



**FUTURE-READY  
REDEFINING  
SUSTAINABILITY**

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# ABOUT THE REPORT

Aarti Drugs Limited (hereinafter referred to as 'Aarti Drugs' or 'The Company' or 'Our Company' or 'ADL' or 'We') is part of the Aarti group and is incorporated under Companies Act, 1956 (now Companies Act, 2013). The Company is listed on both the Bombay Stock Exchange (BSE) Limited and National Stock Exchange (NSE) of India Limited.

In our inaugural sustainability report, we highlight our initiatives of integrating sustainability into our operations and strategy. We also look at material issues that impact our business. This report redefines our ambition and initiatives, along with our non-financial performance for the FY 2023-24.

## REPORTING BOUNDARY AND PERIOD

Our sustainability report (hereinafter referred to as 'The Report'), this year focuses on our commitment to navigating responsibly within the pharmaceutical sector. We aim to align our company with the evolving pharmaceutical landscape, regulatory frameworks, and emerging industry standards. The report thoroughly examines our sustainability initiatives implemented from April 1, 2023, to March 31, 2024, while incorporating historical data to highlight trends and provide a basis for comparative analysis, enabling us to assess our progress.

Reporting boundary of our sustainability report covers our pharmaceutical operations across 9 manufacturing facilities in Tarapur, Maharashtra, and 2 manufacturing facilities in Sarigam, Gujarat, totaling to 11 manufacturing facilities of our 13 manufacturing facilities.

Our upcoming manufacturing facility in Tarapur, one facility under the purview of our subsidiary, Pinnacle Life Science Private Limited, corporate office in Mumbai, Maharashtra, R&D center in Tarapur, Maharashtra and and R&D centre in Turbhe, Navi Mumbai under the purview of Pinnacle Life Science Private Limited have not been considered as part of the reporting scope.

## REPORTING ON ESG

Our sustainability report provides an integrated view of how we embed sustainability into our business strategy, decisions, and operations. The Report contains our ESG commitment, outlook, and impact. It is guided by priority material topics identified through a comprehensive stakeholder engagement and materiality assessment. This Report also provides disclosures on important topics such as our business environment, climate strategy, people practices, value chain partner engagement, and governance on ESG.

## REPORTING FRAMEWORKS

The report has been carefully crafted in reference with the Global Reporting Initiative (GRI) 2021 and the Sustainability Accounting Standards Board (SASB). It also aligns with the objectives laid out in the United Nations Sustainable Development Goals (SDGs). Additionally, we submit an annual UN Global Compact Communication on Progress (UNGC CoP). Through our concerted efforts, our goal is to align the report with EcoVadis' standards, thereby making a positive contribution to Environment, Social and Governance (ESG) stewardship while advancing our business objectives.

We have reported in reference to the GRI 2021 Standards for FY 2023-24, covering the period from April 1, 2023, to March 31, 2024. We applied the GRI 2021 reporting principles to ensure the high quality and appropriateness of the information presented. For a comprehensive list of our disclosures, please refer to the GRI Content Index on page 92.

## EXTERNAL ASSURANCE

This Sustainability Report has received Limited Assurance from BDO India LLP. The independent assurance statement is available on page 94. BDO India LLP has conducted this assurance as per International Standard on Assurance Engagements (ISAE) 3000 (Revised) standard – Limited Assurance criteria.



# BOARD STATEMENT

## MESSAGE FROM COO

Dear Stakeholders,

I am excited to present our inaugural Sustainability Report for Aarti Drugs Limited for FY 2023-24. This report highlights our commitment to sustainable practices and demonstrates our progress in integrating environmental, social, and governance (ESG) principles into our operations. Despite facing industry challenges and internal hurdles, our dedication to sustainability has driven us to achieve notable advancements, ensuring we continue a path of resilient and responsible growth throughout the year.

The Indian pharmaceutical industry is on a growth trajectory, with expectations of substantial expectations by FY 2030. As the company evolves into a global player, shifting from 'Make in India' to 'Develop in India' emphasizing innovation and new product development. As globalization continues, Indian pharmaceutical companies are expanding their global presence, operating in over 200 countries, and penetrating both rural and urban markets. With a focus on advanced Research and Development (R&D), innovation, and enhancing healthcare access, particularly in rural areas, the industry is poised to maintain its pivotal role in advancing global healthcare.

### ADHISH PATIL

Chief Financial Officer and  
Chief Operating Officer



**OUR SECOND PROJECT IS IN SAYAKHA, GUJARAT, FOCUSED ON MANUFACTURING SPECIALTY CHEMICALS AND INTERMEDIATES. THIS PROJECT IS PROGRESSING WELL AND IS SET TO LAUNCH IN SECOND HALF OF FY 2024-25, WITH SCALING UP PLANNED BY THE END OF THE FINANCIAL YEAR.**

The pharmaceutical industry's focus on adhering to stringent pharmacopoeia standards to guarantee medication safety and efficacy has reached unprecedented levels. At Aarti Drugs Limited, we lead in this dedication, utilizing advanced analytical methods and rigorous quality control processes to meet these high standards. The Active Pharmaceutical Ingredient (API) manufacturing sector has undergone notable changes, including reduced competition due to the exit of small manufacturers struggling with high costs. New entrants face significant barriers due to stringent compliance requirements and the specialized, highly regulated nature of API production. In this evolving landscape, we have carved out a global niche in specific product areas, driving growth and differentiation. This achievement is the result of our integrated capabilities, expanded capacities, strategic business practices, stringent quality controls, skilled workforce, and strong leadership. Our efforts in these areas collectively support our commitment to transformation and fostering sustainable growth for the future.

I am also thrilled to announce that Aarti Drugs has embarked on two major greenfield projects. The first is at our Tarapur Facility, where we are expanding into dermatology products. Operations have already started, and we expect to ramp up throughout 2024-25 to meet the growing global demand for dermatology APIs. Our second project is in Sayakha, Gujarat, focused on manufacturing specialty chemicals and intermediates. This project is progressing well and is set to launch in second half of FY 2024-25, with scaling up planned by the end of the financial year. This new facility will strengthen our specialty chemicals and intermediates business.

Our Research & Development (R&D) team is a true asset, featuring a diverse group of highly skilled professionals, including doctorates, Master of sciences (MScs), Bachelor of sciences (BScs), and engineering technicians. We pride

ourselves on our continuous efforts to enhance processes, improve product quality, and develop innovative products for the future. Our R&D centres are accredited by the Department of Science and Industrial Research (DSIR), reflecting our commitment to excellence. We have a state-of-the-art pilot plant at our R&D centre in Tarapur, Maharashtra, which supports kilo-scale production of pharmaceutical products. This facility, recognized by the Department of Science and Technology, Government of India, plays a crucial role in scaling up studies, optimizing processes, and transferring technology from the lab to commercial production. Our R&D efforts are bolstered by an internal team of project managers who ensure our innovative products are launched and commercialized on time. Additionally, we regularly seek insights from experts and academics at the Institute of Chemical Technology (ICT) and the Council of Scientific and Industrial Research (CSIR) to enhance our product development processes.



## OUR JOURNEY SO FAR HAS BEEN MARKED BY SIGNIFICANT MILESTONES, THANKS TO THE TRUST AND SUPPORT WE'VE RECEIVED FROM ALL OUR STAKEHOLDERS. WE DEEPLY APPRECIATE THE COLLECTIVE EFFORTS AND COLLABORATION OF OUR EMPLOYEES, CUSTOMERS, SHAREHOLDERS, SUPPLIERS, COMMUNITIES, AND PARTNERS

We saw a decrease in our consolidated topline by 7% to ₹ 2,533 Crores and EBITDA came in at ₹ 321 Crores, while EBITDA margin stood at 12.7%. Profit after Tax (PAT) for the year stood at ₹ 172 Crores with the PAT margin at 6.8%. To lessen the risk of shortages, we are seeking to reduce our dependency on imports through more backward integration of our 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 stood at 14.20%.

In terms of enhancing the product portfolio, the Company has set ambitious targets. The Company aims to achieve 10% top-line growth and cross the 14% mark for EBITDA margin, potentially reaching 15%. To realize 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 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 specialty products portfolio.

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

As ADL grows, our dedication to sustainability and social responsibility remains at the heart of our mission. I am proud of the diverse expertise within our Board of Directors, which upholds the highest standards of governance and ethical practices. But our commitment extends well beyond business operations. We actively engage in initiatives that make a tangible difference, such as reforestation projects, empowering women through skill development and livelihood programs, and improving primary healthcare infrastructure in underserved communities. These efforts are part of our broader goal to foster a positive and lasting impact on both the environment and society.

A significant milestone in our sustainability journey was undertaking our first materiality analysis. This process helped us align our efforts with the issues that matter most to our stakeholders. Through materiality assessment, we identified and prioritized the environmental, social, and governance factors crucial to our business and the communities we serve. materiality analysis has refined our focus and strengthened our commitment to tackling key issues such as





climate change, resource efficiency, and social responsibility. It has provided us with a solid foundation for setting clear, actionable goals and ensuring our sustainability strategies are effective and relevant.

Addressing climate change is essential for reducing our environmental impact and ensuring the long-term resilience of our operations. By setting ambitious targets for reducing greenhouse gas emissions and implementing innovative solutions, we are working to mitigate our carbon footprint and adapt to changing climate conditions. Our sustainability strategy incorporates proactive measures to enhance our resilience. This commitment reflects our vision of integrating environmental stewardship into our core business strategies. We are determined to contribute to global climate goals while continuing to thrive as a responsible corporate citizen.

As we look to the future, we are filled with optimism and excitement about the opportunities that lie ahead. Our journey so far has been marked by significant milestones, thanks to the trust and support we've received from all our stakeholders. We deeply appreciate the collective efforts and collaboration of our employees, customers, shareholders, suppliers, communities, and partners. "Your engagement and feedback have been invaluable in guiding our path." We remain dedicated to building strong relationships, maintaining transparency, and actively seeking your input as we work towards our shared success. Together, we will continue striving for excellence and aim to make the future even brighter.

Warm regards,

**Adhish Patil**

Chief Financial Officer and  
Chief Operating Officer

# ABOUT US



## ABOUT THE COMPANY

Since our inception in 1984, we have accumulated four decades of expertise in the pharmaceutical sector, solidifying a robust market presence.

We specialize in manufacturing Active Pharmaceutical Ingredients (APIs), Pharma Intermediates, and Specialty Chemicals. As part of the Aarti Group—a conglomerate valued at USD 900 million—our diverse portfolio includes over fifty compounds that address various therapeutic needs, including antibiotics, antiprotozoal, anti-inflammatory, anti-diabetic, antifungals, anti-arthritis, antidiarrheal, cardioprotectant, and vitamins medications.

We are a top player in the API market and own Pinnacle Life Science Private Limited, which focuses on formulation manufacturing.

Our dedication to upholding stringent quality standards, spearheading extensive research and development initiatives, and fostering a diverse product portfolio has been pivotal to our success. A significant milestone was our debut on the Bombay Stock Exchange (BSE) in 1993 and achieving a turnover of ₹ 2,26,691.14 lakhs for FY 2023-24, highlighting our substantial growth and recognition in the market over the years.



Our flexible production model combines in-house and outsourced manufacturing with strong in-house R&D capabilities. We operate multi-purpose plants with capacities ranging from small-scale to large-scale production, allowing us to adapt to different market demands efficiently. Our formulation business benefits from our R&D centre in Turbhe, Navi Mumbai, which specializes in complex generics, and our Tarapur R&D facility in MIDC, Maharashtra, which works on API process development. These strategically located facilities ensure smooth operations and prompt delivery of high-quality products.

## COMPETENCIES



**13**

Manufacturing  
Facilities



**50+**

API Molecules



**80+**

Finished  
Products



**4,765**

MT/Monthly  
Capacity



**1,26,642**

Square Meter  
(Sq.m.) Plant Area



**38%**

Export  
Revenue

Note: The above numbers are on consolidated basis

## APIs

We boast a broad range of APIs across several therapeutic categories, including:



**Antibiotics:** Ciprofloxacin Hydrochloride, Ofloxacin, Levofloxacin, Norfloxacin, and Enrofloxacin.



**Antiprotozoals:** Metronidazole, Tinidazole, and Metronidazole Benzoate.



**Anti-diabetics:** Metformin HCL, Pioglitazone, Vildagliptin, and Teneligliptin.



**Anti-inflammatory:** Diclofenac derivatives, Aceclofenac, Nimesulide, and Celecoxib.



**Antifungals:** Ketoconazole, Tolnaftate, and Fluconazole.



**Cardioprotectants:** Clopidogrel Bisulphate and Ticlopidine HCL.

### Other Categories

In addition, we develop a variety of specialty chemicals, including:

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

Our extensive manufacturing capabilities include over 50 API molecules, 80+ finished products, and a monthly production capacity of 4,765 MT, supported by a plant area of 1,26,642 sq. m. With 38% of our revenue coming from exports, we are well-positioned in the global market.

## SUBSIDIARIES

Aarti Drugs Limited (ADL) 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:**

Located in Mumbai, Maharashtra this wholly owned subsidiary of ADL handles the manufacturing, production, processing, purchase, sale, import, and export of specialty 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 private sector within Chile.

These subsidiaries contribute to ADL's comprehensive portfolio of over 50 compounds catering to various therapeutic areas such as antibiotics, antiprotozoal, anti-inflammatory, anti-diabetic, antifungals, anti-arthritis, antidiarrheal, cardioprotectant, and vitamins medications.

## MILESTONES

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



Incorporated  
in



1984

1993

1996

1998



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



Crossed a turnover of ₹100 Crores

Listing on  
National Stock  
Exchange of  
India Limited



Crossed the  
turnover of  
₹500 Crores



Crossed Profit  
Before Tax  
(PBT) of ₹100  
Crores



Crossed the  
standalone  
turnover of  
₹2,500 Crores



2003

2008

2011

2014

2017

2021

2023

2024



Received the  
approval for a  
facility from US  
FDA



Crossed the  
turnover of  
₹1,000 Crores

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



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

Crossed Profit  
After Tax of  
₹200 Crores



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



## OUR MISSION AND VISION

At ADL, our mission is to foster a more sustainable and informed pharmaceutical industry. We are committed to innovation and continually seek innovative solutions to enhance the sustainability of our products. Our pursuit of sustainability is supported by the dedication of our employees, partners, and stakeholders, who share our vision for a greener future. We are devoted to investing in research and development, embracing the latest technologies, and utilizing advancements to produce pharmaceutical products that are not only more effective and efficient but also

environmentally responsible. Our objective is to make a positive impact and deliver exceptional value as we advance toward sustainable pharmaceutical production. This vision drives our growth and motivates us to consistently develop innovative products that address diverse customer needs and market segments. By aligning with stakeholder expectations, we ensure that we meet their demands while providing solutions that enhance practices and minimize environmental impact. Through our mission and vision, we aspire to contribute to a fairer and more inclusive society.



### OUR MISSION

- Seek global market leadership.
- Focus on growth and development of the products.
- 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 customized 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.



# AWARDS & RECOGNITION

## 2023

ABBOTT - Business partner of the year



## 2021-22

PHARMEXCIL - Export Performance Award- API and Intermediaries Gold Star



## OUR MEMBERSHIPS AND ASSOCIATIONS

We are a distinguished name in the pharmaceutical industry, known for our dedication to excellence and innovation. Established with a vision to revolutionize healthcare through quality pharmaceuticals, we have garnered extensive recognition both at the state and national levels, thus actively contributing to the industrial growth of Maharashtra and India. Here are our list of memberships and associations:

### State

- **Bombay Chamber of Commerce**
- **Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India**
- **Vapi Industrial Association**

### National

- **Federation of Indian Chambers of Commerce and Industry (FICCI)**
- **Indian Institute of Chemical Engineering (IICChE)**
- **PHARMEXCIL- Pharmaceuticals Export Promotion Council**
- **CHEMEXCIL- Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council**
- **Federation of India Export Organization**
- **Indian Merchants Chamber (IMC)**

## 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.

### DRIVING SUSTAINABILITY IN THE VALUE CHAIN OF OUR BUSINESS

At ADL, sustainability is not merely an axiom; it is a fundamental component of our business strategy. By integrating sustainability into every stage of our value chain—from sourcing and manufacturing to distribution and beyond—we strive to achieve growth while upholding environmental and social responsibility. By embedding sustainability into our value chain, we enhance operational efficiency, reduce environmental impact, and create long-term value for our stakeholders.

# COMPANY OPERATIONS & SERVICES

We specialize in the production of Active Pharmaceutical Ingredients (APIs), pharmaceutical intermediates, and specialty chemicals. Our company serves various therapeutic categories, including anti-inflammatory, cardioprotectant, antibiotic, antidiabetic, and vitamins.

To enhance sustainability, we employ several innovative practices:



## Active Pharmaceutical Ingredients (APIs)

Our company manufactures APIs for several therapeutic segments, including anti-inflammatory, anti-diabetic, anti-fungal, and more.



## Pharmaceutical Intermediates

Our company produces intermediates that are crucial for the synthesis of final pharmaceutical products.



## Specialty Chemicals

Our company also produces specialty chemicals used in various industries, enhancing the company's diversified portfolio.

We are dedicated to sustainability, integrating ESG considerations into our business model. The Company's sustainability strategy is reflected in several policies:



## Environment & Climate Change Policy

This policy outlines our commitment to reducing its carbon footprint and managing environmental impacts (Aarti Drugs).



## Health, Safety & Environment Policy

This policy emphasizes the importance of maintaining high standards of health and safety for employees and minimizing environmental risks (Aarti Drugs).

## Innovative Practices and Technologies

To enhance sustainability, we employ several innovative practices:



## Advanced Waste Management Systems

We utilize state-of-the-art waste management techniques to minimize environmental impact.



## Efficient Resource Utilization

By optimizing the use of resources like water and energy, we focus on reducing waste and improving operational efficiency.



## Green Chemistry

We implement green chemistry principles in the production processes to reduce the use of hazardous substances and lower environmental impact.



# APPROACH TO SUSTAINABILITY

Our sustainability strategy is centred around integrating environmental, health, and safety considerations into our business processes. We are guided by the principles of International Standards Organization (ISO) outlined in ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), and ISO 45001:2018 (Occupational Health & Safety Management System), which form the foundation of our Integrated Management System (IMS). Our strategy encompasses several key focus areas:



## Environmental Stewardship

We aim to minimize our environmental impact through rigorous environmental aspect identification, impact assessments, and continuous improvement initiatives. Our efforts include reducing waste, conserving water, and cutting greenhouse gas emissions. We also engage in regular audits and reviews to ensure compliance with environmental regulations and to drive further improvements.



## Mitigating our carbon footprint

We are adopting a multi-faceted approach involving energy efficiency, waste reduction, process optimization, resource utilization, sustainable transportation, employee engagement and monitoring and reporting. We have established robust systems for recycling and the safe disposal of waste products.



## Health and Safety

Ensuring the health and safety of our employees is a top priority. We have established comprehensive safety protocols, including regular risk assessments, emergency preparedness drills, and employee training programs. Our goal is to maintain a safe working environment and to promote a culture of safety throughout the organization. We provide regular training to our employees on safety procedures and sustainability practices, and our facilities hold ISO 45001 certification, highlighting our commitment to high health and safety standards.



## Quality and Compliance

We are committed to delivering high-quality products that meet regulatory requirements and customer expectations. Our quality management system ensures that we maintain consistent product quality and adhere to the highest standards of manufacturing excellence. We have implemented energy-efficient technologies and continuously monitor our operations to ensure compliance with environmental regulations.



## Stakeholder Engagement

We actively engage with our stakeholders to understand their needs and expectations. This includes communicating openly about our sustainability practices and responding to feedback. Our stakeholder engagement plan helps us build strong relationships and foster trust with our customers, suppliers, and the community.

**Supplier Screening:** We prioritize procurement from local, high-quality sources to minimize our environmental impact and support supplier diversity. All our suppliers must comply with ADL's Supplier Code of Conduct, which encompasses Environmental, Social, and Governance (ESG) standards. We evaluate suppliers based on their ESG performance, ensuring we only partner with those who align with our sustainability goals.



## INTEGRATION INTO BUSINESS PROCESSES

Sustainability is deeply integrated into our business processes and decision-making. We undertake regular reviews of both internal and external issues to ensure that our operations align with our sustainability objectives. This includes:



### Business Risk and Opportunity Management

We identify, and address risks and opportunities related to sustainability to enhance our business resilience and performance. Our risk management approach helps us navigate changes in the regulatory framework, technological advancements, and market conditions.



### Objective Setting and Monitoring

We are in process of setting clear sustainability objectives and develop action plans to achieve them.



### Resource Management

We allocate resources efficiently to support our sustainability goals. This includes investing in infrastructure, technology, and training to enhance our environmental and safety performance. We manage hazardous waste in accordance with regulatory requirements, minimizing environmental impact and strive to repurpose and recycle materials whenever possible to extend their lifecycle and reduce the need for new resources.

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By embedding sustainability into our core operations and strategic planning, we strive to not only meet but exceed industry standards and contribute positively to society and the environment.

### Sustainability Measures and Policies:



### Responsible Procurement Policy

Our procurement policy emphasizes the significance of sustainability, urging our business partners to comply with all pertinent legal and ESG requirements.



### Continuous Improvement

We allocate substantial resources to continually enhance our supplier sustainability management systems. This includes setting benchmarks, monitoring performance, and implementing effective programs to advance our overall sustainability.



### Communication and Collaboration

We regularly communicate our Responsible Procurement policy and sustainability performance to employees, business partners, and the community. This open dialogue allows us to gather feedback and refine our practices continually.

Through our rigorous policies, ongoing improvement initiatives, and collaborative efforts with our business partners, we are dedicated to making a positive impact on the environment and society.

# PERFORMANCE HIGHLIGHTS



## Monetary Fines

No monetary fines paid in proceedings with law enforcement agencies



## Health and wellbeing

100% employees are covered by health insurance and accidental policies



## Stakeholder enagement

Stakeholder engagement is carried out on regular basis and transparent communication with the board on new developments and stakeholder concerns is ensured



## Human rights

No complaints filed related to human rights issues/ discrimination in the workplace



## Data privacy, cyber security and data breaches

- Zero complaints received from consumers regarding data privacy or cyber security during reporting period
- No data breaches during reporting period



## Energy

9.9% reduction in energy consumption as per 2020 baseline



## Water

20.1% reduction in in water consumption as per 2020 baseline

# STAKEHOLDER ENGAGEMENT

At ADL, stakeholder engagement is crucial to effectively addressing our sustainability and material issues. We have systematically identified and prioritized our stakeholders based on their influence on our operations and the impact we have on them. This approach enables us to engage in meaningful two-way communication, thereby enhancing our sustainability practices and overall performance. We are committed to keeping our stakeholders well-informed about relevant issues through accessible communication channels.

## We have identified the following key stakeholder groups:



### Employees

Employees are integral to our company's success, representing a critical stakeholder group. They are directly affected by the Company's activities and play a pivotal role in our operational effectiveness and overall success.



### Customers

Customers, who purchase our products or services, are significantly impacted by their quality. Therefore, they represent an important stakeholder group, and their needs and expectations must be carefully considered.



### Suppliers

Suppliers provide the raw materials and inputs necessary for our production processes. They are also influenced by our activities, particularly in terms of demand for their products or services. As such, suppliers are a crucial stakeholder group.



### Investors and Shareholders

Investors and shareholders, who own the Company, have a personal stake in its performance and the growth of their investments. They are a key stakeholder group whose interests must be addressed through effective corporate performance and communication.



### Communities

The communities in which we operate are important stakeholders as well. They are impacted by our activities, including environmental effects and contributions to the local economy. Engaging with and considering the needs of these communities is essential.



### Government and Regulatory Bodies

Government and regulatory bodies are vital stakeholders due to their authority to regulate our activities. Collaboration with these entities is necessary to ensure compliance with legal and regulatory requirements.



We acknowledge the critical importance of soliciting feedback and perspectives from both internal and external stakeholders to accurately report on material issues and key metrics. Our objective is to promote ethical and transparent interactions, particularly considering the stringent regulations governing the healthcare sector. Our engagement practices are governed by our Code of Conduct and applicable local regulations, ensuring that our operations are conducted responsibly.

We systematically identify stakeholders who influence, impact, or engage with Aarti Drugs. Through continuous dialogue, we actively solicit and consider stakeholder feedback to enhance our sustainability practices. We ensure that stakeholders are kept informed about relevant issues through their preferred communication channels.



The table below provides an overview of our stakeholder engagement process and the steps we take to understand the needs and priorities of each stakeholder group:

<b>Employees</b>	<p>Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)</p> <p><b>No</b></p> <hr/> <p>Frequency of engagement</p> <p><b>Ongoing</b></p> <hr/> <table> <tr> <th>Channels of communication</th><th>Relevant sustainability and other concerns</th></tr> <tr> <td>1. Emails and Meetings</td><td>1. Fair wages and Rewards</td></tr> <tr> <td>2. Employee Satisfaction Surveys</td><td>2. Work life Balance</td></tr> <tr> <td>3. Training Programmes</td><td>3. Training &amp; Skill development</td></tr> <tr> <td>4. Performance appraisal reviews</td><td>4. Career Growth</td></tr> <tr> <td>5. Grievance Redressal Mechanisms</td><td>5. Occupational Health and Safety</td></tr> <tr> <td></td><td>6. Job Security</td></tr> <tr> <td></td><td>7. Transparent Communication</td></tr> </table>	Channels of communication	Relevant sustainability and other concerns	1. Emails and Meetings	1. Fair wages and Rewards	2. Employee Satisfaction Surveys	2. Work life Balance	3. Training Programmes	3. Training & Skill development	4. Performance appraisal reviews	4. Career Growth	5. Grievance Redressal Mechanisms	5. Occupational Health and Safety		6. Job Security		7. Transparent Communication
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	6. Job Security																
	7. Transparent Communication																
<b>Customers</b>	<p>Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)</p> <p><b>No</b></p> <hr/> <p>Frequency of engagement</p> <p><b>Ongoing</b></p> <hr/> <table> <tr> <th>Channels of communication</th><th>Relevant sustainability and other concerns</th></tr> <tr> <td>1. Customer feedback</td><td>1. Timely Delivery</td></tr> <tr> <td>2. Customer satisfaction survey</td><td>2. Quality</td></tr> <tr> <td>3. Phone calls, emails and Meetings</td><td>3. Pricing</td></tr> <tr> <td>4. Signed contracts</td><td>4. Post-sales Support</td></tr> <tr> <td>5. Exhibitions, Events</td><td>5. Product related certifications</td></tr> <tr> <td>6. Customer visits &amp; audits</td><td>6. EHS Management Systems</td></tr> <tr> <td>7. Websites</td><td></td></tr> </table>	Channels of communication	Relevant sustainability and other concerns	1. Customer feedback	1. Timely Delivery	2. Customer satisfaction survey	2. Quality	3. Phone calls, emails and Meetings	3. Pricing	4. Signed contracts	4. Post-sales Support	5. Exhibitions, Events	5. Product related certifications	6. Customer visits & audits	6. EHS Management Systems	7. Websites	
Channels of communication	Relevant sustainability and other concerns																
1. Customer feedback	1. Timely Delivery																
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4. Signed contracts	4. Post-sales Support																
5. Exhibitions, Events	5. Product related certifications																
6. Customer visits & audits	6. EHS Management Systems																
7. Websites																	

**Suppliers**

Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)

**No**

Frequency of engagement

**Ongoing****Channels of communication**

1. Emails and Meetings
2. Vendor Assessment & Review
3. Signed Contracts

**Relevant sustainability and other concerns**

1. Timely Payment
2. Continuity of orders
3. Capacity Building
4. Transparency

**Investors & Shareholders**

Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)

**No**

Frequency of engagement

**Ongoing****Channels of communication**

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

**Relevant sustainability and other concerns**

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

**Communities**

Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)

**No**

Frequency of engagement

**Ongoing****Channels of communication**

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

**Relevant sustainability and other concerns**

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

**Government and Regulatory bodies**

Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)

**No**

Frequency of engagement

**Ongoing****Channels of communication**

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

**Relevant sustainability and other concerns**

1. Tax
2. Compliance with laws, rules & regulations
3. Employment
4. Pollution Prevention
5. Local Economy Growth

# MATERIALITY ANALYSIS

At ADL, we focus on what is truly important to our business and the planet. Materiality assessment is crucial for identifying the most significant Environmental, Social, and Governance (ESG) topics that impact our operations and stakeholders. Our approach to materiality assessment is based on identifying key issues through stakeholder engagement, monitoring industry trends, and alignment with our strategic vision and value creation. Our primary goal is to pinpoint material ESG topics that can influence long-term success and value creation.

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In FY 2023-24, we carried out materiality assessment as per GRI 2021 guidelines. We assessed topics material to the company from both impact (effect of company operations on the external factors) and financial (impact of external factors on the company) perspectives.





## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is crucial to our materiality assessment, ensuring diverse representation of interests across ADL's operations. As a pharmaceutical company, we understand that our responsibilities extend beyond drug manufacturing. Our business success heavily relies on effectively managing sustainability factors to drive business value and positively impact communities and the environment. Through the materiality assessment, we aim to identify and prioritize the most significant sustainability factors affecting ADL and recognize areas where ADL can influence outcomes.

To achieve this, we initiated interactions with relevant internal stakeholder groups to identify a comprehensive list of material issues.

### Stakeholder Prioritization

We assessed the importance of stakeholders using two critical parameters: their ability to influence ADL's performance and operations, and the extent to which they are influenced by ADL's performance and operations. By assigning relative weightages based on these parameters, we accurately prioritized materiality topics through detailed stakeholder conversations and inputs, reflecting the significance of each stakeholder in our business context.

### Scoring Methodology

To initiate the materiality assessment for FY2023-24, we began with secondary research on global frameworks and the pharmaceutical sector landscape to identify relevant sustainability topics. This initial research led to the identification of twenty-four material topics.

We prepared a questionnaire on these material topics, tailored to our stakeholders to gauge their perspectives and priorities. We assessed each material issue for its relative importance across different stakeholder groups and aggregated these insights through thorough stakeholder analysis.

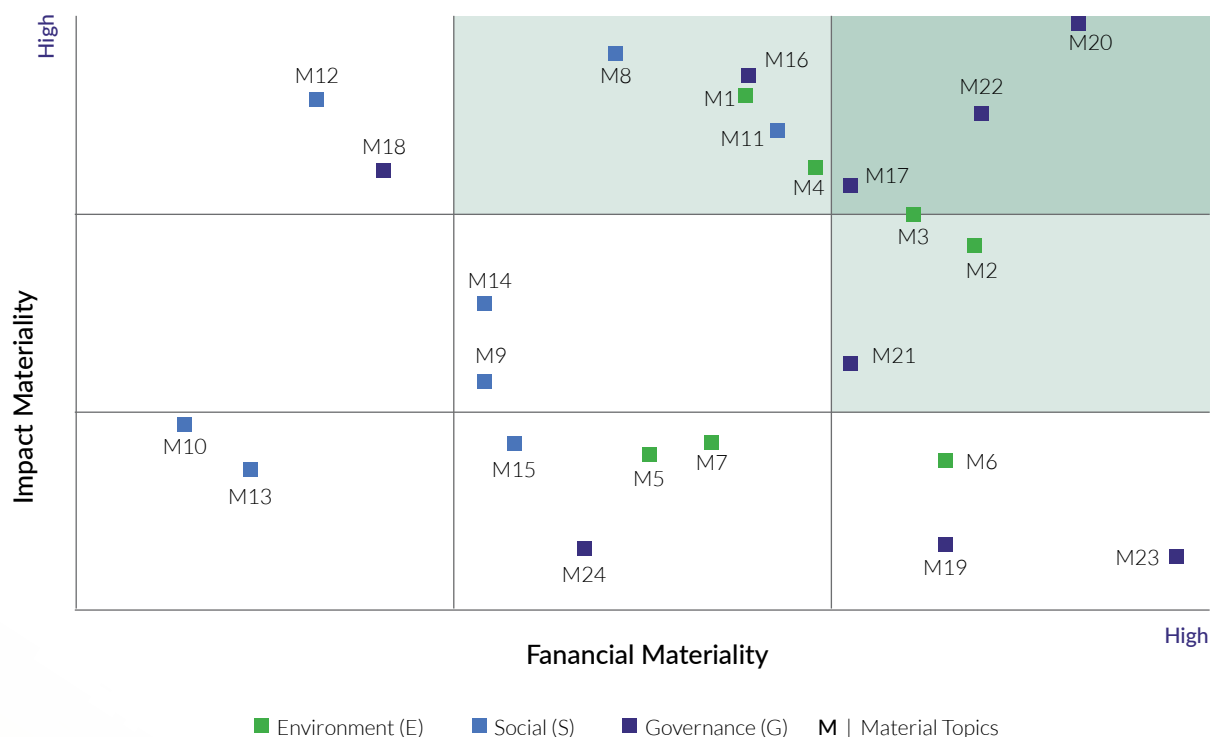
Our consultations with stakeholders focused on ranking the significance of each topic, gathering their perspectives on current and potential sustainability risks and opportunities.

The next stage in our assessment involved evaluating these topics with our management to understand the impact and financial implications of the material topics on the company.

Once input was received, we derived the materiality matrix showcasing the prioritized material topics.

The Materiality matrix showcases the prioritization of material topics from high to low priority topics segmenting them into 3 regions which is Low, Medium & High Priority.

## Materiality Matrix for Aarti Drugs Limited



<b>M1</b> Climate Change, Energy and Emission Management	<b>M13</b> Diversity equity & Inclusion
<b>M2</b> Waste and hazardous materials management	<b>M14</b> Community Impact, Relations and Development
<b>M3</b> Water and wastewater management	<b>M15</b> Employee health, safety and wellbeing
<b>M4</b> Sustainable Supply Chain & Responsible Procurement	<b>M16</b> Corporate Governance
<b>M5</b> Antimicrobial resistance	<b>M17</b> Business Ethics
<b>M6</b> Environmental sustainability	<b>M18</b> Data Privacy & Integrity
<b>M7</b> Product Sustainability	<b>M19</b> Innovation Management
<b>M8</b> Occupational health and safety	<b>M20</b> Regulatory Compliance
<b>M9</b> Talent attraction and retention	<b>M21</b> Risk Management
<b>M10</b> Availability and Affordability of medicines	<b>M22</b> Economic Performance
<b>M11</b> Product Safety	<b>M23</b> Product Quality
<b>M12</b> Human Rights	<b>M24</b> Digital Business model and digitization

This report is focused on priority material topics identified through a comprehensive stakeholder engagement.

## PRIORITIZED TOPIC

## MATERIAL TOPICS



**Climate Change,  
Energy & Emission  
Management**



**Corporate  
Governance**



**Sustainable Supply  
Chain & Responsible  
Procurement**



**Business  
Ethics**



**Water and  
wastewater  
management**



**Economic  
Performance**



**Waste and  
hazardous materials  
management**



**Regulatory  
Compliance**



**Occupational  
Health & Safety**



**Data Privacy &  
Integrity**



**Community Impact,  
Relations, and  
Development**



**Risk  
Management**



**Product  
Safety**





# VALUE-DRIVEN LEADERSHIP

## CORPORATE GOVERNANCE

At ADL, our Board of Directors plays a crucial role in ensuring robust governance by clearly defining roles, responsibilities, and accountability. They meticulously review all significant aspects of our company and ensure that our business operations align with ADL's mission and long-term strategy.







Our governance structure includes dedicated departments that are integral to our sustainability efforts:



#### **EHS Department (Environment, Health, and Safety):**

Focused on maintaining and enhancing our environmental and safety standards.



#### **CSR Team (Corporate Social Responsibility)**

Dedicated to our social initiatives and community engagement.



#### **HR Department**

Oversees employee welfare, training, and ethical practices.

These departments report regularly to the Chief Operating Officer (COO) regarding sustainability-related initiatives, updates, timelines, and other pertinent matters. This ensures a streamlined flow of information and alignment with our overall sustainability goals.

At the upper level of our hierarchy, we have specialized committees to further reinforce our commitment to sustainability:



#### **CSR Committee**

This committee reviews our social activities and ensures they are impactful and aligned with our corporate values.



#### **Risk Management Committee**

Responsible for overseeing EHS activities and ensuring compliance with relevant standards and regulations.

These committees report to the Board of Directors periodically, primarily during our quarterly Board meetings, providing updates and insights into their respective areas.

## **BOARD OF DIRECTORS AND SENIOR MANAGEMENT**



**Shri Chandrakant V. Gogri**  
Chairman Emeritus



**Shri Prakash M. Patil**  
Chairman, Managing Director & CEO



**Shri Rashesh C. Gogri**  
Managing Director



**Shri Harshit M. Savla**  
Joint Managing Director



**Shri Harit P. Shah**  
Executive Director



**Shri Uday M. Patil**  
Executive Director



**Shri Hasmukh  
B. Dedhia**  
Independent Director



**Shri Navin C. Shah**  
Independent Director



**Shri Krishnacharya  
G. Akamanchi**  
Independent Director



**Prof. Bhaskar  
N. Thorat**  
Independent Director



**Shri Sandeep  
M. Joshi**  
Independent Director



**Shri Ajit  
E. Venugopalan**  
Independent Director



**Shri Narendra  
J. Salvi**  
Non-executive Director



**Smt Priti P. Salva**  
Independent Director



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



**Shri Ankit V. Paleja**  
Independent Director



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



**Shri Vishwa H. Savla**  
Managing Director of  
the Pinnacle Life Science  
Private Limited  
(Subsidiary Company)

#### Board Balance by Director Type

Executive Directors	5
Non-Executive Directors	1
Independent Directors	9

#### Gender Diversity on the Board

Male	13 (86.6%)
Female	2 (13.4%)

Note: Shri Navin C. Shah (Independent Director), Shri Krishnacharya G. Akamanchi (Independent Director) and Smt. Priti P. Salva (Independent Director) have retired on 31 March 2024.

## COMMITTEES OF THE BOARD

The Board holds ultimate responsibility for governing our organization and strategically delegates specific aspects of this responsibility to specialized Committees. Our sustainability strategy is thoroughly embedded in all areas of our business activities, demonstrating our unwavering commitment to responsible governance and sustainable practices.

To support this, the Board has established various committees to facilitate open communication, meaningful engagement, and timely issue

resolution. These committees ensure that team members are actively involved in addressing key matters. The tenure and nomination of Board members are governed by the relevant provisions of the Companies Act, 2013, and SEBI Listing Regulations.

The Risk Management Committee oversees the Sustainability function and provides regular reports to the Board, ensuring that sustainability initiatives are effectively monitored and aligned with the organization's strategic goals.

### Audit Committee

The Audit Committee oversees the financial reporting process to ensure accuracy and integrity in the company's financial statements. It is responsible for monitoring internal controls, compliance with legal and regulatory requirements, and the performance of both internal and external auditors. This committee is essential for maintaining transparency and accountability within the organization.

#### CHAIRMAN

**Shri Hasmukh B. Dedhia**, Independent Director

#### MEMBERS

- **Shri Ankit V. Paleja**, Independent Director
- **Smt. Neha R. Gada**, Independent Director
- **Shri Ajit E. Venugopalan**, Independent Director
- **Shri Prakash M. Patil**, Non-independent Director
- **Shri Rashes C. Gogri**, Non-independent Director

### Stakeholders' Relationship Committee

This committee addresses concerns and grievances of shareholders and other stakeholders. It ensures effective communication between the company and its stakeholders, handling issues related to share transfers, dividends, and other investor services, thereby fostering trust and confidence.

#### CHAIRMAN

**Shri Ankit V. Paleja**, Independent Director

#### MEMBERS

- **Shri Navendra J. Salvi**, Non-independent Director
- **Shri Harshit M. Savla**, Non-independent Director
- **Shri Harit P. Shah**, Non-independent Director



## Nomination & Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination and selection process for the highest governance body and its committees, adhering to the Companies Act, 2013, and SEBI regulations. The committee recommends the appointment and remuneration of Directors, the CEO, Senior Management Personnel, and other employees. It establishes remuneration policies to ensure that compensation aligns with the company's strategic goals and performance, facilitating the attraction and retention of top talent.

### CHAIRMAN

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

### MEMBERS

- **Shri Bhaskar N. Thorat**, Independent Director
- **Shri Ankit V. Paleja**, Independent Director
- **Shri Prakash M. Patil**, Non-independent Director

## Risk Management Committee

The Risk Management Committee identifies, assesses, and mitigates risks that could impact the company's operations and financial performance. It develops and implements risk management policies and procedures, ensuring the company is prepared to handle uncertainties and sustain long-term growth.

### CHAIRMAN

**Shri Prakash M. Patil**, Non-Independent Director

### MEMBERS

- **Shri Rashes C. Gogri**, Non-independent Director
- **Shri Harit P. Shah**, Non-independent Director
- **Shri Harshit M. Savla**, Non-independent Director
- **Shri Uday M. Patil**, Non-independent Director
- **Shri Bhaskar N. Thorat**, Independent Director
- **Shri Ankit V. Paleja**, Independent Director
- **Shri Adhish P. Patil**, Company Executive
- **Shri Dhanaji L. Kakade**, Company Executive

## Finance & Investment Committee

This committee oversees the company's financial strategy, and investment activities. It evaluates and approves major financial decisions, ensuring that investments align with the company's objectives and deliver value to shareholders while maintaining financial stability.

### CHAIRMAN

**Shri Prakash M. Patil**, Non-Independent Director

### MEMBERS

- **Shri Rashes C. Gogri**, Non-independent Director
- **Shri Harit P. Shah**, Non-Independent Director
- **Shri Harshit M. Savla**, Non-Independent Director
- **Shri Uday M. Patil**, Non-Independent Director

## Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee formulates and monitors the implementation of CSR policies and initiatives. It ensures that the company's activities have a positive impact on society and the environment, aligning with ethical standards and enhancing the company's reputation as a responsible corporate citizen.

### CHAIRMAN

**Shri Bhaskar N. Thorat**, Independent Director

### MEMBERS

- **Shri Prakash M. Patil**, Non-independent Director
- **Shri Rashesh C. Gogri**, Non-independent Director

These Committees play crucial roles in advancing our organization's governance and sustainability initiatives. To address specific needs and emerging issues, the Board retains the flexibility to establish additional committees on an ad-hoc basis. This strategic approach enables us to maintain a dynamic and adaptable governance framework, ensuring that sustainability remains integral to our organizational strategy.

Furthermore, the Board and its committees operate under a stringent Code of Conduct that clearly delineates their duties, roles, and responsibilities. Our commitment to superior corporate governance is driven by a philosophy of achieving business excellence in compliance with regulatory requirements. To reinforce

governance practices, we have implemented a comprehensive Code of Conduct that includes grievance mechanisms for customers, employees, the community, and other stakeholders, ensuring that their concerns are addressed effectively and transparently.

The hierarchical structure within our governance framework ensures clear lines of responsibility and accountability. The Board of Directors, positioned at the apex of this hierarchy, delegates specific duties to the various committees. Each committee operates within its defined remit and reports its findings and recommendations to the Board. This structure facilitates specialized oversight while preserving a cohesive and unified governance framework.



## COMMITTED TO SUSTAINABILITY

Integrating sustainability into governance structures helps create a framework that supports sustainable development and ensures that decisions made today do not compromise the ability of future generations to meet their needs. At ADL, sustainability is a core value embedded in all our operations. We are committed to minimizing our environmental impact through the adoption of responsible practices. Our objective is to streamline our operations while maintaining a conscientious approach towards our environmental footprint. These efforts are integral to our broader mission of fostering a greener and more sustainable future.

We take pride in our diverse Board of Directors, whose collective expertise upholds the highest standards of decision-making and governance. In addition to our business commitments, we are dedicated to making a positive societal impact. Our initiatives include tree planting, empowering women through skill development programs, and supporting healthcare for underserved communities. Through these efforts, we aim to contribute meaningfully to society and reinforce our commitment to social responsibility.

## ESG POLICIES

Our motto, “The Chemistry of Sustained Relationships,” reflects our commitment to providing products that contribute to societal betterment while adhering to ethical, sustainable, and innovative manufacturing practices.

Our policies, including the Environment & Climate Change Policy, Health, Safety & Environment Policy, People Policy, and Water Policy, are available to the public on our company website. Other policies are shared with stakeholders on a need-to-know basis. All statutory policies are approved by the Board of Directors, and the effective date of each policy is indicated in the policy document. At ADL, the Board of Directors represents the highest level of authority. Our policy commitments are applicable to all organizational activities and business relationships. Some policies are accessible via the company website, while the HR manual is provided to employees during orientation and is an integral part of the onboarding process. Supplier codes are shared with suppliers via email, and policies are distributed to relevant stakeholders as required.

The responsibility for implementing our policy commitments for responsible business conduct throughout our activities and business relationships lies with the functional heads. These

individuals report their progress during monthly review meetings with management, which in turn reports to the Board of Directors. Training on these policies is provided as needed, through both in-person and online modalities. We also gather feedback from stakeholders after training sessions to assess their effectiveness.

We comply with Indian laws, including Labour Laws, the Companies Act, and SEBI Regulations, and adhere to international standards. We hold various certifications to facilitate our operations in multiple countries, including ANVISA, KFDA, COFEPRIS, TGA, WHO-GMP, and TFDA, which support our business activities in Brazil, South Korea, Mexico, European nations, Australia, Africa, the Middle East, Southeast Asia, and Taiwan. Our facilities comply with Good Manufacturing Practice (GMP) standards according to various global guidelines, including ICH, EU-GMP, PIC/S, and WHO-TRS, with several plants receiving WHO-GMP accreditation. Additionally, we conduct internal due diligence and are regularly inspected by Indian state authorities, including the Gujarat Pollution Control Board (GPCB), the Maharashtra Pollution Control Board (MPCB), Gujarat Industrial Development Corporation (GIDC), and Maharashtra Industrial Development Corporation (MIDC).



# BUSINESS ETHICS

At ADL, we uphold the highest standards of business ethics. Our Code of Conduct and Policy on Ethics and Fair Business Practices encompasses a broad spectrum of topics, including but not limited to conflicts of interest, confidentiality, insider trading, bribery, and corruption. These policies provide explicit guidelines on expected behavior and encourage employees and directors to report any potential violations or concerns through established channels.



## Risk Management Policy

Outlines the framework for identifying, assessing, and mitigating risks, including ESG-related risks.



## Nomination and Remuneration Policy

Defines the criteria for board nominations and the remuneration of directors, key managerial personnel, and employees.



## Corporate Social Responsibility Policy

Specifies the activities and expenditure related to CSR initiatives.



## Code of Conduct

Provides guidelines for ethical behaviour and outlines duties, roles, and responsibilities of the Board and its committees.



## Responsible procurement

Ensures that our procurement processes adhere to ethical standards and promote sustainability and fairness in our supply chain.



## Anti-bribery & anti-corruption

Outlines our zero-tolerance stance towards bribery and corruption, along with measures to prevent, detect, and address any instances of corrupt practices.

## TRAINING PROGRAMS

To support our ethical framework, we provide comprehensive training programs to our employees and stakeholders. These include:



## POSH Training

We offer online training on the Prevention of Sexual Harassment (POSH) to ensure a safe and respectful work environment. This training is mandatory for all employees and is regularly updated to reflect current legal requirements and best practices.



## Ethics and Compliance Training

Our ethics training covers our Code of Conduct, anti-bribery and anti-corruption policies, and responsible procurement practices. This training is designed to educate employees on ethical decision-making and the importance of adhering to our policies.

## REPORTING AND GRIEVANCE MECHANISMS

At ADL, we place significant importance on ethical conduct and integrity across all our operations. We have established a robust Whistle-Blower Mechanism to ensure that critical concerns are communicated directly to the highest governance body. This mechanism fosters a culture where employees feel both empowered and protected when raising concerns, thus reducing the likelihood of misconduct going unnoticed or unaddressed. By investigating reports promptly and taking appropriate action, we aim to effectively mitigate risks, enhance compliance with legal and regulatory requirements, and uphold our ethical standards.

Our Whistle-Blower Policy plays a pivotal role in our risk management strategy. It provides a formal channel for employees and stakeholders to report unethical or illegal activities, thereby promoting transparency and accountability. The policy outlines the scope, coverage, and mechanisms for protected disclosures, and includes safeguards

against victimization. Employees can report concerns directly to the Chairperson of the Audit Committee in exceptional cases. This proactive approach helps us identify and address potential risks early, preventing them from escalating into significant issues that could harm the company's reputation or financial stability.

ADL is committed to being a responsible and ethical organization, emphasizing care, integrity, and excellence in all our activities. Our commitment extends beyond mere legal compliance; we strive to uphold the highest standards of business conduct and ethical behaviour. Our Code on Human Rights clearly defines expectations regarding the respect and protection of human rights. It provides standards and guidelines to ensure that human rights are upheld across all our operations and applies to all ADL employees, contractors, vendors, suppliers, and any parties conducting business on our behalf.

### Our principles include:



#### Voluntary Employment

All employment at ADL is voluntary. We do not tolerate child or forced labour in any of our operations.



#### Respect for Workers

We prohibit any form of mistreatment, including child exploitation, physical punishment, or involuntary servitude. We adhere to fair pay practices and employment laws.



#### Employee Rights

ADL respects employees' rights to join trade unions or have recognized representation as per local laws.



#### Diversity and Inclusion

We value diversity as essential for innovation and competitive advantage.



We prioritize the safety of our employees and collaborators, ensuring a safe working environment. We expect our customers, suppliers, and business partners to uphold similar human rights standards and respect the dignity, customs, beliefs, and cultural heritage of the communities in which we operate. We continually assess human rights risks and take steps to prevent any infringements, with violations potentially leading to disciplinary action, including termination and legal consequences if necessary.

The Ethics Committee is tasked with overseeing our anti-corruption policies and procedures. This policy is prominently displayed on our notice board and company website to ensure that all stakeholders, including employees, are informed of our stance on corruption. This policy is also available at our Human Resource Information System (HRIS) portal for employees. Our commitment to transparency and ethical conduct is reinforced by making this policy easily accessible.

Our commitment extends to taxation responsibilities, with a dedicated tax department led by the Tax Head, who reports periodically to the Chief Financial Officer (CFO). The Board of Directors reviews the tax governance function quarterly, including updates on any show-cause or demand notices from taxation authorities. A

comprehensive MIS report detailing pending and new tax demands is presented at each Board meeting. The Board includes three independent directors who are qualified Chartered Accountants with expertise in taxation matters. Their guidance is invaluable, and taxation matters are thoroughly discussed in Board meetings, supported by our internal auditor who monitors taxation governance and control. Additionally, statutory and tax auditors independently oversee our tax function. Management, in consultation with the tax department and external consultants, evaluates the impact of government policies and annual budgets on our tax structure. We believe that tax payment is crucial for nation-building, and we approach this responsibility with the utmost seriousness.

To ensure rigorous compliance, we utilize Compliance Management Software (CMS) developed by PWC, which tracks tax-related compliance. Reports generated by the CMS are presented to the Board, underscoring our commitment to transparency and accountability. We are pleased to report that no incidents of corruption have been reported during the year. Our dedication to business ethics remains unwavering, and we continuously strive to uphold the principles of integrity, transparency, and accountability in all our operations.



# ECONOMIC PERFORMANCE

At ADL, we have demonstrated a strong economic performance by leveraging strategic growth drivers and effectively navigating challenges. Over the past financial years, our financial results have shown notable improvements in both revenue and profitability, thanks to our diversified product portfolio and strategic investments.

Our expansion into high-growth segments, such as dermatology APIs, and our emphasis on enhancing research and development capabilities have fortified our financial foundation. The growth in revenue has been further supported by our successful entry into new markets and the ongoing development of niche products, positioning us to meet the rising demand within the global pharmaceutical industry.

Despite facing global economic uncertainties and sector-specific challenges, we have maintained a positive trajectory through prudent management and strategic initiatives. This approach has enabled us to continue making significant strides and achieving sustainable growth.

## FY 2023-24 (in ₹ lakhs)

# 2,26,691

Net Revenue

# 27,031

EBITDA

# 14,188

Profit After Tax (PAT)

# 18,932.38

Net Fixed Assets

Sr. No	Particulars	FY 2023-24 (₹ lakhs)
1.	<b>Direct economic value generated</b>	2,27,109.44
2.	<b>Economic value distributed:</b>	
A	Operating costs	1,46,656.95
B	Employee wages and benefits	8,098.41
C	Payments to providers of capital	3,016.13
D	Payments to government by country (Taxes)	5,060.00
E	Community investments	54.40
3.	<b>Economic value retained</b>	64,223.55

Note: The above numbers are on standalone basis



To ensure ongoing economic sustainability, we have implemented several strategic initiatives. We are investing approximately ₹ 200-250 Crore in capacity expansion and new technology, including a new greenfield project in the dermatology segment, which is anticipated to enhance our market presence. We are also focused on improving operational efficiencies, with an ambitious target to maintain capacity utilization in the 75-79% range and achieve a 10% increase in top-line growth. Furthermore, we are dedicated to expanding our product portfolio, particularly in oncology formulations, to drive future growth. These initiatives, combined with our commitment to maintaining a strong balance sheet and manageable leverage ratios, highlight our dedication to long-term economic sustainability and seizing emerging opportunities within the pharmaceutical sector.

Beyond our robust market performance, we are committed to providing comprehensive employee benefits that support financial security and well-being. We offer Provident Fund and National Pension System options in accordance with statutory requirements. While we do not maintain an internal pension fund, contributions to the National Pension System and Provident Fund are included in employees' cost-to-company packages, and we actively encourage employees to contribute to NPS for a secure retirement.

Additionally, we maintain a gratuity fund through LIC and Aditya Birla Sunlife Insurance. Our economic performance extends beyond financial metrics; it encompasses creating a sustainable impact. By aligning our economic goals with our social responsibilities, we ensure that our growth benefits all stakeholders, reinforcing our position as a responsible and forward-thinking organization.



# REGULATORY COMPLIANCE

Compliance with regulatory requirements is central to our operations at ADL. Operating in a highly regulated industry, we are steadfast in our commitment to adhering to both local and international regulations. Our robust compliance framework ensures that our products consistently meet the highest quality standards and that our manufacturing processes conform to safety and environmental norms.

We maintain close collaboration with regulatory authorities to ensure that all our operations align with regulatory expectations. At ADL, regulatory compliance is not merely a legal obligation but a core element of our dedication to responsible business practices. In the past reporting period, we recorded no significant instances of non-compliance with laws and regulations, highlighting our unwavering commitment to maintaining high compliance standards. Moreover, we continually refine our compliance measures by incorporating innovative practices and technologies. Our adherence to Good Manufacturing Practices (GMP) and other regulatory requirements is subject to regular reviews and audits by both internal and external auditors. This ongoing scrutiny ensures continuous improvement and alignment with global best practices. By upholding these standards, we not only protect the integrity and safety of our products but also contribute positively to the sustainability and ethical standards of the pharmaceutical industry.

## UNGC AND SDGS

At ADL, our sustainability milestones are deliberately aligned with the United Nations Sustainable Development Goals (SDGs) and the principles of the United Nations Global Compact (UNGC). This strategic alignment emphasizes the importance of our initiatives and activities, ensuring that we make a meaningful contribution to global sustainability efforts.

We are dedicated to integrating our sustainability targets with the global SDGs established by the United Nations for 2030. These goals provide a framework for addressing critical global challenges, such as climate change, responsible consumption and production, and promoting health and well-being. By embedding these goals into our sustainability strategy, we aim to positively impact both society and the environment.

Our sustainability strategy addresses seven SDGs, with a particular focus on areas where our operations and initiatives can drive significant change. We meticulously manage key material topics to ensure a comprehensive approach, integrating these principles into our business practices and operations. ADL is committed to contributing to global sustainability goals where we can make the most substantial impact. Through our diverse portfolio, global reach, and innovative capabilities, we actively support SDGs that are both critical and urgent, driving transformative sustainability initiatives within our industry and beyond.

We continuously review and enhance our sustainability practices to adapt to evolving global challenges and stakeholder expectations. Engaging with stakeholders is essential in shaping our sustainability agenda, ensuring transparency and accountability in our actions. By fostering a culture of responsible business practices and innovation, ADL is committed to making a positive and lasting impact on global sustainability efforts.

## UN SDG GOAL AND ALIGNMENT



### Key Focus area

- Ensuring fair access to healthcare and prioritizing the health and safety of its employees, contractors, and stakeholders. This focus encompasses both physical and emotional well-being, aiming to create a safe and supportive work environment while contributing to broader societal health improvements.

### Initiatives

- ADL promotes health awareness and education within the community to enhance overall health outcomes. This initiative reflects the company's commitment to making healthcare accessible and affordable, aligning with the belief that healthcare is a fundamental human right.
- Initiatives include Behaviour-Based Safety (BBS), General Plant Conditioning (GPC), Near Miss Reporting (NMR), and proactive incident management to ensure all workers can report hazards and contribute to a safer work environment.
- During the pandemic, ADL supported employees and the community by providing transportation, distributing masks and sanitizers, and donating an Oxygen Plant to Rajawadi Hospital in Chembur, Mumbai.



## Progress

- Implemented a comprehensive Health, Safety, and Environment (HSE) Policy and Standard Operating Procedures (SOPs) to uphold world-class health and safety standards.
- Achieved ISO 9001, ISO 14001, and ISO 45001 certifications, ensuring adherence to quality, environmental, and occupational health and safety standards.
- Conducted regular safety training, mock drills, and awareness campaigns to foster a strong safety culture across all organizational levels.
- Engaged in proactive safety practices such as Behavior-Based Safety (BBS), Near Miss Reporting (NMR), and incident management.
- comprehensive medical and healthcare services, including Medclaim Insurance Policies for personal health and accidental treatment for employees, and ESIC Medclaim policies for contract workers.
- Focused on both physical and emotional health, aiming for zero accidents and promoting a healthy work environment.
- Implemented robust frameworks to monitor and enhance standards for environmental health and safety, preventing workplace risks and maintaining operational efficiency.



## Key Focus area

- Build and upgrade education facilities that are child, and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.

## Initiatives

- Dedicated significant resources: 5.44 crore rupees spent this financial year.
- Extensive partnerships with implementing agencies.
- Focus on holistic community development.

## Progress

- Ensure equitable access to quality education.
- Support educational institutions like RNB University and Shri Hirji Bhojraj & Sons.
- Promote lifelong learning opportunities.
- Enhance healthcare accessibility through initiatives like Tirthankar Mahaveer Jain Hospital.



### Key Focus area

- Water conservation strategies
- Responsible wastewater management
- Integration of sustainable practices in operations

### Initiatives

- Implementation of Water Management Standard Operating Procedure (SOP)
- Formulation of environmental policy emphasizing water conservation
- Adoption of cleaner technologies to prevent water pollution

### Progress

- Ensure availability and sustainable management of water and sanitation for all.
- Implement water-saving measures and monitor water usage patterns.
- Promote recycling and responsible discharge practices to mitigate environmental impact.
- Educate employees and stakeholders on water conservation and resource management



### Key Focus area

- Energy conservation initiatives
- Integration of energy-efficient technologies
- Transition to cleaner energy sources

### Initiatives

- Installation of multiple effect evaporators for zero liquid discharge and reduced energy consumption
- Conducting regular energy and steam audits to optimize operational efficiency
- Implementation of condensate recovery systems, flash vessels, and deaerators for waste heat recovery

### Progress

- Ensure access to affordable, reliable, sustainable, and modern energy for all
- Adopt energy-efficient technologies and practices across operations
- Transition to cleaner energy sources such as solar and agro-based multifuel systems
- Enhance energy efficiency through investments in high-efficiency motors, boilers, and cooling systems



### Key Focus area

- ADL is committed to responsible water and waste management practices. This focus includes reducing water consumption, enhancing water accessibility, and managing waste and hazardous materials effectively to minimize environmental impact and align with sustainability goals.

### Initiatives

- ADL has implemented a comprehensive SoP to guide water-saving measures, monitor usage patterns, and identify further conservation opportunities.
- Regular monitoring is conducted by a MoEFCC-accredited laboratory, adhering to Environment, Health, and Safety (EHS) design standards
- ADL has successfully reduced water intensity by 11.51% last year and 20.1% this financial year, with a 2024 target of a 7.3% reduction from the baseline year of 2020.
- ADL focuses on minimizing waste generation through source reduction, recycling programs, and optimizing packaging materials. The company promotes the use of reusable products and implements best practices for waste management.
- Waste with high calorific value is sent to cement industries for energy recovery through incineration, while waste suitable for landfilling is dispatched to Controlled Hazardous Waste Treatment, Storage, and Disposal Facilities (CHWTSDF) for safe burial and coverage.
- Waste with potential for recycling is processed accordingly, and hazardous waste is incinerated under controlled conditions when necessary, ensuring minimal environmental impact.

### Progress

- Implemented a structured classification and treatment process for industrial effluents.
- Ensured Zero Liquid Discharge (ZLD) for high-polluted effluent streams through advanced treatment methods.
- Effectively managed low-polluted effluents through comprehensive treatment and repurposing.
- Maintained compliance with Environment, Health, and Safety (EHS) standards through regular monitoring by accredited laboratories.
- To Evaluate all waste from manufacturing processes and find a way to reuse/recycle like co-processing in cement industries over disposal through incineration / landfill
- Managed hazardous waste with stringent handling protocols and regulatory compliance.
- Sent high calorific waste for energy recovery through incineration at cement industries.
- Dispatched waste suitable for landfilling to Controlled Hazardous Waste Treatment, Storage, and Disposal Facilities (CHWTSDF) for safe disposal.
- Processed recyclable waste and incinerated hazardous waste under controlled conditions to minimize environmental impact.





### Key Focus area

- To establish a Responsible consumption system & sustainability practice through adequate procedures, controls, and governance, with defined responsibilities

### Initiatives

- To use resources with responsibility and generate less waste in each function.
- To monitor Use less packaging in product distribution and ensure safe disposal of packing waste from supply chain

### Progress

- We are using Fibre Drums for product packaging instead of HDPE drums.
- Use of Jumbo bags instead of LDPE bags (for various products)
- Used discarded containers / barrels for packing hazardous waste
- EPR License for Brand owner & Importer in under process



### Key Focus area

- Commitment to climate action
- Phasing out coal-based boilers
- Investment in renewable energy sources
- Adoption of advanced technologies for operational efficiency

### Initiatives

- Pledge to achieve carbon neutrality
- Prioritization of sustainability and environmental preservation
- Recognition of climate change impacts on business continuity and human safety

### Progress

- Take urgent action to combat climate change and its impacts
- Phase out coal-based boilers to reduce greenhouse gas emissions
- Increase investments in renewable energy to promote clean energy sources
- Adopt advanced technologies to enhance energy efficiency and mitigate environmental impact

# DATA PRIVACY & INTEGRITY

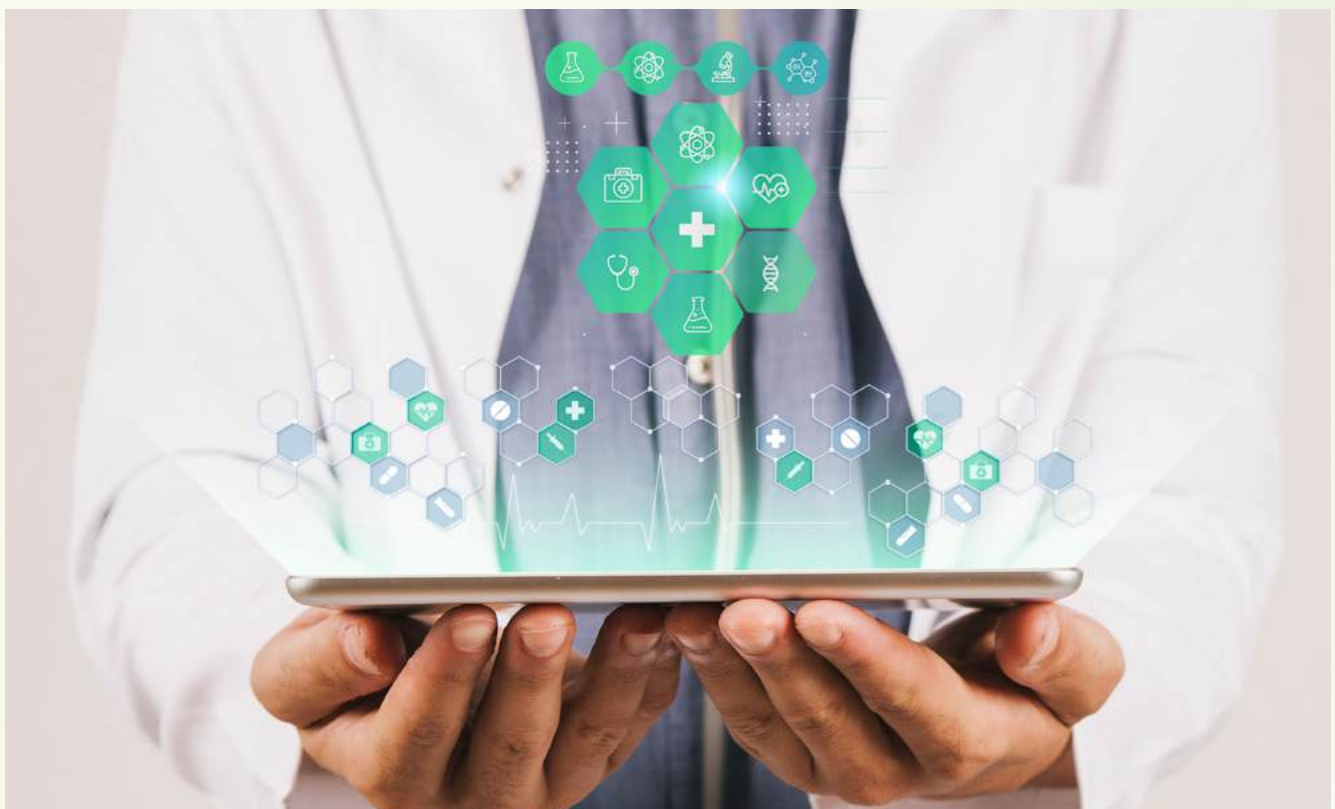
At ADL, we prioritize the protection of personal data and confidential information for our employees and business partners. Our dedication to safeguarding sensitive information extends to all our stakeholders, including employees, customers, and business partners. We adhere to rigorous data protection protocols to ensure that both personal and business data are handled securely and ethically.

We focus on data privacy and integrity through a comprehensive Information Security Policy that addresses confidentiality, integrity, availability, and compliance. This policy is integrated across all business activities, ensuring that information assets are protected from unauthorized access, modifications, and disruptions. We adopt advanced digital tools and techniques to continuously enhance our information security performance while promoting a culture of security awareness through training and education. Governance is provided by the ADL Board and the Sustainability Council, which oversee the policy's implementation,

ensuring adherence to statutory and regulatory requirements. Regular reviews are conducted to keep the policy relevant and responsive to emerging risks and industry trends.

We implement industry best practices and comply with relevant data privacy laws and regulations to uphold the highest standards of data protection. This includes employing advanced cybersecurity measures, conducting regular employee training on data protection, and enforcing strict access controls to sensitive information. Additionally, we have established a well-defined incident response plan to address any potential data breaches swiftly and effectively.

Throughout the reporting period, we have not encountered any data breaches, reflecting our proactive approach to maintaining data privacy and integrity. Our commitment to data protection is integral to our broader focus on ethical business practices and regulatory compliance, ensuring that we consistently uphold the trust and confidence of all our stakeholders.



# RISK MANAGEMENT

At ADL, we acknowledge that risk is an inherent component of our business landscape. Consequently, we are committed to actively and effectively managing these risks to enhance decision-making and achieve our strategic and operational objectives, including our sustainability goals.

We recognize that various risks, including environmental, social, and governance (ESG) risks, can significantly impact our operations. Environmental risks, such as more stringent regulations and supply chain disruptions, can lead to increased operational costs, affecting profitability. Social risks, such as potential reputation damage and challenges in attracting top talent, can impact our market value and operational efficiency. Governance risks, including regulatory fines and diminished investor confidence, may result in higher costs and reduced financial stability. By proactively addressing these ESG risks, we aim to safeguard our company's economic resilience and long-term success.

Our Audit Committee plays a critical role in preventing and mitigating conflicts of interest. We diligently disclose any personal concerns or interests, including changes in shareholding, annually. During Board Meetings, we conscientiously abstain from discussions or decisions where we have a personal interest. This approach ensures transparency, integrity, and adherence to the highest standards of corporate governance.

Incorporating transparency and accountability into ESG risk management helps organizations not only comply with regulatory requirements but also build credibility and resilience by demonstrating a commitment to ethical and responsible practices. In line with regulatory requirements and ethical standards, we disclose related party transactions, to stakeholders biannually. These disclosures are made to the stock exchanges, reinforcing our commitment







to transparency and accountability. This proactive reporting not only fulfils legal obligations but also underscores our dedication to maintaining trust and fostering a fair business environment. Additionally, we have implemented various grievance mechanisms for customers, employees, the community, and other stakeholders. During the reporting period, we have not encountered any significant instances of non-compliance with applicable laws and regulations.

Our Code of Conduct serves as a fundamental document outlining ethical principles, guidelines, and expected behaviours within our organization. All directors, top management, employees, agents, contractors, and consultants are expected to adhere to these rules. By maintaining a well-defined code of conduct, we mitigate risks associated with unethical behaviour, such as fraud, competitive misconduct, corruption, bribery, and conflicts of interest. The code promotes a culture of transparency and accountability, encouraging stakeholders to report any unethical practices they encounter or suspect. This openness facilitates early detection and resolution of issues, minimizing legal, financial, and reputational risks.

To ensure compliance and effective risk management, we have established a Risk Management Committee at ADL. This committee operates within a dynamic risk management framework, identifying, evaluating, and implementing measures to mitigate various risks. The committee convenes at least twice a year to review and enhance our methodologies, processes, and systems for risk monitoring and evaluation. It also oversees the implementation of our Risk Management Policy and is responsible for preparing remediation plans for any identified negative impacts.

# ENVIRONMENTAL GUARDIANSHIP

Environmental stewardship is a pivotal concept for contemporary pharmaceutical companies, underscoring the responsibility to protect and sustain the natural environment while advancing healthcare solutions. As global awareness of environmental issues intensifies, pharmaceutical companies are increasingly recognized not only for their contributions to medical science but also for their role in promoting ecological balance. At ADL, environmental stewardship is integral to our operational ethos, reflecting our commitment to sustainable practices throughout all facets of our operations.





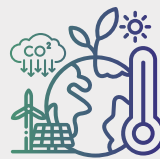


We prioritize minimizing our environmental footprint through the implementation of sustainable practices across manufacturing and supply chain processes. This commitment is evidenced by our adherence to a comprehensive Environment and Climate Change Policy, which guides our efforts to mitigate environmental impact. We actively monitor, measure, and control our environmental impacts to ensure rigorous compliance and continuous improvement.

Our approach includes a concerted focus on reducing greenhouse gas emissions, conserving energy, managing water resources efficiently, and minimizing waste generation. We have integrated advanced technologies and systems within our facilities to support these goals. Each plant is equipped with air scrubbers, dust filters, fire suppression systems, and wastewater treatment plants to maintain a clean environment. Additionally, we have adopted waste-to-energy initiatives to further reduce our carbon footprint.

By embedding environmental responsibility at the core of our operations, ADL not only aims to achieve its environmental objectives but also seeks to inspire and collaborate with

## MATERIAL TOPICS



### Climate Change, Energy & Emission Management



### Water and wastewater management



### Waste and hazardous materials management

stakeholders towards enduring positive change in environmental sustainability. Through these efforts, we strive to align our practices with broader corporate social responsibility and ethical stewardship goals, demonstrating our commitment to responsible environmental management.

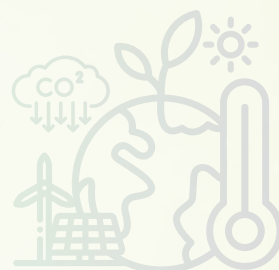
## CLIMATE CHANGE, ENERGY & EMISSION MANAGEMENT

At ADL, we are unwaveringly dedicated to addressing climate change, optimizing energy use, and managing emissions with the utmost responsibility. As the effects of climate change become increasingly apparent, it is imperative for businesses to reduce their environmental impact not merely by adhering to regulatory requirements but by actively pursuing innovative strategies to minimize energy consumption and greenhouse gas emissions.

To this end, we have established ambitious targets for reducing our greenhouse gas emissions. This commitment is supported by continuous

risk assessments and strategic investments in sustainable technologies. Our efforts to curtail energy use include the implementation of energy-efficient equipment and fostering a culture of energy conservation throughout our organization.

In managing emissions, we meticulously track and report our emissions data, invest in projects aimed at their reduction, and collaborate closely with our suppliers and partners to enhance emission reduction initiatives across our supply chain. This approach reflects our commitment to both the strategic goals of the company and our ethical obligations to the planet.



## CLIMATE CHANGE

At ADL, we recognize that climate change poses both substantial risks and significant opportunities for innovation. Our commitment to building climate resilience and reducing our carbon footprint is central to our strategic approach. Our Environment and Climate Change Policy exemplifies this commitment by integrating climate considerations into both our product and process design.

This policy serves as a cornerstone in guiding our business decisions, ensuring they reflect our dedication to sustainability. By proactively managing the risks associated with climate-related manufacturing losses and capitalizing on opportunities for sustainable innovation, we aim not only to mitigate our environmental impact but also to drive positive change within our industry.

## ENERGY MANAGEMENT

**As per our baseline year 2020 and for our manufacturing sites, we have reduced our electricity consumption per ton of product by 5.8% last year and by 9.9% in FY 2023-24. Our 2030 target is to reduce by 50% from our baseline year.**

At ADL, energy management is a cornerstone of our sustainability efforts and operational efficiency. Effective energy management encompasses not only ensuring we have the necessary energy for our operations but also utilizing it in a manner that is both wise and sustainable. Our commitment is to optimize energy consumption, invest in energy-efficient technologies, and continuously monitor our usage to minimize waste.

By prioritizing energy management, we aim to reduce operational costs, lessen our environmental impact, and contribute to a more sustainable future. This approach reflects our dedication to running our business responsibly and making a positive difference in the world. Recognizing that energy consumption significantly contributes to our overall environmental footprint, we are resolutely focused on minimizing energy usage, reducing greenhouse gas emissions, and maximizing energy efficiency in all our daily operations.



Our primary energy consumption, encompassing Coal, Briquette, HSD, purchased steam and electricity, supports essential operations such as Manufacturing activities, Utility requirement. In FY 2023-24, our organization's total energy consumption amounted to 15,24,542 Giga Joules.

Parameter	Units	FY 2022-23	FY 2023-24
Electricity consumption (A)	Giga Joules	2,81,500	2,93,984
Total fuel consumption(B)	Giga Joules	8,84,276	8,76,436
Energy consumption through other sources (C) -Steam Purchase	Giga Joules	3,32,125	3,54,122
Total energy consumed (A+B+C)	Giga Joules	14,97,903	15,24,542
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	Gigajoules per 1,00,000 Rupees of Sales	5.99	6.73
Energy intensity in terms of physical output	Gigajoule/MT of physical output	44.87	46.34

We maintain a steadfast commitment to energy conservation through a comprehensive range of initiatives designed to reduce energy consumption and enhance efficiency across our operations. As part of our dedication to sustainable practices, we have installed multiple effect evaporators in two units to facilitate the recovery of calcium fluoride, sodium acetate, and potassium formate, thereby achieving Zero Liquid Discharge (ZLD) with reduced energy requirements compared to traditional evaporation methods. To ensure maximum efficiency in energy utilization, we conduct regular energy and steam audits to optimize equipment performance across plant and utility operations.

Further advancing our energy efficiency measures, we have implemented condensate recovery systems, flash vessels, and deaerators for waste heat recovery. We have also installed a Condensate Contamination Detection System with a polishing unit to ensure the quality of our boiler feed water. The adoption of IE-3 motors, which offer superior efficiency over IE-2 motors, and the integration of Atmospheric Thin Film Dryers (ATFD) for sodium phosphate drying, exemplify our commitment to reducing energy

consumption. Additionally, the introduction of a back pressure turbine for co-generation at our G-61 plant and a Freon-based chilling plant with screw and scroll compressors highlight our ongoing efforts to achieve better energy efficiency.

Looking forward, we are pursuing further investments to bolster our energy conservation efforts. Our plans include the installation of a Reverse Osmosis system for product concentration, which provides lower energy requirements compared to traditional evaporation setups. We are also transitioning to a solar group captive model to embrace cleaner energy sources, with power purchase agreements currently in preparation.

These ongoing efforts underscore our commitment to sustainable practices and operational excellence, reinforcing our leadership in energy conservation within the pharmaceutical manufacturing industry. Through these concerted measures, we continue to advance sustainable energy practices while maintaining a focus on operational excellence and environmental stewardship.



## INSTALLATION OF AGRO-BASED MULTIFUEL FIRED BOILER

At ADL, we've always been committed to advancing our industry while maintaining a strong sense of environmental responsibility. In our continuous quest to reduce our reliance on conventional fuels, we embarked on an ambitious project to install an agro-based multifuel fired boiler. This initiative not only aimed to cut down our consumption of traditional fossil fuels but also to promote the use of sustainable energy sources.

The decision to invest in an agro-based multifuel boiler was driven by our desire to enhance our operational efficiency and minimize our environmental footprint. Traditional boilers, while effective, relied heavily on conventional fuels such as coal and natural gas, which are not only costly but also contribute significantly to greenhouse gas emissions. By shifting to a multifuel system that utilizes agro-based materials, we sought to mitigate these issues.

The implementation of the agro-based boiler was a strategic move that has yielded impressive results. Since its installation, we have successfully reduced our conventional fuel dependency by a remarkable 19,054 metric tons per annum. This reduction represents a substantial 37% decrease in our reliance on traditional fuels (Coal and Briquette), underscoring the effectiveness of our new system.

This achievement is more than just a number; it reflects our commitment to sustainability and innovation. By adopting agro-based fuels, we are not only lowering our carbon footprint but also supporting the agricultural sector, which benefits from the demand for these renewable resources. The multifuel boiler has proven to be a reliable and efficient alternative, demonstrating that it's possible to achieve significant environmental and economic benefits through thoughtful investment in technology.

We have successfully reduced our conventional fuel dependency by a remarkable **19,054** metric tons per annum.

This reduction represents a substantial **37%** decrease in our reliance on traditional fuels (Coal and Briquette), underscoring the effectiveness of our new system.

## ENERGY EFFICIENCY OPERATIONS

At ADL, we understand that our commitment to efficiency isn't just about improving our processes; it's about embracing a holistic approach to resource and energy management throughout our operations. Over the past year, we've embarked on several initiatives aimed at using energy and resources more effectively. These projects not only enhance our operational efficiency but also underscore our dedication to environmental stewardship.

One of the significant upgrades we made was to our chilling plant, where we transitioned to a Freon-based system using R-134a and R-22 refrigerants. By incorporating advanced screw and scroll compressors, we achieved a notable reduction in energy consumption, saving 1,88,357 kWh annually. While this represents a 0.23% decrease in our total energy use, it reflects our ongoing commitment to leveraging the latest technology for better energy efficiency.

Further, we recognized the need for a broader approach to energy management, which led us to invest in several other critical upgrades. One of these was the installation of high-efficiency fans with Variable Frequency Drive (VFD) compatible IE-5 motors in our Air Handling Units (AHU) and HVAC systems. This improvement resulted in an impressive energy saving of 260,000 kWh per annum, translating to a 0.32% reduction in our energy consumption. This upgrade not only enhances our system's efficiency but also contributes significantly to our overall energy management strategy.

In addition to optimizing our HVAC systems, we focused on our fuel consumption. We installed Air Pre-Heaters and Water Pre-Heaters, which have drastically reduced our reliance on coal, saving 4,256 metric tons annually—a substantial 11.7% reduction. This initiative is a testament to our dedication to minimizing our environmental impact and improving our resource utilization.

Another major step in our energy efficiency efforts was the comprehensive upgrade of our lighting systems. We replaced outdated 125-watt sodium vapor lamps with energy-efficient 30-50-watt LED lights across all areas at our sites. This change not only reduces our electricity consumption but also aligns with our goal of adopting more sustainable practices throughout our facilities.

## STEAM CONDENSATE RECOVERY SYSTEM

At ADL, our drive to enhance energy efficiency is always accompanied by a commitment to sustainability. One of our most significant projects to date in this regard was the installation of a steam condensate recovery system, a move that highlights our dedication to reusing and recycling resources to minimize fuel consumption and reduce our environmental impact.

Previously, a substantial amount of steam condensate from our operations was being wasted, which led to increased fuel consumption and higher operational costs. Recognizing the need for a more efficient solution, we set out to implement a comprehensive steam condensate recovery system. This system included the installation of a flash vessel and a deaerator for effective waste heat recovery. By capturing and reusing the steam condensate, we aimed to reduce the amount of new fuel required for our boilers.

The results have been remarkably successful. With the new system in place, we have achieved an impressive 7% reduction in our overall energy consumption. This translates to a savings of 2,244 metric tons of fuel annually. This achievement not only underscores our commitment to energy efficiency but also illustrates the tangible benefits of investing in advanced recovery and recycling technologies.

The installation of the steam condensate recovery system has brought multiple advantages. By recovering and reusing condensate, we significantly reduce the need for fresh steam generation, which in turn decreases our reliance on fossil fuels. This approach not only lowers our fuel consumption but also contributes to our broader goal of minimizing our carbon footprint.

With the new system in place, we have achieved an impressive **7%** reduction in our overall energy consumption. This translates to a savings of **2,244** metric tons of fuel annually.

## WAY FORWARD

We aim to reduce energy intensity per kg of physical output at all manufacturing sites by 30 % by 2030 with respect to 2020.



### Alternative/Renewable Energy

**Phase 1:** We are working towards a substantial reduction in our total energy consumption. Our goal is to achieve significant energy savings, which will greatly enhance our sustainability efforts.

**Phase 2:** Following our initial phase, we aim to further reduce our energy consumption by implementing advanced energy-saving technologies and practices



### Responsible Consumption

To ensure responsible consumption, we are installing a high-efficiency thermic fluid heater system with an oil pre-heating system. This will result in substantial coal savings annually, contributing to our overall sustainability goals.

## CLIMATE CHANGE AND GHG EMISSIONS

At ADL, we recognize that climate change and greenhouse gas (GHG) emissions present significant challenges that impact both our industry and the global environment. Addressing these issues requires a thorough understanding of how our operations affect the environment and a commitment to proactively reducing our carbon footprint. We are dedicated to assessing the contributions of our activities to climate change and implementing strategies aimed at lowering our GHG emissions. Through these efforts, we strive not only to meet regulatory requirements but also to foster a healthier planet and a more sustainable future.

We are resolutely committed to climate action and the betterment of our community and the environment. Acknowledging the urgent global challenge posed by climate change, we have pledged to lead by example in achieving carbon neutrality. Our initiatives include phasing out coal-based boilers, increasing investments in renewable energy sources, and adopting advanced technologies to enhance operational efficiency and reduce our environmental impact. By prioritizing sustainability and environmental preservation, we aim to minimize our carbon footprint and contribute positively to global efforts against climate change. We also recognize that climate change poses significant threats to business continuity and human safety, underscoring the importance of initiative-taking

measures to safeguard both environmental and community welfare.

### GHG EMISSIONS

ADL has accounted for and reported its scope 1 and scope 2 emissions separately using operational control approach as per Greenhouse Gas Protocol. The emission boundary includes 9 manufacturing facilities in Tarapur, Maharashtra, and 2 manufacturing facilities in Sarigam, Gujarat. Additional 2 manufacturing facilities, corporate office, and R&D centers are currently being excluded from the emission boundary. The scope wise distribution of emissions for this reporting period is as shown:

#### Scope 1 emissions

Scope 1 emissions are the direct GHG emissions that occur from sources owned or controlled by the company. The direct GHG emission sources for ADL are as follows:

- High-Speed Diesel (HSD)- Used as fuel in case of power failure at all manufacturing sites
- Coal- Used as fuel for steam generation in boiler
- Light Diesel Oil (LDO)- Used as fuel for Thermopack and steam generation boilers.
- Low Sulfur Heavy Stock (Furnace Oil) (LSHS (FO))- Used as fuel for steam generation boilers
- Briquette- Used as fuel for steam generation boilers

Parameter	Unit	FY 22-23	FY 23-24
HSD (Diesel)	tCO <sub>2</sub> e	227	240
Coal	tCO <sub>2</sub> e	53,679	52,002
LDO	tCO <sub>2</sub> e	438	462
FO	tCO <sub>2</sub> e	1,884	0
LSHS (FO)	tCO <sub>2</sub> e	45	1,553
Briquette	tCO <sub>2</sub> e	491	534
Emissions from WWT	tCO <sub>2</sub> e	56	43
Total Scope 1 emissions	tCO <sub>2</sub> e	56,820	54,834

Scope 1 emissions include Carbon dioxide (CO<sub>2</sub>), Nitrous oxide (N<sub>2</sub>O) and Methane (CH<sub>4</sub>) greenhouse gases. Fugitive emissions are not included in scope 1 emissions. Calculation Methodology for scope 1 emissions is as follows:

**Total tCO<sub>2</sub>e emissions = specific fuel data (consumed) \* fuel specific emission factor from IPCC**



### Scope 2 emissions

Scope 2 emissions are indirect GHG emissions associated with the generation of purchased electricity that is consumed in our owned or controlled equipment and operations. The indirect Scope 2 emission sources for ADL are as follows:

- Electricity-Used as power within our manufacturing facilities to run various types

of equipment and machines such as reactors, dryers, centrifuge, pumps etc.

- Purchased steam- Used to heat the materials from manufacturing process. Our production process involves heating and maintaining materials at certain temperatures, for that purposes the steam is used.

Parameter	Unit	FY 22-23	FY 23-24
Electricity	tCO <sub>2</sub> e	76,414	-80,250
Total Scope 2 emissions (Location based)	tCO <sub>2</sub> e	76,414	80,250

Scope 2 emissions include Carbon dioxide (CO<sub>2</sub>), Nitrous oxide (N<sub>2</sub>O) and Methane (CH<sub>4</sub>) greenhouse gases.

#### Calculation methodology for scope 2 emissions is

**Total tCO<sub>2</sub>e emissions = MSEB Grid emission factor<sup>1</sup> \* Electricity units consumed**

<sup>1</sup> Amt für Umweltschutz (cea.nic.in)

### Total emissions (Scope 1 and 2) for FY 2022-23 and FY 2023-24

Parameter	Unit	FY 22-23	FY 23-24
Total Scope 1 emissions	tCO <sub>2</sub> e	56,820	54,834
Total Scope 2 emissions (Location based)	tCO <sub>2</sub> e	76,414	80,250
Total Emissions (Scope 1 + 2) metric tones of CO <sub>2</sub> e	tCO <sub>2</sub> e	1,33,234	1,35,084
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	tonnes per 1,00,000 Rupees of turnover	0.533	0.59
Total Scope 1 and Scope 2 emission intensity in terms of physical output	Metric tonnes of CO <sub>2</sub> Equivalent / MT of product	3.99	4.10

### Other Emissions (Air emissions)

Stack emissions are generated directly from industrial or combustion processes and are regulated at the source to limit the release of pollutants. They are crucial components of air quality management. ADL is dedicated to minimizing air pollution through the installation of advanced air pollution control equipment, such as stacks and scrubbers, designed to mitigate environmental and health impacts. The company has established stringent criteria for managing pollutant generation and emissions, ensuring adherence to environmental laws and regulations.

Stack emissions from boilers, diesel generators (DG), and scrubbers are monitored by accredited external agencies. This monitoring measures parameters including flue gas temperature, exit

velocity, gas flow rate, and concentrations of SPM, SO<sub>2</sub>, NO<sub>2</sub>, and Hydrochloric Acid (HCl), in accordance with legal and consent conditions.

All air management practices at ADL conform to Environment, Health, and Safety (EHS) design standards to ensure effective pollution control and safeguard public health. Our primary emissions from support activities include Nitrogen Oxides (NO<sub>x</sub>), Sulphur Oxides (SO<sub>x</sub>), and Particulate Matter (PM). We conduct monthly air quality checks for these parameters, demonstrating that they remain within permissible limits as stipulated by Ministry of Environment, Forest, and Climate Change (MoEFCC), Central Pollution Control Board (CPCB), and National Ambient Air Quality (NAAQ) standards.

### The stack emissions for FY 2022-23 and FY 2023-24 are as follows:

Parameter	Unit	FY 22-23	FY 23-24
Particulate matter (PM)	Tonnes	32.80	26.55
NO <sub>x</sub>	Tonnes	4.20	2.03
SO <sub>x</sub>	Tonnes	24.13	19.78

Note: Only stack emissions from DG set, boiler, and Thermopack are considered while calculating air emissions

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## EMISSIONS REDUCTION METHODS I

One of our significant steps towards reducing our carbon footprint was the installation of an agro-based multifuel fired boiler. By shifting from conventional fuel sources, we have cut our fuel consumption by 37%. This move has had a substantial impact, reducing our carbon emissions by 30,903 tons of CO<sub>2</sub> equivalent per annum. It's been a game-changer for us in terms of lowering our environmental impact and aligns with our responsibility to sustainable practices.

We have also focused on reducing energy wastage, which led us to implement a steam condensate recovery system, a flash vessel, and a deaerator for waste heat recovery. These upgrades have improved our energy efficiency, resulting in a 7% reduction in energy consumption, which translates to 2,244 metric tons of energy saved annually. This improvement has led to a decrease of 3,639 tons of CO<sub>2</sub> equivalent per year. These measures not only help us use energy more efficiently but also contribute to our broader goal of sustainability.

Energy efficiency has also been a key focus in our cooling systems. We upgraded our freon-based chilling plants, which operate on screw and scroll compressors. This modernization has helped us achieve a 0.23% reduction in energy consumption, saving 188,357 kWh annually. As a result, we have cut down our CO<sub>2</sub> emissions by 134.8 tons per year. These improvements in our chilling plants are a testament to our ongoing efforts to enhance efficiency and reduce our environmental footprint.

Ensuring that our operations comply with statutory emission norms has been another priority. We invested in equipment such as Electrostatic Precipitators (ESP), wet scrubbers, and mechanical dust collectors/bag filters to meet the regulatory standards for Total Particulate Matter (TPM), sulphur dioxide (SO<sub>2</sub>), and nitrogen oxides (NO<sub>x</sub>). These installations have not only helped us meet emission norms but have also significantly contributed to reducing our overall environmental impact.

## EMISSIONS REDUCTION METHODS II

One of our key initiatives involved upgrading our Air Handling Units (AHUs) and HVAC systems. We installed high-efficiency fans equipped with Variable Frequency Drives (VFD) and IE-5 motors. This upgrade has resulted in an impressive energy saving of 260,000 kWh annually, which represents a 0.32% reduction in energy use. Consequently, we have reduced our CO<sub>2</sub> emissions by 186 tons per year. This change not only improves our energy efficiency but also aligns with our broader goal of reducing our environmental footprint. Another major step we took was installing air and water pre-heaters. These pre-heaters have been instrumental in optimizing our energy use by pre-warming air and water, which in turn has led to significant fuel savings. Specifically, we have reduced coal consumption by 4,256 metric tons per annum, which represents an 11.7% reduction in fuel use. This decrease in fuel consumption has led to a reduction of 6,902.68 tons of CO<sub>2</sub> emissions annually. These pre-heaters have proven to be a valuable investment in our efforts to conserve resources and minimize our carbon footprint.

Understanding that transportation contributes significantly to our overall GHG emissions, we have taken steps to monitor and analyse employee commute patterns. By gathering data on how our employees travel to and from work, we can better understand the emissions associated with their commutes. This data is crucial for exploring and implementing strategies to minimize these emissions. We are actively exploring options such as promoting carpooling and encouraging the use of public transportation. Our goal is to make informed decisions that will support a more sustainable way of working.

We have reduced coal consumption by 4,256 metric tons per annum, which represents an **11.7%** reduction in fuel use. This decrease in fuel consumption has led to a reduction of **6,902.68** tons of CO<sub>2</sub> emissions annually.

## WAY FORWARD

We aim to reduce scope 1 & scope 2 at all sites by 50 % by 2030 with respect to 2020

The Scope 3 emissions are a consequence of the activities of ADL but occur from sources not owned or controlled by the company. We are calculating our scope 3 emissions and plan to report them in the next financial year.



### Emission Reduction & use of Alternative / Renewable Energy

We are planning to set up a special boiler that will burn a mix of spent glycol (a type of industrial waste) and coal to produce energy. We need to get permission from the Gujarat Pollution Control Board (GPCB) before we can start this project.



### Responsible Consumption

We are planning to install a high-efficiency Thermic Fluid Heater system, which includes an oil pre-heating feature. This upgrade will lead to a reduction in coal consumption and, consequently, a decrease in carbon dioxide emissions each year. This improvement not only supports energy efficiency but also contributes positively to our environmental impact.



# WATER AND WASTEWATER MANAGEMENT



**As per our baseline year 2020, we have reduced our water intensity by 11.51% last year and by 20.1% in FY 2023-24. Our 2030 target is to reduce by 50% from our baseline year.**

In our pharmaceutical operations, water management is essential for maintaining both efficiency and environmental responsibility. Effective water management involves meticulously monitoring and optimizing our water usage to conserve this vital resource while meeting production requirements. We are dedicated to employing advanced technologies and best practices to reduce water consumption, enhance recycling and reuse, and ensure proper wastewater treatment.

Our responsibility is integral to our dedication to operating responsibly and sustainably. Our water policy emphasizes the integration of environmental protection into product and process design, as well as business decision-making.

At ADL, we recognize that effective water management is crucial not only for our operations but also for our environmental stewardship. Our approach encompasses a holistic strategy to conserve and optimize water use across our facilities. We are committed to reducing water consumption, minimizing wastewater,

and ensuring the responsible treatment and discharge of wastewater. By implementing advanced technologies and practices, we aim to enhance water use efficiency, support sustainable practices, and comply with regulatory requirements, all while contributing positively to the communities in which we operate and to the broader environment.



**Our water consumption and discharge for this financial year is as follows:**

Parameter	FY 22-23	FY 23-24
Water withdrawn by source – Third party water (MIDC water) (in kilolitres)	4,30,711	4,25,435
Total volume of water consumption (in kilolitres)	4,30,711	4,25,435
Total water discharged (in kilolitres)	20,530	14,395
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	1.72 Kiloliters per 1,00,000 Rupees of Sales	1.88 Kiloliters per 1,00,000 Rupees of Sales
Water intensity in terms of physical output	12.90 KL/MT of product	12.93KL/MT of product

We acknowledge the critical importance of responsible water management in the face of increasing water demand and the challenges presented by climate change. Our commitment to minimizing our water footprint and enhancing water accessibility is reflected in our comprehensive approach to water conservation strategies.

Central to our efforts is the implementation of a Water Management Standard Operating Procedure (SOP). This SOP guides our operational teams in deploying water-saving measures, monitoring usage patterns, and identifying further opportunities for conservation. Our management of effluent waste follows a structured classification and treatment process. Industrial effluents are categorized based on their Chemical Oxygen Demand (COD) or Total Dissolved Solids (TDS) levels. Effluents with COD or TDS exceeding 10,000 mg/L are classified as highly polluted, while those below this threshold are considered low polluted. Low polluted streams are treated using an Effluent Treatment Plant (ETP), which includes primary, secondary, and tertiary treatments, followed by either distillation or discharge to a Common Effluent Treatment Plant (CETP). High polluted streams are processed through a Multiple Effect Evaporator (MEE) technology and Mechanical Vapour Recompression (MVR) technology, with the condensate being 100% recycled to achieve Zero Liquid Discharge (ZLD). Domestic effluents from canteens and toilets are treated via a Sewage Treatment Plant (STP) and repurposed for gardening. All effluents are regularly monitored by a laboratory accredited by the Ministry of Environment, Forest, and Climate Change (MoEFCC) in compliance with Environment, Health, and Safety (EHS) design standards.

Our water policy articulates clear commitments and actionable goals for water conservation. This policy serves as a framework for integrating sustainable practices across our facilities, ensuring alignment with principles of responsible water stewardship. Environmental protection is at the core of our beliefs, driving us to adopt cleaner technologies and integrate environmental considerations into our business practices to prevent water pollution. We rigorously manage water resources through strategies such as measurement, reduction via reuse and recycling, and advanced techniques to minimize our footprint. For example, we are enhancing the efficiency of our cooling tower operations with a closed-loop system that improves cooling water quality and mitigates scaling issues, thereby reducing system downtime.

Our approach to wastewater management adheres to industry best practices, with an emphasis on recycling and responsible discharge to minimize environmental impact. We support our employees through comprehensive awareness initiatives and ongoing education, empowering them to contribute to water conservation and resource regeneration. Transparent communication of our Water Policy and performance demonstrates our commitment to accountability and sustainability. We allocate significant resources to continually progress our water conservation efforts, setting and monitoring clear objectives through rigorous benchmarking and management programs. By adhering to these established SOPs and policies, we are committed to reducing water consumption across our operations and actively contributing to the sustainable management of this vital resource.

## POLLUTION PREVENTION

At ADL, we have made significant strides in enhancing our sustainability practices through a focused approach to pollution prevention in the production of Metformin Hydrochloride. Our journey began with a key initiative to replace the toxic solvent Xylene with n-Butanol, a less harmful alternative. This shift not only improved the safety of our processes but also aligned with our commitment to eco-friendly manufacturing. By making this change, we reduced the amount of solvent used by an impressive 82%, demonstrating a significant step toward more efficient and sustainable production for our product Metformin Hydrochloride.

In addition to this, we implemented conservation techniques to minimize our energy and water consumption, further reinforcing our commitment to environmental stewardship. We also focused on reusing materials and repurposing by-products. By recovering and selling substances such as Sodium Sulphate, Spent Glycol, Ammonium Sulphate, and formamide, we effectively reduced waste and created new revenue streams.

Our packaging practices also underwent a transformation. We moved from using HDPE drums to more sustainable Fibre Drums and replaced LDPE bags with Jumbo bags. These changes in packaging not only reduced our environmental impact but also supported a circular economy. Through these combined efforts, we have made substantial progress in reducing pollution, conserving resources, and enhancing the overall sustainability of our manufacturing processes.

we reduced the amount of solvent used by an impressive

**82%,** demonstrating a significant step toward more efficient and sustainable production for our product Metformin Hydrochloride.

## NATURAL RESOURCE CONSERVATION

At ADL, our commitment to sustainability has led us to adopt a zero-discharge approach to wastewater management. We've implemented a comprehensive system to treat and recycle all sewage and trade wastewater from our facilities, ensuring that potential pollutants are safely converted into solid sludge for proper disposal. This proactive strategy includes the use of advanced wastewater treatment plants that play a crucial role in our efforts.

One of the key successes of our zero-discharge initiative is the recycling of treated sewage wastewater. After undergoing treatment, this water is utilized for gardening, thus reducing our reliance on external water sources. Additionally, low COD (Chemical Oxygen Demand) treated water is distilled and recycled back into our utility systems, enhancing overall water efficiency. This approach has allowed us to recycle an impressive 19,900 kiloliters of treated sewage wastewater annually. Our efforts to minimize water use extend beyond wastewater management. We have introduced a multiple washing system across various products, which has led to a 50% reduction in water consumption compared to our previous practices.

Overall, these measures have significantly improved our water management, demonstrating our dedication to sustainability and resource conservation. By effectively treating and recycling wastewater, and reducing water consumption in production, we continue to make strides toward a more sustainable future.

This approach has allowed us to recycle an impressive

**19,900** kiloliters of treated sewage wastewater annually.



## REUSE AND RECYCLING

In addition to water management, we have established a two-stage Multiple Effect Evaporator (MEE) system for the treatment of effluents. This system allows the recycling of treated water within the same process or utility stages, effectively minimizing waste and enhancing process efficiency. We have also integrated a sophisticated multiple washing system designed to maximize the reuse of both water and solvents, further reducing their environmental footprint. We also have strategically installed solvent recovery systems throughout our operations, enabling the efficient collection and reuse of solvents. This approach significantly decreases the need for new chemicals and supports a circular resource economy. Moreover, low Chemical Oxygen Demand (COD) treated water is distilled and recycled into utility systems, ensuring that every drop is utilized to its fullest potential. By adopting these practices, we not only adhere to eco-friendly principles but also set a leading example in the pharmaceutical industry for responsible resource management and waste reduction.

## WAY FORWARD

- We aim to prevent pollution and minimise damage to ecosystem using 100% inherently safe manufacturing processes
- We aim to reduce water consumption at site by 30 % by 2030 with respect to 2020  
We aim to Treat 100 % of sewage and trade effluents form all sites and reuse the water



### Pollution prevention

Continuous process production & commercialize in near future. This will increase capability to streamline manufacturing process. This will increase production efficiency.



### Natural resource conservation

We plan to install sensor-based taps at wash basins to reduce water consumption

# WASTE AND HAZARDOUS MATERIAL MANAGEMENT



**Our waste management strategy is driven by a commitment to sustainability, focusing on reducing landfill waste, promoting recycling, and ensuring the safe disposal of hazardous materials.**

At ADL, waste management is key to our sustainability and regulatory compliance efforts. We focus on minimizing waste generation by optimizing production practices, implementing recycling programs, and ensuring proper treatment of waste. Our strategy involves robust processes for handling various waste types, impact assessments, and diligent tracking to identify reuse and recycling opportunities. This comprehensive approach helps reduce our environmental footprint, adhere to industry regulations, and contribute positively to the communities we serve, reflecting our commitment to operating sustainably and responsibly.

Beyond mere regulatory compliance, we are committed to promoting waste reduction practices among our employees and stakeholders from the outset. This integrated approach to waste management is not only essential for adherence to regulations but also a basis of ADL's commitment to sustainability. By prioritizing effective waste management, we aim to optimize our plant

operations, enhance environmental stewardship, and contribute positively to our community and beyond, in alignment with our Health, Safety, and Environment (HSE) policy and Waste Management Standard Operating Procedure (SOP).



Parameter	Unit	FY 22-23	FY 23-24
Total Hazardous Waste Generated (A)	Metric tonnes	30,399.08	36,164.04
Other Waste generated-Plastic waste (F)	Metric tonnes	218.27	174.85
Total Non-Hazardous waste Generated (Fly Ash) (B)	Metric tonnes	3,900.85	4,110.79
Total Waste directed to disposal (E)	Metric tonnes	30,399.08	36,164.04
Total Waste generated (A+B+F)	Metric tonnes	34,518.2	40,449.68
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	MT per 1,00,000 Rupees of Sales	0.14MT per 1,00,000 Rupees of Sales	0.178 MT per 1,00,000 Rupees of sale
Waste intensity in terms of physical output	MT/MT of product	1.034 MT/MT of product	1.23MT/MT of product

We have established robust waste management practices designed to minimize landfill waste while ensuring environmental protection and resource conservation. Our methods and techniques are carefully crafted to manage and dispose of on-site waste, thereby safeguarding human health and the environment.

Our approach involves categorizing and mapping out waste streams to identify their sources and types. We adhere to strict protocols and regulations to restrict the transboundary movement of hazardous waste, ensuring that it is managed and disposed of in authorized facilities. This practice prevents illegal and unsafe disposal, protecting both the environment and surrounding communities.

Waste is internally sorted by type, which facilitates the application of appropriate disposal methods. Hazardous waste is managed through dedicated facilities, with proper labelling and compliance with manifest systems in accordance with Maharashtra Pollution Control Board (MPCB) regulations. We also conduct regular training sessions and

awareness programs for employees to emphasize the importance of waste reduction and proper sorting. These initiatives empower our staff to actively engage in waste management practices, fostering a culture of sustainability within the organization.

Our waste management strategy prioritizes reduction at the source by promoting recycling practices, optimizing processes through research, and encouraging the use of reusable products. Waste with high calorific value is segregated on-site and sent to cement industries for energy recovery through incineration. Conversely, waste with lower calorific values is dispatched to Common Hazardous Waste Treatment Storage and Disposal Facilities (CHWTSDF) for safe landfilling. Additionally, hazardous waste is incinerated under controlled conditions when necessary.

These comprehensive waste management strategies reflect ADL's commitment to sustainable practices and environmental stewardship.

## WASTE MINIMIZATION / WASTE REDUCTION

One of our primary goals is to minimize the amount of waste sent to landfills. To achieve this, we have implemented several proactive measures. For instance, we have adopted rigorous source reduction practices across their production lines. By improving process efficiencies and optimizing material use, we significantly reduce the volume of waste generated in the first place. This approach not only conserves resources but also minimizes the environmental footprint associated with waste disposal.

Additionally, we prioritize environmentally sound recycling methods over traditional waste treatment and disposal options. We have invested in advanced recycling technologies that enable the recovery and reuse of valuable materials from their production processes. This not only reduces the reliance on energy recovery methods but also supports a circular economy where materials are continuously repurposed rather than discarded. For example, the company has developed a comprehensive recycling program for packaging materials and other by-products, ensuring that these materials are processed and reused effectively.

By focusing on these waste minimization and reduction strategies, we exemplify a strong commitment to sustainability. Our efforts to reduce waste generation and prioritize recycling reflect a broader commitment to environmental stewardship, setting a high standard for responsible waste management in the pharmaceutical industry. Through these initiatives, we are not only reducing our ecological impact but also contributing to a more sustainable future.



## LEAN MANUFACTURING

At ADL, lean manufacturing is a commitment to achieving operational excellence while significantly enhancing environmental sustainability. We focus on minimizing waste and optimizing processes reflects dedication to both productivity and eco-friendliness. One of the key areas where we have made notable strides is in the production of Metformin Hydrochloride, a widely used pharmaceutical compound. Historically, the production process generated 0.198 kilograms of waste per kilogram of product. Through rigorous lean manufacturing practices and continuous process improvements, Aarti Drugs has successfully reduced this waste generation to 0.153 kilograms per kilogram of product. This impressive reduction not only reflects increased efficiency but also aligns with our environmental goals by reducing the volume of waste produced.

In addition to cutting waste, we have focused on reducing hazardous waste generation. By refining our processes and implementing more stringent quality controls, the company has achieved a 22% reduction in hazardous waste for our product Metformin only. This decrease is a testament to our proactive approach in identifying and addressing areas where waste could be minimized, ultimately leading to a safer and more sustainable manufacturing environment. Our lean manufacturing efforts extend beyond waste reduction. By addressing key areas such as defects, excess processing, overproduction, and waiting times, we have managed to streamline operations and enhance overall productivity. This holistic approach ensures that every aspect of our manufacturing process is optimized, resulting in both economic and environmental benefits.

By refining our processes and implementing more stringent quality controls, the company has achieved a

**22%**  
reduction in hazardous waste for our product Metformin only.

## RESPONSIBLE CONSUMPTION AND WASTE MANAGEMENT

At ADL, we're deeply committed to responsible consumption and sustainable practices throughout our operations. Our approach focuses on using resources wisely, minimizing waste, and improving our environmental footprint in every facet of our business. One of our major achievements has been increasing our productivity while simultaneously reducing waste. Over the past financial year, we boosted our production by an impressive 9.4%, raising our output from 33,380 metric tons in FY 2022-23 to 36,517 metric tons in FY 2023-24. This growth is not just about higher volumes; it's a testament to our commitment to efficient resource use and waste reduction.

In our production of Metformin Hydrochloride, we've made significant strides in waste management. Initially, our process generated 0.198 kilograms of waste per kilogram of product. Through targeted improvements and lean manufacturing practices, we've reduced this to 0.153 kilograms per kilogram. Additionally, we've cut hazardous waste generation by 22%. These advancements highlight our ongoing efforts to enhance our environmental sustainability while maintaining high productivity levels. Our packaging practices have also evolved to support responsible consumption. We've transitioned from using HDPE drums to fibre drums, which are more eco-friendly. For various products, we now use jumbo bags instead of LDPE bags, reducing plastic waste. Moreover, we're repurposing discarded containers and barrels for packing hazardous waste, effectively closing the loop on our packaging materials.

We're also in the process of obtaining an Extended Producer Responsibility (EPR) license for brand owners and importers, which will enhance our commitment to managing packaging waste responsibly. These initiatives reflect our broader vision of integrating sustainability into every aspect of our operations. By continuously improving our practices and focusing on responsible consumption, we're not just meeting regulatory requirements—we're setting a benchmark in the pharmaceutical industry for environmental responsibility and operational excellence.

## WAY FORWARD

- We aim to reduce waste generation at all sites by 30 % by 2030 with respect to 2020
- We aim to increase productivity at all sites by 20% by 2030 with respect to 2020
- We aim to ensure safe waste disposal at all sites by sending 50 % of waste to co-processing with respect to 2020



### Lean Manufacturing

We will align our production schedules with market demand by providing each manufacturing unit with a monthly production plan.

We will optimize our inventory to better utilize available space and coordinate with our production plans.

We aim to reduce defects and minimize unnecessary processing to improve overall efficiency.

As a result of these measures, our productivity has increased significantly from the previous year.



### Responsible Waste management

Responsible Waste management We will be launching a waste reduction campaign to identify areas where we can cut down on waste and implement corrective actions.

We will sort hazardous waste based on its energy content. Materials with lower energy content are sent to landfills, while those with higher energy content are processed or used in cement kilns.

By sending more waste to be processed in cement kilns, we will significantly reduce the amount of waste going to landfills.

We will set up clearly labeled recycling bins for different types of waste, including hazardous, non-hazardous, biomedical, and electronic waste, to ensure proper disposal and recycling.





# SOCIAL STEWARDSHIP

At ADL, we are committed to positively impacting the communities we serve through our dedication to Occupational Health and Safety (OHS), Corporate Social Responsibility (CSR), and product safety. Our priority is the well-being of our employees, ensuring they work in a safe and healthy environment. We adhere to stringent occupational health and safety standards, continually investing in training, protective equipment, and workplace improvements to minimize risks and promote a culture of safety.





Beyond our focus on employee welfare, we actively engage in CSR initiatives that uplift the communities around us. Our programs address critical social issues, support education, healthcare, and environmental sustainability, and foster economic development. We believe in creating shared value and driving meaningful change through collaborative efforts with our stakeholders.

Maintaining the highest standards of quality and safety throughout our production processes is a cornerstone of our operations. By implementing rigorous quality control measures and adhering to stringent regulatory requirements, we ensure that our products meet the highest safety standards, providing our customers with the assurance they deserve. Through our steadfast commitment to these principles, we strive to make a positive and lasting impact on society while upholding the values that define us.

## MATERIAL TOPICS



### Occupational Health & Safety



### Community Impact, Relations, and Development



### Product Safety

## OCCUPATIONAL HEALTH & SAFETY



We have certifications: ISO 9001, ISO 14001, and ISO 45001.



Safety studies such as Hazard and Operability Studies (HAZOP) and Hazard Identification and Risk Assessment (HIRA).



Proactive approach with Behaviour-Based Safety (BBS), General Plant Conditioning (GPC), Near Miss Reporting (NMR), and Incident Management.



At ADL, we firmly believe that equitable access to healthcare is a fundamental human right, important for both social progress and economic development. This conviction is demonstrated through our various initiatives aimed at promoting health awareness and education, which are essential for improving health outcomes within our community. Our dedication to making healthcare accessible and affordable underscores our commitment to societal well-being.

Health and safety are paramount within our organizational framework. We have instituted a comprehensive Health and Safety Policy designed to foster a culture that prioritizes the well-being of all stakeholders. Our commitment extends to adhering to stringent global regulatory standards, ensuring compliance with health and safety regulations across all operational regions. We are proactive in our approach, aiming for zero accidents and focusing on both the physical and emotional health of our workforce and stakeholders. Our robust framework involves continuous monitoring and enhancement of environmental health and safety standards, aiming to mitigate workplace risks while maintaining operational efficiency.

We prioritize the health and safety of our employees, contractors, and stakeholders through our Health, Safety, and Environment (HSE) Policy and Standard Operating Procedures (SOPs). These documents reflect our core values of 'Care', 'Integrity', and 'Excellence', and guide our efforts to uphold world-class standards. Our occupational health and safety management system is implemented across all sites, with the goal of creating an injury and incident-free workplace and fostering a strong safety culture at all levels of the organization.

Regular safety training, initiatives, mock drills, and campaigns are integral to our strategy for continuous improvement in safety standards. Our safety programs incorporate best practices, including safety studies, training, audits, and incident investigations. We are certified with the Integrated Management System certifications of ISO 9001, ISO 14001, and ISO 45001, which ensure safe and reliable operations through inherently safe plant designs.



To identify and assess work-related hazards, we engage experienced personnel to conduct safety studies such as Hazard and Operability Studies (HAZOP) and Hazard Identification and Risk Assessment (HIRA). We also implement safety programs that include management of change, pre-startup safety reviews, job safety analysis, and cross-site safety audits. Our proactive approach incorporates Behaviour-Based Safety (BBS), General Plant Conditioning (GPC), Near Miss Reporting (NMR), and Incident Management to ensure that all workers can report hazards and contribute to a safer work environment. Additionally, we provide comprehensive medical and healthcare services, including Medclaim Insurance Policies for personal health and accidental treatment benefits for all employees, as well as specialized ESIC Medclaim policies for contract employees. During the Covid-19 pandemic, we supported our employees and the community by providing transportation services, distributing masks and sanitizers, and donating an Oxygen Plant to Rajawadi Hospital in Chembur, Mumbai.

Through these initiatives, we demonstrate our unwavering commitment to maintaining high standards of health and safety, ensuring the well-being of our employees and positively impacting the communities we serve.

We deeply regret the loss of one life during the reporting year. In response, we extended a job

offer to a family member, which was respectfully declined. This tragic event has driven us to critically evaluate and enhance our Occupational Health and Safety measures. We are actively working to strengthen our safety protocols and foster a strong safety culture throughout the organization, with the goal of ensuring an injury-free and incident-free workplace.

Particulars	Total	Employee	Subcontractors (Incidents)
The number and rate of fatalities because of work-related injury	1	0	0
The number and rate of high-consequence work-related injuries (excluding fatalities)	0	0	0
Recordable incidents	0	0	0
Number of hours worked	60.80 million	31.67 million	29.12 million

## EMPLOYEE WELLBEING & MANAGEMENT

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**We follow flexible hours to promote Work-Life Balance**

We understand that the pharmaceutical industry requires a high degree of dedication and precision. Therefore, ensuring the health and satisfaction of our employees is essential for maintaining the quality and efficiency of our operations. By investing in our employees' well-being, we not only enhance their overall quality of life but also drive organizational productivity and foster innovation.



**We provide retirement benefits such as Provident Fund (PF), National Pension System (NPS) and Gratuity Fund.**

Our approach reflects our belief that the well-being of our employees is integral to achieving our operational goals and sustaining our growth. Through our comprehensive measures, we aim to support and empower our workforce, contributing to both their personal and professional success.



## Health and Wellness Programs

To support our employees' physical and mental health, we offer a range of health and wellness programs. These include:



### Health Insurance

We provide comprehensive health insurance coverage, ensuring our employees and their families have access to the best medical care



### Accident Insurance

Our accident insurance policy offers financial protection and support in case of any unfortunate incidents.



### Maternity Leave

We offer generous maternity leave to support our employees during this critical period in their lives.



## Work-Life Balance Initiatives

We believe in creating a work environment that supports a healthy work-life balance. Our initiatives include:



### Flexible Hours

Understanding the diverse needs of our employees, we offer flexible working hours to help them manage their professional and personal commitments effectively.



## Employee Engagement

At the heart of our workplace culture is a deep commitment to engaging our employees and fostering a strong sense of community. We believe that a cohesive team is the foundation of success, and we actively organize activities and programs that promote collaboration and camaraderie.



One of our popular initiatives is the t-shirt colouring activity, where employees unleash their creativity in a fun and relaxed setting. This not only sparks creativity but also strengthens bonds among team members.



We take pride in celebrating diverse festivals, bringing employees together to share in the joy and cultural richness these occasions offer. Our annual Women's Day celebration is a highlight, where we honour and celebrate the contributions of our female employees, fostering an inclusive and supportive environment.



In addition to creative and cultural activities, we also encourage physical wellness and teamwork through our cricket tournaments. These events are a great way for employees to stay active, build team spirit, and enjoy some friendly competition.

## Retirement Benefits

We are committed to supporting our employees' financial well-being and security, especially as they plan for retirement. While we do not have an internal pension fund, we offer several options to help employees secure their future:



### Provident Fund (PF)

We adhere to statutory requirements, offering PF options to our employees. Contributions to the PF are deducted from the employee's Cost to Company (CTC).



### National Pension System (NPS):

Although contributions to the NPS are also deducted from the CTC, we actively encourage our employees to contribute to the NPS for a secure retirement life.



### Gratuity Fund

Our company maintains a gratuity fund with LIC and Aditya Birla Sunlife Insurance, ensuring long-term financial benefits for our employees.

We are committed to continuously enhancing our employee well-being programs to address the evolving needs of our workforce. By cultivating a supportive and healthy work environment, we strive to ensure that our employees are able to thrive both personally and professionally. This ongoing commitment reflects our dedication to fostering a workplace where individuals can achieve their fullest potential while maintaining a balanced and fulfilling life.

## HUMAN RIGHTS

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### We integrate principles which focus on human rights, labour standards, environmental stewardship, and anti-corruption measures across all aspects

ADL upholds rigorous business standards and prioritizes responsible employment practices throughout its operations. Committed to ethical conduct and sustainability, we integrate principles, focusing on human rights, labour standards, environmental stewardship, and anti-corruption measures across all aspects of our influence. We ensure that every employee is treated with dignity and respect, aligning business practices to prevent involvement in human rights abuses and uphold international standards.

We conduct comprehensive due diligence to identify and address human rights risks within

our operations and supply chain. The company's Supplier Code of Conduct mandates that suppliers adhere to internationally recognized human rights standards and refrain from any form of human rights violations.

By fostering an inclusive and respectful workplace environment, we aim to empower its employees, partners, and stakeholders, enabling them to thrive and contribute positively to society. The company views the protection and promotion of human rights as central to its corporate social responsibility efforts, reflecting a steadfast commitment to building a sustainable and equitable future for all.



## TALENT DEVELOPMENT AND TRAINING

At ADL, we prioritize the growth and empowerment of our employees by focusing on the enhancement of their knowledge, skills, and capabilities. This commitment is instrumental in driving substantial improvements in our overall business performance. Our approach integrates centralized oversight within the HR function with decentralized implementation across various business units, ensuring that learning

opportunities are accessible to all employees. These initiatives are strategically aligned with our business's long-term objectives and are designed to support individual career aspirations. Leadership mandates guide our comprehensive learning and development processes, which are continuously evaluated to ensure alignment with our goals and effectiveness in achieving desired outcomes.

## COMMUNITY IMPACT, RELATIONS AND DEVELOPMENT



Multisectoral approach in CSR initiatives focusing on health awareness, education, and environmental stewardship, fostering community upliftment



Partnerships with implementing agencies ensuring impactful interventions, with significant investments totaling 5.44 crore rupees for community development projects

At ADL, we firmly believe that our growth is intertwined with the growth of those around us. This conviction drives our commitment to fostering a culture of inclusivity within the company and contributing to the upliftment of the communities we serve.

We adopt a multisectoral approach to assess the impact of our actions, recognizing that our growth affects not only our immediate environment but also the broader community and resources. Our Corporate Social Responsibility (CSR) initiatives reflect this comprehensive perspective, focusing on meaningful interventions that enhance community well-being.



## Our CSR efforts encompass a range of focus areas, including:



### Cluster and Rural Development

Initiatives aimed at improving infrastructure and quality of life in rural areas.



### Education and Skill Development

Programs designed to enhance educational opportunities and vocational skills.



### Healthcare Facilities

Projects to improve access to and quality of healthcare services.



### Livestock Development

Efforts to support and advance livestock farming practices



### Water Conservation and Environmental Sustainability

Projects focused on preserving natural resources and promoting environmental stewardship.our operations.



### Women Empowerment and Livelihood Opportunities

Programs to support women's economic empowerment and create job opportunities.



### Tribal Welfare

Initiatives to promote the well-being and development of tribal communities.

Our CSR projects are executed both directly and through partnerships with various implementing agencies, which conduct needs assessments to ensure impactful and effective interventions.

Through these comprehensive efforts, we are dedicated to making a positive and lasting impact on society, aligning our business success with the advancement of our communities.

### Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Education and skill development	10000+	100%
2.	Healthcare	10000+	100%
3.	Tribal and Rural Development	10000+	100%
4.	Environment and Water Conservation	5000+	100%
5.	Livelihood opportunities	5000+	100%

Our total spending during this financial year is 5.44 crore rupees, distributed across multiple impactful projects. Below are the details of activities conducted through various implementing agencies.

### HEALTHCARE FACILITIES - TIRTHANKAR MAHAVEER JAIN HOSPITAL

#### Implementing Agency

**Dhan Vallabh Welfare Foundation**

Tirthankar Mahaveer Jain Hospital in Nalanda, Bihar, is undertaking a significant healthcare initiative. This state-of-the-art facility, spanning approximately 35,000 square feet, will feature 205 beds and advanced medical technologies, including cutting-edge imaging machines, laboratory equipment, and telemedicine capabilities. The hospital will house four fully equipped operation theatres to support a wide array of surgical procedures, ensuring comprehensive patient care. To address the healthcare needs of remote communities, the initiative includes two mobile hospitals, an ambulance, and twelve electric auto-rickshaws for transporting elderly patients. Additionally, the hospital will conduct regular awareness campaigns and health camps, staffed by dedicated medical professionals, and will offer affordable healthcare through a nominal fee structure.





## PROJECTS BY AARTI FOUNDATION

### Implementing Agency

Aarti Foundation

Projects under the Mushar Integrated Development Project, sponsored by the Aarti Foundation and managed by the Bhansali Trust, commenced in September 2021 and has successfully reached 157 villages. Notable initiatives in the project include:

- **Education:** Vallabh Vidyamandir School, which began operations in April 2022, is serving 320 students with 6 teachers and 2 staff members across grades I to IV. Additionally, the Ramdev School, which opened in February 2024, caters to 200 students with 5 teachers and 2 staff members for grades I to III.
- **Health and Hygiene:** We have distributed 10,000 vegetable seed packets across the 157 villages, as well as 5,005 sanitary pads to promote health and hygiene. Furthermore, a team of 117 paramedical workers has provided medical treatment for approximately 65 patients per month, totalling around 25,000 patients treated by an MBBS doctor.





## EDUCATIONAL AND COMMUNITY DEVELOPMENT - SHISHUVAN SCHOOL AND MAKERSPACE

### Implementing Agency

Shri Hirji Bhojraj & Sons Cutchi Visha Oswal Jain Chhatralaya

In 1995, the management envisioned an English medium school, leading to the founding of Shishuvan in June 2001. This initiative, driven by a dedicated team, opened in October 2001 with 70 students in Playschool and Nursery. The school has since expanded to now accommodate over 1,700 students from Nursery to Std X, with a staff of over 165.

The management is also establishing a Makerspace for innovation and hands-on learning and launching a skill training initiative for youth. This initiative is designed to enhance employability, promote economic upliftment, and improve living standards. It aligns with the government's new education policy and the Skill India mission, reflecting our commitment to advancing educational and economic opportunities for all.

## SUSTAINABLE DEVELOPMENT - TRIBAL INTEGRATED DEVELOPMENT AND EDUCATION TRUST (TIDE) PROJECTS

### Implementing Agency

TIDE

TIDE operates in over 3,700 villages across 10 districts in Assam, supported by 207 staff members, focusing on community development. In Meghalaya, TIDE works in 220 villages across 3 districts with a team of 14 staff members. The organization has established over 14,500 microcredit groups benefiting more than 167,800 women and families, fostering financial independence. TIDE also runs income generation projects like mushroom farming, Agarbatti making, weaving, bamboo craft, and tailoring classes. Additionally, they conduct biannual training camps in 10 districts to educate and empower women and girls, and their mental health care initiative has treated over 1,250 patients through specialized camps.



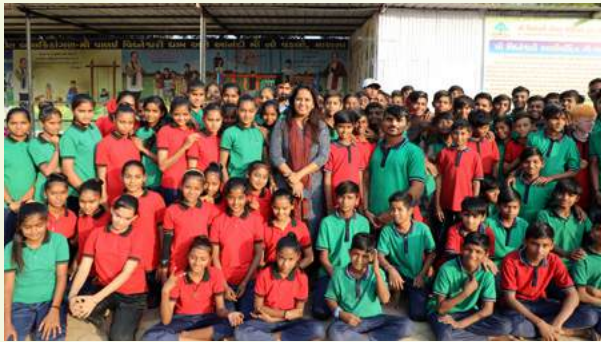


## EDUCATIONAL UPLIFTMENT - VALLABH VIDYA VIHAR EDUCATION CAMPUS

### Implementing Agency

Vicharta Samuday Samarthan Manch (VSSM)

The Vallabh Vidya Vihar Education Campus in Pansar aims to uplift underprivileged children in Gujarat. Supported by VSSM and Shri Chandrakant Gogri, our Chairman Emeritus, the project provides residential education, vocational training, and skill development. The initial phase includes hostel facilities for approximately 1,000 children, with future phases adding sports grounds, libraries, and community spaces. This initiative not only addresses educational needs but also preserves the cultural heritage of Gujarat's nomadic and de-notified communities, fostering young leaders and positive change-makers.



## EDUCATION AND SKILL DEVELOPMENT AT VALLABH VIDYALAYA

### Implementing Agency

Yusuf Meherally Centre (YMC)

Over the past five years, we have consistently supported education and skill development at Vallabh Vidyalaya, positively impacting over 1,500 students. Vallabh Vidyalaya, which provides primary and secondary education to 835 students, has achieved notable educational and extracurricular milestones. In the past year, both Hindi and English medium classes from Class 1 to Class 8 successfully completed their curriculum, adhering to government guidelines. The school welcomed several visitors, including key stakeholders, highlighting the community's commitment to educational standards. Vallabh Vidyalaya actively participated in cultural and social events, celebrated national days, and organized educational tours and camps. Additional initiatives, such as eye doctor visits and educational sessions by external organizations, enhanced the learning environment. Collaborations with various foundations, including the Aarti Foundation, have been crucial in supporting the school's operational and educational needs, ensuring a comprehensive approach to student development.





## MIYAWAKI GARDEN

Using the Miyawaki technique, developed by Japanese botanist Akira Miyawaki, ADL has transformed a former waste site at Tarapur MIDC into a thriving Miyawaki Garden. Implemented by ADL, this initiative included the removal of hundreds of tons of garbage and planting 3,500 trees across 6,500 square feet of cleared space. This project was undertaken in collaboration with local cooperatives, where we planted approximately 200 different types of native trees, reflecting ADL's commitment to environmental sustainability and community enhancement.



## PRODUCT SAFETY



Robust quality control systems, stringent quality checks, and compliance with pharmacopoeia specifications ensure the highest standards of API safety.



No enforcement actions or product recalls reported for the financial year 2023-24

At ADL, ensuring product safety is a core component of our operational ethos. While our primary focus is the manufacture of bulk drugs and active pharmaceutical ingredients (APIs) rather than final consumer medicines, we remain committed to maintaining the highest standards of quality and safety. Our APIs are procured by formulation companies, which then produce and market the final medicines. Consequently, we are not directly responsible for any adverse events or potential risks associated with the end products.

During FY2023-24, we recorded a total of 102 return goods issues, amounting to 64,235.864 kilograms. These returns were not related to any product safety concerns. Instead, the returned consignments were due to other reasons such as packaging issues, exposure during transport, or handling at the customer's site. All goods accepted for reuse or reprocessing fully complied with pharmacopoeia specifications, ensuring their

quality and safety. These returned products were either redirected to other customers, repacked, or reprocessed accordingly.

We are pleased to report that from April 1, 2023, to March 31, 2024, no enforcement actions were taken against us for violations of Good Manufacturing Practice (GMP), FDA, CDSCO, or any other regulatory standards. Furthermore, there were no fatalities or product recalls related to product safety and quality during this period. We have implemented robust quality control systems, including stringent quality checks, employee training on safety protocols, and continuous monitoring of production processes. Thus, we are adhering to regulatory requirements and maintaining rigorous safety standards in our operations. These efforts underscore our unwavering commitment to maintaining the highest standards of product safety and quality, ensuring the efficient and sustainable delivery of products and services to our customers.

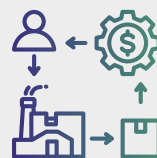


# SUSTAINABLE SUPPLY CHAIN & RESPONSIBLE PROCUREMENT

In the pharmaceutical industry, the supply chain is a critical component that directly impacts both operational efficiency and sustainability. Given the complex and highly regulated nature of our sector, managing the supply chain responsibly is not just a necessity but a strategic priority. This approach is particularly relevant for ADL as we aim to ensure that our procurement practices align with our broader sustainability goals.

At ADL, we recognize the significance of maintaining a sustainable supply chain in enhancing our operational resilience and minimizing our environmental footprint. We have implemented a series of robust practices and initiatives to ensure that sustainability is embedded

## MATERIAL TOPICS



**Sustainable Supply Chain & Responsible Procurement**

throughout our supply chain. Our focus goes beyond mere compliance; we are committed to proactively improving the social, environmental, and economic aspects of our operations and those of our suppliers.





Supply Chain Sustainability at ADL

1 Supplier Engagement and Development

We actively engage with our suppliers to promote sustainable practices. By fostering long-term partnerships, we encourage our suppliers to adopt environmentally friendly technologies and processes. Regular workshops and training sessions are conducted to ensure that our suppliers are well-equipped to meet the sustainability standards we have set. We believe that collaborative efforts lead to better outcomes, and we are continuously

working to enhance the sustainability capabilities of our supply chain partners. We have established clear sustainability criteria for our suppliers, as detailed in the ADL Procurement Policy. We hold all key suppliers accountable for meeting these standards and are committed to supporting them in achieving compliance. Both existing and prospective suppliers are required to align with the expectations set forth in the Policy.

Our commitment extends to assisting our suppliers in improving the sustainability of their operations, with particular emphasis on the following key parameters:



**Sustainability Management**



**Working Conditions**



**Health & Safety**



**Business Ethics**



**Environmental Impact**

Within our supplier evaluation framework, we collect both qualitative and quantitative data to develop a comprehensive composite score based on supplier responses. This data enables us to categorize our suppliers into High Risk and Low Risk groups.

2 Environmental Stewardship

At ADL, we emphasize the prudent use of natural resources across our supply chain. We have initiated several programs aimed at reducing the environmental impact of our procurement processes. This includes optimizing resource

usage, minimizing waste generation, and implementing energy-efficient technologies. We are particularly focused on reducing our carbon footprint by encouraging the adoption of renewable energy sources among our suppliers.

Supporting local communities is a key aspect of our procurement strategy. We prioritize local sourcing where feasible, which not only reduces transportation emissions but also stimulates local economies. We encourage our suppliers to engage with the communities in which they operate, supporting initiatives that contribute to social development, such as local employment, education, and infrastructure projects.

As we look to the future, ADL remains committed to advancing our sustainability agenda. We are continuously exploring new ways to enhance our supply chain's resilience and sustainability. Our future initiatives will focus on expanding

renewable energy use, increasing local sourcing, and further improving our environmental performance. We are also in the process of developing more comprehensive metrics to better track and report on the sustainability impacts of our procurement practices.

By embedding sustainability into every aspect of our supply chain, we are not only ensuring compliance with industry standards but also positioning ADL as a leader in responsible procurement. Our goal is to create a supply chain that not only meets the needs of today but also ensures a sustainable future for generations to come.

# ANNEXURE

## GRI CONTENT INDEX

**Statement of use :** Aarti Drugs Limited has reported the information cited in this GRI content index for 1st April 2023 to 31st March 2024 with reference to the GRI Standards

**GRI 1 used :** GRI 1: Foundation 2021

GRI Standard	Disclosure	Page No.
<b>GRI 2: General Disclosures 2021</b>		
<b>Organizational Profile</b>		
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2-2	Entities included in the organization's sustainability reporting	3
2-3	Reporting period, frequency, and contact point	3
2-5	External Assurance	3
2-6	Activities, value chain and other business relationships	8, 9, 15
<b>Governance</b>		
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2-10	Nomination and selection of the highest governance body	35
2-11	Chair of the highest governance body	33
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<b>Strategy, Policies and practices</b>		
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<b>GRI 3: Material Topics 2021</b>		
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<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	41
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GRI Standard	Disclosure	Page No.
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<b>GRI 303: Water &amp; Effluents 2018</b>		
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305 - 2	Energy indirect (Scope 2) GHG emissions	59, 60
305 - 4	GHG emissions intensity	59, 60
305 - 5	Reduction of GHG emissions	59, 60
305 - 7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	61
<b>GRI 306: Effluents and Waste 2016</b>		
306 - 1	Waste generation and significant waste-related impacts	67-68
306 - 2	Management of significant waste-related impacts	67-68
306 - 3	Waste generated	67
306 - 4	Waste diverted from disposal	67
306 - 5	Waste directed to disposal	67
<b>GRI 205: Anti-corruption 2016</b>		
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<b>GRI 403: Occupational health and safety 2018</b>		
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403 - 4	Worker participation, consultation, and communication on occupational health and safety	75
403 - 5	Worker training on occupational health and safety	75
403 - 9	Work-related injuries	76
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<b>GRI 405: Diversity &amp; Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	33
<b>GRI 413: Local Communities 2016</b>		
413 - 1	Operations with local community engagement, impact assessments and development programs	80-87
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# ASSURANCE STATEMENT



The Palm Springs Plaza  
Office No. 1501-8, 15th Floor  
Sector-54, Golf Course Road  
Gurgaon-122001, Haryana  
INDIA

## Independent Assurance Statement

To,  
**Aarti Drugs Limited**  
Mahendra Industrial Estate,  
Ground Floor, Road No 29, Plot No 109-D,  
SION (East), MUMBAI- 400 022.

### Independent Assurance Statement to Aarti Drugs Limited on select non-financial disclosures in the Sustainability Report for the financial year 2023-24.

#### Introduction and objective of engagement

Aarti Drugs Limited (the 'Company') has developed its Sustainability Report (the 'Report') for the financial year 2023-24 in reference to the GRI Standard 2021.

BDO India LLP (BDO) was engaged by the Company to provide independent limited assurance on select non-financial information in the Report for the financial year 2023-24.

#### The Company's responsibilities

The Report content and its presentation are the sole responsibilities of the management of the Company. The Company management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

#### BDO's responsibilities

BDO India LLP responsibility, as agreed with the management of the Company, is to provide assurance on the Report content as described in the 'Scope & boundary of Assurance' section below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance a third party may place on the Report is entirely at its own risk.

#### Assurance standard

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Standards Board. We applied the criteria of 'Limited' assurance.

#### Scope & boundary of assurance

We have assured the select indicators in the Report pertaining to the Company's non-financial performance covering its operations for the period 1st April 2023 through 31st March 2024.

#### Assurance methodology

Our assurance process entails conducting procedures to gather evidence regarding the reliability of the disclosures covered in the assurance scope. We conducted a review and verification of data collection, collation, and calculation methodologies, and a general review of the logic of inclusion / omission of relevant information / data in the Report. Our review process included:

- Evaluate and assess the appropriateness of the quantification methods used to arrive at the non-financial sustainability information of the select indicators in the Report;
- Review of consistency of data/information within the Report as well as between the Report and source;
- Engagement through discussions with personnel at the corporate level who are accountable for the data and information presented in the Report;
- Execution of an audit trail of claims and data streams, to determine the level of accuracy in collection, transcription, and aggregation;
- Review of data collection and management procedures, and related internal controls.
- Verification of non-financial/sustainability performance data, on sample basis, based on our professional judgement, for the following locations:
  - 9 manufacturing facilities in Tarapur, Maharashtra (N-198, G-60, E21/1, E22, E-9/3, E-120, T-150, W-61, K-40)
  - 2 manufacturing facilities in Sarigram, Gujarat (Sar-211, Sar-2902)

We have carried out an on-line review and verification of select non-financial information in the Report for the financial year 2023-24. We have covered data related to Energy, Emissions (scope 1 & 2), Waste, and Water for the purpose of assurance.



#### Limitations and exclusions

There are inherent limitations in an assurance engagement, including, for example, the use of judgement and selective testing of data. Accordingly, there are possibilities that material misstatements in the Report may remain undetected. The assurance scope excludes:

- Data and information outside the defined reporting period (1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024)
- Review of the 'economic and/or financial performance indicators' included in the Report or on which reporting is based; we have been informed by the Company that these are derived from the Company's audited financial records;
- The Company's statements and claims related to any topic other than those mentioned in the 'Assurance Methodology';
- The Company's statements that describe qualitative/quantitative assertions, expression of opinion, belief, inference, aspiration/targets, expectation, aim or future intention.

#### Our observations

We have reviewed the disclosures in the "Report" for the reporting period from 1st April 2023 through 31st March 2024. The disclosures of the Company, covered under the 'Scope and boundary of assurance,' are fairly reliable. However, the company may strengthen its data management systems across locations to ensure better accuracy and consistency.

#### Our conclusions

Based on the procedures performed and evidence obtained as defined under the 'Scope & boundary of assurance', nothing has come to our attention that causes us not to believe that the disclosures of the Company is presented fairly in accordance with the relevant reporting guidelines/standards.

#### Our assurance team and independence

BDO India LLP is a professional services firm providing services in Advisory, Assurance, Tax, and Business Advisory Services, to both domestic and international organizations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in the organization. This team is comprised of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems, and processes across sectors and geographies. As an assurance provider, BDO India LLP is required to comply with the independence requirements set out in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

#### For BDO India LLP

A handwritten signature in black ink, appearing to read 'Indra Guha', is written over a light blue horizontal line.

Indra Guha  
Partner | Sustainability & ESG  
Business Advisory Services

Gurugram, Haryana  
05<sup>th</sup> September 2024





**Aarti Drugs Limited**

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