August 22, 2023

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

SCRIP CODE: 543748

To,
Listing/ Compliance Department
National Stock Exchange of India Limited
"Exchange Plaza", Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
SYMBOL: AARTIPHARM

Dear Sir/Madam,

Sub: Notice of the 4th AGM along with the Annual Report for the Financial Year 2022-23
Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find enclosed herewith the Notice of the 4th Annual General Meeting (AGM) of the Company scheduled to be held on Thursday, September 14, 2023 at 11:00 a.m. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), along with the Annual Report of the Company for the Financial Year 2022-23. The AGM will be held without the physical presence of the Shareholders at a common venue.

Further, in accordance with the MCA Circulars and said SEBI Circulars, the Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Shareholders whose email addresses are registered with the Company / Depository Participants.

The Notice of 4th AGM of the Company along with Annual Report for the Financial Year 2022-23 is available on the website of the Company at web link: https://www.aartipharmalabs.com/annual-reports

Please take the same on your records.

Thanking you,

Yours faithfully,
For AARTI PHARMALABS LIMITED
(Formerly known as Aarti Organics Limited)

NIKHIL PANDURANG NATU
Digitally signed by NIKHIL PANDURANG NATU
Date: 2023.08.22 17:18:01 +05'30'

NIKHIL NATU
COMPANY SECRETARY
ICSI M. NO. A27738

Encl.: a/a

AARTI PHARMALABS

RIGHT CHEMISTRY FOR A HEALTHIER TOMORROW

Annual Report **2022-23**

CONTENTS

RIGHT CHEMISTRY FOR A HEALTHIER TOMORROW

Every day, at Aarti Pharmalabs, we go beyond imagination and endeavour to create the right chemistry for a healthier future with advanced healthcare solutions. Our commitment to revolutionising the pharmaceutical industry is rooted in cutting-edge research, unwavering dedication to quality, and a firm belief in the transformative power of chemistry.

With a rich legacy of more than two decades and a widespread network, we aspire to become the preferred partner for innovators and pharmaceutical companies worldwide. Specialising in APIs and intermediates, we cater to a wide range of therapeutic categories including anti-asthmatic, oncology, anti-diabetic, cardiovascular, and Xanthine derivatives like caffeine.

Our expertise in handling advanced process technologies and impeccable track record of delivering innovative solutions while ensuring the highest standards of quality, safety, health, and environmental protection are our biggest differentiators. Equipped with state-of-the-art technologies, our advanced process R&D and analytical labs drive innovation, with flow chemistry facilitating various chemical reactions. Our team of brilliant scientists, researchers, and process engineers constantly strive to explore uncharted territories of chemistry for enhancing human health and creating a better tomorrow.

AARTI PHARMALABS: DELIVERING HIGH-QUALITY PHARMACEUTICAL SOLUTIONS GLOBALLY

Aarti Pharmalabs is a leading and globally recognised manufacturer of Active Pharmaceutical Ingredients (APIs), advanced intermediates, and Xanthine derivatives & allied products, located in India. We also provide comprehensive CDMO and CMO services for drug substances, New Chemical Entities (NCE) including its KSM & RSM for innovators and big pharmaceutical companies worldwide.

World-class R&D facilities and advanced manufacturing capabilities form the bedrock of efficient operations at Aarti, enabling us to innovate, scale, and deliver high-quality pharmaceutical solutions.

Vision

To emerge as a "global partner of choice" for leading consumers of Pharmaceutical and Nutraceutical products.

Mission

Sustainable delivery and business operations for our products and services.

Values

At APL, we nurture and uphold 'Care', 'Integrity' and 'Strive for Excellence' as our key values.

Care
Our devotion to caregiving spans all of our stakeholders, including our team members, clients, suppliers, local community, and the environment

Integrity
We consistently uphold the greatest moral and ethical principles

Excellence
We endeavour to gratify our clients and stakeholders

Philosophy
Safety first, quality always

SUCCESSFUL DEMERGER OF AARTI PHARMALABS LIMITED

During the year, Aarti Industries Limited hived off its pharmaceutical division into a separate entity ‘Aarti Pharmalabs Limited (

2013

Received EUGMP approval for Bicalutamide for the Oncology block at Unit 4

2023

- Operationalised the third R&D centre
- Secured USFDA approval for Dombivali Unit
- Commercialised Block V at Tarapur Unit 4
- Enhanced Xanthine capacity to 5,000 TPA

2022

- Expanded block for CSD, Vapi and API, Tarapur units
- Acquired Land at Atali for future growth
- Successfully demerged the pharmaceutical business of Aarti Industries Limited to Aarti Pharmalabs Limited

2019

Successfully completed audit by EDQM for Bicalutamide for the Oncology block at Unit 4

2017

Successfully completed Cofepris, Mexico audits at Unit 4

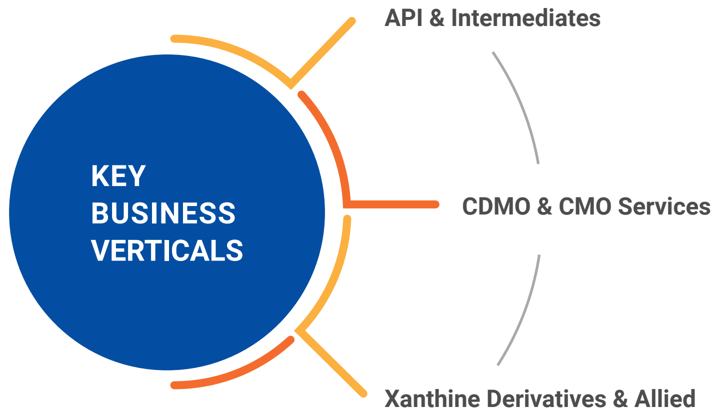
2016

Commissioned Caffeine production at Unit 5 with a capacity of 100 Metric Tonnes (MT) per month

Business Portfolio

DIVERSIFIED PRODUCT PORTFOLIO

A widespread product portfolio spanning diverse segments coupled with the pursuit of innovation and excellence drives us to consistently deliver world-class products to the pharmaceutical and food & beverage industries. Our unwavering dedication to maintaining the highest standards of Sustainability, Safety and Quality compliance reinforces our position as a trusted player in the pharmaceutical industry. We prioritise customer satisfaction and diligently adhere to regulatory requirements, ensuring that our offerings have a positive impact on the industries we serve.



API & INTERMEDIATES

Our diverse API portfolio encompasses a wide range of therapeutic areas, including anti-hypertensive, anti-asthmatic, anti-cancer, Central Nervous System (CNS) agents, skincare, decongestant, anti-thalassaemic, analgesic, anti-diabetic and ophthalmologic medications, which are exported across globe mainly comprising of regulated market of United States, European Union, and Japan.

We also manufacture advanced intermediates in various therapeutic groups including anti-hypertensive, anti-cancer, and diabetics in USFDA-approved manufacturing sites with the GMP and Regulatory documentation support for regulated market-focussed customers. We have also prepared subsidiary DMFs for ease of our customers for a few such intermediates.

The Company's API manufacturing facility, situated in Maharashtra, boasts accredited production blocks for general, corticosteroid, and oncology APIs, recognised by the USFDA and EUGMP. Dedicated facilities for the production of High Potency Active Pharmaceutical Ingredients (HPAPIs), corticosteroids, cytotoxic medicines, and oncology products are also operational.

Our dominant position in the industry is a result of a strong backward integration strategy for key raw materials for most of our products. The state-of-the-art manufacturing sites at Vapi and Dombivali are primarily focussed on producing advanced intermediates and USFDA-approved RSM/KSM for APIs, in compliance with the EHS regulations and quality benchmarks. Over the years, we have emerged as one of the preferred partners in the regulated markets, supported by our robust regulatory documentation and Intellectual Property Rights (IPR) support for global markets with 20 CEPs and 40 USDMFs.

50
APIs commercialised since inception

10
New APIs under development

100
Generic intermediates at R&D Pilot and commercial scales

CDMO/CMO SERVICES

We are amongst India's leading Contract Development and Manufacturing Organisations (CDMO/CMO) specialising in small molecules, offering comprehensive solutions for drug substance projects, including NCE, API, RSM, and Intermediates to global innovator pharmaceuticals and biotech companies. From laboratory scale to pilot and manufacturing scales, we provide sustainable end-to-end support for small molecules NCE drug development programmes with a sharp focus on clinical phases (Phase I/II/III) launch, and commercial phase projects. Our expertise lies in scouting and developing novel processes with chemical engineering support in scaling them efficiently. With sustained focus on speed, efficiency, and strategic collaborations, the Company aims to become a preferred CDMO/CMO partner for NCE/Drug substance from IND to NDA and commercial phase.

16
Products commercialised for Innovators & big pharma companies

12
Products under various development stage at innovators

XANTHINE DERIVATIVES & ALLIED

Xanthine derivatives are synthetic compounds that resemble naturally occurring xanthines, such as caffeine, theophylline, etc. These compounds are commonly utilised as mild stimulants and bronchodilators, particularly in the treatment of asthma or influenza symptoms.

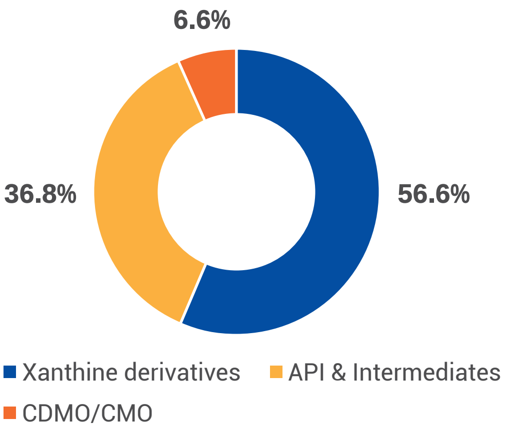
We manufacture distinct xanthine derivatives which find wide applications in the beverage, nutraceutical, and pharmaceutical industries. Our position as a dominant player in this category is supported by two robust manufacturing facilities holding prestigious certifications for manufacturing and testing, viz. Star Kosher, Hazard Analysis Critical Control Point (HACCP), Sedex SMETA-4PillarP, FSSC-22000 (GFSI), and GMP.

Our annual capacity for manufacturing caffeine ranges up to 5,000+ MT. As the only non-Chinese integrated manufacturer, we see tremendous opportunities arising from the China Plus One strategy adopted by countries around the world. Our product quality, scalable production capacity, and efficient global supply chain have made us a preferred supplier of caffeine across various industries.

15-20%

Market share in Xanthine derivatives globally

REVENUE SHARE SEGMENT-WISE AS ON FY 2022-23



Our Infrastructure

MANUFACTURING AND R&D EXCELLENCE

Our operations are supported by cutting-edge R&D facilities and state-of-the-art manufacturing units, strategically located in western India, near major ports. By integrating advanced technologies and processes, we ensure the highest standards of safety & quality in every product we manufacture.

We operate six manufacturing units that adhere to globally recognised standards, including three US Food and Drug Administration (USFDA) approved units. These units facilitate efficient export capabilities and enable us to meet the varied demands of global customers.

One of our key strengths lies in the incorporation of backward integration for the majority of APIs we manufacture. This strategic approach enhances our overall efficiency and quality control, as we have direct control over crucial intermediates used in the manufacturing process. Backward integration not only mitigates risks but also enables us to optimise production processes and ensure timely delivery of high-quality products.

KEY CERTIFICATIONS

Strong footprints with global accreditation

FDA edqm KFDA PSCI ISO 22000 COFEPRIS

EU GMP GMP ISO 9001:2008 ISO 9001:2015

MANUFACTURING CAPABILITIES

- Strong expertise in development of robust and cost-effective processes for rapid scale-up and commercial production
- HPAPI (Cytotoxic/Oncology) and Cortico Steroids development and manufacturing
- Hydrogenation facilities from lab-scale to manufacturing scale (0.1-10 KL reactors)
- Cryogenic reactors operating within a temperature range of -80°C to +150°C
- High temperature and high vacuum distillations
- 20+ years of experience in pharmaceuticals manufacturing for global clients
- Impeccable regulatory track record and facilities approved by several pharmaceutical clients from EHS and Quality perspectives
- Backward integration of raw materials to mitigate risks/delays

RESEARCH AND DEVELOPMENT

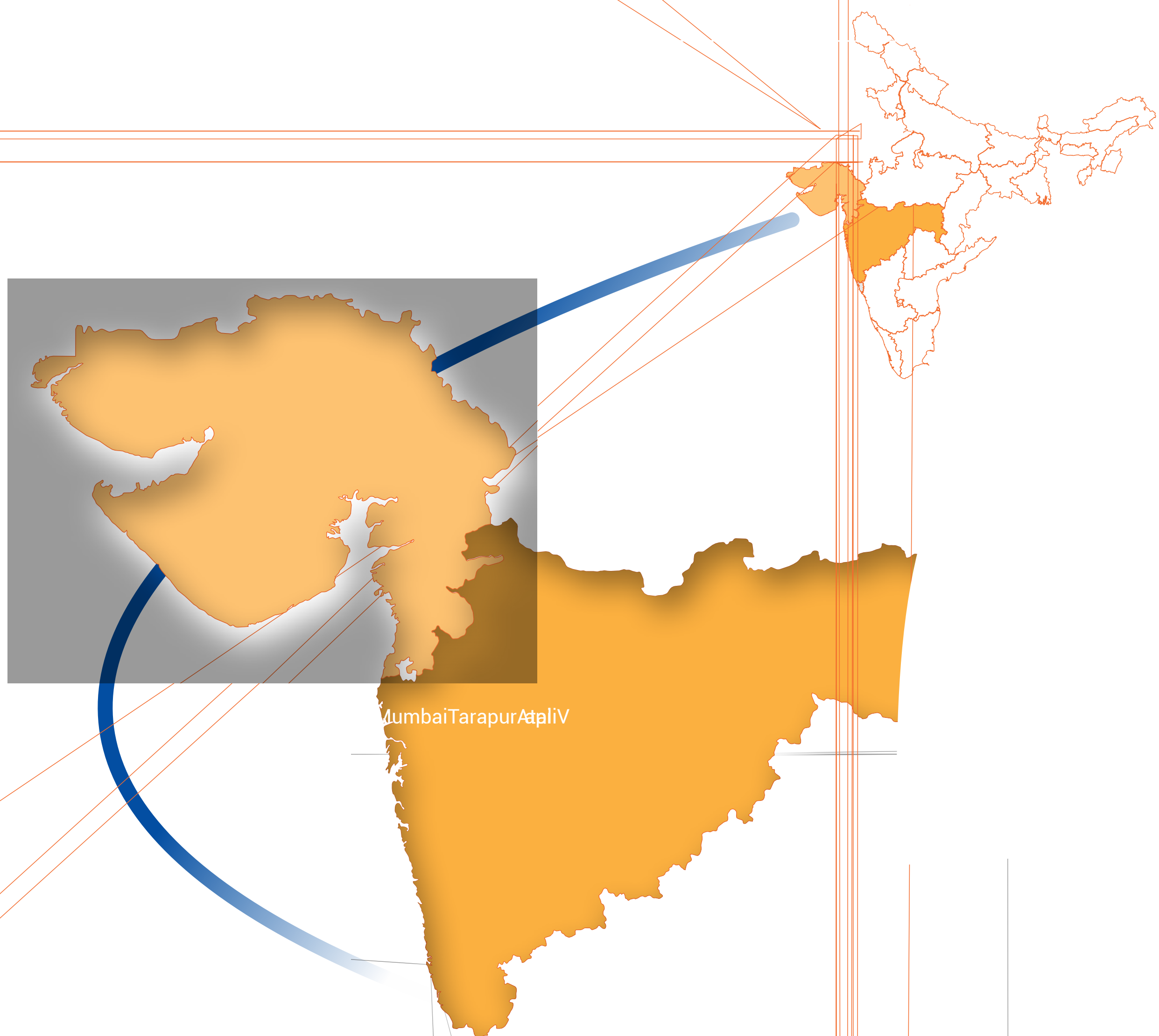
Three dedicated research and development facilities along with exclusive Intellectual Property Rights (IPRs) drive innovation and cater to the diverse needs of our customers. Supported by an experienced and competent R&D team, the R&D centre integrates our proficiency in process chemistry and scale-up engineering to optimise asset utilisation and deliver customised solutions to more than 500 customers. With an eye on meeting the highest quality benchmarks, we also aim to make significant contributions towards the development of a sustainable pharmaceutical market.

70+
Scientists

13
Patents granted

150+
Intermediates developed and manufactured on kilo lab scale

50+
Products commercialised


Mumbai
Tarapur

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

It is with immense pleasure and enthusiasm that I connect with you through our FY 2022-23 annual report. This year marks a pivotal juncture for Aarti Pharmalabs and serves as a testament to our relentless evolution and focussed determination. Following a strategic demerger from the group company, Aarti Industries, we embark on a new journey as an independent entity, ready to unfurl new horizons and progress ahead with purposeful dedication.

An extraordinary journey unfolds

Our demerger reflects our recognition that the pharmaceutical sector presents distinct challenges and opportunities. Thriving and ensuring lasting growth in this industry calls for tailored strategies and determined pursuit. With a dedicated focus on this business, we are committed to creating value for all our stakeholders, which I am sure we can deliver with greater vigour.

I am delighted to share that our inaugural year has been exciting. Despite the challenging economic and industry scenario, we delivered exceptional financial performance while also making strides in various R&D and expansion projects, setting the foundation for long-term growth. This is a validation of our robust business model and the reputation we hold as a preferred supplier.

Indian economy shines

Globally, 2022 was a challenging year. Escalating geopolitical tensions, inflationary pressure and supply chain disruptions impacted most of the economies worldwide. As a result, the global economic growth rate deaccelerated to 3.4% in 2022. Major economies of the US, Europe and China saw an imminent slowdown. Inflation while cooling-off is still high, and is expected to average 7% in 2023 as against 8.7% seen in 2022.

In contrast, the Indian economy emerged as a beacon of resilience and fortitude. Fuelled by robust fundamentals, visionary policy actions, and burgeoning domestic consumption, the Indian economy outperformed, expanding at an estimated 7.2% in FY 2022-23. Notably, India garnered international acclaim for its manufacturing prowess, supported by the government's efforts of incentives and policy measures, which positioned it as an attractive alternative supply chain destination. Furthermore, the government's proactive stance towards free trade agreements is also positioning the nation favourably.

India pharmaceutical industry at threshold

The pandemic has triggered a significant shift in the pharmaceutical landscape. Ever since, digital transformation became a clarion call across the industry, amplifying the importance of innovation, patient-centricity, and adaptive strategies. These are critical for addressing the pertinent challenges posed by escalating healthcare costs, heightened competition, regulatory changes and supply chain disruptions. Overall, there is optimism in the global medicine market, and it is expected to expand at 3-6% CAGR through 2027 to reach US$ 1.9 trillion.

The Indian pharmaceutical industry is witnessing an unprecedented era. Globally, the industry has gained recognition for its excellence in manufacturing vaccines, generic drugs and medicines and undertaking contract research & manufacturing. The technical know-how, skilled workforce and low-cost capabilities of Indian players further give a distinctive advantage. Moreover, a shift in the global supply chain in line with the China+1 strategy is benefiting the Indian players. As such, the drug and pharmaceutical products exports from India have more than doubled in the last decade, crossing the milestone of ₹ 2 Lakh Crores in FY 2022-23.

We expect this momentum to endure. Government initiatives such as Atmanirbhar Bharat, production-linked incentives (PLIs) and bulk drugs parks scheme are driving a surge in domestic manufacturing investments, including in key starting materials (KSMs), which require APIs. Additionally, the government's firm focus on API self-sufficiency augur well for India's API market. This is estimated to reduce API dependence on China by 25-30% over the next five years, with the industry expected to expand at a CAGR of 8.3% during 2021-2028.

The Indian CRAMS industry is at an inflection point, driven by technical prowess, cost advantage, regulatory excellence, and a growing product mix. It is projected to expand at a CAGR of 12% to reach US$ 20 billion by 2024. Biosimilars and Biologics segments in India are also witnessing immense traction, led by patent expiries for biologic drugs. The formulations sector is yet another exciting segment. Export by domestic pharmaceutical companies is likely to witness robust growth led by price stability, new launches in the US and steady global demand.

Our path forward

In this landscape of boundless possibilities, we are poised to ascend. We have wide-ranging capabilities spanning APIs, advanced intermediates, contract development and manufacturing, and Xanthine derivatives. Our foundation is fortified by world-class manufacturing facilities and cutting-edge R&D capabilities, giving us the confidence to boldly step into the future. We intend to leverage these to deepen our foothold in the market. We also have a strong pipeline of products in various stages of development, opening prospects for new business development. We are further taking focussed efforts around expanding capacities, stepping-up innovation, and enhancing our presence in regulated markets. These focussed efforts will give us a competitive edge in the ever-evolving pharmaceutical landscape.

Sustainability is at our core, embedded into our strategy. We use green chemistry to reduce our environmental impact. Through ongoing research, we develop quality eco-friendly products and processes. We engage employees, offer health and safety trainings, and prioritise social responsibility. This fosters a conducive workplace and positive community impact.

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Before concluding, I extend my heartfelt gratitude to each stakeholder for their supporting and guiding us in this journey. I thank the regulator and shareholders for supporting the demerger which has paved our way towards long-term growth. I express my gratitude to our dedicated employees whose relentless efforts breathe life into our aspirations, propelling us to the forefront of opportunities. I thank the industry bodies and government for the visionary regime which has cultivated an environment for growth and innovation.

As we head into an exciting future, we seek your continued support in our ambitious endeavours so that we can create value for all and shape a better future for our industry.

Warm regards,

Rashesh Gogri
Chairman

MANAGING DIRECTOR'S MESSAGE

DEAR SHAREHOLDERS,

We are pleased to present the annual report for your Company on behalf of the Board of Directors and share our resounding performance for FY 2022-23. On a consolidated basis, our revenue stood at ₹ 1,948 Crores while Profit after Tax (PAT) stood at ₹ 193 Crores. We concluded the year with an impressive EBITDA of ₹ 344 Crores, showcasing the robustness of our business model.

Over the past two decades, your Company has achieved significant milestones, establishing itself as a trusted partner for global innovators and leading pharmaceutical companies across the world. We continue to be distinguished by our robust manufacturing and cutting-edge R&D capabilities, enabling us to produce high-quality products and solutions across a wide range of therapeutic areas.

Our expertise in producing APIs & Advanced Intermediates covers a wide spectrum of medical needs. From anti-hypertensive and anti-asthmatic drugs to anti-cancer treatments, Central Nervous System (CNS) agents, anti-thalassaemic medications, analgesics, and ophthalmologic solutions, we enjoy a strong presence in diverse treatment areas. Our industry-leading position can be attributed to our backward integration strategy, which ensures a stable supply of key raw materials for the majority of our products.

As a key contributor to the global pharmaceutical industry, your Company has always shown an unwavering commitment to meeting regulatory compliances and maintaining the highest quality standards, consistently positioning itself as one of the preferred partners in the regulated markets. Our products are exported to key regulated markets including the US, European Union, and Japan, with exports contributing to 53% of the total exports. Comprehensive regulatory documentation and strong support for Intellectual Property Rights (IPRs) on a global scale, including 20 CEPs and 40 USDMFs, further propel our success and growth.

Since 2000, we have successfully commercialised 50 APIs and 10 new APIs are currently under the development phase. Additionally, 100 generic intermediates, including R&D, pilot, and commercial scales, are at various stages. The diverse range reflects our dedication to continuously innovate and meet the evolving needs of our customers through an extensive range of solutions.

Major accomplishments of the year

During the year, the Dombivali unit was successfully approved by the USFDA, authorising your Company to supply intermediates in the US market. As we move forward, we are committed to upholding the highest standards of quality, safety, and regulatory compliance across all aspects of our business.

We are thrilled to announce the commencement of construction of a new semi-commercial block at the Vapi site, adjacent to the existing pilot plant. The new facility is slated to be commissioned in the first quarter of FY 2024-25 and will feature 24 reactors, ranging from 0.5 KL to 3 KL, with a maximum capacity of 28 KL. This move is aligned with our strategic expansion plan to address the growing demand for smaller batch sizes of various high-value anticancer and lifestyle intermediates. It will also enable us to engage in piloting for CDMO/CMO businesses. Establishing production processes at a medium scale through piloting will further optimise our manufacturing capabilities before scaling up to larger batch quantities.

In another remarkable achievement, we successfully completed the expansion of Xanthine derivates capacity from 4,000 Tonnes per annum (TPA) to 5,000 TPA. The significant increase was achieved as a result of debottlenecking in our existing facility. We are now better positioned to serve our customers' needs and hold a stronger reputation for being an innovative provider of Xanthine and allied products.

Your Company's Hydrogenation block expansion, involving installation of 9 hydrogen reactors in a single-line configuration, is expected to be commissioned in the second quarter of fiscal year 2023-24. The hydrogen reactors have been engineered using various Materials of Construction (MOC) and technical capabilities, allowing them to handle high-pressure hydrogenation processes efficiently and effectively. Safety and ease of operations are being further ensured by our team of specialists, making it a state-of-the-art facility.

We would also like to update you on the Atali project which is your Company's new greenfield venture, that aims to expand our manufacturing capabilities significantly. Situated on a vast expanse of 80 acres of land in Gujarat, the project is ideally located between the industrial hubs of Dahej and Bharuch. Phase 1 of the project will add an impressive 400+ KL of reactor volume, including 56 reactors designed to handle a diverse range of batch sizes, ranging from 30 kg to 1,000 kg, with a capital expenditure budget of approximately ₹ 350-500 Crores. Various infrastructure elements, including an administrative building, utilities, storage tanks, warehouses, and other essential facilities, have been carefully planned and constructed for the efficient functioning of the facility. The construction work has been initiated and the project is anticipated to be commercialised in FY 2024-25.

Key priorities for strategic growth

We continuously strive to bring innovative solutions and introduce promising breakthroughs in the pharmaceutical industry. Significant investments towards scaling our capabilities and clearly-defined strategies commensurate with our vision and drive steady growth and expansion.

Aggressive capacity building for existing products with a target to introduce over 40 new value-added products each year sits at the top of our strategic priorities. A steadfast focus on expanding our presence in regulated markets further reflects our intent of providing high-quality products and catering to a larger global market. As always, we strive to remain at the forefront of cutting-edge research and development by developing innovative APIs and intermediates, to maintain our leading edge in the ever-evolving pharmaceutical landscape.

We anticipate an EBITDA growth of 10-15% in FY 2023-24, followed by 12-17% over the next 2-3 years, on the back of our robust strategic initiatives. The renovation of our newly expanded blocks along with the phased commissioning of the Atali project is further expected to bring operational efficiencies and contribute to your Company's long-term growth.

Embedding sustainable practices

Sustainability forms the core of our operations and is woven into our strategy. By adopting green chemistry principles, we aim to reduce our ecological footprints and contribute to a healthier environment, thereby delivering long-term value to our stakeholders. Furthermore, continuous research and innovation play a crucial role in enabling us to develop eco-friendly processes and products that promote sustainability without compromising on quality or efficacy.

Your Company strives to foster a diverse, inclusive, and safe workplace, supporting social well-being and empowerment, by involving employees in developmental initiatives, providing conducive trainings on health and safety, and ensuring workforce engagement. Our commitment to social responsibility is ingrained in our business practices. Aligned with this, we intend to make a positive and enduring difference in our communities, through our holistic initiatives.

Conclusion

We would like to extend our heartfelt gratitude to our esteemed Board of Directors for their invaluable guidance, wisdom, and support. We are also grateful to our employees for their relentless hard work and contributions to achieving our organisations goals. The trust and confidence shown by our shareholders, investors, partners, and customers is invaluable and we are committed to upholding their belief in our future endeavours.

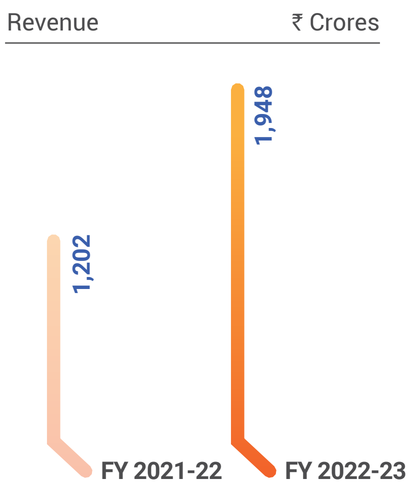
Warm regards,

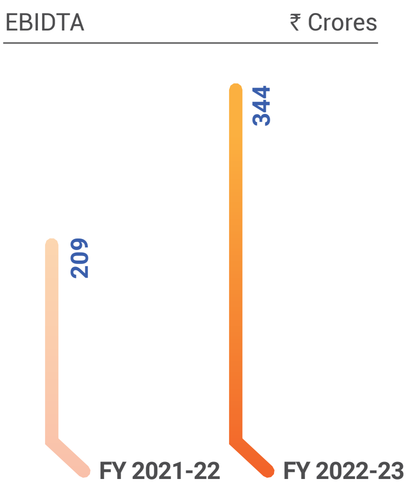
Hetal Gogri Gala
Vice Chairperson & Managing Director

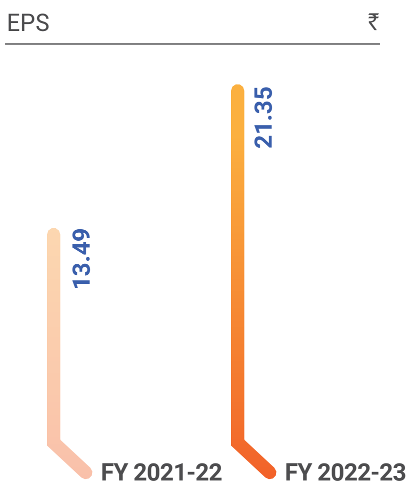
Narendra J. Salvi
Managing Director

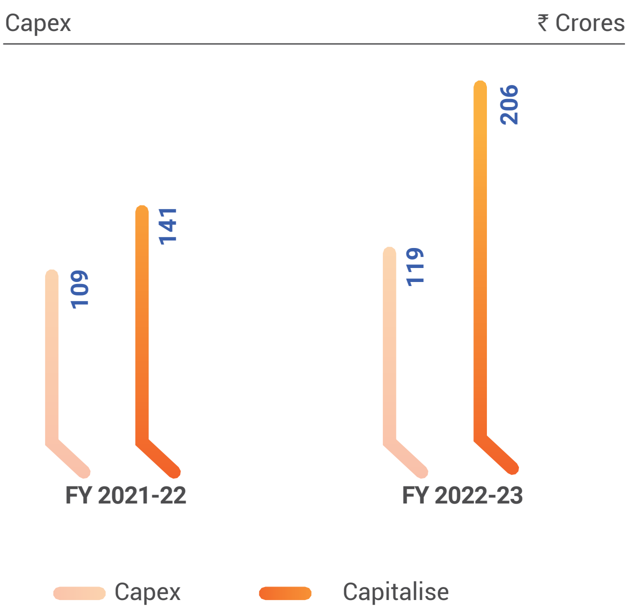
Performance Highlights

FINANCIAL PERFORMANCE









Note: The scheme of Demerger of Pharma business of Aarti Industries Limited into Aarti Pharmalabs Limited was effective from July 1, 2021. Hence the figures for FY 2022-23 are not comparable with that of FY 2021-22

Environment, Health and Safety (EHS)

PRIORITISING EHS PRACTICES

We acknowledge the pivotal role our people play in ensuring workforce and community safety and upliftment. To achieve this, significant emphasis is placed on Environment, Health, and Safety (EHS) measures. Innovative policies and procedures are continually implemented to ensure zero harm to people, assets, and the environment and help us become a leading example of excellence in EHS on a global scale.

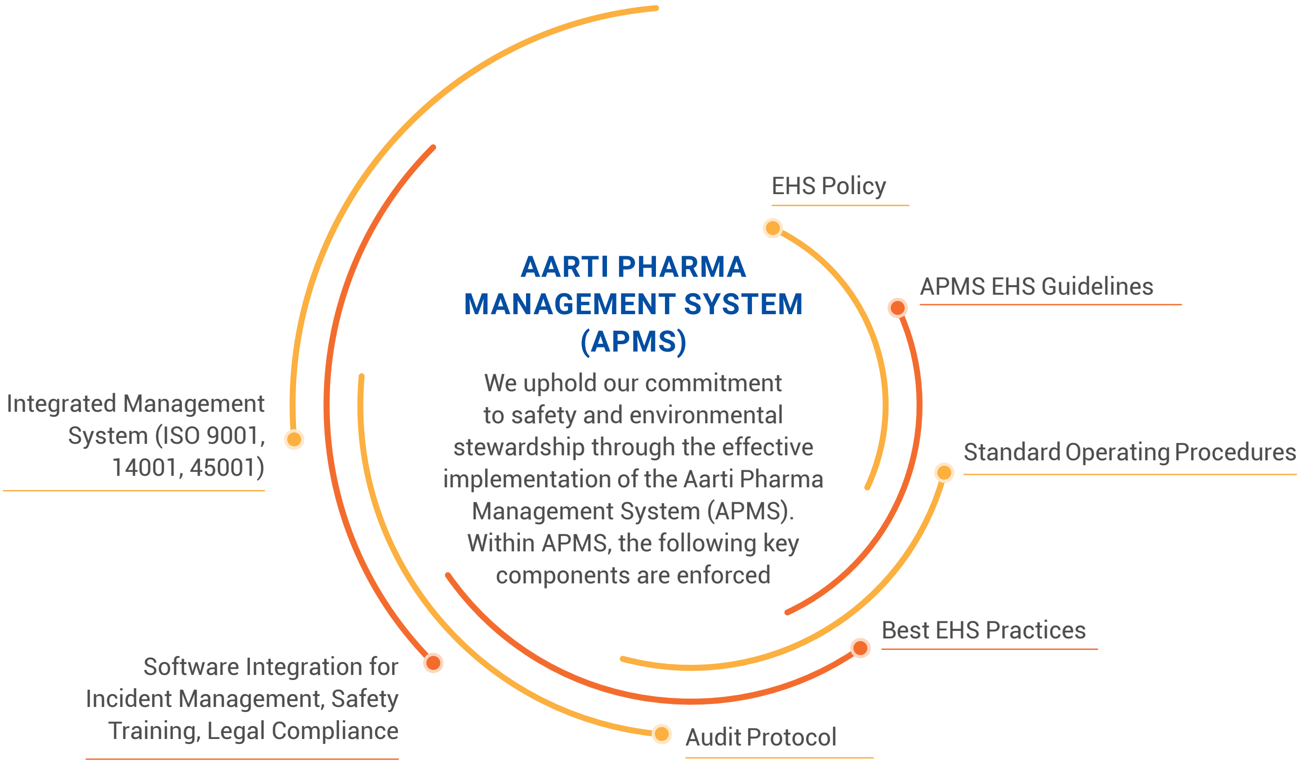
Our Vapi manufacturing site is approved by PSCI - Pharmaceutical Supply Chain Initiative - The Pharmaceutical Supply Chain Initiative (PSCI) is a group of pharmaceutical and healthcare companies who share a vision of better social, health, safety and environmental outcomes in the communities where we buy. We believe that, collectively, PSCI members can share knowledge and expertise, across our industry, to drive complex, global change more effectively than any one organisation alone. We have joined forces to promote responsible supply chain management and better business conditions across the industry.

EHS FRAMEWORK

We are committed to continually improving our safety systems and fostering a safety-centric culture to fulfil our vision of becoming the foremost leader in safety. Guided by our core values of 'Care', 'Integrity' and 'Excellence', we have established a comprehensive Health, Safety, and Environment Policy. Through this policy, we strive to ensure the well-being of our workforce, the integrity of our operations, and our commitment to environmental stewardship.

OCCUPATIONAL HEALTH AND SAFETY

We firmly believe that healthy employees are the cornerstone of a successful organisation. As an embodiment of our core value 'Care', we are deeply committed to creating a healthy and thriving workforce with a primary focus on continuously enhancing the safety & health standards for both our contractors and employees. Our dedication to promoting awareness and enhancing community welfare is evident through various projects initiated to encourage individuals to prioritise their physical, mental, and emotional well-being.



Aiming to optimise the health and well-being of our people, the Company has integrated best-in-class occupational health standards and implemented recommendations on various occupational health components. The facilities comprise state-of-the-art medical infrastructure, including specialised labs as well as a central oxygen line, and other emergency equipment. Additionally, 24x7 well-equipped occupational health centres staffed with a dedicated medical team have been established and qualified personnel are well-prepared to handle on-site or off-site emergencies, if any.

In line with our safety commitment, the key members of the management team are actively engaged in implementing a range of safety indicators, including safety studies, safety training, audits, TRIFR (Total Recordable Injury Frequency Rate), LTIFR (Lost Time Injury Frequency Rate), LTISR (Lost Time Injury Severity Rate), and IHC-FR (Incident of High Consequences Frequency Rate). The Company is an integrated management system certified for ISO 9001, ISO 14001, and ISO 45001.

At the core of our safety efforts lies our state-of-the-art process safety laboratory, equipped with cutting-edge tools such as the Differential Scanning Calorimeter (DSC), Thermal Screening Unit (TSU), Vent Sizing (VSP-2), ARC - Accelerating Rate Calorimeter, Flash Point apparatus, Minimum Ignition Energy, and others. These allow us to conduct various safety studies and assessments, such as HAZOP, HIRA, QRA, SIL, LOPA, and other risk studies, ensuring safe and reliable plant operations.

As a part of our commitment to reduce workplace incidents, numerous safety initiatives, drills, campaigns, and training programmes were conducted during the year. Key initiatives include Monthly EHS campaigns, Gemba Walk, Safety Thought for the Day, and Safety Trainings, among others. The campaigns were designed to educate employees on safety precautions against various hazards and risks and encourage them to be vigilant and proactive in preventing incidents. Other than this, regular training sessions and health camps also promote community health awareness.

PROCESS SAFETY

It is our endeavour to control process hazards and minimise risks by improving the safety systems on a continual basis. This is enabled by undertaking multiple initiatives and making strategic investments in our in-house dedicated Process Safety Laboratory.

RC1e (Reaction Calorimetry) and TSU (Thermal Screening Unit) studies are conducted across the processes to understand the potential risks associated and implement necessary safety measures. Given the use of hazardous powders across processes, extensive powder safety studies are conducted and appropriate safety measures are implemented. Various risk reduction measures, such as explosion vents, electrostatic hazard mitigation, and flame arrestors, are further deployed to minimise risks during operations. The process safety management includes risk assessments for substances like peroxide-forming and non-conductive chemicals. Additionally, extensive training programmes, including Process Safety and Machine Safety Trainings, are conducted to equip employees with the knowledge and skills required to ensure a safe working environment. Hazop (Hazard and Operability) studies are also conducted at various stages and the recommendations are implemented at the sites to enhance safety.

Key initiatives

- Conducted hazard identification exercises to eliminate risks effectively
- Eliminated the pyrophoric hazard by effective implementation of engineering controls during charging activities
- Introduced awareness of metal contamination during the development process to maintain product safety
- Participated in new greenfield projects in Tarapur and Vapi to identify and eliminate potential hazards
- Introduced a venting methodology for hydrogen gas at the new hydrogenation extension at Vapi
- Established methodology for scrubbing of non-condensable gases generated during the process by effective sizing of scrubbers
- Installed explosion vent for Fluidized Bed Dryers, Agitated Nutsche Filter Dryers & Dust Collectors to mitigate explosion risks

- Adopted the use of antistatic bags for solids across all divisions to prevent static buildup
- Established conductive floors in powder processing sections of APL sites
- Established procedures for safe handling and storage of peroxide-forming chemicals
- Established processes to analyse risks involved in powder handling during the R&D stage by generating process safety information

139
Total EHS trainings conducted in FY 2022-23

29%
Reduction in workplace accidents across APL sites

32
Total safety mock drills conducted

2.5 MT
Total production of monomethyl amine without process safety deviation in FY 2022-23

INDUSTRIAL HYGIENE

Strong emphasis on industrial hygiene is maintained to ensure the health and well-being of our employees and is administered across all Aarti Pharmalabs sites through a comprehensive roadmap that outlines our approach towards the subject matter.

A guideline was developed for the ‘Chemical Exposure Evaluation Process’ and implemented across all sites in Phase 1 to address the chemical exposure risks. Qualitative and quantitative risk assessments were completed at all sites. Based on the quantitative risk assessments, IH sampling was conducted at Vapi and Tarapur sites and an action plan to address any identified risks and implement necessary control measures has been implemented as per the findings. Furthermore, plans to identify and mitigate health risks related to Noise and Ergonomics in Phase 2 and Phase 3, respectively, during the years 2023 and 2024, have been put in place. The IH sampling for the Dombivli site will be completed as per the IH Roadmap.

AWARDS & ACCREDITATIONS

Environment

CARING FOR OUR PLANET

Environmental sustainability is ingrained in our values and shapes our processes and operations. We pursue innovative measures to conserve natural resources and carefully manage waste and emissions to reduce our ecological footprint and contribute to creating a greener world.

ENERGY CONSERVATION

Our commitment to energy management goes beyond mere compliance as we continuously seek innovative solutions and technologies to optimise processes and minimise our carbon footprint. This includes prioritising the recovery of boiler steam condensate at our sites, surpassing an average of 69% recovery with an ambitious target of 85%. Besides reducing waste, this effort also optimises energy consumption, demonstrating our commitment to resource efficiency. Energy reduction has further been enabled through the installation of Variable Frequency Drives (VFD) on utility pumps and a dedicated air compressor for instrument air. The development of integrated energy systems for optimising energy usage and ensuring maximum efficiency marks one of our most remarkable achievements in energy conservation.

An ambitious solar-renewable energy project was rolled out in line with our renewable energy efforts and with the aim to significantly reduce our net energy consumption and minimise greenhouse gas (GHG) emissions. In FY 2022-23, our carbon footprint (Scope 1 & 2 emissions) stood at 1.25 kgCO_2e per kilogram of product as compared to 1.35 kgCO_2e per kilogram of product in the previous year, marking a significant 7% reduction YoY. The success is a result of relentless efforts across all sites, where comprehensive plans for carbon footprint reduction have been set. Notably, the Vapi and Tarapur sites took proactive measures like sending Hazardous Waste (Spent Carbon) to the co-processors to reduce their carbon footprints.

1.25 kgCO_2e per kilogram of product

Scope 1 and 2 emissions in FY 2022-23

WATER MANAGEMENT

As part of water management practices, rainwater storage and recycling systems have been implemented to reduce our dependence on external water sources. In 2022, we achieved a 3.6% reduction in specific water consumption, measured as Kilolitres per Metric Tonnes (KL/MT) of products, compared to the baseline year 2020. Consistent efforts are being made with the aim to recycle water and integrate it back into operations as we strive to attain zero-liquid discharge (ZLD) across our facilities.

3.6%

Reduction in water consumption in 2022

WASTEWATER MANAGEMENT

Wastewater management is a top priority across all our sites. Resultantly, wastewater streams are carefully categorised as Low-Process Streams (LPS) and High-Process Streams (HPS) and are stored and treated separately in Wastewater Treatment Plants (WWTP), ensuring efficient treatment for optimal environmental impact. Implementation of combo wastewater treatment systems is also being proactively explored. By combining cutting-edge technologies such as Mechanical Vapor Recompression (MVR), Multiple Effect Evaporation (MEE), and Atmospheric Thermal Film Distillation (ATFD), we aim to reduce the energy consumption and operational costs in WWT facilities significantly.

Focus on solvent recovery from wastewater is persistently placed to optimise waste reduction. Through the process of stripping in recovery columns, solvents are efficiently extracted from the wastewater and further sold to authorised recyclers. Recovery of water from Reverse Osmosis (RO) systems is carefully maintained at above 80% across all sites.

400 KLD

Reduction in water consumption in 2022

To ensure a zero-liquid discharge (ZLD) status, an Online Continuous Emission Monitoring System (OCEMS) with cameras and flowmeters has been implemented by the Company. These systems are integrated with regulatory authorities like the Maharashtra Pollution Control Board (MPCB) and the Central Pollution Control Board (CPCB), guaranteeing that the Company's operations strictly adhere to the ZLD requirements. Further, a three-way SCADA system is installed at the Tarapur sites in Common Effluent Treatment Plant (CETP) lines to ensure that no discharges are made to the CETP. Innovative piloting using PVA Gel is also undertaken to reduce Hydraulic Retention Time (HRT) in bio-treatment processes.

Key focus is maintained at achieving operational excellence across wastewater treatment (WWT) processes, supported by our team of field experts who meticulously analyse energy losses and identify areas for improvement. Based on their insights, strategic action plans to minimise energy wastage and enhance efficiency are continually implemented.

WASTE MANAGEMENT

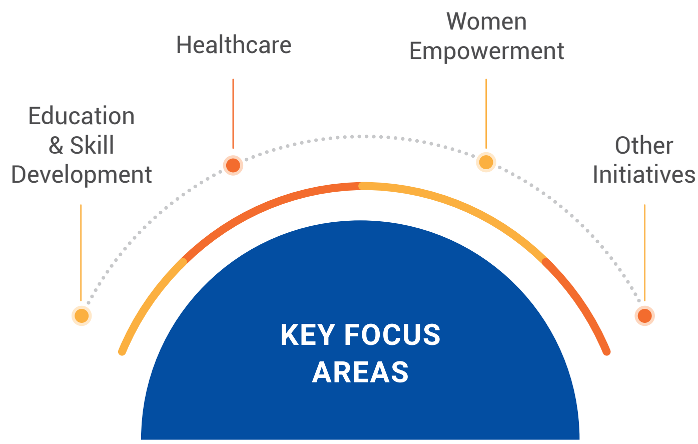
A rigorous waste segregation process is adopted to classify all solid waste into distinct categories, including non-hazardous waste, hazardous waste, E-waste, and biomedical waste. Each category is carefully recycled or safely disposed of, in collaboration with authorised recyclers, ensuring that our waste management adheres to the highest environmental standards.

Innovative solutions for sludge and salt generated from Effluent Treatment Plants (ETP), Atmospheric Thermal Film Distillation (ATFD), and Sewage Treatment Plants (STP) have further been implemented across the sites. Utilising sludge/salt dryers help in efficient reduction in the quantity of waste for disposal to the tune of approximately 18 MT of hazardous waste per month across the sites. The Company also undertakes proactive measures to address the disposal of spent carbon. Through the use of AGNFD (Activated Gravity Nutsche Filter Dryer), the spent carbon is efficiently dried, resulting in a reduction of 10 MT per month of waste for disposal. Further, the consent to send hazardous waste to authorised preprocessors followed by coprocessors has also been obtained from the relevant authorities. The process of sending one hazardous waste category for the Tarapur sites to a preprocessor has already been initiated.

Corporate Social Responsibility

CREATING VALUE FOR COMMUNITIES

We are committed to empowering the communities in which we operate and making a positive impact on people's lives. Our corporate social responsibility (CSR) initiatives are primarily led by Aarti Foundation, in the areas of education, healthcare, and women empowerment, among others. By uplifting communities, we intend to make a meaningful difference and create a brighter future for all.



₹ 65 Lakhs

Total CSR Spend

EDUCATION & SKILL DEVELOPMENT

₹ 41.76 Lakhs
Amount spent on Education & Skill Development

105
Lives impacted

Scholarship & Grants

Through scholarship and grants, we support the underprivileged students to pursue higher education.

Institutions	Category	Place	People benefited	Amount (₹ in Lakhs)
Shree Vile Parle Aath koti Nani Paksha Sthanakvasi Jain Sangh	Scholarship	Mumbai	88	15.00
Shree Kutchhi Visha Oswal Sthanakwasi Jain Mahajan	Scholarship	Mumbai	17	26.76
Total			**105**	**41.76**

Shree Kutchhi Visha Oswal Sthanakwasi Jain Mahajan

Support was extended to Shree KVO Sthanakvasi Jain Mahajan for 'Dhanvallabh Education Fund' initiative. The scheme utilises the power of education to empower students in their academic endeavours, enabling them to reach their aspirations and make meaningful contributions to society. Through this collaboration, we aim to provide educational assistance to marginalised students belonging to economically weaker sections of the society.

Shree Vile Parle Aath koti Nani Paksha Sthanakvasi Jain Sangh

Collaborating with the 'Shree Vile Parle Aath koti Nani Paksha Sthanakvasi Jain Sangh' facilitates education and spiritual development of approximately 38 students and inculcates moral values within them by providing weekly lessons at Paatshala. The Trust also encourages the students to learn their regional mother tongue, connects them to our rich cultural heritage, and fosters a sense of responsibility and loyalty towards their country.

We emphasise on the importance of educating the younger generation on environmental preservation and sustainable living. Aligned with our belief, a 3-day workshop, focussed on the principles of purified living, aiming to improve the quality of life while respecting the environment and the ecosystem, was recently organised by the Trust. About 50 children actively participated in this workshop. The Trust also plans to offer educational aid and interest-free loans to support needy students to pursue education in the future.

HEALTHCARE

₹ 1.24 Lakhs
Amount spent on healthcare facilities

350
Lives impacted

Institutions	Category	Place	People benefited	Amount (₹ in Lakhs)
Bombay Leprosy Project	Healthcare	Mumbai	350	1.24
Total			**350**	**1.24**

Bombay Leprosy Project (Leprosy Research & Relief Work)

The Bombay Leprosy Project (BLP) is a well-known non-governmental charitable organisation engaged in leprosy relief work for over four and a half decades. Their primary objective is to serve the cause of leprosy and enhance the quality of life for leprosy patients through public donations. BLP provides free-of-cost diagnosis, treatment, services, care, and medicines to patients.

The Company donated an Olympus Binocular Microscope Model CX23 to BLP to enable them continue their leprosy relief work and improve patient care services to impoverished leprosy patients and affected individuals in remote areas. The microscope is crucial for skin smear reporting, a significant test and diagnostic tool used to confirm leprosy, which is routinely performed at BLP Referral Centre and peripheral clinics. On average, about 10 patients' smears are taken daily at various BLP clinics, including both new and follow-up cases.

WOMEN EMPOWERMENT

Tribal Integrated Development & Education Trust (TIDE)

We are associated with the Tribal Integrated Development & Education Trust (TIDE) for tribal and women empowerment welfare projects held in Assam & Meghalaya.

Institutions	Place	People benefited	Amount (₹ in Lakhs)
Tribal Integrated Development & Education Trust	Assam & Meghalaya	36,180	20.00
Total		**36,180**	**20.00**

Villages Covered

- **2,500+ Villages** of 10 Dist. of Assam
- **166 Villages** of 3 Dist. of Meghalaya

Total Staff

- **153** at Assam & **11** at Meghalaya

Micro-Credit Groups (Self-Help Groups)

- **12,000+ Micro** credit groups formed covering over **1,31,700+ Women (Families)**
- Most of the families are now debt free

Income Generation Projects

Various income generation projects carried out such as Agarbatti Making, Weaving, Bamboo Craft, Mushroom Farming, and Tailoring Classes

Training camps for women and girls

- **900 training** and awareness camps for women and girls organised in Assam during the year
- **Nearly 40 participants** were present in each camp
- Total participants: **36,000**
- Camps were organised to create awareness about various topics such as hygiene, vices like alcohol, tobacco, Injectable drug abuse which is common in Northeast, importance of education, intruders like Bangladeshi, supplementary income by various means, family planning, organic farming, etc.

Mental Health Care

- **1,000+ patients** are treated under this project and will be expanded to about 2,000 patients in two years

₹ 20 Lakhs
Amount spent on Women Empowerment

36,180
Lives impacted

3,155
Villages covered

₹ 2 Lakhs
Expenditure on other CSR activities

CHAIRMAN EMERITUS

SHRI CHANDRAKANT V. GOGRI

Shri Chandrakant V. Gogri is the founder of Aarti Industries Limited. Shri Gogri holds a degree in Chemical Engineering from the Institute of Chemical Technology (ICT), previously known as the University Department of Chemical Technology (UDCT). He has unparalleled expertise in the fields of chemical industry projects, operations, process development, and marketing. His ability and aptitude for finance assisted the Aarti Group through a crucial expansion period. For his contributions to the Indian chemical industry, Shri Chandrakant V. Gogri received the renowned Lala Shriram National Award for Leadership in the Chemical Industry in 2015 and the ICC's D.M. Trivedi Lifetime Achievement Award in 2019.

In 2022, Shri Chandrakant Gogri was honoured with Lifetime Contribution Award at the Chemical and Petrochemical Awards by FICCI and Lifetime Achievement Award by GDMA (Gujarat Dyestuff Manufacturer Association).

BOARD OF DIRECTORS

SHRI RASHESH C. GOGRI
Chairman

SMT. HETAL GOGRI GALA
Vice Chairperson &
Managing Director

SHRI NARENDRA SALVI
Managing Director

SHRI RAJENDRA V. GOGRI
Non-Executive Director

SHRI PARIMAL H. DESAI
Non-Executive Director

SHRI BHAVESH VORA
Independent Director

DR. VINAY NAYAK
Independent Director

SHRI VILAS GAIKAR
Independent Director

SMT. JEENAL SAVLA
Independent Director

SMT. RUPAL VORA
Independent Director

KEY MANAGERIAL PERSONNEL

SHRI NIKHIL NATU
Company Secretary

SHRI PIYUSH LAKHANI
Chief Financial Officer

CORPORATE INFORMATION

CHAIRMAN EMERITUS
Shri Chandrakant Vallabhaji Gogri

CHAIRMAN (NON-EXECUTIVE DIRECTOR)
Shri Rashesh Chandrakant Gogri

VICE CHAIRPERSON AND MANAGING DIRECTOR
Smt. Hetal Gogri Gala

MANAGING DIRECTOR
Shri Narendra Jagannath Salvi

NON-EXECUTIVE DIRECTORS
Shri Rajendra Vallabhaji Gogri
Shri Parimal Hasmukhlal Desai

INDEPENDENT DIRECTORS
Shri Bhavesh Rasiklal Vora
Shri Vinay Gopal Nayak
Shri Vilas Gajanan Gaikar
Smt. Jeenal Kenil Savla
Smt. Rupal Anand Vora

CHIEF FINANCIAL OFFICER
Shri Piyush Pravin Lakhani

COMPANY SECRETARY
Shri Nikhil Pandurang Natu

STATUTORY AUDITORS
Gokhale & Sathe
Chartered Accountant

SECRETARIAL AUDITORS
Sunil M Dedhia & Co.
Practicing Company Secretary

REGISTRAR & TRANSFER AGENT
Link Intime India Private Limited
C 101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai - 400083, Maharashtra
Tel No: +91 22 49186000
Fax: +91 22 49186060
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

BANK / FINANCIAL INSTITUTION
Axis Bank Ltd.
Citibank N.A.
Kotak Mahindra Bank Ltd.
Standard Chartered Bank
State Bank of India

REGISTERED OFFICE
Plot No. 22/C/1 & 22/C/2, 1st Phase,
GIDC Vapi 396195, Valsad, Gujarat

CORPORATE OFFICE
204, Udyog Kshetra, 2nd Floor,
Mulund-Goregaon Link Road, Mulund West,
Mumbai - 400080, Maharashtra

CORPORATE IDENTITY NUMBER (CIN)
L24100GJ2019PLC110964

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW

Global Economy

(Source: World Economic Outlook-IMF, April 2023)

Indian Economy

(Source: NSO, World Bank, PIB)

GLOBAL PHARMACEUTICAL INDUSTRY

INDIAN PHARMACEUTICAL INDUSTRY

₹ ₹

KEY SEGMENTS AND GROWTH DRIVERS

Active Pharmaceutical Ingredients (APIs)

Source: India Active Pharmaceutical Ingredients (API) Market Size & Share Analysis - Industry Research Report - Growth Trends (mordorintelligence.com);

₹

₹

₹

₹

Contract Research and Manufacturing Services (CRAMS)

Biosimilars

Formulations

Products and Services

Source: Pharma Formulations Exports Rise 12% In FY 2022-23 | Ahmedabad News - Times of India (indiatimes.com)

COMPANY OVERVIEW

CDMO/CMO services

Xanthine Derivatives & Allied

Financial Performance

In ₹ Crores	FY 2022-23	FY 2021-22 (9 months)

Business Outlook

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•

Knowledge management

Research and Development (R&D)

•

•

•

•

Risks and Mitigation

Regulatory Risk

Mitigation:

R&D Risk:

Mitigation:

Competition risk:

Mitigation:

Raw Material Risk:

Mitigation:

Quality Risk:

Mitigation:

Health, Safety & Environment Risk:

Mitigation:

Information Technology

Quality Assurance

INTERNAL CONTROLS, SYSTEMS AND ADEQUACY

CAUTIONARY STATEMENT

DIRECTOR'S REPORT

AARTI PHARMALABS LIMITED (Formerly known as 'Aarti Organics Limited')

1. FINANCIAL HIGHLIGHTS & SUMMARY

Financial Highlights

₹

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
₹				
₹				

Summary

₹ 1,51,253

₹

₹ 66,307 lakhs for FY 2022-23 as against ₹

₹

₹

₹ ₹

Consolidated Financial Statements

2. TRANSFER TO RESERVES

3. SUBSIDIARY COMPANIES

Annexure-A

4. SHARE CAPITAL

Particulars	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Authorized Share Capital			
Issued, Subscribed & Paid-up Share Capital			

₹

₹ ₹

₹

₹ 10/- each, aggregating to ₹ 25,00,000/- was

₹

₹

₹

₹

5. STATE OF AFFAIRS

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

7. INDEPENDENT DIRECTORS

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

Key Managerial Personnel

(additionally she has been designated as the Vice Chairperson)

Company Secretary;

Chief Financial Officer

9. MEETINGS

10. DIVIDEND

₹

₹

Dividend Distribution Policy

11. CORPORATE SOCIAL RESPONSIBILITY

Annexure-B

12. AUDIT COMMITTEE

13. VIGIL MECHANISM/WHISTLE BLOWER POLICY

14. RELATED PARTY TRANSACTIONS

19. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

20. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Recognition and Reward for Bright Stars – "Employee of the Month"

Skills & Capability Building Initiative

₹

21. ANNUAL RETURN

Employee Engagement

22. CORPORATE GOVERNANCE

23. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

24. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

25. ANNUAL BOARD EVALUATION

26. NOMINATION AND REMUNERATION POLICY

27. RISK MANAGEMENT

28. COMPLIANCE MANAGEMENT SYSTEM

29. HEALTH AND SAFETY:

Safety Performance Leading Indicators

Process Safety Management

Customer Health & Safety

Contractor Health & Safety

ENVIRONMENT

Energy Conservation & Consumption

Hazardous Waste Management

Water & Wastewater Management

Product End Life

30. STATUTORY AUDITORS & AUDITORS' REPORT

31. COST AUDITORS & RECORDS

32. SECRETARIAL AUDITOR & REPORT

Annexure-C

33. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

34. SECRETARIAL STANDARDS COMPLIANCE

35. NUMBER OF CASES FILED, IF ANY, AND THEIR DISPOSAL UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Particulars	No. of Complaints

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

Annexure–D

37. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

ACKNOWLEDGEMENT

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

and on behalf of the Board

Hetal Gogri Gala

ANNEXURE A

FORM AOC-1

PART "A" : SUBSIDIARIES

₹

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% Of Sharholding

The Financial Statement of Aarti USA Inc whose reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. As at March 31, 2023, USD 1 = ₹ 82.17

ANNEXURE B

THE ANNUAL REPORT ON CSR ACTIVITIES CARRIED OUT DURING FY 2022-23

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

2. COMPOSITION OF CSR COMMITTEE

Sr. No.	Name of Director	Designation	Nature of Directorship	Number of meetings of CSR Committee held/ attended during the year

3. DISCLOSURES AT WEB LINK

4. EXECUTIVE SUMMARY ALONG WITH THE WEB LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

5. (a) ₹
   (b) ₹
   (c)
   (d)
   (e) ₹

6. (a) ₹
   (b)
   (c)
   (d) ₹

(e)

Total Amount Spent for the Financial Year (₹ in Lakhs)	Total Amount Unspent (₹ in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer

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

₹

Sr. No.	Particulars	Amount

Details of unspent CSR Amount for the preceding three financial years:

Sr. No.	Preceding financial year(s)	Amount transferred to unspent CSR account under sub-section (6) of Section 135 (₹ in lakhs)	Balance amount in unspent CSR account under sub-section (6) of Section 135 (1) (₹ in lakhs)	Amount spent in the financial year (₹ in lakhs)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding financial years (₹ in lakhs)	Deficiency, if any
					Amount (₹ in Lakhs)	Date of Transfer	Date of Transfer	

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:

If Yes, enter the number of Capital assets created/ acquired:

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUB- SECTION (5) OF SECTION 135: -

Hetal Gogri Gala

Rajendra V. Gogri

ANNEXURE C

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

Aarti Pharmalabs Limited

Aarti Pharmalabs Limited

The equity shares of the Company got listed on BSE Limited and the National Stock Exchange of India Limited effective January 30, 2023.

March 31, 2023 ('Audit Period')

I further report that

, except that the Company has not yet been able to file Form IEPF - 4 being Statement of shares transferred to the Investor Education and Protection Fund under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 in respect of 313,656 equity shares allotted on October 21, 2022 pursuant to Scheme of Arrangement involving the Company which are already transferred by the Company to IEPF Authority on November 1, 2022, due to technical issue being encountered on the MCA portal, which is intimated to the IEPF Authority, but still remain unresolved;

I further report that

I further report that

I further report that

₹

CS Sunil M. Dedhia

Annexure

Aarti Pharmalabs Limited

My report of even date is to be read along with this letter.

ANNEXURE D

A) ENERGY CONSERVATION

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

B) TECHNOLOGY ABSORPTION, ADAPTION, AND INNOVATION

•

•

Benefits derived as a result of above efforts:

•

•

•

Expenditure incurred on Research and Development:

₹ in lakhs	2022-2023	2021-2022	2020-2021
Total	4,400	2,828	-

C) TECHNOLOGY ABSORPTION, ADAPTION, AND INNOVATION

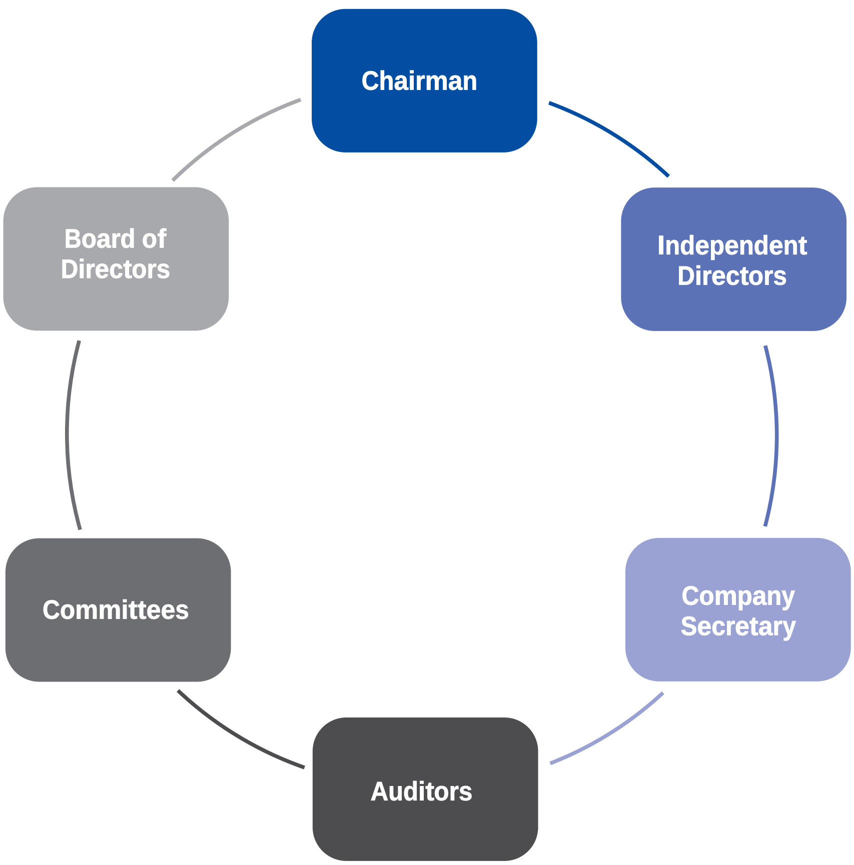
₹ ₹

₹ ₹

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

CORPORATE GOVERNANCE TORCH BEARERS



BOARD OF DIRECTORS:

Company Secretary:

Chairman:

Auditors:

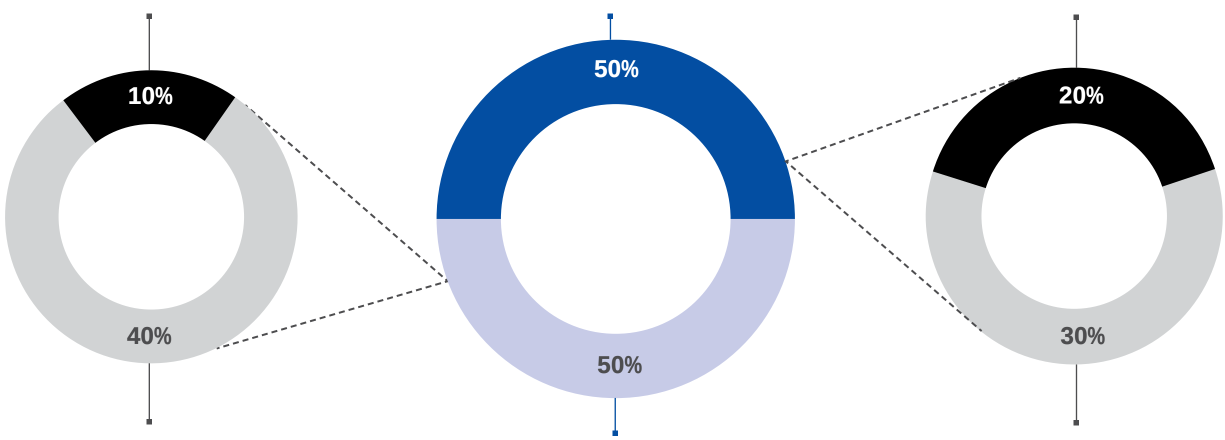
Committees:

Independent Directors:

BOARD OF DIRECTORS

Composition as on March 31, 2023

COMPOSITION ANALYSIS OF THE BOARD



Independent:	Male:	Women:
Non-Independent:	Male:	Woman:

Independent Directors – Eligibility:

Meeting of Independent Directors:

Board procedure:

Independent director databank registration:

Familiarisation Programme:

BOARD MEETINGS:

Name	No. of Board Meeting	1	2	3	4	5	6	7	Total Meetings attended	% of attendance	Attendance at last AGM held on Sept 26, 2022
	Date	April 8, 2022	May 20, 2022	August 8, 2022	September 26, 2022	October 17, 2022	November 29, 2022	January 17, 2023			
	Time	2:00 PM	2:00 PM	5:00 PM	5:00 PM	4:00 PM	4:30 PM	3:30 PM			
	Mode										
	ED/NED/ID										
Shri Rashesh C. Gogri DIN: 00066291		√		√	√	√	√	√			√
Smt. Hetal Gogri Gala* DIN: 00005499		√	√	√	√	√	√	√			√
Shri Narendra J. Salvi** DIN: 00299202		√	√	√	√	√	√	√			√
Shri Rajendra V. Gogri DIN: 00061003		√		√	√	√	√	√			√
Shri Parimal H. Desai*** DIN: 00009272							√	√			
Dr. Vinay G. Nayak*** DIN: 02577389							√	√			
Shri Bhavesh R. Vora*** DIN: 00267604							√	√			
Smt. Jeenal K. Savla*** DIN: 07545244							√	√			
Smt. Rupal A. Vora*** DIN: 07096253							√	√			
Prof. Vilas G. Gaikar*** DIN: 00033383							√	√			
Shri Chetan B. Gandhi**** DIN: 06843850		√	√	√	√	√					√

P= Promoter; **PG =** Promoter Group; **ED=** Executive; **NED=** Non-Executive; **ID=**

DIRECTORSHIPS AND COMMITTEE POSITIONS:

Name	Number of Shares held along with % of paid up share capital	Number of Directorship excluding Aarti Pharmalabs Limited$	Directorship in Listed Companies	Category	Statutory Committees				
				ED/NED/ID	AC	NRC	SRC	CSRC	RMC

Name	Number of Shares held along with % of paid up share capital	Number of Directorship excluding Aarti Pharmalabs Limited$	Category		Statutory Committees				
			Directorship in Listed Companies	ED/NED/ID	AC	NRC	SRC	CSRC	RMC

P= Promoter; **PG=** Promoter Group; **ED=** Executive; **NED=** Non-Executive; **ID=**

AC= Audit Committee; **NRC=** Nomination & Remuneration Committee; **CSRC=**

SRC= Stakeholders' Relationship Committee; **RMC=** Risk Management Committee; **M=** **C=**

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

In terms of Part C of Schedule V of the Listing Regulations, it is hereby disclosed that Shri Rashesh C. Gogri, Chairman is brother of Smt. Hetal Gogri Gala, Vice Chairperson and Managing Director. Except for the above there is no other inter-se relationship amongst other directors.

**Appointed as Vice Chairperson and Managing Director w.e.f. October 17, 2022*

*** Appointed as Managing Director w.e.f. October 17, 2022*

**** Appointed as Director w.e.f. October 17, 2022*

***** Ceased as Director w.e.f. October 17, 2022*

DIRECTORS COMPETENCE/ SKILLS/EXPERTISE CHART:

List of core skills/expertise/competencies identified by the Board of Directors as required in the context of the business (es) and sector(s)

	Industry Experience	
	Operations, Technology, Sales and Marketing	
	Leadership	
	Understanding of Global Business	
	Finance and Banking	
	Legal/Governance/ Compliance	

Name of Director	Industry Experience	Operations, Technology, Sales and Marketing	Leadership	Understanding of Global Busines	Finance and Banking	Legal/ Governance/ Compliance
Shri Rashesh C. Gogri DIN: 00066291	√	√	√	√		
Smt. Hetal Gogri Gala DIN: 00005499	√	√	√	√		
Shri Narendra J. Salvi DIN: 00299202	√	√	√	√		
Shri Rajendra V. Gogri DIN: 00061003	√	√	√	√		
Shri Parimal H. Desai DIN: 00009272	√	√	√	√		
Dr. Vinay G. Nayak DIN: 02577389	√					
Shri Bhavesh R. Vora DIN: 00267604					√	√
Smt. Jeenal K. Savla DIN: 07545244					√	√
Smt. Rupal A. Vora DIN: 07096253						√
Prof. Vilas G. Gaikar DIN: 00033383	√					

APPOINTMENT/ RE-APPOINTMENT DURING THE YEAR:

Certificate from Company Secretary in Practice

KYC of Directors

year 2022-23.

Code of Ethics

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

COMMITTEES OF THE BOARD

Procedure at Committee meetings:

1. AUDIT COMMITTEE

Composition, Meeting and Attendance:

Members	Category	Meeting Dates	November 29, 2022	January 17, 2023
		Mode of meeting	Physical	Physical
		Start Timing	4:00 p.m.	2:30 p.m.
			√	√
			√	√
			√	√
			√	√
			√	√
			√	√

Terms of Reference:

Mandatorily review the following information:

-
-
-
-
-

2. NOMINATION & REMUNERATION COMMITTEE

Composition, Meeting and Attendance:

Members	Category	Meeting Dates	January 17, 2023
		Mode	Physical
		Start Timing	2:00 pm
			√
			√
			√

TERMS OF REFERENCE

NOMINATION AND REMUNERATION POLICY

I. Criteria and Qualification for Nomination & Appointment-

II. Policy on Remuneration-

Executive Directors:

Non-executive Directors:

the year.

Key Managerial Personnel [KMP] and other employees:

Remuneration to Executive Directors:

₹

Name of Director(s)	Salary and other Perquisites	Commission	Total Remuneration

Notes: a) Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, and taxable value of Car perquisite.

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

Particulars of Senior Management:

Sr	Members of Senior Management Team	Role / Designation
		Chief Financial Officer

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Members
Category

Name, Designation and Contact details of the Compliance Officer -

Separate email id for the redressal of investors' complaints-

Shareholders' complaints

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4. RISK MANAGEMENT COMMITTEE

Composition, Meeting and Attendance:

Members	Category	Meeting Date	March 25, 2023
		Mode	Physical
		Start Timing	2:30 pm
			√
			√
			√
			√
			√
			√

Terms of Reference

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Members
Category

GENERAL BODY MEETINGS

Financial Year	Day, Date & Time	Venue	Special resolution passed for

Extraordinary General Meetings

Sr. No.	Financial Year	Particulars of Resolution	Resolution Type

Details of resolutions passed through Postal Ballot

Sr. No.	Particulars of Resolution	Resolution Type	Voting Pattern	
			Votes in Favour of the Resolution	Votes against the Resolution

PROCEDURE FOR POSTAL BALLOT

MEANS OF COMMUNICATION:

Quarterly Results-

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication

Note: The Company's shares were yet to be listed till the declaration of the financial results for the quarter/ nine months ended December 31, 2022. Hence, no announcement/ newspaper publication was made by the Company. However, the Company had complied with all the required statutory requirements for the listing of shares on the Stock Exchanges, which was made effective from January 30, 2023.

Designated E-mail address for investor services-

GENERAL SHAREHOLDERS INFORMATION

i) The day, date, time & venue of the 4th Annual General Meeting (AGM):

Day	Date	Time	Venue

ii) Financial year and Tentative Financial Calendar:

Financial Year	2023-24

(iii) Record Date:

(iv) Payment of Dividend:

(v) Listing on Stock Exchanges:

Stock Exchange	Stock Code/ Symbol
BSE Limited	
National Stock Exchange of India Limited	

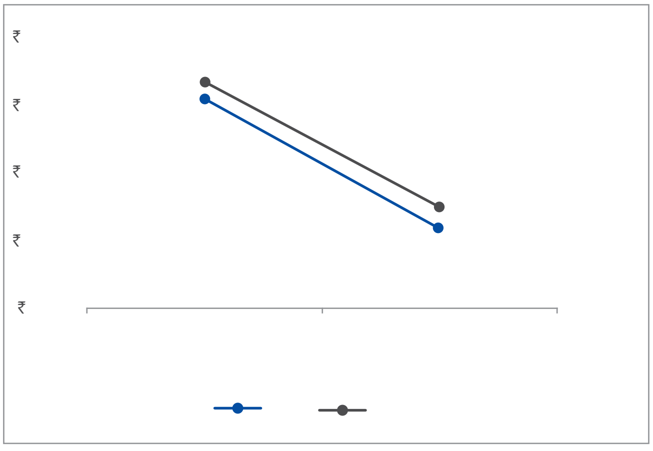
vi) Listing fees and Annual Custodial Fee:

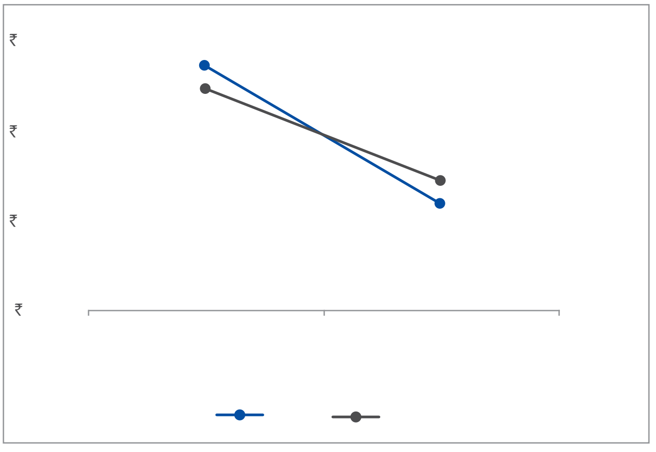
(vii) Market Price Data (high, low in each month in last financial year):

Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume

(viii) Performance in comparison to broad based indices:

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	APL Price	Sensex	APL Price	NIFTY





(ix) Registrar & Transfer Agents & Address for Correspondence:

Link Intime India Private Limited

(x) Share transfer System:

(xi) Shareholding Pattern:

	As on March 31, 2023		As on March 31, 2022	
Category	No. of Shares	%	No. of Shares	%
Total	9,06,26,008	100.00	2,50,000	100.00

Note: Pursuant to the Scheme of Arrangement, 2,50,000 equity shares, which were held by Aarti Industries Limited, were cancelled. Further, as per the said Scheme, 9,06,26,008 shares of the Company were allotted to the eligible shareholders of Aarti Industries Limited on October 21, 2022 (Record Date being October 20, 2022).

(xii) Distribution of Shareholding as on March 31, 2023:

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Total	2,85,417	100.00	45,31,30,040	100.00

(xiii) Dematerialisation of Shares and Liquidity:

Particulars	NSDL	CDSL	Physical	Total

(xiv) **Liquidity of shares:**

(xv) **Green initiative:**

(xvi) **ADRs/ GDRs/ Warrants:**

(xvii) **Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:**

Note No. 36

(xviii) **Plant Locations:**

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(xix) **Address for Correspondence:**

- **Corporate and Head Office**
- **Registered Office**

(xx) **Credit Rating:**

Facilities	CRISIL Rating

(xxi) **R & D Centres:**

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•

•

(xxii) **Disclosure in respect to Equity shares transferred to Unclaimed Suspense Account and Demat Suspense Account**

Particulars	Unclaimed Suspense Account*		Demat Suspense Account*	
	No. of Shareholders	No. of equity Shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on October 21, 2022				
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023.				

** Pursuant to the Scheme of Arrangement, 1 (One) fully paid up equity share of ₹ 5/- each of APL was issued and allotted to the equity shareholders of AIL for every 4 (Four) fully paid equity shares of ₹ 5/- each held by them as on the Record Date i.e. October 20, 2022. Accordingly, the proportionate number of shares were credited to the Unclaimed Suspense Account (in respect of those shares lying in the Unclaimed Suspense Account of AIL before demerger) and to the Demat Suspense Account (in respect of those shares held in physical form by shareholders of AIL before demerger)*

(xxiii) CEO/ CFO Certification:

DISCLOSURES:

Particulars	₹ In Lakhs.
Total	0.41

DISCRETIONARY REQUIREMENTS

Sr. No.	Particulars	Remarks

Hetal Gogri Gala

DECLARATION BY MANAGING DIRECTOR

Hetal Gogri Gala

CEO / CFO CERTIFICATION IN RESPECT OF FINANCIAL STATEMENTS AND CASH FLOW STATEMENT TO THE BOARD PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATION, 2015) FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

We Certify that –

AARTI PHARMALABS LIMITED

Hetal Gogri Gala

Piyush Lakhani

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Aarti Pharmalabs Limited

Aarti
Pharmalabs Limited

as on the Financial Year ended
on March 31, 2023

DIN	Name	Designation	Begin date

CS Sunil M. Dedhia

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Aarti Pharmalabs Limited (Formerly known as 'Aarti Organics Limited')

BACKGROUND:

MANAGEMENT RESPONSIBILITY:

AUDITOR'S RESPONSIBILITY:

OPINION:

RESTRICTION ON USE:

DISCLAIMER:

For **Gokhale & Sathe**

Chinmaya Deval

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

SECTION A: GENERAL DISCLOSURE

I. DETAILS OF THE LISTED ENTITY

S. No	Particulars		
1.	Corporate Identity Number (CIN) of the Listed Entity	:	L24100GJ2019PLC110964
2.	Name of the Listed Entity	:	Aarti Pharmalabs Limited
3.	Year of incorporation	:	2019
4.	Registered office address	:	Plot No 22/C/1 & 22/C/2, 1st Phase, GIDC Vapi 396195, Valsad, Gujarat
5.	Corporate address	:	204, Udyog Kshetra, 2nd floor, Mulund Goregaon Link Road, Mulund West, Mumbai-400080 Maharashtra
6.	E-mail	:	info@aartipharmalabs.com
7.	Telephone	:	+91 022-69436100
8.	Website	:	www.aartipharmalabs.com
9.	Financial year for which reporting is being done	:	2022-23
10.	Name of the Stock Exchange(s) where shares are listed	:	Bombay Stock Exchange Limited National Stock Exchange of India Limited
11.	Paid-up Capital	:	₹ 453,130,040
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	:	Smt. Hetal Gogri Gala, Vice Chairperson & Managing Director Tel: +91 022-69436100 Email: infoapi@aartipharmalabs.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	:	The Disclosures are made on a standalone basis.

II. PRODUCTS/SERVICES

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

Description of Main Activity	Description of Business Activity	% of Turnover of the entity
Manufacturing of Pharmaceuticals and Nutraceuticals	Development of Active Pharmaceutical Ingredients (API) and New Chemical Entities (NCE), API intermediates, Regulatory Starting Materials (RSM), Basic Starting Materials, Key Building Blocks, and Xanthine Derivatives for use in clinical testing and commercial production.	98%

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

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	API (Active Pharmaceutical Ingredients)	210	98%
2	Pharmaceutical Intermediates		
3	New Chemical Entities		
4	Xanthine Derivatives		

III. OPERATIONS

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

Location	Number of plants	Number of offices	Total
National	11 Plants & 3 Research & Development Centres	3	**17**
International	0	0	**0**

17. Markets served by the entity:

a. Number of locations

a.7 (year)10.eswher wo

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1	Permanent (D)	3	3	100%	0	0%
2	Other than Permanent (E)	0	0	0%	0	0%
3	**Total employees (D + E)**	**3**	**3**	**100%**	**0**	**0%**
DIFFERENTLY ABLED WORKERS						
4	Permanent (F)	3	3	100%	0	0%
5	Other than Permanent (G)	0	0	0%	0	0%
6	**Total workers (F + G)**	**3**	**3**	**100%**	**0**	**0%**

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	3	30%
Key Management Personnel	2	0	0%

The Board of Directors consist of 2 Managing Directors and 8 Non-Executive Directors. Besides, the Company Secretary and Chief Financial Officer have been considered for the purpose of Key Management Personnel (under Section 203 of the CA 2013). Besides, the Executive Directors have not been considered again under the Key Managerial Personnel, since they have been separately disclosed under the Board of Directors.

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	11.67	15.27	11.85	12.82	22.58	13.27	14.79	10.16	**14.55**
Permanent Workers	8.09	0	8.09	9.33	0	9.33	6.9	0	**6.9**

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

21. Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the Entity indicated at Column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Aarti Pharmachem Limited	Subsidiary	100%	No
2	Aarti USA Inc.	Subsidiary	100%	No
3	Ganesh Polychem Limited	Jointly Controlled	50%	No

VI. CSR DETAILS

22. Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) : Yes

a. Turnover (in ₹): 15,11,24,79,363

b. Net worth (in ₹): 14,38,57,79,953

VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	-	0	0	NA	0	0	NA
Investors (other than shareholders)	https://.aartipharmalabs.com/investors-relations	0	0	NA	0	0	NA
Shareholders	https://.aartipharmalabs.com/investors-relations	0	0	NA	0	0	NA
Employees and workers	-	0	0	NA	0	0	NA
Customers	https://.aartipharmalabs.com/contact	16	3	APL shall ensure timely resolution of all the pending complaints	20	0	All Complaints were resolved successfully
Value Chain Partners	https://.aartipharmalabs.com/contact	0	0	NA	0	0	NA

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

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

Aarti Pharmalabs Limited understands the growing importance of responsible business conduct and shall undertake an end-to-end materiality assessment in the upcoming years. Since the business is in its nascent stage, the company is in the process of identifying top material issues which may get impacted by business or impact the business.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive to all its stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect and make efforts to protect and restore the environment.
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure Questions	P1 (Please refer Point P1)	P2 (Please refer Point P2)	P3 (Please refer Point P3)	P4 (Please refer Point P4)	P5 (Please refer Point P5)	P6 (Please refer Point P6)	P7 (Please refer Point P7)	P8 (Please refer Point P8)	P9 (Please refer Point P9)
Policy and management processes									
1. a. Whether your company's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	https://.aartipharmalabs.com/code-and-policies								
2. Whether the company has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Disclosure Questions	P1 (Please refer Point P1)	P2 (Please refer Point P2)	P3 (Please refer Point P3)	P4 (Please refer Point P4)	P5 (Please refer Point P5)	P6 (Please refer Point P6)	P7 (Please refer Point P7)	P8 (Please refer Point P8)	P9 (Please refer Point P9)
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, and Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your company and mapped to each principle.	The national and international codes/certifications/labels/ standards are as follows: • FDCA (Manufacturing License) • FDA Maharashtra • FDCA (GMP) • Export Inspection Council • ISO 9001:2015 • ISO 14001:2015 • ISO 45001:2018 • FSSAI • FSSC 22000 • Star – K Kosher • Jamiat Ulama Halal Foundation (Mumbai, India) • Majelis Ulama (Halal) (Indonesia) • SEDEX, SMETA (SMETA 4 pillar Certified Company) • FDA (U.S Food and Drug Administration) • UNGCIN								
5. Specific commitments, goals and targets set by the company with defined timelines, if any.	Not Applicable								
6. Performance of the company against the specific commitments, goals and targets along with reasons in case the same are not met.	Not Applicable.								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG challenges, targets and achievements (listed company has flexibility regarding the placement of this disclosure)	Please refer to MD's message on Pg. No. 14								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Smt. Hetal Gogri Gala, Vice Chairperson & Managing Director; DIN: 00005499 Shri Narendra J. Salvi, Managing Director DIN: 00299202								

Disclosure Questions	P1 (Please refer Point P1)	P2 (Please refer Point P2)	P3 (Please refer Point P3)	P4 (Please refer Point P4)	P5 (Please refer Point P5)	P6 (Please refer Point P6)	P7 (Please refer Point P7)	P8 (Please refer Point P8)	P9 (Please refer Point P9)
9. Does the company have a specified Committee of the Board/ Director responsible for decision making on Sustainability related issues? (Yes/No). If yes, provide details.	Currently the Company does not have a dedicated Board-level leadership for sustainability related issues. However, the CSR Committee looks into the broader aspects of ESG under the guidance of the Board.								

The following policies are available on the company's website:
https://.aartipharmalabs.com/code-and-policies

1. Information Security policy
2. Risk Management Policy
3. Vigil Mechanism Policy
4. Related Party Transaction Policy
5. Nomination & Remuneration Policy
6. Dividend Distribution Policy
7. Code on Prohibition of Insider Trading
8. CSR Policy
9. Code of Conduct
10. Health & Safety Policy (in both Hindi & English languages)
11. People Policy
12. Responsible Procurement Policy
13. Supplier Code of Conduct
14. Policy on Materiality of Events
15. Policy on Determination of Material Subsidiary
16. Archival Policy

10. Details of review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by the Director/Committee of the Board/Any other Committee					Frequency (Annually/ Half-yearly/ Quarterly/ Any other – please specify)			
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	All policies outlined have been approved by the Board/Senior Management of the Company. To ensure compliance and effectiveness, regular internal audits and reviews are conducted on all policies and processes within the Company. This ongoing evaluation guarantees that our policies and procedures align with industry standards and best practices.								
Compliance with statutory requirements of relevance to the principles and rectification of any non – compliance	The Firm complies with all applicable regulations currently in effect.								

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

P1	P2	P3	P4	P5	P6	P7	P8	P9
No, the Company has not undertaken any third party assessments of its policies however shall continue to take up internal assessments periodically to ensure smooth implementation of the policies.								

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

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

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	Code of Conduct, Anti-Bribery and Corruption, Human Rights, Health and Safety	100%
Key Managerial Personnel	1	Code of Conduct, Anti-Bribery and Corruption, Human Rights, Health and Safety	100%
Employees other than BoD and KMPs	669	Operational, Technical, Skill enhancement, Behavioural training & as per Training matrix of annual plan	100%
Workers	187	Operational, Technical, Skill enhancement, Behavioural training & as per Training matrix of annual plan	100%

2. Details of fines/penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the

entity or by directors/KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

	Monetary				
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	NA	NA	NIL	NA	NA
Settlement	NA	NA	NIL	NA	NA
Compounding fee	NA	NA	NIL	NA	NA

	Non-Monetary			
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Imprisonment	NA	NA	NA	NA
Punishment	NA	NA	NA	NA

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

   Not Applicable.

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

   APL has a comprehensive and well-defined Code of Conduct and Vigil Mechanism policy which puts great emphasis on practices of anti-corruption and anti-bribery. The Company firmly believes that all the employees shall uphold the principles mentioned in the policy and fulfil their responsibilities with the utmost faith, discretion, and care, upholding the highest standards of honesty, integrity, and fairness. The Policy forbids using bribery or any other unfair advantage to acquire or capacity to ensure or other benefits, either or through indirect means while also forbidding the promise to do so.

   https://.aartipharmalabs.com/investors/vigil-mechanism-policy-feb-2023.pdf

   https://.aartipharmalabs.com/investors/code-of-conduct-feb-2023.pdf

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

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

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

	FY 2022-23		FY 2021-22	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

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

   Not Applicable

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

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

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	4.33 %	4 %	1. Gas detection system including flammable, toxic & oxygen monitoring 2. Dust collector system 3. Solvent transferring and containment accessories
Capex	13.90 %	5.80 %	1. Scrubber System & Booster pump for Reverse Osmosis 2. Installation of detectors for VOC,O2 & Level and Variable Frequency Drive for equipment 3. Industrial Hygiene monitoring 4. Fall Protection Arrester 5. Mechanical Vapor Recompression system & Barometric condenser Installation 6. Green Belt development 7. Explosion Vent installation for powder processing equipment and IIC motor upgradation for required equipment 8. Flame arrester and Scrubber systems to solvent storage tanks 9. Distributed Control System for Solvent Recovery Plant

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

   Yes; The company has in place a robust responsible procurement policy which acts as a guiding force for APL to implement sustainable measures along its value chain.

   b. If yes, what percentage of inputs were sourced sustainably?

   0%; The company is yet to start categorising its sustainably sourced input materials, however shall start doing so in the upcoming years.

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

The company adheres to the 3R principle of reduce, reuse, recycle for managing waste. This principle is implemented across all aspects of our operations and covers every type of waste generated. To support its commitment, all the facilities are equipped with comprehensive waste management systems. APL strives to minimize waste generation, promote reuse of materials whenever possible, and ensure efficient recycling processes. By following the 3R principle, the company contributes to sustainable waste management and resource conservation.

A. Plastic Waste: All the plastic waste generated is sent to authorised recyclers for further processing.

B. E-Waste: All the e-waste generated at site is sent to authorised recyclers to ensure safe disposal.

C. Hazardous Waste: Hazardous waste generated at site is sent to CHWTSDF sites for safe disposal as landfill or incineration. Some of the hazardous waste categories are sent to authorised recyclers as per consent condition & Hazardous and other Waste (M & TM) Rules, 2016. Recently APL obtained the Consent for sending hazardous waste to an authorized pre-processor followed by a coprocessor & the company is sending one of the waste categories to the pre-processor.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same

Yes. Waste collection plan is in line with the EPR plan, APL has received the EPR target from CPCB & the activities related to EPR are in progress. The company is registered with CPCB for EPR.

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

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

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,328	1,328	100%	1,328	100%	0	0%	0	0%	0	0%
Female	72	72	100%	72	100%	72	100%	0	0%	0	0%
Total	**1,400**	**1,400**	**100%**	**1,400**	**100%**	**72**	**5%**	**0**	**0%**	**0**	**0%**
Other than Permanent employees											
Male	Not Applicable										
Female											
Total											

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

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/(A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	642	642	100%	642	100%	0	0%	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**642**	**642**	**100%**	**642**	**100%**	**0**	**0%**	**0**	**0%**	**0**	**0%**
Other than Permanent workers											
Male	866	866	100%	0	0%	0	0%	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**866**	**866**	**100%**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**

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

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	100% covered As per applicability of The Employees State Insurance Act 1948.					
Others – please specify	Not Applicable					

3. Accessibility of workplace

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

APL's offices have been well equipped with accessibility measures such as rails, ramps and wheelchairs to facilitate the movement of differently-abled employees in accordance with the Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes; the entity has laid out the necessary provisions in the HR Policy in line with the Rights of Persons with Disabilities Act, 2016. The Company ensures compliance of 100% employee related applicable statutes which ensures social security.

https://.aartipharmalabs.com/responsible-workforce

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

	Permanent employees		Permanent workers	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	NA	NA	NA	NA
Female	100 %	100 %	NA	NA
Total	**100 %**	**100 %**	**NA**	**NA**

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

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	No
Other than Permanent Workers	No
Permanent Employees	No
Other than Permanent Employees	No

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

Category	FY 2022-23			FY 2021-22		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	0	0	0%	0	0	0%
Male	0	0	0%	0	0	0%
Female	0	0	0%	0	0	0%
Total Permanent Worker	642	125	19%	664	125	19%
Male	642	125	19%	664	125	19%
Female	0	0	0%	0	0	0%

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1,328	1,328	100%	1,195	90%	1,279	1,279	100%	998	78%
Female	72	72	100%	52	72%	62	62	100%	40	65%
Total	**1,400**	**1,400**	**100%**	**1,247**	**89%**	**1,341**	**1,341**	**100%**	**1038**	**77%**
Workers										
Male	642	642	100%	642	100%	664	664	100%	664	100%
Female	0	0	0%	0	0%	0	0	0%	0	0%
Total	**642**	**642**	**100%**	**642**	**100%**	**664**	**664**	**100%**	**664**	**100%**

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1328	1135	85%	1,341	1,075	80.16%
Female	72	56	77%	54	54	100%
Total	**1400**	**1191**	**85%**	**1,395**	**1,129**	**80.93%**
Workers						
Male	642	606	94%	668	478	71.56%
Female	0	0	0%	0	0	0%
Total	**642**	**606**	**94%**	**668**	**478**	**71.56%**

10. Health and safety management system:

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

Yes; APL has an ISO 45001 certified occupational health and safety management system in place. APL is committed for a continuous improvisation of its safety systems for a zero-incidence scenario. To prioritize safety for all stakeholders, APL has a detailed and comprehensive Health, Safety and Environment (HSE) manual in place for upholding the group-level legacy of "Safety first". Adequate training and awareness programmes are in practice to prevent unsafe working conditions and mitigate the probable risks. The coverage is 100% for our entity and it covers both employees & contractors.

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

To identify work-related hazards and assess risks, APL carries out meetings periodically with all its operational safety personnel. The Company being ISO 45001:2018 certified ensures all the safety standards and comprehensive protocols as directed by the standard are in place for achieving operational excellence. APL also undertakes various safety trainings and assessments at regular intervals for employee welfare. The routine safety mandate includes, Hazard Identification and Risk Assessment (HIRA), HAZOP(for process deviation), what-if analysis, hazard checklists and Quantitative Risk/Impact Assessment (QRA) at project stage. For non-routine work, APL employs Job Safety Analysis (JSA).

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

Yes; Aarti Pharmalabs Limited has implemented several modules through APMS guidelines which includes General Plant Condition, Unsafe Acts, Unsafe Conditions, Near Miss, Behaviour Based Safety, Tool box talk, etc., to enable workers to report work-related hazards. These reports are submitted through the INTELEX module or via the G-suit platform. The Company proactively gives prior attention to social security for a safe working environment.

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

Yes. The Company covers its employees/ workers under the Group Term Life Insurance Policy. Also, APL has partnered with hospitals that offer visiting doctors to provide non-occupational and healthcare services. Additionally, the company runs a vaccination program specifically targeting contagious diseases such as Hepatitis B, tetanus etc.

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

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person hours worked)	Employees	0.42	0.24
	Workers	0.31	0.00
Total recordable work-related injuries	Employees	1.27	2.12
	Workers	2.46	4.12
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

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

Aarti Pharmalabs Limited has developed a comprehensive Health, Safety, and Environment policy aimed at providing a secure and healthy workplace for all individuals involved. The Company's commitment extends to complying with the Factory Act of 1948. To ensure process safety, APL has implemented hazard checklists and regularly conduct HAZOP (Hazard and Operability Study) assessments at our facilities. Moreover, the company has a dedicated process safety laboratory that actively identifies any potential hidden hazards associated with new processes & change in existing processes.

To uphold a safe and healthy working environment, APL has adopted the APMS (Aarti Pharmalabs Management System) guidelines. These guidelines encompass various aspects such as the Permit system, General Plant Condition, Management of Change, Pre Start-up Safety Review, etc. In order to prevent workplace exposure, sites are equipped with cutting-edge scrubbing systems and air ventilation systems.

The Company has also established an Industrial Hygiene program to identify operations that may pose potential hazardous exposures. Regular medical check-ups are conducted for both employees and contract workers, and has trained medical personnel on-site to handle any work-related emergencies. Furthermore, APL ensures the availability of necessary and specialized personal protective equipment (PPE) tailored to specific operations. For the well-being of workers, the Company offers compensation in cases of accidents/ mishaps.

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

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

14. Assessments for the year.

	% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL THEIR STAKEHOLDERS

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Through stakeholder engagement and feedback mechanisms, the company aims to identify its key stakeholders. This process would enable the company to better comprehend the concerns and interests of its stakeholders, allowing APL to align the purpose and scope of the engagement accordingly. By actively seeking and incorporating feedback, APL looks to foster a deeper understanding of the company's stakeholders' perspectives, by ensuring that their feedback is considered in the decision-making processes.

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

The company is currently working towards identifying its key stakeholders and shall prioritize this task in the upcoming financial year. By proactively seeking input and feedback, APL aims to create an inclusive environment where stakeholders' perspectives and concerns are acknowledged and addressed in the decision-making processes.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Permanent	1,400	885	63.21%	1,341	838	62.49%
Other than permanent	0	0	0%	0	0	0%
Total Employees	**1,400**	**885**	**63.21%**	**1,341**	**838**	**62.49%**
Permanent workers	642	389	60.59%	664	390	58.73%
Other than permanent	866	433	50%	807	378	46.84%
Total Workers	**1,508**	**822**	**54.5%**	**1,471**	**768**	**52.20%**

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

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1,328	0	0%	1,328	100%	1279	0	0%	1,279	100%
Female	72	0	0%	72	100%	62	0	0%	62	100%
Other than Permanent										
Male	Not Applicable									
Female										
Workers										
Permanent										
Male	642	0	0%	642	100%	664	0	0%	664	100%
Female	0	0%	0	0%	0	0%	0	0%	0	0%
Other than Permanent										
Male	886	886	100%	0	0%	807	807	100%	0	0%
Female	0	0%	0	0%	0	0%	0	0%	0	0%

3. Details of remuneration/salary/wages, in the following format (In Lakhs INR):

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category/ Annum in Lakhs	Number	Median remuneration/ salary/ wages of respective category/Annum in Lakhs
Board of Directors (BoD)	1	88	1	97
Key Managerial Personnel	2	37	0	NA
Employees other than BoD and KMP	1,328	6	62	4
Workers	642	3	0	0

For the purpose of the Board of Directors, only the Executive Directors have been considered, since only they are paid Salary and Commission. Besides, the Company Secretary and Chief Financial Officer have been considered for the purpose of Key Management Personnel (under Section 203 of the CA 2013). Besides, the Executive Directors have not been considered again under the Key Managerial Personnel, since they have been separately disclosed under the Board of Directors.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Aarti Pharmalabs Limited is deeply committed to upholding and promoting high standards of human rights throughout all its operations. As an integral part of the company's corporate responsibility, the Works Council diligently ensures strict adherence to human rights principles.

APL firmly believes in upholding the dignity and individual rights of every employee, worker, and external stakeholder with whom APL engages in its businesses. It is APL's unwavering commitment to ensure that none of its operations infringe upon the human rights of its valued stakeholders. The company strives to create a respectful and inclusive environment for fostering the overall well-being within the organization.

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

Aarti Pharmalabs Limited prioritizes the well-being and rights of all individuals associated with the company. The company has established a robust grievance redressal mechanism specifically designed to promptly and effectively address any human rights issues that may arise. APL encourages open communication and provides multiple channels for employees and stakeholders to report concerns or seek assistance. A dedicated team is committed to thoroughly investigating and resolving grievances in a fair and impartial manner, while maintaining the utmost confidentiality. The Company strives to continuously improve its grievance redressal process to ensure a safe and respectful environment for everyone.

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

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	No case filed	0	0	No case filed
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

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

Aarti Pharmalabs Limited maintains a zero-tolerance policy towards any form of sexual harassment in the workplace. To address this issue, the company has implemented a comprehensive grievance resolution procedure under its POSH policy for ensuring effective resolution of employee complaints. APL has also established a stringent Code of Conduct and HR Policy Manual that clearly outline expectations for appropriate employee behaviour and provide measures for the prevention and redressal of such complaints. All employees and new joiners are provided PoSH training not only during induction but also at regular intervals during their lifetime at APL.

To ensure a prompt and confidential resolution process, APL has established Internal Complaints Committee dedicated to monitoring and addressing complaints related to harassment. This committee is responsible for taking appropriate action in a timely manner while maintaining the utmost confidentiality.

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

Yes; At APL, all the business agreements and contracts carry the clauses of human rights for promoting sustainable, fair and equitable competition for all its stakeholders.

9. Assessments for the year:

APL has carried out Human rights risk assessment which includes Child labour, Forced labour, Sexual harassment & ethics etc. at three sites out of six sites. All audits are based on UNGC guiding principle and/or Pharmaceutical supply chain initiative.

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Not Applicable

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total electricity consumption (A)	GJ	250463.127	237134.95
Total fuel consumption (B)	GJ	537025.994	483167.83
Energy consumption through other sources (C)	GJ	0	0
Total energy consumption (A+B+C)	GJ	**787489.121**	**720302.78**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	GJ/INR /million	52.49	76.54

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

None of the sites comes under PAT Scheme.

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

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface Water	0	0
(ii) Ground Water	0	0
(iii) Third Party Water	404898	359786
(iv) Seawater/desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**404898**	**359786**
Total volume of water consumption (in kilolitres)	**716243**	**629521**
Water intensity per rupee of turnover (Water consumed/turnover) KL/INR/million	47.75	66.9

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No

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

Yes. Aarti Pharmalabs Limited (APL) has implemented a comprehensive mechanism for achieving Zero Liquid Discharge (ZLD) across all of its units. The company has ensured 100% recycling of liquid-waste generated and has established the necessary infrastructure and systems to comply with ZLD conditions specified by the Consent to Operate (CTO) requirements. This commitment demonstrates dedication towards sustainable practices and responsible waste management.

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

Parameter	Specify Unit	FY 2022-23	FY 2021-22
NOx	MT	88.83	70.17
SOx	MT	380.23	254.58
Particulate matter (PM)	MT	386.47	336.32
Persistent organic pollutants (POP)	Not Applicable		
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others- please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes; the external agencies for independent assessment/evaluation/assurance are as follows:

- Skylab Analytical Laboratory
- Enviro Care Lab

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

Parameter	Specify Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric Tonnes of CO_2	37,390	42,931
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric Tonnes of CO_2	79,746	80,244
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric Tonnes of CO_2/INR/million	7.81	13.09

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Greenhouse Gas emissions? If Yes, then provide details.

No, however the company shall aim to undertake initiatives to reduce its GHG emissions in the upcoming years.

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

Parameter	FY 2022-23	FY 2021-22
Total Waste Generated (in Metric Tonnes)		
Plastic waste (A)	72.66	111.25
E-waste (B)	2.13	3.05
Bio-medical waste (C)	0.19	0.48
Construction and demolition waste (D)	17.5	0
Battery waste (E)	1.22	0.9
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	4,770.32	5,808.99
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	873.94	742.26
Total (A+B + C + D + E + F + G + H)	**5,737.96**	**6,666.93**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) 5,737.96		
Category of Waste		
(i) Recycled	2,004.71	2,190.12
(ii) Re-used	4,051.84	6,027.71
(iii) Other recovery operations	0	0
Total	**6,056.55**	**8,217.83**
For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	545.27	448.62
(ii) Landfilling	8472.9	5151.6
(iii) Other disposal operations	0	0
Total	**9,018.17**	**5,600.22**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

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

Aarti Pharmalabs Limited has implemented a comprehensive waste management system that prioritizes environmental sustainability and responsible waste disposal practices. APL recognizes the importance of minimizing the environmental impact of its operations and ensuring the efficient management of waste generated throughout its processes.

APL's waste management system is designed to adhere to the highest industry standards and regulatory requirements. The company follows a systematic approach to identify, segregate, handle, treat, and dispose of waste in a safe and environmentally friendly manner. The company aims to minimize waste generation, promote recycling and reuse, and properly dispose of the hazardous waste.

- During the product design stages, APL has integrated Hazard checklists that strictly adhere to the principles of green chemistry. The company's primary goal is to eliminate the use of toxic chemicals and prioritize a design process that minimizes or completely eliminates the generation of hazardous waste. This approach follows a hierarchy of controls, where it actively seeks alternative materials and methods, effectively reducing the use of harmful substances and minimizing the production of hazardous waste.

- Furthermore, in one of the product chains, APL has developed a specialized process that treats by-products and converts them into valuable resources. This innovative approach significantly minimizes the environmental impact and contributes to sustainable practices.

- To address emissions during the processes, the plants are fully equipped with state-of-the-art scrubber systems, which effectively capture any emissions generated and prevent their release into the environment.

- In order to manage wastewater responsibly, the company has installed advanced wastewater treatment plants and water recovery units that utilize cutting-edge technologies such as reverse osmosis (RO), multiple-effect evaporators (MEEs), and agitated thin film dryers (ATFD). These systems enable to recover and reuse water from wastewater streams. Recently APL has taken a significant step towards energy conservation by adopting a Mechanical Vapour Recompression (MVR) system to treat industrial effluent. For domestic effluent, Sewage Treatment Plants (STP) are in place.

- As part of its commitment to environmental sustainability, APL has implemented a zero liquid discharge policy across all its units. This means that the firm aims to eliminate the discharge of any liquid waste by effectively treating and reusing all water resources within its operations.

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

    Not Applicable as none of the offices and plants are set up in/around ecologically sensitive areas.

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

    Aarti Pharmalabs Limited has not undertaken any environmental impact assessments in the current financial year.

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

    Yes; the Company is in compliance of all the required compliance with all the applicable laws and norms as per Environmental protection act 1986, Water (Prevention and Control of Pollution) Act 1974 and Air (Prevention and Control of Pollution) Act 1981 to closely monitor and ensure compliance.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

   NIL

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.

   Currently, Aarti Pharmalabs Limited is not affiliated with any chambers/associations, however the company is in the process of becoming a member of the United Nations Global Compact of India Network (UNGCI).

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

   Not Applicable.

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

   Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

   Not Applicable

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

   Aarti Pharmalabs Limited is deeply committed to being a responsible corporate citizen and maintaining positive relationships with the communities in which it operates. As part of its ongoing efforts to ensure transparency and accountability, the company shall set up a grievance redressal mechanism for the communities it operates in. It will serve as a platform for community members to voice their concerns, provide feedback, and seek resolution regarding any issues related to its operations. APL understands the importance of actively engaging with and addressing the concerns of the communities it works with, and this mechanism will play a vital role in fostering open dialogue and building trust.

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

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	14%	APL was a part of AIL, hence segregated data is not available.
Sourced directly from within the district and neighbouring districts	81%	

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

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

   Aarti Pharmalabs Limited has established a robust mechanism to effectively address and resolve consumer complaints. The company's dedicated marketing department serves as the focal point of contact for such complaints. Depending on the nature and specifics of each complaint, they are promptly forwarded to the Quality department.

   APL places great importance on addressing consumer complaints in a timely and efficient manner. APL's highly skilled and experienced Quality team diligently investigates and evaluates each complaint to determine the appropriate course of action.

   APL is committed to maintaining the highest standards of product quality to meet the customer's expectations. Through the consumer complaint resolution mechanism, the company strives to continuously improve its products and services, and further strengthen the bonding with valued customers.

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

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Available
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	NIL	NA	0	NIL	NA
Advertising	0	NIL	NA	0	NIL	NA
Cyber-security	0	NIL	NA	0	NIL	NA
Delivery of essential services	0	NIL	NA	0	NIL	NA
Restrictive Trade Practices	0	NIL	NA	0	NIL	NA
Unfair Trade Practices	2	0	NA	1	0	NA
Other	16	3	APL shall ensure timely resolution of all the pending complaints	19	0	All Complaints were resolved successfully

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

	Number	Reasons for Recall
Voluntary recalls	0	No Instances related to safety issues
Forced recalls	0	No Instances related to safety issues

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web link of the policy.

Yes, APL has implemented robust measures and guidelines to safeguard sensitive information and uphold the confidentiality of data. The company has a board-approved Information Security policy which outlines the company's commitment to ensure data privacy and measures undertaken for the same. The web link for the same is provided:

https://.aartipharmalabs.com/investors/information-security-policy.pdf

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

Not Applicable

INDEPENDENT AUDITORS' REPORT

To the Members
Aarti Pharmalabs Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of Aarti Pharmalabs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS OF OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matters	Auditors' Response
Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2. The Company inventories consists of raw materials and components, work in progress, finished goods, stores and spares, fuel and packing materials. Refer Note no: 5 of the standalone financial statements: Inventories of Rs 53,768 lakhs constitute 56.07% of the current assets of the company as at March 31, 2023. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations and hence identified as key audit matter.	Our audit approach consisted of the following:- • We assessed the Company's process regarding maintenance of records, valuation and accounting of transactions relating to inventories as per the Indian Accounting Standard. • We have evaluated the design of internal controls relating to recording and valuation of Inventory. • We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to inventory. • We have undertaken physical verification of inventories on test check basis. • We have verified management process of physical verification of inventories and reconciling differences with the books of accounts.

INFORMATION OTHER THAN FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the

Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

OTHER MATTERS

I. Comparative Audited Standalone Financial Statements

a) The comparative audited standalone financial statements for the year ended March 31, 2022 includes numbers for the period July 1, 2021 (Appointed date) to March 31, 2022 of pharma business undertaking were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants of Aarti Industries Limited (demerged company) whose annual auditors report dated May 27, 2022 had expressed an unmodified opinion on financial statements.

b) The comparative audited financial statements of the Company for the year ended 31 March, 2022 (prior to giving effect to scheme of arrangement) were audited by erstwhile statutory auditors of the Company, Jatin Vora & Associates, Chartered Accountants (FRN: 118024W) of Aarti Pharmalabs whose annual auditors report dated 20 May 2022 had expressed an unmodified opinion on financial statements.

II. Effect of Scheme of Arrangement

a) The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the demerged company") to its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company" or "the Company") between the two companies and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 ('Act') and all other applicable provisions of the Companies Act, 2013 ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on September 21, 2022. Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e., from July 1, 2021.

b) Pending receipt of the NCLT Order approving scheme of arrangement, financial statements of the Demerged Company (before giving effect to scheme of arrangement) for the year ended March 31, 2022 were approved by the Board of Directors of Demerged Company in their meeting held on May 27, 2022 and audited by erstwhile statutory auditors (refer para I (a) above). Subsequently, the same were approved by their shareholders in the general meeting held on September 26, 2022.

c) We, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company to fill casual vacancy caused due to resignation of Jatin Vora & Associates, Chartered Accountants, through resolution passed by shareholders of the Company through postal ballot on January 10, 2023.

d) The management approached us to perform agreed upon procedures on standalone financial statements prepared to give effect to scheme of arrangement. Accordingly, we have performed agreed upon procedures as per Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India and we report that as follows:

- standalone financial statements of pharma business undertaking prepared by the management of the Company for period from July 1, 2021 to March 31, 2022 is as per accounting treatment and information mentioned in the scheme.
- It is drawn from standalone financial statements prepared and audited by erstwhile statutory auditors of Demerged Company as mentioned in I (a) above.
- It is extracted from the books of accounts maintained by the Company having records/ information maintained for pharma business and speciality chemical business.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (the Order), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, based on our audit, we report that:

a. Wa. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act

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

(i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements. (Refer Note no 31 to Standalone Financial Statements)

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

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

(iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 44 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 44 to the Standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

(v) The Interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Act. The Board of Directors of the Company has not proposed final dividend for the FY 2022-2023.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 and accordingly reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Chinmaya Deval
Partner
Membership Number: 148652
UDIN: 23148652BGSVBX8895

Place: Mumbai
Date: May 12, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

(Referred to in para 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

i. In respect of the Company's Property Plant and Equipment, Right-of-use assets and Intangible Assets

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

b) As informed to us, the Company is in process of preparing a regular program of verification of Property, Plant and Equipment and right of use assets so to cover all such assets. Substantial properties, plants & equipments and right of use assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the records examined by us, all immovable properties including properties where the Company is lessee and lease agreements are duly executed, are transferred from Aarti Industries Limited (Demerged Company) pursuant to demerger scheme approved by the NCLT court.

According to explanation obtained from the management, in view of demerger through court order, leasehold rights are deemed to be transferred to the company and procedure for transferring in the name of the company is yet to be completed.

Description of the Property (Freehold & Leasehold Lands)	Gross Carrying Value (₹ In Lakhs)	Held in the Name of	Whether promoter, director or their relative or employee	Period held (since)	Reason for not being held in the name of company. Also indicate if in dispute and period for which it has been held
Dombivali API Unit - D53, D55, D57, D59 & D60	151.27	Aarti Industries Limited			Properties were transferred from Aarti Industries Limited under Scheme of Demerger approved by the NCLT vide order dated 21 September 2022 w.e.f. 01 July 2021. The transfer of title deed in the name of company is in progress.
API Dombivali – RND – D54 & D56	55.16				
Tarapur Unit 4 – E50 & E59/1	934.82				
Tarapur Unit 3 – K17, K18 & K19	93.96				
Tarapur Godown – K67	5.16				
Tarapur Unit 3 - Utility Plot – K14	283.16				
Tarapur Unit 3 Godown – K65	263.30				
Steam Generating Unit – L10	6.54				
Tarapur Spack Division – D18	175.74				
Custom Synthesis Division – 1 Plot No. 22/C/1 & 2 Plot No. 22/C/2	204.89				
Atali Site-R.S.No. 39 To 49	3858.72				

Description of the Property (Building)	Gross Carrying Value (₹ In Lakhs)	Held in the Name of	Whether promoter, director or their relative or employee	Period held (since)	Reason for not being held in the name of company. Also indicate if in dispute and period for which it has been held
Buildings	15,135.81	Aarti Industries Limited			Properties were transferred from Aarti Industries Limited under Scheme of Demerger approved by the NCLT vide order dated 21 September 2022 w.e.f. 01 July 2021. The transfer of title deed in the name of company is in progress.

d) The Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) and intangible assets during the year ended March 31, 2023.

e) According to the information and explanations given to us, no proceedings have been initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.

ii. a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate; No material discrepancies were noticed and discrepancies if any are properly dealt with by the Management of the Company.

a) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets; As mentioned in notes to the Standalone Financial Statements, the difference between the quarterly returns filed by the Company with banks and books of accounts are on account of explainable items and not material in nature.

iii. The Company has received as a transfer from Aarti Industries Limited (pursuant to scheme of demerger), investments in Limited Liability Partnership and unsecured loan to the company, during the year.

a) A. The Company* has provided loans during the year, and details of which are given below;

Particulars	₹ in Lakhs
Aggregate amount granted during the year: - Aarti Ventures Private Limited	107.26
Balance outstanding as at Balance Sheet date in respect of above cases: - Aarti Ventures Private Limited	585.23

B. Based on the audit procedures carried out by us and as per the information and explanation given to us, the Company* has made investments in Limited liability Partnership as below;

Particulars	₹ in Lakhs
Aggregate amount of Investment made during the year: - Aarti Udyog Limited Liability Partnership	198.87
Balance outstanding as at Balance Sheet date in respect of above cases: - Aarti Udyog Limited Liability Partnership	566.19

** Loans were provided and investment were made by demerged company i.e. Aarti Industries Limited before NCLT order of demerger dated 21 September 2022*

b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the investments made and loans and advances granted during the year are, prima facie, not prejudicial to the interest of the Company.

c) According to the information and explanations given to us and based on our examination of the records, the Company has granted loans payable on demand. During the year, the Company has not demanded such loan. Having regard to the fact that the repayment of principal or payment of interest has not been demanded by the Company, in our opinion, the repayments of principal amounts and receipts of interest are regular.

d) According to the information and explanations given to us and based on our examination of the records of the Company, since loans granted are repayable on demand, there are no overdue amounts for more than ninety days in respect of loan given.

   e) According to the information and explanations given to us and based on our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the over dues of existing loans given to the same party.

   f) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has granted loans repayable on demand to related parties, aggregate amount as on March 31, 2023 stands at INR 585.23 lakhs which is 100% of the total loans granted by the Company.

iv. In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of Investment made and loans and advances.

v. The Company has not accepted deposits or amounts which are deemed to be deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provision of section 73 to 76 any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

   There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable. became payable.

   b) According to the information and explanations given to us and based on the records of the company examined by us, there were no disputed statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023.

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

   b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

   c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

   d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

   e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

   f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x. a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

   b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

xi. a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

b) To the best of our knowledge, no report under Sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.

xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

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

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

xvi. a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

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

xvii. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.

xviii. During the year, previous statutory auditor of the Company M/s Jatin Vora & Associates, Chartered Accounts have resigned as statutory auditor w.e.f. 29.11.2022 and there were no issues, observations and concerns raised by them.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Chinmaya Deval
Partner
Membership Number: 148652
UDIN: 23148652BGSVBX8895

Place: Mumbai
Date: May 12, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

OPINION

We have audited the internal financial controls over financial reporting of Aarti Pharmalabs Limited ("the Company") as on March 31, 2023, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the policies of the Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls of the Company over financial reporting based on our audit. We conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone Financial Statements include those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Chinmaya Deval
Partner
Membership Number: 148652
UDIN: 23148652BGSVBX8895

Place: Mumbai
Date: May 12, 2023

AARTI PHARMALABS

STANDALONE STATEMENT OF BALANCE SHEET

as at 31st March, 2023

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2023	As at 31st March 2022
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	84,707.67	69,845.50
(b) Capital Work-in-Progress	1	6,223.16	16,522.59
(c) Right to use Assets	1	113.75	243.75
(d) Other Intangible Assets	1	18.09	22.52
(e) Intangible Assets Under Developments	1	3,966.88	2,214.02
(f) Financial Assets			
(i) Investments			
(a) Investment in Subsidiary & Joint Control	2	1,351.62	1,351.62
(b) Other Investments	2	2,915.67	2,635.18
(ii) Other Financial Assets	3	883.25	820.58
(g) Other Non-Current Assets	4	249.43	-
Total Non-Current Assets		**1,00,429.52**	**93,655.76**
2 Current Assets			
(a) Inventories	5	53,767.83	44,437.53
(b) Financial Assets			
(i) Trade Receivables	6	36,161.44	30,421.97
(ii) Cash and Cash Equivalents	7	1,310.94	5,649.99
(iii) Bank Balance Other than (ii) above	8	7.23	-
(iv) Loans	9	585.23	477.97
(v) Other Financial Assets	10	3,346.87	7,000.39
(c) Other Current Assets	11	718.20	1,039.57
Total Current Assets		**95,897.74**	**89,027.42**
TOTAL ASSETS		**1,96,327.26**	**1,82,683.18**
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	12	4,531.30	25.00
(b) Equity Share Capital pending allotment upon scheme of arrangment	12	-	4,531.30
(c) Other Equity	13	1,39,326.50	1,23,871.30
Total Equity		**1,43,857.80**	**1,28,427.60**
2 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	14	53.19	153.23
(b) Deferred Tax Liabilities (Net)	15	6,885.00	5,935.00
Total Non-Current Liabilities		**6,938.19**	**6,088.23**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	20,671.29	32,462.44
(ii) Lease Liabilities	14a	44.48	124.44
(iii) Trade Payables Due to	17		
- Micro and Small Entereprises		1,265.46	2,114.38
- Other Than Micro and Small Entereprises		20,709.92	11,046.92
(iv) Others Financial Liabilities	18	1,429.04	773.46
(b) Provisions	19	1,121.43	895.70
(c) Current Tax Liabilities (Net)	20	289.65	750.00
Total Current Liabilities		**45,531.27**	**48,167.35**
Total Liabilities		**52,469.46**	**54,255.57**
TOTAL EQUITY AND LIBILITIES		**1,96,327.26**	**1,82,683.18**
Significant Accounting Policie			
Accompanying Notes to the Financial Statements	**1-45**		

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

STANDALONE STATEMENT OF PROFIT AND LOSS

for the Year Ended 31st March, 2023

(₹ in Lakhs)

	Particulars	Note No.	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
I	Revenue from Operations	21	1,51,124.78	94,102.10
II	Other Income	22	128.13	251.24
III	**Total Income (I+II)**		**1,51,252.91**	**94,353.34**
IV	**EXPENSES**			
	(a) Cost of Materials Consumed	23	89,945.07	55,018.79
	(b) Purchase of Stock In trade		969.69	45.57
	(c) Changes in inventories of finished goods, Work-in-progress and Stock-in-Trade	24	(9,122.32)	(3,254.26)
	(d) Employee Benefits Expense	25	12,216.01	7,998.43
	(e) Finance Costs	26	2,048.85	1,133.91
	(f) Depreciation / Amortisation Expenses	27	5,577.26	3,723.30
	(g) Other Expenses	28	26,282.81	16,314.98
	Total Expenses (IV)		**1,27,917.37**	**80,980.72**
V	**Profit before Exceptional Items and Tax (III-IV)**		**23,335.54**	**13,372.62**
VI	Exceptional Items		-	-
V	**Profit before Tax (III-IV)**		**23,335.54**	**13,372.62**
VI	**TAX EXPENSE**			
	Current Tax		5,212.86	2,250.00
	Deferred Tax		950.00	450.00
	Total Tax Expenses		**6,162.86**	**2,700.00**
VII	**Profit for the year (V-VI)**		**17,172.68**	**10,672.62**
VIII	**OTHER COMPREHENSIVE INCOME**			
	a. Items that will be reclassified to Statement of Profit and Loss		(70.02)	706.86
	b. Items that will not be reclassified to Statement of Profit and Loss		-	-
	Other Comprehensive Income (Net of Tax)		**(70.02)**	**706.86**
IX	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)**		**17,102.66**	**11,379.48**
X	Earnings Per Equity Share of Face Value of ₹ 5/- Each (EPS) (in ₹)	29		
	Basic		18.95	11.78
	Diluted		18.95	11.78
	Significant Accounting Policies			
	Accompanying Notes to the Financial Statements	1-45		

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

STANDALONE CASH FLOW STATEMENT

for the Year Ended 31st March 2023

(₹ in Lakhs)

Sr. No.	Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	23,335.54	13,372.62
	Adjustments for :		
	- Finance Costs	2,048.85	1,133.91
	- Depreciation/Amortisation	5,577.26	3,723.30
	- Dividend Income	(128.13)	(247.86)
	-Loss on Sales of Investments	38.93	
	- Interest Income	-	(1.00)
	Operating Profit before Working Capital Changes	**30,872.45**	**17,980.97**
	Movements in working Capital :		
	- (Increase)/Decrease in Trade and Other Receivables	(2,183.94)	(8,570.97)
	- (Increase)/Decrease in Inventories	(9,330.30)	(10,814.41)
	- Increase/(Decrease) in Trade Payables and Other Current Liabilities	9,183.94	(3,579.85)
	Cash Generated from Operations	28,542.15	(4,984.26)
	Direct Taxes Paid (Net)	(5,673.21)	(1,500.00)
	Net Cash Flow from Operating Activities (A)	**22,868.94**	**(6,484.26)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Additions to / Sale of Property, Plant and Equipment and Capital WIP	(11,644.68)	(13,602.57)
	Dividend Income	128.13	247.86
	Interest Income	-	1.00
	Loss on Sale of Investments	(38.93)	-
	Net Cash Flow used in Investing Activities (B)	**(11,555.48)**	**(13,353.71)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds/(Repayment) from Borrowing (Net)	(11,791.15)	26,596.86
	Finance Costs	(2,048.85)	(1,133.91)
	Dividends Paid	(1,812.52)	-
	Net Cash Flow from /(used in) Financing Activities (C)	**(15,652.52)**	**25,462.95**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(4,339.06)**	**5,624.99**
	Opening Balance of Cash and Cash Equivalents	**5,649.99**	**25.00**
	Closing Balance of Cash and Cash Equivalents	**1,310.94**	**5,649.99**

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash

2 Cash and Cash Equivalent comprised of Cash and Cash Equivalents and Other Bank Balances as per Balance Sheet.

3 Cash and Cash Equivalents comprises of:

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
a. Cash on Hand	9.16	4.69
b. Cash Equivalants investment in highly Liquid Funds	1,280.85	5,630.62
c. Bank Balance in Current account	20.93	14.68
Total	**1,310.94**	**5,649.99**

STANDALONE CASH FLOW STATEMENT

for the Year Ended 31st March 2023

4 Changes in liabilites arising from financing activities

(₹ in Lakhs)

Particulars	1st April, 2022	Cash Flow (Net)	Foreign Exchange movement	31st March, 2023
Current Borrowings	32,462.44	(11,798.64)	7.49	20,671.29
Non current Borrowings	-	-	-	-
Total	**32,462.44**	**(11,798.64)**	**7.49**	**20,671.29**

(₹ in Lakhs)

Particulars	1st April, 2021	Cash Flow (Net)/Borrowings transfered under the Scheme of Demerger	Foreign Exchange movement	31st March, 2022
Current Borrowings	-	32,462.44	-	32,462.44
Non current Borrowings	-	-	-	-
Total	**-**	**32,462.44**	**-**	**32,462.44**

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the Period Ended 31st March 2023

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

As at 31st March, 2021	25.00
Changes in equity share capital during the year 2021-22	-
As at 31st March, 2022	**25.00**
Share capital cancelled pursuant to scheme of Demerger	(25.00)
Issue of Shares Pursuant to Scheme of Demerger	4,531.30
As at 31st March, 2023	**4,531.30**

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Ratained Earnings	General Reserve	Securities premium	Capital Redemption Reserve	Other Comprehensive Income	Total Other Equity
Balance as at 31st March, 2021	(2.19)	-	-	-	-	(2.19)
Transferred On Account of Scheme of Arrangment	64,455.64	8,187.56	44,032.54	-	349.58	1,17,025.31
Issue of Shares pursuant to Scheme	(4,531.30)		-		-	(4,531.30)
Total Comprehensive Income for the year	-	-	-	-	706.86	706.86
Profit for the year	10,672.61	-	-	-	-	10,672.61
Dividend Paid	-	-	-	-		-
Balance as at 31st March, 2022	**70,594.77**	**8,187.56**	**44,032.54**	**-**	**1,056.44**	**1,23,871.30**
Share capital Cancellaiton on account of Scheme of Arrangment	-	-	-	25.00	-	25.00
Total Comprehensive Income for the year	-	-	-	-	70.02	70.02
Profit for the year	17,172.68	-	-	-	-	17,172.68
Dividend Paid	(1,812.51)	-	-	-	-	(1,812.51)
Balance as at 31st March, 2023	**85,954.94**	**8,187.56**	**44,032.54**	**25.00**	**1,126.46**	**1,39,326.50**

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date

For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

CORPORATE INFORMATION

AARTI PHARMALABS LIMITED ("the Company") is a Public Limited Company incorporated under the provisions of the Companies Act, 2013. During FY 2021-22, Company has changed its name from Aarti Organics limited to Aarti Pharmalabs limited and same is approved at ROC. Necessary changes has been incorporate in all places including MOA & AOA.The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and NationalStock Exchange of India Ltd (NSE). During FY 2021-22 Company has changed its Registered Office to Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi, District Valsad Gujarat – 396195 and same is approved at ROC. The Company is engaged in manufacturer of Active Pharmaceutical Ingredients (API), pharmaceutical intermediates, New Chemical Entities (NCE), and xanthine derivatives situated in India.

Explanatory Note on the Composite Scheme of Arrangement'

The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the Company" or "the demerged company") into its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company"), ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September, 2022 (and became effective upon filing of the same with ROC, Gujarat on 17 October, 2022).

Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e. from 1 July, 2021.

Details of Assets & Liabilities of Aarti Industries limited Demerged Pharma Undertaking Transferred to Company pursuant to scheme as at Appointed date is as below:

Particular	Amount (₹ in Crores)
Property, Plant and Equipment	789.69
Investments	32.71
Trade Receivable	256.89
Inventories	336.23
Other Current & Non-Current Assets (Incl. Cash & Cash Equivalents)	721.56
Total Assets	2,137.08
Trade Payables	(170.47)
Other Current & Non-Current Liabilities	(71.00)
Borrowings	(725.68)
Total Liability	(967.15)
Excess of Assets over Liabilities	1,169.94

SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION AND PRESENTATION:

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

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31 March, 2023, the Statement of Profit and Loss for the year ended 31 March 2023, the Statement of Cash Flows for the year ended 31 March 2023 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Financial Statements').

In addition, the financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest lakhs except when otherwise indicated.

(B) BASIS OF MEASUREMENT:

The financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

- Financial instruments – measured at fair value;
- Plan assets under defined benefit plans – measured at fair value
- In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values

attributable to the risks that are being hedged in effective hedge relationships.

(C) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS ASSUMPTIONS:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates according to the nature of the assumption and other circumstances. This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies

Estimates:

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

(D) CURRENT AND NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Balance sheet based on current/non-current classification, an asset is treated as current when it is:

i) Expected to be realized or intended to be sold or consumed in normal operating cycle, or

ii) Held primarily for the purpose of trading, or

iii) Expected to be realized within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(E) PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEPRECIATION/AMORTIZATION:

1. Property, Plant and Equipment (PPE)

PPEs held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less applicable accumulated depreciation/amortisation and accumulated impairment losses (if any).

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

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

PPE which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any PPE.

2. Intangible Assets

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

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

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

3. Depreciation/Amortization

Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Assets Class	Useful Life
Leasehold Land	Over the remaining of Lease
Building	Over a period of 19-31 years
Residential Quarters	Over a period of 30 years
Plant & Equipments	Over its useful as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
Computers	Over a period of 2.5 years
Office Equipment	Over a period of 5 years
Furniture & Fixtures	Over a period of 10 years
Vehicles	Over a period of 7 years
Intangible assets (including Product / Process Development)	Over a period of 5-7 years, except for those where the finite periods are provided for

4. Impairment

The Company assesses at each reporting that the carrying amounts of its property, plant and equipment, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(F) RESEARCH AND DEVELOPMENT:

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

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(G) INTANGIBLE ASSETS UNDER DEVELOPMENT:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

(H) VALUATION OF INVENTORIES:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores - At cost on weighted Average basis Or net realisable value whichever is lower. Cost and Spares and Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Work-in-Process - At cost plus appropriate allocation of overheads or net realisable value whichever is lower.

Finished Goods - At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made for obsolete and non-moving inventories. Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

(I) REVENUE RECOGNITION:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(i) Sale of goods:

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company recognizes net revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the Company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

Generally, In case of domestic sales, performance obligations are satisfied when the goods are

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for the Year Ended 31st March 2023

dispatched or delivery is handed over to transporter, revenue from export of goods is recognized at the time of Bill of lading or airway bill or any other similar document evidencing delivery thereof.

(ii) Interest Income:

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

(iii) Dividend income:

Revenue is recognized when the Company's right to receive the dividend is established, which is generally when shareholders approve the dividend.

(iv) Export benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(v) Government grants:

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them, application for the govenement grant is made and it is probable that the government grants will be received.

(J) FINANCIAL INSTRUMENTS

Recognition and initial measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Company classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

(a) Financial Assets measured at Amortised Cost:

A Financial Asset is measured at amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

Classification and Subsequent Measurement of Financial Liabilities:

(a) Financial liabilities measured at Fair Value Through Profit or Loss (FVTPL):

Financial liabilities are classified as FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL. Gains or Losses, including any interest expense on liabilities held for trading are recognised in the Statement of Profit and Loss.

(b) Other Financial liabilities:

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

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

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

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

Debt and Equity Instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Equity Investments

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

Investments in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

De-recognition of Financial Instruments:

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

A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing

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for the Year Ended 31st March 2023

financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

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

Impairment of Financial Assets

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and it is intended to either settle them on net basis or to realise the asset and settle the liability simultaneously.

Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative Financial Instruments:

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

Cash flow hedge

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The company risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 to 36 months. As per the risk management policy, appropriate foreign currency hedges are executed or undertaken to hedge forcasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately classified to statement of profit and loss.

(K) CASH AND CASH EQUIVALENTS:

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

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(L) PROVISIONS:

Provisions are recognized when the Company has a present obligation (legal and constructive) as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

(M) LEASE:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

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for the Year Ended 31st March 2023

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

(N) EMPLOYEE BENEFITS :

(a) Employee benefits:

All employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, etc. are recognised in the period in which the employee renders the related services.

(b) Post-employment benefits:

(i) **Defined Contribution Plan:**

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Employee Deposit Linked Insurance, and superannuation Schemes. The contribution paid/payable under these schemes is recognised during the period in which the employee renders the related services which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

(ii) **Defined Benefit Plan**

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

(O) FOREIGN CURRENCY TRANSACTIONS:

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Standalone Financial Statements of the Company are presented in Indian currency (₹), which is also the functional currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate as applicable in the period of such transaction. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting period are appropriately dealt in the financial statements in accordance with the applicable Indian Accounting standards.

(P) INCOME TAXES:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets are to be recovered. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will be available against which the deferred tax assets to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax (MAT) :

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(Q) BORROWING COSTS:

Borrowing costs, general or specific, that are attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(R) CONTINGENT LIABILITIES

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability

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for the Year Ended 31st March 2023

NOTE 1 - PROPERTY, PLANT AND EQUIPMENT (FY 2022- 23)

(₹ in Lakhs)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Particulars	**Balance as at 1st April, 2022**	**Addition**	**Deduction/ Adjustments**	**Balance as at 31st March, 2023**	**Balance as at 1st April, 2022**	**Depreciation charge for the year**	**Deduction/ Adjustments**	**Balance as at 31st March, 2023**	**Balance as at 31st March, 2023**	**Balance as at 31st March, 2022**
1	**Property, Plant and Equipment**										
I	**Tangible Assets**										
	Freehold Land	3,858.72	-	-	3,858.72	-	-	-	-	3,858.72	3,858.72
	Leasehold Land	2,173.98	-	-	2,173.98	173.21	21.71	-	194.92	1,979.06	2,000.77
	Buildings	11,601.95	3,533.86	-	15,135.81	3,977.06	697.91	-	4,674.98	10,460.83	7,624.89
	Plant and Machinery	86,283.78	16,610.79	-	1,02,894.58	30,595.48	4,555.36	-	35,150.84	67,743.74	55,688.30
	Furniture and Fixtures	645.38	30.38	-	675.76	316.08	48.75	-	364.83	310.92	329.30
	Office Equipments	214.55	6.27	-	220.83	130.59	23.15	-	153.75	67.08	83.96
	Computers, Printers	559.19	70.36	-	629.55	448.50	56.39	-	504.89	124.66	110.69
	Vehicles	343.21	53.33	-	396.54	194.34	39.56	-	233.89	162.65	148.87
	Total	**1,05,680.76**	**20,305.00**	**-**	**1,25,985.76**	**35,835.26**	**5,442.83**	**-**	**41,278.10**	**84,707.67**	**69,845.50**
II	**Right to Use Assets**										
	Buildings	588.05	-	-	588.05	344.30	130.00	-	474.30	113.75	243.75
	Total	**588.05**	**-**	**-**	**588.05**	**344.30**	**130.00**	**-**	**474.30**	**113.75**	**243.75**
III	**Intangible Assets**										
	IT software & Other Intangible Assets	3,802.32	-	-	3,802.32	3,779.81	4.43	-	3,784.23	18.09	22.52
	Total	**3,802.32**	**-**	**-**	**3,802.32**	**3,779.81**	**4.43**	**-**	**3,784.23**	**18.09**	**22.52**
IV	**Gross Total**	**1,10,071.13**	**20,305.00**	**-**	**1,30,376.13**	**39,959.37**	**5,577.26**	**-**	**45,536.63**	**84,839.51**	**70,111.77**
V	**CWIP - Tangible**	-	-	-	-	-	-	-	-	6,223.16	16,522.59
V	**CWIP - Intangible**	-	-	-	-	-	-	-	-	3,966.88	2,214.02

Notes

a. Transfer of Legal tittle of all the Lands transferred under the scheme of arrangements has been initiated and Same is under process as at balance sheet date

b. Company has not capitalised any Borrowing costs to the Property, Plant and Equipment

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress and Intangible Assets under development as at 31st March, 2023 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	3,782.60	2,440.56	-	-	6,223.16
Projects temporarily suspended	-	-	-	-	-
	3,782.60	**2,440.56**	**-**	**-**	**6,223.16**

Intangible Assets under development	Amount in Intangible Assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,752.86	2,214.02	-	-	3,966.88
Projects temporarily suspended	-	-	-	-	-
	1,752.86	**2,214.02**	**-**	**-**	**3,966.88**

c. **Notes**

(i) There were no material projects which have exceeded their original plan cost as at 31st March, 2023.

(ii) There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2023.

d. Competion of Capital Work-in-Progress and Intangible Assets under development as at 31st March, 2023 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	6,223.16	-	-	-	6,223.16
Projects temporarily suspended	-	-	-	-	-
	6,223.16	**-**	**-**	**-**	**6,223.16**

Intangible Assets under development	Amount in Intangible Assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	3,966.88	-	-	-	3,966.88
Projects temporarily suspended	-	-	-	-	-
	3,966.88	**-**	**-**	**-**	**3,966.88**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

NOTE 1 - PROPERTY, PLANT AND EQUIPMENT (FY 2021- 22)

(₹ in Lakhs)

		GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Particulars	Balance as at 1st April, 2021	Addition on Account of Scheme of Arrangment	Additions/ Adjustments	Deduction/ Adjustments	Balance as at 31st March, 2022	Balance as at 1st April, 2021	Addition on Account of Scheme of Arrangment	Depreciation charge for the year	Deduction/ Adjustments	Balance as at 31st March, 2022	Balance as at 31st March, 2022	Balance as at 31st March, 2021
1	**Property, Plant and Equipment**												
I	**Tangible Assets**												
	Freehold Land *	-	3,858.72	-	-	3,858.72	-	-	-	-	-	3,858.72	-
	Leasehold Land	-	1,890.83	283.16	-	2,173.98	-	149.99	23.22	-	173.21	2,000.77	-
	Buildings	-	10,183.13	1,418.82	-	11,601.95	-	3,541.06	436.00	-	3,977.06	7,624.89	-
	Plant and Machinery	-	77,778.54	8,505.24	-	86,283.78	-	27,428.67	3,166.80	-	30,595.48	55,688.30	-
	Furniture and Fixtures	-	642.47	2.91	-	645.38	-	273.99	42.09	-	316.08	329.30	-
	Office Equipments	-	189.46	25.10	-	214.55	-	114.29	16.30	-	130.59	83.96	-
	Computers, Printers	-	533.76	25.43	-	559.19	-	378.90	69.60	-	448.50	110.69	-
	Vehicles	-	314.08	29.13	-	343.21	-	184.79	9.55	-	194.34	148.87	-
	Total	**-**	**95,930.98**	**10,289.78**	**-**	1,05,680.76	**-**	**32,071.70**	**3,763.56**	-	35,835.26	**69,845.50**	**-**
II	**Right to Use Assets**												
	Buildings	-	440.88	147.17	-	588.05	-	244.96	99.34	-	344.30	243.75	-
	Total	-	**440.88**	**147.17**	**-**	**588.05**	**-**	**244.96**	**99.34**	**-**	**344.30**	**243.75**	**-**
III	**Intangible Assets**												
	IT software & Other Intangible Assets	-	3,783.76	18.56	-	3,802.32	-	3,773.41	6.40	-	3,779.81	22.52	-
	Total	**-**	**3,783.76**	**18.56**	**-**	3,802.32	**-**	**3,773.41**	**6.40**	-	3,779.81	**22.52**	**-**
IV	**Gross Total**	-	**99,615.61**	**10,455.52**	**-**	**1,10,071.13**	**-**	**36,090.07**	**3,869.30**	**-**	**39,959.37**	**70,111.77**	**-**
V	**CWIP - Tangible Assets**	-	15,448.62	-	-	-	-	-	-	-	-	16,522.59	-
VI	**CWIP - Intangible Assets**	-	-	-	-	-	-	-	-	-	-	2,214.02	-

Notes

a. Pursuant to the Scheme of Arrangement between Aarti Industries Limited, Aarti Pharmalabs Limited and their shareholders, the demerged Pharma Undertaking of Aarti Industries Limited is transferred to Aarti Pharmalabs Limited with effect from 1st of July 2021, being the Appointed Date. Property, Plant and Equipment transfered to Company are shown as addtion during the year on account of scheme of Arrangment.

b. Ind AS 103 - Business Combination requires that acquirer shall record all assets and liabilities aquired under business combinations at Fair Value. In Preparation of Financial Statements, Ind AS are complied by Aarti Industries Limited and hence assets and liabilites were already at Fair Value in the books of Demerged Company at the time of Demerger. Accordingly, the management has considered these book values as fair value for the purpose of recording of assets and liabilities in the books of the Company. The same is also in accordance with the Scheme of Arrangment approved by NCLT.

c. Company has not capitalised any Borrowing costs to the Fixed Assets

d. * Legal tittle of All the Property, Plant and Equipment transferrred under Demerger is under process of tranfer.

e. During Fy 2021-22, Dpreciation to the extent of ₹ 1.46 lakhs in respect of assets utilised for creation /generation of intangible assts are appropirately capitalised under applicatble intangible assets under developments under R&D

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	10,903.13	4,956.18	663.28	-	16,522.59
Projects temporarily suspended	-	-	-	-	-
	10,903.13	**4,956.18**	**663.28**	**-**	**16,522.59**

Intangible Assets under development	Amount in Intangible Assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,214.02	-	-	-	2,214.02
Projects temporarily suspended	-	-	-	-	-
	2,214.02	**-**	**-**	**-**	**2,214.02**

NOTE 2 - NON CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in Lakhs)

	Particulars	Face Value / unit (In ₹)	Number of Shares / Units	As at 31st March, 2023	As at 31st March, 2022
2.1	**Investments - (Unquoted) in Equity Shares of Subsidiary Companies (At cost)**				
	Aarti USA Inc.	$0.01	10000000	65.76	65.76
	Aarti Pharmachem Limited	10	250000	25.00	25.00
				90.76	**90.76**
	Investments - (Unquoted) in Equity Shares of Joint Control (At cost)				
	Ganesh Polychem Limited *	10	3098246	1260.86	1260.86
				1260.86	1260.86
	Total A			**1351.62**	**1351.62**
2.2	**Investments - (Unquoted) in Equity Shares of Other Companies (measured at FVTOCI)**				
	Dilesh Roadlines Private Limited	10	464550	1123.24	1041.34
	Aarti Ventures Limited *	10	454364	738.75	739.02
	Tarapur Environment Protection Society	100	10737	61.97	61.97
	Derma Touch Inc.		N.A.	425.52	425.52
				2349.48	**2267.85**
	Investments - (Unquoted) in Limited Liability Partnership (At cost)				
	Aarti Udyog Limited Liability Partnership		N.A.	566.19	367.33
				566.19	367.33
	Total B			**2915.67**	**2635.18**
	Total A + B		-	**4,267.29**	**3,986.80**

- *All Investments are transfered pursuant to the Scheme of Arrangment approved by NCLT to Aarti Pharmalabs Limited.*
  Invesment marked with "" has been transferred in favour of Aarti PharmaLabs Ltd and change of name for Other investments are in process.*

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

3 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Deposits	883.25	820.58
Total	**883.25**	**820.58**

4 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Capital Advance	249.43	-
Total	**249.43**	**-**

5 INVENTORIES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Raw Materials and Components	18,762.21	18,691.40
Work-in-progress	13,334.24	8,150.40
Finished Goods	21,190.05	17,251.57
Stores and spares	261.19	223.12
Fuel	44.26	22.32
Packing Materials	175.88	98.72
Total	**53,767.83**	**44,437.53**

**Method of Valuation is stated in note : (h) Valuation of Inventories in Significant Accouting Policies.*

**The Company has availed credit facilities from banks which are secured interalia by hypothecation of inventories.*

6 TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured and considered good	35,911.44	30,321.97
- Unsecured Doubtful Debts	-	-
- Provision for Doubtful Debts	250.00	100.00
Total	**36,161.44**	**30,421.97**

Note : Refer Note no 34 for Related Party Balances.

Ageing for Trade Receivables - Current Outstanding as on 31st March 2023

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	34,145.01	1,247.43	219.00	142.00	158.00	35,911.44
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	250.00	250.00
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which haver significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	34,145.01	**1,247.43**	**219.00**	**142.00**	**408.00**	**36,161.44**

Ageing for Trade Receivables - Current Outstanding as on 31st March 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	29,500.00	404.10	114.00	63.00	240.00	30,322.00
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	100.00	100.00
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which haver significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	29,500.00	**404.10**	**114.00**	**63.00**	**340.00**	**30,422.00**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

7 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Cash on Hand	9.16	4.69
Cash Equivalants investment in highly Liquid Funds	1,280.85	5,630.62
Balances with Banks	20.93	14.68
Total	**1,310.94**	**5,649.99**

8 OTHER BANK BALANCES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Earmarked balances (Unpaid Dividend account)	7.23	-
Total	**7.23**	**-**

9 LOANS & ADVANCES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Loan to Related Party	585.23	477.97
Total	**585.23**	**477.97**

Note: Refer Note no 34 for related party loans

10 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Balance with Tax Authorities	3,245.68	6,887.41
Other Receivable	101.19	112.98
Total	**3,346.87**	**7,000.39**

11 OTHER CURRENT ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Prepaid Expenses	211.67	392.99
Others Receivable	506.53	646.58
Total	**718.20**	**1,039.57**

Note:

In the opinion of the Board, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to amounts at which they are stated in the Balance Sheet.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

12 SHARE CAPITAL:

(₹ in Lakhs)

	No. of Shares	As at 31st March, 2023	No. of Shares	As at 31st March, 2022
Authorised Share Capital				
Equity Shares of ₹ 5/- each	10,00,00,000	5,000.00	-	-
Equity Shares of ₹ 10/- each	-	-	5,00,000	50.00
Issued, Subscribed & Fully paid up				
a Equity Shares of ₹ 5/- each	9,06,26,008	4,531.30	-	-
b Equity Shares of ₹ 10/- each Pending Cancellations	-	-	2,50,000	25.00
c Equity Shares of ₹ 5/- each pending Allotment upon Scheme of Arrangment	-	-	9,06,26,008	4,531.30
Total	**9,06,26,008**	**4,531.30**	**9,08,76,008**	**4,556.30**

12.1 - Pursuant to the Scheme of Arrangment, Aarti Pharmalabs Limited has issued to the Equity Shareholders of Aarti Industries Limited -For every 4 equity shares of Held in Aarti Industries Limited, 1 Equity Shares of Face Value ₹ 5 each of the Company

- Pursuant to Scheme of Arrangment Authorised share capital is Increased to 10,00,00,000 Shares of ₹ 5 Each for Issue of Shares to the Shareholders of Demerged Company Aarti Industries limited

12.2 Share Capital Cancancellation

- Before scheme of arrangment, Aarti Pharmalabs limited was incorporated as an 100% Subsidiary of Aarti Industries limited. As per the order of NCLT, upon scheme becoming effective, original share capital of ₹ 25 Lakhs stands automatically cancelled and reinstated to ₹ 4,531.30 lakhs by payment of applicable stamp duty and compliance of ROC formalities. As at Balance Sheet date, ROC formalities with respect to increase in authorised share capital, allotment of share capital and cancellation of existing share capital was duly executed as per ROC norms.

12.3 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
	No of Shares	No of Shares
Equity Shares at the beginning of the year	2,50,000	2,50,000
Add: Shares issued during the year Pursuant to the Scheme of Arrangement	9,06,26,008	-
Less: Shares Cancelled Pursuant to the Scheme of Arrangement	(2,50,000)	-
Equity Shares at the end of the year	**9,06,26,008**	**2,50,000**

12.4 Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares with voting rights having par value of ₹ 5 each post Scheme of Arranment is Effective and the holder of the equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

12.3 Dividend

Company declares & pay dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of shareholders in the ensuring Annual General Meeting, except in case of Interim Dividend, if any

During FY 2022-23, Company has paid to the Equity shareholders, dividend @ ₹ 2/- per share as an Interim dividend (previous year ₹ Nil)

12.4 Details of shareholders holding more than 5% shares:

There are no shareholders holding more than 5% of shares in this year (Previous year before scheme of arrangement company was 100% subsidiary of Aarti Industries Ltd)

12.5 The details of Equity Shares outstanding during last 5 years:

(₹ in Lakhs)

Particulars	Financial Years				
	2022-23	2021-22	2020-21	2019-20	2018-19
No. of equity Shares Outstanding	9,06,26,008	2,50,000	2,50,000	2,50,000	NA

12.6 Details of Shares held by promoters and promoter group

(₹ in Lakhs)

Particulars	As at 31st March, 2023	
	No of Shares	% of holding
Rashesh Chandrakant Gogri	38,34,404	4.23
Mirik Rajendra Gogri	27,93,094	3.08
Renil Rajendra Gogri	27,92,750	3.08
Hetal Gogri Gala	26,15,548	2.89
Jaya Chandrakant Gogri	24,49,637	2.70
Sarla Shantilal Shah	24,35,830	2.69
Rajendra Vallabhaji Gogri	14,25,900	1.57
Nehal Garewal	11,22,487	1.24
Nikhil Parimal Desai	7,68,754	0.85
Aarnav Rashesh Gogri	5,50,000	0.61
Aashay Rashesh Gogri	5,50,000	0.61
Manisha Rashesh Gogri	5,50,000	0.61
Bhavna Shah Lalka	5,13,941	0.57
Arti Rajendra Gogri	4,75,256	0.52
Parimal Hasmukhlal Desai	3,99,571	0.44
Ratanben Premji Gogri	3,37,807	0.37
Heena Bhatia	3,22,588	0.36
Rajendra Vallabhaji Gogri (Huf)	3,08,274	0.34
Shantilal Tejshi Shah Huf	2,78,881	0.31
Indira Madan Dedhia	1,82,250	0.20
Mananjay Singh Garewal	1,62,510	0.18
Chandrakant Vallabhaji Gogri	1,55,500	0.17
Monisha Bhatia	1,21,121	0.13
Shreya Suneja	1,12,500	0.12
Gunavanti Navin Shah	86,644	0.10

(₹ in Lakhs)

Particulars	As at 31st March, 2023	
	No of Shares	% of holding
Jayesh Shah	16,416	0.02
Prasadi Yogesh Banatwala	4,245	-
Pooja Renil Gogri	382	-
Saswat Trusteeship Private Limited	28,41,504	3.14
Gloire Trusteeship Services Private Limited	16,49,000	1.82
Relacion Trusteeship Services Private Limited	16,49,000	1.82
Alabhya Trusteeship Private Limited	13,08,496	1.44
Barclays Wealth Trustees India Private Limited	8,33,859	0.92
Barclays Wealth Trustees India Pvt Ltd	8,04,101	0.89
Relacion Trusteeship Services Private Limited	6,87,500	0.76
Gloire Trusteeship Services Private Limited	6,24,500	0.69
Anushakti Enterprise Private Limited	28,92,500	3.19
Safechem Enterprises Private Limited	14,63,000	1.61
Alchemie Financial Services Limited	6,73,006	0.74
Alchemie Finserv Pvt. Ltd.	2,64,105	0.29
Gogri Finserv Pvt. Ltd.	2,64,105	0.29
Nikhil Holdings Private Limited	1,80,891	0.20
Dilesh Roadlines Pvt Ltd	8,318	0.01
Valiant Organics Limited	7,500	0.01
Bhanu Pradip Savla	1,55,737	0.17
Tarla Parimal Desai	-	-
Total	**4,16,73,412**	**45.98**

Note: During the year Company has issued above equity shares to the promoter's pursument to the scheme of arrangements. (Previous year company was 100% subsidiary of demerged company Aarti Industries Limited).

13 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Retained Earnings / Profit & Loss Account		
As per last Balance Sheet	70,594.76	(2.19)
Addition :		
Balance transferred on account of scheme of arrangment	-	64,455.64
Profit / Loss for the year	17,172.68	10,672.61
Deduction:		
Less : Dividend Paid	(1,812.51)	-
Less : Toward Issue of Shares capital	-	(4,531.30)
Closing Balance	**85,954.93**	**70,594.76**
Securities Premium Account		
As per last Balance Sheet	44,032.54	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Addition:		
Balance transferred on account of scheme of arrangment	-	44,032.54
Closing Balance	**44,032.54**	**44,032.54**
Capital Redemption Reserve		
As per last Balance Sheet	-	-
Addition:		
Share capital Cancelled pursuant to scheme	25.00	-
Closing Balance	**25.00**	**-**
General Reserve		
As per last Balance Sheet	8,187.56	-
Addition:		
Balance transferred on account of scheme of arrangement	-	8,187.56
Closing Balance	**8,187.56**	**8,187.56**
Other Comprehensive Income		
As per last Balance Sheet	1,056.44	-
Addition:		
Balance transferred on account of scheme of arrangement	-	349.58
Movement in OCI (Net) During the Year	70.02	706.86
Closing Balance	1,126.46	1,056.44
Total	**1,39,326.50**	**1,23,871.30**

13.1 Pursuant to the scheme of arrangement approved by NCLT, Ahmedabad Bench, Excess of the Net Assets transfered over the face value of the New Securities to be allotted in accordance with the Scheme, shall be credited to same reserves as debited in the books of Aarti Industries Limited with adjustment for balance, if any, to Profit and Loss Account/Retained Earnings. Accordingly Reserves for Fy 2021-22 are created in the books of Account.

13.2 Nature of Reserve:

Security Premium: Securities premium account comprises of premium on issue of shares. Balance of securities premium as at Balance Sheet date represent amount transfered to the company pursument to the scheme.

General Reserve: General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income. Balance of General Reserve as at Balance Sheet date represent amount transfered to the company pursuant to the scheme.

Capital Redemption Reserve: This reserve comprises of amount on Equity share cancellation on account of Scheme of arrangement on Demerger. This reserve can be utilised in accordance with the provision of section 69 of the Companies Act, 2013.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

14 OTHER NON CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Lease Liability	53.19	153.23
Total	**53.19**	**153.23**

14a Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Lease Liability Current	44.48	124.44
Total	**44.48**	**124.44**

The movement in lease liabilities (Current & Non Current) is as follows:

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the begning	277.67	-
Additions during the year/Transfer pursuent to the scheme of arrangements	-	277.67
Deletion during the year	-	-
Finance Cost incurred during the year	-	-
Payment of Lease Liabilities	(180.00)	-
Balance at the end	**97.67**	**277.67**

15 DEFERRED TAX LIABILITY (NET)

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
At the start of the year	5,935.00	-
Transfered Pursuant to the Scheme of Arrangment	-	5,485.00
Charge/(credit) to the Statement of Profit and Loss	950.00	450.00
MAT Credit Entitlement	-	-
At the end of the year	**6,885.00**	**5,935.00**
Deferred Tax Asset:		
Items allowed for tax purpose on payment	781.00	-
Deferred Tax Liabilities:		
Transferred Pursuant to the Scheme of Arrangement	-	(5,485.00)
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	(7,666.00)	(450.00)
Net deffered Tax Assets/(Liabilities)	**(6,885.00)**	**(5,935.00)**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

16 BORROWINGS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
At Amortised Cost		
Secured - Working capital Loan From Banks	18,580.89	-
Unsecured - Working capital Loan to be repaid to Aarti Industries limited under scheme of Demerger arrangements	2,090.40	32,462.44
Total	**20,671.29**	**32,462.44**

16.1 Pursuant to the Scheme of Arrangement, common working capital borrowing was allocated to Aarti pharmalabs Limited in the ratio of value of Assets transfered in the scheme of arrangement to the total assets of Aarti Industries Limited prior to demerger. During the year almost all part of working capital loan was repaid and amount of ₹ 2090 lakhs was payable for loan disbursement pending.

16.2 Company has working capital limit santioned of ₹ 375 Crores from banks and has offered the following security - (i) First pari-passu hypothecation charge on all existing and future current assets/ of the Borrower under multiple banking arrangement, (ii) Second pari-passu charge on all existing and future movable fixed assets of the Borrower, to under multiple banking

16.3 There are no material differences between the quarterly statements of stock filed by the company with banks and the books of accounts.

16.4 The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

17 TRADE PAYABLES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Due to		
- Micro and Small Entereprises	1,265.46	2,114.38
- Other Than Micro and Small Entereprises	20,709.92	11,046.92
Total	**21,975.38**	**13,161.30**

There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Ageing for Trade Payables Outstanding as on 31st March 2023 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	1,265.46	-	-	-	1,265.46
(ii) Others	19,474.96	617.64	148.24	469.08	20,709.92
(iii) Disputed Dues – MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Total	**20,738.42**	**619.24**	**148.64**	**469.07**	**21,975.38**

**MSME as per Micro, Small and Medium Enterprises Development Act, 2006*

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Ageing for Trade Payables Outstanding as on 31st March 2022 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	2,114.38	-	-	-	2,114.38
(ii) Others	10,756.92	1.00	18.00	271.00	11,046.92
(iii) Disputed Dues – MSME	-	-	-	-	-
(iv) Disputed Dues – Others	-	-	-	-	-
Total	**12,854**	**11.00**	**25.00**	**271.00**	**13,161.30**

**MSME as per Micro, Small and Medium Enterprises Development Act, 2006*

18 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Other Current Liabilities	276.09	30.59
Provision for Employee Benefits	1,152.95	742.87
Total	**1,429.04**	**773.46**

19 CURRENT PROVISIONS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Other Provisions	1,121.43	895.70
Total	**1,121.43**	**895.70**

20 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Current Tax Liabilities (Net)	289.65	750.00
Total	**289.65**	**750.00**

21 REVENUE FROM OPERATIONS

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Local Sales	84,029.24	53,075.46
Export Sales	66,306.60	40,390.78
Sales of Products (Net of GST)	**1,50,335.84**	**93,466.24**
Other Operating Revenues (Refer Note No. 21.1)	788.94	635.85
Total Revenue	**1,51,124.78**	**94,102.10**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

21.1 Other Operating Revenues

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Export Benefits/Incentives Received	610.69	501.62
Scrap Sales	178.25	134.23
Total	**788.94**	**635.85**

22 OTHER INCOME

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Dividend Received	123.93	247.86
Profit on Sale of Assets/Investment	-	3.22
Other Income	4.20	0.16
Total	**128.13**	**251.24**

23 COST OF MATERIAL CONSUMED

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Consumption of Raw Material	78,204.92	48,374.37
Consumption of Packing Material	1,874.14	1,234.35
Consumption of Fuel	5,875.92	2,629.62
Consumption of Stores & Spares	3,990.09	2,780.45
Total	**89,945.07**	**55,018.79**

24 CHANGE IN INVENTORY

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

25 EMPLOYEE BENEFITS

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Salaries and Wages	10,950.27	7,314.01
Contribution to Provident and other Funds	770.33	379.29
Staff Welfare Expenses	495.41	305.13
Total	**12,216.01**	**7,998.43**

26 FINANCE COST

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Interest	1,940.05	1,133.89
Other Borrowing Costs	108.80	0.02
Total	**2,048.85**	**1,133.91**

27 DEPRECIATION

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Depreciation of Property, Plant and Equipment (Refer Note No.1)	5,577.26	3,723.30
Total	**5,577.26**	**3,723.30**

* During Fy 2021-22, Dpreciation to the extent of ₹ 1.46 lakhs in respect of assets utilised for creation /generation of intangible assts are appropirately capitalised under applicatble intangible assets under developments under R&D

28 OTHER EXPENSE

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Manufacturing Expenses		
Freight, Cartage & Transport	1,762.35	1,543.43
Power consumption	7,075.15	4,165.01
Water Charges	347.10	178.42
Processing Charges	891.41	604.20
Other Manufacturing Expenses	5,511.78	3,590.22
Repairs & Maintenance	3,198.28	1,992.78
Insurance Charges	823.94	619.89
Research & Development Expenses	1,396.05	716.36
Factory Administrative Expenses	1,371.52	757.24
Sub-Total (A)	**22,377.59**	**14,167.55**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Office Administrative Expenses		
Rent, Rates and Taxes	107.26	15.91
Travelling and Conveyance	136.10	42.15
Auditor's Remuneration (Refer Note 30)	14.01	0.42
Legal & Professional Charges	83.90	8.87
Postage, Telegraph & Telephone	0.99	0.21
Printing & Stationery Expenses	12.10	2.74
ROC & Other Filling Fees	30.95	-
Directors Sitting Fees	6.50	-
Other Administrative Expenses	261.72	4.36
Sub-Total (B)	**653.53**	**74.66**
Selling and Distribution Expenses		
Advertisement & Sales Promotion	512.90	31.47
Export Freight Expenses, Outward Freights	1,763.27	1,519.39
Commission on Sales	616.27	470.03
Export Insurance Charges	4.79	3.63
Sample Testing & Analysis Charges	34.81	42.99
Other Selling Expenses	209.47	4.23
Sub-Total (C)	**3,141.51**	**2,071.74**
Non-Operating Expenses		
Donations and CSR Expenses (Refer Note no 38 for CSR expense)	71.25	1.00
Loss on Sale of Assets / Bonds	38.93	-
Sub-Total (D)	**110.18**	**1.00**
Total (A+B+C+D)	**26,282.81**	**16,314.98**

29 EARNING PER SHARE (EPS)

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Face Value Per Equity Share (in ₹)	5.00	5.00
Basic Earnings Per Share (in ₹)	18.95	11.78
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	17,172.68	10,672.62
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Nos)	9,06,26,008	9,06,26,008
Diluted Earnings Per Share (in ₹)	18.95	11.78
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	17,172.68	10,672.62
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Nos)	9,06,26,008	9,06,26,008

Basic earnings per share has been computed by dividing the profit/loss for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share has been computed using weighted avearage number of shares dilutive potential shares, except where the results would be anit-dilutive.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

29.1 Pursuant to the Scheme of Arrangment approved by NCLT, Aarti Pharmalabs Limited has issued to the Equity Shareholders of Aarti Industries Limited -For every 4 equity shares of Held in Aarti Industries Limited, 1 Equity Shares of Face Value ₹ 5 each of the Company. The Company to allot 90626008 equity shares (1 Equity shares of Company for Every 4 Equity Shares held in Aarti Industries Limited). Existing Paid Capital of ₹ 25 lakhs is Cancelled pursuant to Scheme provision.

30 PAYMENT TO AUDITORS

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
a. Statutory Audit Fees	12.50	0.32
b. Certification Fees	1.25	0.10
c. Reimbursement of Expenses	0.26	-
Total	**14.01**	**0.42**

31 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
(i) Contingent Liabilities		
(a) Bank Guarantees	1.00	-
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	2,085.46	1,940.31
Total	**2,086.46**	**1,940.31**

32 RESEARCH & DEVELOPMENT ACTIVITIES:

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Revenue expenditure	1396.05	716.36
Capital expenditure (Incl of WIP)	3004.06	2111.91

33 SEGMENT REPORTING

The Company has identified only one segment i.e. Pharmeceuticals as reporting segment based on the information reviewed by Chief Operating Decision Maker (CODM).

34 RELATED PARTY DISCLOSURE UNDER ACCOUNTING STATNDARD (IND AS 24) ARE GIVEN BELOW:

A Relationship:

I Following are the Subsidiaries of the company

1. Aarti USA Inc
2. Aarti Pharmachem Limited

II Following are the Joint Ventures / Associates of the Company

1. Ganesh Polychem Limited

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

III Following are the Enterprises/Firms over which controlling individual / Key Managerment Personnel of the company along with their relatives, have signaficant influence

1. Aarti Industries Limited
2. Valiant Organics Limited
3. Pinnacle Life Science Private Limited
4. Valiant Laboratories Limited
5. Aanvi speciality Chemicals
6. Aarti Drugs Limited
7. Aarti Ventures Limited
8. Alchemie Speciality Chemicals Private Limited
9. Alchemie Finechem Private Limited (formerly known as Alchemie Laboratories)
10. Alchemie Gases & Chemicals Private Limited
11. Alchemie Dye Chem Private Limited

IV Followng are the individuals who with their relatives own Directly/Indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel

1.	Smt Hetal Gogri Gala	Director
2.	Shri Narendra J Salvi	Director
3.	Shri Rajendra V Gogri	Director
4	Shri Rashesh C Gogri	Director
5.	Shri Parimal H Desai	Director
6.	Chandrakant V Gogri	Relatives of Director
7.	Jaya C Gogri	Relatives of Director
8.	Arti R Gogri	Relatives of Director
9.	Manisha R Gogri	Relatives of Director

V Key Management Personnel (KMP)

1.	Smt Hetal Gogri Gala	Vice Chairperson & Managing Director
2.	Shri Narendra J Salvi	Managing Director
3.	Shri Piyush Lakhani	Chief Financial officer
4.	Shri Nikhil Natu	Company Secretary

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

B Details related to parties refered in I, II & III

(₹ in Lakhs)

Name of related party	Nature of transaction	As at 31st March 2023	As at 31st March 2022
Aarti USA INC	Sale of Goods & services	317.34	112.71
Ganesh Polychem Limited	Purchase of Goods	22.73	85.73
	Sale of Goods & services	681.71	298.93
Aarti Drugs Limited	Purchase of Goods	1.94	6.06
	Sale of Goods & services	291.49	409.84
Aanvi speciality Chemicals	Purchase of Goods	67.87	79.45
	Sale of Goods & services	20.99	-
Pinnacle Lifescience Private Limited	Sale of Goods & services	13.83	18.04
Valiant Organics Limited	Purchase of Goods	247.95	3.00
	Sale of Goods & services	1,121.92	39.40
Valiant Laboratories Limited	Sale of Goods & services	514.37	130.92
Aarti industries Limited	Purchase of Goods	13,261.14	4,576.34
	Sale of Goods & services	7,220.13	4,657.69
	Reimbursement of expenses	35.00	-
Alchemie Finechem Private Limited	Purchase of Goods	-	1.29
Alchemie Gases & Chemicals Private Limited	Purchase of Goods	23.17	34.94
Alchemie Speciality Chemicals	Purchase of Goods	-	19.23
Aarti Venture Limited	Loan given during the year	107.26	-
	Interest received during the year	51.35	-

(₹ in Lakhs)

Name of related party	Closing Balance	As at 31st March 2023	As at 31st March 2022
Aarti USA INC	Trade Receivables	517.95	1,261.92
	Trade Payables	-	-
Ganesh Polychem Limited	Trade Receivables	461.05	-
	Trade Payables	29.65	-
Aarti Drugs Limited	Trade Receivables	105.37	99.49
	Trade Payables	2.90	-
Aanvi speciality Chemicals	Trade Payables	10.87	7.11
Pinnacle Lifescience Private Limited	Trade Receivables	-	0.35
	Trade Payables	5.74	-
Valiant Organics Limited	Trade Receivables	1,276.38	10.95
	Trade Payables	596.75	-
Valiant Laboratories Limited	Trade Receivables	228.97	74.10
	Trade Payables	62.18	17.14

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

(₹ in Lakhs)

Name of related party	Closing Balance	As at 31st March 2023	As at 31st March 2022
Aarti industries Limited	Trade Payables	473.00	2,115.00
	Loans received	2,171.00	32,462.44
Alchemie Finechem Private Limited	Trade Payables	722.56	-
Alchemie Gases & Chemicals Private Limited	Trade Receivables	3.95	-
	Trade Payables	1.08	30.25
Alchemie Speciality Chemicals	Trade Receivables	0.39	0.39
	Trade Payables	1.18	1.18
Aarti Venture Limited	Loan given	585.23	477.97
	Interest receivable	46.21	-

C Details relating to persons referred to in item V above*

(₹ in Lakhs)

Particulars	Finanical year 2022-23	Finanical year 2021-22
a. Remuneration including Perquisite	176.00	132.06
b. Commission to Director	699.00	413.83

** Excluding the payment made to Independent Director & Relatives to Director as per IND AS 110 interpretation issued by The Institute of Chartered Accountants*

35 AS PER INDIAN ACCOUNTING STANDARD 19 - "EMPLOYEE BENEFITS", THE DISCLOSURES AS DEFINED ARE GIVEN BELOW:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2022-23
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation	
Defined Benefit Obligation at beginning of the Year	1,049.59
Current Service Cost	141.19
Interest Cost	75.89
(Benefit Paid From the Fund)	(28.95)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(29.25)
Actuarial (Gains)/Losses on Obligations - Due to Experience	89.46
Defined Benefit Obligation at year end	1,297.93
b. Reconciliation of opening and closing balances fair value of plan assets	
Fair value of plan assets at beginning of the year	978.99
Interest Income	70.78
Contributions by the Employer	133.40
(Benefit Paid from the Fund)	(28.95)
Return on Plan Assets, Excluding Interest Income	(0.36)
Fair Value of Plan Assets at the End of the Period	1,153.86

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

(₹ in Lakhs)

	Particulars	Gratuity (funded) 2022-23
c.	**Reconciliation of fair value of assets and obligations**	
	Fair value of plan assets	1,153.86
	Present value of obligation	(1,297.93)
	Fund Status (Surplus / Deficit)	(144.07)
	Amount Recognized in Balance Sheet	(144.07)
d.	**Expenses recognized in the statement of Profit or Loss for Current Period**	
	Current Service Cost	141.19
	Net Interest Cost	5.10
	Interest Income	-
	Expected return on plan assets	-
	Actuarial(gain)/ loss	-
	Net Cost	146
e.	**Expenses recognized in Other Comprehensive Income for Current Period**	
	Actuarial(gain)/ loss	60.21
	Expected return on plan assets	0.36
	Net Cost	60.57
f.	**Expenses recognized in the statement of Profit or Loss for Next Year**	
	Current Service Cost	158.15
	Net Interest Cost	10.83
	Net Cost	168.98

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

g.	**Investment Details**	100% Invested
	L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.
h.	**Actuarial assumptions**	2012-14
	Mortality Table (L.I.C.)	(Urban)
	Discount rate (per annum)	7.52%
	Expected rate of return on plan assets (per annum)	7.52%
	Rate of escalation in Salary (per annum)	5%
	Rate of employee turnover	5% for all service group

Data related to Gratuity valuation as per IND AS is provided for current year 2022-23 only. Previous year data relates to period of demerger, for which sepearate acturual valuation was not obtained.

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

Leave Encashment liability amounting to ₹ 654.30 lakhs (Previous Year - ₹ 512.72 lakhs) has been provided in the Books of Accounts.

36 DERIVATIVES AND FORWARD CONTRACT INSTRUMENT

The Company uses Forward Exchange Contract to hedge against its Foreign Exchange exposures relating to underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for Trading or Speculative purposes.

During the Year Company had hedged in aggregate an amount of ₹ 5063.02 lakhs out of its annual trade related operations (Exports & Imports) (previous year: Nil).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

37 ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013

(₹ in Lakhs)

		As at 31st March 2023	As at 31st March 2022
A.	**Details of Raw Material Consumption:**		
	Cyano Acetic Acid	10,630.01	7,658.34
	Acetic anhydride	4,295.13	5,567.69
	Alpha Hydroxy Prednisolone	1,337.93	1,588.10
	Formic Acid	1,412.31	1,569.09
	L Serine	2,011.73	1,371.71
	Sulphur	4,056.73	3,172.07
	Methanol	3,821.61	3,145.34
	Coal	3,341.87	2,210.05
	5% Palludium	3,252.81	2,267.10
	Other	44,044.79	19,824.88
	Total	**78,204.92**	**48,374.37**
B.	**Sales of Products:**		
	Pharmacetuical API, API Intermediate, Nutraceuticals	1,50,335.84	93,466.24
	Other	788.94	635.85
	Total	**1,51,124.78**	**94,102.09**
C.	**Value and percentage of Raw Materials and Stores and Spares consumed:**		
	Raw Material		
	Indigenous	56,619.77	32,323.33
		72.40%	66.82%
	Imported	21,585.15	16,051.04
		27.60%	33.18%
	Total	**78,204.92**	**48,374.37**
	Stores and Spares		
	Indigenous	3,987.01	2,778.54
		99.92%	99.93%
	Imported	3.08	1.91
		0.08%	0.07%
	Total	**3,990.09**	**2,780.45**
	Fuel		
	Indigenous	5,866.94	2,629.62
		99.85%	100.00%
	Imported	8.98	-
		0.15%	0.00%
	Total	**5,875.92**	**2,629.62**
D.	**C. I. F. Value of Imports**		
	Capital Goods	63.67	146.38
	Raw Materials	19,592.04	15,282.54
	Stores and Spares	1.56	2.05
	Total	**19,657.27**	**15,430.97**
E.	**Expenditure in Foreign Currency**		
	Commission on Export Sales	538.86	375.61
	Import of Goods for Resale	-	-
	Other Expenses	410.24	24.47
	Total	**949.10**	**400.08**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

(₹ in Lakhs)

		As at 31st March 2023	As at 31st March 2022
F.	Earnings in Foreign Currency		
	F.O.B. Value of Export Sales	62,313.26	47,057.49
	Total	**62,313.26**	**47,057.49**

38 CORPORATE SOCIAL RESPONSIBILITY

The aggregate amount of expenditure incurred during the year on Corporate Social Responsibility (CSR) is ₹ 65 lakhs and is shown seperatly under note no 28 based on Guidance Note on Accounting for Expenditure on CSR Activites issued by the ICAI.

(₹ in Lakhs)

Particulars	2022-23	2021-22
a. Amount required to be spent by the company during the year	56.54	-
b. Amount approved by the Board to be spent during the year	56.54	-
c. Amount of expenditure incurred during the year :		
(i) Educational and skill developments	41.76	-
(ii) Tribal Welfare & Rural Development	20.00	-
(iii) Healthcare initiative	1.24	-
(iv) Others	2.00	-
Total CSR expenses incurred	65.00	-
Brought forward excess spending from previous years	-	
d. Excess spending carried forward to subsequent year	(8.46)	-
e. Total of previous year shortfall	-	-

Note:

i) The Company does not have any ongoing projects as at March 31, 2023

ii) The Company has elected not to carry forward any excess amount spent during the year

39 RECONCILIATION OF EFFECTIVE TAX RATE

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Profit before tax	23,335.54	13,372.62
Current year tax	(5,212.86)	(2,250.00)
Deferred Tax	(950.00)	(450.00)
Profit After Tax	17,172.68	10,672.62
Tax using the Company Concessional Domestic tax rate @ 25.168%	5,873.00	3,366.00
Tax effect on deductible and non reversible expenses	(31.00)	-
Effect of Depreciation under Income Tax	(1,011.00)	(1,370.00)
Others Deductible Expenses/ Non Deductible Expenses	381.86	254.00
	5,212.86	2,250.00
Effective tax rate	22.34%	16.83%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

40 FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Lakhs)

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	1,917.81			1,718.95		
Trade Receivables	36,161.44			30,421.97		
Cash and Cash Equivalents	1,318.17			5,649.99		
Other Financial Assets	883.25			820.58		
At FVTOCI						
Investments	487.49		1,861.99	487.49		1,780.36
Financial Liabilities						
At Amortised Cost						
Borrowings	20,671.29			32,462.44		
Trade Payables	21,975.38			13,161.30		
Other Non Current Liabilities	53.19			153.23		
Other Current Financial Liabilities	2,550.47			1,669.16		

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

41 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Gross Debts	20,671.29	32,462.44
Less : Cash and Marketable Securities	1,310.94	5,649.99
Net Debt (A)	19,360.35	26,812.45
Total Equity (B)	1,43,857.80	1,28,427.60
Net Gearing Ratio (A/B)	0.13	0.21

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

42 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks

I Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments.

Credit risk Management

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

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

II Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities

a) Liquidity Risk Management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior anagement. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2023

Maturities of non derivative financial Liabilities

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payable	21,975.38	-	-	21,975.38
Other financial Liability	1,429.04	-	-	1,429.04
Borrowings	20,671.29	-	-	20,671.29
Total	**44,075.71**	**-**	**-**	**44,075.71**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

As at 31st March 2022

Maturities of non derivative financial Liabilities

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payable	13,161.30	-	-	13,161.30
Other financial Liability	773.46	-	-	773.46
Borrowings	32,462.44	-	-	32,462.44
Total	**46,397.20**	**-**	**-**	**46,397.20**

III Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include borrowings, investment in securities, Loan given, trade receivables and trade payable.

IV Foreign Currency Risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

V Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

43 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Ratio Analysis

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance
a) Current Ratiio	Current Assets	Current Liabilties	2.11	1.85	13.95%
b) Debt-Equity Ratio	Non-current borrowings + Current borrowings	Shareholder's Equity	0.14	0.25	-43.14%
c) Debt Service Coverage Ratio	Earnings available for debt service (Net Profit after taxes+Depreciation and Amortization Expense+ Finance Cost)	Debt Service (Finance cost for the year + Principal repayment of long-term debt liabilities within one year)	12.10	13.70	-11.64%
d) (i) Return on Equity Ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.13	0.09	45.05%
d) (ii) Adjusted Return on Equity Ratio *	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.13	0.12	8.79%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance
e) (i) Inventory Turnover Ratio	Cost of material consumed (Cost of materials consumed +Purchases of stock-in-trade + Changes in inventories of finished goods, stock-intrade, work-in-progress and property under development)	Average Inventory	2.73	2.18	25.26%
e) (ii) Adjusted Inventory Turnover Ratio*	Cost of material consumed (Cost of materials consumed +Purchases of stock-in-trade + Changes in inventories of finished goods, stock-intrade, work-in-progress and property under development)	Average Inventory	2.73	2.91	-6.05%
f)(i) Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	4.54	3.09	46.75%
f)(ii) Adjusted Trade Receivables Turnover Ratio*	Net Credit Sales	Average Accounts Receivable	4.54	4.12	10.06%
g)(i) Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payable	4.66	3.94	18.27%
g)(ii) Adjusted Trade Payable Turnover Ratio*	Net Credit Purchases	Average Trade Payable	4.66	5.25	-11.30%
h)(i) Net Capital Turnover Ratio	Net Sales	Average Working capital (Current Assets - Current Liabilities)	3.31	2.30	43.86%
h)(ii) Adjusted Net Capital Turnover Ratio*	Net Sales	Average Working capital (Current Assets - Current Liabilities)	3.31	3.07	7.90%
i) Net Profit Ratio	Net Profit	Net Sales	0.11	0.11	0.19%
j)(i) Return on Capital Employed	Earning before interest and taxes	Capital Employed (Tangible net worth and total borrowings)	0.16	0.10	54.61%
j)(ii) Adjusted Return on Capital Employed *	Earning before interest and taxes	Capital Employed (Tangible net worth and total borrowings)	0.16	0.14	15.96%
k)(i) Return of Investment	Earning before interest and taxes	Average Total Assets	0.13	0.08	68.69%
k)(ii) Adjusted Return of Investment *	Earning before interest and taxes	Average Total Assets	0.13	0.11	26.51%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Notes for Ratio:

a. Debt equity ratio declined due to debt repayment from internal accruals.

b. Inventory turnover ratio increased due to increase in cost of materials consumed in proportion to increase in sales.

c. Due to execution of NCLT order under scheme of demerger, figures for previous year under Profit and Loss acocunt represent profit & loss account for period of 9 months, as compared to currenty year period of 12 months, thus ratio having components of Profit and Loss are non comparable.

** Previous year figures are realligned for 12 months, in order to arrive at the ratio for analysis and comparitive purposes.*

d. Ratio of Return on capital employed and investment ratio has shown upward trend due to increase in Profit and decrease in borrowings.

44 OTHER DISCLOSURES

a Details of Benami Property Held

The company does not hold any benami property as defined under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder. No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

b Relationship With Struck off Companies

The Company has no transactions/balance with struck off companies under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

c Willful Defaulter

The Company has not been declared a willful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India

d Registration Of Charges Or Satisfaction With Registrar Of Companies

The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

e Details Of Crypto Currency Or Virtual Currency

The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

f The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

g The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

h Undisclosed Income

The Company has not had any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

i Borrowings Obtained on the Basis of Security of Current Assets

For the borrowings secured against current assets, the company has filed Quarterly statements of current assets with the banks and the same are in agreement with the books of accounts.

j Utilisation of Borrowed Funds and Share Premium

As on March 31, 2023 there is no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.

k Revaluation Of Property, Plant And Equipment And Intangible Assets

The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

l Compliance With Number of Layers of Companies

The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017

m Scheme of Arrangement

Where the Scheme of Arrangements has been approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act 2013, The company shall disclose that the effecrt of such Scheme of Arrangemnets have been accounted for in the books of account of the Company in accordance with the Scheme and in accordance with accounting standards and any deviation in this regard shall be explained.

n Events after the reporting period

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

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on 12th May, 2023 there were no material subsequent events to be recognized or reported that are not already disclosed.

o Standards Notified But Not Yet Effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, as and when they become effective.

The Ministry of Corporate affairs (MCA) has notified certain amendments to Ind AS, through Companies (Indian Accounting Standards) Amendment Rules, 2023 on 31st March, 2023. The amendments have been made in the following standards:

i. Ind AS 1: Presentation of Financial Statements is amended to replace the term “significant accounting policies” with “material accounting policy information” and providing guidance relating to immaterial transactions, disclosure of entity specific transactions and more.

ii. Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors to include the definition of accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

iii. Ind AS 12: Income Taxes relating to initial recognition exemption of deferred tax related to assets and liabilities arising from a single transaction.

iv. Other Amendments in Ind AS 102 – Share based Payments, Ind AS 103 – Business Combinations, Ind AS 109 – Financial Instruments, Ind AS 115 – Revenue from Contracts with Customers which are mainly editorial in nature in order to provide better clarification of the respective Ind AS's.

v. These amendments shall come into force with effect from April 01, 2023. The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments,,if applicable, from applicability date.

45 The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

INDEPENDENT AUDITORS' REPORT

To the Members
Aarti Pharmalabs Limited
Report on the Audit of the Consolidated Financial Statements

OPINION

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

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

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

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and,

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

I. Comparative Audited Consolidated Financial Statements

The comparative audited Consolidated Financial statements for the year ended 31st March 2022 (comprising of pharma business undertaking for the period 1 July 2021 (Appointed date) to 31 March 2022 and investment in subsidiaries and joint controlled entity received by the Holding Company as per scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountant of Aarti Industries Limited ("Demerged Company") whose annual auditors report on demerged company Consolidated Financial statements dated 27 May 2022 had expressed an unmodified opinion on financial statements.

Our opinion is not modified in respect of above matter.

II. Effect of Scheme of Arrangement

a) The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the demerged company") to its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company" or "the Holding Company") between the two companies and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 ('Act') and all other applicable provisions of the Companies Act, 2013 ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September 2022. Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the Company from its Appointed Date i.e. from 1 July 2021. Pursuant to demerger, investments in subsidiaries, namely, Aarti USA, Inc, Aarti Pharmachem Limited and investment in joint controlled entity namely, Ganesh Polychem Limited was transferred to the Holding Company. Further investment of Demerged

Company in Aarti Pharmalabs Limited (earlier known as Aarti Organics Limited) is cancelled and as a result no longer remains subsidiary of the demerged company.

b) Pending receipt of the NCLT Order approving scheme of arrangement, consolidated financial statements of the demerged company (before giving effect to scheme of arrangement) for the year ended 31 March 2022 were approved by the Board of Directors of demerged company in their meeting held on 27 May 2022 and audited by erstwhile statutory auditors (refer para I above). Subsequently, the same were approved by their shareholders in the general meeting held on 26 September 2022.

c) We, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company to fill casual vacancy caused due to resignation of Jatin Vora & Associates, Chartered Accountants, through resolution passed by shareholders of the Company through postal ballot on 10 January 2023.

d) The management of the Company approached us to perform agreed upon procedures on Consolidated Financial statements prepared to give effect to scheme of arrangement. Accordingly, we have performed agreed upon procedures as per Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India and we report that as follows.

- Consolidated Financial Statements prepared by the management of the Holding Company (comprising of pharma business undertaking along with investment in subsidiaries and joint controlled entity received as part of scheme of arrangement) for period 1 July 2021 to year ended 31 March 2022 is as per accounting treatment and information mentioned in the scheme.
- It is drawn from Consolidated financial statements prepared and audited by erstwhile statutory auditors of Demerged Company as mentioned in I above.
- It is extracted from the books of accounts maintained by the Demerged Company having records/information maintained for pharma business undertaking and speciality chemical business.

III. Financial Statements of Subsidiaries/Jointly Controlled Entity not audited by us.

The Consolidated Financial Statements include the audited Financial Statements of 2 subsidiaries (including 1 foreign subsidiary) and 1 jointly controlled entity whose financial statements reflect total assets of ₹ 28,863 Lakhs (before consolidation adjustments) as at 31 March 2023 and total revenues of ₹ 44,108 Lakhs (before consolidation adjustments), total net profit after tax of ₹ 2,177 Lakhs (before consolidation adjustments), total comprehensive income of ₹ 1,902 Lakhs (before consolidation adjustments) and cash outflows (net) of ₹ 1,498 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion is not modified in respect of above matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements.

   b. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid Consolidated Financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023, taken on record by the Board of Directors of the Holding Company and reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Group.

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

(i) The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements. (Refer Note no 32 to Consolidated Financial Statements)

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

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled entity incorporated in India.

(iv) (a) The respective management of holding company and its subsidiaries and jointly controlled entity which are the companies incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and jointly controlled entity respectively that, to the best of its knowledge and belief, as disclosed in Note no. 39 to the Consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and jointly controlled entity to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries and jointly controlled entity ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding company and its subsidiaries and jointly controlled entity which are the companies incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and jointly controlled entity respectively that, to the best of their knowledge and belief, as disclosed in Note no. 39 to the Consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiaries and jointly controlled entity from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any such subsidiaries and jointly controlled entity shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and jointly controlled entity which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the management of the Holding Company in this regard nothing has come to our or other auditors' notice that has caused us or other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under iv(a) and iv(b) above, contain any material misstatement.

(v) On the basis of our verification and on consideration of the reports of the statutory auditors of subsidiaries and jointly controlled entity that are Indian companies under the Act, the Interim dividend declared and paid by the Holding Company and jointly controlled entity during the year and until the date of this report is in accordance with section 123 of the Act. Its subsidiaries have neither declared nor paid any dividend during the year.

The Board of Directors of the Holding Company has not proposed final dividend for the FY 2022-2023.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Holding Company and its subsidiaries and jointly controlled entity with effect from April 1, 2023 and accordingly reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. In our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

OPINION

We have audited the internal financial controls with reference to Consolidated financial statements of Aarti Pharmalabs Limited (hereinafter referred to as "the Holding Company") and its subsidiaries and jointly controlled entity (together referred to as "the Group") as on March 31, 2023, in conjunction with our audit of the Consolidated financial statements of the Group for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiaries and jointly controlled entity have, in all material respects, an adequate internal financial and such internal financial controls with reference to consolidated financial statements were operating effectively as on 31 March 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiaries and jointly controlled entity are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the policies of the Holding Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls of with respect to consolidated financial statements of the Holding Company, its subsidiary companies and jointly controlled entity, which are incorporated in India, based on our audit. We conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements include obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Holding Company's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Holding Company's internal financial control with reference to

Consolidated Financial Statements include those policies and procedures that;

1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company;

2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorisations of management and directors of the Holding Company; and

3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the Consolidated Financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to financial statements of subsidiary companies, to the extent applicable, is based on the corresponding reports of the auditors of such company

Our opinion is not modified in respect of this matter.

For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Chinmaya Deval
Partner
Membership Number: 148652
UDIN: 23148652BGSVBY9510

Place: Mumbai
Date: May 12, 2023

CONSOLIDATED BALANCE SHEET

as at 31st March, 2023

(₹ in Lakhs)

		Particulars	Note No.	As at 31st March, 2023	As at 31st March 2022
A	**ASSETS**				
1	**Non-Current Assets**				
	(a)	Property, Plant and Equipment	1	92,273.69	77,765.06
	(b)	Capital Work-in-Progress	1	6,220.37	16,522.59
	(c)	Right to use Assets	1	113.75	243.75
	(d)	Goodwill	1	178.06	178.06
	(e)	Other Intangible Assets	1	18.09	22.52
	(f)	Intangible Assets Under Developments	1	3,966.88	2,214.02
	(g)	Financial Assets			
		(a) Other Investments	2	3,552.49	3,222.55
		(b) Other Financial Assets	3	943.81	858.42
	(h)	Other Non-Current Assets	4	249.43	148.27
	Total Non-Current Assets			**1,07,516.56**	**1,01,175.22**
2	**Current Assets**				
	(a)	Inventories	5	60,204.10	47,545.22
	(b)	Financial Assets			
		(i) Investments	2 (a)	3,818.16	-
		(ii) Trade Receivables	6	44,004.97	37,665.71
		(iii) Cash and Cash Equivalents	7	2,492.97	8,327.34
		(iv) Bank Balance Other than (iii) above	7a	7.23	-
		(v) Loans	8	710.26	613.81
		(vi) Other Financial Assets	9	3,580.88	7,701.89
	(c)	Other Current Assets	10	757.59	960.77
	Total Current Assets			**1,15,576.16**	**1,02,814.74**
	TOTAL ASSETS			**2,23,092.72**	**2,03,989.96**
B	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a)	Equity Share Capital	11	4,531.30	25.00
	(b)	Equity Share Capital pending allotment upon scheme of arrangment	11	-	4,531.30
	(c)	Other Equity	12	1,51,317.36	1,34,091.50
	Total Equity			**1,55,848.66**	**1,38,647.80**
2	**LIABILITIES**				
	Non-Current Liabilities				
	(a)	Financial Liabilities			
		(i) Borrowings	13	18.35	55.45
		(ii) Lease Liabilities	14	53.19	153.23
		(iii) Provisions	15	131.96	-
	(b)	Deferred Tax Liabilities (Net)	16	7,883.76	7,066.99
	Total Non-Current Liabilities			**8,087.26**	**7,275.67**
	Current Liabilities				
	(a)	Financial Liabilities			
		(i) Borrowings	17	21,378.17	33,772.75
		(ii) Lease Liabilities	14a	44.48	124.44
		(iii) Trade Payables Due to			
		- Micro and Small Entereprises	18	1,265.46	2,114.38
		- Other Than Micro and Small Entereprises	18	33,410.37	19,344.39
		(iv) Others Financial Liabilities	19	1,647.24	1,064.83
	(b)	Provisions	20	1,121.43	895.70
	(c)	Current Tax Liabilities (Net)	21	289.65	750.00
	Total Current Liabilities			**59,156.80**	**58,066.49**
	Total Liabilities			**67,244.06**	**65,342.16**
	TOTAL EQUITY AND LIBILITIES			**2,23,092.72**	**2,03,989.96**
	Significant Accounting Policie				
	Accompanying Notes to the Financial Statements		**1-40**		

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the Year Ended 31st March, 2023

(₹ in Lakhs)

	Particulars	Note No.	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
I	Revenue from Operations	22	1,94,523.28	1,19,994.31
II	Other Income	23	231.76	251.33
III	**Total Income (I+II)**		**1,94,755.04**	**1,20,245.64**
IV	**EXPENSES**			
	(a) Cost of Materials Consumed	24	1,01,430.33	61,124.15
	(b) Purchase of Stock In trade		28,081.64	16,291.50
	(c) Changes in inventories of finished goods, Work-in-progress and Stock-in-Trade	25	(12,536.46)	(4,904.72)
	(d) Employee Benefits Expense	26	12,968.88	8,520.30
	(e) Finance Costs	27	2,105.17	1,195.87
	(f) Depreciation / Amortisation Expenses	28	6,254.27	4,211.86
	(g) Other Expenses	29	30,373.74	18,268.64
	Total Expenses (IV)		**1,68,677.57**	**1,04,707.60**
V	**Profit before Exceptional Items and Tax (III-IV)**		**26,077.47**	**15,538.04**
VI	Exceptional Items		-	-
V	**Profit before Tax (III-IV)**		**26,077.47**	**15,538.04**
VI	**TAX EXPENSE**			
	Current Tax		5,911.36	2,732.50
	MAT Credit Entitlement		-	112.50
	Deferred Tax		816.77	467.93
	Total Tax Expenses		**6,728.13**	**3,312.93**
VII	**Profit for the year (V-VI)**		**19,349.34**	**12,225.11**
VIII	**OTHER COMPREHENSIVE INCOME**			
	a. Items that will be reclassified to Statement of Profit and Loss			
	- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		(70.02)	706.86
	- Foregin Subsidiary Translation Reserve		(274.72)	-
	b. Items that will not be reclassified to Statement of Profit and Loss		-	-
	Other Comprehensive Income (Net of Tax)		**(344.74)**	**706.86**
IX	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)**		**19,004.60**	**12,931.97**
X	**Earnings Per Equity Share of Face Value of ₹ 5/- Each (EPS) (in ₹)**	30		
	Basic		21.35	13.49
	Diluted		21.35	13.49
	Significant Accounting Policies			
	Accompanying Notes to the Financial Statements	1-40		

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended 31st March 2023

(₹ in Lakhs)

Sr. No.	Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	26,077.45	15,538.04
	Adjusted for:		
	- Finance Costs	2,105.17	1,195.88
	- Depreciation/Amortisation	6,254.27	4,211.86
	Consolidated Adjustments	-	85.72
	- Dividend Income	(128.13)	(247.86)
	- Interest Income	(93.73)	(0.76)
	- Profit on sales Assets/Investments	44.73	(4.01)
	Operating Profit before Working Capital Changes	**34,259.76**	**20,778.87**
	Adjusted for:		
	- (Increase)/Decrease in Trade and Other Receivables	(2,075.96)	(10,250.92)
	- (Increase)/Decrease in Inventories	(12,666.22)	(5,599.20)
	- Increase/(Decrease) in Trade Payables and Other Current Liabilities	13,020.26	(7,186.20)
	Cash Generated from Operations	**32,537.84**	**(2,257.45)**
	Taxes Paid (Net)	(6,238.27)	(2,112.93)
	Net Cash Flow from Operating Activities (A)	**26,299.57**	**(4,370.38)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Additions to / Sale of Property, Plant and Equipment and Capital WIP	(11,965.69)	(14,115.20)
	Other Investments	(3,867.60)	(11.32)
	Dividend Income	4.00	247.86
	Interest Income	93.73	0.76
	Proceeds from Sale of Investments	(44.73)	4.01
	Net Cash Flow used in Investing Activities (B)	**(15,780.29)**	**(13,873.89)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds/(Repayment) from Current Borrowing (Net)	(12,428.77)	27,234.22
	Finance Costs	(2,105.17)	(1,195.88)
	Dividends Paid	(1,813.00)	-
	Net Cash Flow from /(used in) Financing Activities (C)	**(16,346.94)**	**26,038.34**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(5,827.66)	7,794.07
	Opening Balance of Cash and Cash Equivalents	8,327.34	533.11
	Closing Balance of Cash and Cash Equivalents	**2,500.20**	**8,327.34**

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash.

2 Cash and Cash Equivalent comprised of Cash and Cash Equivalents as per Balance Sheet.

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended 31st March 2023

3 Cash and Cash Equivalents comprises of:

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
a. Cash on Hand	10.51	5.72
b. Cash Equivalants investment in highly Liquid Funds	1,280.85	5,630.62
c. Bank Balance in Current account	1,208.84	2,691.00
Total	**2,500.20**	**8,327.34**

4 Changes in liabilites arising from financing activities

(₹ in Lakhs)

Particulars	1st April, 2022	Cash Flow (Net)	Foreign Exchange movement	31st March, 2023
Current Borrowings	33,772.75	(12,402.07)	7.49	21,378.17
Non current Borrowings	55.45	(37.10)	-	18.35
Total	**33,828.20**	**(12,439.17)**	**7.49**	**21,395.52**

(₹ in Lakhs)

Particulars	1st April, 2021	Cash Flow (Net)/Borrowings transfered under the Scheme of Demerger	Foreign Exchange movement	31st March, 2022
Current Borrowings	47.19	33,723.39	2.17	33,772.75
Non current Borrowings	-	55.45	-	55.45
Total	**47.19**	**33,778.84**	**2.17**	**33,828.20**

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board
For **Aarti Pharmalabs Limited**

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

AARTI PHARMALABS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Period Ended 31st March 2023

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

As at 31st March, 2021	25.00
Changes in equity share capital during the year 2021-22	-
As at 31st March, 2022	**25.00**
Share capital cancelled pursuant to scheme of Demerger	(25.00)
Issue of Shares Pursuant to Scheme of Demerger	4,531.30
As at 31st March, 2023	**4,531.30**

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Ratained Earnings	General Reserve	Securities premium	Capital Reserve	Capital Redemption Reserve	Foreign Currency Translation Reserve	Other Comprehensive Income	Total Other Equity
Balance as at 31st March, 2021	(2.19)	-	-	-	-	-	-	(2.19)
Share Issue	(4,531.30)		-	-	-	-	-	(4,531.30)
Transferred On Account of Scheme of Arrangement	64,455.64	8,335.04	44,032.54	8,943.81	-	-	349.58	1,26,116.61
Total Comprehensive Income for the year	-	-	-	-	-	-	706.86	706.86
Profit for the year	12,225.11	-	-	-	-	-	-	12,225.11
Dividend Paid	(247.86)	-	-	-	-	-	-	(247.86)
Foreign Exchange Difference on Translation	(28.27)	-	-	-	-	-	-	(28.27)
Transferred to Reserves	(147.48)							(147.48)
Balance as at 31st March, 2022	**71,723.65**	**8,335.04**	**44,032.54**	**8,943.81**	**-**	**-**	**1,056.44**	**1,34,091.50**
Share capital Cancellation on account of Scheme of Arrangement	-	-	-	-	25.00	-	-	25.00
Transfer to General reserve	(189.73)	189.73	-	-	-	-	-	-
Profit for the year	19,349.34	-	-	-	-	-	-	19,349.34
Dividend Paid	(1,943.94)	-	-	-	-	-	-	(1,943.94)
Foreign Exchange Difference on Translation	-	-	-	-	-	(274.72)	70.02	204.70
Balance as at 31st March, 2023	**88,939.50**	**8,524.77**	**44,032.54**	**8,943.81**	**25.00**	**(274.72)**	**1,126.46**	**1,51,317.36**

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date

For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements comprise financial statements of Aarti Pharmalabs Limited ("The Holding Company"), its subsidiaries and joint control entity (collectively referred to as "the Group") for the year ended 31st March 2023

The principal activities of the Group consists of manufacturing and dealing of Pharmaceutical and chemicals.

Explainatory Note on the Composite Scheme of Arrangement'

The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the Company" or "the demerged company") into its wholly owned subsidiary Aarti Pharmalabs Limited ("the resulting company"), ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September, 2022 (and became effective upon filing of the same with ROC, Gujarat on 17 October, 2022).

Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e. from 1 July, 2021.

Details of Assets & Liability of Aarti Industries limited Demerged Pharma Undertaking Transferred to Company pursuant to scheme as at Appointed date is as below:

Particular	Amount (₹ in Crores)
Property, Plant and Equipment	789.69
Investments	32.71
Trade Receivable	256.23
Inventories	336.23
Other Current & Non-Current Assets (Incl. Cash & Cash Equivalents)	721.56
Total Assets	2,137.08
Trade Payables	(170.47)
Other Current & Non-Current Liability	(71.00)
Borrowings	(725.68)
Total Liability	(967.14)
Excess of Assets over Liabilities	1,169.94

SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted by the Group in preparation of these Consolidated Financial Statements. The Consolidated Financial Statements are for the Group consisting of the Company and its subsidiary companies.

(A) Background:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:		
(i) Aarti Pharmachem Limited	India	100.00%
Foreign Subsidiary:		
(i) Aarti USA Inc.	USA	100.00%
Joint Control:		
(i) Ganesh Polychem Limited	India	50.00%

(B) BASIS OF PREPARATION AND PRESENTATION:

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

The Consolidated Financial Statements of the Group have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time.

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

Financial instruments – measured at fair value;

Assets held for sale – measured at fair value less cost of sale;

Plan assets under defined benefit plans – measured at fair value

Liability for cash settled - measured at fair value

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

In addition, the consolidated financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest lakhs except when otherwise indicated.

(C) PRINCIPLES OF CONSOLIDATION:

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company, Its Subsidiary & Joint Control drawn up to the same reporting date i.e 31st March 2023.

Subsidiary Companies are all the entities over which the Group has control. Subsidiary companies are consolidated on the date on which control is transferred to the Group.The Group re assesses whether or not it controls an investee if facts and circumstances indicate that there are one or more changes to elements of control described above.

(iii) In case of Foreign Subsidiary revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates prevailing at the end of the year. In case of Fixed Assets the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) Process of Consolidation

a) Combine like items of assets, liabilities, other equity,income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the form of subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

(v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(D) BASIS OF MEASUREMENT

The financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

Financial instruments – measured at fair value;

Plan assets under defined benefit plans – measured at fair value

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(E) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS ASSUMPTIONS:

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates according to the nature of the assumption and other circumstances. This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

The following are areas involving critical estimates and judgments:

Judgements:

Leases

Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position

Provisions and Contingencies

Estimates:

Impairment

Accounting for Defined benefit plans

Useful lives of property, plant and equipment and intangible assets

Fair Valuation of Financial instruments

Valuation of inventories

(F) CURRENT AND NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Balance sheet based on current/non-current classification, an asset is treated as current when it is:

Expected to be realized or intended to be sold or consumed in normal operating cycle, or

Held primarily for the purpose of trading, or

Expected to be realized within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(G) PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEPRECIATION/AMORTIZATION:

1. Property, Plant and Equipment (PPE)

PPEs held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less applicable accumulated depreciation/amortisation and accumulated impairment losses (if any).

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

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

PPE which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any PPE.

2. Intangible Assets

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

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

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

3. Depreciation/Amortization

Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Assets Class	Useful Life
Leasehold Land	Over the remaining of Lease
Building	Over a period of 19-31 years
Residential Quarters	Over a period of 30 years
Plant & Equipments	Over its useful as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
Computers	Over a period of 2.5 years
Office Equipment	Over a period of 5 years
Furniture & Fixtures	Over a period of 10 years
Vehicles	Over a period of 7 years
Intangible assets (including Product / Process Development)	Over a period of 5-7 years, except for those where the finite periods are provided for

4. Impairment

The Company assesses at each reporting that the carrying amounts of its property, plant and equipment, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

(H) RESEARCH AND DEVELOPMENT:

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

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(I) INTANGIBLE ASSETS UNDER DEVELOPMENT:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

(J) VALUATION OF INVENTORIES:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores and Spares and Traded goods - At cost on weighted Average basis Or net realisable value whichever is lower. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Work-in-Process - At cost plus appropriate allocation of overheads or net realisable value whichever is lower.

Finished Goods - At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made for obsolete and non-moving inventories. Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

(K) REVENUE RECOGNITION:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

(i) Sale of goods:

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company recognizes net revenue from goods sold and services rendered at Transaction Price which is the amount of consideration the Company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding the amounts collected on behalf of a third party. The Transaction price is net of discounts, sales incentives, rebates granted, returns, sales taxes, GST and duties and any other recoverable taxes.

(ii) Interest Income:

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

(iii) Dividend income:
Revenue is recognized when the Company's right to receive the dividend is established, which is generally when shareholders approve the dividend.

(iv) Export benefits:
Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(v) Government grants:
Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them, application for the govenement grant is made and it is probable that the government grants will be received.

(L) FINANCIAL INSTRUMENTS:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Company classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

(a) Financial Assets measured at Amortised Cost:
A Financial Asset is measured at amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):
A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

(c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):
FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

Classification and Subsequent Measurement of Financial Liabilities:

(a) Financial liabilities measured at Fair Value Through Profit or Loss (FVTPL):
Financial liabilities are classified as FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL. Gains or Losses, including any interest expense on liabilities held for trading are recognised in the Statement of Profit and Loss.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Debt and Equity Instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Equity Investments

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

Investments in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Offsetting of Financial Instruments:
Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and it is intended to either settle them on net basis or to realise the asset and settle the liability simultaneously.

Fair Value of Financial Instruments
In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative Financial Instruments:
Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

Cash flow hedge
At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The company risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 to 36 months. As per the risk management policy, foreign exchange forward contracts are taken to hedge forecasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

(M) CASH AND CASH EQUIVALENTS:

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

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(N) PROVISIONS:

Provisions are recognized when the Company has a present obligation (legal and constructive) as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

(O) LEASE:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

(P) EMPLOYEE BENEFITS :

(a) Employee benefits:

All employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, etc. are recognised in the period in which the employee renders the related services.

(b) **Post-employment benefits:**

(i) **Defined Contribution Plan:**

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Employee Deposit Linked Insurance, and Superannuation Schemes. The contribution paid/payable under these schemes is recognised during the period in which the employee renders the related services which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

(ii) **Defined Benefit Plan**

The gratuity liability of the company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

(Q) FOREIGN CURRENCY TRANSACTIONS:

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Standalone Financial Statements of the Company are presented in Indian currency (₹), which is also the functional currency of the Company.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate as applicable in the period of such transaction. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting period are appropriately dealt in the financial statements in accordance with the applicable Indian Accounting standards.

(R) INCOME TAXES:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets are to be recovered. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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that future taxable profits will be available against which the deferred tax assets to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax (MAT) :

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(S) BORROWING COSTS:

Borrowing costs, general or specific, that are attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(T) CONTINGENT LIABILITIES

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or"

(ii) the amount of the obligation cannot be measured with sufficient reliability

NOTE 1 - PROPERTY, PLANT AND EQUIPMENT (FY 2022- 23)

(₹ in Lakhs)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Particulars	Balance as at 1st April, 2022	Additions/ Adjustments	Deduction/ Adjustments	Balance as at 31st March, 2023	Balance as at 1st April, 2022	Depreciation charge for the year	Deduction/ Adjustments	Balance as at 31st March, 2023	Balance as at 31st March, 2023	Balance as at 31st March, 2022
1	**Property, Plant and Equipment**										
I	**Tangible Assets**										
	Freehold Land	3,858.72	-	-	3,858.72	-	-	-	-	3,858.72	3,858.72
	Leasehold Land	2,551.35	283.16	-	2,834.50	238.98	29	-	267.89	2,566.61	2,312.36
	Buildings	12,024.92	3,652.95	-	15,677.86	3,977.06	712	-	4,689.27	10,988.59	8,047.85
	Plant and Machinery	97,310.81	16,494.70	-	1,13,805.50	34,631.58	5,180	3.88	39,807.87	74,031.88	62,679.23
	Furniture and Fixtures	697.79	41.71	-	739.51	316.08	52	-	367.82	371.69	381.71
	Office Equipments	214.55	6.69	-	221.25	130.59	23	-	153.82	67.43	83.96
	Computers, Printers	559.19	70.59	-	629.78	484.95	57	-	541.75	88.03	74.24
	Vehicles	625.71	53.33	12.77	666.27	298.7	67	-	365.53	300.74	326.98
	Total	**1,17,843.04**	**20,603.12**	**12.77**	**1,38,433.40**	**40,077.99**	**6,119.85**	**3.88**	**46,193.96**	**92,273.69**	**77,765.06**
II	**Right to Use Assets**										
	Buildings	676.50	-	-	676.50	432.75	130.00	-	562.75	113.75	243.75
	Total	**676.50**	**-**	**-**	**676.50**	**432.75**	**130.00**	**-**	**562.75**	**113.75**	**243.75**
III	**Intangible Assets**										
	Goodwill on Consolidation	178.06	-	-	178.06	-	-	-	-	178.06	178.06
	IT software & Other Intangible Assets	3,802.32	-	-	3,802.32	3,779.81	4.43	-	3,784.23	18.09	22.52
	Total	**3,980.38**	**-**	**-**	**3,980.38**	**3,779.81**	**4.43**	**-**	**3,784.23**	**196.15**	**200.57**
IV	**Gross Total**	**1,22,499.92**	**20,603.12**	**12.77**	**1,43,090.27**	**44,290.54**	**6,254.27**	**3.88**	**50,540.94**	**92,583.59**	**78,209.38**
V	**CWIP - Tangible Assets**	-	-	-	-	-	-	-	-	6,220.37	16,522.59
V	**CWIP - Intangible Assets**	-	-	-	-	-	-	-	-	3,966.88	2,214.02

Notes

a. Transfer of Legal tittle of All the Land's transferred to Aarti Pharmalabs limited under the scheme of arrangements has been initiated and Same is under process as at balance sheet date.

b Holding company and its Joint venture company has taken working capital from bank for which respective Fixed assets are offered as security - Second pari-passu hypothecation charge on all existing and future movable fixed assets of the Borrower, has been created.

c Group has not capitalised any Borrowing costs to the Fixed Assets.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress and Intangible Assets under development as at 31st March, 2023 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	3,779.81	2,440.56	-	-	6,220.37
Projects temporarily suspended	-	-	-	-	-
	3,779.81	**2,440.56**	**-**	**-**	**6,220.37**

Intangible Assets under development	Amount in Intangible Assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,752.86	2,214.02	-	-	3,966.88
Projects temporarily suspended	-	-	-	-	-
	1,752.86	**2,214.02**	**-**	**-**	**3,966.88**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

NOTE 1 - PROPERTY, PLANT AND EQUIPMENT (FY 2021- 22)

(₹ in Lakhs)

	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		Balance as at 1st April, 2021	Addition on Account of Scheme of Arrangment	Additions/ Adjustments	Deduction/ Adjustments	Balance as at 31st March, 2022	Balance as at 1st April, 2021	Addition on Account of Scheme of Arrangment	Depreciation charge for the year	Deduction/ Adjustments	Balance as at 31st March, 2022	Balance as at 31st March, 2022	Balance as at 31st March, 2021
1	**Property, Plant and Equipment**												
I	**Tangible Assets**												
	Freehold Land	-	3,858.72	-	-	3,858.72	-	-	-	-	-	3,858.72	-
	Leasehold Land	-	2,268.19	283.16	-	2,551.35	-	208.56	30.42	-	238.98	2,312.36	-
	Buildings	-	10,545.82	1,479.10	-	12,024.92	-	3,541.06	436.00	-	3,977.06	8,047.85	-
	Plant and Machinery	-	88,296.50	9,014.31	-	97,310.81	-	30,863.63	3,767.95	-	34,631.58	62,679.23	-
	Furniture and Fixtures	-	692.23	5.57	-	697.79	-	273.99	42.09	-	316.08	381.71	-
	Office Equipments	-	189.46	25.10	-	214.55	-	114.29	16.30	-	130.59	83.96	-
	Computers, Printers	-	533.76	25.43	-	559.19	-	411.72	73.24	-	484.95	74.24	-
	Vehicles	-	508.30	169.86	52.45	625.71	-	309.01	33.05	43.33	298.73	326.98	-
	Total	**-**	**1,06,892.97**	**11,002.52**	**52.45**	1,17,843.04	**-**	**35,722.27**	**4,399.05**	43.33	40,077.99	**77,765.06**	**-**
II	**Right to Use Assets**												
	Buildings	-	529.33	147.17	-	676.50	-	320.36	112.39	-	432.75	243.75	-
	Total	**-**	**529.33**	**147.17**	**-**	676.50	**-**	**320.36**	**112.39**	-	432.75	**243.75**	**-**
III	**Intangible Assets**												
	Goodwill on Consolidation	-	178.06	-	-	178.06	-	-	-	-	-	178.06	-
	IT software & Other Intangible Assets	-	3,783.76	18.56	-	3,802.32	-	3,773.41	6.40	-	3,779.81	22.52	-
	Total	-	3,961.82	18.56	-	3,980.38	-	3,773.41	6.40	-	3,779.81	200.57	-
IV	**Gross Total**	**-**	**1,11,384.12**	**11,168.25**	**52.45**	**1,22,499.92**	**-**	**39,816.03**	**4,517.84**	**43.33**	**44,290.54**	**78,209.38**	**-**
V	**CWIP - Tangible Assets**	-	-	-	-	-	-	-	-	-	-	16,522.59	-
V	**CWIP - Intangible Assets**	-	-	-	-	-	-	-	-	-	-	2,214.02	-

Notes

a. Pursuant to the Scheme of Arrangement between Aarti Industries Limited, Aarti Pharmalabs Limited and their shareholders, the demerged Pharma Undertaking of Aarti Industries Limited is being transferred to Aarti Pharmalabs Limited with effect from 1st of July 2021, being the Appointed Date. Property, Plant and Equipment transfered to Company are shown as addtion during the year on account of scheme of Arrangment.

b. Ind AS 103 - Business Combination requires that acquirer shall record all assets and liabilities aquired under business combinations at Fair Value. Aarti Industries Limited is Ind As compliant and hence assets and liabilities were already at Fair Value in the books of Demerged Company at the time of Demerger. Accordingly, the management has considered these book values as fair value for the purpose of recording of assets and liabilities in the books of the Company. The same is also in accordance with the Scheme of Arrangment approved by NCLT.

c. Holding Company has working capital limit of ₹ 375 Crores with State Bank of India, Axis Bank Limited, Standard Chartered Bank, Citi Bank N.A., Kotak Mahindra Bank Limited. Companies fixed assets are offered as security - Second pari-passu hypothecation charge on all existing and future movable fixed assets of the Borrower, to be shared with all banks.

d. Company has not capitalised any Borrowing costs to the Fixed Assets

e. During Fy 2021-22, Dpreciation to the extent of ₹ 1.46 lakhs in respect of assets utilised for creation /generation of intangible assets are appropirately capitalised under applicatble intangible assets under developments under R&D

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	10,903.13	4,956.18	663.28	-	16,522.59
Projects temporarily suspended	-	-	-	-	-
	10,903.13	**4,956.18**	**663.28**	**-**	**16,522.59**

Intangible Assets under development	Amount in Intangible Assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,214.02	-	-	-	2,214.02
Projects temporarily suspended	-	-	-	-	-
	2,214.02	**-**	**-**	**-**	**2,214.02**

NOTE 2 - NON CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in Lakhs)

	Particulars	No of Shares / Units	As at 31st March, 2023	As at 31st March, 2022
A	**Investments - (Unquoted) in Equity Shares of Other Companies (measured at FVTOCI)**			
	Dilesh Roadlines Private Limited	464550.00	1123.24	1041.34
	Aarti Ventures Limited *	454364.00	738.75	739.02
	Tarapur Environment Protection Society	21751.00	61.97	61.97
	Derma Touch Inc.	N.A	942.58	899.21
	Invatech Pharma Solutions LLC	N.A	119.76	113.69
			2986.29	**2855.22**
B	**Investments - (Unquoted) in Limited Liability Partnership - (At Cost)**			
	Aarti Udyog Limited Liability Partnership	N.A	566.19	367.33
	Total	**-**	**3,552.49**	**3,222.55**

- *Invesment marked with "*" has been transferred in favour of Aarti PharmaLabs Ltd and change of name for Other investments are in process.*
- *Change in Fair value of Investment during the year is recongnised in Other Comprehensive Income (OCI) during the period.*

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

Note 2 (a) - Current Financial Assets - Investments

(₹ in Lakhs)

	Particulars	No of Shares / Units	As at 31st March, 2023	As at 31st March, 2022
A	**Investments - In mutual funds (carried at fair value through P& L income)**			
	State Bank of India	2.00	97.98	-
	State Bank of India	3.00	149.16	-
	Piramal Capital & Housing Finance Ltd	25,000.00	97.43	-
	Spandana Sphoorty Financial Limited	100.00	59.32	-
	UGRO Capital Ltd	10.00	54.03	-
	Spandana Sphoorty Financial Limited	10.00	49.59	-
	Cholamandalam Finance	-	250.04	-
	Phillip Finance & Services India pvt ltd	-	148.24	-
	Capsave Finanace Pvt Ltd	28.00	144.88	-
	Spandana Sphoorty Financial Limited	-	189.73	-
	Spandana Sphoorty Financial Limited	200.00	127.08	-
	Nuvama Wealth & inv Ltd	30.00	164.34	-
	Navi Finserv Pvt Ltd	20.00	110.89	-
	Muthoot Fincorp Ltd	200.00	115.26	-
	Edelweiss Finvest Pvt Ltd	400.00	229.68	-
	Avendus Finance Pvt Ltd	20.00	113.29	-
	Avendus Finance Pvt Ltd	30.00	161.77	-
	Edelweiss Broking Limited	-	109.93	-
	Piramal Enterprises Ltd	20.00	110.20	-
	Spandana Sphoorty Financial Limited	20.00	102.20	-
	Mindspace Business Parks REIT	30.00	166.41	-
	Shriram Finance Ltd	57.00	313.59	-
	Shriram Finance Ltd	31.00	176.32	-
	Vivriti Capital Pvt Ltd	10.00	54.64	-
	Shriram Finance Ltd	22.00	125.29	-
	INCRED FINANCIAL SERVICES LIMITED	27.00	149.72	-
	INCRED FINANCIAL SERVICES LIMITED	10.00	55.43	-
	Ghalla Bhansali Stock Brockers	10.00	171.20	-
	Ghalla Bhansali Stock Brockers	10.00	20.52	-
	Total	**-**	**3,818.16**	**-**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

3 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Deposits	943.81	858.42
Total	**943.81**	**858.42**

4 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Income Tax Assets (Net of Provisions)	-	37.44
Capital Advance	249.43	110.82
Total	**249.43**	**148.27**

5 INVENTORIES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Raw Materials and Components	19,111.62	19,067.03
Work-in-progress	14,026.11	9,006.48
Finished Goods	26,531.12	19,021.78
Stores and spares	271.80	230.63
Fuel	74.36	104.61
Packing Materials	189.09	114.84
Total	**60,204.10**	**47,545.22**

**Method of Valuation is stated in note : (h) Valuation of Inventories in Significant Accouting Policies.*

6 TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured and considered good	43,754.97	37,565.71
-Unsecured Doubtful Debts	-	-
-Provision for Doubtful Debts	250.00	100.00
Total	**44,004.97**	**37,665.71**

**The Group has availed credit facilities from banks which are secured interalia by hypothecation of Trade Receivables.*

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Ageing for Trade Receivables - Current Outstanding as on 31st March 2023

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	41,991.53	1,244.44	219.00	142.00	158.00	43,754.97
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	250.00	250.00
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which haver significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	41,991.53	1,244.44	**219.00**	**142.00**	**408.00**	**44,004.97**

Ageing for Trade Receivables - Current Outstanding as on 31st March 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	36,744.61	404.10	114.00	63.00	240.00	37,565.71
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	100.00	100.00
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which haver significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	36,744.61	**404.10**	**114.00**	**63.00**	**340.00**	**37,665.71**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

7 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Cash on Hand	10.51	5.72
Cash Equivalants investment in highly Liquid Funds	1,280.85	5,630.62
Balances with Banks	1,201.61	2,691.00
Total	**2,492.97**	**8,327.34**

7a Cash and Cash Equivalents

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Bank Balances in Current Dividend A/c	7.23	-
Total	**7.23**	**-**

8 LOANS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(i) Loan to Related Party	585.23	477.97
(ii) Loan to Employees	125.03	135.84
Total	**710.26**	**613.81**

9. CURRENT OTHER FINANCIAL ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Balance with Tax Authorities	3,580.88	7,588.91
Other Receivable	-	112.98
Total	**3,580.88**	**7,701.89**

10 OTHER CURRENT ASSETS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good, unless otherwise stated		
Prepaid Expenses	232.47	419.55
Others Receivable	525.12	541.22
Total	**757.59**	**960.77**

Note:

In the opinion of the Board, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to amounts at which they are stated in the Balance Sheet.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

11 SHARE CAPITAL

(₹ in Lakhs)

	No. of Shares	As at 31st March, 2023	No. of Shares	As at 31st March, 2022
Authorised Share Capital				
Equity Shares of ₹ 5/- each	10,00,00,000	5,000.00	-	-
Equity Shares of ₹ 10/- each	-	-	5,00,000	50.00
Issued, Subscribed & Fully paid up				
a Equity Shares of ₹ 5/- each	9,06,26,008	4,531.30	-	-
b Equity Shares of ₹ 10/- each Pending Cancellations	-	-	2,50,000	25.00
c Equity Shares of ₹ 5/- each pending Allotment upon Scheme of Arrangment	-	-	9,06,26,008	4,531.00
Total	**9,06,26,008**	**4,531.30**	**9,08,76,008**	**4,556.00**

11(a) - Pursuant to the Scheme of Arrangment, Aarti Pharmalabs Limited has issued to the Equity Shareholders of Aarti Industries Limited -For every 4 equity shares of Held in Aarti Industries Limited, 1 Equity Shares of Face Value ₹ 5 each of the Company

- Pursuant to Scheme of Arrangment Authorised share capital is Increased to 10,00,00,000 Shares of ₹ 5 Each for Issue of Shares to the Shareholders of Demerged Company Aarti Industries limited

11(b) Share Capital Cancancellation

- Before scheme of arrangment, Aarti Pharmalabs limited was incorporated as an 100% Subsidiary of Aarti Industries limited. As per the order of NCLT, upon scheme becoming effective, original share capital of ₹ 25 Lakhs stands automatically cancelled and reinstated to ₹ 4,531.30 lakhs by payment of applicable stamp duty and compliance of ROC formalities. As at Balance Sheet date, ROC formalities with respect to increase in authorised share capital, allotment of share capital and cancellation of existing share capital was duly executed as per ROC norms.

11.1 Reconciliation of number of Equity Shares outstanding:

Particulars	As at 31st March, 2023 No of Shares	As at 31st March, 2022 No of Shares
Equity Shares at the beginning of the year	2,50,000	2,50,000
Add: Shares issued during the year Pursuant to the Scheme of Arrangement	9,06,26,008	-
Less: Shares Cancelled Pursuant to the Scheme of Arrangement	(2,50,000)	-
Equity Shares at the end of the year	**9,06,26,008**	**2,50,000**

11.2 Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having par value of ₹ 5 each post Scheme of Arrangement is Effective and the holder of the equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

11.3 Dividend

Company declares & pay dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of shareholders in the ensuring Annual General Meeting, except in case of Interim Dividend, if any

During FY 2022-23, Company has paid to the Equity shareholders, divident @ ₹ 2/- per share as an Interim dividend (previous year ₹ Nil)

11.4 Deatils of Shares held by promoters and promoter group

Particulars	As at 31st March, 2023	
	No of Shares	% Holding
Rashesh Chandrakant Gogri	38,34,404	4.23
Mirik Rajendra Gogri	27,93,094	3.08
Renil Rajendra Gogri	27,92,750	3.08
Hetal Gogri Gala	26,15,548	2.89
Jaya Chandrakant Gogri	24,49,637	2.70
Sarla Shantilal Shah	24,35,830	2.69
Rajendra Vallabhaji Gogri	14,25,900	1.57
Nehal Garewal	11,22,487	1.24
Nikhil Parimal Desai	7,68,754	0.85
Aarnav Rashesh Gogri	5,50,000	0.61
Aashay Rashesh Gogri	5,50,000	0.61
Manisha Rashesh Gogri	5,50,000	0.61
Bhavna Shah Lalka	5,13,941	0.57
Arti Rajendra Gogri	4,75,256	0.52
Parimal Hasmukhlal Desai	3,99,571	0.44
Ratanben Premji Gogri	3,37,807	0.37
Heena Bhatia	3,22,588	0.36
Rajendra Vallabhaji Gogri (Huf)	3,08,274	0.34
Shantilal Tejshi Shah Huf	2,78,881	0.31
Indira Madan Dedhia	1,82,250	0.20
Mananjay Singh Garewal	1,62,510	0.18
Chandrakant Vallabhaji Gogri	1,55,500	0.17
Monisha Bhatia	1,21,121	0.13
Shreya Suneja	1,12,500	0.12
Gunavanti Navin Shah	86,644	0.10
Jayesh Shah	16,416	0.02
Prasadi Yogesh Banatwala	4,245	-
Pooja Renil Gogri	382	-
Saswat Trusteeship Private Limited	28,41,504	3.14
Gloire Trusteeship Services Private Limited	16,49,000	1.82
Relacion Trusteeship Services Private Limited	16,49,000	1.82
Alabhya Trusteeship Private Limited	13,08,496	1.44
Barclays Wealth Trustees India Private Limited	8,33,859	0.92
Barclays Wealth Trustees India Pvt Ltd	8,04,101	0.89
Relacion Trusteeship Services Private Limited	6,87,500	0.76

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Particulars	As at 31st March, 2023	
	No of Shares	% Holding
Gloire Trusteeship Services Private Limited	6,24,500	0.69
Anushakti Enterprise Private Limited	28,92,500	3.19
Safechem Enterprises Private Limited	14,63,000	1.61
Alchemie Financial Services Limited	6,73,006	0.74
Alchemie Finserv Pvt. Ltd.	2,64,105	0.29
Gogri Finserv Pvt. Ltd.	2,64,105	0.29
Nikhil Holdings Private Limited	1,80,891	0.20
Dilesh Roadlines Pvt Ltd	8,318	0.01
Valiant Organics Limited	7,500	0.01
Bhanu Pradip Savla	1,55,737	0.17
Tarla Parimal Desai	-	-
Total	**4,16,73,412**	**45.98**

Note: During the year Company has issued above equity shares to the promoter's pursument to the scheme of arrangements. (Previous year company was 100% subsidiary of demerged company Aarti Industries Limited).

12 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Retained Earnings / Profit & Loss Account		
Opening Balance	71,723.65	(2.19)
Add: Balance transferred on account of scheme of arrangment	-	64,455.64
Profit / Loss for the year	19,349.34	12,225.11
Less : Dividend Payout / Received	(1,943.94)	(247.86)
Foreign Exchange Differnce on Translation	-	-28.27
Less : Issue of Shares capital pursuant to scheme of Demerger	-	(4,531.30)
Less : Transferred to Reserves	(189.73)	(147.48)
Closing Balance	**88,939.50**	**71,723.65**
Securities Premium Account		
Opening Balance	44,032.54	-
Add: During the Years	-	44,032.54
Closing Balance	**44,032.54**	**44,032.54**
Capital Reserves		
Opening Balance	8,943.81	-
Addition: Transferred on account of demerger	-	8,943.81
Closing Balance	**8,943.81**	**8,943.81**
Capital Redemption Reserve		
Opening Balance	-	-
Add: Share capital Cancelled pursuant to scheme	25.00	-
Closing Balance	**25.00**	**-**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
General Reserve		
Opening Balance	8,335.04	-
Add: Balance transferred on account of scheme of arrangment	-	8,187.56
Add: During the Years	189.73	147.48
Closing Balance	**8,524.77**	**8,335.04**
Other Comprehensive Income		
Opening Balance	1,056.44	349.58
Add: Balance transferred on account of scheme of arrangment	0.00	0.00
Add: Movement in OCI (Net) During the Year	70.02	706.86
Closing Balance	**1,126.46**	**1,056.44**
Foregin Currency Translation Reserve		
Opening Balance	-	-
Add: Movement in OCI (Net) During the Year	(274.72)	-
Closing Balance	**(274.72)**	**-**
Total	**1,51,317.36**	**1,34,091.50**

12.1 Pursuant to the scheme of arrangment approved by NCLT, Ahmedabad Bench, Excess of the Net Assets transfered over the face value of the New Securities to be allotted in accordance with the Scheme, shall be credited to same reserves as debited in the books of AIL with adjustment for balance, if any, to Profit and Loss Account/Retained Earnings.

13 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Secured - At Amortised Cost		
Vehicle Loan from Bank	18.35	55.45
Total	**18.35**	**55.45**

13.1 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
1-2 Years	18.35	55.45
2-3 Years	-	-
3-5 Years	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

14 OTHER NON CURRENT FINANCIAL LIABILITIES - LEASE LIABILITY

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Lease Liability	53.19	153.23
Total	**53.19**	**153.23**

14a Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Lease Liability Current	44.48	124.44
Total	**44.48**	**124.44**

The movement in lease liabilities (Current & Non Current) is as follows:

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balance at the begning	277.67	-
Additions during the year/Transfer pursuent to the scheme of arrangements	-	277.67
Deletion during the year	-	-
Finance Cost incurred during the year	-	-
Payment of Lease Liabilities	(180.00)	-
Balance at the end	97.67	277.67

15 PROVISIONS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
a) Provision for Employee Benefits		
i) Provision for Gratuity	54.65	-
ii) Provision for Leave Salary	15.46	-
b) Balance with Revenue Authorities (Net of Provision for Tax)	61.85	-
Total	**131.96**	**-**

16 DEFERRED TAX LIABILITY (NET)

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
At the start of the year	7,066.99	-
Transfered Pursuant to the Scheme of Arrangment	-	6,585.28
Charge/(credit) to the Statement of Profit and Loss	816.77	481.71
At the end of the year	**7,883.76**	**7,066.99**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

16.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference:

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
(a) Deferred tax liabilities, on account of:		
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	8,663.76	1,582.22
Transferred Pursuant to the scheme of arrangement	-	5,484.77
(b) Deferred tax assets, on account of:		
Carried Forward Tax Losses		
Transferred Pursuant to the scheme of arrangement	-	-
Provision for expense allowed for tax purpose on payment basis (Net)	(780)	-
(c) Net Deferred tax liabilities	**7,883.76**	**7,066.99**

17 BORROWINGS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
At Amortised Cost		
Secured - Working capital Loan From Banks	19,287.77	1,310.31
Unsecured From Related Parties	2,090.40	32,462.44
Total	**21,378.17**	**33,772.75**

17.1 Pursuant to the Scheme of Arrangement, common working capital borrowing was allocated to parent company in the ratio of value of Assets transfered in the scheme of arrangement to the total assets of Aarti Industries Limited prior to demerger. On sanction of working capital loan from bank partial repayemnt to Aarti Industries Ltd was made by parent company and balance working capital loan was paid off after Balance Sheet date.

17.2 Borrowing of group company has first pari-passu hypothecation charge on all existing and future current asset and section pari-passu hypothecation charreon all existing and future movable fixed assets.

17.3 The Group has not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

18 TRADE PAYABLES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Due to		
- Micro and Small Entereprises	1,265.46	2,114.38
- Other Than Micro and Small Entereprises	33,410.37	19,344.39
Total	**34,675.82**	**21,458.77**

Information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Ageing for Trade Payables Outstanding as on 31st March 2023 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	1,265.46	-	-	-	1,265.46
(ii) Others	32,166.56	623.49	147.86	472.37	33,410.37
(iii) Disputed Dues – MSME	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-
Total	**33,429.71**	**625.49**	**148.26**	**472.37**	**34,675.83**

**MSME as per Micro, Small and Medium Enterprises Development Act, 2006*

Ageing for Trade Payables Outstanding as on 31st March 2022 is as follows:

(₹ in Lakhs)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME*	2,114.38	-	-	-	2,114.38
(ii) Others	19,054.39	1.00	18.00	271.00	19,344.39
(iii) Disputed Dues – MSME	-	-	-	-	-
(iv) Disputed Dues – Others	-	-	-	-	-
Total	**21,151.77**	**11.00**	**25.00**	**271.00**	**21,458.77**

**MSME as per Micro, Small and Medium Enterprises Development Act, 2006*

19 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Current maturities of Vehicle Loan	37.09	34.18
Other Current Liabilities	306.40	152.31
Provision for Employee Benefits	1,303.75	878.34
Total	**1,647.24**	**1,064.83**

20 CURRENT PROVISIONS

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Other Provisions	1,121.43	895.70
Total	**1,121.43**	**895.70**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

21 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Current Tax Liabilities (Net)	289.65	750.00
Total	**289.65**	**750.00**

22 REVENUE FROM OPERATIONS

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Sale of Products	1,93,600.45	1,19,203.36
Other Operating Revenues (Refer Note No. 22.1)	922.83	790.95
Total	**1,94,523.28**	**1,19,994.31**

22.1 Other Operating Revenues

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Export Benefits/Incentives Received	775.72	642.78
Scrap Sales	147.11	148.17
Total	**922.83**	**790.95**

23 OTHER INCOME

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Dividend Received	124.95	247.86
Interest Income	93.73	0.57
Other Non-Operating Income		
Profit on Sale of Assets/Investment	(5.80)	2.08
Other Income	18.88	0.82
Total	**231.76**	**251.33**

24 COST OF MATERIAL CONSUMED

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Consumption of Raw Material	86,034.92	52,380.65
Consumption of Packing Material	1,993.06	1,336.61
Consumption of Fuel	9,016.70	4,585.85
Consumption of Stores & Spares	4,385.65	2,821.04
Total	**1,01,430.33**	**61,124.15**

25 CHANGE IN INVENTORY

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Inventories (at commencement)		
Finished Goods	19,021.78	15,842.71
Work-in-Progress	9,006.48	7,280.83
	28,028.26	**23,123.54**
Inventories (at Close)		
Finished Goods	26,531.12	19,021.78
Work-in-Progress	14,026.11	9,006.48
	40,557.23	**28,028.26**
Increase in Inventory	**(12,536.46)**	**(4,904.72)**

26 EMPLOYEE BENEFITS

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Salaries and Wages	11,636.10	8,458.43
Contribution to Provident and other Funds	815.17	28.32
Staff Welfare Expenses	517.61	33.55
Total	**12,968.88**	**8,520.30**

27 FINANCE COST

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Interest	1,963.32	34.01
Other Borrowing Costs	141.85	1,161.86
Total	**2,105.17**	**1,195.87**

28 DEPRECIATION & AMORTISATION

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Depreciation of Property, Plant and Equipment (Refer Note No.1)	6,254.27	4,211.86
Total Depreciation and Amortisation Expenses	**6,254.27**	**4,211.86**

During Fy 2021-22, Dpreciation to the extent of ₹ 1.46 lakhs in respect of assets utilised for creation /generation of intangible assts are appropirately capitalised under applicatble intangible assets under developments under R&D.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31st March 2023

29 OTHER EXPENSE

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Manufacturing Expenses		
Freight, Cartage & Transport	1,782.01	1,867.97
Power consumption	7,075.15	4,165.01
Water Charges	434.89	249.11
Processing Charges	891.41	604.20
Other Manufacturing Expenses	6,187.75	4,368.00
Repairs & Maintenance	3,486.33	2,192.15
Insurance Charges	894.83	650.39
Research & Development Expenses	1,396.05	581.55
Factory Administrative Expenses	1,422.57	780.62
Sub-Total (A)	**23,570.99**	**15,459.00**
Office Administrative Expenses		
Rent, Rates and Taxes	107.26	11.51
Travelling and Conveyance	187.92	95.43
Auditor's Remuneration	15.68	1.54
Legal & Professional Charges	124.64	39.28
Postage, Telegraph & Telephone	21.16	10.44
Other Administrative Expenses	307.46	4.15
Sub-Total (B)	**764.12**	**162.35**
Selling and Distribution Expenses		
Advertisement & Sales Promotion	516.13	(167.58)
Export Freight Expenses, Outward Freights	2,381.72	2,101.13
Commission on Sales	2,695.51	596.48
Export Insurance Charges	4.79	-
Sample Testing & Analysis Charges	36.13	42.99
Sundry Balance Written Off/(Back)	0.59	0.70
Other Expenses	251.88	40.62
Sub-Total (C)	**5,886.75**	**2,614.34**
Non-Operating Expenses		
Donations and CSR Expenses	112.95	32.95
Loss on Sale of Assets/Investment	38.93	-
Sub-Total (D)	**151.88**	**32.95**
Total (A+B+C+D)	**30,373.74**	**18,268.64**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

30 EARNING PER SHARE (EPS)

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Face Value Per Equity Share (in ₹)	5.00	5.00
Basic Earnings Per Share (in ₹)	21.35	13.49
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	19,349.34	12,225.11
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Nos)	9,06,26,008	9,06,26,008
Diluted Earnings Per Share (in ₹)	21.35	13.49
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	19,349.34	12,225.11
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Nos)	9,06,26,008	9,06,26,008

30.1 Pursuant to the Scheme of Arrangment approved by NCLT, Aarti Pharmalabs Limited has issued to the Equity Shareholders of Aarti Industries Limited -For every 4 equity shares of Held in Aarti Industries Limited, 1 Equity Shares of Face Value ₹ 5 each of the Company. The Company to allot 90626008 equity shares (1 Equity shares of Company for Every 4 Equity Shares held in Aarti Industries Limited). Existing Paid Capital of ₹ 25 lakhs is Cancelled pursuant to Scheme provision.

31 PAYMENT TO AUDITORS

(₹ in Lakhs)

	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
a. Statutory Audit Fees	14.17	1.44
b. Certification Fees	1.25	0.10
c. Reimbursement of Expenses	0.26	-
Total	**15.68**	**1.54**

32 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

	For the Year Ended 31	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

33 SEGMENT REPORTING

The operations of the Group are primarily related to Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

34 RELATED PARTY DISCLOSURE UNDER ACCOUNTING STATNDARD (IND AS 24) ARE GIVEN BELOW:

A Relationship:

I Following are the Enterprises/Firms over which controlling individual / Key Managerment Personnel of the company along with their relatives, have signaficant influence

1. Aarti Industries Limited
2. Valiant Organics Limited
3. Pinnacle Life Science Private Limited
4. Valiant Laboratories Limited
5. Aanvi speciality Chemicals
6. Aarti Drugs Limited
7. Aarti Ventures Limited
8. Alchemie Speciality Chemicals Private Limited
9. Alchemie Finechem Private Limited (formerly known as Alchemie Laboraatories)
10. Alchemie Gases & Chemicals PrivateLimtied
11. Alchemie Dye Chem Private Limited

II Followng are the individuals who with their relatives own Directly/Indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel

1.	Smt Hetal Gogri Gala	Director
2.	Shri Narendra J Salvi	Director
3.	Shri Rajendra V Gogri	Director
4	Shri Rashesh C Gogri	Director
5.	Shri Parimal H Desai	Director
6.	Chandrakant V Gogri	Relatives of Director
7.	Jaya C Gogri	Relatives of Director
8.	Arti R Gogri	Relatives of Director
9.	Manisha R Gogri	Relatives of Director

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

B Details related to parties referred in I

(₹ in Lakhs)

Name of related party	Nature of transaction	As at 31st March 2023	As at 31st March 2022
Aarti Drugs Limited	Purchase of Goods	1.94	6.06
	Sale of Goods & services	291.49	409.84
Aanvi speciality Chemicals	Purchase of Goods	67.87	79.45
	Sale of Goods & services	20.99	-
Pinnacle Lifescience Private Limited	Sale of Goods & services	13.83	18.04
Valiant Organics Limited	Purchase of Goods	247.95	3.00
	Sale of Goods & services	1,121.92	39.40
Valiant Laboratories Limited	Sale of Goods & services	514.37	130.92
Aarti industries Limited	Purchase of Goods	13,261.14	4,576.34
	Sale of Goods & services	7,220.13	4,657.69
	Reimbursement of expenses	35.00	-
Alchemie Finechem Private Limited	Purchase of Goods	-	1.29
Alchemie Gases & Chemicals Private Limited	Purchase of Goods	23.17	34.94
Alchemie Speciality Chemicals Private Limited	Purchase of Goods	-	19.23
Aarti Venture Limited	Loan given during the year	107.26	-
	Interest received	51.35	-

(in Lakhs) RNam e of r

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

C Details relating to persons referred to in item II above*

(₹ in Lakhs)

Particulars	Finanical year 2022-23	Finanical year 2021-22
a. Remuneration including Perquisite	176.00	132.06
b. Commission to Director	699.00	413.83

* *Excluding the payment made to Independent Director & Relatives to Director as per IND AS 110 interpretation issued by The Institute of Chartered Accountants*

35 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY/ASSOCIATES.

Name of Enterprise	Net Assets (i.e Total Assets minus Total Liabilities		Share in Profit and Loss	
	As % of Conolidated Net Asset	(₹ In Lakhs)	As % of Consolidated Profit or Loss	(₹ In Lakhs)
Parent				
Aarti Pharmalabs Limited	92.31%	1,43,858.00	88.75%	17,173.00
Subsidiaries				
Aarti USA Inc	0.02%	31.21	1.45%	279.87
Aarti Pharmachem Limited	0.01%	21.51	0.00%	(0.55)
Ganesh Polychem Limited *	8.47%	13,205.00	9.81%	1,897.30
Non Controlling interest in All Subsidiaries	0.00%	-	0.00%	-
Inter Company Elimination & Consolidation Adjustments	-0.81%	(1,267.06)	0.00%	(0.28)
Total	**100.00%**	**1,55,848.66**	**100.00%**	**19,349.34**

* *Entitiy with Joint control of 50%.*

36 FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Lakhs)

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investment	4,384.35	-	-	367.33	-	-
Trade Receivable	44,004.97	-	-	37,665.71	-	-
Cash and Cash Equivalents	2,492.97	-	-	8,327.34	-	-
Other financial assets	3,580.88	-	-	7,701.89	-	-
At FVTOCI		-	-	-	-	-
Investments	1124.31	-	1861.99	1074.86	-	1780.36
Financial Liabilities		-	-	-	-	-
At Amortised Cost		-	-	-	-	-
Borrowings	21,396.52	-	-	32128201	-	-
TradePablgs		-	-	2145-8.71	-	-

37 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Gross Debts	21,396.52	33,828.20
Cash and Marketable Securities	(2,492.97)	(8,327.34)
Net Debt (A)	18,903.55	25,500.86
Total Equity (B)	1,55,848.66	1,38,647.80
Net Gearing Ratio (A/B)	0.12	0.18

38 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments.

Credit risk Management

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

II Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

a) Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected short term operational expenses. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans/ internal accruals.

As at 31st March 2023

Maturities of non derivative financial Liabilities

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payable	34,675.83	-	-	34,675.83
Other financial Liability	1,647.24	-	-	1,647.24
Borrowings	21,378.17	-	-	21,378.17
Total	**57,701.24**	**-**	**-**	**57,701.24**

As at 31st March 2022

Maturities of non derivative financial Liabilities

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payable	21,458.77	-	-	21,458.77
Other financial Liability	1,064.83	-	-	1,064.83
Borrowings	33,772.75	-	-	33,772.75
Total	**56,296.35**	**-**	**-**	**56,296.35**

III Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include borrowings, investment in securities, Loan given, trade receivables and trade payable.

39 OTHER STATUTORY INFORMATION

Details of Benami Property Held

The Group does not hold any benami property as defined under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder. No proceeding has been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

Relationship With Struck off Companies

The Group has no transactions/balance with struck off companies under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

Willful Defaulter
The Group has not been declared a willful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India

Registration of Charges or Satisfaction With Registrar of Companies
The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

Details of Crypto Currency or Virtual Currency
The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

The Group has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries"

Undisclosed Income
The Group has not had any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Borrowings Obtained on the Basis of Security of Current Assets

For the borrowings secured against current assets, the company has filed Quarterly statements of current assets with the banks and the same are in agreement with the books of accounts.

Utilisation of Borrowed Funds and Share Premium
As on March 31, 2023 there is no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.

Revaluation Of Property, Plant And Equipment And Intangible Assets
The Group has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

Compliance With Number of Layers of Companies
The Group is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Scheme of Arrangement

Where the Scheme of Arrangements has been approved by the Competent Authority in terms of Section 230 to 237 of the Companies Act 2013, The company shall disclose that the effecrt of such Scheme of Arrangemnets have been accounted for in the books of account of the Company in accordance with the Scheme and in accordance with accounting standards and any deviation in this regar shall be explained.

Events after the reporting period

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

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)."

As on 12th May, 2023 there were no material subsequent events to be recognized or reported that are not already disclosed.

Standards Notified But Not Yet Effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, as and when they become effective.

The Ministry of Corporate affairs (MCA) has notified certain amendments to Ind AS, through Companies (Indian Accounting Standards) Amendment Rules, 2023 on 31st March, 2023. The amendments have been made in the following standards:

i. Ind AS 1: Presentation of Financial Statements is amended to replace the term "significant accounting policies" with "material accounting policy information" and providing guidance relating to immaterial transactions, disclosure of entity specific transactions and more

ii. Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors to include the definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty.

iii. Ind AS 12: Income Taxes relating to initial recognition exemption of deferred tax related to assets and liabilities arising from a single transaction.

iv. Other Amendments in Ind AS 102 – Share based Payments, Ind AS 103 – Business Combinations, Ind AS 109 – Financial Instruments, Ind AS 115 – Revenue from Contracts with Customers which are mainly editorial in nature in order to provide better clarification of the respective Ind AS's.

v. These amendments shall come into force with effect from April 01, 2023. The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments,,if applicable, from applicability date.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

40 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Addition regulatory Information

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance
a) Current Ratiio	Current Assets	Current Liabilties	1.95	1.77	10.34%
b) Debt-Equity Ratio	"Non-current borrowings + Current borrowings"	Shareholder's Equity	0.14	0.24	-43.69%
c) Debt Service Coverage Ratio	Earnings available for debt service (Net Profit after taxes+Depreciation and Amortization Expense+ Finance Cost)	Debt Service (Finance cost for the year + Principal repayment of long-term debt liabilities within one year)	13.27	14.87	-10.76%
d) (i) Return on Equity Ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.13	0.09	42.31%
d) (ii) Adjusted Return on Equity Ratio*	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.13	0.12	6.73%
e) (i) Inventory Turnover Ratio	Cost of material consumed (Cost of materials consumed + Purchases of stock-in-trade + Changes in inventories of finished goods, stock-intrade, work-in-progress and property under development)	Average Inventory	3.41	2.84	20.32%
e) (ii) Adjusted Inventory Turnover Ratio*	Cost of material consumed (Cost of materials consumed + Purchases of stock-in-trade + Changes in inventories of finished goods, stock-intrade, work-in-progress and property under development)	Average Inventory	3.41	3.78	-9.76%
f)(i) Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	4.76	3.19	49.53%
f)(ii) Adjusted Trade Receivables Turnover Ratio*	Net Credit Sales	Average Accounts Receivable	4.76	4.25	12.15%
g)(i) Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payable	2.17	1.53	42.37%
g)(ii) Adjusted Trade Payable Turnover Ratio*	Net Credit Purchases	Average Trade Payable	2.17	2.03	6.78%
h)(i) Net Capital Turnover Ratio	Net Sales	Average Working capital (Current Assets - Current Liabilities)	3.85	2.68	43.41%
h)(ii) Adjusted Net Capital Turnover Ratio*	Net Sales	Average Working capital (Current Assets - Current Liabilities)	3.85	3.58	7.56%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2023

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance
i) Net Profit Ratio	Net Profit	Net Sales	0.10	0.10	-2.37%
j)(i) Return on Capital Employed	Earning before interest and taxes	Capital Employed (Tangible net worth and total borrowings)	0.16	0.11	47.68%
j)(ii) Adjusted Return on Capital Employed *	Earning before interest and taxes	Capital Employed (Tangible net worth and total borrowings)	0.16	0.14	10.76%
k)(i) Return of Investment	Earning before interest and taxes	Average Total Assets	0.13	0.08	60.88%
k)(ii) Adjusted Return of Investment *	Earning before interest and taxes	Average Total Assets	0.13	0.11	20.66%

Notes for Ratio:

a. Debt equity ratio declined due to debt repayment by parent company from internal accruals.

b. With execution of NCLT order under scheme of Demerger, previous year figure of Profit and Loss account represent period of 9 months as compared to current year of 12 months. Thus, ratio which includes components of Profit and loss are not comparable.

** Previous year figures are realligned for 12 months, in order to arrive at the ratio for analysis and comparitive purposes.*

c. Ratio of Return on capital employed and investment ratio has shown upward trend due to increase in Profit and decrease in borrowing.

As per our report of even date
For **Gokhale and Sathe**
Chartered Accountants
FRN No.: 103264W

Chinmaya Deval
Partner
Membership No.: 148652

Place: Mumbai
Date: 12 May 2023

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Piyush Lakhani
Chief Financial Officer

Nikhil Natu
Company Secretary
ICSI M.No.: A27738

NOTICE OF ANNUAL GENERAL MEETING

"RESOLVED THAT

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ORDINARY BUSINESS:

RESOLVED FURTHER THAT

Ordinary Resolution

"RESOLVED THAT

Special Resolution

"RESOLVED THAT

RESOLVED FURTHER THAT

SPECIAL BUSINESS:

Ordinary Resolution

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Registered Office:

Nikhil Natu

NOTES:

Thursday, September 7, 2023

Thursday, September 7, 2023.

Thursday, September 7, 2023

"Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

September 13, 2023

17. Voting through Electronic Means:

I. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Monday, September 11, 2023 at 09:00 a.m. (IST) and ends on Wednesday, September 13, 2023 at 05:00 p.m. (IST).

Thursday, September 7, 2023

The instructions for shareholders voting electronically are as under:

Step 1: Log-in to NSDL e-Voting system at www. evoting.nsdl.com

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

I) Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method

NSDL Mobile App is available on

App Store Google Play

Type of shareholders	Login Method

Important note:

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details

II) Login method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:

II. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

III. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

Registered Office:

Nikhil Natu

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 3

Credentials

Item No. 4

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Item No. 5

a) Brief description of the Plan:

b) Total number of options to be granted:

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d) Requirements of Vesting and period of Vesting:

c) Identification of classes of employees entitled to participate in the Plan:

Sr. No.	Separations	Vested Options	Unvested Options
	Resignation		
	Termination (With cause like fraud, misconduct etc.)		
	Termination (Without cause)		
	Retirement or early Retirement approved by Company		

Sr. No.	Separations	Vested Options	Unvested Options
	Death		
	Permanent Disability		
	Abandonment*		
	Any other reason not specified above		

**The Board/Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned. Provided that, in accordance with Applicable Law, notwithstanding anything to the contrary contained herein, the Company shall not vary the terms of the PSOP 2023 in any manner which may be detrimental to the interests of the Employees.*

e) Maximum period within which the options shall be vested:

f) Exercise price or pricing formula:

g) Exercise period and process of exercise:

h) Appraisal process for determining the eligibility of employees under the PSOP 2023:

i) Maximum number of Options to be issued per Employee and in the aggregate:

j) Maximum quantum of benefits to be provided per employee under the PSOP 2023:

k) Route of PSOP 2023 implementation:

l) Certificate from Secretarial Auditors:

m) Source of acquisition of Equity shares under PSOP 2023:

n)

u) **Terms & conditions for buyback, if any, of specified securities covered under the SEBI SBEB and Sweat Equity Regulations:**

v) **Listing:**

w)

x) **Miscellaneous:**

Registered Office:

Nikhil Natu

ANNEXURE-I

Name of the Director	Shri Rajendra V. Gogri
	₹

Name of the Director	Shri Rajendra V. Gogri
	Aarti Industries Limited Prince Pipes and Fittings Limited

Registered Office:

Nikhil Natu

AARTI PHARMALABS

Registered Office
Plot No 22/C/1 & 22/C/2, 1st Phase,
GIDC Vapi 396195, Valsad, Gujarat

Corporate Office
204, Udyog Kshetra, 2nd Floor,
Mulund Goregaon Link Road, Mulund West,
Mumbai 400080, Maharashtra

Website : www.aartipharmalabs.com

BSE Code: 543748
NSE Symbol: AARTIPHARM
CIN: L24100GJ2019PLC110964

Concept, Content & Design (info@wyatt.co.in)