compliance with environmental regulations, protecting both the environment and employee health.

Ultrasonic Cleaning Bath:

Water Conservation: Ultrasonic cleaning baths reduce water consumption compared to traditional methods, conserving vital water resources.

Chemical Footprint Reduction: The reduced need for harsh chemicals in ultrasonic cleaning minimises the chemical footprint, promoting environmentally friendly operations.

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

Note 2:

The Company's capital investments have brought about substantial environmental and social benefits, underscoring its commitment to sustainability and responsible business practices. Key benefits include:

1. **Enhanced Energy Efficiency and Emission Reduction:**

Investments in boiler smoke tube replacements and condenser systems have boosted operational efficiency, lowering fuel consumption and reducing greenhouse gas emissions. These actions help mitigate climate change and support the global transition to a low-carbon future.

2. **Solvent Recovery and Waste Management:**

The installation of solvent recovery units and solid waste sheds has cut down on volatile organic compound emissions and hazardous waste. This eco-friendly approach conserves natural resources, reduces pollution, and contributes to a healthier environment.

3. **Fire Hydrant and Stack Monitoring Systems:**

Reliable fire hydrant systems and stack monitoring technology protect against potential environmental damage and harmful pollutant emissions. These systems ensure compliance with environmental regulations, maintain air quality, and promote public health.

4. **Closed System Operations and Ultrasonic Cleaning:**

Adoption of closed SCADA systems and ultrasonic cleaning baths minimises VOC emissions and conserves water resources. These sustainable practices align with environmental standards and support responsible water usage.

5. **Efficient Co-Generation Boiler and Chimney Design:**

Co-generation boilers, which produce heat and electricity simultaneously, make efficient use of waste heat. Chimneys designed for higher altitude emissions disperse harmful gases, reducing their impact on the local environment and public health.

6. **Reverse Osmosis for Water Conservation:**

Reverse osmosis systems not only reduce water consumption but also decrease chemical use, safeguarding water resources and promoting responsible water management.

7. **Air Preheaters and Scrubbers for Cleaner Air:**

Air preheaters recover waste heat from flue gases, cutting fuel consumption, while scrubbers absorb pollutants, improving air quality, mitigating climate change, and enhancing the health of workers and nearby communities.

8. **Social Benefits:**

Investments in occupational health centres and safety equipment, such as SCBA sets, reflect the company's dedication to employee well-being. These measures enhance worker health, reduce healthcare costs, and foster a safer, more productive work environment.

In conclusion, the Company's capital investments have delivered a range of environmental and social benefits. By embracing sustainable practices and advanced technologies, the Company is making meaningful contributions to environmental protection, resource conservation, and social well-being. These initiatives align with ESG principles and position the Company as a responsible corporate citizen, earning 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?

Yes, We have prepared a questionnaire as a part of integrated management system to assess the critical suppliers. Some checks regarding the sustainability are applied in the questionnaires. Based on the questionnaires the vendors are assessed. This practice is implemented on the partial scale. As per convenience we will implement the system on commercial scale.

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 minimize 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:

- a. **Plastic (Including packaging):** Collection and segregation - Plastic waste generated at site is segregated as per categories assigned in the plastic waste rule and collected in waste storage area. This collected plastic is sent to the certified plastic recycling companies where it is melted down in to new products and recycled. Also, we are following the practice for reuse of plastic within the facility such as, reuse bags for same material, re-purposing containers for storage etc. All the plastic waste management protocols are followed as per Extended Producer Responsibility.
- b. **E-Waste management:** E-waste collection points are established within our Company. All the data to product sensitive information from e-waste is securely wiped out from collected waste. Then the e-waste is handover to certified e-waste recycling companies to recycle electronic components. Inventory of e-waste generated and stored for tracking and accountability.
- c. **Hazardous waste management:** Hazardous waste is collected and stored within dedicated hazardous waste storage area at site. This hazardous waste is disposed as per the disposal path and agencies assigned by the pollution control boards. All the waste is disposed with compliance to the Hazardous Waste Management and Trans-boundary rule 2016. Record of hazardous waste disposal is generated online and it is accessible to pollution control board all the time.

In addition to that, we are timely implementing any changes in the rules and acts.

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, Extended Producer Responsibility (EPR) is applicable to the entity. Plastic waste management plan and details in line with the EPR is submitted to the Pollution Control Board under Brand Owner and Importer category.



Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
NA					





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
NA		

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

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 2023-2024			FY 2022-2023		
		Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics(including packaging)		-	-	174.85	-	-	218.27
E-waste		-	-	-	-	-	-
Hazardous waste		-	-	36,164.04	-	-	30,399.08
Other waste (Fly ash)		4,110.79	-	-	4,354.68	-	-

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	663	663	100%	663	100%	N.A	N.A	-	-	-	-
Female	103	103	100%	103	100%	103	100%	-	-	-	-
Total	766	766	100%	766	100%	103	100%	-	-	-	-
Other than Permanent employees											
Male	612	-	-	612	100%	-	-	-	-	-	-
Female	94	-	-	94	100%	-	-	-	-	-	-
Total	706	-	-	706	100%	-	-	-	-	-	-

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

Category	% of workers 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 workers											
Male	297	297	100%	297	100%	N.A	N.A	-	-	-	-
Female	1	1	100%	1	100%	1	100%	-	-	-	-
Total	298	298	100%	298	100%	1	100%	-	-	-	-
Other than Permanent workers											
Male	953	-	-	953	100%	-	-	-	-	-	-
Female	39	-	-	39	100%	-	-	-	-	-	-
Total	992	-	-	992	100%	-	-	-	-	-	-

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format-

	FY 2023-24	FY 2022-23
Cost incurred on well- being measures as a % of total revenue of the Company	0.10%	0.12%

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

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	8.88%	20.13%	Y	4.79%	12.87%	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 "Anti-Discrimination Policy" as well as "Human Rights policy" as a part of HR Policies to safeguard employees from any discrimination on basis of disabilities. Further, Company has "People Policy" which also outlines zero-tolerance against any form of discrimination. For more details refer to the "People Policy" available on the website of the Company at the weblink: <https://www.aartidrugs.co.in/sustainability-policies/>

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

 Male  Female  Total

Permanent Employees			Permanent Workers		
Return to work rate	Retention rate	Gender	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 policy covers and promotes responsible vigil mechanisms regarding aspects of unethical behaviour, actual or suspected fraud, actual or suspected leak of UPSI, violation of the Company's Code of Conduct, abuse, wrongdoing or violation of any Indian law. It also provides for adequate safeguards against the victimization of employees and allows direct access to the chairperson of the audit committee.

The same can be found at <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

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 or to report the grievance at HRIS portal
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:

Category	FY 2023-24			FY 2022-23		
	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	766	0	NA	731	0	NA
- Male	663	0	NA	634	0	NA
- Female	103	0	NA	97	0	NA
Total Permanent Workers	298	146	48.99%	272	90	33.09%
- Male	297	146	49.16%	271	90	33.21%
- Female	1	0	0.00%	1	0	0.00%

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On health and Safety Measures		On Skill Upgradation		Total (D)	On health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1,275	1,275	100%	1,275	100%	1,212	1,212	100%	1,212	100%
Female	197	197	100%	197	100%	187	187	100%	187	100%
Total	1,472	1,472	100%	1,472	100%	1,399	1,399	100%	1,399	100%
Workers										
Male	1,250	1,250	100%	1,250	100%	1,155	900	77.9%	900	77.9%
Female	40	40	100%	40	100%	36	29	80.0%	29	80.0%
Total	1,290	1,290	100%	1,290	100%	1,191	929	78.0%	929	78.0%

9. Details of performance and career development reviews of employees and workers:

Category	FY 2023-24			FY 2022-23		
	Total (A)	Number (B)	% (B/A)	Total (C)	Number (D)	% (D/C)
Employees						
Male	1,275	1,275	100%	1,212	1,212	100%
Female	197	197	100%	187	187	100%
Total	1,472	1,472	100%	1,399	1,399	100%
Workers						
Male	1,250	1,250	100%	1,155	1,155	100%
Female	40	40	100%	36	36	100%
Total	1,290	1,290	100%	1,191	1,191	100%

10. Health and safety management system:**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of 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 Behaviour 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 Mediclaim Insurance Policy to provide personal health and accidental treatment benefits for all employees. Additionally, a specialised Employees State Insurance Corporation (ESIC) Mediclaim 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 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	00	00
	Workers	00	00
Total recordable work-related injuries	Employees	00	00
	Workers	00	00
No. of fatalities	Employees	00	00
	Workers	01	00
High consequence work-related injury or ill-health (excluding fatalities)	Employees	00	00
	Workers	00	00

*Including in the contract workforce

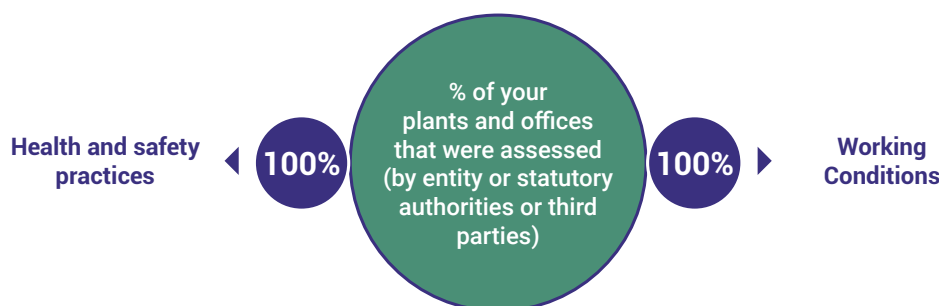
12. Describe the measures taken by the entity to ensure a safe and healthy work place.

- 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.
- Regular site review, inspections and audits to assess safety preparedness
- Regular training on occupational health & safety training

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

Category	FY 2023-24			FY 2022-23		
	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.



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 is only one fatal reportable incident that occurred in past financial year. Though there were First Aid, Medically Treated related incidents during the year which have been investigated and closed with necessary corrective and preventive actions.

Following corrective and preventive actions (CAPA) are taken in all our units to avoid similar type of fatal incidents in future:

- Engineering Control- Stainless steel tubing is provided instead of rubber hose pipe in critical equipments/ machines in which Pneumatic, Electrical, Potential, Kinetic, Hydraulic types of hazardous energies are used.
- Critical equipments with hazardous energies are identified at all sites.
- SOP- Operation of plate and frame filter press and similar machines are updated including routine activities, non-routine activities.
- Training- Knowledge/ Skill is developed on critical equipments (Operation & maintenance)
- Preventive maintenance schedule is strictly implemented for equipments/ instruments in critical machines.
- Lock Out Tag Out (LOTO) procedure is developed at all sites to de-energise all hazardous energies at critical equipments/ machines.
- Behaviour Based Safety - Unsafe Act/ Unsafe Conditions are identified during operation and maintenance of critical machines.

To develop Safety Culture in all our units following steps are taken and in progress:

- Safety Campaign, Safety Training, Gate Safety Meeting and Safety Thought for Day are started in all our units regularly to provide awareness regarding safety.
- Safety Alert of every incident sending to all our units and implemented the CAPA of incident in all our units to avoid similar incident in future.
- General Safety Management and Environment Management related SOPs are implemented and followed in all our units to improve safe work practices and healthy environment in work place.

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. 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 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	0	0	0	0
Workers	1	0	0*	0

*The Company offered Job proposal to the family member of the affected worker, however, the same was not accepted by the family member.

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

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

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	The assessment of value chain partners is underway
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Following actions are underway to improve Environment, Health and Safety at value chain partners:

- Vendor EHS Assessment
- Vendor training on sustainable procurement
- Vendor EHS Audits
- Mapping Carbon Footprint of suppliers



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.

 Stakeholder Group	 Employees	 Customers	 Suppliers
Whether identified as Vulnerable & Marginalised Group (Yes/No)	No	No	No
Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	<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. 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. Emails and Meetings 2. Vendor Assessment & Review 3. Signed Contracts
Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)			
Purpose and scope of engagement including key topics and concerns raised during such engagement	<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 	<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 	<ol style="list-style-type: none"> 1. Timely Payment 2. Continuity of orders 3. Capacity Building 4. Transparency



Investors & Shareholders

No

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



1. Sustainable Growth & Returns
2. Risk Management
3. Corporate Governance
4. Market Share
5. Operational Performance



Communities

No

1. Training & Workshops
2. Regular Meetings
3. Need Assessment & Satisfaction Surveys
4. CSR Reports



1. Local Employment
2. Environmental pollution control
3. Infrastructure development
4. Training & Livelihood programmes
5. Participation in social services



Government and Regulatory bodies

No

1. Annual Reports
2. Statutory filings
3. Communication with regulatory bodies
4. Formal Dialogues



1. Tax
2. Compliance with laws, rules & regulations
3. Employment
4. Pollution Prevention
5. 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 through materiality assessment process which are based on stakeholder consultations. Material topics were shortlisted and prioritised based on their impact on our stakeholders and our business. For details regarding the materiality assessment kindly refer to point number 26 of Section A of this report.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized 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 human rights to each of its employees and workers at the time of joining and a yearly training on all such topics. During the FY 2023-24 sensitisation and awareness training on Prevention of Sexual Harassment were imparted to the employees (permanent and other than permanent) and permanent workers. Company is in process to develop such training programme for other than permanent workers as well.

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	766	766	100%	0	0	0.00%
Other than permanent	706	706	100%	0	0	0.00%
Total Employees	1,472	1,472	100%	0	0	0.00%
Workers						
Permanent	298	298	100%	0	0	0.00%
Other than permanent	992	0	0.00%	0	0	0.00%
Total Workers	1,290	298	23.10%	0	0	0.00%

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

Category	FY 2023-24					FY 2022-23				
	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	676					647				
Male	608	118	19%	490	81%	581	104	18%	477	82%
Female	68	17	25%	51	75%	66	28	42%	38	58%
Other than permanent	700					662				
Male	609	609	100%	0	0%	576	576	100%	0	0%
Female	91	91	100%	0	0%	86	86	100%	0	0%

Category	FY 2023-24					FY 2022-23				
	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)
Workers										
Permanent	298					272				
Male	297	32	11%	265	89%	271	32	12%	239	88%
Female	1	0	0%	1	100%	1	0	0%	1	100%
Other than permanent	992					919				
Male	953	73	8%	880	92%	884	720	81%	164	19%
Female	39	39	100%	0	0%	35	35	100%	0	0%

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ in lakhs)	Number	Median remuneration/ salary/ wages of respective category (₹ in lakhs)
Board of Directors (BoD)*	5	255.42	0	-
Key Managerial Personnel	2	66.33	0	-
Employees other than BoD and KMP	656	4.36	103	3.66
Workers	297	5.23	1	5.50

* includes the remuneration of Executive Directors only.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	8.34%	7.90%

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 constituted Ethics Committee and also appointed Ethics Officer which is responsible for addressing human rights issues. Further, Company has a Whistle Blower policy. The said policy has been posted at the website of the Company and the weblink thereto is: <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. The said policy has been posted at the website of the Company and the weblink thereto is: <https://www.aartidrugs.co.in/policies-and-related-documents/>

Further, HRIS portal is also available through which employees can raise their grievances.

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

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour / Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	-	-
Complaints on POSH upheld	0	0

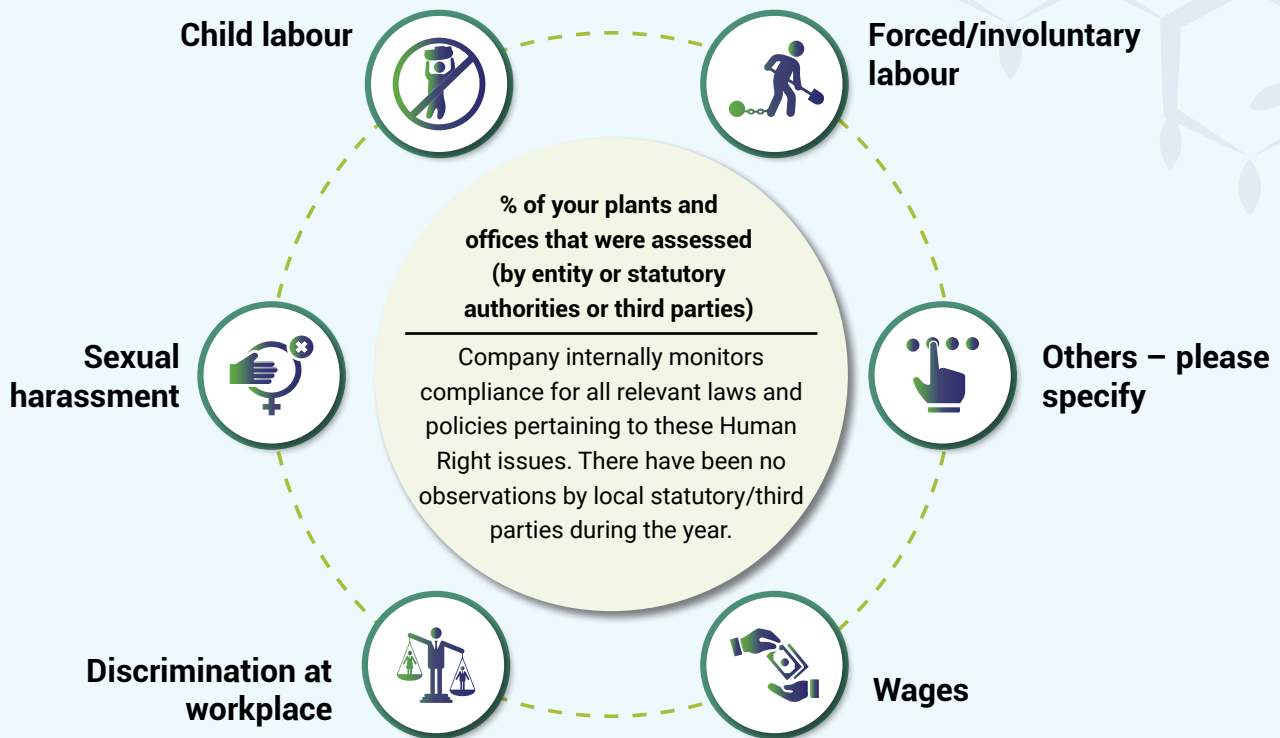
8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has implemented Whistle Blower Mechanism where any discrimination and harassment cases can be directly brought to the notice of Board of Directors. The policy provides adequate safeguard against victimization of the complainant(s). 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.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

The Company's Code of Conduct and Supplier Code of Conduct are applicable to all the stakeholders which cover the issues pertaining to Human Rights as well.

10. Assessments for the year:



11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

There were no significant risks or concerns arising from the assessments at the question 10 above.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints

Not applicable as we did not receive any complaint or any grievance during FY 2023-24 relating to the Human rights.

2. 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.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

4. Details on assessment of value chain partners:

The Company is in process for formation of a procedure for assessing value chain partners for Child Labour, Forced/ involuntary labour, Sexual harassment, Discrimination at workplace, Wages, etc. The Company's Code of Conduct and Supplier Code of Conduct are applicable to all the stakeholders which cover the issues pertaining to Human Rights as well.

5. 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 2023-24	FY 2022-23
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)	2,93,984	2,81,500
Total fuel consumption (E)	8,76,436	8,84,276
Energy consumption through other sources (F) (Steam Purchase)	3,54,122	3,32,125
Total energy consumed from non- renewable sources (D+E+F)	15,24,542	14,97,903
Total energy consumed (A+B+C+D+E+F)	15,24,542	14,97,903
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	= 15,24,542 / 2,26,691.14 = 6.73 Gigajoules per ₹ 1,00,000 of Sales	= 14,97,903/2,49,797.02 = 5.99 Gigajoules per ₹ 1,00,000 of Sales
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	-	-
Energy intensity in terms of physical output	= 15,24,542/32,900.87 = 46.34 Gigajoule/MT of physical output	= 14,97,903/33,380 = 44.87 Gigajoule/MT of physical output
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

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	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilo litres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water (MIDC Water)	4,25,435	4,30,711
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilo litres) (i + ii + iii + iv + v)	4,25,435	4,30,711
Total volume of water consumption (in kilolitres)	4,25,435	4,30,711
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)	= 4,25,435/2,26,691.14 = 1.88 Kilolitres per ₹ 1,00,000 of Sales	= 4,30,711/2,49,797.02 = 1.72 Kilolitres per ₹ 1,00,000 of Sales
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	-	-
Water intensity in terms of physical output	4,25,435/32,900.87 =12.93 KL/MT of product	4,30,711/33,380 = 12.90 KL/MT of product
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. Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- <i>With treatment – please specify level of treatment</i>	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties - Common Effluent Treatment Plant for further treatment	-	-
- No treatment	-	-
- With treatment – Primary, Secondary, Tertiary, and sent to CETP for further treatment	14,395	20,530
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	14,395	20,530

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

5. 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 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 Recompression (MVR), Effluent Treatment Plant (ETP) for the effluent treatment and on-site distillation setup to achieve Zero Liquid Discharge.

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

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NO _x	Tonnes	2.03	4.20
SO _x	Tonnes	19.78	24.13
Particulate matter (PM)	Tonnes	26.55	32.80
Persistent organic pollutants (POP)	-	NA	NA
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	NA	NA
Others – please specify	-	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

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

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	54,834	56,820
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	80,250	76,414
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)		$= (54,834 + 80,250) / 2,26,691.4 = 0.59 \text{ tonnes per ₹ 1,00,000 of turnover}$	$(56,820+76,414) / 2,49,797.02 = 0.5333 \text{ tonnes per ₹ 1,00,000 of turnover}$
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)		-	-
Total Scope 1 and Scope 2 emission intensity in terms of physical output		$(54,834 + 80,250) / 32,900.87 = 4.10 \text{ Metric tonnes of CO}_2 \text{ Equivalent / MT of product}$	$(56,820+76,414) / 33,380 = 3.99 \text{ Metric tonnes of CO}_2 \text{ Equivalent / MT of product}$
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

8. 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 renewables and other forms of clean energy, investments in improvement measures and operational efficiency technology etc.

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

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	174.85	218.27
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)	36,164.04	30,399.08
Other Non-hazardous waste generated (H) - Fly ash	4,110.79	3,900.85
Total (A + B + C + D + E + F + G + H)	40,449.68	34,518.2
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	= 40,449.68 / 2,26,691.14 = 0.178 MT per ₹ 1,00,000 of Sales	= 34,518.2 / 2,49,797.02 = 0.14 MT per ₹ 1,00,000 of Sales
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	-	-
Waste intensity in terms of physical output	=40,449.68 / 32,900.87 = 1.23 MT/MT of product	=34,518.2/33,380 = 1.034 MT/MT of product
Waste intensity (optional) – the relevant metric may be selected by the entity		
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 (Plastic waste)	174.85	218.27
(ii) Re-used (Fly ash)	4,110.79	3,900.85
(iii) Other recovery operations	0	0
Total	4,285.64	4,119.12

Parameter	FY 2023-24	FY 2022-23
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	170.19	311.89
(ii) Landfilling	4,043.68	3,614.38
(iii) Other disposal operations (Co-processing)	6,754.801	5,288.99
iv) Other disposal operations (Sale to Recycler)	25,195.37	21,183.82
Total	36,164.04	30,399.08

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

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

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 specialized practices such as,

- (i) Assigned dedicated facilities according to categories of wastes.
- (ii) Safe handling procedures, labelling of HW bags and drums.
- (iii) 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 CHWTSD 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.

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

Not Applicable

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

Not Applicable

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

Yes, during the reporting period the Company was in compliance with applicable environmental norms.

Leadership Indicators

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

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

- Name of the area
- Nature of operations
- Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	4,25,435	4,30,711
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres)	4,25,435	4,19,837
Total volume of water consumption (in kilolitres)	4,25,435	4,19,837

Parameter	FY 2023-24	FY 2022-23
Water intensity per rupee of turnover (Water consumed / turnover)	= 4,25,435/2,26,691.14 = 1.88 Kilolitres per ₹ 1,00,000 of Sales	= 4,30,711/2,49,797.02 = 1.72 Kilolitres per ₹ 1,00,000 of Sales
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties – Common Effluent Treatment Plant for further treatment	-	-
- No treatment	-	-
- With treatment – Primary, Secondary, Tertiary, and sent to CETP for further treatment	14,395	20,530
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	14,395	20,530

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

The Company is not tracking Scope 3 emissions currently.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

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

Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
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.
IE-3 Motors	We have started the use of IE-3 motors, these motors have more efficiency than IE-2 motors	Power saving
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.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

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.



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

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 impacts 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 each stack at strategic locations. Online Continuous Monitoring System implemented at site.

c

Land pollution -

Hazardous wastes are disposed through only authorized Waste Management facilities.

d

Packaging waste -

Packaging waste is disposed only after decontamination. Infrastructure developed at site for decontamination.

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

The following actions are underway to improve Environment, Health and Safety at value chain partners:

- i. Vendor EHS Assessment
- ii. Vendor training on sustainable procurement
- iii. Vendor EHS Audits
- iv. Mapping Carbon Footprint of suppliers



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.**

Name of the trade and industry chambers/ associations		Name of the trade and industry chambers/ associations
	State	Federation of Indian Chambers of Commerce and Industry (FICCI)
Bombay Chamber of Commerce		Indian Institute of Chemical Engineering (IICChE)
Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India	Reach of trade and industry chambers/ associations (State/National)	PHARMEXCIL -Pharmaceuticals Export Promotion Council
Vapi Industrial Association		CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council
	National	Federation of Indian Export Organisation
		Indian Merchants Chamber (IMC)

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. No such orders received from regulatory authorities.

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.

As per the applicable laws, none of the projects undertaken by the Company can be categorized under SIA mandate. Hence no SIA has been carried out during FY 2023-24.

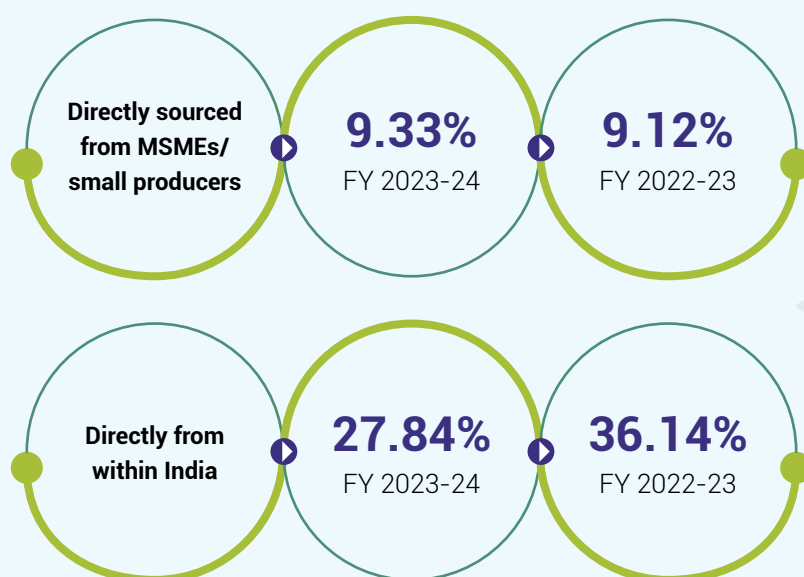
2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not applicable, the Company has not undertaken any project which required R&R.

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:



5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24	FY 2022-23
Rural	–	–
Semi-urban	88.32%	88.27%
Urban	–	–
Metropolitan	11.68%	11.73%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**
Not applicable
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 marginalized/vulnerable groups? (Yes/No)**
No
(b) **From which marginalized/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 operates, 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:

CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
Education and skill development	10,000+	100%
Healthcare	10,000+	
Tribal and Rural Development	10,000+	
Environment and Water Conservation	5,000+	
Livelihood opportunities	5,000+	

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 and to effectively address and resolve their complaints. The Company's dedicated marketing team serves as the primary point of contact for these complaints. Further, 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

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber Security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Others	2	0	-	6	3	-

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 has adopted "Information Security Policy" to ensure data integrity and confidentiality. Further, Company's Code of Conduct covers the aspect regarding Data Privacy to protect sensitive information and maintain data confidentiality.

For more details, kindly refer;

Code of Conduct: <https://www.aartidrugs.co.in/code-of-conduct/>

Information Security Policy: <https://www.aartidrugs.co.in/sustainability-policies/>

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.

7. Provide the following information relating to data breaches:**a. Number of instances of data breaches:**

NIL

b. Percentage of data breaches involving personally identifiable information of customers:

Not Applicable

c. Impact, if any, of the data breaches:

Not Applicable

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

The details of our products and services are disclosed on the website of the Company at the weblink: <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.

INDEPENDENT AUDITORS' REPORT

To The Members of

Aarti Drugs Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of Aarti Drugs Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements (including summary of the material accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024 and its profit, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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 Equipment (including Capital Work-in-Progress)</p> <p>The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2024 of Rs 94,195.57 Lakhs (as on 31 March 2023 of Rs. 79,273.89 Lakhs) includes Rs 13,384.52 Lakhs capitalised/ transferred from capital work in progress during the year (Rs. 3,140.68 Lakhs for FY 2023).</p> <p>Cost Recognition of Property, Plant and Equipment as specified in IndAS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended.</p> <p>The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention.</p> <p>Refer Note 1: Property, Plant and Equipment in Notes to the standalone financial statements.</p>	<p>Our audit procedures, amongst others, include the following –</p> <ul style="list-style-type: none"> a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment. c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs. e) Ensuring adequacy of disclosures in the standalone financial statements. f) We have relied upon management assessment about capex project being ready for its intended use and hence capitalisation of the same

INDEPENDENT AUDITOR'S REPORT (CONTD.)

OTHER MATTERS

I. Comparative Audited Standalone Financial Results

- a) The comparative audited standalone financial statements for the year ended 31 March 2023 (before giving effect to scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose audit report dated 29 April 2023 had expressed an unmodified opinion on standalone financial statements.

Our opinion is not modified in respect of the above matters.

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

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information to the extent made available for our verification as on the date and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance

with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures

INDEPENDENT AUDITOR'S REPORT (CONTD.)

that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**. Our report expresses an unmodified

INDEPENDENT AUDITOR'S REPORT (CONTD.)

opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note no 30 to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. (a) The Management has represented that, to the best of its knowledge and belief as disclosed in note no 46(g)(i) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other

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

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note no 46(g)(ii) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

v. As stated in note no 12.6 to the standalone financial statements

(a) The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

(b) The Company has not proposed final dividend in the previous year; hence Section 123 of the Act, is not applicable in this regard.

vi. Reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, and proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April 2023.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Based on our examination which included test checks, the Company has used accounting software for maintaining books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year, except where the Company is in process of implementation at the application layer of the accounting software used for maintaining general ledgers for master fields and database level to log any direct changes for the accounting software used for maintaining the books of accounts.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner

Place: Mumbai
Date: 3 May 2024

Membership No. 123215
UDIN: - 24123215BKBNYW6406

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT TO THE MEMBERS OF AARTI DRUGS LIMITED OF EVEN DATE)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right-of-use of assets and capital work in progress.
- (B) The Company is maintaining proper records showing full particulars of intangible assets as at

the year end.

- (b) The Property, Plant and Equipment of the Company have been physically verified by the management once in 3 years. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts in the current year.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds of self-constructed buildings and title deeds of all immovable properties (other than properties where the Company is lessee and lease agreements are duly executed in favour of the Company), disclosed in the financial statements included under Property Plant and Equipment are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed separately in Property Plant & Equipment in

the financial statements, the lease agreements are in the name of the Company except the below:

Description of Property	Gross Carrying Value (Rs. in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held (since)	Reason for not being held in the name of company also indicate if in dispute and period for which it has been held
Leasehold Land E-106	0.74	Effective chemicals Pvt Ltd.	No	26/02/1988	Leasehold lands 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.
Leasehold Land S-34	1.87	Star Aluminium Industries	No	06/11/1992	
Leasehold Land S-33	1.71	Avez Wire Industries Pvt Ltd.	No	11/06/1993	
Leasehold Land E-105	0.80	Rupal Chemicals Pvt. Ltd.	No	27/06/1986	

- (d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) during the year.
- (e) On the basis of information provided by management, no proceedings have been initiated during the year or are pending against the Company as at 31 March 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate. No material discrepancies were noticed and discrepancies if any are properly

dealt with by the Management of the Company.

- (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets; As mentioned in note no 46(b) to the standalone financial statements, there are no difference between quarterly returns filed by the Company with banks / financial institutions and books of accounts.
- iii. The Company has not granted loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties during the year except loans to employees as per terms of employment, and hence sub-clauses 3 (iii) (c), (d), (e), (f) of the Order are not applicable.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

According to the information and explanation given to us and on the basis of our examination of the records of the Company,

- (a) A. (i) Based on the audit procedures carried out by us and as per the information and explanation given to us, the Company has not granted any loans or advances, except loans to the employees (as per the respective terms of employment) but has provided gGuarantee to its subsidiary company during the year.

Name of the subsidiary	Nature of Guarantee	Rupees in Lakhs
Pinnacle Chile SpA		
Guarantee issued during the year	Stand by letter of credit (USD 8,300,000)	6,920.03
Total Guarantee at the end of the year	Stand by letter of credit (USD 10,300,000)	8,587.51

- (ii) Based on the audit procedures carried out by us and as per the information and explanation given to us, the Company has made investment in its wholly owned subsidiary company during the year as given below:

Name of Subsidiary	Rupees in Lakhs
Aarti Speciality Chemicals Limited	
Investment made during the year	17.00

- (b) based on the audit procedures conducted by us and records produced before us, we are of the opinion that the investments made and guarantees issued during the year are, prima facie, not prejudicial to the interest of the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of investment made and loans and advances.
- v. The Company has not accepted deposits or amounts which are deemed as deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provision of section 73 to 76 any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) (d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, GST, Custom duty, and any other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on the records of the company examined by us, particulars of Income Tax, Goods & Service Tax, Customs Duty, Excise Duty, States respective Sales Tax, Service Tax and other statutory dues which have not been deposited on account of any disputes are as under:

Nature of Statute	Nature of Dues	Period for which amount relates	Forum where Dispute is pending	₹ in Lakhs
The Central Excise Act, 1944, Custom Act 1962, Finance Act 1994	Custom Duty/Excise Duty/Service Tax	FY 2007-08 to FY 2021-22	Customs, Excise and Service Tax Appellate Tribunals/High Court	380.04
Goods and Service Tax Act	GST	FY 2017-18 to FY 2019-20	Commissioner of Excise and Service Tax Appellate Tribunal	495.65

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

Nature of Statute	Nature of Dues	Period for which amount relates	Forum where Dispute is pending	₹ in Lakhs
Income-tax Act, 1961	Income Tax plus Interest & Penalty	FY 2005-06 to 2020-21	Commissioner Of Income-Tax (Appeals)/High Court (Appeals)	9,238.24*
Total				10,113.93

*The total contingent liability in respect of additional income tax disputed in appeal (not acknowledged as debt) as on 31 March 2024 is Rs.9238.24 Lakhs. However, due to subsequent payment of taxes and adjustment of refund of earlier years of passing of rectification or order giving effect to appellate order, as per management assessment, the net Income-tax demand outstanding as on 31 March 2024 is Rs. 3,555.54 Lakhs.

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not defaulted in repayment of dues or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanation given to us and the Company has not been declared wilful defaulter by any bank or financial institution or any other lender.
- (c) In our opinion and according to information and explanations given to us, the Company has utilised the money obtained by way of term loans for the purposes for which they were raised.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie not been used during the year for long term purposes.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, except the fact that the company has issued Stand By Letter of Credit Guarantee to its subsidiary company -Pinnacle Chile SpA- Refer to clause [(iii)(a)] of this report.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) According to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) As informed by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the management, there were no whistle blower complaints received by the Company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion and on the basis of our examination of the information and documentation available to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

- xv. In our opinion and on the basis of explanation / information provided by management, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xviii. There has been no resignation of statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amounts for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act.
- xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **GOKHALE & SATHE**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner

Place: Mumbai
Date: 3 May 2024

Membership No. 123215
UDIN: - 24123215BKBNYW6406

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Drugs Limited of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

OPINION

We have audited the internal financial controls with reference to standalone financial statements of Aarti Drugs Limited (the "Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2024, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

MANAGEMENTS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit

of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that

the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **GOKHALE & SATHE**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner

Place: Mumbai
Date: 3 May 2024

Membership No. 123215
UDIN: - 24123215BKBNYW640

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2024

(₹ in lakhs)

Particulars	Note No	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	72,033.12	63,198.84
Right of use Assets	1.2	175.05	218.64
Capital Work - in - Progress	1.3	22,162.46	16,075.05
Intangible Assets	2	21.13	30.70
Financial Assets			
Investments	3	2,996.72	2,862.24
Other Non- Current Assets	4	1,671.35	2,210.90
Total Non- Current Assets		99,059.83	84,596.36
Current Assets			
Inventories	5	44,176.85	47,772.65
Financial Assets			
(i) Trade Receivable	6	64,395.47	80,167.51
(ii) Cash and Cash Equivalents	7	271.78	151.51
(iii) Other Bank Balances	8	110.34	116.04
(iv) Current Loan	9	19.09	27.53
(v) Other Financial Assets	10	1,131.77	1,202.77
Other Current Assets	11	7,996.85	5,515.14
Current Tax Assets (Net)		-	-
Total Current Assets		1,18,102.13	1,34,953.15
TOTAL ASSETS		2,17,161.96	2,19,549.51
EQUITIES AND LIABILITIES			
EQUITY			
Equity Share Capital	12	9,193.50	9,260.00
Other Equity		1,08,327.25	1,02,170.43
Total Equity		1,17,520.75	1,11,430.43
LIABILITIES			
Non- Current Liabilities			
Financial Liabilities			
(i) Borrowings	13	23,825.66	16,188.63
(ii) Lease Liabilities		91.40	40.31
(iii) Other Financial Liabilities	14	16.99	16.99
Provisions	15	274.10	297.52
Deferred Tax Liabilities (Net)	16	6,973.25	6,836.64
Total of Non- Current Liabilities		31,181.39	23,380.08
Current Liabilities			
Financial Liabilities			
(i) Borrowings	17	23,459.52	37,119.64
(ii) Lease Liabilities		94.96	199.22
(iii) Other Financial Liabilities	18	2,556.12	1,397.19
(iv) Trade payables	19		
Dues of micro enterprises and small enterprises		2,446.44	1,361.67
Dues of creditors other micro enterprises and small enterprises		36,882.77	40,539.72
Provisions	20	153.39	262.65
Other Current Liabilities	21	2,616.72	3,445.84
Current Tax Liabilities (Net)		249.90	413.07
Total Current Liabilities		68,459.82	84,739.00
TOTAL EQUITY AND LIABILITIES		2,17,161.96	2,19,549.51

Summary of material Accounting Policies and Other Explanatory Information 29-47

AS PER REPORT OF EVEN DATE

For Gokhale & Sathe

Chartered Accountants

Firm Registration No.: 103264W

Sd/-

CA Tejas Parikh

Partner

Membership No. 123215

Place : Mumbai

Date : May 03, 2024

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/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

ICSI M.No. F12932

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Particulars	Note No	Year Ended	
		March 31, 2024	March 31, 2023
I Revenue from Operations	22	2,26,691.14	2,49,797.03
II Other Income	23	418.30	223.21
III Total Income (I + II)		2,27,109.44	2,50,020.24
IV Expenses :			
(a) Cost of materials consumed	24	1,46,656.95	1,70,244.27
(b) Purchase of Stock-in-Trade		3,586.29	4,701.34
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		2,677.04	(672.11)
(d) Employee Benefits Expense		8,098.41	7,505.33
(e) Finance Cost (Interest)	25	3,016.13	3,253.12
(f) Depreciation and Amortisation Expense	26	4,766.96	4,729.35
(g) Other Expenses	27	39,059.38	39,777.85
Total expenses (IV)	28	2,07,861.16	2,29,539.15
V Profit before exceptional items and tax (III - IV)		19,248.27	20,481.09
VI Exceptional Items		-	-
VII Profit Before Tax (V - VI)		19,248.27	20,481.09
VIII Tax Expenses :			
Provision for Taxation - Current Year		4,960.00	5,325.00
- Earlier Year		-	-
Provision for Deferred Tax		100.00	(125.00)
Total Tax Expenses (VIII)		5,060.00	5,200.00
IX Profit / (Loss) for the Year (VII - VIII)		14,188.27	15,281.09
X Other Comprehensive Income			
Item that will not to be reclassified to statement of Profit and Loss			
Fair value changes on Investments, net		117.21	(54.44)
Remeasurement of defined benefit Liability/Assets, net		21.49	(87.38)
Total Other Comprehensive Income,net		138.69	(141.82)
XI Total Comprehensive Income for the Year (IX+X)		14,326.96	15,139.26
Earnings per Equity Shares (EPS) (In ₹)	29		
Basic/Diluted		15.35	16.50
Summary of material Accounting Policies and Other Explanatory Information	29-47		

AS PER REPORT OF EVEN DATE

For Gokhale & Sathe

Chartered Accountants

Firm Registration No.: 103264W

Sd/-

CA Tejas Parikh

Partner

Membership No. 123215

Place : Mumbai

Date : May 03, 2024

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/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

ICSI M.No. F12932

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2024

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as at April 01, 2023	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2023	Changes in equity share During Current Year	Balance as at March 31, 2024
9,260.00	-	9,260.00	(66.50)	9,193.50

(₹ in lakhs)

Balance as at April 01, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2022	Changes in equity share During Current Year	Balance as at March 31, 2023
9,260.00	-	9,260.00	-	9,260.00

Notes -1. Refer Note No. 12.3(a)

2. Refer Note No. 12.3(b)

3. Refer Note No. 12.5 for the changes in the promoters holding

B. OTHER EQUITY

(₹ in lakhs)

Particulars	Other Equity Reserve and Surplus				Other Comprehensive Income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
As on April 01, 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 Period	-	-	-	15,281.09	-	15,281.09
Dividend Paid	-	-	-	(926.00)	-	(926.00)
Buyback of shares	-	-	-	-	-	-
Buyback Tax	-	-	-	-	-	-
Fair value change on Investment, net	-	-	-	-	(54.44)	(54.4)
Remeasurment of defined benefit Liabiliy/ Assets, net	-	-	-	-	(87.38)	(87.4)
Balance as at March 31, 2023	200.74	361.98	6,055.21	94,713.23	839.27	1,02,170.43
Transfer to General Reserve from Retained Earning	-	-	1,418.83	(1,418.83)	-	-
Profit for the Period	-	-	-	14,188.27	-	14,188.27
Dividend Paid	-	-	-	(919.35)	-	(919.35)
Buyback of shares	-	66.50	(5,985.00)	-	-	(5,918.50)
Buyback Tax	-	-	-	(1,332.30)	-	(1,332.30)
Fair value change on Investment, net	-	-	-	-	117.21	117.21
Remeasurment of defined benefit Liabiliy/ Assets, net	-	-	-	-	21.49	21.49
Balance as at March 31, 2024	200.74	428.48	1,489.04	1,05,231.02	977.96	1,08,327.25

AS PER REPORT OF EVEN DATE

For Gokhale & Sathe

Chartered Accountants

Firm Registration No.: 103264W

Sd/-

CA Tejas Parikh

Partner

Membership No. 123215

Place : Mumbai

Date : May 03, 2024

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/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

ICSI M.No. F12932

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	19,248.27	20,481.09
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	4,766.96	4,729.35
	Provision for Doubtful debts /Bad debts	146.81	-
	Unrealised Foreign Exchange (Gain)/Loss (Net)	49.44	(61.09)
	Interest Paid	3,016.13	3,253.12
	Interest Received	(239.90)	(67.33)
	Dividend Received	(0.11)	(0.11)
	Investment W/off	29.17	-
	Profit on Sale of Assets	-	(11.12)
	Operating Profit before Working Capital Changes	27,016.77	28,323.91
	Trade & Other Receivable	13,228.67	(8,705.28)
	Changes in Inventories	3,595.81	1,073.81
	Trade & Other Payable	(5,007.67)	960.26
	Cash generated from operation	38,833.58	21,652.70
	Direct Taxes Paid	(5,123.17)	(5,482.82)
	Net Cash Flow from Operating Activities	33,710.41	16,169.88
B.	Cash Flow from Investing Activities		
	Purchase of Fixed Assets / Capital Work in Progress/ Advances/R&D	(18,932.38)	(13,068.52)
	Sale of PPE	-	14.54
	Investments	(17.00)	(127.20)
	Interest Received	239.90	67.33
	Dividend Received	0.11	0.11
	Net Cash Flow from Investing Activities	(18,709.38)	(13,113.75)
C.	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	14,249.53	9,321.72
	Repayment of Long Term Borrowings	(4,326.42)	(5,586.11)
	Proceeds/(Repayment) from Short Term Borrowings	(13,764.39)	(2,596.00)
	Buy Back of shares	(5,985.00)	-
	Buyback Tax	(1,332.30)	-
	Dividend Paid	(926.73)	(940.13)
	Interest Paid	(2,795.46)	(3,253.12)
	Net Cash Flow from Financing Activities	(14,880.76)	(3,053.63)

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	Net Increase in Cash and Cash Equivalents (A+B+C)	120.27	2.50
	Opening Cash and Cash Equivalents	151.51	149.00
	Closing Cash and Cash Equivalents	271.78	151.51
	Reconciliations of Cash and Cash Equivalents		
	Balance with Banks	44.96	39.93
	Cash in Hand	24.19	24.07
	Cheques in Hand	202.62	87.51
	Balance as per Cash Flows Statement	271.78	151.51

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 ₹ **60.03 lakhs** (previous year ₹ 58.36 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 Gokhale & Sathe

Chartered Accountants

Firm Registration No.: 103264W

Sd/-

CA Tejas Parikh

Partner

Membership No. 123215

Place : Mumbai

Date : May 03, 2024

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/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

ICSI M.No. F12932

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024.

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 May 03, 2024

Note: 1 Material Accounting Policies and Accounting Estimates and Judgements

1) Basis of preparation:

Statement of Compliance

The Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss for the year ended March 31, 2024, the Statement of Cash Flows for the year ended March 31, 2024 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone 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.

Basis of Measurement

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.

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.

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies

Estimates:

- Impairment
- Accounting for Defined benefit plans
- Useful lives of property, plant and equipment and intangible assets - Fair Valuation of Financial instruments
- Valuation of inventories

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

(2) Revenue recognition:

Revenue from contract with customer

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(i) **Sale of goods:** Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations. The Company recognises revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the Company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

Generally, in case of domestic sales, performance obligations are satisfied when the goods are dispatched or delivery is handed over to transporter, revenue from export of goods is recognised at the time of Bill of lading or airway bill or any other similar document evidencing delivery thereof.

(ii) **Interest Income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) **Dividend income:** 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 are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost of PPE comprises its purchase price (including the costs of materials / components, cost of acquisition, installation or construction) net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

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.

An item or part of PPE is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognised.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Research and Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:-

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless

such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

Depreciation:

Depreciable amount of all items of property, plant and equipment 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.

Leasehold Land is amortised over the tenure of lease.

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.

Impairment

The Company assesses at each reporting the carrying amounts of its property, plant and equipment, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Impairment loss, if any, is provided to the extent that the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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 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.

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 denominated in foreign currency are reported using the exchange rate at the date of transactions. 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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 a 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.

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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) Financial assets, financial liabilities, equity instruments and impairment of financial assets

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.

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.

Equity Investments

All equity investments (excluding the investments in Subsidiaries) in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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. Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments

De-recognition of Financial Instruments:

The Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for de-recognition under Ind AS 109. In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognise such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognises an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the

original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss

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.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of all Financial Assets subsequent to initial recognition other than financial assets measured at fair value through profit and loss (FVTPL). The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other financial assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk since its initial recognition. If there is significant increase in credit risk since its initial recognition full lifetime ECL is used. The impairment losses and reversals are recognised in Statement of Profit and Loss. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

12) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue.

Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

13) Cash and cash equivalents

For the purpose of presentation in the Balance sheet, Cash and Cash equivalents comprises cash at bank and on hand and other short-term, highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash

at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

14) Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

1. PROPERTY, PLANT AND EQUIPMENTS

(₹ in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 01, 2023	Addition	Deduction	As on March 31, 2024	As on April 01, 2023	Addition	Deduction	As on March 31, 2024	As on March 31, 2024	As on March 31, 2023
TANGIBLES ASSETS										
BUILDING	17,766.46	1,926.01	-	19,692.48	5,780.56	584.91	-	6,365.47	13,327.01	11,985.91
FURNITURE	945.96	15.18	-	961.14	795.16	37.73	-	832.89	128.25	150.80
LAND	8,891.91	-	-	8,891.91	-	100.30	-	100.30	8,791.61	8,891.91
OFFICE EQUIPMENTS	254.31	10.67	-	264.98	232.60	8.17	-	240.77	24.22	21.71
PLANT & MACHINERY	85,377.01	11,432.66	-	96,809.67	43,550.69	3,756.52	-	47,307.22	49,502.45	41,826.31
VEHICLES	663.61	-	-	663.61	341.43	62.60	-	404.03	259.58	322.18
TOTAL	1,13,899.27	13,384.52	-	1,27,283.79	50,700.44	4,550.24	-	55,250.68	72,033.12	63,198.84

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

Note :

- Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ **40.72 lakhs** (previous year ₹ 13.77 lakhs)
- Borrowing cost is capitalised during the year of ₹ **1204.15 lakhs** (Previous Year ₹ 528.28 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 Pvt Ltd	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 Pvt Ltd.	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.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

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, 2024	As at March 31, 2023
Opening Balance	218.64	408.64
Additions during the year	163.56	68.55
Amortisation	(207.15)	(258.55)
Closing Balance	175.05	218.64

Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	239.53	447.61
Finance cost accrued during the year	163.56	68.55
Payment of lease liabilities	(216.74)	(276.63)
Closing Balance	186.35	239.53

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	94.96	199.22
Non- current lease liabilities	91.40	40.31
Total	186.36	239.53

1.3. CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	16,075.06	5,962.03
Capitalised	(13,383.17)	(3,046.22)
Additions during the year	19,470.57	13,159.24
Closing Balance	22,162.46	16,075.06

CWIP Ageing Schedule:

(₹ in lakhs)

	Amount in CWIP for a period of				Total
	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	
As at March 31, 2024					
Project in progress :	13,461.31	8,103.98	-	597.17	22,162.46
Projects Temporarily Suspended :	-	-	-	-	-
Total	13,461.31	8,103.98	-	597.17	22,162.46
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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

2. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
COMPUTER SOFTWARE		
Opening Balance	30.70	6.94
Additions during the year	-	30.25
Amortisation	(9.58)	(6.48)
Closing Balance	21.13	30.70

3. NON CURRENT INVESTMENTS

(₹ in lakhs)

Name of the Company	No. of Shares/ Units	As at March 31, 2024 (₹ in lakhs)	No. of Shares/ Units	As at March 31, 2023 (₹ in lakhs)
Investments - (Unquoted) in Equity				
Shares of Subsidiary Companies (Valued at cost)				
Pinnacle Life Science Pvt Ltd	77,82,750	648.56	77,82,750	648.56
Aarti Speciality Chemicals Limited	4,20,000	42.00	2,50,000	25.00
Pinnacle Chile SpA (Chilean Company)*	95,000	309.25	95,000	309.25
Investments - (Unquoted) in Equity Shares of Other Companies (Valued at FVTOCI)				
Perfect Enviro Control Systems Ltd.	2,40,200	18.76	2,40,200	17.47
The Shamrao Vitthal Co- op Bank Ltd.	100	0.03	100	0.03
The Saraswat Co - op Bank Ltd.	10,100	1.01	10,100	1.01
Tarapur Environment Protection Society	68,188	90.84	68,188	92.99
Amit Hetrochem (I) Ltd	-	-	2,91,690	29.17
Aarti Biotech Ltd.	1,200	0.04	1,200	0.04
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.**	234	1,886.24	234	1,738.72
Total		2,996.72		2,862.24

*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, 2024	As at March 31, 2023
Capital Advances	1,671.35	2,210.90
Total	1,671.35	2,210.90

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

5. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Materials (incl.In- transit stock)	16,916.32	18,353.04
Packing Materials	154.67	121.70
Work in process	12,199.65	16,372.70
Finished Goods (incl.In- transit stock)	12,880.28	11,384.26
Stores & Spares	2,025.94	1,531.35
Stock in Trade	-	9.61
Total	44,176.85	47,772.65

6. TRADE RECEIVABLE

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured		
- considered good	64,395.47	80,167.51
- considered doubtful	226.34	195.89
	64,621.81	80,363.40
Less: Provision for Doubtful Debts	226.34	195.89
Total	64,395.47	80,167.51

Ageing of trade receivables

Particulars	As at March 31, 2024					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m t o 1yr	1-2 year	2-3 year	More than 3yr	Total
Undisputed Trade Receivable-Considered Goods	61,781.05	1,011.07	794.85	736.51	225.19	64,548.67
Undisputed Trade Receivable-Credit impaired						0.00
Disputed Trade Receivable-Credit impaired					73.15	73.15
Total Debtors	61,781.05	1,011.07	794.85	736.51	298.33	64,621.81
Less: Allowanace for Credit Loss				(122.02)	(104.32)	(226.34)
Net Debtors	61,781.05	1,011.07	794.85	614.49	194.01	64,395.47

Particulars	As at March 31, 2023					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m t o 1yr	1-2 year	2-3 year	More than 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						0.00
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	863.34	149.94	364.42	80,167.51

Above balances of trade receivables include balances with related parties (Refer Note No. 33g)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

7. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on Hand	24.19	24.07
Cheques on Hand	202.62	87.51
Balances with Scheduled Banks :		
- Current Accounts	44.96	39.93
Total	271.78	151.51

8. OTHER BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance in Deposit Accounts	60.03	58.36
Earmarked balance - unpaid dividend	50.30	57.69
Total	110.34	116.04

9. CURRENT LOAN

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Loans & Advances - Employees & Others	19.09	27.53
Total	19.09	27.53

10. OTHER FINANACIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits	1,086.82	1,132.95
Insurance claim receivable	44.95	69.81
Total	1,131.77	1,202.77

11. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Advanced to Suppliers	927.29	1,079.18
Prepaid Expenses	236.24	192.47
Other Recoverable	231.13	221.85
Balances with Govt.Authority	6,602.18	4,021.63
Total	7,996.85	5,515.14

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

12. EQUITY SHARE CAPITAL

Particulars	No. of Shares	(₹ in lakhs, except share data)		
		As at March 31, 2024	No. of Shares	As at March 31, 2023
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	9,19,35,000	9,193.50	9,26,00,000	9,260.00
		9,193.50		9,260.00

12.1 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.

12.2 The details of Equity Shares outstanding during last 5 years

No. of Equity shares outstanding

Particulars	Financial Year				
	2022-23	2022-23	2021-22	2020-21	2019-20
Equity Shares at the beginning of the year	926.00	926.00	932.00	233.00	235.82
Issue of Bonus shares	-	-	-	699.00	-
Buyback of Shares	(6.65)	-	(6.00)	-	(2.82)
Equity shares at the end of the year	919.35	926.00	926.00	932.00	233.00

12.3 Notes on Issued, Subscribed and Paid up Equity Share Capital

- During FY 2023-24, the Company has completed buyback of 6,65,000/- equity shaes of face value ₹ 10/- each at a price of ₹ 900/- per share on August 24, 2023. the number of shares post buyback stands reduced to 9,19,35,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 9193.5 lakhs.
- During FY 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 on May 25, 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 ₹ 9260 lakhs.
- During FY 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 FY 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 29, 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 ₹ 2300.00 lakhs.

12.4 Details of shareholders holding more than 5% shares

Name of the shareholders	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	84,93,205	9.24	85,58,928	9.24

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

12.5 Disclosures of shareholding of Promoters

Promoter name	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No of Shares	% held	No of Shares	% held	
Chandrakant Vallabhaji Gogri	17,23,444	1.87	17,36,777	1.88	0.00
Jaya Chandrakant Gogri	15,76,230	1.71	15,88,422	1.72	0.00
Rashesh Chandrakant Gogri	42,71,964	4.65	43,05,016	4.65	0.00
Hetal Gogri Gala	28,08,997	3.06	28,30,731	3.06	0.00
Manisha Rashesh Gogri	1,88,220	0.20	1,89,675	0.20	0.00
Aarnav Rashesh Gogri	1,87,820	0.20	1,89,273	0.20	0.00
Aashay Rashesh Gogri	8,82,728	0.96	8,89,558	0.96	0.00
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	13,79,112	1.50	13,89,783	1.50	0.00
Gogri Finserv Pvt. Ltd.	34,91,012	3.80	35,18,025	3.80	0.00
Anushakti Enterprise Private Limited	24,11,374	2.62	24,30,032	2.62	0.00
Paridhi Business Trust (Saswat Trusteeship Private Limited)	5,91,049	0.64	5,95,622	0.64	0.00
Rajendra Vallabhaji Gogri	4,75,089	0.52	7,76,191	0.84	(0.32)
Arti Rajendra Gogri	2,01,964	0.22	4,17,525	0.45	(0.23)
Renil Rajendra Gogri	11,48,442	1.25	14,24,377	1.54	(0.29)
Mirik Rajendra Gogri	12,05,222	1.31	19,97,952	2.16	(0.85)
Tulip Family Trust (Gloire Trusteeship Services Private Limited)	9,25,977	1.01	9,33,140	1.01	0.00
Orchid Family Trust (Relacion Trusteeship Services Private Limited)	9,14,157	0.99	9,21,228	0.99	0.00
Alchemie Finserv Pvt. Ltd.	20,29,127	2.21	20,44,827	2.21	0.00
Safechem Enterprises Private Limited	5,63,105	0.61	12,22,662	1.32	(0.71)
Prakash Moreshwar Patil	84,93,205	9.24	85,58,928	9.24	0.00
Priti Prakash Patil	40,47,669	4.40	40,78,989	4.40	0.00
Adhish Prakash Patil	11,41,217	1.24	11,50,046	1.24	0.00
Prakash M. Patil (HUF)	1,62,818	0.18	1,64,078	0.18	0.00
Uday Moreshwar Patil	50,637	0.06	51,022	0.06	0.00
Arun Moreshwar Patil	73,432	0.08	74,000	0.08	0.00
Vikas Moreshwar Patil	34,409	0.04	34,675	0.04	0.00
Kalika Amit Mishra	25,360	0.03	25,556	0.03	0.00
Arati Tushar Sankhe	1,75,691	0.19	1,77,000	0.19	0.00
Harshit Manilal Savla	43,57,019	4.74	43,90,733	4.74	0.00
Vishwa Harshit Savla	9,47,243	1.03	9,54,571	1.03	0.00
Seema Harshit Savla	35,29,511	3.84	45,67,514	4.93	(1.09)
Bhoomi Harshit Savla	10,02,932	1.09	-	0.00	1.09
Harshit M. Savla (HUF)	5,911	0.01	5,956	0.01	0.00
Jay Manilal Savla	2,71,195	0.29	2,93,447	0.32	(0.02)
Kenisha Savla	16,924	0.02	10,000	0.01	0.01
Hriman Savla	16,924	0.02	10,000	0.01	0.01
Jigna Hiren Shah	4,56,130	0.50	4,59,633	0.50	0.00
Aarti Industries Limited	-	0.00	-	0.00	0.00
Aarti Life Science LLP	13,473	0.01	13,577	0.01	0.00
Dilesh Roadlines Pvt Ltd	4,92,545	0.54	4,96,356	0.54	0.00
Alchemie Financial Services Limited	38,845	0.04	39,145	0.04	0.00
Indira Madan Dedhia	1,94,952	0.21	2,11,124	0.23	(0.02)
Total	5,25,23,075	57.13	5,51,67,166	59.58	(2.45)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

12.6 Dividends:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Dividend paid during the year		
Final dividend for the year ended March 31, 2023 of ₹ 0 (previous year: ₹ 0) per fully paid share	0	0
Interim Dividend for FY 2023-24 of ₹ 1/- (previous year: ₹ 1/-) per fully paid share	919.35	926.00
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 0 (previous year: ₹ 0) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	0	0

13. NON CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note No.38a)	23,468.66	15,331.63
Loans & advances from related parties		
From Directors - Unsecured	357.00	857.00
From Other - Unsecured	-	-
Total	23,825.66	16,188.63

14. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Deposits	16.99	16.99
Total	16.99	16.99

15. LONG TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Employee benefits	274.10	297.52
Total	274.10	297.52

16. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(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	6,727.45	6,627.45
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit liability/Assets	245.79	209.18
Total	6,973.25	6,836.64

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

17. CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note No.38b)	13,097.02	28,292.14
Unsecured borrowings	4,250.00	4,950.00
Current Maturity of Long term debts	6,112.50	3,877.50
Total	23,459.52	37,119.64

18. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due on Loans	220.67	170.58
Trade payables of Project	2,335.45	1,226.61
Total	2,556.12	1,397.19

19. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises	2,446.44	1,361.67
Due to others	36,882.77	40,539.72
Total	39,329.21	41,901.39

Ageing of trade payable

Particulars	As at March 31, 2024				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total (₹ In lakhs)
Undisputed dues-MSME	2,446.44				2,446.44
Undisputed dues-Others	36,882.77	-	-	-	36,882.77
Total	39,329.21	-	-	-	39,329.21

Ageing of trade payable

Particulars	As at March 31, 2023				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total (₹ In lakhs)
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

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

20. SHORT TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Employee benefits	153.39	262.65
TOTAL	153.39	262.65

21. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unpaid Dividend	50.30	57.69
Payable Duties & Taxes	154.74	146.62
Advance from customers	352.17	538.71
Other Payables	2,059.51	2,702.83
TOTAL	2,616.72	3,445.84

22. OPERATING REVENUE

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of Products	2,25,373.93	2,48,871.26
Other Operating Revenue		
Export Benefits/Incentives Received	475.06	384.82
Scrap sales & Others	842.15	540.94
Total	2,26,691.14	2,49,797.03

23. OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend	0.11	0.11
Interest	239.90	67.33
Miscellaneous income	178.29	155.77
Total	418.30	223.21

24. COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw Material Consumption	1,41,675.01	1,65,015.42
Packing Materials	2,381.14	2,608.45
Freight Inward	2,002.02	2,062.87
Clearing & Forwarding	598.77	557.53
Total	1,46,656.95	1,70,244.27

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

25. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Wages and Bonus (Mfg)	5,871.05	5,347.42
Staff Welfare Expenses (Mfg)	114.44	128.48
Salaries and Bonus (Adm)	787.52	720.59
Provident Fund Contribution	242.36	230.75
Staff Welfare Expenses	4.80	3.21
Directors' Remuneration	1,078.24	1,074.88
Total	8,098.41	7,505.33

26. FINANCE COST

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Term Loans	577.83	992.55
Interest on Working Capital	2,386.05	2,155.04
Interest on Others (Including Ind AS 116 Interest)	52.26	105.53
Total	3,016.13	3,253.12

Note : Borrowing cost is capitalised during the year of ₹ 1204.15 lakhs (Previous Year ₹ 528.28 lakhs)

27. DEPRECIATION AND AMORTISATION

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on Property, Plant & Equipment	4,550.24	4,464.31
Amortisation on Lease Assets	207.15	258.55
Amortisation on Intangible Assets	9.58	6.48
Total	4,766.96	4,729.35

28. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Manufacturing Expenses		
Processing Charges	2,151.56	1,883.77
Labour Charges	5,475.07	5,198.88
Insurance Expenses	538.50	548.94
Lease Expenses*	6.00	6.00
Power & Fuel	14,807.19	15,024.46
Stores & Spares	3,485.35	3,312.46
Repairs & Maintenance - Building	193.37	449.47
- Plant & Machinery	1,586.35	1,628.63

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Research & development	523.43	478.40
Water Charges	345.81	311.66
Laboratory Expenses	352.74	291.96
Other Factory Expenses	3,220.26	2,822.55
Sub Total (a)	32,685.64	31,957.19
Office & Administration Expenses		
Books & Periodicals	0.13	0.05
Auditors' Remuneration	12.33	11.25
Conveyance Expenses	34.69	30.39
Legal & Professional Charges	369.77	325.75
Membership & Subscriptions	5.56	5.43
Printing & Stationery	20.91	19.51
Postage, Telegram & Telephone	15.10	16.15
Office Electricity Charges	10.51	8.45
Insurance Charges	41.28	33.55
Repairs & Maintenance - Others	58.65	62.39
Entertainment Expenses	1.09	0.47
Miscellaneous Expenses	29.80	43.83
Vehicle Expenses	11.37	15.44
Travelling Expenses - Directors	16.62	8.66
- Others	60.03	37.34
Directors' Sitting Fees	14.25	12.80
Investment written off	29.17	-
Sub Total (b)	731.24	631.46
Selling & Distribution		
Advertisement & Sales Promotion	108.41	35.49
Freight & Forwarding -Export	2,068.26	3,205.85
Freight & Forwarding - Local	1,103.32	871.71
Commission Expenses	1,053.04	1,691.36
Insurance Expenses	144.57	92.41
Postage & Telegram	16.15	14.03
Other Export Expenses	151.54	389.17
Bad Debts & other written off	146.81	-
Sub Total (c)	4,792.10	6,300.01
Finance Cost		
Bank Charges (d)	304.51	364.79
Non Operative Expenses		
Donations	1.19	0.56
CSR Expenditure	544.71	523.84
Sub Total (e)	545.90	524.39
Total (a+b+c+d+e)	39,059.38	39,777.85

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

29. EARNING PER SHARE:

(₹ in lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	14,188.27	15,281.09
Total Comprehensive Income	14,326.96	15,139.26
Number of Equity Shares (Nos.)	9,19,35,000	9,26,00,000
Basic & Diluted EPS (after extraordinary items) (Rs.₹)	15.35	16.50
Nominal value per share (Rs.₹)	10.00	10.00

30. CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Contingent Liabilities		
In respect of bank guarantees issued and L/C opened by the Company's bankers	13,109.67	8,046.40
Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	9,238.24	9,001.86
Demand in respect of additional Excise, custom duty, service tax, sales tax, GST fine & disputed in appeal(not acknowledged as debt)	875.69	1,017.12
Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	120.27	193.88
Liability for Maharashtra Pollution Control Board	879.35	879.35
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,437.54	6,678.62

31. DISCLOSURE REGARDING SCIENTIFIC RESEARCH & DEVELOPMENT EXPENDITURE

(₹ in lakhs)

YEAR	RECURRING EXPENDITURE	CAPITAL EXPENDITURE
FY 2023-24	523.43	57.36
FY 2022-23	478.40	82.56

32. 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, 2024	For the year ended March 31, 2023
	Segment Revenue		
a)	Out of India	74,922.56	94,339.16
b)	India	1,51,768.58	1,55,457.87
	Total	2,26,691.14	2,49,797.03

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

33. 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 Ltd	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 and Director of Pinnacle Life Science Private Limited

• 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	

(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	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

(4) Enterprise/firms with whom transactions have taken place and over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Pinnacle Life Science Private Ltd
- Aarti Life Science LLP.
- Aarti Speciality Chemicals Limited
- Aarti Pharmed Labs Limited
- Alchemie Gases & Chemicals Pvt Ltd
- Alchemie Finechem Private Limited
- Pinnacle Chile SpA

Transaction with the Related Parties:

Sr. No.	Particulars	Relationship	FY 2023-24 (₹ In lakhs)	FY 2022-23 (₹ In lakhs)
a)	Sale of Goods			
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	6,290.83	5,555.62
	Aarti Industries Ltd	Entities in which some of the directors are interested	0.03	1.86
	Aarti Pharmed Labs Ltd	Entities in which some of the directors are interested	5.61	1.31
	Aarti Life Science LLP	Entities in which some of the directors are interested	14.93	0.00
b)	Dividend/Rent Income from Pinnacle Life Science Pvt Ltd	Wholly Owned Subsidiary	25.41	18.80
c)	Purchase of Goods Traded			
	Aarti Industries Ltd	Entities in which some of the directors are interested	928.93	1,476.39
	Aarti Pharmed Labs Ltd	Entities in which some of the directors are interested	193.76	110.14
	Alchemie Finechem Pvt. Ltd	Entities in which some of the directors are interested	92.68	91.30
d)	Manufacturing Expenses			
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	00.00	27.00
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	30.90	19.98
e)	Finance Cost			
	Prakash M Patil	KMP	21.90	20.56
	Harshit M Savla	KMP	9.69	47.99
f)	Employee Benefit and Office & Administration Expenses			
	Prakash M Patil	Director	278.48	276.46
	Harshit M Savla	Director	255.42	255.50
	Harit. P. Shah	Director	255.42	255.50
	Uday M Patil	Director	33.51	31.93
	Rashesh C Gogri	Director	255.42	255.50
	Adhish Patil	KMP	114.44	111.62
	Vikas Patil	Relative of KMP	21.81	20.77

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

Sr. No.	Particulars	Relationship	FY 2023-24 (₹ In lakhs)	FY 2022-23 (₹ In lakhs)
	Rushikesh Deole	KMP	11.67	11.16
	Jaun Fidel Gomez Barrera	KMP	0.00	7.07
g)	Closing Balance			
	Balance Receivable			
	Aarti Speciality Chemicals Limited	Wholly Owned Subsidiary	00.00	16.69
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	1,589.36	2,404.43
	Pinnacle Chile SpA	Subsidiary	68.28	33.32
	Aarti Life Science LLP	Entities in which some of the director are interested	12.25	0.00
	Balance Payable			
	Aarti Life Science LLP	Entities in which some of the directors are interested	3.96	00.00
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	2.28	2.01
	Aarti Industries Ltd	Entities in which some of the directors are interested	219.72	187.35
	Alchemie Finechem Pvt Ltd	Entities in which some of the directors are interested	26.35	18.49
	Aarti PharmaLabs Ltd	Entities in which some of the directors are interested	35.48	70.44
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	100.00	600.00

1. Transactions are Net of Taxes

34. Additional Information

a. Licensed capacity installed capacity and production

Class of Goods	* Licensed	Units	Year	Installed	Production	Captive
Pharmaceutical	---	MT	FY 2023-24	57,129	41,116	9,864
		MT	FY 2022-23	51,126	38,215	9,382

* As license is not required Licensed Capacity not given.

b. Purchase of trading items(Net):	Current Year	Previous Year
Quantity in MT	3852.00	8503.52
Amounts (₹ in lakhs)	3,586.29	4,701.34

c. Value of Raw materials and spares consumed	Current Year	Previous Year
Raw Material:		
Indigenous		
Percentage %	36.94	40.03
Amount (₹ In lakhs)	52,330.42	66,057.32
Imported		
Percentage %	63.06	59.97
Amount (₹ In lakhs)	89,344.59	98,958.10

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

c.	Value of Raw materials and spares consumed	Current Year	Previous Year
	Stores and spares		
	Indigenous		
	Percentage %	100.00	100.00
	Amount (₹ In lakhs)	3,485.35	3,312.46
d.	C.I.F Value of Imports	Current Year	Previous Year
	Raw Material	82,386.48	90,821.70
	Capital Goods	600.20	843.55
e.	Expenditure in Foreign Currency	Current Year	Previous Year
	Commission	503.69	1175.03
	Travelling Expenses	67.32	34.96
	Sales Promotion	32.54	00.00
	Foreign Bank Charges	116.33	125.85
	Interest on F.C. Loan	29.31	210.23
	Others	122.43	309.62
f.	Earnings in Foreign Exchange	Current Year	Previous Year
	F.O.B. Value of Exports	67,284.01	85,363.84

35 FAIR VALUE MEASUREMENTS:

Financial Instrument by Category

(₹ in lakhs)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial Asset								
At Amortised Cost								
Trade Receivables	64,395.47	-	-	-	80,167.51	-	-	-
Cash & Cash Equivalent	331.81	-	-	-	209.86	-	-	-
Bank Balance Other than Cash and Cash Equivalents	50.30				57.69			
Other Financial Assets	1,131.77	-	-	-	1,202.77	-	-	-
At FVTOCI								
Investment	2,996.72	-	2,996.72	-	2,862.24	-	2,862.24	-
Financial Liabilities								
At Amortised Cost								
Borrowings	47,285.17	-	-	-	53,308.27	-	-	-
Trade Payables	39,329.21	-	-	-	41,901.39	-	-	-
Other Financial Liabilities	2,664.51	-	-	-	1,454.49	-	-	-

The financial instruments are categorized 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

36 CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total capital. Debt is calculated as loans and borrowings plus lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Debt (A)	47,471.53	53,547.80
Total Equity (B)	1,17,520.75	1,11,430.43
Gearing Ratio (A/B)	0.40	0.48

37 FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

Liquidity Risk Management

The Company's corporate treasury 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, 2024

Maturities of non-derivative financial liabilities

(₹ in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	39,329.21		-	39,329.21
Other financial liabilities	2,556.12	16.99	-	2,573.11
Total	41,885.34	16.99	-	41,902.33

As at March 31, 2023

Maturities of non-derivative financial liabilities

(₹ in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	41,901.39		-	41,901.39
Other financial liabilities	1,397.19	16.99	-	1,414.18
Total	43,298.58	16.99	-	43,315.57

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.

38 SECURED BORROWING FROM BANKS:

(₹ in lakhs)

Bank Name	As at March 31, 2024	As at March 31, 2023	Future Installment	
			Within 1 Year	Subsequent Years
SVC Co-op Bank Limited	2,413.66	3,793.66	1,897.50	516.16
Kotak Mahindra Bank limited	25,000.00	12,100.47	2,812.50	22,187.50
HDFC Bank Ltd	2,167.50	3,315.00	1,402.50	765.00

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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 Ltd and SVC Co-op Bank Ltd is also secured by way of pari-passu second charge on current assets of the companythe Company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹ **13,097.02 lakhs** (Previous Year ₹ 28,292.14 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.

39 CAPITAL MANAGEMENT:

The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The companyThe 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, 2024, the companythe Company had hedge in aggregate an amount of ₹ **43,076.23/- lakhs** (previous year ₹ 36,652.06/- lakhs) out of its annual trade related operations (export& import) aggregating to ₹ **1,51,282.69/- lakhs** (previous year ₹1,78,003.16/- lakhs) after considering natural hedge.

- 40** Sales /Income from Operation include export benefits amounting to ₹ **475.05/- lakhs** (As at March 31, 2023 ₹ 384.82/- lakhs)

41 DIRECTORS REMUNERATION:

(₹ in lakhs)

Particulars	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	297.64	270.26
Bonus/Leave Travel Allowance/House Rent Allowance/		
Medical/Leave Salary	60.16	56.46
Commission to Directors	651.80	685.71
Contribution to Provident Fund	1.08	1.08
Superannuation fund scheme	67.56	61.38
Total Remuneration	1,078.24	1,074.88

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

42. AUDITORS' REMUNERATION INCLUDES

(₹ in lakhs)		
Particulars	Current Year	Previous Year
Statutory Audit	12.32	11.10
Certification	0.00	0.15
Total	12.32	11.25

43. RECONCILIATION OF EFFECTIVE TAX RATE

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

(₹ in lakhs)		
Particulars	Current Year	Previous Year
Accounting profit before income taxes	19,248.27	20,481.09
Statutory income tax rate (%)	25.168	25.168
Computed expected tax (benefit)/expenses	4,844.40	5,154.68
Timing difference in depreciable assets	75.97	54.01
Other Non-deductible expenses for tax purpose	137.39	131.88
Other deductible Items for tax purpose	(97.76)	(15.57)
Deferred Tax not recognised (net)	100.00	(125.00)
Income tax expense reported in the statement of profit and loss	5,060.00	5,200.00
Effective Income Tax Rate	26.29	25.39

44. 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 Ltd 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.

(₹ in lakhs)		
	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	1,958.67	1,767.68
Current/Past Service Cost	96.29	85.96
Interest Cost	146.90	128.51
Actuarial(gain)/ loss	32.82	89.49
Benefits Paid	(116.79)	(112.96)
Defined Benefit Obligation at year end	2,117.90	1,958.67
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	1,735.58	1,538.70
Expected return of plan assets	61.47	(27.02)
Interest Income	130.17	111.86
Actuarial gain/ (loss)	0.00	0.00
Employer Contribution	223.96	225.00
Benefits Paid	(116.79)	(112.96)
Fair value of plan assets at year end	2,034.39	1,735.58
Actual return on plan assets	61.47	(27.02)

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

	(₹ in lakhs)	
	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	2,034.39	1,735.58
Present value of obligation	(2,117.90)	(1,958.67)
Amount Recognised	(83.51)	(223.09)
d. Expenses recognizised during the year		
Current/Past Service cost	96.29	85.96
Interest cost	16.73	16.65
Expected return on plan assets	0.00	0.00
Actuarial(gain)/ loss	(28.65)	116.51
Net Cost	16.73	16.65
L.I.C Group Gratuity (Cash Accumulation) Policy, and Aditya Birla Sun Life Insurance Company Ltd. Group Gratuity Policy	74.95% Invested with L.I.C. & 25.05% ABSLCL	79.05% Invested with L.I.C. & 20.95% ABSLCL
e. Actuarial assumptions		
Mortality Table(L.I.C.)	-	-
	2012-14	2006-08
	(Ultimate)	(Ultimate)
Discount rate (per annum)	7.22%	7.50%
Expected rate of return on plan assets (per annum)	7.22%	7.50%
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 ₹ 317.58 lakhs previous year (₹ 337.07 lakhs) has been provided in the Accounts for the year.

45. AS PER SECTION 135 OF THE COMPANIES ACT 2013, DETAILS OF AMOUNT TO BE SPENT ON CORPORATE SOCIAL RESPONSIBILITY ARE AS BELOW.

	(₹ in lakhs)	
Particulars	Current Year	Previous Year
Gross Amount to be spent on CSR Activity	538.28	523.72
Amount spent during the year :	544.71	523.84
Projects :		
- Education and Skill development	370.99	327.03
- Healthcare Facilities	73.11	92.17
- Tribal Welfare	25.00	74.33
- Conservation of natural resources and maintaining quality of soil, air and water	0.92	25.00
- Slum area development.	0.00	5.31
- Livestock Development.	41.69	0.00
- Medical Grant.	2.50	0.00
- Women Empowerment Welfare.	30.00	0.00
- Public Infrastructure.	0.50	0.00
Total CSR Expenses	544.71	523.84
Excess/(shortfall) during the year	6.43	0.12
Total of previous year shortfalls		-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

46. 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)	1.73	1.59	8.81
Debt-Equity ratio (in times) (Debt consists of borrowings and lease liabilities/ Shareholder's Equity)	0.40	0.48	(16.76)
Debt service coverage ratio (in times) (Net Profit after taxes + Depreciation + Interest on loan)/(Interest on loan and lease payments + Long term principal repayments)	3.16	3.78	(16.40)
Return on equity ratio (in %) (Net profit after tax/ Average Shareholder's equity)	12.39	14.65	(15.43)
Inventory Turnover Ratio (in %) (Cost of goods sold/ Average Inventories)	4.28	4.93	(13.18)
Trade receivables turnover ratio (in times) (Net Credit Sales/ Average trade receivables)	3.70	4.85	(23.71)
Trade payables turnover ratio (in times) (Net Credit Purchase/ Average trade payables)	5.24	5.35	(2.06)
Net capital turnover ratio (in times) (Net Sales/ Average working capital (i.e. Total current assets less Total current liabilities))	3.11	4.13	(24.70)
Net profit ratio (in %) (Net Profit after tax/ Net Sales)	6.26	6.12	2.29
Return on capital employed (in %) (Earning before interest and taxes)/ (Tangible Net Worth + Total Debt + Deferred tax Liability)	12.97	14.50	(10.55)
Return on investment (in %) (Income generated from invested funds/ Average Investments)	0.00	0.00	0.00

Note: 1. There is no significant change (i.e. change of 25% or more as compared to the FY 2022-23) in the other key financial ratios.

2. Debt-Equity ratio for FY 2023-24 Stood 0.40x 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
June 2023	Union Bank of India Consortium Bank	Inventory	49,073	49,073	0
June 2023	Union Bank of India Consortium Bank	Receivable	73,934	73,934	0
June 2023	Union Bank of India Consortium Bank	Other Assets	7,417	7,417	0
September 2023	Union Bank of India Consortium Bank	Inventory	46,740	46,740	0
September 2023	Union Bank of India Consortium Bank	Receivable	65,141	65,141	0
September 2023	Union Bank of India Consortium Bank	Other Assets	7,411	7,411	0

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

(₹ 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
December 2023	Union Bank of India Consortium Bank	Inventory	46,917	46,917	0
December 2023	Union Bank of India Consortium Bank	Receivable	60,762	60,762	0
December 2023	Union Bank of India Consortium Bank	Other Assets	8,828	8,828	0
March 2024	Union Bank of India Consortium Bank	Inventory	44,177	44,177	0
March 2024	Union Bank of India Consortium Bank	Receivable	64,395	64,395	0
March 2024	Union Bank of India Consortium Bank	Other Assets	9,530	9,530	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
June 2022	Union Bank of India Consortium Bank	Inventory	57,230	57,230	0
June 2022	Union Bank of India Consortium Bank	Receivable	64,759	64,759	0
June 2022	Union Bank of India Consortium Bank	Other Assets	7,525	7,525	0
September 2022	Union Bank of India Consortium Bank	Inventory	55,019	55,019	0
September 2022	Union Bank of India Consortium Bank	Receivable	68,116	68,116	0
September 2022	Union Bank of India Consortium Bank	Other Assets	6,441	6,589	(148)
December 2022	Union Bank of India Consortium Bank	Inventory	55,006	55,006	0
December 2022	Union Bank of India Consortium Bank	Receivable	69,283	69,283	0
December 2022	Union Bank of India Consortium Bank	Other Assets	6,481	6,674	(193)
March 2023	Union Bank of India Consortium Bank	Inventory	47,773	47,773	0
March 2023	Union Bank of India Consortium Bank	Receivable	80,168	80,168	0
March 2023	Union Bank of India Consortium Bank	Other Assets	7,013	7,013	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
June 2023	Union Bank of India Consortium Bank	Borrowing	31,928	31,928	0
June 2023	Union Bank of India Consortium Bank	Payable	38,934	38,934	0
June 2023	Union Bank of India Consortium Bank	Other Liability	3,815	3,815	0
September 2023	Union Bank of India Consortium Bank	Borrowing	32,627	32,627	0
September 2023	Union Bank of India Consortium Bank	Payable	36,873	36,873	0
September 2023	Union Bank of India Consortium Bank	Other Liability	4,046	4,046	0

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

(₹ 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
December 2023	Union Bank of India Consortium Bank	Borrowing	33,187	33,187	0
December 2023	Union Bank of India Consortium Bank	Payable	35,932	35,932	0
December 2023	Union Bank of India Consortium Bank	Other Liability	3,443	3,443	0
March 2024	Union Bank of India Consortium Bank	Borrowing	23,460	23,460	0
March 2024	Union Bank of India Consortium Bank	Payable	39,329	39,329	0
March 2024	Union Bank of India Consortium Bank	Other Liability	5,671	5,671	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
June 2022	Union Bank of India Consortium Bank	Borrowing	38,810	38,810	0
June 2022	Union Bank of India Consortium Bank	Payable	44,665	44,665	0
June 2022	Union Bank of India Consortium Bank	Other Liability	4,437	4,437	0
September 2022	Union Bank of India Consortium Bank	Borrowing	42,948	42,948	0
September 2022	Union Bank of India Consortium Bank	Payable	40,362	40,362	0
September 2022	Union Bank of India Consortium Bank	Other Liability	4,390	4,390	0
December 2022	Union Bank of India Consortium Bank	Borrowing	39,211	39,211	0
December 2022	Union Bank of India Consortium Bank	Payable	39,370	39,370	0
December 2022	Union Bank of India Consortium Bank	Other Liability	3,605	3,605	0
March 2023	Union Bank of India Consortium Bank	Borrowing	37,120	37,120	0
March 2023	Union Bank of India Consortium Bank	Payable	41,901	41,901	0
March 2023	Union Bank of India Consortium Bank	Other Liability	4,078	4,078	0

- 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:

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

- 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.

47. Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For GOKHALE & SATHE

CHARTERED ACCOUNTANTS

Firm Registration No: 103264W

Sd/-

CA TEJAS PARIKH

PARTNER

M NO: 123215

Place: Mumbai

Date : May 03, 2024

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/-

HARIT P. SHAH

(Whole Time Director)

DIN: 00005501

Sd/-

CS RUSHIKESH DEOLE

(Company Secretary & Compliance Officer)

ICSI M.No. F12932

INDEPENDENT AUDITORS' 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** (the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended on that date and notes to the consolidated financial statements (including summary of the material accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024 and its consolidated profit, and consolidated total comprehensive income,

consolidated changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress)</p> <p>The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2024 of Rs 1,06,903.07 Lakhs (Rs. 88,359.67 crores on 31 March 2023) includes Rs. 18,081.98 Lakhs capitalised / transferred from capital work in progress during the year (Rs.3,531.43 Lakhs for FY 2023).</p> <p>Cost Recognition of Property, Plant and Equipment as specified in IndAS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended.</p>	<p>Our audit procedures, amongst others, include the following –</p> <p>a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure.</p> <p>b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment.</p> <p>c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment.</p>

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Sr. No.	Key Audit Matter	Auditor's Response
	<p>The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention.</p> <p>Refer Note 1: Property, Plant and Equipment in Notes to the standalone financial statements.</p>	<p>d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs.</p> <p>e) Ensuring adequacy of disclosures in the standalone financial statements.</p> <p>f) We have relied upon management assessment about capex project ready for its intended use and hence capitalisation of the same.</p>

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

The Holding Company's Board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information to the extent made available for our verification as on date of this report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate

accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors of the companies included in the Group are also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT (CONTD.)

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

OTHER MATTERS

I. Comparative Audited Consolidated Financial Results

The comparative audited consolidated financial statements for the year ended 31 March 2023 (before giving effect to scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose audit report dated 29 April 2023 had expressed an unmodified opinion on consolidated financial statements.

II. Financial Results of Subsidiaries not audited by us.

We did not audit the financial statements/financial information of 1 foreign subsidiary, whose financial statements/financial information reflect total assets of Rs 5,349.68 Lakhs as at 31 March 2024, and total revenues of Rs. 7,616.77 Lakhs and total net profit after tax of Rs. 345.00 Lakhs and cash inflow (net) of Rs.88.18 lakhs for the year ended 31 March 2024 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 this 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 the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with respective underlying books of accounts of holding company and its subsidiaries maintained for the purpose of preparation of the consolidated financial statements maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act to the extent applicable
- f) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer note 30 to the consolidated financial statements.
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Holding Company and its subsidiary companies.
- iv. (a) The Management of the Holding Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented that, to the best of its knowledge and belief, other than disclosed in note no 37(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The respective Management of the Holding Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented, that, to the best of its knowledge and belief, other than disclosed in note no 37(vi) to the consolidated financial statements,

INDEPENDENT AUDITOR'S REPORT (CONTD.)

no funds have been received by the Holding Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in note no 12.6 to the standalone financial statements
 - (a) The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.
 - (b) The Company has not proposed final dividend in the previous year; hence Section 123 of the Act, is not applicable in this regard.
- vi. Reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, and proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April 2023.

Based on our examination which included test checks, the Holding Company and its

subsidiaries have used accounting software for maintaining books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year, except where the Company is in process of implementation at the application layer of the accounting software used for maintaining general ledgers for master fields and database level to log any direct changes for the accounting software used for maintaining the books of accounts.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

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

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner

Place: Mumbai
Date: 3 May 2024

Membership No. 123215
UDIN: - 24123215BKBNYX2187

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Drugs Limited of even date)

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

OPINION

We have audited internal financial controls with reference to consolidated financial statements of Aarti Drugs Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group") as of 31 March 2024 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiaries, which are incorporated in India, have, in all material respects, an adequate internal financial and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

MANAGEMENTS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiaries are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to

consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements include obtaining an understanding of internal financial controls with reference to consolidated financial

statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

financial statements includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material

misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to financial statements of subsidiary companies, to the extent applicable, are based on the corresponding reports of the auditors of such company.

Our opinion is not modified in respect of this matter.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner

Place: Mumbai
Date: 3 May 2024

Membership No. 123215
UDIN: - 24123215BKBNYX2187

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2024

(₹ in lakhs)

Particulars	Note No	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non - Current Assets			
Property, Plan and Equipment	1	80,815.88	67,324.64
Right of use Assets	1.2	175.05	218.64
Capital work - in - progress	1.3	22,522.67	18,681.04
Intangible assets	2	117.89	79.43
Intangible assets under development	2.1	3,564.53	2,353.99
Financial Assets			
Investments	3	1,997.41	1,879.92
Other Non- Current Assets	4	1,970.37	2,423.33
Total Non- Current Assets		1,11,163.80	92,961.00
Current Assets			
Inventories	5	48,589.23	51,629.10
Financial Assets			
(i) Trade Receivable	6	70,455.36	86,483.91
(ii) Cash and Cash Equivalents	7	674.27	750.34
(iii) Other Bank Balances	8	268.88	145.64
(iv) Current Loan	9	23.66	31.61
(v) Other Financial Assets	10	1,133.81	1,202.77
Other current assets	11	10,926.79	8,935.45
Current Tax Assets (Net)		-	-
Total Current Assets		1,32,071.99	1,49,178.82
TOTAL		2,43,235.80	2,42,139.82
EQUITIES AND LIABILITIES			
EQUITY			
Share Capital	12	9,193.50	9,260.00
Other Equity		1,18,961.35	1,09,983.47
Total Equity Attributable to Equity Holders of the Company		1,28,154.85	1,19,243.47
Non- Controlling Interests		40.58	23.33
Total Equity		1,28,195.42	1,19,266.80
LIABILITIES			
Non current liabilities			
Financial Liabilities			
(i) Borrowings	13	27,532.92	20,467.73
(ii) Lease Liabilities		91.40	40.31
(iii) Other Financial Liabilities	14	16.99	16.99
Provisions	15	274.10	303.47
Deferred tax liability (Net)	16	7,570.70	7,096.81
Total of Non current liabilities		35,486.11	27,925.31
Current liabilities			
Financial Liabilities			
(i) Borrowings	17	28,708.73	40,184.19
(ii) Lease Liabilities		94.96	199.22
(iii) Other Financial Liabilities	18	2,632.51	1,397.19
(iv) Trade payables	19		
Dues of micro enterprises and small enterprises		2,944.15	2,078.29
Dues of creditors other micro enterprises and small enterprises		39,604.84	45,948.31
Provisions	20	295.43	436.73
Other current liabilities	21	5,155.59	4,280.47
Current Tax Liabilities (Net)		118.05	423.30
TOTAL		79,554.27	94,947.71
TOTAL		2,43,235.80	2,42,139.82
Summary of material Accounting Policies and Other Explanatory Information	29-41		

AS PER REPORT OF EVEN DATE
For Gokhale & Sathe
Chartered Accountants
Firm Registration No.: 103264W

Sd/-
CA Tejas Parikh
Partner
Membership No. 123215

Place : Mumbai
Date : May 03, 2024

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/-
Harit P. Shah
(Whole Time Director)
DIN : 00005501

Sd/-
CS Rushikesh Deole
(Company Secretary & Compliance officer)
ICSI M.No. F12932

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Particulars	Note No	Year Ended	
		March 31, 2024	March 31, 2023
I Revenue from Operations	22	2,52,857.65	2,71,605.36
II Other Income	23	403.01	219.39
III Total Revenue (I + II)		2,53,260.65	2,71,824.75
IV Expenses :			
(a) Cost of materials consumed	24	1,57,198.19	1,76,897.43
(b) Purchase of stock-in-trade		8,022.90	12,129.26
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		2,551.14	(175.49)
(d) Employee Benefits Expense	25	10,233.69	9,207.99
(e) Finance cost (Interest)	26	3,351.50	3,329.32
(f) Depreciation and Amortisation Expense	27	5,144.72	5,032.42
(g) Other Expenses	28	43,205.73	42,985.62
Total Expenses (IV)		2,29,707.87	2,49,406.55
V Profit before exceptional items and tax (III - IV)		23,552.78	22,418.21
VI Exceptional Items		-	-
VII Profit before tax (V - VI)		23,552.78	22,418.21
VIII Tax Expenses :			
Provision for Taxation - Current Year		5,956.42	5,885.95
- Earlier Year		-	-
Provision for Deferred Tax		437.28	(103.47)
Total tax expenses (VIII)		6,393.71	5,782.49
IX Profit / (Loss) for the period (IX - XII)		17,159.07	16,635.72
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		117.21	(54.44)
Remeasurement of defined benefit Liabiliy/Assets, net		17.01	(95.44)
Foreign currency translation reserve		(128.02)	-
Total Other Comprehensive Income,net		6.20	(149.88)
XI Total Comprehensive Income for the Year (IX+X)		17,165.27	16,485.85
XII Profit attributable to :			
Owner of the Company		17,141.82	16,630.88
Non- Controlling Interest		17.25	4.84
XIII Total Comprehensive Income attributable to :			
Owner of the Company		17,154.42	16,481.01
Non- Controlling Interest		10.85	4.84
Earnings per Equity Shares (EPS) (In `)			
Basic/Diluted	29	18.56	17.97
Summary of material Accounting Policies and Other Explanatory Information	29-41		

AS PER REPORT OF EVEN DATE**For Gokhale & Sathe**

Chartered Accountants

Firm Registration No.: 103264W

Sd/-

CA Tejas Parikh

Partner

Membership No. 123215

Place : Mumbai

Date : May 03, 2024

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/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

ICSI M.No. F12932

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2024

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as at April 01, 2023	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2023	Changes in equity share During Current Year	Balance as at March 31, 2024
9,260.00	-	9,260.00	(66.50)	9,193.50

(₹ in lakhs)

Balance as at April 01, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2022	Changes in equity share During Current Year	Balance as at March 31, 2023
9,260.00	-	9,260.00	-	9,260.00

Notes -1. Refer Note No. 12.3(a)

2. Refer Note No. 12.3(b)

3. Refer Note No. 12.5 for the changes in the promoters holding

B. OTHER EQUITY

(₹ in lakhs)

Particulars	Other Equity					Other Compre- hensive Income	Total Equity Attributable to Equity Holder of the Company	Non- Controlling Interest	Total Equity
	Reserve and Surplus								
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation reserve				
Opening Balance as at April 01, 2022	628.27	361.98	4,527.11	87,874.96	-	983.79	94,376.11	(5.97)	94,370.14
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 Liabiliy/Assets, net	-	-	-	-	-	(95.44)	(95.44)	-	(95.44)
Foreign CurrencyTranslation	-	-	-	-	50.60	-	50.60	-	50.60
other adjustments	-	-	-	1.76	-	-	1.76	-	1.76

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

Particulars	Other Equity					Other Comprehensive Income	Total Equity Attributable to Equity Holder of the Company	Non-Controlling Interest	Total Equity
	Reserve and Surplus								
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation reserve				
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
Transfer to Other Reserve from Retain Earning	-	-	1,418.83	(1,418.83)	-	-	-	-	-
Profit for the Period	-	-	-	17,141.82	-	-	17,141.82	17.25	17,159.07
Dividend Paid	-	-	-	(919.35)	-	-	(919.35)	-	(919.35)
Buyback of shars	-	66.50	(5,985.00)	-	-	-	(5,918.50)	-	(5,918.50)
Tax on Buyback	-	-	-	(1,332.30)	-	-	(1,332.30)	-	(1,332.30)
Fair value change on Investment, net	-	-	-	-	-	117.21	117.21	-	117.21
Remeasurment of defined benefit Liabiliy/Assets, net	-	-	-	-	-	17.01	17.01	-	17.01
Foreign CurrencyTranslation	-	-	-	-	(128.02)	-	(128.02)	-	(128.02)
Balance as at March 31, 2024	628.27	428.48	1,489.04	1,15,524.84	(77.42)	968.14	1,18,961.35	40.58	1,19,001.92

AS PER REPORT OF EVEN DATE

For Gokhale & Sathe

Chartered Accountants

Firm Registration No.: 103264W

Sd/-

CA Tejas Parikh

Partner

Membership No. 123215

Place : Mumbai

Date : May 03, 2024

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/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

ICSI M.No. F12932

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	23,552.78	22,418.21
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	5,144.72	5,032.42
	Provision for Doubtful debts /Bad debts	189.58	75.94
	Unrealised Foreign Exchange (Gain)/Loss (Net)	(182.66)	(130.74)
	Interest Paid	3,351.50	3,618.63
	Interest Received	(249.55)	(69.92)
	Dividend Received	(0.11)	(0.11)
	Investment W/off	29.17	-
	Profit on Sale of Assets	18.34	(11.12)
	Operating Profit before Working Capital Changes	31,853.77	30,933.30
	Trade & Other Receivable	16,107.03	(9,442.23)
	Changes in Inventories	3,424.58	582.18
	Trade & Other Payable	(9,253.12)	(2,773.66)
	Cash generated from operation	42,132.27	19,299.60
	Direct Taxes Paid	(6,239.95)	(5,967.48)
	Net Cash Flow from Operating Activities	35,892.32	13,332.12
B.	Cash Flow from Investing Activities		
	Purchase of Fixed Assets / Capital Work in Progress/ Advances/R&D	(22,633.45)	(16,481.78)
	Sale of PPE	18.72	14.54
	Interest Received	249.55	69.92
	Dividend Received	0.11	0.11
	Net Cash Flow from Investing Activities	(22,365.08)	(16,397.20)
C.	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	14,818.50	11,583.82
	Repayment of Long Term Borrowings	(4,593.60)	(5,586.11)
	Proceeds/(Repayment) from Short Term Borrowings	(12,453.35)	139.70
	Capital Proceeds	-	75.56
	Buy Back of shares	(5,985.00)	-
	Buyback Tax	(1,332.30)	-
	Dividend Paid	(926.73)	(940.13)
	Interest Paid	(3,130.83)	(3,618.63)
	Net Cash Flow from Financing Activities	(13,603.31)	1,654.22

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	Net Increase in Cash and Cash Equivalents (A+B+C)	(76.07)	(1,410.86)
	Opening Cash and Cash Equivalents	750.34	2,161.20
	Closing Cash and Cash Equivalents	674.27	750.34
	Reconciliations of Cash and Cash Equivalents		
	Balance with Banks	443.23	634.09
	Cash in Hand	26.17	28.24
	Cheques in Hand	204.87	88.01
	Balance as per Cash Flows Statement	674.27	750.34

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 ₹ **218.58 lakhs** (previous year ₹ **87.95 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 Gokhale & Sathe**

Chartered Accountants

Firm Registration No.: 103264W

Sd/-

CA Tejas Parikh

Partner

Membership No. 123215

Place : Mumbai

Date : May 03, 2024

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/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

ICSI M.No. F12932

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024.

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 Group	Country of Incorporation	Proportion of Ownership Interest (%)	
		As on March 31, 2024	As on March 31, 2023
Wholly Owned Subsidiary			
Pinnacle Life Science Private Ltd.	India	100%	100%
Aarti Specialty Chemicals Ltd.	India	100%	100%
Subsidiary Group			
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 May 03, 2024

Note: 1 Material Accounting Policies and Accounting Estimates and Judgements

1) Basis of preparation:

Statement of Compliance

These financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time

Accordingly, the Group has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss for the year ended March 31, 2024, the Statement of

Cash Flows for the year ended March 31, 2024 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Consolidated Financial Statements')

Classification of Assets and Liabilities:

All assets and liabilities have been classified as current or non-current as per the Group'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 Group 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.

Basis of Measurement

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.

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 STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies

Estimates:

- Impairment
- Accounting for Defined benefit plans
- Useful lives of property, plant and equipment and intangible assets - Fair Valuation of Financial instruments
- Valuation of inventories

(2) Revenue recognition:

Revenue from contract with customer

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

- (i) **Sale of goods:** Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations. The Group recognises revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the Group expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

Generally, in case of domestic sales, performance obligations are satisfied when the goods are dispatched or delivery is handed over to transporter, revenue from export of goods is recognised at the time of Bill of lading or airway bill or any other similar document evidencing delivery thereof.

- (ii) **Interest Income:** Interest income from a financial asset is 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.

3) Property, plant and equipment (PPE):

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost of PPE comprises its purchase price (including the costs of materials / components, cost of acquisition, installation or construction) net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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.

An item or part of PPE is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognised.

Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Research and Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:-

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

Depreciation:

Depreciable amount of all items of property, plant and equipment 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.

Leasehold Land is amortised over the tenure of lease, 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.

Impairment

The Group assesses at each reporting the carrying amounts of its property, plant and equipment, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

testing for an asset is required, the Group estimates the asset's recoverable amount. Impairment loss, if any, is provided to the extent that the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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 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 Group'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.

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 denominated in foreign currency are reported using the exchange rate at the date of transactions. 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 group 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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, group's incremental borrowing rate. Generally, the group 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 group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group 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 group's estimate of the amount expected to be payable under a residual value guarantee, or if group 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 group 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 reassessed 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 a 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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 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 group 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) Financial assets, financial liabilities, equity instruments and impairment of financial assets

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.

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.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

Equity Investments

All equity investments (excluding the investments in Subsidiaries) in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the 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. Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments

De-recognition of Financial Instruments:

The Group derecognises a Financial Asset when the contractual rights to the cash flows from the Financial

Asset expire or it transfers the Financial Asset and the transfer qualifies for de-recognition under Ind AS 109. In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognise such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognises an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A Financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net of direct issue cost.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of all Financial Assets subsequent to initial recognition other than financial assets measured at fair value through profit and loss (FVTPL). The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other financial assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk since its initial recognition. If there is significant increase in credit risk since its initial recognition full lifetime ECL is used. The impairment losses and reversals are recognised in Statement of Profit and Loss. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

12) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a group, and, by the corresponding approving authority in case of any other entity for issue.

Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

13) Cash and cash equivalents

For the purpose of presentation in the Balance sheet, Cash and Cash equivalents comprises cash at

bank and on hand and other short-term, highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

14) Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

1. PROPERTY, PLANT AND EQUIPMENTS

(₹ in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 01, 2023	Addition	Deduction	As on March 31, 2024	As on April 01, 2023	Addition	Deduction	As on March 31, 2024	As on March 31, 2024	As on March 31, 2023
TANGIBLES ASSETS										
BUILDING	19,324.48	3,246.87	-	22,571.36	6,266.08	644.74	-	6,910.83	15,660.53	13,058.40
FURNITURE	1,097.17	451.87	-	1,549.04	848.64	58.43	-	907.07	641.98	248.54
LAND	9,376.65	-	-	9,376.65	-	100.30	-	100.30	9,276.35	9,376.65
OFFICE EQUIPMENTS	261.52	25.97	-	287.49	233.43	10.08	-	243.51	43.98	28.09
PLANT & MACHINERY	89,156.98	14,701.26	70.31	1,03,787.93	44,904.23	4,016.79	33.26	48,887.77	54,900.16	44,252.74
VEHICLES	703.49	-	-	703.49	343.27	67.34	-	410.61	292.88	360.22
TOTAL	1,19,920.29	18,425.98	70.31	1,38,275.96	52,595.65	4,897.68	33.26	57,460.08	80,815.88	67,324.64

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

Note :

1. Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 1177.13 lakhs (previous year ₹ 138.86 lakhs)
2. Borrowing cost is capitalised during the year of ₹ 1626.29 lakhs (Previous Year ₹ 817.59 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 Pvt Ltd	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 Pvt Ltd.	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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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, 2024	As at March 31, 2023
Opening Balance	218.64	408.64
Additions during the year	163.56	68.55
Amortisation	(207.15)	(258.55)
Closing Balance	175.05	218.64

Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	239.53	447.61
Finance cost accrued during the year	163.56	68.55
Payment of lease liabilities	(216.74)	(276.63)
Closing Balance	186.35	239.53

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	94.96	199.22
Non- current lease liabilities	91.40	40.31
Total	186.36	239.53

1.3. CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	21,035.03	7,673.69
Capitalised	18,081.98	(3,531.43)
Additions during the year	23,134.15	16,892.77
Closing Balance	26,087.19	21,035.03

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, 2024					
Project in progress :	15,032.07	9,055.72	951.25	1,048.16	26,087.19
Projects Temporarily Suspended :	-	-	-	-	-
Total	15,032.07	9,055.72	951.25	1,048.16	26,087.19
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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

2. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) PROCESS DEVELOPMENT (R & D)		
Opening Balance	40.07	-
Additions during the year	39.10	44.75
Amortisation	(14.89)	(4.69)
Closing Balance	64.28	40.07
(b) COMPUTER SOFTWARE		
Opening Balance	38.85	15.33
Additions during the year	39.24	38.41
Amortisation	(24.99)	(14.90)
Closing Balance	53.09	38.85
Total (a+b)	117.37	78.91

3. NON CURRENT INVESTMENTS

(₹ in lakhs)

Name of the Company	No. of Shares/ Units	As at March 31, 2024 (₹ in lakhs)	No. of Shares/ Units	As at March 31, 2023 (₹ in lakhs)
Investments - (Unquoted) in Equity Shares of Other Companies (Valued at FVTOCI)				
Perfect Enviro Control Systems Ltd.	2,40,200	18.76	2,40,200	17.47
The Shamrao Vitthal Co- op Bank Ltd.	100	0.03	100	0.03
The Saraswat Co - op Bank Ltd.	10,100	1.01	10,100	1.01
Shivalik Solid Waste Management Ltd	2,500	0.50	2,500	0.50
Tarapur Environment Protection Society	68,188	90.84	68,188	92.99
Amit Hetrochem (I) Ltd	-	-	2,91,690	29.17
Aarti Biotech Ltd.	1,200	0.04	1,200	0.04
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.*	234	1,886.24	234	1,738.72
Total		1,997.41		1,879.92

*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, 2024	As at March 31, 2023
Capital Advances	1,880.43	2,367.26
Deposits	89.94	56.07
Total	1,970.37	2,423.33

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

5. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Materials (incl.In- transit stock)	18,327.49	19,684.70
Packing Materials	519.33	478.07
Work in process	12,812.69	17,281.74
Finished Goods (incl.In- transit stock)	13,610.99	11,693.07
Stores & Spares	2,025.94	1,531.35
Stock in Trade	1,292.80	960.17
Total	48,589.23	51,629.10

6. TRADE RECEIVABLE

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured		
- considered good	70,455.36	86,483.91
- considered doubtful	296.73	395.62
	70,752.09	86,879.54
Less: Provision for Doubtful Debts	296.73	395.62
Total	70,455.36	86,483.91

Ageing of trade receivables

Particulars	As at March 31, 2024					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m t o 1yr	1-2 year	2-3 year	More Than 3yr	Total
Undisputed Trade Receivable-Considered Goods	66,417.74	1,893.44	1,279.71	792.48	225.19	70,608.56
Undisputed Trade Receivable-Credit impaired						0.00
Disputed Trade Receivable-Credit impaired	0.00	0.00	68.14	2.25	73.15	143.54
Total Debtors	66,417.74	1,893.44	1,347.85	794.73	298.34	70,752.09
Less: Allowanace for Credit Loss	0.00	-	(68.14)	(124.27)	(104.32)	(296.72)
Net Debtors	66,417.74	1,893.44	1,279.71	670.46	194.02	70,455.36

Particulars	As at March 31, 2023					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m t o 1yr	1-2 year	2-3 year	More Than 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	0.00	0.00	0.00	0.00	0.00	0.00
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	251.42	634.30	86,879.54
Less: Allowanace 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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

7. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on Hand	26.17	28.24
Cheques on Hand	204.87	88.01
Balances with Scheduled Banks :		
- Current Accounts	443.23	634.09
Total	674.27	750.34

8. OTHER BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance in Deposit Accounts	218.58	87.95
Earmarked balance - unpaid dividend	50.30	57.69
Total	268.88	145.64

9. CURRENT LOAN

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Loans & Advances - Employees & Others	23.66	31.61
Total	23.66	31.61

10. OTHER FINANACIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposit	1,088.86	1,132.95
Insurance claim receivable	44.95	69.81
Total	1,133.81	1,202.77

11. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Advanced to Suppliers	927.29	1,079.18
Prepaid Expenses	278.41	234.48
Other Recoverable	426.72	321.26
Balances with Statutory/ Govt.Audthority	9,294.36	7,300.53
Total	10,926.79	8,935.45

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

12. EQUITY SHARE CAPITAL

(₹ in lakhs, except share data)

Particulars	No. of Shares	As at March 31, 2024	No. of Shares	As at March 31, 2023
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	9,19,35,000	9,193.50	9,26,00,000	9,260.00
		9,193.50		9,260.00

12.1 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.

12.2 The details of Equity Shares outstanding during last 5 years

No. of Equity shares outstanding

Particulars	Financial Year				
	2022-23	2022-23	2021-22	2020-21	2019-20
Equity Shares at the beginning of the year	926.00	926.00	932.00	233.00	235.82
Issue of Bonus shares	-	-	-	699.00	-
Buyback of Shares	(6.65)	-	(6.00)	-	(2.82)
Equity shares at the end of the year	919.35	926.00	926.00	932.00	233.00

12.3 Notes on Issued, Subscribed and Paid up Equity Share Capital

- During FY 2023-24, the Company has completed buyback of 6,65,000/- equity shares of face value ₹ 10/- each at a price of ₹ 900/- per share on August 24, 2023. the number of shares post buyback stands reduced to 9,19,35,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 9193.5 lakhs.
- During FY 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 on May 25, 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 ₹ 9260 lakhs.
- During FY 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 FY 2019-20, the Company has completed buyback of 2,82,100/- equity shares of face value ₹ 10/- each at a price of ₹ 900/- per share on May 29, 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 ₹ 2300.00 lakhs.

12.4 Details of shareholders holding more than 5% shares

Name of the shareholders	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	84,93,205	9.24	85,58,928	9.24

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

12.5 Disclosures of shareholding of Promoters

Promoter name	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No of Shares	% held	No of Shares	% held	
Chandrakant Vallabhaji Gogri	17,23,444	1.87	17,36,777	1.88	0.00
Jaya Chandrakant Gogri	15,76,230	1.71	15,88,422	1.72	0.00
Rashesh Chandrakant Gogri	42,71,964	4.65	43,05,016	4.65	0.00
Hetal Gogri Gala	28,08,997	3.06	28,30,731	3.06	0.00
Manisha Rashesh Gogri	1,88,220	0.20	1,89,675	0.20	0.00
Aarnav Rashesh Gogri	1,87,820	0.20	1,89,273	0.20	0.00
Aashay Rashesh Gogri	8,82,728	0.96	8,89,558	0.96	0.00
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	13,79,112	1.50	13,89,783	1.50	0.00
Gogri Finserv Pvt. Ltd.	34,91,012	3.80	35,18,025	3.80	0.00
Anushakti Enterprise Private Limited	24,11,374	2.62	24,30,032	2.62	0.00
Paridhi Business Trust (Saswat Trusteeship Private Limited)	5,91,049	0.64	5,95,622	0.64	0.00
Rajendra Vallabhaji Gogri	4,75,089	0.52	7,76,191	0.84	(0.32)
Arti Rajendra Gogri	2,01,964	0.22	4,17,525	0.45	(0.23)
Renil Rajendra Gogri	11,48,442	1.25	14,24,377	1.54	(0.29)
Mirik Rajendra Gogri	12,05,222	1.31	19,97,952	2.16	(0.85)
Tulip Family Trust (Gloire Trusteeship Services Private Limited)	9,25,977	1.01	9,33,140	1.01	0.00
Orchid Family Trust (Relacion Trusteeship Services Private Limited)	9,14,157	0.99	9,21,228	0.99	0.00
Alchemie Finserv Pvt. Ltd.	20,29,127	2.21	20,44,827	2.21	0.00
Safechem Enterprises Private Limited	5,63,105	0.61	12,22,662	1.32	(0.71)
Prakash Moreshwar Patil	84,93,205	9.24	85,58,928	9.24	0.00
Priti Prakash Patil	40,47,669	4.40	40,78,989	4.40	0.00
Adhish Prakash Patil	11,41,217	1.24	11,50,046	1.24	0.00
Prakash M. Patil (HUF)	1,62,818	0.18	1,64,078	0.18	0.00
Uday Moreshwar Patil	50,637	0.06	51,022	0.06	0.00
Arun Moreshwar Patil	73,432	0.08	74,000	0.08	0.00
Vikas Moreshwar Patil	34,409	0.04	34,675	0.04	0.00
Kalika Amit Mishra	25,360	0.03	25,556	0.03	0.00
Arati Tushar Sankhe	1,75,691	0.19	1,77,000	0.19	0.00
Harshit Manilal Savla	43,57,019	4.74	43,90,733	4.74	0.00
Vishwa Harshit Savla	9,47,243	1.03	9,54,571	1.03	0.00
Seema Harshit Savla	35,29,511	3.84	45,67,514	4.93	(1.09)
Bhoomi Harshit Savla	10,02,932	1.09	-	0.00	1.09
Harshit M. Savla (HUF)	5,911	0.01	5,956	0.01	0.00
Jay Manilal Savla	2,71,195	0.29	2,93,447	0.32	(0.02)
Kenisha Savla	16,924	0.02	10,000	0.01	0.01
Hriman Savla	16,924	0.02	10,000	0.01	0.01
Jigna Hiren Shah	4,56,130	0.50	4,59,633	0.50	0.00
Aarti Industries Limited	-	0.00	-	0.00	0.00
Aarti Life Science LLP	13,473	0.01	13,577	0.01	0.00
Dilesh Roadlines Pvt Ltd	4,92,545	0.54	4,96,356	0.54	0.00
Alchemie Financial Services Limited	38,845	0.04	39,145	0.04	0.00
Indira Madan Dedhia	1,94,952	0.21	2,11,124	0.23	(0.02)
Total	5,25,23,075	57.13	5,51,67,166	59.58	(2.45)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

12.6 Dividends:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Dividend paid during the year		
Final dividend for the year ended March 31, 2023 of ₹ 0 (previous year: ₹ 0) per fully paid share	0	0
Interim Dividend for FY 2023-24 of ₹ 1/- (previous year: ₹ 1/-) per fully paid share	919.35	926.00
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 0 (previous year: ₹ 0) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	0	0

13. NON CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured borrowings		
'From Financial Institutions		
From Scheduled Banks (Refer Note No.38 a)	27,175.92	19,610.73
Loans & advances from related parties		
From Directors - Unsecured	357.00	857.00
From Other - Unsecured	-	-
Total	27,532.92	20,467.73

14. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Other - Deferred Payment Liability		
- Trade Deposits	16.99	16.99
TOTAL	16.99	16.99

15. LONG TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Employee benefits	274.10	303.47
Total	274.10	303.47

16. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(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	7,324.91	6,887.62
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit Liability/Assets	245.79	209.18
Total	7,570.70	7,096.81

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

17. CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Loans repayable on demand		
From Banks		
Secured Borrowings(Refer Note No.38 b)	17,220.47	31,104.56
Unsecured borrowings	4,250.00	4,950.00
Current Maturity of Loang Term Debts	7,238.25	4,129.63
Total	28,708.73	40,184.19

18. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due on Loans	220.67	170.58
Trade payables of Project	2,411.84	1,226.61
Total	2,632.51	1,397.19

19. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises	2,944.15	2,078.29
Due to others	39,604.84	45,948.31
Total	42,548.99	48,026.61

Ageing of trade payable

Particulars	As at March 31, 2024				
	<1 year	1-2 year	2-3 year	More than 3yr	Total (₹ In lakhs)
Undisputed dues-MSME	2,944.15	-	-	-	2,944.15
Undisputed dues-Others	39,604.84	-	-	-	39,604.84
Total	42,548.99	-	-	-	42,548.99

Ageing of trade payable

Particulars	As at March 31, 2023				
	<1 year	1-2 year	2-3 year	More than 3yr	Total (₹ In lakhs)
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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

20. SHORT TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Employee benefits	295.43	436.73
TOTAL	295.43	436.73

21. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unpaid Dividend	50.30	57.69
Other Payable - Duties & Taxes	201.71	309.16
Advance from customers	2,147.56	1,144.04
Other Payables	2,756.02	2,769.59
Total	5,155.59	4,280.47

Note- On the completion of the development, income will be recognised as per (Ind AS) 115-Revenue from Contracts with Customers.

22. OPERATING REVENUE

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of Products/services	2,50,887.08	2,70,556.78
<u>Other Operating Revenue</u>		-
Export Benefits/Incentives Received	715.78	500.36
Scrap sales & Others	1,254.79	548.23
Total	2,52,857.65	2,71,605.36

23. OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend	0.11	0.24
Interest	249.55	69.92
Miscellaneous Income	153.35	149.23
Total	403.01	219.39

24. COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw Material Consumption	1,49,941.57	1,69,401.64
Packing Materials	4,645.46	4,840.31
Freight Inward	2,012.39	2,097.94
Clearing & Forwarding	598.77	557.53
Total	1,57,198.19	1,76,897.43

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

25. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Wages and Bonus (Mfg)	7,229.95	6,498.75
Labour Welfare Expenses	114.44	128.48
Salaries and Bonus (Admin)	1,448.71	1,163.52
Provident Fund Contribution	242.36	230.75
Staff Welfare Expenses	24.28	21.26
Directors' Remuneration	1,173.95	1,165.23
Total	10,233.69	9,207.99

26. FINANCE COST

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Term Loans	613.49	992.55
Interest on Working Capital	2,685.75	2,231.24
Interest on Others (Including Ind AS 116 Interest)	52.26	105.53
Total	3,351.50	3,329.32

Note : Borrowing cost is capitalised during the year of ₹ **1626.29 lakhs** (Previous Year ₹ **817.59 lakhs**)

27. DEPRECIATION AND AMORTISATION

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on Property, Plant & Equipment	4,897.69	4,767.38
Amortisation on Lease Assets	207.15	258.55
Amortisation on Intangible Assets	39.89	6.48
Total	5,144.72	5,032.42

28. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Manufacturing Expenses		
Processing Charges	2,569.56	2,124.02
Labour Charges	5,793.54	5,473.59
Insurance Expenses	581.47	592.94
Lease Expenses*	6.00	6.00
Power & Fuel	15,067.65	15,283.92
Stores & Spares	3,650.90	3,423.80
Repairs & Maintenance - Building	240.58	465.53
- Plant & Machinery	1,624.17	1,645.20
Research & development	834.50	647.15
Water Charges	345.81	311.66

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Laboratory Expenses	352.74	291.96
Other Factory Expenses	3,561.40	3,142.91
SubTotal (a)	34,628.31	33,408.69
Office & Administartion Expenses		
Books & Periodicals	0.13	0.05
Auditors' Remuneration	15.97	14.39
Conveyance Expenses	44.43	38.98
Legal & Professional Charges	551.87	558.02
Membership & Subscriptions	7.17	8.12
Printing & Stationery	20.91	19.51
Postage,Telegram & Telephone	18.56	18.59
Office Electricity Charges	17.31	14.58
Insurance Charges	41.48	34.84
Repairs & Maintanance - Others	58.65	62.39
Entertainment Expenses	1.09	0.47
Miscellaneous Expenses	316.38	338.94
Vehicle Expenses	11.37	15.44
Travelling Expenses - Directors	48.22	30.32
- Others	210.96	162.97
Directors' Sitting Fees	14.25	18.09
Investment written off	29.17	-
Loss on sale of Assets	18.34	-
Sub Total (b)	1,426.25	1,335.69
Selling & Distribution		
Advertisement & Sales Promotion	232.97	116.69
Freight & Forwarding -Export	2,897.16	3,672.07
Freight & Forwarding - Local	1,103.32	871.71
Commission Expenses	1,340.02	1,940.47
Insurance Expenses	144.57	139.74
Postage & Telegram	16.15	14.03
Other Export Expenses	195.40	379.73
Bad Debts & other written off	189.58	153.05
Sub Total (c)	6,119.18	7,287.50
Finance Charges		
Bank Charges (d)	437.30	384.48
Non Operative Expenses		
Donations	1.89	2.09
CSR Expenditure	592.81	567.17
SubTotal (e)	594.70	569.26
Total (a+b+c+d+e)	43,205.73	42,985.62

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

29 EARNING PER SHARE:

(₹ in lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	17,141.82	16,630.88
Total Comprehensive Income	17,154.42	16,481.01
Number of Equity Shares (Nos.)	91,935,000	92,600,000
Basic & Diluted EPS (after extraordinary items) (Rs.₹)	18.56	17.97
Nominal value per share (Rs.₹)	10.00	10.00

30 CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in lakhs)

Sr. No.	Particulars	On the Parent Company March 2024	On the Subsidiary Companies March 2024	On the Parent Company March 2023	On the Subsidiary Companies March 2023
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	13,109.670	408.74	8,046.40	125.20
b.	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	9,238.24	81.07	9,001.86	81.07
c.	Demand in respect of additional Excise, custom duty, service tax, sales tax, GST, fine & penalty in appeal (not acknowledged as debt)	875.69	181.66	1,017.12	39.66
d.	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	120.27	-	193.88	-
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)	2,437.54	770.11	6,678.62	230.80

31 DISCLOSURE REGARDING SCIENTIFIC RESEARCH & DEVELOPMENT EXPENDITURE

(₹ in lakhs)

YEAR	RECURRING EXPENDITURE	CAPITAL EXPENDITURE
FY 2023-24	834.50	1,193.79
FY 2022-23	1,235.89	207.65

32 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

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, 2024	For the year ended March 31, 2023
	Segment Revenue		
a)	Out of India	86,288.16	1,07,140.91
b)	India	1,66,569.49	1,64,464.45
	Total	2,52,857.65	2,71,605.36

33 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 and Director of Pinnacle Life Science Private Limited

- 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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
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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 Ltd.
- Aarti Life Science LLP
- Aarti Pharmalabs Limited
- Alchemie Gases & Chemicals Pvt Ltd
- Alchemie Finechem Private Limited

Transaction with the Related Parties:

Sr. No.	Particulars	Relationship	FY 2023-24 ₹ In lakhs	FY 2022-23 ₹ In lakhs
a)	Sale of Goods			
	Aarti Industries Ltd	Entities in which some of the directors are interested	0.03	1.86
	Aarti Pharmalabs Ltd	Entities in which some of the directors are interested	5.61	1.31
	Aarti Life Science LLP	Entities in which some of the directors are interested	14.93	0.00
b)	Purchase of Goods Traded			
	Aarti Industries Ltd	Entities in which some of the directors are interested	928.93	1,476.39
	Aarti Pharmalabs Ltd	Entities in which some of the directors are interested	193.76	110.14
	Alchemic Finechem Pvt. Ltd	Entities in which some of the directors are interested	92.68	91.30
c)	Manufacturing Expenses			
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	30.90	19.98
d)	Finance Cost			
	Prakash M Patil	KMP	21.90	20.56
	Harshit M Savla	KMP	9.69	47.99
e)	Employee benefits and Office & Administration Expenses			
	Prakash M Patil	Director	278.48	276.46
	Harshit M Savla	Director	255.42	255.50
	Harit. P. Shah	Director	255.42	255.50
	Uday M Patil	Director	33.51	31.93
	Rashesh C Gogri	Director	255.42	255.50
	Adhish Patil	KMP	114.44	111.62
	Vikas Patil	Relative of KMP	21.81	20.77

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

Sr. No.	Particulars	Relationship	FY 2023-24 ₹ In lakhs	FY 2022-23 ₹ In lakhs
	Vishwa Savla	Relative of KMP	95.71	90.35
	Rushikesh Deole	KMP	11.67	11.16
	Jaun Fidel Gomez Barrera	KMP	0.00	7.07
f)	Closing Balance :			
	Balance Receivable:			
	Aarti Life Science LLP	Entities in which some of the director are interested	12.25	0.00
	Balance Payable:			
	Aarti Life Science LLP	Entities in which some of the directors are interested	3.96	00.00
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	2.28	2.01
	Aarti Industries Ltd	Entities in which some of the directors are interested	219.72	187.35
	Alchemie Finechem Pvt Ltd	Entities in which some of the directors are interested	26.35	18.49
	Aarti PharmaLabs Ltd	Entities in which some of the directors are interested	35.48	70.44
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	100.00	600.00

1. Transactions are Net of Taxes

34 DIRECTORS REMUNERATION:

Particulars	(₹ in lakhs)			
	By the Parent Company March 31, 2024	By the Subsidiary Company March 31, 2024	By the Parent Company March 31, 2023	By the Subsidiary Company March 31, 2023
Salary to Managing Directors and whole time Directors	297.64	91.92	270.26	86.90
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	60.16	0.00	56.46	0.00
Commission payable to Directors	651.80	0.00	685.71	0.00
Contribution to Provident fund	1.08	0.00	1.08	0.00
Superannuation fund scheme	67.56	3.79	61.38	3.44
Total Remuneration	1,078.24	95.71	1,074.88	90.35

35 AUDITORS' REMUNERATION INCLUDES

Particulars	(₹ in lakhs)					
	Statutory Audit		Certification		Total	
	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23
By the Parent Company	12.32	11.10	0.00	0.15	12.32	11.25
By the Subsidiary Company						
Pinnacle Life Science Pvt.Limited	3.65	2.99	0.00	0.00	3.65	2.98
Aarti Speciality Chemicals Limited	0.20	0.20	0.00	0.00	0.20	0.20

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

36 RECONCILIATION OF EFFECTIVE TAX RATE

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

	(₹ in lakhs)	
Particulars	Current Year	Previous year
Accounting profit before income taxes	23,552.78	22,418.21
Statutory income tax rate (%)	25.168	25.168
Computed expected tax (benefit)/expenses	5,927.76	5,642.21
Timing difference in depreciable assets	8.67	38.29
Other Non deductible expenses for tax purpose	149.67	143.17
Other deductible Items for tax purpose	(129.68)	62.28
Deferred Tax not recognised (net)	437.28	(103.47)
Income tax expense reported in the statement of profit and loss	6,392.71	5,782.49
Effective Income Tax Rate	27.15	25.79

37 DETAILS OF FINANCIAL STATEMENT OF SUBSIDIARIES:

	(₹ in lakhs)	(₹ in lakhs)	(CLP in lakhs)
Name of the Subsidiary	Pinnacle Life Science Private Ltd	Aarti Speciality Chemicals Ltd	Pinnacle Chile SPA
The financial year of Subsidiary ended on	March 31, 2024	March 31, 2024	March 31, 2024
Reporting currency	₹	₹	CLPESOS
a-Share Capital	778.28	42.00	3,489.82
b- Other Equity	11,387.08	(37.16)	3,558.51
c- Debts & other Liability	16,633.68	00.19	55,826.69
Total Liability (a+b+c)	28,799.04	5.03	62,875.02
Total Assets	28,799.04	5.03	62,875.02
Total Income	31,475.67	0.00	79,595.26
Profit/(loss) Before Tax	4,550.82	(0.63)	4,822.64
Tax Expenses	1,194.50	0.00	1,392.08
Profit/(Loss) after Tax	3,356.32	(0.63)	3,430.56

	(₹ in lakhs)	(₹ in lakhs)	(CLP in lakhs)
Name of the Subsidiary	Pinnacle Life Science Private Ltd	Aarti Speciality Chemicals Ltd	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	10,478.91
Profit/(loss) Before Tax	2,185.35	(0.47)	967.91
Tax Expenses	582.49	0.00	0.00
Profit/(Loss) after Tax	1,602.87	(0.47)	967.91

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

38 SECURED BORROWING FROM BANKS:

a.

(₹ in lakhs)

Bank Name	As at March 31, 2024	As at March 31, 2023	Installment F.Y.2024-25	Due for Subsequent Years
SVC Co-op Bank Limited	2,413.66	3,793.66	1,897.50	516.16
Kotak Mahindra Bank Limited	25,000.00	12,100.47	2,812.50	22,187.50
HDFC Bank Ltd	2,167.50	3,315.00	1,402.50	765.00
Axis Bank Limited	2,090.00	2,200.00	00.00	2,090.00
Hongkong & Shanghai Banking Corporation Limited	2,743.02	2,331.23	1,125.75	1,617.26

Note:

- (i) 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.
- (ii) Term Loan from HDFC Bank Ltd and SVC Co-op Bank Ltd is also secured by 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 ₹ 17,220.47 lakhs (Previous Year ₹ 31,104.56 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 moveable 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.

- 39 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 31.03.2024, the Company had hedge in aggregate an amount of ₹ 43,076.23/-lakhs (previous year ₹ 36,652.06/-lakhs) out of its annual trade related operations (export& import) aggregating to ₹ 1,51,282.69/-lakhs (previous year ₹ 1,78,003.16/-lakhs) after considering natural hedge

40 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)	1.66	1.57	5.73
Debt-Equity ratio (in times) (Debt consists of borrowings and lease liabilities/ Shareholder's Equity)	0.44	0.51	(13.82)

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

Ratio	Current year	Previous year	% Variance
Debt service coverage ratio (in times) (Net Profit after taxes + Depreciation + Interest on loan)/(Interest on loan and lease payments + Long term principal repayments)	3.52	4.43	(20.54)
Return on equity ratio (in %) (Net profit after tax/ Average Shareholder's equity)	13.87	14.93	(7.10)
Inventory Turnover Ratio (in %) (Cost of goods sold/ Average Inventories)	3.72	3.98	(6.53)
Trade receivables turnover ratio (in times) (Net Credit Sales/ Average trade receivables)	3.80	4.50	(15.56)
Trade payables turnover ratio (in times) (Net Credit Purchase/ Average trade payables)	5.03	5.12	(1.76)
Net capital turnover ratio (in times) (Net Sales/ Average working capital (i.e. Total current assets less Total current liabilities))	3.33	4.07	(18.18)
Net profit ratio (in %) (Net Profit after tax/ Net Sales)	6.79	6.12	10.95
Return on capital employed (in %) (Earning before interest and taxes)/ (Tangible Net Worth + Total Debt + Deferred tax Liability)	14.18	14.61	(2.94)
Return on investment (in %) (Income generated from invested funds/ Average Investments)	0.01	0.01	0.00

Note : 1. There is no significant change (i.e. change of 25% or more as compared to the FY 2022-23) in the other key financial ratios.

2. Debt-Equity ratio for FY 2023-24 Stood 0.44x 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
June 2023	Union Bank of India Consortium Bank	Inventory	52,235	52,235	0
June 2023	Union Bank of India Consortium Bank	Receivable	79,936	79,936	0
June 2023	Union Bank of India Consortium Bank	Other Assets	11,584	11,584	0
September 2023	Union Bank of India Consortium Bank	Inventory	51,523	51,523	0
September 2023	Union Bank of India Consortium Bank	Receivable	70,357	70,357	0
September 2023	Union Bank of India Consortium Bank	Other Assets	11,930	11,930	0
December 2023	Union Bank of India Consortium Bank	Inventory	51,149	51,149	0
December 2023	Union Bank of India Consortium Bank	Receivable	67,624	67,624	0

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

(₹ 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
December 2023	Union Bank of India Consortium Bank	Other Assets	12,728	12,728	0
March 2024	Union Bank of India Consortium Bank	Inventory	48,589	48,589	0
March 2024	Union Bank of India Consortium Bank	Receivable	70,455	70,455	0
March 2024	Union Bank of India Consortium Bank	Other Assets	13,028	13,028	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
June 2022	Union Bank of India Consortium Bank	Inventory	60,771	60,771	0
June 2022	Union Bank of India Consortium Bank	Receivable	68,197	68,197	0
June 2022	Union Bank of India Consortium Bank	Other Assets	11,024	11,024	0
September 2022	Union Bank of India Consortium Bank	Inventory	58,100	58,100	0
September 2022	Union Bank of India Consortium Bank	Receivable	70,933	70,933	0
September 2022	Union Bank of India Consortium Bank	Other Assets	10,848	10,996	(148)
December 2022	Union Bank of India Consortium Bank	Inventory	58,899	58,899	0
December 2022	Union Bank of India Consortium Bank	Receivable	71,939	71,939	0
December 2022	Union Bank of India Consortium Bank	Other Assets	10,023	10,216	(193)
March 2023	Union Bank of India Consortium Bank	Inventory	51,629	51,629	0
March 2023	Union Bank of India Consortium Bank	Receivable	86,484	86,484	0
March 2023	Union Bank of India Consortium Bank	Other Assets	11,122	11,122	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
June 2023	Union Bank of India Consortium Bank	Borrowing	36,289	36,289	0
June 2023	Union Bank of India Consortium Bank	Payable	42,255	42,255	0
June 2023	Union Bank of India Consortium Bank	Other Liability	4,799	4,799	0
September 2023	Union Bank of India Consortium Bank	Borrowing	37,507	37,507	0
September 2023	Union Bank of India Consortium Bank	Payable	40,865	40,865	0
September 2023	Union Bank of India Consortium Bank	Other Liability	4,907	4,907	0
December 2023	Union Bank of India Consortium Bank	Borrowing	38,622	38,622	0

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)**

(₹ 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
December 2023	Union Bank of India Consortium Bank	Payable	40,159	40,159	0
December 2023	Union Bank of India Consortium Bank	Other Liability	4,694	4,694	0
March 2024	Union Bank of India Consortium Bank	Borrowing	28,709	28,709	0
March 2024	Union Bank of India Consortium Bank	Payable	42,549	42,549	0
March 2024	Union Bank of India Consortium Bank	Other Liability	8,296	8,296	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
June 2022	Union Bank of India Consortium Bank	Borrowing	40,171	40,171	0
June 2022	Union Bank of India Consortium Bank	Payable	47,468	47,468	0
June 2022	Union Bank of India Consortium Bank	Other Liability	5,831	5,831	0
September 2022	Union Bank of India Consortium Bank	Borrowing	44,588	44,588	0
September 2022	Union Bank of India Consortium Bank	Payable	43,471	43,471	0
September 2022	Union Bank of India Consortium Bank	Other Liability	5,372	5,372	0
December 2022	Union Bank of India Consortium Bank	Borrowing	40,796	40,796	0
December 2022	Union Bank of India Consortium Bank	Payable	42,609	42,609	0
December 2022	Union Bank of India Consortium Bank	Other Liability	4,506	4,506	0
March 2023	Union Bank of India Consortium Bank	Borrowing	40,184	40,184	0
March 2023	Union Bank of India Consortium Bank	Payable	48,027	48,027	0
March 2023	Union Bank of India Consortium Bank	Other Liability	5,087	5,087	0

- c. The Company do not have any Benami property, where any proceeding has been initiated or pending against 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2024. (CONTD.)

- 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.

41 Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For GOKHALE & SATHE

CHARTERED ACCOUNTANTS

Firm Registration No: 103264W

Sd/-

CA TEJAS PARIKH

PARTNER

M NO: 123215

Place: Mumbai

Date : May 03, 2024

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/-

HARIT P. SHAH

(Whole Time Director)

DIN: 00005501

Sd/-

CS RUSHIKESH DEOLE

(Company Secretary & Compliance Officer)

ICSI M.No. F12932

AARTI DRUGS LIMITED

CIN: L37060MH1984PLC055433

Regd. Off: Plot No. N-198, M.I.D.C. Tarapur, Village - Pamtembhi, Tal. and Dist. Palghar, Maharashtra - 401 506.

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 NINTH ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED** will be held on **Friday, September 20, 2024 at 11:00 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, 2024, together with the Reports of the Board of Directors' and the Auditors thereon.
2. To appoint a Director in place of Shri Narendra Jagannath Salvi (DIN: 00299202), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Re-appointment of Shri Ankit Vikram Paleja (DIN: 06975564) as an Independent Director**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 ("Act") and the Rules made thereunder, applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), any other applicable laws and regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Articles of Association of the Company and on the basis of the recommendation of the Nomination and Remuneration Committee, Shri Ankit Vikram Paleja (DIN: 06975564), who shall be completing his first term of three years on October 12, 2024 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of five years with effect from October 13, 2024.

RESOLVED FURTHER THAT the Executive Directors and the Key Managerial Personnel be and are hereby severally authorised to finalise terms of appointment of the concerned Director and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

4. **Re-appointment of Shri Bhaskar Narayan Thorat (DIN: 01293824) as an Independent Director**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 ("Act") and the Rules made thereunder, applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), any other applicable laws and regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Articles of Association of the Company and on the basis of the recommendation of the Nomination and Remuneration Committee, Shri Bhaskar Narayan Thorat (DIN: 01293824), who shall be completing his first term of three years on May 08, 2025 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of five years with effect from May 09, 2025.

RESOLVED FURTHER THAT the Executive Directors and the Key Managerial Personnel be and are hereby severally authorised to finalise terms of appointment of the concerned Director and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

5. **Re-appointment of Smt. Neha Rajen Gada (DIN: 01642373) as an Independent Director**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV

NOTICE (CONTD.)

of the Companies Act, 2013 ("Act") and the Rules made thereunder, applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), any other applicable laws and regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Articles of Association of the Company and on the basis of the recommendation of the Nomination and Remuneration Committee, Smt. Neha Rajen Gada (DIN: 01642373), who shall be completing her first term of three years on May 08, 2025 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of three years with effect from May 09, 2025.

RESOLVED FURTHER THAT the Executive Directors and the Key Managerial Personnel be and are hereby severally authorised to finalise terms of appointment of the concerned Director and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

6. Revision in the terms & conditions of appointment of Shri Uday Moreshwar Patil (DIN: 01186406), Executive Director of the Company

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and in accordance with the recommendation of Nomination and Remuneration Committee of the Board and subject to other approvals, if any, consent of the members of the Company be and is hereby accorded for revision in the terms of appointment pertaining to remuneration of Shri Uday Moreshwar Patil (DIN: 01186406), Executive Director of the Company, from the Financial Year 2024-25 onwards with an authority to the Board of Directors to consider yearly revisions based upon the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') within overall ceiling as prescribed below with effect from April 01, 2024:

Salary (₹ lakhs p.a.)		
FY 2024-25	Ceiling upto FY 2028-29	
32	45	Board is empowered to consider revision in yearly salary for FY 2025-26 to FY 2028-29, based upon the recommendation of the NRC and within overall ceiling as prescribed.

RESOLVED FURTHER THAT except the change as stated herein above, all other terms and conditions of appointment, as approved earlier by the Members and which are not dealt with in this Resolution, shall remain unchanged and continue to be effective.

RESOLVED FURTHER THAT the Executive Directors and the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. Ratification of remuneration of Cost Auditors for FY 2024-25

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/- (₹ Three lakhs only) per annum plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid to GMVP & Associates LLP, Cost Accountant (Firm Reg. No.: 000910), being the Cost Auditor appointed by the Board of Directors based on the recommendations of the Audit Committee of the Company, for the conduct of the Audit of cost records and related books maintained by the Company, for the Financial Year 2024-25 be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Executive Directors and Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office:

Plot No. N-198, MIDC Tarapur,
Village - Pamtembhi,
Tal. and Dist. Palghar - 401 506,
Maharashtra
Date : July 26, 2024

By Order of the Board

Sd/-
Rushikesh Deole
Company Secretary
ICSI M.No. F12932

NOTES:

- The Ministry of Corporate Affairs (MCA) vide its circular dated September 25, 2023, December 08, 2022, May 05, 2022, December 14, 2021 read with circulars dated January 13, 2021, May 05, 2020, April 08, 2020 and April 13, 2020 (collectively referred to as MCA Circulars) and the Securities and Exchange Board of India vide its circulars dated October 07, 2023, January 05, 2023, May 13, 2022 read with January 15,

NOTICE (CONTD.)

2021 and May 12, 2020 (collectively referred to as SEBI Circulars) have permitted the holding of the Annual General Meeting (AGM) through VC / OAVM, without physical presence of the members at a common venue till September 30, 2024. In compliance with the provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and MCA Circulars, the 39th AGM of the Company is being held through VC / OAVM. The members can attend and participate in the AGM through VC/OAVM.

2. Pursuant to the above referred MCA Circulars, the facility, to appoint a proxy to attend and cast vote, for the members is not available for this AGM. However, the body corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.
3. In line with MCA Circulars read with circulars issued by Securities Exchange Board of India (SEBI) vide SEBI/ HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 (hereinafter referred to as "SEBI Circular for AGM"), the Notice of 39th AGM along with the Annual Report for FY 2023-24 is being sent only through electronic mode to those members whose email addresses are registered with the Company's Registrar & Share Transfer Agents, Link Intime India Private Limited ("RTA") / Depositories. Hard copies shall be sent to those members who shall request for the same. Members may note that the Notice of the 39th AGM along with the Annual Report for FY 2023-24 is also available for download on the website of the Company at <https://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.
4. Since the AGM is being held through VC / OAVM, physical attendance of shareholders has been dispensed with. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Pursuant to Section 113 of the Act, Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) attending the meeting through VC / OAVM are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the scrutiniser by

email through its registered email address to sunil@sunildedhia.com with a copy marked to evoting@nsdl.com.

6. 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 re-lodged 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 re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in Demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to 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 the shares are held by them in physical form. Members can contact the Company or the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on the Company's <https://www.aartidrugs.co.in/>.
7. Shareholders desirous of receiving communication from the Company in electronic form may register their email addresses with their respective depository participants. Further, shareholders are also requested to approach their depository participant to register their email address in their demat account details as per the process defined by the respective depository participant. Members, who hold shares in physical form, are requested to provide their email addresses to the M/s. Link Intime India Private Limited by sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aartidrugs.com.
8. 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 <https://www.aartidrugs.co.in/>. Members are requested to submit the said details to their DP in case

NOTICE (CONTD.)

- 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).
9. SEBI has mandated listed companies to issue securities in dematerialised form only while processing service requests for the issue of duplicate securities certificates; claims from unclaimed suspense accounts; renewal/ exchange of securities certificates; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR-4. It may be noted that the service request can be processed only, if the respective folio is KYC Compliant.
 10. 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 the requisite changes.
 11. In the case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
 12. During the year, the Company has transferred the unclaimed amount of the Second Interim Dividend for the year 2015-16 and Third Interim Dividend for the year 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. <https://www.aartidrugs.co.in/>.
 14. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for the transfer of all shares in respect of which dividend has not been paid and claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) and Mumbai Lakshdeep (Marathi) published from Mumbai for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to the Demat Account of IEPF Authority on its website at <https://www.aartidrugs.co.in/> under "Investors Section."
 15. Attention of the members is invited to the provisions of Section 124(6) of the Companies Act, 2013 with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time ("IEPF Rules"), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid and unclaimed for a continuous period of seven years, to IEPF. The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.
 16. To register an 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"> a) Name of the bank and branch address b) Type of bank account i.e., savings or current c) Bank account no. allotted after implementation of core banking solutions d) 9-digit MICR code no., and e) 11-digit IFSC code f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook / statement attested by bank
Demat Holding	Please contact your DP and follow the process advised by your DP

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17. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at item nos. 3 to 7 above is annexed hereto and forms part of the Notice.
18. Relevant documents referred to in the Notice, Register of Directors / Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Companies Act 2013 and Register of Contracts maintained under Section 189 of the Companies Act 2013 and other relevant registers are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to investorrelations@aartidrugs.com till the date of the AGM.
19. Members seeking any information with regard to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company at least 5 days before the date of AGM through email at investorrelations@aartidrugs.com. The same will be replied by the Company suitably.
20. Pursuant to the Income-tax Act, 1961, as amended by the Finance Act, 2020, dividend income is taxable in the hands of shareholders effective April 01, 2020 and the Company is required to deduct tax at source from dividend paid to the members at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and the amendments thereof. In general, to enable compliance with TDS requirements, members are requested to complete and / or update their Residential status, PAN, Category with their depository participants ('DPs') or in case shares are held in physical form, with the Company / Registrars and Transfer Agents ('RTA').
21. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023, read with Master Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>).

22. Voting through Electronic Means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the

Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (LODR) Regulations, 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 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 **Friday, September 13, 2024** are entitled to vote on the resolutions, set forth in this Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of **Friday, September 13, 2024**. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. **Friday, September 13, 2024** may obtain the login ID and password by sending a request at rnt.helpdesk@linkintime.co.in and/ or evoting@nsdl.com. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of Individual Shareholders holding securities in Demat mode and who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in Demat mode."

The Board of Directors of the Company have appointed CS Sunil M. Dedhia, Practising Company Secretary (ICSI M. No. F3483) as the Scrutiniser to scrutinise the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at the Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and at the meeting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

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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 Tuesday, September 17, 2024 at 9:00 A.M. and ends on Thursday, September 19, 2024 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Friday, September 13, 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Friday, September 13, 2024

How do I vote electronically using NSDL e-Voting system?





The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting for Individual shareholders holding securities in demat mode

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 advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  App Store </div> <div style="text-align: center;">  Google Play </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>

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Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
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.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
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 toll free no. 1800 22 55 33

B) Login Method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

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4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in 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:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using 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.
- How to retrieve your 'initial password'?
 - 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'.
 - 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:
- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat

account with NSDL or CDSL) option available on www.evoting.nsdl.com.

- Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 - Now, you will have to click on "Login" button.
 - After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

How to cast your vote electronically on NSDL e-Voting system?

- 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 is in active status.
- Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
- Now you are ready for e-Voting as the Voting page opens.
- 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.

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5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to sunil@sunildedhia.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on : 022 - 4886 7000 or send a request to Shri Amit Vishal, Senior Manager, NSDL 022-2499 4360 or email at amitv@nsdl.com or Smt. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.com or at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@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. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 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.

INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:-

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system.
2. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see a link of "VC/ OAVM" placed under the "Join meeting" menu against the Company name. You are requested to click on the VC/OAVM link placed under the Join Meeting menu.

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The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of the Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investorrelations@aartidrugs.com.

The same will be replied by the Company suitably. 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.

6. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely.
7. 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

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

Shri Ankit Vikram Paleja (DIN: 06975564) has been associated with the Company as an Independent Director since October 13, 2021 and shall complete his first term of three years on October 12, 2024. On the basis of recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on July 26, 2024, approved the re-appointment of Shri Ankit Vikram Paleja as an Independent Director for a second term of 5 (five) years with effect from October 13, 2024, subject to approval of the members of the Company.

Shri Ankit V. Paleja, aged 40 is a qualified lawyer and holds a double degree of Bachelor in Legal Science and Bachelor of Law. He has around 17 years of experience. He is experienced in handling Equity Investments, Mergers and Acquisitions, Banking and Finance and general corporate transactions among others. He is presently Partner in the law firm Crawford Bayley & Co. (Advocates & Solicitors). In the year 2018, he has been awarded the Under 40 Rising Star Award by Legal Era.

As per the report of his performance evaluation, Industry knowledge, acumen, integrity, expertise, experience, proficiency, positive attributes, and contributions made by him, the Board of Directors recommend his reappointment for the second term. In the opinion of the Board Shri Ankit V. Paleja is 'fit and proper' to continue as an Independent Director and is independent of the management.

Shri Ankit V. Paleja has conveyed his consent to continue to act as an Independent Director together with other necessary disclosures and declarations including the declaration that he is not debarred from holding the office of Director pursuant to any order passed by SEBI or any other authority. He further declared that he meets the criteria of independence as provided in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The said appointment is proposed subject to his continuation to meet the criteria of Independence.

A copy of the letter of appointment to be issued to Shri Ankit Vikram Paleja, setting out the terms and conditions thereof, is available for inspection, without any fee to be paid by the members, at the Registered Office of the Company during business hours (11:00 am to 1:00 pm) on any working day until the date of this AGM.

Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is attached as Annexure- I.

Your Directors recommend the Resolution at Item No. 3 for approval by the members by way of a Special Resolution.

None of the Directors other than Shri Ankit Vikram Paleja, and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Shri Ankit Vikram Paleja may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

ITEM NO. 4

Shri Bhaskar N. Thorat (DIN: 01293824) has been associated with the Company as an Independent Director since May 09, 2022 and shall complete his first term of three years on May 08, 2025. On the basis of recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on July 26, 2024, approved the re-appointment of Shri Bhaskar N. Thorat as an Independent Director for a second term of 5 (five) years with effect from May 09, 2025, subject to approval of the members of the Company.

Shri Bhaskar N. Thorat, aged 59 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 by many awards and honours. He has more than 100 research publications in reputed international journals.

As per the report of his performance evaluation, Industry knowledge, acumen, integrity, expertise, experience, proficiency, positive attributes, and contributions made by him, the Board of Directors recommend his reappointment for the second term. In the opinion of the Board Shri Bhaskar N. Thorat is 'fit and proper' to continue as an Independent Director and is independent of the management.

Shri Bhaskar N. Thorat has conveyed his consent to continue to act as an Independent Director together with other necessary disclosures and declarations including the declaration that he is not debarred from holding the office of Director pursuant to any order passed by SEBI or any other authority. He further declared that he meets the criteria of independence as provided in the Act and the

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Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The said appointment is proposed subject to his continuation to meet the criteria of Independence.

A copy of the letter of appointment to be issued to Shri Bhaskar N. Thorat, setting out the terms and conditions thereof, is available for inspection, without any fee to be paid by the members, at the Registered Office of the Company during business hours (11:00 am to 1:00 pm) on any working day until the date of this AGM.

Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is attached as Annexure- I.

Your Directors recommend the Resolution at Item No. 4 for approval by the members by way of a Special Resolution.

None of the Directors other than Shri Bhaskar N. Thorat, and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Shri Bhaskar N. Thorat may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

ITEM NO. 5

Smt. Neha R. Gada (DIN: 01642373) has been associated with the Company as an Independent Director since May 09, 2022 and shall complete her first term of three years on May 08, 2025. On the basis of recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on July 26, 2024, approved the re-appointment of Smt. Neha R. Gada as an Independent Director for a second term of 3 (three) years with effect from May 09, 2025, subject to approval of the members of the Company.

Smt. Neha R. Gada, aged 48 is a Chartered Accountant and Insolvency Professional. She has an experience of over 22 years in compliance pertaining to Securities Laws. She is a founder of N R Gada and Associates, Chartered Accountants. She also serves as an Independent Director of various listed Companies.

As per the report of her performance evaluation, Industry knowledge, acumen, integrity, expertise, experience, proficiency, positive attributes, and contributions made by her, the Board of Directors recommend her reappointment

for the second term. In the opinion of the Board Smt. Neha R. Gada is 'fit and proper' to continue as an Independent Director and is independent of the management.

Smt. Neha R. Gada has conveyed her consent to continue to act as an Independent Director together with other necessary disclosures and declarations including the declaration that she is not debarred from holding the office of Director pursuant to any order passed by SEBI or any other authority. She further declared that she meets the criteria of independence as provided in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The said appointment is proposed subject to her continuation to meet the criteria of Independence.

A copy of the letter of appointment to be issued to Smt. Neha R. Gada, setting out the terms and conditions thereof, is available for inspection, without any fee to be paid by the members, at the Registered Office of the Company during business hours (11:00 am to 1:00 pm) on any working day until the date of this AGM.

Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is attached as Annexure- I.

Your Directors recommend the Resolution at Item No. 5 for approval by the members by way of a Special Resolution.

None of the Directors other than Smt. Neha R. Gada, and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Smt. Neha R. Gada may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

ITEM NO. 6

Shri Uday M. Patil (DIN: 01186406) has been director of the Company effective from October 18, 2000. He has more than 37 years of experience in factory administration work and liaising with various Government/Semi-Government Departments and agencies.

Pursuant to provisions of sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation

ANNEXURE TO THE NOTICE (CONTD.)

of Nomination and Remuneration Committee, the Board of Directors in its meeting held on March 29, 2024 approved revision in the remuneration of Shri Uday M. Patil, Executive Director, within overall ceilings as prescribed with effect from April 1, 2024 as set out in the draft resolution proposed in the accompanying Notice subject to approval by the members.

Shri Uday M. Patil is interested in the said resolution. Shri Prakash M. Patil, Managing Director, who is the brother of Shri Uday M. Patil, may be deemed to be interested in the said resolution to the extent of his shareholding in the Company. Relatives of Shri Uday M. Patil are also deemed to be interested in the resolution to the extent of their shareholding in the Company, if any.

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. Your Directors recommend the Resolution no. 6 for approval by the members by way of an Ordinary Resolution.

ITEM NO. 7

In pursuance of Section 148 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor for Financial Year 2024-25 was recommended by the Audit

Committee to the Board. The Board thereby re-appointed GMVP & Associates LLP, Cost Accountant (Firm Reg. No.: 000910), as Cost Auditor for the conduct of the Audit of the cost records and related books maintained by the Company, at a remuneration of ₹ 3,00,000/- (₹ 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 2024-25. 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,
Tal. and Dist. Palghar - 401 506,
Maharashtra
Date : July 26, 2024

By Order of the Board

Sd/-
Rushikesh Deole
Company Secretary
ICSI M.No. F12932

ANNEXURE-I

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT ARE AS UNDER:

Name of Director	Shri Narendra J. Salvi	Shri Ankit V. Paleja
Director Identification Number (DIN)	00299202	06975564
Date of Birth and Age	August 16, 1964 (59 years)	September 25, 1983 (40 years)
Date of appointment on the Board	August 25, 2020	October 13, 2021
Qualifications	Master of Science (Organic Chemistry)	Bachelor in Legal Science and Bachelor of Law
Terms & conditions of appointment or re-appointment	Being re-appointed as a Director liable to retire by rotation and all other terms of his appointment as Non-Executive Director shall remain the same.	Reappointment as an Independent Director for a second term of 5 years with effect from October 13, 2024
Brief profile including expertise and experience	He has over 37 years of expertise in the API industry. He also serves as the Managing Director of Aarti Pharmalabs Limited, where he oversees the operation, projects, regulator compliances and sustainability initiatives.	Shri Ankit Vikram Paleja is a qualified lawyer. He holds a double degree of Bachelor in Legal Science and Bachelor of Law. With around 17 years of work experience, he is presently Partner in the law firm Crawford Bayley & Co. (Advocates & Solicitors). In the year 2018, he has been awarded the Under 40 Rising Star Award by Legal Era.
Remuneration last drawn (including sitting fees, if any)	₹ 1.00 Lakh were paid during the Financial year 2023-24 as sitting fees for attending the meetings of the Board and/or Committees thereof.	₹ 2.15 Lakh were paid during the Financial year 2023-24 as sitting fees for attending the meetings of the Board and/or Committees thereof.
Remuneration proposed to be paid	He shall be paid remuneration by way of sitting fee and reimbursement of expenses for attending meetings of the Board/ Committees or for any other purpose as may be decided by the Board of the Company.	He shall be paid remuneration by way of sitting fee and reimbursement of expenses for attending meetings of the Board/ Committees or for any other purpose as may be decided by the Board of the Company.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	No relationship exist with any other Directors/KMP	No relationship exist with any other Directors/KMP
No. of Board Meetings attended	During the Financial year 2023-24, he attended 5 (five) out of seven meetings of the Board.	During the Financial year 2023-24, he attended 6 (six) out of seven meetings of the Board.
Directorship held in other Companies	- Aarti Pharmalabs Limited - Aarti Pharmachem Limited	- Capacit'e Infraprojects Limited
Memberships/ Chairmanships of Committees in other listed Companies	<u>Aarti Drugs Limited</u> Stakeholders Relationship Committee- Member <u>Aarti Pharmalabs Limited</u> Audit Committee- Member, Stakeholders Relationship Committee- Member Risk Management Committee- Member.	<u>Aarti Drugs Limited</u> Audit Committee- Member, Nomination and Remuneration Committee- Member, Stakeholders Relationship Committee- Chairman, Risk Management Committee- Member. <u>Capacit'e Infraprojects Limited</u> Stakeholders Relationship Committee- Chairman, Corporate Social Responsibility Committee- Member.
Names of Listed Companies from which the Director has resigned in the past three years	Nil	Nil
Number of Shares held in Aarti Drugs Limited	Nil	Nil

ANNEXURE-I (CONTD.)

Name of Director	Shri Bhaskar N. Thorat	Smt. Neha R. Gada
Director Identification Number (DIN)	01293824	01642373
Date of Birth and Age	May 23, 1965 (59 years)	March 22, 1976 (48 years)
Date of appointment on the Board	May 09, 2022	May 09, 2022
Qualifications	M.Chem.Engg. and Ph.D in Chemical Engineering	Chartered Accountant, Insolvency Professional
Terms & conditions of appointment or re-appointment	Reappointment as an Independent Director for a second term of 5 years with effect from May 09, 2025	Reappointment as an Independent Director for a second term of 3 years with effect from May 09, 2025
Brief profile including expertise and experience	Shri Bhaskar N. Thorat 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 by many awards and honours. He has more than 100 research publications in reputed international journals.	Smt. Neha R. Gada is a Chartered Accountant and Insolvency Professional. She has an experience of over 22 years in compliance pertaining to Securities Laws. She is a founder of N R Gada and Associates, Chartered Accountants. She also serves as an Independent Director of various listed Companies
Remuneration last drawn (including sitting fees, if any)	₹ 1.55 Lakh were paid during the Financial year 2023-24 as sitting fees for attending the meetings of the Board and/or Committees thereof.	₹ 1.55 Lakh were paid during the Financial year 2023-24 as sitting fees for attending the meetings of the Board and/or Committees thereof.
Remuneration proposed to be paid	He shall be paid remuneration by way of sitting fee and reimbursement of expenses for attending meetings of the Board/ Committees or for any other purpose as may be decided by the Board of the Company.	She shall be paid remuneration by way of sitting fee and reimbursement of expenses for attending meetings of the Board/ Committees or for any other purpose as may be decided by the Board of the Company.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	No relationship exist with any other Directors/KMP	No relationship exist with any other Directors/KMP
No. of Board Meetings attended	During the Financial year 2023-24, he attended all the 7 (seven) meetings of the Board.	During the Financial year 2023-24, she attended all the 7 (seven) meetings of the Board.
Directorship held in other Companies	Nil	<ul style="list-style-type: none"> - Sejal Glass Limited - Asian Star Company Limited - Tamboli Industries Limited - Gala Precision Engineering Limited - Motilal Oswal Home Finance Limited - Dhhanish Advisors Private Limited - JITO Mumbai Midtown Chapter Foundation

ANNEXURE-I (CONTD.)

Name of Director	Shri Bhaskar N. Thorat	Smt. Neha R. Gada
Memberships/ Chairmanships of Committees in other listed Companies	<u>Aarti Drugs Limited</u> Nomination and Remuneration Committee- Member, Risk Management Committee- Member, Corporate Social Responsibility Committee- Chairman	<u>Sejal Glass Ltd</u> Audit Committee- Member, Nomination and Remuneration Committee- Chairperson, Stakeholders Relationship Committee- Member. <u>Tamboli Industries Limited</u> Audit Committee- Chairperson, Stakeholders Relationship Committee- Member, Nomination and Remuneration Committee- Chairperson, Risk Management Committee- Member. <u>Gala Precision Engineering Limited</u> Audit Committee- Member, Stakeholders Relationship Committee- Member, Initial Public Offering Committee- Member. <u>Motilal Oswal Home Finance Limited</u> Audit Committee- Member, Nomination and Remuneration Committee- Member. <u>Asian Star Company Limited</u> Nomination and Remuneration Committee- Chairperson, Corporate Social Responsibility Committee- Member <u>Aarti Drugs Limited</u> Audit Committee- Member, Nomination and Remuneration Committee- Chairperson.
Names of Listed Companies from which the Director has resigned in the past three years	Nil	Nil
Number of Shares held in Aarti Drugs Limited	Nil	Nil

Name of Director	Shri Uday M. Patil
Director Identification Number (DIN)	01186406
Date of Birth and Age	June 3, 1963 (61 years)
Date of appointment on the Board	October 18, 2000
Qualifications	H.S.C
Terms & conditions of appointment or re-appointment	As per Resolution No. 6 of the notice read with explanatory Statement thereto.
Brief profile including expertise and experience	He has more than 37 years of experience in factory administration work and liaising with various Government/ Semi-Government Departments and agencies.
Remuneration last drawn (including sitting fees, if any)	Rs. 33.51 Lakh (including contribution to Provident Fund, Superannuation fund) were paid during the Financial year 2023-24

ANNEXURE-I (CONTD.)

Name of Director	Shri Uday M. Patil
Remuneration proposed to be paid	As per Resolution No. 6 of the notice read with explanatory Statement thereto.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is the brother of Shri Prakash M. Patil, Managing Director of the Company.
No. of Board Meetings attended	During the Financial year 2023-24, he attended 6 (six) out of seven meetings of the Board.
Directorship held in other Companies	Nil
Memberships/ Chairmanships of Committees in other listed Companies	Aarti Drugs Limited Risk Management Committee- Member
Names of Listed Companies from which the Director has resigned in the past three years	Nil
Number of Shares held in Aarti Drugs Limited	50,637

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Aarti Drugs Limited

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