July 15, 2024

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 5th Annual General Meeting ("AGM") and the Annual Report for the Financial Year 2023-24
Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Please find enclosed herewith the Annual Report of the Company for the Financial Year 2023-24, along with the Notice of the 5th Annual General Meeting (AGM) of the Company scheduled to be held on **Wednesday, August 07, 2024** at **11:00 a.m. (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM). The AGM will be held without the physical presence of the Shareholders at a common venue.

Further, in accordance with the MCA Circulars and 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 5th AGM of the Company along with Annual Report for the Financial Year 2023-24 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

NIKHIL PANDURANG NATU
Digitally signed by NIKHIL PANDURANG NATU
Date: 2024.07.15 19:23:23 +05'30'

NIKHIL NATU
COMPANY SECRETARY
ICSI M. NO. A27738

Encl.: a/a

AARTI PHARMALABS LIMITED
www.aartipharmalabs.com | CIN : L24100GJ2019PLC110964 | Email : info@aartipharmalabs.com
Admin Office : 204, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, Mulund (W), Mumbai, PIN - 400 080, Maharashtra, INDIA, T : +91 22 67976666 | F : +91 22 25653234
Regd. Office : Plot No. 22-C/1 & 22-C/2, 1st Phase, G.I.D.C., Vapi 396 195, District - Valsad, Gujarat, INDIA, T : +91 260 2400467, +91 99099 94655

AARTI PHARMALABS

Annual Report
2023-24

Chemistry for Change

Catalysing A Healthier Tomorrow

Contents

01 Corporate Overview

32 Statutory Reports

116 Financial Statements

257 Annual General Meeting

See this report online at
www.aartipharmalabs.com

Chemistry for Change

Catalysing A Healthier Tomorrow

For over two decades, our unwavering commitment to enhancing healthcare has driven our pursuit of leveraging advanced chemistry in pharmaceutical manufacturing. With a robust portfolio spanning key therapeutic categories, we help improve people's lives and create a healthier future for all.

Focused on expanding production capacities and enriching offerings through continuous research and development, we are setting new standards in the pharmaceutical industry. We harness chemical innovation to improve efficiencies and healthcare outcomes, leading to the development of value-added products. We are prominently present in the lifestyle drug market, which includes antihypertensives, anti-diabetic medications, steroids, and oncology drugs. Our backward integration advantage optimises costs and ensures manufacturing stability, making us a preferred partner for global customers.

Our innovative approach in contract development and manufacturing demonstrates our ability to adapt and excel amid dynamic market conditions. Strong commercial scale-up and manufacturing expertise differentiate us, ensuring consistent and high-quality supply chains. Our strategic growth and regulatory excellence, particularly in regulated markets, propel us toward our goal of catalysing a sustainable tomorrow. Through these efforts, we envision a future where advanced chemistry transforms healthcare and delivers lasting value for all.

About the Company

Revolutionising healthcare with advanced chemistry

Aarti Pharmalabs is a globally recognised leader in the manufacturing of Active Pharmaceutical Ingredients (APIs), Advanced Intermediates, and Xanthine Derivatives, based in India. We also offer comprehensive CDMO and CMO services for drug substances and New Chemical Entities (NCE), including their KSM and RSM, serving innovators and major pharmaceutical companies worldwide. Our products are exported to key regulated markets such as the United States (US), European Union, and Japan.

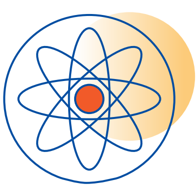
Our objective is to accelerate innovation and deliver high-quality pharmaceutical solutions that transform healthcare through advanced chemical processes.

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 Aarti Pharmalabs, 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

STRENGTHS THAT DRIVE US

Strong Foothold in APIs & Intermediates

We excel in the production of Active Pharmaceutical Ingredients and Advanced Intermediates.

Extensive Global Footprint

Our operations are accredited by international regulatory bodies, ensuring global reach and compliance.

Manufacturing Competence

We leverage backward integration to strengthen our raw material supply chain.

Expert Leadership Team

Our visionary leadership drives our strategic objectives and innovation.

Sustainable Operations

We prioritise safe and sustainable operations.

Expertise in Novel Chemistries

Our proficiency in novel chemical processes sets us apart in the industry.

World-Class R&D and Process Innovation

Continuous research and process innovation drive our high-quality, transformative solutions.

KEY HIGHLIGHTS

Largest Indian manufacturer
Of Xanthine derivatives and allied products

200+
Products

56
Patents filed

500+
Global Customers

50+
Countries where we export

2,000+
Employees

6
Manufacturing facilities

3
State-of-the-art R&D facilities

3
USFDA units

41
USDMF (US Drug Master Files)

22
CEP (Certificates of Suitability)

15-20%
Global market share in Xanthine

Our Journey

Consistent growth and value-creation

1984
Incorporated Aarti Organic Private Limited

1992
Listed on both NSE and BSE

2001
Commissioned first API manufacturing Unit in Dombivali (Unit 1) and started Xanthine unit

2005
Commissioned first API manufacturing Unit in Tarapur for Regulated Markets (Unit 4)

2008
Completed the USFDA & EUGMP audit for Tarapur Unit 4

2009
Completed the USFDA audit at Intermediate facility (CSD) at Vapi

2013
Received EUGMP approval for Bicalutamide for the Oncology block at Unit 4

2016
Commissioned Caffeine production at Unit 5 with a capacity of 100 MT per month

2017
Completed Cofepris, Mexico audits at Unit 4

2019
Completed audit by EDQM for Bicalutamide for the Oncology block at Unit 4

2022
- Expanded block for CSD, Vapi and API, Tarapur units
- Acquired Land at Atali for future growth
- Demerged the pharmaceutical business of Aarti Industries Limited to Aarti Pharmalabs Limited

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

Manufacturing and R&D Capabilities

Enabled by robust infrastructure

Supported by world-class R&D and manufacturing facilities strategically located in western India near major ports, we integrate advanced technologies and chemical innovation to develop reliable, high-quality products with efficiency and scalability.

We operate six state-of-the-art manufacturing units, three of which are approved by the US Food and Drug Administration (USFDA), ensuring adherence to globally recognised standards. These units enhance our export capabilities and meet diverse global demands efficiently.

A cornerstone of our strength is our strategic backward integration for most APIs we produce. This approach provides direct oversight of crucial intermediates, boosting efficiency and quality control. It mitigates risks, optimises production processes, and ensures timely delivery of quality products, reinforcing our reputation for excellence in the pharmaceutical industry.

1	Dombivali	Unit -I (API, Intermediates, CDMO)
2	Vapi	Unit -II (API Intermediates, CDMO & Custom Synthesis Unit)
3	Tarapur	Unit-III (Xanthine Unit)
		Unit-IV (API, CDMO-API)
		Unit -V (Xanthine Unit)
		Unit -VI (Intermediate unit of Xanthine, specialty & allied products)
4	Atali	New unit under construction (CDMO, Intermediates)

Vapi, Gujarat Nerul, Maharashtra Dombivali, Maharashtra	Research and Development Centers
Mumbai, Maharashtra	Corporate Office

CERTIFICATIONS

REGISTRATION

COMPREHENSIVE MANUFACTURING CAPABILITIES

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

RESEARCH AND DEVELOPMENT

Our three advanced research and development facilities, along with exclusive Intellectual Property Rights (IPRs), drive constant innovation to meet the diverse needs of our customers. Supported by an experienced and skilled R&D team, these centres combine expertise in process chemistry and scale-up engineering to optimise asset utilisation and deliver customised solutions to over 500 customers.

70+
Scientists

25
Patents granted

150+
Intermediates developed and manufactured on kilo lab scale

100+
New products to be developed in the next few years

₹ 43 Crores
R&D spends in FY 2023-24

Celebrating Innovation
Inauguration of Our New R&D Center in Nerul

Business Segments

Shaping a healthier future with diverse offerings

Our diversified offerings span multiple segments, enabling us to deliver world-class products to the pharmaceutical and food & beverage industries. We prioritise customer satisfaction and stringent adherence to regulatory requirements, solidifying our reputation as a trusted partner. Aligned with world's growing healthcare needs, we are focused on strengthening our innovation pipeline and product portfolio.

BUSINESS SEGMENTS

- Xanthine Derivatives & Allied Products
- CDMO & CMO Services
- API & Intermediates

Xanthine Derivatives & Allied Products

Aarti Pharmalabs is India's largest manufacturer of Xanthine derivatives, including Caffeine, Theophylline Anhydrous, Aminophylline, Etophylline, and Theophylline. These compounds find application in beverages, nutraceuticals, and pharmaceutical industries. Xanthine derivatives are frequently used as mild stimulants and bronchodilators, particularly in managing symptoms associated with Asthma or Influenza.

OUR STRENGTHS

- Largest manufacturing capacity in India for Xanthine derivatives including caffeine
- Operates two dedicated plants with a combined capacity of 5,000 MTPA
- Minimal dependence on China and integrated production aligns with the "China +1" strategy
- Market share of 15-20% of the global Xanthine derivatives market

KEY HIGHLIGHTS OF FY 2023-24

Expanding Xanthine capacity from 5,000 MTPA to 9,000 MTPA through debottlenecking

Undertaking brownfield capacity expansion to fulfill increasing customer demand & strengthen market position

API & Intermediates

Aarti Pharmalabs excels in developing and manufacturing Highly Potent Active Pharmaceutical Ingredients (HPAPIs), meeting the demand for critical drugs used in oncology, corticosteroids, and cytotoxic medicines.

KEY HIGHLIGHTS OF FY 2023-24

54
APIs commercialised since inception

14
New APIs under development at API dedicated R&D facility/validation for pharmaceuticals

125+
Generic intermediates at R&D Pilot and commercial scales

41
US DMF Approvals obtained across multiple therapeutic areas for APIs and intermediates

22
CEP Approvals available for sale in European Union across multiple therapeutic areas

OUR STRENGTHS

Backward integration for most APIs ensures control over the entire production value chain and guarantees high-quality intermediates

Holds dedicated approvals from the US, EU, and Japan, offering a competitive edge

Operates USFDA-approved facilities, ensuring compliance with stringent quality standards

One of the preferred partners in regulated markets recognised for robust regulatory documentation and IPR support in these markets

CDMO/CMO Services

We are amongst the leading small molecule drug substance Contract Development and Manufacturing Organisations (CDMO/CMO) in India.

KEY HIGHLIGHTS OF FY 2023-24

16
Customers

21
Products commercialised

19
Products under development at customers' end

OUR STRENGTHS

- Support drug substance projects including NCEs, APIs, RSMs, and Intermediates, collaborating with 16 innovators and major pharma companies
- Provide services from lab scales to pilot and manufacturing scales, focusing on clinical phases (Ph-I/II/III), launch, and commercial phase projects
- End-to-end solutions from synthetic route design to commercial manufacturing, specialising in HPAPIs, cryogenic reaction & hydrogenation
- Strong CMC documentation expertise to ensure smooth regulatory approvals
- Specialise in research and manufacturing services for APIs and intermediates with strong intellectual property protection

Chairman's Message

We expect strong growth in the CDMO/ CMO segment over the medium to long term, driven by new chemistries and customer engagements. The prospects for API and intermediates, and Xanthine segments also remain impressive.

Dear Shareholders,

At Aarti Pharmalabs, we are committed to transforming global healthcare with innovative, high-quality solutions, positively impacting millions of lives worldwide. Reflecting on FY 2023-24, we made substantial progress in enhancing our operations, expanding our portfolio and capacities, and integrating new capabilities.

The year under review presented significant challenges, including geopolitical conflicts in Europe and heightened tensions in the Middle East, supply chain disruptions, and high energy and commodity prices. Amidst this uncertainty, India stood resilient, emerging as a beacon of hope and optimism. FY 2023-24 saw India's economy expanding by an impressive 8.2%, making it one of the fastest-growing economies in the world. The growth momentum is expected to continue, with significant potential for further expansion.

The global pharmaceutical industry experienced significant shifts in medicine usage and spending growth in 2023, laying the groundwork for robust expansion. Post-pandemic, despite reduced spending on vaccinations and COVID-19 therapies, the industry showcased resilience by embracing novel therapies and increasing overall medicine usage. Medical science has transitioned from traditional chemistry to a new world of biologics, advanced diagnostics, and personalised medicines. Demographic shifts, including ageing populations and evolving disease profiles, are contributing to the rising demand for pharmaceutical products.

The Indian pharmaceutical market is recognised for its generic medicines and affordable treatments. The availability of a skilled workforce, talented scientists, and focus on R&D, enable India to produce and supply low-cost medicines worldwide. Government initiatives and supply chain shifts due to the China+1 strategy further benefit the Indian players. As the third-largest API producer by volume, India significantly contributes to the global market. The API market is poised for robust growth, driven by initiatives like Atmanirbhar Bharat and PLIs, reducing dependence on China. The biosimilars and biologics segments are also expanding rapidly due to patent expiries and substantial R&D investments. The contract research and manufacturing services (CRAMS) market is expected to grow at a CAGR of 10.8% from 2023 to 2028, offering varied services at competitive rates.

We are well-positioned to benefit from these opportunities. Our strong focus on innovative research, advanced manufacturing capabilities, and strategic investments align perfectly with industry trends. Our expertise in R&D and scaleup capabilities with advanced process technologies allow us to handle projects from gram scale to larger commercial supplies. Our competitiveness is further strengthened by a backward integration strategy, ensuring a stable supply of key raw materials and reducing dependence on China. Our commitment to quality, sustainability, and regulatory excellence makes us a preferred partner for global innovators and leading pharmaceutical companies worldwide.

We expect strong growth in the CDMO/CMO segment over the medium to long term, driven by new chemistries and customer engagements. The prospects for API, Intermediates, and Xanthine segments also remain impressive. The ongoing greenfield project i.e. multipurpose plant at Atali is expected to be commissioned by the end of FY 2024-25 and will augment our capacity to serve customers. Presently, we have utilised only a small portion of the available land, leaving ample space for future expansion.

We are setting up a solar power project in Akola, Maharashtra, expected to come on stream in the second half of FY 2024-25. We are introducing new green boilers that operate on bio-briquettes instead of conventional sources.

As a responsible corporate, we strive to foster sustainability and drive positive change in our planet and communities. We are setting up a solar power project in Akola, Maharashtra, expected to come on stream in the second half of FY 2024-25. We are introducing new green boilers that operate on bio-briquettes instead of conventional sources. Our focus on adopting greener technologies reinforces our efforts to reduce waste generation and environmental footprint.

Our people are our biggest assets, and we intend to create a conducive workplace through meaningful initiatives that promote employee welfare and development. Our focused endeavours in healthcare, education, and rural development, are building resilient communities and paving the way for an inclusive future. As India evolves into a hub for pharmaceutical research, manufacturing, and innovation, it stands poised to shape the future of healthcare worldwide. We remain steadfast in our commitment to innovation, quality, and sustainability, contributing to the industry's ongoing success and delivering long-term value effectively.

I would like to thank our Board of Directors, customers, employees, partners, and all other stakeholders for their constant trust and support. With prudent strategy execution, we remain dedicated to enhancing lives and delivering enduring value for all.

Warm regards,

Rashesh Gogri
Chairman

Managing Directors' Message

Dear Shareholders,

Over the years, we have continually evolved, expanding product portfolio, capabilities, and global reach through strategic advancements and technological innovations. This has unlocked significant opportunities, enabling us to scale growth and offer high-quality, advanced solutions across multiple therapeutic areas.

Performance review

In FY 2023-24, we delivered a commendable performance, recording the highest-ever EBITDA and PAT. On a consolidated basis, we clocked a revenue of ₹ 1,853 Crores. Our EBITDA stood at ₹ 386 Crores while PAT reached an impressive ₹ 217 Crores. Our success can be attributed to enhanced operational efficiencies and expanded production capacities, resulting in streamlined processes and higher output.

Our exports, including key markets such as the US, EU, and Japan, accounted for 52% of our total revenue. We uphold the highest quality standards and regulatory compliance in these geographies. For APIs and advanced intermediates, we enhance global IPR with 22 CEPs, 41 USDMFs and numerous DMFs for other countries like Brazil, China, Russia, etc., underscoring our commitment to innovation and excellence. Our strength lies in our backward-integrated business model and minimal dependence on China for KSMs, making us a trusted partner for global pharmaceutical companies. Our long-term partnerships with customers are driven by our expertise in commercial scale-up and manufacturing processes.

Our current product portfolio includes 54 APIs across various lifestyle therapeutics, such as anti-cancer, anti-hypertension, anti-asthma, and anti-diabetic treatments, among others. Additionally, we have 14 APIs under development. Over the years, we have developed and commercialised 125 generic and advanced intermediates, specifically targeting regulated markets. We ensure GMP manufacturing standards and provide comprehensive documentation support, delivering prompt and reliable service to our customers. In the CDMO/CMO segment, we are working on 40 projects, of which 21 are commercial and 19 are in development phases. We are also expanding our capabilities in the areas of peptides, oligonucleotides, and ADC linkers.

Advancing our strategic endeavours for a sustainable future

This year, we have made remarkable strides to strengthen our capacities, enabling us to respond to market trends and enhance outcomes swiftly.

We are pleased to inform you that we are increasing our Xanthine capacity from 5,000 to 9,000 MTPA through brownfield expansion and debottlenecking projects. This will entail a capital expenditure to the tune of around ₹ 150 Crores. We see tremendous potential in both developed and Indian markets, with diverse uses for Xanthine derivatives across pharma, food & beverage, personal & cosmetic and potential applications in the electric vehicle (EV) space. The acquisition of additional adjacent land for this expansion is underway, empowering us to serve growing customer needs and fortify our leadership position. We are also strengthening alliances with major corporations for Xanthine derivatives.

We have inaugurated a state-of-the-art R&D centre in Nerul, Navi Mumbai. This facility, now fully operational, is designed to enhance our research and development capabilities and support CDMO/CMO business. Equipped with advanced technology, including a process safety laboratory and a dedicated powder safety section, the new R&D centre prioritises innovation, safety, and sustainability. Keeping in mind the future R&D needs, this laboratory is built with ample scope for expansion.

We believe that our greenfield expansion project at Atali, Gujarat will be ready for commissioning in the fourth quarter of FY 2024-25. Strategically located on 80 acres of land between the industrial hubs of Dahej and Bharuch, the project entails an investment of over ₹ 300 Crores and will bolster our production capabilities.

In another significant development, we have commenced operations for our semi-commercial block at the USFDA intermediate manufacturing site in Vapi. This expansion will address the gap of small to medium batch size (of up to 2KL reactors) in the current system, required to provide comfort to our customers in the scale up during different phases of development. This is in line with our strategic growth plan of offering gram scale to ton level batch size, and will aid our CDMO/CMO business.

Nurturing the well-being of people, planet, and communities

With a deep commitment to sustainability, we focus on embedding green chemistry in our operations. We use biocatalysis, flow chemistry, and loop reaction technology to minimise waste and save energy. We are setting up a state-of-the-art solar power plant in Akola, Maharashtra, to generate cleaner and greener electricity. This project, involving an expenditure of over ₹ 80 Crores, is expected to fulfill one-third of our power requirements, reducing manufacturing costs. Once operational, it will significantly reduce our carbon footprint. Additionally, we are continuously looking out for newer ways and working on solutions to reduce hazardous waste. One such initiative taken up during the year was reducing sludge volume by drying it. Another initiative was improving recovery of boiler steam condensate to 68% across all the sites. These efforts highlight our dedication to environmental stewardship and sustainable practices.

We are pleased to inform you that we are increasing our Xanthine capacity from 5,000 to 9,000 MTPA through brownfield expansion and debottlenecking projects. This will entail a capital expenditure to the tune of around ₹ 150 Crores. We see tremendous potential in both developed and Indian markets, with diverse uses for Xanthine derivatives.

We truly believe that our employees are central to our success. We are committed to developing their capabilities and creating an inclusive, thriving workplace. We also support employee well-being by providing comprehensive health and safety training. Additionally, we recognise our responsibility to society and run holistic programmes aimed at community welfare. Our focus on upholding the highest levels of governance and transparency enables us to enhance stakeholder value.

Closing remarks

The business outlook remains optimistic, supported by a strong product portfolio, innovation pipeline, and capacity expansion initiatives. In FY 2024-25, we expect an EBITDA growth of 10-12%, whereas the long-term goal remains at over 15% EBITDA growth. We are increasing our R&D investments to accelerate chemistry innovation and launch new, value-added products. Our goal is to develop quality solutions for global healthcare markets and improve patient outcomes and value-creation.

We attribute our success to the unwavering dedication and relentless efforts of our employees, to whom we express our sincere gratitude. We also extend heartfelt thanks to our customers, partners, suppliers, shareholders, and all stakeholders for their steadfast support and engagement.

Warm Regards,

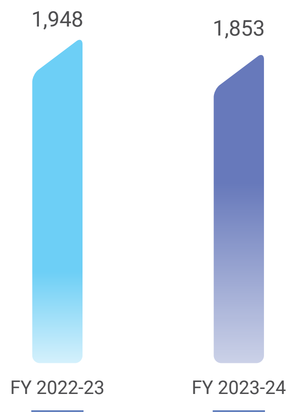
Hetal Gogri Gala
Vice Chairperson & Managing Director

Narendra J. Salvi
Managing Director

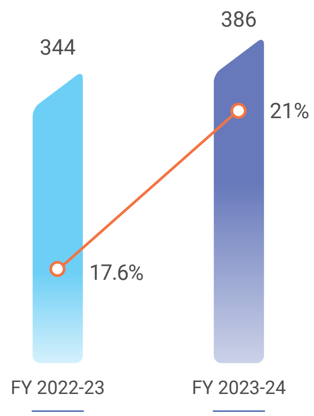
Performance Highlights

A year of strong performance

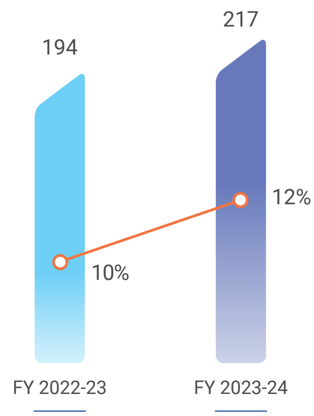
Revenue (₹ in Crores)



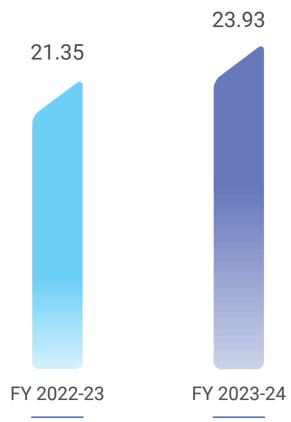
EBITDA (₹ in Crores) &
EBITDA Margins (%)



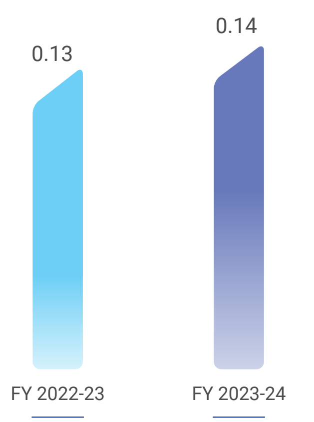
PAT (₹ in Crores) &
PAT Margins (%)



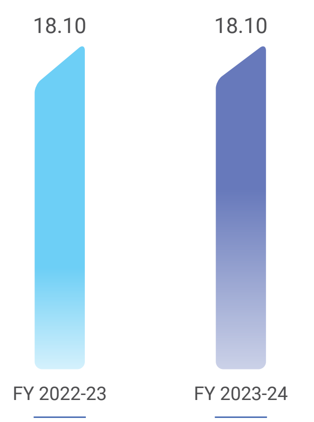
EPS (₹)



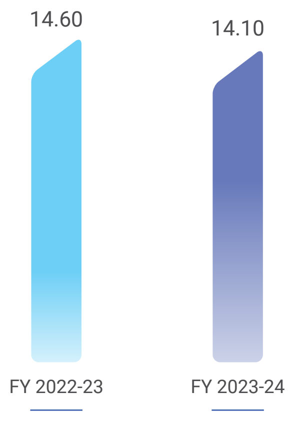
Net Debt to Equity



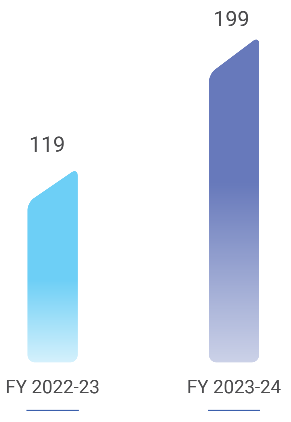
ROCE (%)



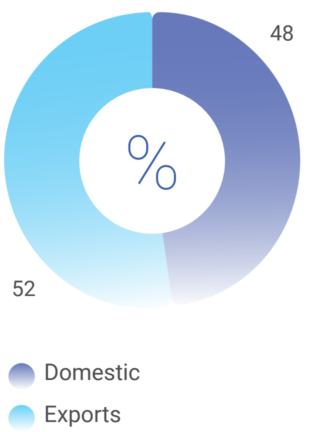
ROE (%)



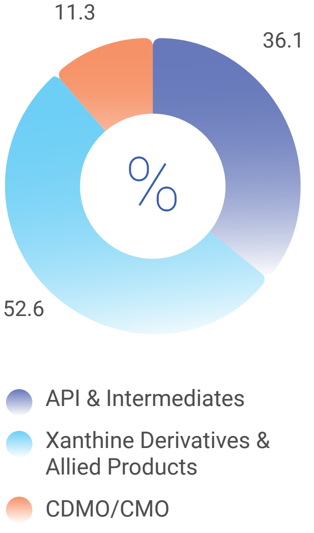
Capex (₹ in Crores)



Revenue mix region-wise (%)



Revenue mix segment-wise (%)



Environmental, Social and Governance (ESG)

Embedding ESG Principles

Embedding ESG principles within Aarti Pharmalabs is not only a moral imperative but also a strategic business decision that can drive long-term value and resilience.

Aarti Pharmalabs recognises the critical importance of integrating ESG principles into its operations. Our commitment to sustainability, ethical practices, and social responsibility is central to our mission of improving health outcomes globally while ensuring the well-being of our planet and communities. This description outlines our comprehensive approach to embedding ESG principles in every facet of our business.

ENVIRONMENTAL STEWARDSHIP

SUSTAINABLE MANUFACTURING PROCESSES

One of the primary environmental concerns in the API and pharmaceutical intermediates industry is the significant resource consumption and waste generation. By adopting green chemistry principles and sustainable manufacturing processes, APL reduced their environmental footprint. This included:

Minimising Waste

Implementing waste reduction strategies such as process optimization, recycling, and recovery of solvents and other materials. At APL, we have a roadmap to minimise waste generation by adopting advanced waste management systems and process improvements.

Energy Efficiency

Utilising energy-efficient technologies and renewable energy sources to decrease greenhouse gas emissions. APL has programmes to improve power factors, condensate recovery improvement to restrict energy losses.

Water Management

Adopting water-efficient processes and wastewater treatment technologies to reduce water consumption and pollution. All our sites have Zero Liquid Discharge Facilities which allow us to reuse water, significantly lowering our water footprint.

CARBON FOOTPRINT REDUCTION

Climate change poses a critical challenge, and the APL must play its part in mitigating its effects. Reducing the carbon footprint of API and intermediates production involves:

Lifecycle Assessment

Conducting comprehensive lifecycle assessments to identify and mitigate carbon hotspots in the production process. APL has decided to complete lifecycle assessments for all major products, identifying key areas for carbon reduction.

Renewable Energy Integration

Transitioning to renewable energy sources such as solar, wind, or biomass to power manufacturing facilities. APL has initiated installing solar panels at separate location than manufacturing sites. This project will be completed in FY 2024-25.

SOCIAL RESPONSIBILITY

EMPLOYEE WELFARE AND DEVELOPMENT

APL relies heavily on a skilled workforce. Ensuring the welfare and development of employees is crucial for maintaining a motivated and productive workforce. Key initiatives include:

Health and Safety

Implementing rigorous health and safety protocols to protect employees from occupational hazards and ensuring a safe working environment. APL's health and safety programs like elimination of open handling, advance technologies for powder handling have led to reduction in workplace incidents.

Training and Development

Offering continuous training and development programs to enhance employees' skills and career growth opportunities. Over the past year, APL has drafted a programme to increase average training hours. Also APL will be having a digitalised platform for training and development of employees.

Diversity and Inclusion

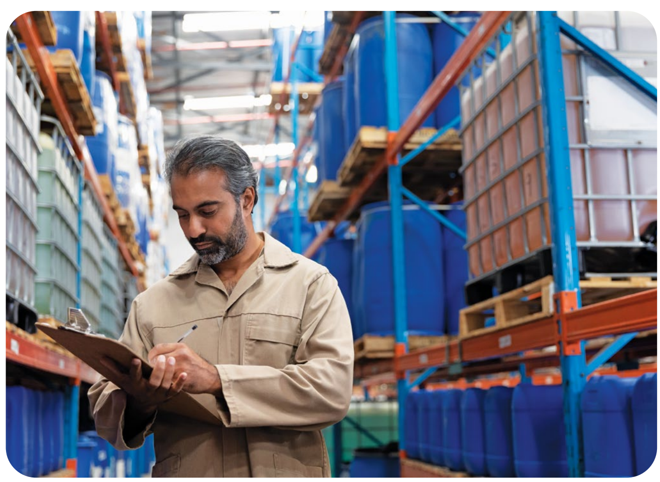
Promoting a diverse and inclusive workplace culture where all employees feel valued and respected. APL's diversity initiatives have increased the representation of women in the workforce.

ETHICAL SOURCING AND SUPPLY CHAIN MANAGEMENT

The sourcing of raw materials for API and intermediates production often involves complex global supply chains. Ensuring ethical practices throughout the supply chain is vital. This includes:

Supplier Assessments

Conducting regular assessment to ensure suppliers adhere to ethical standards, including fair labour practices and environmental compliance. APL has laid a base for a sustainable supplier program for our suppliers, ensuring compliance with our stringent ethical standards.



Fair Trade Practices

Engaging in fair trade practices to support the livelihoods of raw material producers and communities. We have established fair trade agreements with our key raw material suppliers.

COMMUNITY ENGAGEMENT AND SOCIAL IMPACT

APL has a responsibility to give back to the communities they operate in. This is achieved through:

Healthcare Initiatives

Supporting local healthcare initiatives by providing essential medicines and funding for healthcare infrastructure. APL has provided funding to healthcare infrastructure, benefiting 300 individuals.

Educational Programs

Investing in educational programs to enhance local community skills and knowledge, particularly in healthcare and science. APL's educational initiatives have reached 997 lives, providing scholarships and funding for education & skill development.

Community Development Projects

Engaging in community development projects that address local needs and improve quality of life. Our community projects, such as environment & water conservation, women empowerment, livestock development have improved living conditions for 48,195 lives.

COMMUNITIES

CARING FOR OUR COMMUNITIES

Our social responsibility interventions are rooted in the philanthropic beliefs of our founders and management. Our commitment extends beyond legal compliance, as we actively collaborate with local communities and prominent NGOs to identify and address developmental needs. Our CSR programmes support India's national development objectives and the United Nations' Sustainable Development Goals (SDGs). The Aarti Foundation spearheads these initiatives on behalf of Aarti Pharmalabs.

₹ 272 Lakhs
Total CSR spend in FY 2023-24

48,195
Lives impacted

EDUCATION & SKILL DEVELOPMENT

₹ 89.03 Lakhs
Amount spent on Education & Skill Development

997
Lives impacted

Scholarships & Grants

We extend scholarships to underprivileged students to enable them to pursue higher education and further studies.

Infrastructure Development

We donate to various schools and institutions to set up new infrastructure and improve existing infrastructure.

Shri Hirji Bhojraj & Sons Kutchi Visha Oswal Jain Chhatralaya

We made a donation to Shri Hirji Bhojraj & Sons Kutchi Visha Oswal Jain Chhatralaya for their scholarship project, benefiting numerous students. This initiative, aimed at ensuring no student halts their studies due to financial constraints, was supported by the Aarti Foundation with ₹ 3.60 Crores, including ₹ 70 Lakhs from APL. Advertisements inform students about scholarships and interest-free loans, which are awarded based on merit and need after thorough scrutiny and interviews. Scholarships and loans cover primary, secondary, and higher education.

Vicharta Samuday Samarthan Manch (VSSM)

Since 2017, we have collaborated with VSSM to foster an empathetic environment for the inclusive growth of Nomadic and denotified communities in Gujarat. We support the development of “Vallabh Vidya Vihar”, a Residential Educational and Vocational Training Campus in Pansar village, Gandhinagar District. This campus will include hostels for 900 children, schools, a skill development centre, and vocational training facilities for children from Nomadic, denotified, marginalised, and economically backward communities. In July 2024, the first phase has started, with enrolment of 250+ students.

Institution	Category	Place	People Benefited	Amount Spent (in Lakhs)
Shri Hirji Bhojraj & Sons Kutchi Visha Oswal Jain Chhatralaya	Scholarship	Mumbai	52	70
Vicharta Samuday Samarthan Manch (VSSM)	Infrastructure Development	Pansar	900	16.03
Superintendent of Police	Scholarship	Palghar	45	3.00
Total			**997**	**89.03**

HEALTHCARE

₹ 45 Lakhs
Amount spent on Healthcare

300
Lives impacted

Institution	Category	Place	People Benefited	Amount Spent (in Lakhs)
Tirthankar Mahaveer Jain Hospital	Healthcare	Bihar	N.A.	20
Shree Shanti Nath Educational Medical Research & Charitable Trust	Healthcare	Mumbai	300	25
Total			**300**	**45**

Tirthankar Mahaveer Jain Hospital

We are constructing a 205-bed hospital in Nalanda, Bihar, spanning 35,000 sq. ft., equipped with modern medical technology, including imaging machines, laboratory equipment, and telemedicine capabilities. The hospital will feature four fully-equipped operation theatres, deluxe and super deluxe rooms for patient comfort, and two mobile hospitals to reach remote areas swiftly. Additionally, 12 EV autorickshaws and ambulances will facilitate patient transport. Regular health camps and awareness programs will educate the community about our services. Our goal is to provide high-quality medical care at nominal fees to change the perception of high medical costs.

Shree Shanti Nath Educational Medical Research & Charitable Trust

We have supported the Shree Shantinath Educational Medical Research & Charitable Trust in renovating their Medical Centre Building, enhancing its facilities across various fields such as pathology labs, dentistry, sonography, and more. The redevelopment includes a Pathlab, Eye OPD with OT, dental chairs, OPG facility, stress test, physiotherapy, ENT, and orthopaedic services. Currently, the centre hosts 25 doctors and 5 staff members, but post-renovation, it will accommodate over 60 doctors, 5 nurses, and 12 support staff. Daily patient intake is expected to increase from 100 to 250-300 patients. Services are offered at 40-50% lower prices compared to other medical centres, with special discounts and free treatments available for the extremely poor. Future plans include a complete Pathlab testing facility, dialysis, and other specialty OPDs at fair prices. The project is expected to be operational by October 2024.

WATER CONSERVATION & ENVIRONMENT

₹ 32.52 Lakhs
Amount spent on Water Conservation & Environment

2,665
Lives impacted

Institution	Category	Place	People Benefited	Amount Spent (in Lakhs)
Shiv Enterprises	Environment	Kirat, Palghar	N.A.	12.52
Shree Siddhivinayak Sevabhavi Sanstha	Water Conservation	Beed	2,665	20
Total			**2,665**	**32.52**

Shiv Enterprises

We have developed a 3km road divider from MIDC road Chillat to Nagazari (Chari), including garden work with the plantation of 3,000 small plants and 100 Supari plants. To ensure the long-term health and sustainability of these plants, regular maintenance activities such as watering, cleaning, weeding, and monitoring plant health are carried out diligently.

Shree Siddhivinayak Sevabhavi Sanstha

We have supported the construction of two check dams in the village of Rui River, Marathwada. The primary aim is to harness and conserve rainwater during the monsoon season, serving multiple purposes:

Water Conservation: The check dams trap rainwater, allowing it to percolate into the ground, recharging groundwater levels for use during dry periods.

Flood Control: They help control soil erosion and reduce flash flood risks by regulating water flow during heavy rainfall.

Agricultural Benefits: Conserved water supports irrigation, enhancing agricultural activities and increasing crop yields.

WOMEN EMPOWERMENT

₹ 50 Lakhs
Amount spent on Women Empowerment

44,233
Lives impacted

3,155
Villages covered

Institution	Category	Place	People Benefited	Amount Spent (in Lakhs)
Tribal Integrated Development & Education Trust	Women Empowerment	Assam & Meghalaya	44,233	50
Total			**44,233**	**50**

Tribal Integrated Development & Education Trust (TIDE)

We are proud to collaborate with TIDE on the Tribal & Women Empowerment Welfare Project in Assam and Meghalaya.

Key Achievements by TIDE

- Covered 3,700+ villages in Assam and 220 villages in Meghalaya
- Employed 207 staff in Assam and 14 in Meghalaya
- Formed 14,500+ microcredit groups, benefiting 1,67,800+ women and families, most of whom are now debt-free
- Conducted various income-generating projects like agarbatti making, weaving, bamboo craft, mushroom farming, and tailoring classes
- Organised 900 training and awareness camps in Assam, with a total of 36,000 participants, focusing on hygiene, education, substance abuse prevention, family planning, and organic farming
- Provided mental health care to 1,250+ patients across 9 campuses, with plans to expand to 2,000 patients within two years

The Aarti Foundation donated ₹ 1.50 Crores for this noble cause, including a donation of ₹ 50 Lakhs from APL.

LIVESTOCK DEVELOPMENT

₹ 55.45 Lakhs
Amount spent on Women Empowerment

Amount spent on Livestock Development

Institution	Category	Place	People Benefited	Amount Spent (in Lakhs)
Bhagwan Mahavir Pashu Raksha Kendra	Livestock Development	Kutch	N.A.	37.50
Cattles in Gaushalas	Livestock Development	Maharashtra	N.A.	17.95
Total			**N.A.**	**55.45**

Bhagwan Mahavir Pashu Raksha Kendra

Situated in the Kutch district of Gujarat, Bhagwan Mahavir Pashu Raksha Kendra, Anchorwala Ahinsadham operates one of India's premier veterinary hospitals dedicated to the care of aged, injured, and disabled animals and birds. Currently, the trust cares for 2,800 animals and birds, supported by 4 doctors and 100 employees. The facility includes two of India's largest ICUs for critically ill animals, treating over 500 animals. Additionally, the trust manages a 225-acre Nandanvan with 5 Lakhs trees, a bird sanctuary, and the Ahinsa Knowledge City, promoting compassion and environmental awareness over 600 acres.

Cattles in Gaushala

We have provided support for animal welfare activities to various trusts dedicated to livestock development and animal care across different districts of Maharashtra.

GOVERNANCE AND ETHICAL PRACTICES

STRONG CORPORATE GOVERNANCE

Robust corporate governance frameworks are essential for ensuring accountability, transparency, and ethical conduct within the APL. Key components include:

Board Oversight

Ensuring the Board of Directors actively oversees ESG initiatives and integrates them into the company's strategic direction. APL's Management has established monthly meetings with internal stakeholders to oversee and guide our sustainability efforts.

Risk Management

Implementing comprehensive risk management practices to identify, assess, and mitigate ESG-related risks. Our risk management framework has been enhanced to include regular ESG risk assessments, covering all of our operations.

Stakeholder Engagement

Engaging with stakeholders, including investors, employees, customers, and communities, to understand their concerns and expectations regarding ESG practices. APL has conducted stakeholder surveys and engagement sessions with internal stakeholders in the past year.

COMPLIANCE AND ETHICAL CONDUCT

Compliance with regulatory requirements and adherence to ethical standards is non-negotiable in APL. This involves:

Regulatory Compliance

Ensuring compliance with all relevant environmental, health, safety, and ethical regulations. APL has maintained full compliance with all relevant regulatories, resulting in zero fines or violations.

Code of Conduct

Establishing and enforcing a code of conduct that outlines ethical expectations for employees, suppliers, and partners. Our code of conduct training has been completed by all of the employees including KMPs.

Whistleblower Protections

Providing secure and confidential channels for reporting unethical behaviour and protecting whistleblowers from retaliation. APL has received zero whistleblower reports.

FUTURE OUTLOOK AND STRATEGIC INITIATIVES

INNOVATION AND R&D FOR SUSTAINABLE SOLUTIONS

Continued investment in research and development is critical for driving innovation in sustainable manufacturing processes and products. APL is focused on:

Green Chemistry Innovations

Developing new, more sustainable chemical processes and catalysts. APL's R&D team is currently working on multiple green chemistry projects, expected to reduce environmental impact.

Biotechnology Advancements

Leveraging biotechnology to create more efficient and environmentally friendly production methods. Our biotechnology initiatives have led to sanctioning of a new peptide research and development laboratory at one of the location.

COLLABORATIVE EFFORTS AND PARTNERSHIPS

Collaboration is key to addressing the complex ESG challenges faced by the APL. APL is engaged in:

Industry Partnerships

Collaborating with industry peers, research institutions, and non-governmental organisations to share knowledge and develop best practices. APL is a participant of United Nations Global Compact India Network, committed with Science Based Target Initiative (SBTi) and audited by Pharmaceutical Supply Chain Initiative (PSCI), etc. working collaboratively on sustainability initiatives.

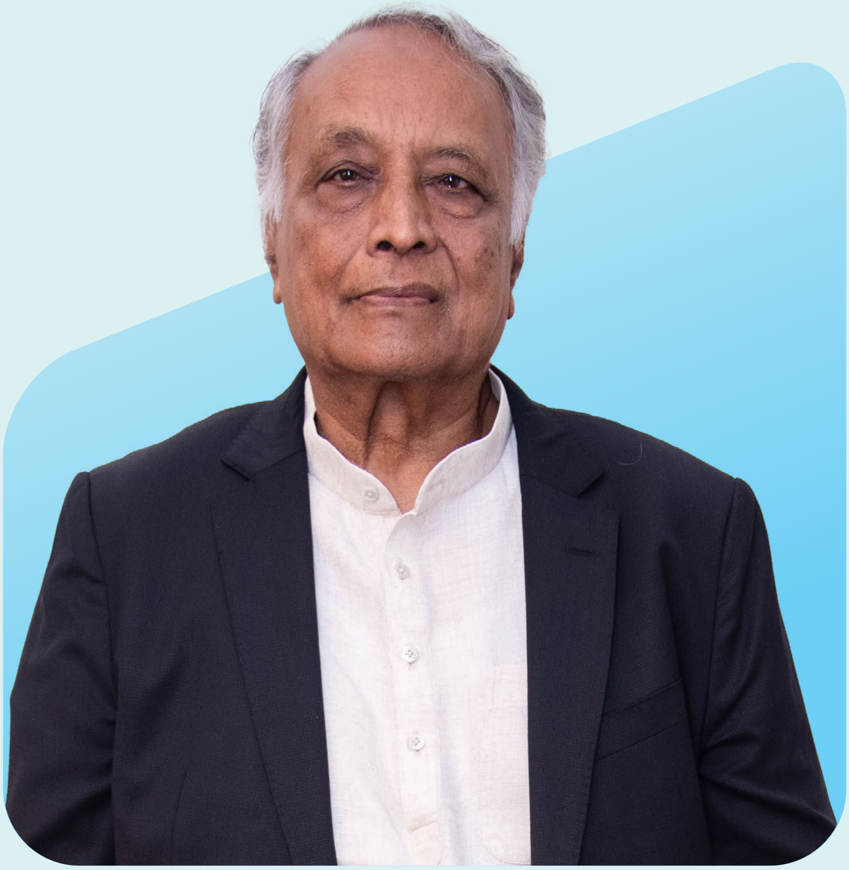
Government and Regulatory Engagement

Working with governments and regulatory bodies to shape policies that support sustainable practices. We have engaged with SEBI to advocate for policies that promote environmental sustainability.

Stakeholder Collaboration

Engaging with a broad range of stakeholders, including investors, customers, and communities, to align on ESG goals and initiatives. Our stakeholder engagement efforts ensure alignment and support for our ESG objectives.

Chairman Emeritus



Shri Chandrakant V. Gogri

Shri Chandrakant V. Gogri is the founder of Aarti Industries Limited. He holds a degree in Chemical Engineering from the Institute of Chemical Technology (ICT), formerly known as the University Department of Chemical Technology (UDCT). With unparalleled expertise in chemical industry projects, operations, process development, and marketing, Shri Gogri played a pivotal role in guiding the Aarti Group through a crucial expansion period, thanks to his exceptional financial acumen.

In recognition of his significant contributions to the Indian chemical industry, Shri Chandrakant V. Gogri was awarded the prestigious 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, he received the Lifetime Contribution Award at the Chemical and Petrochemical Awards by FICCI and the Lifetime Achievement Award from the Gujarat Dyestuff Manufacturers' Association (GDMA).

Board of Directors

Shri Rashesh C. Gogri
Chairman

Smt. Hetal Gogri Gala
Vice Chairperson &
Managing Director

Shri Narendra J. Salvi
Managing Director

Shri Rajendra V. Gogri
Non-Executive Director

Shri Parimal H. Desai
Non-Executive Director

Smt. Nehal Garewal
Non-Executive Director

Shri Bhavesh R. Vora
Independent Director

Dr. Vinay G. Nayak
Independent Director

Prof. Vilas G. Gaikar
Independent Director

Smt. Jeenal K. Savla
Independent Director

Smt. Rupal A. Vora
Independent Director

Shri Pradeep H. Thakur
Independent Director

KEY MANAGERIAL PERSONNEL

Shri Nikhil P. Natu
Company Secretary

Shri Piyush P. Lakhani
Chief Financial Officer

Corporate Information

CHAIRMAN EMERITUS
Shri Chandrakant V. Gogri

CHAIRMAN (NON-EXECUTIVE DIRECTOR)
Shri Rashesh C. Gogri

VICE CHAIRPERSON AND MANAGING DIRECTOR
Smt. Hetal Gogri Gala

MANAGING DIRECTOR
Shri Narendra J. Salvi

NON-EXECUTIVE DIRECTORS
Shri Rajendra V. Gogri

Shri Parimal H. Desai

Smt. Nehal Garewal
(Additional Director w.e.f. May 13, 2024)

INDEPENDENT DIRECTORS
Shri Bhavesh R. Vora

Shri Vinay G. Nayak

Shri Vilas G. Gaikar

Smt. Jeenal K. Savla

Smt. Rupal A. Vora

Shri Pradeep H. Thakur
(Additional Director w.e.f. May 13, 2024)

CHIEF FINANCIAL OFFICER
Shri Piyush P. Lakhani

COMPANY SECRETARY
Shri Nikhil P. Natu

STATUTORY AUDITORS
Gokhale & Sathe
Chartered Accountant

SECRETARIAL AUDITORS
Sunil M Dedhia & Co.
Practicing Company Secretary

COST AUDITORS
Ketki D. Visarya & Co.
Cost Accountants

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

Steady decline in global inflation from the peaks of 2022 with easing out of global supplies led to a good start for 2023. The global economy grew 3.2% with high resilience of ongoing geo political tension and tight monetary policy. As per IMF, global growth in 2024 and 2025 is estimated to remain persistent at 3.2% supported by robust government and private spending in several economies. Faster pace of disinflation and steady growth could lead to easing out of financial control. In the near term, it is imperative for the central banks to manage monetary policy to ensure continued deceleration in inflation and rebuild budgetary capacity to deal with future shocks.

(Source: World Economic Outlook-IMF, April 2024)

Indian Economy

2023 was a landmark year for India as it assumed the presidency of the G20. In 2023, India remained the fastest growing large economy in the world. India has been a key growth engine for the world, contributing 16% to the global growth in 2023. Robust 10.7% growth in the construction sector and 8.5% growth in the manufacturing sector are the major contributors to the strong economic performance. The Reserve Bank of India (RBI) continued to keep tight monetary control with an aim to progressively align inflation with the 4% target.

According to RBI, sustained profitability in manufacturing and underlying resilience of services should support economic activity in FY 2024-25. It has pegged the GDP growth at 7.0% in FY 2024-25. While the outlook is positive, it is crucial to be cautious against the risks posed by geopolitical uncertainty, climate change, global indebtedness and technology disruptions.

(Source: NSO, RBI)

GLOBAL PHARMACEUTICAL INDUSTRY

With the World Health Organisation (WHO) declaring the end of the COVID-19 public health emergency in 2023, the focus of the pharma sector shifted back to prevention and treatment of other communicable and non-communicable diseases. Antibacterials, which witnessed significant disruption during the pandemic, saw modest growth in 2022 and 2023. Demand for OTC products witnessed robust growth in 2023 with inflationary pressure easing. Public healthcare spending was stepped up, which aids growth for pharmaceutical products. Certain markets including the EU, US and UK are imposing new or revised drug pricing regulations in a bid to lower state healthcare costs.

The pharmaceutical sector is rapidly adopting artificial intelligence (AI) in drug discovery, clinical trials, development processes and marketing strategies. Technology advancements are helping to accelerate the drug discovery process. The use of analytics is leading to increased use of predictive, diagnostic, prescriptive, and descriptive analytics. There is steady growth in the use of blockchain technology for drug production and distribution, to authenticate the quality of drug, and for improving safety.

In 2023, medicine use in terms of volume plateaued globally. The global medicine market, using invoice price levels, stood at US$ 1.6 trillion up from US$ 1.5 trillion in 2022. It is expected to grow to about US$ 2.2 trillion, at 5-8% CAGR through 2028 driven by robust growth in existing branded medicines in the leading ten developed markets and accelerated growth in Asian countries especially India and China.

Source: Global use of medicines 2024: Outlook to 2028 (The Global Use of Medicines 2024: Outlook to 2028 - IQVIA)

INDIAN PHARMACEUTICAL INDUSTRY

During COVID-19 pandemic, the Indian pharmaceutical industry proved its mettle on the global map as the world leader in vaccine production, producing 60% of total worldwide vaccines (including non-COVID vaccines). India contributes 40-70% of the WHO demand for Diphtheria, Tetanus and Pertussis (DPT) and Bacillus Calmette–Guérin (BCG) vaccines and 90% of the WHO demand for the measles vaccine. India is the third largest pharmaceutical market in the world in terms of volume and is the largest supplier of generic medicines. About 60,000 different generic brands are manufactured in India across 60 therapeutic categories, accounting for 20% of the global supply of generics.

India, which accounts for 3-5% of the global biotechnology industry, is among the top 12 destinations worldwide and the third largest in Asia Pacific. India boasts of having the most US FDA compliant pharmaceutical factories outside of the USA. India also has several WHO GMP compliant plants as well as plants approved by regulatory authorities of other countries. The Indian pharmaceutical industry supplies affordable and high-quality generic drugs to over 200 countries/territories with the top 5 destinations being the USA, Belgium, South Africa, UK, and Brazil.

According to CARE ratings, the India pharmaceutical market was valued at US$ 49.8 billion, up 5% YoY in FY 2022-23. The presence of a skilled workforce, high managerial and technical competence, robust investment in R&D and strong focus on compliance has aided in making India a global pharmaceutical hub. According to Economic Survey 2022–23, India's domestic pharmaceutical market is anticipated to reach US$ 130 billion by 2030. The growing incidences of diseases, rising healthcare needs, strong government support, increasing life expectancy, multiplying population and increasing burden of chronic diseases are acting as stimulus for future market growth.

Total expenditure on healthcare increased from ₹79,221 Crores in FY 2023-24 to ₹ 90,171 Crores in FY 2024-25. The government has announced setting up of more medical colleges by utilising the existing hospital infrastructure. Announcement of U-WIN platform for managing immunisation and intensified efforts of Mission Indradhanush to be rolled out throughout the country. New scheme of bio-manufacturing and bio-foundry to be launched with the objective to provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri inputs. With increased allocations for numerous healthcare related programmes, India's strong focus on affordable healthcare and sustainable development is evident.

pib.gov.in/PressReleaseIframePage.aspx?PRID=2017942

Indian Pharmaceuticals Industry Analysis Presentation | IBEF

KEY SEGMENTS AND GROWTH DRIVERS

Active Pharmaceutical Ingredients (APIs)

Active Pharmaceutical Ingredient (API) is a crucial segment of the pharma industry, contributing to around 35% of the market. Globally, India is the third largest producer of API accounting for 8% market share with over 500 different APIs. India contributes 57% of APIs to the prequalified list of WHO. The Indian API market was estimated at US$ 18.29 billion in 2023 and is expected to grow at 7.7% CAGR over 2024-2030. The growth is led by the strong domestic market, China plus one strategy, advanced chemical industry, availability of skilled workforce, stringent quality and manufacturing standards, and low costs for setting up and operating a modern plant. The domestic pharmaceutical business underwent a tremendous transformation, moving from being a volume producer to a valued supplier in 2022.

The government has taken several initiatives to capitalise on its API potential like ₹ 6,940 Crores production-linked incentive (PLI) scheme for the promotion of domestic manufacturing of Key Starting Materials (KSMs)/Drug Intermediaries (DIs), and APIs, ₹ 3-,000 Crores promotion of bulk drug park schemes, allowing 100% FDI through automatic route for Greenfield pharmaceuticals projects and implementing a new strategy for protecting IPR. Under the PLI scheme, 35 APIs, which constitute 67% of APIs and have high import dependence, are being manufactured domestically. The adoption of Promotion of Bulk Drug Parks scheme will favour bulk drug manufacturing reducing the cost of production. The Bulk Drug parks are expected to establish world-class common infrastructure facilities and increase industry competitiveness globally.

Source: India's API Potential: Fueling Global Pharma Growth (investindia.gov.in); India Active Pharmaceutical Ingredients Market | Industry Report, 2030 (grandviewresearch.com)

Contract Development and Manufacturing Organisation (CDMO/CMO)

In FY 2022-23, the extent of outsourcing was estimated at 35-40% in the Indian pharmaceutical industry. Pharmaceutical players outsource a wide range of activities from screening and lead identification to toxicology and several other processes like preclinical studies, clinical trials, manufacturing Intermediates/API/Formulations at all scales to CDMO/CMO. The decision to outsource depends on a combination of factors such as capital outlay for manufacturing of a particular molecule, period of manufacturing of particular molecule and available capacity for manufacturing. The Indian CDMO/CMO industry was estimated at US$ 22.51 billion in 2024 and is expected to grow at 14.67% CAGR over 2024-2029. Availability of a skilled talent pool at effective cost and a large number of USFDA approved manufacturing sites in India make the Indian market a lucrative option especially given the increasing shift to the China+1 model in the Western countries. The rise in demand for injectable drugs, especially in oncology is expected to drive demand in the Indian pharmaceutical CMO market. With considerable growth seen in the sector, it is expected that uniform regulations will soon come into effect.

Biosimilars

Biosimilars are biological products that are highly similar to already approved biological medicines, but they are not identical due to their complex nature and manufacturing process. These products are designed to have comparable efficacy, safety, and quality to the reference products they are based on. Biosimilars are less expensive than the patented products and generally produced in bulk. This makes biosimilars a popular alternative in cases of expensive and critical treatments, most commonly for chronic treatments.

Given the cost effectiveness of biosimilars, the government is also trying to promote the production and application of biosimilars. The existing stringent regulations are cautiously being eased and tie-ups between foreign and indigenous companies are being encouraged. A number of patents for biologic drugs have expired and some of the blockbuster drugs are further expected to witness patent protection expiry in the upcoming years. This offers huge market opportunities for the biosimilar market in India.

However, some factors, such as negative perception from physicians, lower price differential as compared to small-molecule generics, patent extensions, act as roadblocks for the growth of the biosimilars market in India.

Formulations

The Indian drug formulation market is witnessing rapid growth led by the growing prominence of India on the global map as a pharmaceutical hub. India has emerged as a major supplier of generic drugs and a key player in drug formulation. India has created a strong foundation for contract research, development of research and clinical research. Expertise in research & development led by availability of a talent pool, and cost-effective manufacturing are helping India grow. One of the significant contributors to the growth of the drug formulation market in India is the emphasis on R&D. In FY 2022-23, the Indian domestic formulation market contributed 2-3% to the total global pharmaceutical market. Over FY 2017-18 to FY 2022-23, the Indian domestic formulations market (consumption) grew at 9% CAGR and is expected to grow at 9-10% CAGR over the next five years, to reach ~ ₹ 2.8-3 trillion in FY 2027-28. This growth is to be aided by strong demand because of rising incidence of chronic diseases, increased awareness and access to quality healthcare.

(Source: CRISIL MI&A research)

COMPANY OVERVIEW

Aarti Pharmalabs Limited, formerly known as Aarti Organics, boasts over two decades of experience in the pharmaceutical industry. As a pivotal entity within the Aarti Group, a diversified chemical conglomerate, we have garnered a reputation as a trusted partner for global pharmaceutical innovators and leading firms. Specialising in generic Active Pharmaceutical Ingredients (APIs), advanced pharmaceutical intermediates, and Xanthine derivatives, particularly for regulated markets, we also excel in Contract Development and Manufacturing Organisation (CDMO/CMO) services for development and production of Regulatory Starting Materials (RSMs), intermediates, and drug substances for New Chemical Entities (NCEs), spanning phases from I to III, through launch and commercialisation.

Strategically located in Western India with proximity to ports facilitating exports, we operate with technological expertise in research and development, enabling efficient scale-up and commercial production. We hold an impressive portfolio with 56 patents, manufactures over 200 products, and possesses 41 US Drug Master Files (USDMF) and 22 Certificates of Suitability (CEP). Our infrastructure includes six manufacturing units, three of which are USFDA approved, and three state-of-the-art R&D centers.

Accredited by esteemed regulatory bodies such as USFDA, EU GMP, EDQM (European Pharmacopoeia), KFDA (Korea), and COFEPRIS (Mexico), we at Aarti Pharmalabs, maintain exemplary standards in environmental health, safety, and quality across its operations. We derive a significant portion of our international revenue from regulated markets, exporting to over 500 clients in more than 50 countries worldwide, with primary markets being the USA, European Union, and Japan.

Looking ahead, we remain dedicated to strengthening our backward integration capabilities of intermediates for the majority of APIs we manufacture. We remain committed to integrate our expertise in process chemistry with scale-up engineering to ensure maximum asset utilisation and sustainable future growth.

Products and Services

Active Pharmaceutical Ingredient (API) & Advance Intermediates

We specialise in developing and manufacturing Highly Potent Active Pharmaceutical Ingredients (HPAPIs) critical for various therapeutic segments such as Anti-cancer, Anti-Asthma, Anti-Hypertensive etc. Our USFDA-approved manufacturing facilities, alongside global approvals from the EU, Japan, Korea, Mexico, Brazil, China ensure adherence to rigorous compliance and quality standards, giving us an edge over competitors. Backward integration for most APIs ensures the steady supply of high-quality materials and data control throughout the production chain. We also offer Intellectual Property Rights (IPR) support for global markets.

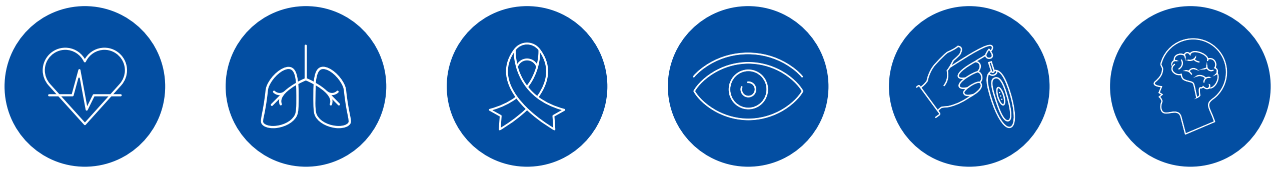
We initiate the development of advanced intermediates for newly launched APIs well in advance, during the active patent period. This proactive approach supports our customers by facilitating early generic API launches. By providing comprehensive documentation and regulatory support, we become the preferred choice for our customers. This strategy enables customers to validate their APIs effectively, ensuring a streamlined pathway to market entry.

As global partners continue to launch new products, we anticipate a rising demand for existing drugs, reflecting a positive business outlook.

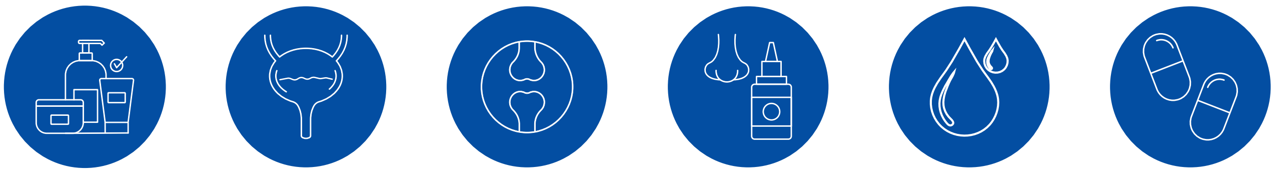
Key Highlights

54	**APIs Commercialised** by APL since it entered the pharma business in year 2000
14	**New APIs** are under development at API dedicated R&D facility/validation for pharmaceuticals
41	**US DMF Approvals** obtained across multiple therapeutic areas for APIs & intermediates
22	**CEP Approvals** available for sale in European Union across multiple therapeutic areas
125+	**Generic Intermediates** are available at R&D, Pilot and Commercial Scales

Therapeutic Segment

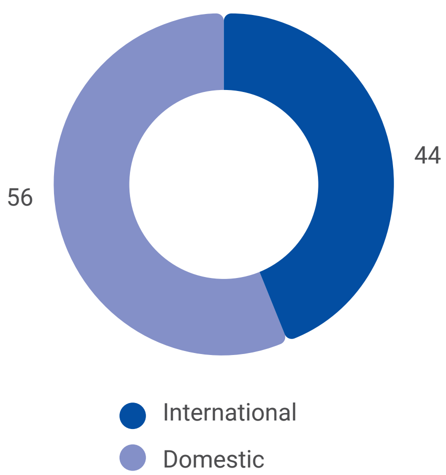


CARDIOVASCULAR | ANTI ASTHAMATIC | ANTI CANCER | OPTHALMOLOGY | ANTI DIABETIC | CNS AGENT

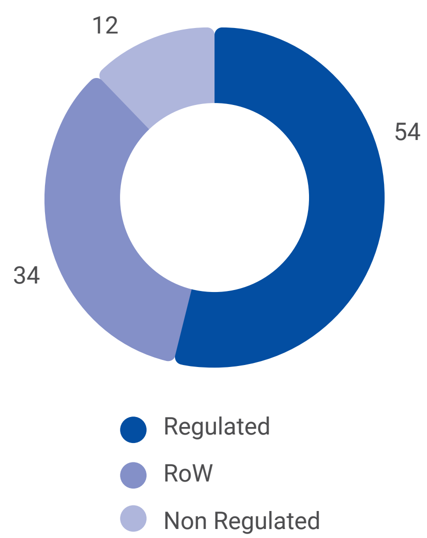


DERMATALOGY | OVERACTIVE BLADDER | CALCIMIMETIC | DECONGESTANT | ANTI THALASSAEMIC | ANALGESIC

Geographical Sales Split (FY 2023-24) (%)



Market Segmentation (FY 2023-24) (%)



CDMO/CMO Services

We are one of the leading small molecules CDMO/CMO in India offering services for drug substance projects including NCE, API, RSM, and Intermediates, to global innovator pharmaceuticals and biotech companies. We have dedicated R&D and pilot facilities focussing on CDMO. We offer various services for each of the different phases of development of the NCEs. We are currently working with 16 innovators and big pharma companies. Our strength lies in continuous flow chemistry from lab to manufacturing scale, cryogenic reaction capabilities and HPAPIs. Our strong manufacturing expertise with rapid scale-up makes us a reliable partner for global customers, contributing to repeat business.

We function like an extended laboratory for our customers providing scientific and project teams, rapid development, superior manufacturing capabilities and strong cultural ethos. We enable our customers to achieve a quick turnaround time bringing the molecules to market faster. We focus on the creation of customised processes, their scaling up, and efficient manufacturing of API intermediates. CRAMS activity is focussed on APIs and intermediates.

SERVICES OFFERED

End-to-end solutions from synthetic route design to commercial manufacturing, specialising in HPAPIs, cryogenic reaction & hydrogenation

Drug substance manufacturing for Pre-Clinical, Clinical, Launch & Commercial manufacturing

Comprehensive services like
- Robust process development (DoE & QbD studies)
- Process validation and
- Analytical method development & validation

Strong CMC documentation expertise to ensure smooth regulatory approvals

We exercise stringent intellectual property protection on the services offered by signing confidentiality agreements with our customers to provide a reliable platform for rapid API development projects. All these efforts are directed towards making Aarti Pharmalabs the 'preferred CDMO/CMO partner' and increasing our business outreach to get more customers.

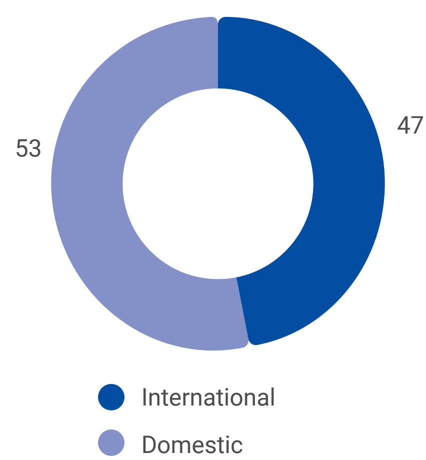
Xanthine Derivatives & Allied

We are the largest Indian pharmaceutical manufacturer of Xanthine derivatives viz caffeine anhydrous, theophylline anhydrous, aminophylline anhydrous, etophylline primarily used in asthma and chronic obstructive pulmonary disease. Caffeine has diverse applications like beverages, nutraceuticals, and cosmetics as well. Two dedicated manufacturing facilities with star certifications are used for manufacturing and testing, equipped with Star Kosher, Hazard Analysis Critical Control Point (HACCP), Sedex SMETA-4Pillar, FSSC-22000 (GFSI), and GMP. We currently have a total installed capacity of 5,000+ Metric Tons (MT) per annum. We are amongst the largest global xanthine derivatives manufacturers, enjoying 15-20% global market share. We boast of high-quality products, capacities and warehouses with a global supply chain.

We also produce a variety of compounds based on sulphur and sulphonation including sulphuric acid, sulphur trioxide (SO_3), oil, dimethyl sulphate, diethyl sulphate, sodium vinyl sulfonate and dimethyl urea. Dimethyl urea & Dimethyl sulphate is a crucial basic ingredient for xanthine derivatives and Diethyl sulphate serves as alkylating agents in the production of dyes, medicines, and perfumes as well as a solvent for the extraction of aromatic hydrocarbons. Sodium vinyl sulfonate is used as a wetting agent, dispersion, and anti-static in polymerisation and surfactant. The production facility for these agents is ISO - 9901, 14001, and 45001 certified.

Throughout the year, both the local and export markets have shown steady performance for us. There has been a notable increase in order volumes from existing customers, reflecting their satisfaction with our commitment to quality and efforts in backward integration.

Geographical Sales Split (FY 2023-24) (%)



FINANCIAL PERFORMANCE

Pursuant to the Scheme of Arrangement ('Scheme'), the Pharma Business Undertaking of Aarti Industries Limited was demerged into Aarti Pharmalabs Limited during FY 2022-23. The said Scheme was approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench on September 21, 2022. The Scheme became effective on October 17, 2022 and operational from July 1, 2021.

In ₹ Crores

Particulars	FY 2023-24	FY 2022-23	FY 2021-22 (9 months)
Total income	1,857.5	1,947.6	1,202.5
COGS	1,020.7	1,169.8	725.1
employee costs	138.4	129.7	85.2
other expenses	307.4	303.7	182.7
EBITDA	391.0	344.4	209.5
EBITDA margin	21.0	17.7	17.4
Depreciation	73.2	62.5	42.1
EBIT	317.8	281.8	167.3
EBIT margin	17.1	14.5	13.9
finance costs	17.2	21.1	12.0
PBT	300.5	260.8	155.4
Tax	83.6	67.3	32.0
PAT	216.9	193.5	123.4
PAT margin	11.7	9.9	10.3

During FY 2023-24, the consolidated revenue has remained almost flat YoY at ₹ 1,857.5 Lakhs. Decline in raw material prices & effective cost saving initiatives have led to strong EBITDA growth of 13.5% YoY to ₹ 391 Lakhs in FY 2023-24. EBITDA margin expanded 325 basis points to a healthy 20.8% in FY 2023-24 as compared to 17.6% in FY 2022-23.

Profit after tax (PAT) grew 12.1% YoY to ₹ 216.9 Lakhs in FY 2023-24 as compared to ₹ 193.5 Lakhs in FY 2022-23. PAT margin expanded 176 bps to 11.7%.

Total equity as on March 31, 2024 stood at ₹ 1,757 Crores against ₹ 1,558 Crores as on March 31, 2023. Total net debt to equity stood at a healthy 0.14.

We have been assigned rating, CRISIL A+/Stable, for our working capital limits from banks.

BUSINESS OUTLOOK

Aarti Pharmalabs is achieving great strides in the pharmaceutical space with unique business propositions. We aim to further strengthen our position in the market to ensure long term robust operational growth. In future, we expect the following:

- Fortify our market leading position in the Xanthine segment by brownfield capacity expansion
- Augment API & Intermediates business with continuous innovation and portfolio expansion
- Strengthen CDMO segment by introducing more value-added products and acquiring new customers
- EBITDA growth of approximately 10-12% in FY 2024-25 and 15%+ over next 2-3 years

We are continuously expanding relationships with several large corporations for supply of Xanthine derivatives. We have strategised to enhance our production capacity of Xanthine derivative units by purchasing additional land parcels. This expansion will increase our total production capacity to 9000 MT per annum.

Our project at Atali, primarily focussing on CDMO/CMO and Intermediates manufacturing, is progressing as per plan and is expected to be commissioned by Q4 FY 2024-25.

In FY 2024-25, a semi commercial block at the USFDA intermediate manufacturing site at Vapi is expected to become operational.

We are also setting up a solar power plant in Akola, Maharashtra which will meet one third of its power requirement and reduce the overall manufacturing cost. This project will aid the achievement of our sustainability goals by reducing the carbon footprint.

KNOWLEDGE MANAGEMENT

Our Intellectual Property (IP) framework confers ISO 27001:2013 standards consisting of rigorous terms for access control, information sharing and authorised disclosure. Comprehensive confidentiality of our processes and knowledge is ensured.

The proficient Knowledge Management team uses adequate databases to effectively undertake chemical searches in the perspective of Freedom-to-Operate/Non-Infringed Process development. The accreditation requirements of integrity, confidentiality and availability are implemented and monitored by the Knowledge Management team.

RESEARCH AND DEVELOPMENT (R&D)

Our strong research capabilities aided the transformation journey from a vendor to a preferred partner.

Research Capabilites

- Deep knowledge
- Vast experience
- Strong technical prowess
- Adequate resources

Expertise

- Specific chemistry knowledge
- Analytical capabilities
- Synthesis and process development laboratories
- Process chemistry infrastructure
- Proficient team of scientists - 7 PhDs and 70+ scientists

Achievements

- 50+ APIs commercialised
- 56 Process patents filed
- 25 Patents granted
- Process for 150+ intermediates developed and manufactured on kilo-lab scale

We are equipped with three state-of-the-art R&D facilities located at Nerul and Dombivali in Maharashtra, and Vapi in Gujarat. On an on-going basis, the facilities conduct Route Scouting and Design, New Product/process Development, Process Optimisation and Scale-up and Life Cycle Technology Management.

A strategic programme management system enables us to have an efficient work flow throughout the product lifecycle, from new enquiry to commercialisation, for every R&D project.

Features of the Programme Management System

- Anticipation of plausible deviations
- Mitigation measures
- Stringent timelines of the project
- Effective communication to relevant stakeholders
- Provision for contingencies
- Thorough evaluation
- Methodical execution
- Deployment of suitable resources for various activities

RISKS AND MITIGATION

Our comprehensive Risk Management framework ensures safeguarding the business from various foreseeable potential internal and external risks. The framework effectively monitors, maps and mitigates the various risks to business operations. The Risk Management Committee constituted by the Board of Directors is responsible for managing various organisational risks. The Committee devises and executes adequate mitigation plans in response to any risks. The Committee keeps a close watch on the emergence of a new threat /risk by observing changes in both internal and external environments.

Risk	Mitigation measure
Regulatory Risk: Being a part of the pharmaceutical industry, we have to ensure strict adherence to multiple compliances governing different markets. Non-compliance / misinterpretation/delayed compliance of any new/existing regulation can lead to inadequate observance.	Our comprehensive internal control system is equipped with adequate policies and review mechanisms which keep in check complete adherence to all applicable rules and regulations including new ones and any modifications in existing ones.
R&D Risk: With evolution in science and technology, we need to upgrade and invest in R&D to remain relevant. Insufficient or delayed R&D may affect business operations.	Understanding the importance of R&D, we have invested in world-class R&D units and have a proficient team of scientists working on innovation and R&D. We are committed to R&D and strive to remain relevant with advancements in technology.
Competition Risk: Rise in competitive pressure from domestic and/or international peers may impact revenue and margin.	Vast experience, wide product and services portfolio, robust brand equity, commitment to quality and compliance and a strong connect with all stakeholders - employees, customers and vendors, creates a differentiated position for us in the market. Unwavering focus on R&D and backward integration, coupled with an accomplished management team, enables us to stay ahead of competition.
Raw Material Risk: Unavailability or limited availability of raw materials and/or price volatility may have an impact on margin.	We have established strong connections with our suppliers leading to steady flow of inventory at competitive rates. To insulate ourselves from volatility in pricing, we follow a RM-plus pricing mechanism.
Quality Risk: Along with our vendors, we must comply with GxP (Good Laboratory Practices, Good Manufacturing Practices, and similar standards) across the product value chain to ensure quality commitment is met with. Any non-compliance may be dealt with regulatory penalties and sanctions impeding brand equity.	A dedicated group of quality experts ensure highest quality performance at every manufacturing site. "RIGHT THE FIRST TIME" approach is to be strictly followed and the team is to ensure that all sites are audit-ready at all times. Quality assurance and quality control processes are further strengthened by the use of latest information technology systems to streamline and optimise crucial procedures. We are committed to deliver the highest quality. We maintain a consistent quality improvement and training programme to address historical quality concerns and prepare for prevention. Any non-conformity is properly investigated and Corrective and Preventive Action (CAPA) plans are implemented immediately to rectify the situation and prevent recurrence.
Health, Safety & Environment Risk: Safety is of prime importance being a part of the healthcare industry as self-compliance and regulatory compliance. Incidents related to Health, Safety, and Environment (HSE) present significant risks to regulatory compliance, reputation, and business continuity, affecting the long-term sustainability of the organisation.	We are committed to the well-being of all our people across the supply chain and to minimise practices having a negative environmental impact. The HSE team oversees safety and operational exposures to ensure standardised corporate Health, Safety and Environment (HSE) guidelines are maintained across manufacturing sites. We ensure strict compliance to industry-leading safety standards and applicable local regulations. Our robust HSE management system helps in timely risk identification and mitigation. We conduct periodic internal audits and external audits following ISO 14001 and ISO 45001 standards, as well as specialist external audits that focus on specific HSE aspects. In addition, we conduct Hazard Study Checklist (design stage of product life cycle), Hazard Identification and Risk Assessment, as well as HAZOP Studies throughout product life cycle and operation. HSE campaigns focussing on different priority elements are run on a monthly basis to spread awareness and encourage a safer working environment.

INFORMATION TECHNOLOGY

Given the nature of the industry, information technology is a crucial aspect of business. We strive to achieve maximum level of data privacy, cybersecurity, and data security. With advancements in technology, it is mandatory for us to stay equipped to address the accompanying challenges. Since we deal with sensitive information, we require to safeguard data privacy to ensure confidentiality and integrity. To protect our business from malicious attacks and unauthorised access, we have in place appropriate cybersecurity measures.

Strong focus on data security enables us to handle critical data storage and transmission with ease. This enhances our decision-making capabilities and prevents the occurrence of losses. To ensure strict adherence with the information security management system, we have implemented robust procedures, controls and governance, assigning responsibilities to all stakeholders including our employees, contractors, customers, vendors, suppliers and visitors. We also strive to safeguard the personal data of all our stakeholders. Our seamless Business Continuity and Disaster Recovery plan ensures any negative event has minimum possible impact and there is rapid recovery in restoration of operations.

QUALITY ASSURANCE

Aim

- Improve Quality of its products and services
- Surpass customer's & relevant stakeholders needs & expectations
- Upgrade manufacturing technologies and quality standards to achieve and maintain quality leadership, with trust on eco-friendly processes

Effort

- Robust quality systems to manufacture and deliver superior quality products
- Ensure compliance to high quality standards
- Safety, quality and efficacy global standards maintained at all our facilities
- Adhere to "RIGHT THE FIRST TIME" approach in planning and execution of all the process, products and services through a life cycle approach
- Seek constant customer feedback for product and process improvements
- Strict compliance to various national and international standards

Result

- A motivated team with a world-class competency to achieve the aims
- Superior quality products and services delivered to customers with Right Time First
- Delivered more than the customer ask
- Stay ahead of curve by understanding customer needs and market trends

INTERNAL CONTROLS, SYSTEMS AND ADEQUACY

Our comprehensive internal control framework has been designed to fit the size, nature of complexity of our business operations. Aimed at safeguarding assets, restricting unauthorised use or disposition, and ensuring strict adherence to all applicable rules and regulations, our internal control system guarantees complete and correct authorisation, recording and reporting of all business transactions. Our internal control system enhances operational efficiency and productivity by ensuring optimum utilisation of resources.

For effective risk mitigation, we have devised a 'Compliance Management System'. It has unique features like a readily available comprehensive list of applicable laws at any given point of time, user-friendly alerts/escalations, customised reporting and mechanism to deal with timely regulatory updates. Hence, the Compliance Management System enables us to practise good governance across all our business locations.

CAUTIONARY STATEMENT

Aarti Pharmalabs may, from time to time, make additional written and oral forward-looking statements, including statements contained in our filings with Bombay Stock Exchange and National Stock Exchange, and the reports to our shareholders. Aarti Pharmalabs does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of us. All information contained in this report has been prepared solely by us. Aarti Pharmalabs does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this Annual Report or its contents or otherwise arising in connection therewith.

Director's Report

To
The Members of
Aarti Pharmalabs Limited

Your Directors are pleased to present this Fifth Annual Report of Aarti Pharmalabs Limited ("the Company" or "APL") together with the Audited Financial Statements for the financial year ended March 31, 2024 ("year under review" or "FY 2023-24").

1. FINANCIAL HIGHLIGHTS

(₹ In lakhs except EPS and Book Value)

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Total Income from Operations (Gross)	1,50,213	1,51,125	1,85,261	1,94,523
Earnings before interest, taxes, and amortization	34,616	30,834	38,605	34,205
Depreciation & Amortisation	6,601	5,577	7,324	6,254
Profit from Operations before Other Income, Finance Costs and Exceptional Items	28,014	25,256	31,281	27,951
Other Income	1,101	128	490	232
Profit before Finance Costs	29,115	25,384	31,771	28,183
Finance Costs	1,663	2,049	1,721	2,105
Profit before Tax	27,452	23,336	30,049	26,077
Total Tax Expenses	7,387	6,163	8,359	6,728
Non-controlling Interest	0	0	0	0
Net Profit for the period	20,065	17,173	21,690	19,349
Other Comprehensive Income (net of taxes)	13.31	(70.02)	(45.12)	(345.00)
Total Comprehensive income for the year	20,078	17,103	21,645	19,004
Earnings Per Share (₹) (Basic & Diluted)	22.14	18.95	23.93	21.35
Book Value Per Share (₹)	179	159	194	172

2. COMPANY'S PERFORMANCE

On a standalone basis, the revenue for FY 2023-24 was ₹ 1,51,314 lakhs, higher by 0.04 % over the previous year's revenue of ₹ 1,51,253 lakhs in FY 2022-23. The Profit after Tax ("PAT") attributable to shareholders in FY 2023-24 was ₹ 20,065 lakhs registering a growth of 16.84 % over the PAT of ₹ 17,173 crores in FY 2022-23.

On a consolidated basis, the revenue for FY 2023-24 was ₹ 1,85,750 lakhs, lower by 4.62 % over the previous year's revenue of ₹ 1,94,755 lakhs. The PAT attributable to shareholders and non-controlling interests for FY 2023-24 and FY 2022-23 was ₹21,690 lakhs and ₹ 19,349 lakhs, respectively. The PAT attributable to shareholders for FY 2023-24 was ₹ 21,690 lakhs registering a growth of 12.10 % over the PAT of ₹ 19,349 lakhs in FY 2022-23.

3. CONSOLIDATED FINANCIAL STATEMENTS

Your Directors are pleased to attach the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 ("Act") and Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), prepared in accordance with the provisions of the Act and the Indian Accounting Standards ("Ind AS").

4. STATE OF COMPANY'S AFFAIRS

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

5. RESERVES

The Board of Directors ("Board") of your Company has decided not to transfer any amount to the Reserves for the year under review.

6. DIVIDEND

During the year under review, your Board has declared an Interim Dividend of ₹ 2/- (@ 40%) each per share aggregating to ₹ 1,812.52 lakhs. Further, a Final Dividend of ₹ 1/- (20%) per equity share was recommended by your Board, subject to approval of the Shareholders at the ensuing Annual General Meeting ("AGM"), aggregating to a total Dividend of ₹ 3/- (@ 60%) per share (of ₹ 5 each) for FY 2023-24, resulting in a total payout ₹ 2,718.78 lakhs (Previous Year: ₹ 1,812.52 lakhs).

The Dividend payout is in accordance with the Dividend Distribution Policy, which is available on the website of the Company. As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the top 1,000 listed companies shall formulate a Dividend Distribution Policy. Accordingly, the Policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Policy is available on the website of the Company at https://www.aartipharmalabs.com/investors/dividend-distribution-policy-feb-2023.pdf

7. SHARE CAPITAL

Your Company's Equity Share Capital as on March 31, 2024 was as follows:

Particulars	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Authorized Share Capital	10,00,00,000	5	50,00,00,000
Issued, Subscribed & Paid-up Share Capital	9,06,26,008	5	45,31,30,040

During the year under review, there was no change in the authorized and paid up share capital of the Company.

The Company has not defaulted on payment of any dues to the financial lenders.

During FY 2023-24, the Company's outlay towards capital expenditure was ₹ 18,913.79 lakhs for the standalone Company and ₹ 19,878.52 lakhs at the consolidated level.

8. SUBSIDIARY COMPANIES

As on March 31, 2024, the Company has two (2) direct subsidiaries, namely, Aarti Pharmachem Limited and Aarti USA Inc.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. The consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report, have been prepared in accordance with Section 129(3) of the Act.

Aarti USA Inc. has generated during the previous financial year more than 10% of the consolidated income of the Company. Accordingly, the said Company is a material subsidiary of the Company. Except Aarti USA Inc., the Company does not have any material subsidiary whose net worth exceeds 10% of the consolidated net worth of the Company in the immediately preceding accounting year or has generated 10% of the consolidated income of the Company during the previous Financial Year. A Policy on Determination of Material Subsidiary had been formulated and is available on the website of the Company at https://www.aartipharmalabs.com/investors/policy-on-determination-of-material-subsidiary-feb-2023.pdf

Further a statement containing salient features of the financial statement of our Subsidiaries/Jointly controlled entity in the prescribed Form AOC–1 is annexed as Annexure-A and forms an integral part of this Report.

9. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility ("CSR") Committee in terms of the requirements of Section 135 of the Act read with the rules made thereunder. The composition, detailed terms of reference of the CSR Committee, attendance at its meetings and other details have been provided in the Corporate Governance Report. The primary role of this Committee is to approve the CSR activities to be undertaken, allocate the necessary expenditure and oversee the execution and effectiveness of these initiatives.

During the year under review, our CSR initiatives were executed in accordance with the annual action plan previously approved by the Board. These activities, which are distinctly separate from our normal business operations, focus on pivotal and relevant areas such as livelihood and financial inclusion, animal welfare, agriculture, community development, education, and healthcare. Our aim is to continue focusing on these areas to achieve meaningful and positive outcomes that contribute to the Sustainable Development Goals.

The detailed Policy on CSR is available on the website of the Company at https://www.aartipharmalabs.com/investors/csr-policy-feb-2023.pdf.

The CSR Annual Report which contains a brief note on various CSR initiatives undertaken during the year is annexed as Annexure-B and forms an integral part of this Report.

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans given, investments made, guarantees given and securities provided during the year under review and as covered under the provisions of Section 186 of the Act have been disclosed in the Notes to the Standalone Financial Statements forming part of this Report.

11. MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 read with Schedule V to the Listing Regulations, Management Discussion and Analysis for the year under review is presented in a separate section forming part of this Report.

12. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

I. Board of Directors

Your Company actively seeks to adopt global best practices for an effective functioning of the Board and believes in having a truly diverse Board whose wisdom and strength can be leveraged for creating greater stakeholder value, protection of their interests and better corporate governance. The Company's Board comprises eminent persons with proven competence and integrity, who bring in vast experience and expertise, strategic guidance and leadership qualities. The Board fulfills its fiduciary responsibilities with a steadfast commitment to safeguarding the interests of the Company and its stakeholders.

The Board of the Company is carefully structured to achieve an optimal balance, consisting of Executive and Non-Executive Directors, including two (2) Women Independent Directors. This composition adheres strictly to the current provisions of the Act and the Listing Regulations ensuring compliance with governance standards. The details of the Board of Directors and Committees along with their composition, number of meetings held and attendance at the meetings during FY 2023-24 are provided in the Corporate Governance Report which forms part of this Report.

Additionally, all Directors of the Company have confirmed that they are not disqualified from being appointed as Directors, in accordance with Section 164 of the Act.

In accordance with the regulatory requirements, Shri Rashesh C. Gogri (DIN: 00066291), Non-Executive Director of the Company retires by rotation in the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Shareholders.

Your Company's Board at its meeting held on May 13, 2024, based on the recommendation of the Nomination and Remuneration Committee, approved the appointment of the following Directors;

1. Shri Pradeep Thakur (DIN: 00685992) as an Additional Director in the category of Non-Executive Independent Director; and
2. Smt. Nehal Garewal (DIN: 01750146) as an Additional Director in the category of Non-Executive Director.

The said appointments are subject to the approval of the Shareholders at the ensuing AGM.

Pursuant to Regulation 36 of the Listing Regulations read with Secretarial Standard-2 on General Meetings, a brief profile of the Directors proposed to be appointed/ re-appointed is made available, as a part of the Notice convening this AGM.

Pursuant to the provisions of Regulation 34(3) read with Schedule V to the Listing Regulations, the Company has obtained a Certificate from CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice and the Secretarial Auditor of the Company, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India ("SEBI") or by the Ministry of Corporate Affairs or by any such statutory authority. The said Certificate is annexed to the Corporate Governance Report of the Company for the FY 2023-24.

Commission to Non-Executurive Directors:

Your Directors at their meeting held on May 13, 2024, on the recommendation of the Nomination and Remuneration Committee, approved the proposal for payment of commission to Non-Executive Directors as a percentage of profit, subject to the approval of the shareholders at the ensuing AGM of the Company.

II. Key Managerial Personnel

As on the date of this Report, the Key Managerial Personnel of the Company, in accordance with the provisions of Section 2(51) and Section 203 of the Act include:

1. Managing Director;
   a. Smt. Hetal Gogri Gala (also designated as the Vice Chairperson)
   b. Shri Narendra J. Salvi
2. Shri Nikhil P Natu, Company Secretary;
3. Shri Piyush P Lakhani, Chief Financial Officer.

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

13. INDEPENDENT DIRECTORS

The Company has received requisite declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations. The Independent Directors have also confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. These declarations include confirmations that they are not barred from holding the office of Director by any SEBI order or any other authoritative body. In the opinion of the Board, all the Independent Directors satisfy the criteria of independence as defined under the Act, rules framed thereunder and the Listing Regulations, and that they are independent of the Management of the Company. Furthermore, they have affirmed their adherence to the Code of Conduct outlined in Schedule IV of the Act.

In the opinion of the Board, all Independent Directors possess requisite qualifications, experience, expertise, proficiency and hold high standards of integrity for the purpose of Rule 8(5)(iiia) of the Companies (Accounts) Rules, 2014. In terms of the requirements under the Listing Regulations, the Board has identified a list of key skills, expertise and core competencies of the Board, including the Independent Directors, details of which are provided as part of the Corporate Governance Report.

As required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors (including those appointed during the year) have registered themselves with the Independent Directors Databank and also completed the online proficiency test conducted by the Indian Institute of Corporate Affairs.

Familiarisation Programme for Independent Directors

All the Independent Directors of the Company are made aware of their roles and responsibilities through a formal letter of appointment, which also stipulates various terms and conditions of their engagement. Pursuant to Regulation 25(7) of the Listing Regulations, the Independent Directors of the Company were familiarised and the details of familiarization programmes imparted to them during the year, are placed on the website of the Company at https://www.aartipharmalabs.com/investors/familiarization-programme-fy-2023-24.pdf

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Directors of your Company, to the best of their knowledge and based on the information and explanations received from the Company, confirm that:

a) in the preparation of the Annual Financial Statements for the year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. ANNUAL PERFORMANCE EVALUATION

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

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

16. AUDIT COMMITTEE

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

17. AUDITORS

a) Statutory Auditor and their Report

In accordance with the provisions of Section 139 of the Act, Gokhale & Sathe, Chartered Accountants (Firm Registration. No. 103264W) were appointed as the Statutory Auditors of the Company at the 4th AGM for a term of five (5) years to hold office till the conclusion of 9th AGM to be held in the year 2028.

The Statutory Auditors' Report forms part of the Annual Report. The said report does not contain any qualification, reservation or adverse remark for the year under review. During FY 2023-24, there were no instances of fraud which required the Statutory Auditors to report the same to the Central Government under Section 143(12) of Act and Rules framed thereunder.

b) Cost Auditor and their records

In terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost accounting records and have them audited every year.

The Board has appointed Ketki D. Visariya, Cost Accountants, (Membership No. 16028), as the Cost Auditor of the Company for FY 25. The remuneration payable to the Cost Auditor is required to be placed before the Shareholders in the AGM for their approval. Accordingly, a resolution seeking Shareholder's approval for the remuneration payable to Ketki D. Visariya, Cost Accountants, is included at Item No. 7 of the Notice convening the AGM.

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

c) Secretarial Auditor and their Report

Pursuant to Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co, Company Secretary in Practice as the Secretarial Auditor of the Company to conduct audit of the secretarial records of the Company.

Pursuant to provisions of Section 204(1) of the Act and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the Financial Year ended March 31, 2024 issued by CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co., Company Secretary in Practice and the Secretarial Auditor of the Company in Form MR-3 is annexed as Annexure-C and forms an integral part of this Report. During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act and therefore disclosure of details under Section 134(3)(ca) of the Act is not applicable.

There is no qualification, reservation or adverse remark or disclaimer made by the Auditor in their report.

18. RISK MANAGEMENT

Risk Management is an integral and important aspect of Corporate Governance. Your Company believes that a robust Risk Management Framework ensures adequate controls and monitoring mechanisms for smooth and efficient running of the business. A risk-aware Company is better equipped to maximize shareholder value.

Your Company has always worked to be contemporary in the application of technology for its business processes and its interface, both within and outside the Company. Towards this end, review of business process, applications available and the digitisation of process with adequate controls is an ongoing work in progress. This calls for seamless integration with our consumers, customers and stakeholder operating ecosystems that can lead to a superior experience by improving agility and responsiveness across the business.

Cybersecurity is essential for any organisation to protect its digital assets from cyber-attacks, data breaches, and other security threats. Technology plays a critical role in cybersecurity and your Company has implemented several measures to enhance its Cybersecurity measures on the principles of Identify, Protect, Detect, Respond and Recover.

Your Company has constituted a Risk Management Committee ("RMC"), which assists the Board in monitoring and overseeing implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems and such other functions as mandated under the Listing Regulations and as the Board may deem fit from time to time.

Your Board has adopted a Risk Management Policy, which is available on the Company's website at https://www.aartipharmalabs.com/investors/APL_Risk%20Management%20Policy.pdf

The details of the composition of the RMC, terms of reference, meetings held, etc. are provided in the Corporate Governance Report, which forms part of this Report.

19. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control systems, which provide for automatic checks and balances. Your Company has maintained a proper and adequate system of internal controls. The Company has appointed Manish Modi and Associates, Chartered Accountants as the Internal Auditor, who periodically audits the adequacy and effectiveness of the internal controls laid down by the management and suggests improvements. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems are commensurate with the nature and size of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

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

20. RELATED PARTY TRANSACTIONS

The Company has a Policy on Materiality of Related Party Transaction(s) and dealing with Related Party Transaction(s) which is uploaded on the Company's website at https://www.aartipharmalabs.com/investors/rpt-policy-feb-2023.pdf. The Policy captures framework for Related Party Transactions and intends to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company or its subsidiaries on one side and Related Parties on the other, in compliance with the applicable laws and regulations as may be amended from time to time.

All transactions with related parties and subsequent material modifications, if any, are placed before the Audit Committee for its review and approval. An omnibus approval from the Audit Committee is obtained for the related party transactions which are repetitive in nature, based on the criteria approved by the Audit Committee. A statement of related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of transactions. A report of factual findings arising out of the accepted procedures carried out in regard to transactions with Related Parties is given by the Statutory Auditors on quarterly basis and the same is placed before the Audit Committee.

There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other Designated Persons which may have potential conflict with interest of the Company at large.

Since all related party transactions entered into by the Company were in ordinary course of business and were on an arm's length's basis, Form AOC–2 is not applicable to Company. Further, there were no material related party transactions in terms of the Listing Regulations requiring approval of the Shareholders during the year under review.

Pursuant to Regulation 23(9) of the Listing Regulations, your Company has filed the reports on related party transactions with the Stock Exchanges within statutory timelines. Besides, the details of related party transactions are provided in the accompanying financial statements.

21. NOMINATION AND REMUNERATION COMMITTEE ("NRC") AND NRC POLICY

Your Company has constituted the Nomination and Remuneration Committee of the Board, which performs the functions as mandated under Section 178 the Act, Regulation 19 of Listing Regulations and such other functions as prescribed by the Board from time to time. The composition of the Committee, attendance at its meetings and other details have been provided as part of the Corporate Governance Report.

Your Company has adopted a Nomination and Remuneration Policy ("Policy") which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company as well as the criteria for selection and appointment of Board Members. The said Policy has been posted on the website of the Company at https://www.aartipharmalabs.com/investors/nomination-and-remuneration-policy-feb-2023.pdf

22. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure-D and forms an integral part of this Report. As per first proviso to Section 136(1) of the Act and second proviso of Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the report and financial statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2). However, these are available for inspection during business hours up to the date of the forthcoming AGM at the registered office of the Company. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office address of the Company.

23. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

At APL, our focus is "Right person for right job at right time", keeping this in mind we recruit people with the relevant experience and academic background and ensure long term engagement brings results in win-win situations for both employees as well as the organisation. We believe our people are assets in the organisation and invest quality time in nurturing their talent, improving productivity consistently and providing growth paths for them. People at APL are proud of their association with the company.

At APL, employee well-being and growth form the core of everything we do and we consistently strive to co-create a culture that helps us in building a world-class experience for our people. We have many cases of promotion within the organisation. Employees have joined as a fresher and grown as leader taking functional responsibilities, over a period of time. We identify potential employees for future leadership and provide them the platform for growth, putting them on fast-track career growth. This has helped strengthening employees bonding thus during the last year employee turnover has come down by ~ 0.37% i.e. from 11.08% in the year 2022-23 to 10.71% in the year 2023-24. To meet our growth aspirations, we on-boarded around 368 bright talents during the last year and created various growth avenues for our internal talent.

We believe fairness and equal treatment to all the employees across the organisation. We have well defined performance evaluation and rewarding systems. We consistently foster performance culture. We identify the training needs during the PMS and plan for the necessary training during the year and monitor the same through the annual training calendar. The basic philosophy is organisation grows if the people grow.

We also enter into an agreement with our Union Employees from time to time; to maintain a healthy and peaceful environment. We recognise the right of employees to collective bargain.

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

Employees play a pivotal role in ensuring success of the organisation. Nurturing their talent, innovations, rewarding and recognising their contributions appropriately encourages employees to give their best to the organisation. Every month the Recognition and Reward Committee assesses the deserving employees based upon their contributions / suggestions for bringing effectiveness in the processes with respect to productivity improvement, innovation and self- initiatives etc.

Skills & Capability Building Programme

A skilled employee is an integral part of meeting changing business needs. The best results of employees' endeavour will determine the excellence in Product Quality and Services to the customer. We have invested 16,000 man-hours on Skills and Competencies Building Programme, enabling employees to meet with future challenges. The special Skill development programme is designed for Operative Staff with a focus on the right combination of knowledge and practical execution.

Employee Engagement

An engaged workforce is a productive source for the organization's success. It delivers to the best of its abilities and fosters a greater sense of belongingness and commitment in their jobs. We at APL believe every small step contributes value to employees' Work-Life-Balance. Celebrating employees' special moments (Birthdays / Anniversary / Regional Festivals), extending support to foster intellectual growth through various Learning and Development initiatives help to nurture conviviality and happiness at workplace.

24. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in Annexure –E and forms an integral part of this Report.

25. AARTI PHARMA PERFORMANCE STOCK OPTION PLAN 2023

Aarti Pharma Performance Stock Option Plan 2023 ("PSOP 2023") was approved by the shareholders at the 4th AGM of the Company held on September 14, 2023, under which stock options would be granted to the eligible employees in compliance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Further, the Company had received in-principle approval during FY 2023-24 from the Stock Exchanges for listing of the shares to be issued under the said Scheme.

Pursuant to the PSOP 2023, the Company had granted 31,700 options to eligible employees as per the recommendation of the Nomination and Remuneration Committee, at its meeting held on January 04, 2024.

Your Company has received a certificate from CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice and the Secretarial Auditor of the Company that PSOP 2023 has been implemented in accordance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolution passed by the shareholders. Any request for inspection of the said Certificate may please be sent to investorrelations@aartipharmalabs.com.

The details of the stock options granted under the PSOP Scheme and the disclosures in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 is available on the website of the Company at https://www.aartipharmalabs.com/other-disclosures.

26. CORPORATE GOVERNANCE

Your Company believes that effective leadership, robust policies, processes and systems and a rich legacy of values form the hallmark of our best corporate governance framework. The Board, in conjunction with the management, sets values of your Company and drives the Company's business with these principles. These ethics and values are reflected in the Company's culture, business practices, disclosure policies and relationship with its stakeholders and are at par with best international standards and good corporate conduct.

Your Company has complied with the mandatory Corporate Governance requirements stipulated under the Listing Regulations. Pursuant to Regulation 34 of the Listing Regulations, a separate Report on Corporate Governance is annexed hereto forming part of this Report. The requisite certificate from Gokhale & Sathe, Chartered Accountants is attached to the Report on Corporate Governance.

27. HEALTH AND SAFETY

Aarti Pharmalabs Limited (APL) is dedicated to maintaining world-class standards in health, safety, security, human rights, environmental protection, product quality, and processes across all business operations, services, and expansion activities. To achieve these objectives, the company has made significant investments in process automation to enhance safety and reduce human error, comprehensive training on process and behaviour-based safety requirements, and the adoption of safe and environmentally friendly production processes.

APL has implemented ISO45001 standards and established comprehensive safety programs, including EHS policies and corporate safety guidelines. These programs provide thorough training for employees on chemical handling, personal protective equipment (PPE) usage, and emergency response protocols. The company regularly conducts safety drills, audits, monthly safety campaigns, toolbox talks and inspections to identify and mitigate potential workplace hazards, ensuring a safe working environment for all employees.

Safety Performance Leading Indicators

The company has established a Process Hazard Analysis (PHA) system to analyse processes and identify potential hazards, aiming to minimise or eliminate them during the R&D phase. Additionally, we ensure powder safety by implementing necessary precautions when handling powder-based materials, such as dust or combustible liquids, achieving over 100% compliance in powder safety this year. We have also eliminated the risk of fire in flammable storage areas by implementing effective control measures.

The company conducts cross-site audits to ensure compliance with safety regulations and standards. These audits enhance safety standards by identifying potential hazards and improving the skills of EHS professionals. A third-party regulatory audit was performed, and the company has complied with all recommendations. Furthermore, a Behavioral-Based Program, 'Near Miss Reporting,' has been established using advanced technologies to eliminate potential risks that could lead to incidents.

To ensure the safety and well-being of our employees, contractors, and visitors, the company has developed and implemented a robust Occupational Health and Safety Management System under the Aarti Pharma Management System. All individuals are covered under this comprehensive system, ensuring a safe and healthy working environment.

Process Safety Management

APL has well-established process safety procedures, practices, and systems to evaluate the risks associated with manufacturing hazardous chemicals. The company features a state-of-the-art centralised Process Safety Lab, equipped with the latest version of the Reaction Calorimeter (RC1mx) and two Thermal Screening Units (TSu). The Chemical Reaction Hazard as well as Fire & Explosion Hazard testing data, essential for informed decision-making during plant design and processing, are generated in-house through our advanced infrastructure and capabilities. Additionally, the company conducts comprehensive Powder Safety studies, including Minimum ignition energy (MIE), Minimum ignition temperature (MIT), Layer ignition temperature (LIT) and impact sensitivity tests for all new and existing powder handling operations.

This lab is fully operational and dedicated to in-house powder safety testing. During the year under review, 501 TSu samples were analysed, and 104 RC1mx tests were performed, alongside 53 powder safety tests conducted for various manufacturing processes within the company.

Customer Health & Safety

The health and safety of our customers are of paramount importance to us, and we are fully committed to ensuring it. The company adheres to GHS labelling and MSDS protocols to accurately document and communicate product specifications, hazards, and mitigation measures. Additionally, APL follows the best practices prescribed by the European Union's REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) regulations. During the year under review, we did not receive any major complaints regarding health and safety issues from our customers.

Contractor Health & Safety

To ensure our contractors' health and safety, the company has established several key measures. These include thorough screening and evaluation of contractors for medical fitness before they are permitted to commence work. Contractors are also provided with comprehensive training to understand and follow the necessary safety protocols while on the job. Additionally, the implementation of a work permit system ensures that only authorised personnel can access the site and perform their duties safely.

ENVIRONMENT

Energy Conservation & Consumption

In the fiscal year under review, our energy consumption totaled 12,06,530.01 gigajoules (GJ). As part of our commitment to sustainability, we have fully transitioned several of our facilities from furnace oil to cleaner fuels. Additionally, we have initiated a project to install solar panels at our Maharashtra located in the Akola district to further diminish our reliance on fossil fuels and promote renewable energy sources.

Hazardous Waste Management

All hazardous and non-hazardous wastes generated at our facilities are meticulously segregated, recovered, recycled, and disposed of in accordance with their specific characteristics and regulatory requirements.

Water & Wastewater Management

In FY 2023-24, our total water consumption amounted to 5,60,655 kiloliters (KL), comprising both fresh and recycled/recovered water sources. Over 30.0% of our total water consumption is sourced from recycled water, with industrial bodies serving as our primary freshwater source. The company continuously enhances its wastewater management processes and outcomes. We have installed advanced wastewater treatment and water recovery plants, featuring cutting-edge technologies such as reverse osmosis units (RO), multiple effect evaporators (MEEs), Mechanical Vapour Recompression (MVR) systems, and agitated thin film dryers (ATFD) to reclaim water from wastewater streams. Moreover, a stringent zero liquid discharge policy is implemented across all our units to further minimise our environmental footprint.

Product End Life

The company has established a comprehensive process for managing products at the end of their lifecycle. Each product manufactured at our facility undergoes a thorough shelf life assessment based on research and development studies. Upon customer request, we assist in the proper treatment of products reaching the end of their shelf life. Notably, in FY 2023-24 there were no instances requiring product end-of-life treatment, resulting in zero environmental impact from this aspect of our operations.

28. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING ("BRSR")

The Listing Regulations mandate the inclusion of the Business Responsibility & Sustainability Reporting as part of the Annual Report for top 1,000 listed entities based on market capitalisation. BRSR for the year under review, as stipulated under Regulation 34(f) of Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/ CMD-2/P/CIR/2021/562 dated May 10, 2021 is in a separate section forming part of the Annual Report.

29. VIGIL MECHANISM

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the Listing Regulations is implemented through the Company's Vigil Mechanism Policy. The said Policy of your Company is available on the Company's website at https://www.aartipharmalabs.com/investors/vigil-mechanism-policy-feb-2023.pdf

It enables the Directors, employees and all stakeholders of the Company to report genuine concerns (about unethical behaviour, actual or suspected fraud, or violation of the Code) and provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee.

No whistleblower complaints have been received during the year under review.

30. THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company believes that every woman employee should have the opportunity to work in an environment free from any conduct which can be considered as Sexual Harassment. The Company has Zero Tolerance towards sexual harassment at the workplace.

The Company is committed to treating every employee with dignity and respect. The Policy for Prevention of Sexual Harassment at Workplace ("POSH") framed by the Company in this regard provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints with complete anonymity and confidentiality. The said Policy of your Company is available on the Company's website at https://www.aartipharmalabs.com/investors/prevention-of-sexual-harrasment-policy.pdf.

Internal Complaints Committees (ICC) has been set up to redress complaints received regarding sexual harassment.

31. SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, have been duly complied by your Company.

32. DETAILS OF DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the public falling within the ambit of Section 73 of the Act and the rules framed thereunder. The requisite return for FY 2023-24 with respect to amount(s) not considered as deposits has been filed.

33. BANK LOAN FACILITIES

Your Company continues to manage its treasury operations efficiently and has been able to borrow funds for its operations at competitive rates. During the year under review, your Company had below rating for its bank loan facilities of ₹400 Crores, which were revalidated from time to time;

Rating Agency	CRISIL Rating Limited
Rating	CRISIL A+/ Stable (Assigned)

34. ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Act, the annual return for FY 2023-24 prepared in accordance with Section 92(3) of the Act read with Companies (Management and Administration) Amendment Rules, 2014 is made available on the website of the Company at https://www.aartipharmalabs.com/annual-reports

35. INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

Pursuant to the demerger of pharma undertaking of Aarti Industries Limited during FY 2022-23, proportionate number of shares (i.e.3,13,656 shares) held by the shareholders of Aarti Industries Limited, which were then lying in the IEPF account, were credited to the IEPF account of the Company. The Interim Dividend for FY 2022-23 and FY 2023-24 accrued on such shares was credited to the designated bank account of the IEPF authority. Further, the final dividend for FY 2023-24, if approved by the shareholders at the ensuing AGM, shall be credited to the designated bank account of the IEPF authority.

Except for the above, no amount is due to be transferred to the IEPF Account.

36. COMPLIANCE MANAGEMENT SYSTEM

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

37. SWAYAM INVESTOR SELF-SERVICE PORTAL

'SWAYAM' is a secure, user-friendly web-based application, developed by Link Intime India Private Limited our Registrar and Share Transfer Agents, that empowers shareholders to effortlessly access various services. This application can be accessed at https://swayam.linkintime.co.in

38. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations.

39. 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

There were no other material changes and commitments affecting the financial position of the Company, which had occurred between the end of the Financial Year to which these financial statements relate and the date of the Report.

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

During the FY 2023-24, there was no application made and proceeding initiated / pending by any Financial and/or Operational Creditors against your Company under the Insolvency and Bankruptcy Code, 2016 ("Code").

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

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

During the FY 2023-24, the Company has not made any settlement with its bankers for any loan/ facility availed or/and still in existence.

42. GENERAL DISCLOSURES

The Managing Director(s) have not received any remuneration or commission from the subsidiary of your Company.

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions / events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme save and except PSOP 2023 referred to in this Report.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription / purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Act.
4. There has been no change in the nature of business of your Company.
5. There was no revision of financial statements and Board's Report of your Company during the year under review.

43. ACKNOWLEDGEMENT

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

For and on behalf of the Board

	Narendra J. Salvi	**Hetal Gogri Gala**
Place: Mumbai	Managing Director	Vice Chairperson and Managing Director
Date: May 13, 2024	DIN: 00299202	DIN:00005499

Annexure A

FORM AOC-1

Salient features of Financial Statements of Subsidiary / Associates / Joint Ventures as per Companies Act, 2013

PART "A": SUBSIDIARIES

(₹in Lakhs)

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 Shareholding
1	Aarti Pharmachem Limited	₹	25.00	-4.03	21.31	0.34	0.00	0.00	-0.54	0.00	-0.54	0.00	100%
2	Ganesh Polychem Limited	₹	309.83	14,365.58	18,471.38	3,795.98	5,256.33	17,256.61	3,369.74	969.86	2,399.88	0.00	50%
3	Aarti USA Inc	USD	1.00	0.10	139.21	138.11	7.75	233.01	0.88	0.02	0.85	-	100%
		₹	65.76	26.36	11,611.57	11,519.45	646.43	19,252.98	121.09	1.75	119.34	-	

The Financial Statement of Aarti USA Inc whose reporting currency is other than ₹ are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. USD 1 = ₹ 83.41.

Annexure B

THE ANNUAL REPORT ON CSR ACTIVITIES CARRIED OUT DURING FY 2023-24

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

The Company's Policy on CSR, sets out a statement containing the approach and direction given by the Board of Directors after taking into account the recommendations of its CSR Committee and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

This Policy is framed pursuant to Section 135 of the Companies Act, 2013 read with the Rules made thereunder as amended time to time.

2. COMPOSITION OF CSR COMMITTEE

The composition of the CSR Committee as on the date of this report is as follows:

Sr. No.	Name of Director	Designation	Number of meetings of CSR Committee held/ attended during the year
1.	Smt. Hetal Gogri Gala	Managing Director, Chairperson	One meeting - attended by all the members
2.	Prof Vilas G. Gaikar	Independent Director, Member	
3.	Smt. Jeenal K. Savla	Independent Director, Member	
4.	Shri Rajendra V. Gogri	Non-Executive Director, Member	

3. THE WEB-LINK(S) WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

The composition of the CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company www.aartipharmalabs.com

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

In pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, the impact assessment of CSR projects undertaken by the Company during FY 2023-24, is not applicable.

However, project wise amounts spent together with the lives impacted thereby have been covered later in this report.

5. (a) Average net profit of the company as per sub-section (5) of section 135: - ₹ 12,235.90 Lakhs

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: - ₹ 244.71 Lakhs

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

(d) Amount required to be set-off for the financial year, if any: - Nil

(e) Total CSR obligation for the financial year [(b)+(c) - (d)]: - ₹ 244.71 Lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): - ₹ 272 Lakhs

(b) Amount spent on Administrative Overheads: - Nil

(c) Amount spent on Impact Assessment, if applicable: - Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: - ₹ 272 Lakhs

(e) CSR Amount spent/ Unspent for the Financial Year;

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
272.00	Not Applicable				

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

(₹ In Lakhs)

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	244.71
(ii)	Total amount spent for the Financial Year	272.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	27.29
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	27.29

7. 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	
Not Applicable, since there is no Unspent CSR Amount for the preceding three financial years								

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: - Not Applicable

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUB- SECTION (5) OF SECTION 135: - Not Applicable

Place: Mumbai
Date: May 13, 2024

Hetal Gogri Gala
Chairperson of the Committee
DIN: 00005499

Rajendra V. Gogri
Director
DIN: 00061003

Annexure C

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024

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

To,

The Members,

Aarti Pharmalabs Limited
(CIN: L24100GJ2019PLC110964)
Plot No 22/C/1 & 22/C/2,
1st Phase, GIDC, Vapi,
Valsad, Gujarat 396195.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2024 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings during the Audit Period;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which were not applicable to the Company during the Audit Period;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("SEBI LODR");

(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 which were not applicable to the Company during the Audit Period;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were not applicable to the Company during the Audit Period; and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 which were not applicable to the Company during the Audit Period;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

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

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above;

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

(a) Drugs & Cosmetics Act, 1940 and rules made thereunder;

(b) Narcotic Drugs and Psychotropic Substances Act, 1985;

c) The Insecticides Act, 1968;

(d) Explosives Act, 1884 and Rules made thereunder;

(e) Air (Prevention and Control of Pollution) Act, 1981;

(f) Water (Prevention and Control of Pollution) Act, 1974;

(g) The Noise (Regulation and Control) Rules, 2000;

(h) Environment Protection Act, 1986 and other environmental laws;

(i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations, 1950;

(j) Public Liability Insurance Act, 1991; and

(k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

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

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

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

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

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

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

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

Place: Mumbai
Date: June 27, 2024

Peer Review Certificate No. 867/2020
UDIN: F003483F000629011

Annexure

The Members,
Aarti Pharmalabs Limited
(CIN: L24100GJ2019PLC110964)
Plot No 22/C/1 & 22/C/2,
1st Phase, GIDC, Vapi,
Valsad, Gujarat 396195.

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

(1) Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

(2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

(3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483F000629011

Place: Mumbai
Date: June 27, 2024

Annexure D

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

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

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

Name of Director / Key Managerial Personnel	Ratio to Median Remuneration	% increase in remuneration over previous year
Managing Directors		
Smt. Hetal Gogri Gala	208:1	26.53%
Shri Narendra J. Salvi	36:1	(19.50%)
Non- Executive Directors		
Shri Rashesh C. Gogri	0.46:1	Refer note 1
Shri Rajendra V. Gogri	0.46:1	
Shri Parimal H. Desai	0.41:1	
Dr. Vinay G. Nayak	0.62:1	
Shri Bhavesh R. Vora	0.56:1	
Prof Vilas G. Gaikar	0.53:1	
Smt. Rupal A. Vora	0.41:1	
Smt. Jeenal K. Savla	0.60:1	
Key Managerial Personnel		
Shri Piyush P Lakhani	-	25.25%
Shri Nikhil P Natu	-	9.38%

Note:

1. *The remuneration to the Non-Executive Directors is paid only by way of sitting fees for attending the Board / Committees Meetings during the year.*
2. *The Median Remuneration employees of the Company during FY 2023-24 was ₹ 4,17,491.*

B. The percentage increase in the median remuneration of employees in FY 2023-24: 14.41%

C. The number of permanent employees on the rolls of the Company as on March 31, 2024: 2,095 nos.

D. Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	% Change in remuneration
Average increase in salary of employees (other than Managerial Personnel*)	8.87%
Average increase in remuneration of Managerial Personnel*	12.52%

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

E. Affirmation that the remuneration is as per the Remuneration Policy of the Company:

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

For and on behalf of the Board

Place: Mumbai
Date: May 13, 2024

Narendra J. Salvi
Managing Director
DIN: 00299202

Hetal Gogri Gala
Vice Chairperson and Managing Director
DIN:00005499

Annexure E

A) ENERGY CONSERVATION

At Aarti Pharmalabs Limited, we are dedicated to conducting our business operations with utmost care and efficiency, striving to enhance our eco-effectiveness and minimize our environmental impact. Our vision is to contribute to a world where every individual enjoys a higher quality of life and a promising future. To achieve this, we have established dedicated utility expert teams at each of our locations to conceptualize and execute energy-saving initiatives, reducing our carbon footprint and conserving natural resources.

We have implemented a comprehensive three-pronged system approach to promote energy conservation:

- Minimizing energy leaks
- Optimizing processes and equipment
- Adopting new technologies

Our commitment to energy efficiency is evident through various initiatives aimed at reducing energy consumption. We have undertaken extensive retrofitting projects, installing modern and energy-efficient devices and equipment. We have introduced waste heat recovery systems to harness and utilize energy that would otherwise be wasted. Additionally, we proactively identify and address operational bottlenecks hindering energy conservation efforts.

Throughout FY 2023-24, we successfully executed a range of energy-saving projects. These include correcting power factor to unity, replacing outdated pumps with high-efficiency models, upgrading conventional light fittings to energy-saving LEDs, implementing day timers for streetlights to optimize usage, and adopting blowers and vacuum pumps with variable frequency drives (VFD) for enhanced efficiency. We also installed pressure transmitter interlocks to control compressors along with VFD in air compressors. As a result, we achieved significant energy savings.

By adopting a multi-faceted approach and implementing these initiatives, we demonstrate our unwavering commitment to reducing energy consumption, mitigating environmental impact, and promoting a sustainable future.

To maximize the efficiency of our energy usage, Aarti Pharmalabs Limited has strategically installed cogeneration power plants and Mechanical Vapour Recompression (MVR) technology across multiple locations. This allows us to optimize coal usage as an energy source. Additionally, we have implemented innovative systems and processes to reuse steam for internal processes and electricity generation effectively.

By harnessing waste heat generated during operations, we meet a portion of our unit's steam requirements, enhancing energy efficiency and significantly reducing carbon emissions. During the fiscal year 2023-24, we successfully generated 5071.345 gigajoules (GJ) of electricity from installed steam turbines, further highlighting our commitment to sustainable energy practices.

Additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy:
We have planned additional investments in the coming years to conserve energy and reduce our environmental footprint, including

- Implementing SCALEBAN in the cooling tower's make-up water line, reducing additional water treatment in MEE.
- Installing renewable energy sources, such as solar energy, at our Akola site in Maharashtra, providing 29 GWH/annum electricity to our operational sites in Maharashtra. Our goal is to reduce reliance on depleting natural resources and minimize energy consumption by embracing sustainable alternatives, contributing to a greener future while achieving greater energy efficiency.

B) TECHNOLOGY ABSORPTION, ADAPTION, AND INNOVATION

- We replaced the traditional oil bath system with single fluid heating and cooling systems, alongside mimicking reactors like those in commercial plants. This change has proven beneficial in minimizing design stage failures related to quality and process safety.
- Validating PVA Gel technology at our Vapi facility, planning to install it across facilities to reduce hazardous waste generation and electricity consumption.
- Commissioning a non-contact steam ejector at one of our Tarapur facilities to recycle 100% condensate back to the boiler, reducing coal consumption.

- Utilizing PNG as a cleaner fuel for the boiler at our Vapi site, with plans to implement this at our Dombivli site.

- Successfully installed a Screw Press Filter at our Dombivli and Spack sites, replacing the traditional Filter Press system, significantly reducing energy consumption and operational costs. We plan to implement this technology at other locations as well.

Benefits derived as a result of above efforts:

- Reduction in production costs
- Reduction of carbon emissions, waste, and effluents
- Value addition Enhancing safety and sustainability

Expenditure incurred on Research and Development:

₹ in lakhs	2023-24	2022-23	2021-22
Revenue (Intangible)	4,318.09	1,752.86	2,247.34
Capital (incl. of WIP)	2,107.49	433.36	571.54
Total	**6,425.58**	**2,186.22**	**2,818.88**

Foreign Exchange Earnings and Outgo

The Foreign Exchange Earnings and Outgo were ₹ 74,192.95 lakhs & ₹ 25,851.72 lakhs respectively (previous year ₹ 62,313 lakhs & ₹ 2,06,061 lakhs respectively).

Corporate Governance Report

The Company's Report on Corporate Governance for the financial year ended March 31, 2024 ("year under review" and "FY 2023-24"), is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

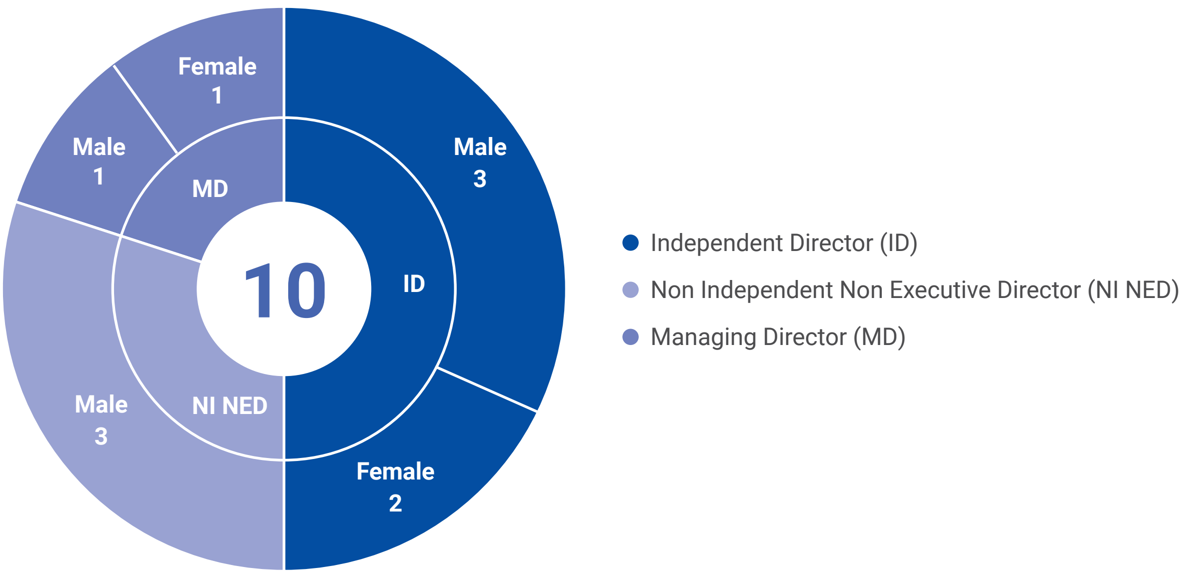
Corporate governance refers to the framework of rules and practices through which the Board of Directors ("Board") ensures accountability, fairness, and transparency in a company's relationship with its stakeholders. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last.

Your Board fully appreciates the need for increased awareness for responsibility, transparency and professionalism in management of the Company. Strong leadership and effective corporate governance practices have been the Company's hallmark.

Our corporate governance reflects our value system, encompassing the culture, policies, and relationships with our stakeholders. Care, Integrity and Excellence are the key pillars of our corporate governance practices and performance. We endeavour to always gain and retain the trust of the stakeholders. We ensure this by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. These governance practices help us enhance the long-term interest of stakeholders and enable us to catalyze a healthier tomorrow.

II. BOARD OF DIRECTORS

1. As on March 31, 2024, the composition of the Board, was as follows;



The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Sections 149 and 152 of the Companies Act, 2013 ("Act").

2. None of the Directors on the Board:
   - hold directorships in more than ten (10) public companies;
   - serve as Directors or as Independent Directors in more than seven (7) listed entities; and
   - who are the Executive Directors serve as Independent Directors in more than three (3) listed entities.

   Necessary disclosures regarding Committee positions in other public companies as on March 31, 2024, have been made by the Directors. Further, all the Directors have confirmed that they are not Members of more than ten (10) committees or do not act as Chairman of more than five (5) committees across all the public limited companies in which they are a Director. For the purpose of determining the limit of the Board Committees, Chairpersonship and Membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of Listing Regulations.

   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.

3. The Independent Directors declare that they meet the criteria of independence as specified under Section 149(6) of the Act and the Listing Regulations. The Board further confirms that the Independent Directors fulfil the conditions specified in terms of the Act and the Listing Regulations and that they are Independent of the management of the Company. Further, in terms of Regulation 25(8) of Listing Regulations, the Independent Directors are not aware of any circumstance or situation which exists or could be reasonably anticipated that would impair or impact their ability to discharge their duties.

   Furthermore, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

4. Minimum four (4) Board Meetings are held every year (once every quarter) and the interval between two meetings is well within the maximum period prescribed. Additional Board Meetings are convened to address the specific needs of the Company. Video conferencing facilities are provided to enable active participation by Directors who are unable to attend the meetings in person. The Company sends the notice of the meetings accompanied by agenda and agenda notes setting out the business to be transacted at the meetings to the Directors, at least seven (7) days in advance except in case of shorter notice to transact urgent business.

   The Members of the Board are at liberty to bring up any matter for discussions at the Board Meetings and the functioning of the Board is democratic. Members of the Senior Management team are invited to attend the Board Meetings, who provide additional inputs to the agenda items discussed by the Board.

   Your Directors are encouraged to be present in the meetings of the Board. During the year under review, five (5) meetings of the Board were held on April 15, 2023, May 12, 2023, August 05, 2023, November 07, 2023 and February 07, 2024. All necessary information including but not limited to those mentioned in Part A of Schedule II to the Listing Regulations, are placed before the Board.

Name #	Number of Shares held along with % of paid up share capital	Attendance in Board Meeting	Attendance at the AGM held on September 14, 2023	Number of Directorship excluding Aarti Pharmalabs Limited$	Directorship in Listed Companies	Category		Statutory Committees				
							ED/NED/ID	AC	NRC	SRC	CSRC	RMC
Shri Rashesh C. Gogri DIN: 00066291	3834404 (4.23%)	5	Yes	3	Aarti Industries Limited	PG	ED	M	-	M	-	M
					Aarti Pharmalabs Limited	PG	NED	-	M	-	-	C
					Aarti Drugs Limited	PG	ED	M	-	-	M	M
Smt. Hetal Gogri Gala DIN: 00005499	2615548 (2.89%)	5	Yes	2	Aarti Industries Limited	PG	NED	-	-	M	M	M
					Aarti Pharmalabs Limited	PG	ED	M	-	-	C	M
Shri Narendra J. Salvi DIN: 00299202	18154 (0.02%)	5	Yes	2	Aarti Pharmalabs Limited	-	ED	M	-	M	-	M
					Aarti Drugs Limited	-	NED	-	-	-	-	-
Shri Rajendra V. Gogri DIN: 00061003	1425900 (1.57%)	5	No	3	Aarti Industries Limited	P	ED	M	M	M	M	C
					Aarti Pharmalabs Limited	P	NED	-	-	C	M	M
					Prince Pipes and Fittings Limited	-	ID	M	C	-	-	-
Shri Parimal H. Desai DIN: 00009272	399571 (0.44%)	5	Yes	3	Aarti Industries Limited	P	ED	M	-	-	-	-
					Aarti Pharmalabs Limited	P	NED	-	-	-	-	M
Dr. Vinay G. Nayak DIN: 02577389	Nil	5	Yes	0	Aarti Pharmalabs Limited	-	ID	M	M	-	-	M
Shri Bhavesh R. Vora DIN: 00267604	Nil	5	Yes	2	Aarti Industries Limited	-	ID	M	M	-	-	M
					Aarti Pharmalabs Limited	-	ID	C	-	M	-	-
Prof Vilas G. Gaikar DIN: 00033383	Nil	5	Yes	0	Aarti Pharmalabs Limited	-	ID	M	-	-	M	-
Smt. Rupal A. Vora DIN: 07096253	Nil	5	Yes	8	Aarti Pharmalabs Limited	-	ID	-	-	M	-	-
					Walchandnagar Industries Limited	-	ID	-	M	-	-	-
					GeeCee Ventures Limited	-	ID	-	-	-	-	-
					Winro Commercial (India) Limited	-	ID	C	-	-	-	M
					Saraswati Commercial (India) Limited	-	ID	C	C	M	M	M
					Bombay Cycle and Motor Agency Limited	-	ID	M	M	C	-	-
Smt. Jeenal K. Savla DIN: 07545244	Nil	5	Yes	1	Aarti Pharmalabs Limited	-	ID	M	C	-	M	-

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

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

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

 # The Company's Board at its meeting held on May 13, 2024, based on the recommendation of the Nomination and Remuneration Committee, approved the appointment of the following directors subject to approval of Shareholders at the ensuing AGM;

- Shri Pradeep Thakur (DIN: 00685992) as an Additional Director in the category of Non-Executive Independent Director; and
- Smt. Nehal Garewal (DIN: 01750146) as an Additional Director in the category of Non-Executive Director.

5. During FY 2023-24, one (1) meeting of the Independent Directors was held on March 29, 2024. All the Independent Directors were present for this meeting. The Independent Directors at the said meeting reviewed the performance of:
   a. Non-Independent Directors and the Board as a whole;
   b. The Chairman of the Company;
   c. Succession planning; and
   d. The quality, quantity, timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

6. **Familiarisation Programme:**
   The Company conducts familiarisation programmes for its Independent Directors and other Non-Executive Directors which, inter alia, includes the following:
   a. Providing insights into the Company to enable the Independent Directors to be in a position to take well-informed timely decisions and contribute significantly to the performance of the Company.
   b. Information on any change and new development with regard to relevant regulatory requirements such as Listing Regulations and the Act.
   c. Grant access to any information relating to the Company.
   d. Interaction with the Company's management during the Board/ Committee of Directors' meetings or otherwise.
   e. Need based training on various matters.

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

   Details of familiarisation programmes imparted to Independent Directors are disclosed on the Company's website at https://www.aartipharmalabs.com/investors/familiarization-programme-fy-2023-24.pdf

7. The Board periodically reviews the compliance reports of all laws applicable to the Company.

8. **Particulars of Senior Management:**

Sr. No.	Name	Designation
1	Dr. BS Patravale	R&D/ President
2	Shri Suresh Khimasia	Manufacturing/ General Manager
3	Shri Gulab Patil	Manufacturing/ Sr. General Manager
4	Shri G.M. Naidu	Manufacturing/ Head - Operations, CDMO / CMO (Intermediate)
5	Shri Ajit Borgaonkar	EHS/ Vice President
6	Shri Shyamsunder Desai	Quality Assurance/ Sr. General Manager
7	Dr. S. Subramanian	Regulatory Affairs/ Sr. General Manager
8	Shri Harshul Patel	Business/ Deputy General Manager
9	Shri Jasmin Mehta	Business/ Head Business Development and Direct Procurement
10	Shri Sudhakar Shetty	HR & Admin/ Sr. General Manager
11	Shri Sachin Patil	Head API Export Regulated and R&D Management
12	Shri Piyush Lakhani	Chief Financial Officer
13	Shri Nikhil Natu	Company Secretary

Directors Competence/ Skills /Expertise:

The Company is engaged in the manufacturing of Pharmaceuticals API. The table below summarises the broad list of core skills / expertise / competencies identified by the Board of Directors, as required in the context of the Company's business / sector and the said skills are available with the Board members;

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

Industry Experience
Experience in
Pharmaceutical industry

Operations, Technology, Sales and Marketing
Experience in sales and marketing management based on understanding of the consumer and consumer goods industry

Leadership
Extensive leadership experience of an organisation for practical understanding of the organisation, its processes, strategic planning, risk management for driving change and long-term growth

Understanding of Global Business
Owing to presence across the globe, the understanding of global business & market is seen as pivotal

Finance and Banking
Finance field skills/competencies/ expertise is seen as important for intricate and high quality financial management and financial reporting processes

Legal/Governance/ Compliance
In order to strengthen and maintain the governance levels and practices in the organisation

Name of Director						
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	-	-	-	-	✓	✓
Prof Vilas G. Gaikar DIN: 00033383	✓	-	-	-	-	-
Smt. Rupal A. Vora DIN: 07096253	-	-	-	-	-	✓
Smt. Jeenal K. Savla DIN: 07545244	-	-	-	-	✓	✓

III. COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions within the delegated authority. Each Committee of the Board, whether mandatorily required to be constituted or otherwise, functions according to its scope that defines its composition, power and role in accordance with the Act and the Listing Regulations. The Company has five (5) Statutory Committees of the Board, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The recommendations of the Committees are submitted to the Board for approval.

The Board has also constituted the Finance and Investment Committee to deal with routine operational matters. The Board also constitutes other functional Committees, from time to time, depending on business needs. During the year, all the recommendations of the Committees were accepted by the Board.

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

1. AUDIT COMMITTEE

The Audit Committee ("Committee") of the Board of Directors is entrusted with the responsibility of supervising the Company's financial reporting process and internal controls.

Terms of Reference:

i. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

iii. approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act, 2013;

b. changes, if any, in accounting policies and practices and reasons for the same;

c. major accounting entries involving estimates based on the exercise of judgment by management;

d. significant adjustments made in the financial statements arising out of audit findings;

e. compliance with listing and other legal requirements relating to financial statements;

f. disclosure of any related party transactions;

g. modified opinion(s) in the draft audit report;

v. reviewing, with the management, the quarterly financial statements before submission to the board for approval;

vi. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;

vii. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

viii. approval or any subsequent modification of transactions of the listed entity with related parties;

ix. scrutiny of inter-corporate loans and investments;

x. valuation of undertakings or assets of the listed entity, wherever it is necessary;

xi. evaluation of internal financial controls and risk management systems;

xii. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

xiii. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiv. discussion with internal auditors of any significant findings and follow up there on;

xv. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xvi. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii. to review the functioning of the whistle blower mechanism;

xix. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

xx. carrying out any other function as is mentioned in the terms of reference of the audit committee;

xxi. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

xxii. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and

xxiii. Such other acts, deeds, matters and things as may be stipulated in terms of the Act and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

Mandatorily review the following information:

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

Composition, Meeting and Attendance

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Act and the provisions of Regulation 18 read with Part C of Schedule II of the Listing Regulations.

As on March 31, 2024, the Committee comprised six (6) members, of which four (4) are Non-Executive Independent Directors. All the members of the Committee are financially literate and majority of them have accounting and financial management expertise.

During the year under review, six (6) the meetings were held. The dates of the meetings and attendance of the Committee members in the said meetings are given below;

Members	Category	Date of the Meetings					
		May 12, 2023	August 05, 2023	October 20, 2023	November 7, 2023	February 7, 2024	March 16, 2024
Shri Bhavesh R. Vora	Independent Director, Chairman	√	√	√	√	√	√
Dr. Vinay G. Nayak	Independent Director, Member	√	√	√	√	√	√
Prof. Vilas G. Gaikar	Independent Director, Member	√	√	X	√	√	√
Smt. Jeenal K. Savla	Independent Director, Member	√	√	√	√	√	√
Smt. Hetal Gogri Gala	Managing Director, Member	√	√	√	√	√	√
Shri Narendra J. Salvi	Managing Director, Member	√	√	√	√	√	√

The gap between the two meetings did not exceed one hundred and twenty days. The necessary quorum was present at all the meetings. The Company Secretary of the Company acted as the Secretary to the Committee. The Chairman of the Audit Committee attended the 4th AGM held on September 14, 2023.

The Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditor, as and when required attended the meetings of the Audit Committee from time to time.

2. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of the Board of Directors ("NRC") is entrusted with the responsibility of creating a high performance culture; attract, retain and motivate employees to achieve results.

Terms of Reference:

i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

ii. for every appointment of an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   a. use the services of an external agencies, if required;

   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c. consider the time commitments of the candidates.

iii. formulation of criteria for evaluation of performance of Independent Directors and the board of directors;

iv. devising a policy on diversity of board of directors;

v. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

vi. whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

vii. recommend to the board, all remuneration, in whatever form, payable to senior management; and

viii. such other acts, deeds, matters and things as may be stipulated in terms of the Act and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

Composition, Meeting and Attendance

The composition, quorum, powers, role and scope are in accordance with Section 178 of the Act and the provisions of Regulation 19 read with Part D Para A of Schedule II of the Listing Regulations.

As on March 31, 2024, the Committee comprised three (3) members of which two (2) are Non-Executive Independent Directors.

During the year under review, two (2) NRC Meetings were held. The dates of the meetings and attendance of the NRC members in the said meeting are given below;

Members	Category	Date of meetings	
		May 12, 2023	January 04, 2024
Smt. Jeenal K. Savla	Independent Director, Chairperson	√	√
Dr. Vinay G. Nayak	Independent Director, Member	√	√
Shri Rashesh C. Gogri	Non-Executive Director, Member	√	√

The gap between the two meetings did not exceed one hundred and twenty days. The necessary quorum was present at all the meetings. The Chairperson of the NRC attended the 4th AGM held on September 14, 2023.

Performance Evaluation

The performance evaluation process of the Board, its Committees, Non-Independent Directors, Independent Directors and Chairman established as mentioned below is in line with the regulatory requirements of the Act and Regulations 17 and 25 Listing Regulations.

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

During the year under review, questionnaires were circulated to the members of the Board and respective Committees soliciting their feedback on the performance of the Board, its Committees and individual Directors for FY 2023-24. The evaluations are carried out in a confidential manner and the Directors provide their feedback by rating based on various metrics. The overall performance evaluation exercise was completed to the satisfaction of the Board.

		Board	Committees	Non-Independent Director	Independent Director	Chairman
Evaluated by	Independent Director	√	X	√	X	√
	Board	√	√	√	√	X

Nomination and Remuneration Policy

Criteria and Qualification for Nomination & Appointment

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

Policy on Remuneration

The Company considers human resources as its invaluable assets. The Remuneration Policy endorses equitable remuneration to all directors, key managerial personnel and employees of the Company consistent with the goals of the Company. The Company has in place a Nomination and Remuneration Policy ("NRC Policy") formulated as per the provisions of the Act and the Listing Regulations. The NRC Policy outlines the role of the Committee and the Board, inter alia, determining the criteria for Board membership, approving, and recommending compensation and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees, and the Directors. The NRC Policy is available on the Company's website at https://www.aartipharmalabs.com/investors/nomination-and-remuneration-policy-feb-2023.pdf

Remuneration of Non-Executive Directors

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

The details of the sitting fees paid to the Non - Executive Directors as on March 31, 2024 are as under:

(In ₹)

Name of Directors	Sitting fees
Shri Rashesh C. Gogri	1,90,000
Shri Rajendra V. Gogri	1,90,000
Shri Parimal H. Desai	1,70,000
Dr. Vinay G. Nayak	2,60,000
Shri Bhavesh R. Vora	2,33,000
Prof. Vilas G. Gaikar	2,23,000
Smt. Rupal A. Vora	1,70,000
Smt. Jeenal K. Savla	2,50,000

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

Based on the recommendation of the NRC, the Board of Directors at their meeting held on May 13, 2024, approved the proposal for payment of commission to Non-Executive Directors as a percentage of profit, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM") of the Company.

Remuneration of Executive Directors

The Company remunerates its Executive Directors by way of salary and commission based on performance of the Company. Remuneration is paid within the limits as approved by the shareholders within the stipulated limits of the Section 197 read with Schedule V of Act and the Rules made thereunder. The remuneration paid to the Managing Directors is determined keeping in view the industry benchmark and the performance of the Company.

(₹ in Lakhs)

Name of Director(s)	Designation	Salary	Commission	Total Remuneration
Smt. Hetal Gogri Gala	Managing Director	99	770	869
Shri Narendra Salvi	Managing Director	100	50	150

Note:

1. *Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, taxable value of car perquisite and the Stock Options granted by the Committee under the Aarti Pharma Performance Stock Option Plan 2023 ("PSOP 2023"). Shri Narendra Salvi was granted 25,000 Stock Options by the Nomination and Remuneration Committee, which shall vest in him in FY 25, FY 26 and FY 27. As per PSOP 2023, Smt. Hetal Gogri Gala is not eligible for Stock Options, since she is a part of the Promoter Group.*
2. *Managing Directors are appointed under the contract each for a period of five years and with termination notice period of 180 days.*

Key Managerial Personnel (KMP) and other employees:

The remuneration of KMP and other employees largely consists of basic salary, perquisites, allowances, performance incentives (wherever paid) and Stock options under the Company PSOP 2023. Perquisites and retirement benefits are paid according to the Company policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience/merits, and performance of each employee.

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee of the Board of Directors ("Committee") is entrusted with the responsibility of safeguarding the interests of debenture holders and other security holders.

Terms of Reference:

i. Noting: Shareholding Pattern, category wise composition of the ownership viz. institutional, non-institutional and promoters;

ii. Detailed deliberations on shareholder's complaint received, resolved and pending for the resolution;

iii. Review: measures taken for effective exercise of voting rights by shareholders;

iv. Review: Status of Cases in Suspense Accounts;

v. Review: Balances Pending in Unclaimed Dividend/ Fractional Shares Dividend account and measures taken by Company to reduce the same;

vi. Review: Status of IEPF Cases;

vii. Review: Adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

viii. Review: Trainings conducted on Takeover / Insider Regulations/ Code of Conduct to the Stakeholders of Company;

ix. Review: Compliances pertaining to Investors Meet;

x. Review: Recommendations of Proxy Advisors;

xi. Authorise/ Review: Printing of Share Certificate and status of blank Share Certificates;

xii. Review: Internal Audit Report of RTA Activities;

xiii. Updation - Regulatory changes impacting shareholders;

xiv. Process Improvement initiatives;

xv. Review and monitoring compliance under SEBI Takeover Regulations and SEBI Prohibition of Insider Trading Regulations; and

xvi. Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

Composition, Meeting and Attendance

The composition, quorum, powers, role and scope are in accordance with Section 178 of the Act and the provisions of Regulation 20 read with Part D Para B of Schedule II of the Listing Regulations.

As on March 31, 2024, the Committee comprised four (4) members of which two (2) are Non-Executive Independent Directors.

The Committee met once (1) during the year under review. The date of the meeting and attendance of the Committee members in the said meeting is given below;

Members	Category	Date of the meeting
		March 27, 2024
Shri Rajendra V.Gogri	Non-Executive Director, Chairman	√
Shri Bhavesh R. Vora	Independent Director, Member	√
Smt. Rupal A. Vora	Independent Director, Member	√
Shri Narendra J.Salvi	Managing Director, Member	√

The necessary quorum was present at the said meeting. Shri Rajendra V. Gogri, Chairman of the Committee had authorised Shri Narendra J. Salvi, Member of the Committee, in his absence to attend the AGM and redress stakeholders' grievances, if any.

Name, Designation and Contact details of the Compliance Officer

Shri Nikhil P. Natu, Company Secretary (M. No. A27738) is the Compliance Officer of the Company. The Compliance Officer can be contacted at the Corporate office of the Company at:

Udyog Kshetra, 2nd Floor,
Mulund Goregaon Link Road,
Mulund (West), Mumbai - 400080,
Maharashtra, India;
Tel.: +91 22 6797 6666, +91 22 6797 6697;
Fax: +91 22 25653234, +91 22 2565 3185;
Email: investorrelations@aartipharmalabs.com;
Website: https://www.aartipharmalabs.com

SEBI processes investor complaints in a centralised web-based complaints redressal system, i.e. SCORES. Through this system a Member can lodge a complaint against the Company for redressal of his/ her grievance. The Company uploads the action taken report on the complaint which can be viewed by the Member. The Company and Member can seek and provide clarifications online through SEBI.

Further, the Company has pursuant to SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023, registered itself on the ODR platform, which gives an ease to investors on escalation of the complaints.

Details of investor complaints received and redressed during FY 2023-24 are as follows;

Opening as on April 1, 2023	Received during the year	Resolved during the year	Closing as on March 31, 2024
Nil	20	20	Nil

The Company maintains continuous interaction with the RTA and takes proactive steps and actions for resolving investors complaints/queries.

Separate email id for the redressal of investors' complaints

As per Regulation 6 of Listing Regulations, the Company has designated a separate e-mail id investorrelations@

aartipharmalabs.com exclusively for the registering complaints by the investors.

4. **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee of the Board of Directors ("Committee") is entrusted with the responsibility of making recommendations to the Board on the risk management systems designed to enable an early detection of the risks and their effective supervision and Management.

Terms of Reference:

i. formulate a detailed risk management policy which shall include:
   a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   b. measures for risk mitigation including systems and processes for internal control of identified risks.
   c. business continuity plan.

ii. ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

iii. monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

iv. periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

v. keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

vi. appointment, removal and terms of remuneration of the Chief Risk Officer (if any); and

vii. such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

Composition, Meeting and Attendance

The composition, quorum, powers, role and scope are in accordance with the provisions of Regulation 21 read with Part D Para C of Schedule II of the Listing Regulations.

As on March 31, 2024, the Committee comprised six (6) members of which one (1) is a Non-Executive Independent Director.

During the year under review, two (2) Committee meetings were held. The dates of the meetings and attendance of the Committee members in the said meetings is given below;

Members	Category	Date of Meetings	
		August 05, 2023	January 31, 2024
Shri Rashesh C. Gogri	Non-Executive Director, Chairman	√	√
Dr. Vinay G. Nayak	Independent Director, Member	√	√
Shri Rajendra V. Gogri	Non-Executive Director, Member	√	√
Shri Parimal H. Desai	Non-Executive Director, Member	√	√
Smt. Hetal Gogri Gala	Managing Director, Member	√	√
Shri Narendra J. Salvi	Managing Director, Member	√	√

The gap between the two meetings did not exceed one hundred and eighty days. The necessary quorum was present at all the meetings.

The Company has formulated a Risk Management Policy for early detection and effective supervision of the various risks associated with the business of the Company. The Policy is available on the Company's website at https://www.aartipharmalabs.com/investors/APL_Risk%20Management%20Policy.pdf

5. **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility ("CSR") Committee of the Board of Directors is entrusted with the responsibility of identifying the areas of CSR activity, recommending the amount of expenditure to be incurred and implementing and monitoring the CSR policy from time to time.

Terms of Reference:

i. formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act, as amended, read with Rules framed thereunder;

ii. recommend the amount of expenditure to be incurred on such activities; and

iii. monitor the CSR Policy of the Company from time to time.

Composition, Meetings and Attendance

The composition, quorum, powers, role and scope are in accordance with the provisions of Section 135 of the Act.

As on March 31, 2024, CSR committee compised of four (4) members.

The Committee met once (1) during the year under review. The necessary quorum was present at the said meeting. The date of the meeting and attendance of CSR committee members in the said meeting is given below;

Members	Category	Date of the Meeting
		March 29, 2024
Smt. Hetal Gogri Gala	Managing Director, Chairperson	√
Prof. Vilas G. Gaikar	Independent Director, Member	√
Smt. Jeenal K. Savla	Independent Director, Member	√
Shri Rajendra V. Gogri	Non-Executive Director, Member	√

Note: *Due to business exigencies, one (1) resolution was passed through Circulation and the said resolution was noted at the subsequent committee meeting.*

The Company has formulated a CSR Policy for determining the activities and responsibilities of the Company and for incurring expenditure as per the provisions of the act. The Policy is available on the Company's website https://www.aartipharmalabs.com/investors/csr-policy-feb-2023.pdf

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

IV. GENERAL BODY MEETINGS

The details of Annual General Meetings convened during the last three years are as follows;

Financial Year	Day, Date and Time	Venue	Special Resolution passed for
2020-21	Monday, September 27, 2021 at 2:00 p.m.	Plot nos. 22/C/1 & 22/C/2, 1st Phase, GIDC Vapi - 396 195, Dist- Valsad, Gujarat	Nil
2021-22	Monday, September 26, 2022 at 10:30 a.m.	Plot nos. 22/C/1 & 22/C/2, 1st Phase, GIDC Vapi - 396 195, Dist- Valsad, Gujarat	Nil
2022-23	Thursday, September 14, 2023, at 11:00 a.m.	Through Video Conferencing / Other Audio Visual Means	Aarti Pharma Performance Stock Option Plan 2023 (PSOP 2023)

Extraordinary General Meetings;

No Extraordinary General Meetings of members were convened during FY 2023-24.

Details of Resolution passed through Postal Ballot;

During the year under review, no resolutions were passed by members of the Company through the Postal Ballot.

V. MEANS OF COMMUNICATION

Quarterly Results

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in Financial Express (English) edition and (Gujarati) edition published from Ahmedabad. These results are also available on the website of the Company at https://www.aartipharmalabs.com/quarterly-results

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

Further, all the disclosures made to the Stock Exchanges, are also available under the 'Investor' tab on the Company's website https://www.aartipharmalabs.com/disclosures-under-regulation-46-of-the-sebi-lodr-regulations-2015 in compliance with Regulation 46 of the Listing Regulations.

The Company also conducts calls/meetings with investors immediately after declaration of financial results to brief them on the performance of the Company. In compliance with Regulation 46 of the Listing Regulations, the presentations, audio recordings and transcripts of earning's conference call on performance of the Company are placed on the Company's website at https://www.aartipharmalabs.com/financialinformation

VI. GENERAL SHAREHOLDERS INFORMATION

1	**CIN**	L24100GJ2019PLC110964
2	**Registered Office/**	Plot No 22/C/1 & 22/C/2, GIDC, Vapi - 396195, Dist. Valsad, Gujarat
	Address for correspondence	Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai - 400080, Maharashtra, India
3	**Name and Address of each stock exchange(s) at which the listed entity's securities are listed and Stock Code**	
	BSE Limited –	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
	(Stock Code)	SCRIP CODE: **543748**
	National Stock Exchange of India Limited –	Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
	(Stock Code)	SYMBOL: **AARTIPHARM**
	The Company had paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the FY 2023-24.	
4	**Registrar to an issue and Share transfer agents**	Link Intime India Private Limited C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, Tel. No. +91 22 49186000 | Fax No. 022 – 4918 6060 Email ID: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
5	**Share transfer System**	In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialised form w.e.f. April 1, 2019. None of the shareholders hold shares in physical form as on date. Thus, trading in the shares of the Company is in electronic mode only.
6	**Plant Locations**	i. Unit - I, Plot No. D - 53, M.I.D.C., Phase-II, Kalyan Shil Road, Dombivli (East), District: Thane - 421 204 ii. Unit - II, Plot No. D - 55,56,57,59,60, M.I.D.C., Phase-II, Kalyan Shil Road, Dombivli (East), District: Thane - 421 204 iii. Custom Synthesis Division, Plot No. 22-C/1 & 22-C/2, 1st Phase, G.I.D.C., Vapi 396 195, District - Valsad iv. Unit - III, Plot No. K - 17/18/19, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506 v. Unit - IV, Plot No. E - 50, 50/1, 59/1, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506

		vi. Unit -V, Plot No. L - 28/29, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506 vii. Unit - I, Plot No. K - 67, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506 viii. Plot No. L - 10, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506 ix. Unit - VI, Plot No. D - 18, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506 x. Unit - VII, Plot No. K - 65, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506 xi. Unit - VIII, Plot No. K - 14, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
7	**Research and Development Centres**	i. Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi 396 195, Dist. Valsad, Gujarat ii. Plot No. D - 54, M.I.D.C., Phase-II, Kalyan Shil Road, Dombivli (East), District - Thane - 421 204 iii. Plot No D - 176, 1st & 2nd Floor, TTC Industrial Area, M.I.D.C., Nerul, Navi Mumbai - 400 706
8	**Financial Calendar**	
	Financial Year	April 01, 2023 to March 31, 2024
	Tentative schedule for the Financial Year 2024-25	
	June, 2024	Last week of July/ 1st week of August, 2024
	September, 2024	Last week of October/ 1st week of November, 2024
	December, 2024	Last week of January/ 1st week of February, 2025
	March, 2025	1st/2nd week of May, 2025
9	**Annual General Meeting**	
	Day and Date	Wednesday, August 07, 2024
	Time	11:00 A.M. (IST)
	Venue	AGM would be held through video conference/other audio visual means. (Deemed venue for meeting: Registered Office of the Company).
10	**Cut Off Date for E-voting**	Wednesday, July 31, 2024
11	**Dividend Payment Date**	Monday, September 02, 2024
12	**Dematerialization of shares and liquidity**	100% of the Paid-up Capital is held in Dematerialised form with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as on March 31, 2024 under ISIN: INE0LRU01027
13	**Credit Rating**	The Company does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2024. The details of Credit Ratings as on March 31, 2024 for Bank Loan Facilities is Crisil A+/ Stable (Assigned).
14	**Cases where securities are suspended from trading**	N.A.
15	**Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, if any.**	The Company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

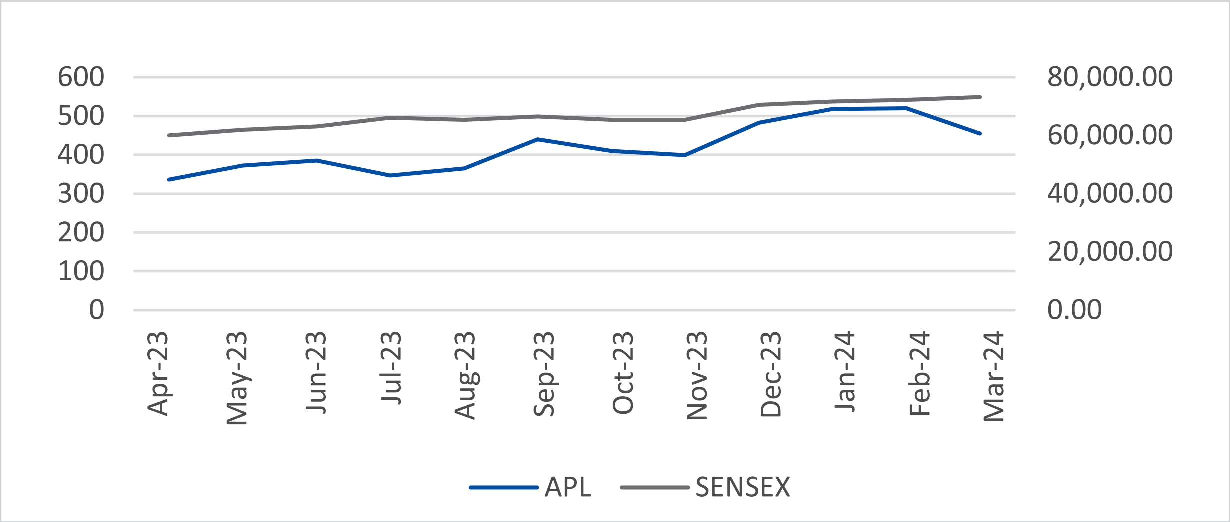
16	**Commodity price risk or foreign exchange risk and hedging activities, if any**	During the FY 2023-24, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 40(A)(ii)to the Annual Accounts.
17	**Designated email id for Investor Services**	investorrelations@aartipharmalabs.com.

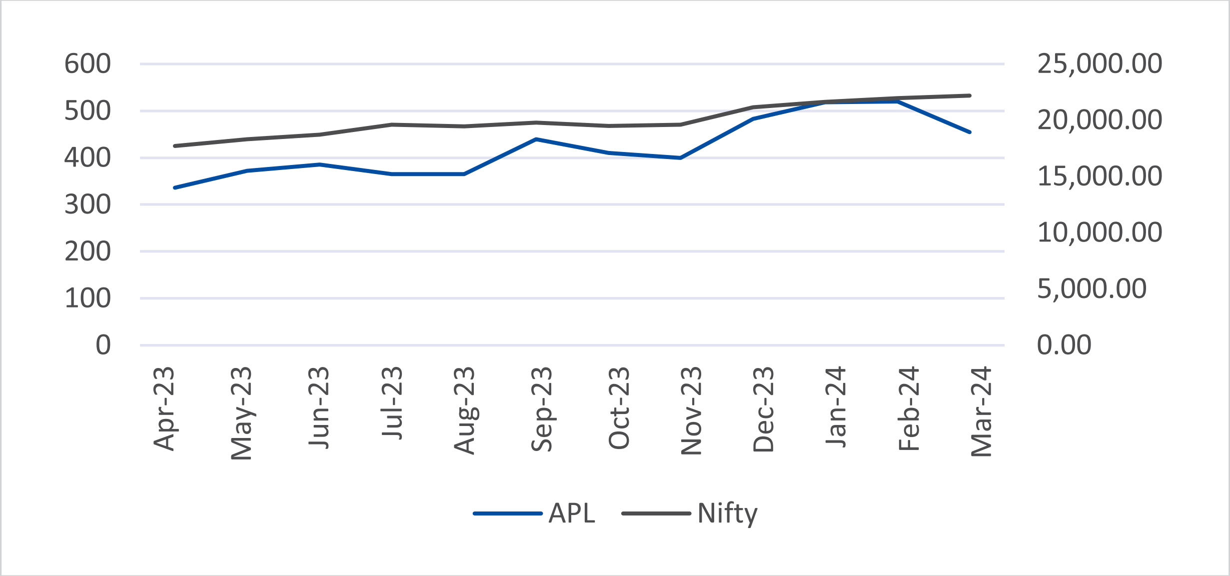
18 Market Price Data (high, low in each month in last financial year);

Month	BSE Limited			National Stock Exchange India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2023	385.20	271.90	9,05,135	384.00	271.55	74,08,637
May 2023	421.60	332.65	5,50,791	421.00	336.00	50,40,573
June 2023	424.40	360.00	4,73,802	425.00	360.55	39,56,575
July 2023	377.65	321.00	2,59,521	378.15	320.30	45,82,789
August 2023	415.00	330.00	5,06,851	415.00	330.05	69,36,896
September 2023	475.95	385.65	6,12,892	476.05	386.00	62,98,145
October 2023	470.85	371.00	3,18,674	465.00	371.10	28,28,012
November 2023	425.50	379.55	2,91,665	425.80	380.05	28,31,235
December 2023	534.85	414.10	9,74,025	535.35	412.50	87,74,883
January 2024	594.90	481.35	5,45,508	560.00	485.55	55,08,266
February 2024	566.00	479.00	5,41,098	566.95	477.00	42,50,341
March 2024	507.85	380.65	6,07,301	500.65	399.55	47,54,627

19 Performance in comparison to broad based indices:

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	APL Price	Sensex	APL Price	NIFTY
April 2023	336.23	60,011.70	336.00	17,710.68
May 2023	372.35	61,921.88	372.26	18,307.05
June 2023	385.48	63,134.73	385.71	18,726.77
July 2023	346.65	66,110.14	346.64	19,586.00
August 2023	364.92	65,411.41	365.00	19,438.29
September 2023	440.00	66,438.75	439.74	19,786.05
October 2023	410.04	65,307.98	409.91	19,481.67
November 2023	399.51	65,426.55	399.49	19,599.17
December 2023	482.77	70,448.11	482.73	21,165.99
January 2024	518.54	71,695.45	518.67	21,631.89
February 2024	519.96	72,244.39	519.93	21,947.28
March 2024	454.83	73,180.67	454.95	22,187.31

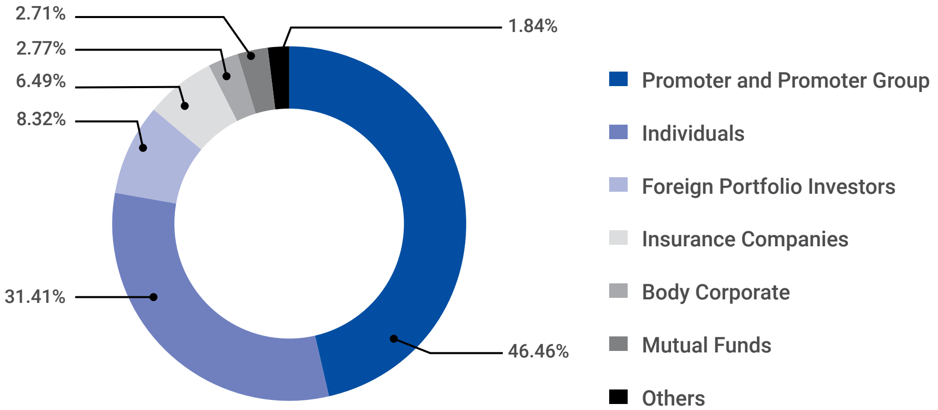




20 Shareholding as on March 31, 2024:

A. Category of Equity Shareholding:

Category	Equity Shares	
	No. of Shares	**%**
Promoter and Promoter Group	4,21,06,585	46.46
Individuals	2,82,18,055	31.41
Foreign Portfolio Investors	75,44,575	8.32
Insurance Companies	58,81,870	6.49
Body Corporate	27,42,599	2.77
Mutual Funds	24,62,065	2.71
Others	16,70,259	1.84
Total	**9,06,26,008**	**100.00**



B. **Distribution of Shareholding:**

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-2500	2,07,507	99.37	118,03,266	13.03
2501-5000	637	0.31	22,92,817	2.53
5001-10000	265	0.13	18,95,901	2.09
10001-15000	86	0.04	10,59,748	1.17
15001-20000	46	0.02	8,05,036	0.89
20001-25000	40	0.02	9,18,286	1.01
25001-50000	71	0.03	24,32,028	2.68
above 50001	173	0.08	6,94,18,926	76.60
Total	**2,08,825**	**100.00**	**9,06,26,008**	**100.00**

21 **Green initiative:**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, and Securities & Exchange Board of India enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participant ("DPs") and Registrar and Transfer Agent ("RTA").

Shareholders who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in Demat form can register their e-mail address with their concerned DPs.

VII. OTHER DISCLOSURES:

1. All related party transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations. Details of related party transactions entered into by the Company are included in the notes to accounts. Material individual transactions with related parties are in the normal course of business and do not have potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business are placed before the Audit Committee periodically.

   As required under Regulation 23(1) of Listing Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under 'Investor' section of the website of the Company at https://www.aartipharmalabs.com/investors/rpt-policy-feb-2023.pdf

2. There was no non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI), or any statutory authority on any matter related to the capital markets during the last three years.

3. Pursuant to Section 177(9) and (10) of the Act and Regulation 22 of Listing Regulations, the Audit Committee and the Board have adopted a Whistle-Blower policy which provides an environment where every director / employee feels free and secure to report specific incidents of unethical behaviour, actual or suspected incidents of fraud or violation of the Company's Code, investigate such reported

incidents in a fair manner, taking appropriate disciplinary action against the delinquent director(s) and employee(s), ensuring that no director or employee is victimised or harassed for bringing such incidents to the attention of the Company. The said policy has been hosted under 'Investor' section of the website of the Company at https://www.aartipharmalabs.com/investors/vigil-mechanism-policy-feb-2023.pdf

The Company affirms that there were no incidences of reporting unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct during FY 2023-24. Further, none of the personnel has been denied access to the Audit Committee.

4. In order to restrict communication of Unpublished Price Sensitive Information (UPSI), the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The said Code is available on the website of the Company at https://www.aartipharmalabs.com/investors/code-on-prohibition-of-insider-trading-feb-2023.pdf

5. The Company has complied with all the mandatory requirements of Listing Regulations.

6. Details with respect to discretionary requirements as specified in Part E of Schedule II are as follows;

Sr. No.	Particulars	Remarks
1	Non-Executive Chairman's Office	The Company has a Non-executive Chairman.
2	Shareholder's Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3	Audit Qualifications	Auditors' Report on Company's financial statement for FY 2023-24 is unmodified.
4	Separate posts of Chairman and Chief Executive Officer ("CEO")	The Company has separate posts of Chairman and Managing Director.
5	Reporting of Internal Auditor	The Internal Auditor reports to the Audit Committee.

7. The 'Policy for Determining Material Subsidiary' pursuant to Regulation 16(1) (c) of Listing Regulations, has been adopted by the Board and has been hosted on website of the Company at https://www.aartipharmalabs.com/investors/policy-on-determination-of-material-subsidiary-feb-2023.pdf.

   In terms of the above policy, the Company's subsidiary, namely, Aarti USA Inc. is considered as a material subsidiary. Further, Rishab S Vora & Co.,Chartered Accountants, are the Auditors of the Company, who were appointed on June 22, 2023. Except the said entity, the Company does not have any other material subsidiary.

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

9. None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

10. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is part;

(₹ In Lakhs)

Particulars	Amount
Audit Fees	14.14
Certification Charges	0.85
Out of pocket expenses	0.46
Total	**15.45**

11. Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013;

Particulars	No. of Complaints
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

12. The Company has not given any loans and advances to firms/Companies in which directors are interested.

13. During FY 2023-24, there were no agreements impacting the management or control of the Company or imposing any restriction or creating any liability upon the Company.

14. The Company hereby confirms compliance with the requirements of the Corporate Governance report as specified in sub-paras (2) to (10) of Part C of Schedule V as well as Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of the Listing Regulations.

15. The Company has complied with all the mandatory corporate governance requirements under the Listing Regulations.

16. As per Regulation 34(3) read with Schedule V of the Listing Regulations, the details of the shares in the Suspense Account are as follows;

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 April 01, 2023	200	94,608	822	4,98,738
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	4	1,125	86	57,864
Number of shareholders to whom shares were transferred from the suspense account during the year	4	1,125	86	57,864
Shares transferred to IEPF A/c	-	-	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2024.	196	93,483	736	4,40,874

Note: *Pursuant to the Scheme of Arrangement, in respect of those shares lying in the Unclaimed Suspense Account and shares held in physical form by shareholders of AIL before demerger, proportionate number of shares were credited in the Company's Unclaimed Suspense Account and Demat Suspense Account, respectively.*

The voting rights on unclaimed/outstanding shares in the Unclaimed Suspense Account as on March 31, 2024 will remain frozen till the rightful owner claims the shares. With respect to the shares lying in the Demat Suspense Account, shareholders are requested to refer to the notes contained in the Notice of the AGM for steps to vote on the resolutions proposed and to attend the AGM.

VIII. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors has adopted Code of Conduct for the Board of Directors and Senior Management Personnel of the Company in terms of Regulation 17(5) of the Listing Regulations. All Board members and Senior Management Personnel have affirmed their compliance with the said Code for the financial year ended March 31, 2024. A declaration to this effect signed by the Managing Director is appended to this report. The said Code of Conduct may be viewed on the Company's website https://www.aartipharmalabs.com/investors/code-of-conduct-feb-2023.pdf

IX. CERTIFICATION FOR FINANCIAL REPORTING AND INTERNAL CONTROLS (CEO/CFO CERTIFICATION):

Pursuant to Regulation 17 (8) of the Listing Regulations, a certificate duly signed by Smt. Hetal Gogri Gala, Vice Chairperson and Managing Director ("MD") and Shri Piyush Lakhani, Chief Financial Officer ("CFO") of the Company is appended to this report.

X. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

The Company has obtained a certificate from Sunil Dedhia and Co., practising company secretary confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. A copy of the said certificate is appended to this report.

XI. CERTIFICATE FROM A PRACTISING CHARTERED ACCOUNTANT FOR COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE:

A certificate from Gokhale & Sathe, Chartered Accountants, regarding compliance of conditions of Corporate Governance as stipulated in Part E of Schedule V of the Listing Regulations is appended to this Report.

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson and Managing Director
DIN:00005499

Narendra J. Salvi
Managing Director
DIN: 00299202

Place: Mumbai
Date: May 13, 2024

DECLARATION BY MANAGING DIRECTOR

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

For and on behalf of the Board

Hetal Gogri Gala
Vice Chairperson and Managing Director
DIN: 00005499

Place: Mumbai
Date: May 13, 2024

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, 2024

We Certify that –

We have reviewed the Financial Statements and the Cash Flow Statement for the Financial Year ended March 31, 2024 and we hereby certify and confirm to the best of our knowledge and belief the following:

a. The Financial Statements and the Cash Flow Statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b. The Financial Statements and the Cash Flow Statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

c. There are no transactions entered into by the Company during the Year ended March 31, 2024 which are fraudulent, illegal or violative of the Company's code of conduct;

d. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

e. There have been no Significant changes in the above mentioned internal controls over the financial reporting during the relevant period;

f. There have been no Significant changes in accounting policies during the relevant period;

g. We have not noticed any significant fraud particularly those involving the management or an employee having a significant role in the Company's internal control system over the financial reporting.

For **Aarti Pharmalabs Limited**

Hetal Gogri Gala
Vice Chairperson and Managing Director
DIN: 00005499

Piyush Lakhani
Chief Financial Officer
PAN No.: ABAPL1762B

Place: Mumbai
Date: May 13, 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

Aarti Pharmalabs Limited

CIN: L24100GJ2019PLC110964

Plot No 22/C/1 & 22/C/2,

1st Phase, GIDC, Vapi,

Valsad, Gujarat 396195

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Pharmalabs Limited** having CIN: L24100GJ2019PLC110964 and having registered office at Plot No 22/C/1 & 22/C/2, 1st Phase, GIDC, Vapi, Valsad, Gujarat 396195 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below as on the Financial Year ended on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN	Name	Designation	Begin date
00005499	Hetal Gogri Gala	Managing Director	07/08/2021
00009272	Parimal Hasmukhlal Desai	Director	17/10/2022
00033383	Vilas Gajanan Gaikar	Director	17/10/2022
00061003	Rajendra Vallabhaji Gogri	Director	07/08/2021
00066291	Rashesh Chandrakant Gogri	Director	07/08/2021
00267604	Bhavesh Rasiklal Vora	Director	17/10/2022
00299202	Narendra Jagannath Salvi	Managing Director	07/08/2021
02577389	Vinay Gopal Nayak	Director	17/10/2022
07096253	Rupal Anand Vora	Director	17/10/2022
07545244	Jeenal Kenil Savla	Director	17/10/2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

CS Sunil M. Dedhia
(Peer Review Certificate No. 867/2020)
Proprietor, Sunil M. Dedhia & Co.
Company Secretaries
FCS No: 3483 C.P. No. 2031
UDIN: F003483F000424871

Mumbai, Dated May 22, 2024

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of Aarti Pharmalabs Limited

Dear Members,

BACKGROUND:

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

MANAGEMENT RESPONSIBILITY:

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

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

AUDITOR'S RESPONSIBILITY:

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

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

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC1), Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria.

We have examined;

a) the minutes of the meetings of the Board of Directors of the Company (the "Board") and of committees of the Board, General Meetings of the Shareholders of the Company;

b) declarations made by the Board under relevant statutory / regulatory requirements;

c) relevant statutory registers maintained by the Company; and

d) such other documents and records of the Company as deemed necessary, in connection with ascertaining compliance with the conditions of corporate governance by the Company, as prescribed under the Listing Regulations.

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

OPINION:

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

RESTRICTION ON USE:

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

DISCLAIMER:

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

Yours faithfully,
For Gokhale & Sathe
Chartered Accountants
Firm's Registration No: 103264W

Tejas Parikh
Partner
Membership No: 123215
UDIN: 24123215BKBOAN5412

Place: Mumbai
Date: May 13, 2024

Business Responsibility and Sustainability Reporting

SECTION A: GENERAL DISCLOSURES

I. Details of the Listed Entity

Sr. No	Particulars	
1.	Corporate Identity Number (CIN) of the Company	L24100GJ2019PLC110964
2.	Name of the Company	Aarti Pharmalabs Limited
3.	Year of Incorporation	22.11.2019
4.	Registered office address	Plot No 22/C/1 & 22/C/2, 1st Phase, GIDC Vapi 396195, Valsad, Gujarat
5.	Corporate office address	204, Udyog Kshetra, 2nd floor, Mulund Goregaon Link Road, Mulund West, Mumbai-400080 Maharashtra
6.	E-mail id	info@aartipharmalabs.com
7.	Telephone	+91 022-69436100
8.	Website	www.aartipharmalabs.com
9.	Financial year for which reporting is being done	April 1, 2023, to March 31, 2024
10.	Name of the Stock Exchange(s) where shares are listed	a. BSE Limited b. National Stock Exchange of India Limited
11.	Paid-up capital	₹ 45,31,30,040.00
12.	Name and contact details 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	Standalone basis
14.	Name of assurance provider	Not Applicable, as BRSR Core Assurance is not mandatory for the Company.
15.	Type of assurance obtained	

II. Products/services

16. Details of business activities

Sr. No.	Description of main activity	Description of business activity	% of total turnover contributed
1	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.	99.7%

17. Products/services sold by the entity

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	API (Active Pharmaceutical Ingredients), Pharmaceutical Intermediates, New Chemical Entities	210	79.56%
2	Xanthine Derivatives	1104	20.14%

III. OPERATIONS

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

Location	Number of plants*	Number of offices	Total
National	14*	3	17
International	0	0	0

**3 R&D units of the company is included under Number of plants.*

19. Markets served by the entity

a. **Number of locations – This refers to locations where goods were transported to during the financial year, however the consumption of final product & even customer footprint is larger.**

Locations	Number
National (No. of states)	20
International (No. of countries)	64

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

The company has a global presence with exports accounting for approximately 51% of its revenue.

c. **A brief on types of customers**

Aarti Pharmalabs Limited is a leader in the B2B sector, providing a wide range of services to diverse industries. Our extensive client base includes sectors such as pharmaceuticals, food and beverages, polymers and additives, agrochemicals, intermediates for innovators, dyes, and pigments. We cater to both national and international markets, tailoring our offerings to meet the unique needs and demands of our clients.

IV. EMPLOYEES

20. Details as of March 31, 2024

a. **Employees and workers (including differently abled)**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1	Permanent (D)	1,627	1,543	94.83%	84	5.17%
2	Other than permanent (E)	87	67	77.01%	20	22.99%
3	**Total employees (D + E)**	**1,714**	**1,610**	**93.93%**	**104**	**6.07%**
	WORKERS					
4	Permanent (F)	468	468	100.0%	0	0.0%
5	Other than permanent (G)	1,001	994	99.30%	7	0.70%
6	**Total workers (F + G)**	**1,469**	**1,462**	**99.93%**	**7**	**0.07%**

b. **Differently abled employees**

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

21. Participation/inclusion/representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10*	3	33.33%
Key Management Personnel (other than BoD)	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.*

22. Turnover rate for permanent employees

	FY 2023-24 (%)			FY 2022-23 (%)			FY 2021-22 (%)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.17	8.25	9.02	11.67	15.27	11.85	12.82	22.58	13.27
Permanent Workers	4.77	0	4.77	8.09	0	8.09	9.33	0	9.33

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

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

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

VI. CSR DETAILS

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover : ₹ 15,02,13,19,770.00

(iii) Net worth : ₹ 16,21,45,97,787.00

VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

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

The Company's key stakeholders include investors, customers, employees, value chain partners/ suppliers and community besides governments/regulatory authorities.

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	-	0	0	-	0	0	-
Investors (other than shareholders)	https://www.aartipharmalabs.com/investors-relations	0	0	-	0	0	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	https://www.aartipharmalabs.com/investors-relations	0	0	-	0	0	-
Employees and workers	https://www.aartipharmalabs.com/investors/vigil-mechanism-policy-feb-2023.pdf	0	0	-	0	0	-
Customers	https://www.aartipharmalabs.com/contact	17	3	APL shall ensure timely resolution of all the pending complaints	16	3	All Complaints were resolved successfully
Value Chain Partners	https://www.aartipharmalabs.com/contact	0	0	-	0	0	-

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

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

Material topic identification was conducted through a survey with key stakeholders identified. Board members, Investors/Analysts, Employees, Customers, Bankers, and Suppliers have participated in the survey. The material topics are suitably incorporated in the Environment, Social and Governance (ESG) Strategy of the Company.

Sr. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity
1.	Learning and Development	Opportunity	Investing in employee learning and development ensures a skilled and motivated workforce, enhancing innovation and productivity.	NA	Positive
2.	Material Sourcing and Efficiency	Risk and Opportunity	Efficient sourcing reduces costs and environmental impact, while poor practices can lead to supply chain disruptions.	Implement stringent supplier assessments and sustainable sourcing practices.	Positive

Sr. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity
3.	Supplier Environmental Assessment	Risk	Ensuring suppliers meet environmental standards reduces APL's exposure to environmental risks and regulatory penalties.	Regular audits and collaboration with suppliers to improve environmental performance.	Negative
4.	Supplier Social Assessment	Risk	Ensuring suppliers adhere to social standards mitigates risks related to labor practices and human rights violations.	Conduct regular social audits and engage in supplier development programs.	Negative
5.	GHG Emissions	Risk	High GHG emissions expose APL to regulatory penalties and reputational damage.	Implement emission reduction strategies and invest in cleaner technologies.	Negative
6.	Climate Change	Risk and Opportunity	Climate change poses risks to operations but also offers opportunities for innovation in sustainability.	Develop climate resilience strategies and reduce carbon footprint.	Positive
7.	Energy Management	Risk and Opportunity	Efficient energy use reduces costs and environmental impact, while poor management can lead to higher expenses and emissions.	Implement energy-efficient technologies and practices.	Positive
8.	Economic Performance	Risk and Opportunity	Strong economic performance ensures business viability, while poor performance can threaten sustainability.	Implement robust financial management and strategic planning.	Positive
9.	Employee Wellbeing	Opportunity	Promoting employee wellbeing enhances productivity, reduces absenteeism, and improves job satisfaction.	NA	Positive
10.	Waste Management	Risk and Opportunity	Efficient waste management reduces environmental impact and compliance risks while offering opportunities for resource recovery.	Implement comprehensive waste reduction and recycling programs.	Positive
11.	Water Management	Risk and Opportunity	Effective water management ensures resource availability and reduces environmental impact, while poor management can lead to scarcity and regulatory issues.	Implement water-saving technologies and practices.	Positive
12.	Business Ethics	Risk	Upholding high ethical standards mitigates risks related to legal issues and reputational damage.	Implement robust ethics training and compliance programs.	Negative

Sr. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity
13.	Risk Management	Risk and Opportunity	Proactive risk management mitigates potential operational, financial, and reputational risks.	Develop and implement comprehensive risk management frameworks.	Positive
14.	Data Privacy and Security	Risk	Ensuring data privacy and security protects against breaches, legal penalties, and reputational damage.	Implement robust cybersecurity measures and data protection policies.	Negative
15.	Indirect Economic Impacts	Risk and Opportunity	Understanding and managing indirect economic impacts can mitigate risks and create opportunities for community development and business growth.	Engage with stakeholders to identify and manage indirect impacts.	Positive
16.	Marketing and Labeling	Risk	Accurate marketing and labeling ensure regulatory compliance and build consumer trust, while inaccuracies can lead to legal issues and reputational damage.	Implement stringent quality control and compliance checks.	Negative
17.	Product Quality and Safety	Risk	Ensuring product quality and safety protects consumer health, complies with regulations, and maintains APL's reputation.	Implement rigorous quality control and safety testing procedures.	Negative
18.	Compliance	Risk	Compliance with laws and regulations prevents legal penalties and maintains operational integrity.	Implement comprehensive compliance programs and regular audits.	Negative
19.	Air Quality	Risk	Maintaining good air quality reduces health risks and ensures regulatory compliance.	Implement emission controls and regular monitoring.	Negative
20.	Diversity and Equal Opportunity	Opportunity	Promoting diversity and equal opportunity fosters innovation, improves employee morale, and enhances reputation.	NA	Positive
21.	Occupational Health and Safety	Risk	Ensuring occupational health and safety prevents workplace accidents, reduces absenteeism, and complies with regulations.	Implement robust health and safety programs and training.	Negative
22.	Customer Health and Safety	Risk	Prioritizing customer health and safety maintains trust, complies with regulations, and protects against legal issues.	Implement strict quality control and safety measures.	Negative

Sr. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity
23.	Local Communities (CSR)	Opportunity	Engaging with local communities through CSR initiatives fosters goodwill, enhances reputation, and contributes to sustainable development.	NA	Positive
24.	Non-discrimination	Opportunity	Upholding non-discrimination policies ensures a fair and inclusive workplace, enhancing employee satisfaction and reputation.	NA	Positive
25.	Human Rights	Risk	Ensuring respect for human rights in operations and supply chains mitigates risks related to legal issues and reputational damage.	Implement and enforce human rights policies and supplier codes of conduct.	Negative
26.	Access to Healthcare	Opportunity	APL can contribute to improved public health by ensuring access to affordable and effective pharmaceutical products.	NA	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
POLICY AND MANAGEMENT PROCESS									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	The statutory policies are approved by the Board or Board Committees, as applicable. Other applicable policies are either approved by the Board or by the appropriate authority.								
c. Web Link of the Policies, if available.	P1: • Code of Ethical Conduct: https://www.aartipharmalabs.com/investors/code-of-conduct-feb-2023.pdf • Vigil Mechanism: https://www.aartipharmalabs.com/investors/vigil-mechanism-policy-feb-2023.pdf • Risk Management Policy: https://www.aartipharmalabs.com/investors/APL_Risk%20Management%20Policy.pdf • Supplier Code of Conduct: https://www.aartipharmalabs.com/files/supplier-code-of-conduct.pdf P2: • Environment, Health, Safety and Sustainability (EHS&S) Policy: https://www.aartipharmalabs.com/files/hse-policy-english.pdf • Quality Policy: https://www.aartipharmalabs.com/assets/images/quality-policy-aarti-pharmalabs-2022.pdf • Responsible Procurement Policy: https://www.aartipharmalabs.com/files/responsible-procurement-policy.pdf P3: • Environment, Health, Safety and Sustainability (EHS&S) Policy: https://www.aartipharmalabs.com/files/hse-policy-english.pdf • Prevention of Sexual Harassment (PoSH) Policy: https://www.aartipharmalabs.com/investors/prevention-of-sexual-harrasment-policy.pdf • People Policy: https://www.aartipharmalabs.com/files/people-policy.pdf P4: • People Policy: https://www.aartipharmalabs.com/files/people-policy.pdf • Corporate Social Responsibility (CSR) Policy: https://www.aartipharmalabs.com/investors/csr-policy-feb-2023.pdf • Supplier Code of Conduct: https://www.aartipharmalabs.com/files/supplier-code-of-conduct.pdf								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	P5: • Environment, Health, Safety and Sustainability (EHS&S) Policy: https://www.aartipharmalabs.com/files/hse-policy-english.pdf • People Policy: https://www.aartipharmalabs.com/files/people-policy.pdf • Code of Ethical Conduct: https://www.aartipharmalabs.com/investors/code-of-conduct-feb-2023.pdf • Supplier Code of Conduct: https://www.aartipharmalabs.com/files/supplier-code-of-conduct.pdf P6: • Environment, Health, Safety and Sustainability (EHS&S) Policy: https://www.aartipharmalabs.com/files/hse-policy-english.pdf • Supplier Code of Conduct: https://www.aartipharmalabs.com/files/supplier-code-of-conduct.pdf P8: • Corporate Social Responsibility (CSR) Policy: https://www.aartipharmalabs.com/investors/csr-policy-feb-2023.pdf P9: • Information Security Policy: https://www.aartipharmalabs.com/investors/information-security-policy.pdf • Quality Policy: https://www.aartipharmalabs.com/assets/images/quality-policy-aarti-pharmalabs-2022.pdf								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes, each department/function maintains its own set of procedures.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, we have dedicated supplier code of conduct which covers all the appliable aspects under the BRSR principles.								
	P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	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								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	• Jamiat Ulama Halal Foundation (Mumbai, India) • Majelis Ulama (Halal) (Indonesia) • SEDEX, SMETA (SMETA 4 pillar Certified Company) • FDA (U.S Food and Drug Administration) • UNGC India Network • EcoVadis								
5. Specific commitments, goals targets and performance by the entity with defined timelines, if any.	Not Applicable								
6. Performance of the entity 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 related challenges, targets, and achievements *(listed entity has flexibility regarding the placement of this disclosure)*	Refer to the Managing Director's message of the Annual report FY 2023-24.								
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) and Shri Narendra J. Salvi, Managing Director (DIN: 00299202) are responsible for implementation and oversight of the Business Responsibility policies.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	At present, the Company does not have a dedicated Board-level leader for sustainability-related issues. However, the CSR Committee oversees broader ESG aspects under the Board's guidance.								
10. Details of Review of NGRBCs by the Company									
Subject for Review	**Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee & Frequency**								
	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 and Senior Management of the Company. To ensure compliance and effectiveness, we conduct regular internal audits and reviews of all policies and processes. 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-compliances	The Company is in compliance with the extant regulations, as applicable.								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	Yes, the Company has undertaken any third-party assessments of its policies however shall continue to take up internal assessments periodically to ensure smooth implementation of the policies. We are in the process of undertaking independent third-party assurance for our sustainability performance. For the reporting year, the authenticity of the data and systems disclosed in our sustainability disclosures has been assured by an independent third-party assurance provider. This assurance was provided as per AA1000AS v3 'Type 2 - Moderate' Assurance. Additionally, relevant third-party assessments and certifications are periodically conducted across our business units.								

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

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

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

PRINICPLE 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	% of persons in respective category covered by the awareness programmes
Board of directors	1	We regularly conduct familiarization programs for our Board of Directors, Key Managerial Personnel, Employees and Workers. These programs cover topics such as Code of conduct, anti-bribery and anti-corruption, human rights, health and safety as well as various other regulatory updates.	100%
Key Managerial Personnel	1		100%
Employees other than BOD and KMPs	1,159		80.57%
Workers			84.11%

* Training and awareness programmes for employees other than BoD and KMP, and workers were conducted collectively.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary

	NGRBC Principle	Name of the regulatory / enforcement agencies / judicial institutions	Amount (₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	NIL				
Settlement					
Compounding Fee					

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial Institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NIL			
Punishment				

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 as there were no monetary and non-monetary cases recorded during the reporting period.

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 that places significant emphasis on anti-corruption and anti-bribery practices. The Company firmly believes that all employees must uphold the principles outlined in these policies, fulfilling their responsibilities with the utmost faith, discretion, and care, while maintaining the highest standards of honesty, integrity, and fairness. The policy strictly prohibits the use or promise of bribery or any other unfair advantage, whether directly or indirectly, to gain or secure benefits. For more details, refer to

- Vigil mechanism Policy: https://www.aartipharmalabs.com/investors/vigil-mechanism-policy-feb-2023.pdf
- Code of Conduct: https://www.aartipharmalabs.com/investors/code-of-conduct-feb-2023.pdf

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

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

6. Details of complaints with regard to conflict of interest

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of directors	0	-	0	-
Number of complaints received in relation to issues of conflict of interest of KMPs	0	-	0	-

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

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

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

	FY 2023-24	FY 2022-23
Number of days of accounts payables	83 days	58 days

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

Parameter	Metrics		FY 2023-24	FY 2022-23
Concentration of Purchases	a.	Purchases from trading houses as % of total purchases	13.94%	10.69%
	b.	Number of trading houses where purchases are made from	107	102
	c.	Purchases from top 10 trading houses as % of total purchases from trading houses	10.52%	8.08%
Concentration of Sales	a.	Sales to dealers / distributors as % of total sales	20%	19.5%
	b.	Number of dealers / distributors to whom sales are made	90	85
	c.	Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	10.73%	10.4%

Parameter	Metrics		FY 2023-24	FY 2022-23
Share of RPTs in	a.	Purchases (Purchases with related parties / Total Purchases)	16%	15%
	b.	Sales (Sales to related parties / Total Sales)	6%	7%
	c.	Loans & advances (Loans & advances given to related parties / Total loans & advances)	19%	25%
	d.	Investments (Investments in related parties / Total Investments made)	34%	38%

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

Essential Indicators:

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

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	7.35%	4.33 %	• Fume hoods for all laboratory • Scrubbing Systems at new R&D • Airflow monitoring system in fume hood
Capex	8.04%	13.90 %	• MVR setups in Effluent treatment plants • Upgradation of unit operations in ETP by new technologies/equipment. • Indirect Cooling system for reactors • Procurements of Air-breathing apparatus at new projects before start up

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

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

   Yes, the company has established a robust responsible procurement policy which acts as a guiding force for APL to implement sustainable measures along its value chain. 48.72% of the key raw material suppliers were assessed.

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.**

   APL adheres to the 3R principle—reduce, reuse, recycle—as a cornerstone of its waste management strategy, applied comprehensively across all operations to address every type of waste generated. Our facilities are equipped with robust waste management systems to support this commitment. We prioritize minimizing waste generation, promoting material reuse, and ensuring efficient recycling processes to conserve resources sustainably.

   A. Plastic Waste: All plastic waste is directed to authorized recyclers for further processing.

   B. E-Waste: Generated e-waste undergoes safe disposal at authorized recycling facilities.

   C. Hazardous Waste: Hazardous waste is managed according to regulatory guidelines, including disposal at CHWTSDF sites for landfill or incineration. Some categories are sent to authorized recyclers as per consent conditions outlined in the Hazardous and Other Waste (M & TM) Rules, 2016. Recently, APL obtained consent to send hazardous waste to an authorized pre-processor and coprocessor, advancing responsible waste management practices.

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, APL's waste collection plan aligns with the Extended Producer Responsibility (EPR) plan. The company has received its EPR targets from the Central Pollution Control Board (CPCB), and activities related to EPR implementation are currently underway. APL is registered with CPCB for EPR compliance, demonstrating its commitment to responsible environmental stewardship.

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

Essential Indicators

1. A. **Details of measures for the well-being of employees**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C / A)	No. (D	% (D / A	No. (E)	% (E / A)	No. (F)	% (F / A)
PERMANENT EMPLOYEES											
Male	1,543	1,543	100.00%	1,543	100.00%	0	0.00%	0	0%	0	0.00%
Female	84	84	100.00%	84	100.00%	84	100.00%	0	0%	0	0.00%
Total	**1,627**	**1,627**	**100.00%**	**1,627**	**100.00%**	**84**	**100.00%**	**0**	**0%**	**0**	**0.00%**
OTHER THAN PERMANENT EMPLOYEES											
Male	67	2	2.98%	67	100.00%	0	0.00%	0	0.00%	0	0.00%
Female	20	0	0.00%	20	100.00%	20	100.00%	0	0.00%	0	0.00%
Total	87	2	2.29%	87	100.00%	20	22.98%	0	0.00%	0	0.00%

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

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B / A	No. (C)	% (C / A)	No. (D	% (D / A	No. (E)	% (E / A)	No. (F)	% (F / A)
PERMANENT WORKERS											
Male	468	468	100.00%	468	100.00%	0	0.00%	0	0.00%	0	0.00%
Female	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	**468**	**468**	**100.00%**	**468**	**100.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**
OTHER THAN PERMANENT WORKERS											
Male	994	0	0.00%	994	100.00%	0	0.00%	0	0.00%	0	0.00%
Female	7	0	0.00%	7	100.00%	7	100.00%	0	0.00%	0	0.00%
Total	**1,001**	**0**	**0.00%**	**1,001**	**100.00%**	**7**	**0.70%**	**0**	**0.00%**	**0**	**0.00%**

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

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	1%	1%

2. **Details of retirement benefits for the current and previous financial year**

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total employees	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 employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	90.43%	67.99%	Y	100%	100%	Y
Gratuity	94.92%	67.99%	Y	100%	100%	Y
Employee State Insurance (ESI)	11.90%	100%	Y	100%	100%	Y

3. **Accessibility of workplaces: Are the premises/offices accessible to differently abled employees 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. For more details https://www.aartipharmalabs.com/responsible-workforce

5. **Return to work and retention rates of permanent employees that took parental leave.**

	Permanent employees	
Gender	**Return to work rate**	**Retention rate**
Male	NA	NA
Female	100%	80%
Total	**100%**	**80%**

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

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

APL has established a Vigil Mechanism policy that defines the grievance mechanisms for employees and workers. For more details, refer to Vigil mechanism Policy: https://www.aartipharmalabs.com/investors/vigil-mechanism-policy-feb-2023.pdf

7. **Membership of employees in association(s) or unions**

Category	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees (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	1,627	0	0.00%	1,400	0	0.00%
Male	1,543	0	0.00%	1,328	0	0.00%
Female	84	0	0.00%	72	0	0.00%
Total Permanent Workers	468	140	29.91%	642	125	19%
Male	468	140	29.91%	642	125	19%
Female	0	0	0.00%	0	0	0%

8. **Details of training given to employees**

Category	FY 2023-24					FY 2022-23				
	Total (A	On health and safety/ wellness measures		On skill upgradation		Total (A)	On health and safety measures/ wellness		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES										
Male	1,610	1,316	81.74%	1,162	72.17%	1,328	1,328	100%	1,195	90%
Female	104	62	59.61%	65	62.5%	72	72	100%	52	72%
Total	**1,714**	**1,378**	**80.40%**	**1,227**	**71.58%**	**1,400**	**1,400**	**100%**	**1,247**	**89%**
WORKERS										
Male	1462	210	14.36%	490	33.51%	642	642	100%	642	100%
Female	7	3	42.85%	2	28.57%	0	0	0%	0	0%
Total	**1,469**	**213**	**14.49%**	**492**	**33.49%**	**642**	**642**	**100%**	**642**	**100%**

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
EMPLOYEES						
Male	1,529	1,316	86.07%	1,328	1,135	85%
Female	85	66	77.65%	72	56	77%
Total	**1,614**	**1,382**	**85.62%**	**1,400**	**1,191**	**85%**
Workers						
Male	468	458	97.86%	642	606	94%
Female	0	0	0	0	0	0%
Total	**468**	**458**	**97.86%**	**642**	**606**	**94%**

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 maintains an ISO 45001 certified occupational health and safety management system. The company is dedicated to continually improving its safety protocols to achieve a zero-incidence goal. A detailed Health, Safety, and Environment (HSE) manual reinforces the group's "Safety first" legacy, ensuring comprehensive coverage across all operations. APL conducts extensive training and awareness programs to prevent unsafe working conditions and mitigate potential risks, encompassing both employees and contractors with a 100% coverage rate.

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 and assess work-related hazards and risks, APL conducts periodic meetings involving all operational safety personnel. The company's ISO 45001:2018 certification ensures adherence to comprehensive safety standards and protocols, aimed at achieving operational excellence. APL also conducts regular safety trainings and assessments to ensure employee welfare.

Routine safety measures include Hazard Identification and Risk Assessment (HIRA), HAZOP (for process deviation), what-if analysis, hazard checklists, and Quantitative Risk/Impact Assessment (QRA) during project stages. For non-routine work, APL utilizes Job Safety Analysis (JSA) to enhance safety protocols and mitigate potential risks effectively.

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 various modules following APMS guidelines to enhance safety and enable workers to report work-related hazards effectively. These modules include General Plant Condition, Unsafe Acts, Unsafe Conditions, Near Miss reporting, Behaviour Based Safety, and Tool Box Talks. Reports are submitted through the INTELEX module or via the G-suite platform. The company prioritizes social security and maintains a proactive approach to ensuring a safe working environment for all.

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

Yes, APL provides coverage for its employees and workers through a Group Term Life Insurance Policy. The company has partnered with hospitals that offer visiting doctors to provide non-occupational healthcare services. Additionally, APL runs a vaccination program aimed at preventing contagious diseases such as Hepatitis B and tetanus among its workforce.

11. Details of safety related incidents

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.00	0.42
	Workers	0.32	0.31
Total recordable work-related injuries	Employees	0	2
	Workers	1	1
No. of fatalities (safety incident)	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 (HSE) policy aimed at ensuring a secure and healthy workplace for all individuals. The company is committed to compliance with the Factory Act of 1948. To enhance process safety, APL implements hazard checklists and conducts regular Hazard and Operability Studies (HAZOP) at its facilities. A dedicated process safety laboratory actively identifies potential hazards associated with both new and existing processes.

In line with the APMS (Aarti Pharmalabs Management System) guidelines, APL adopts various measures including the Permit system, General Plant Condition assessments, Management of Change protocols, and Pre Start-up Safety Reviews to uphold safety standards. Advanced scrubbing systems and air ventilation systems are installed across sites to mitigate workplace exposures.

APL has also instituted an Industrial Hygiene program to identify operations that could pose hazardous exposures. Regular medical check-ups are conducted for employees and contract workers, supported by trained medical personnel onsite to handle work-related emergencies. The company ensures the availability of necessary and specialized Personal Protective Equipment (PPE) tailored to specific operations. Additionally, APL provides compensation for accidents or mishaps to prioritize the well-being of its workforce.

13. **Number of complaints on the following made by employees**

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	0	0	-	0	0	-
Health and safety	0	0	-	0	0	-

14. **Assessments for the year.**

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

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

We have a well-established procedure where an Environmental, Health, and Safety (EHS) assessment is conducted before undertaking any project. Currently, there are no significant risks/concerns identified from the health and safety assessments.

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

Essential Indicators

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

At APL, our key stakeholders encompass customers, investors, board members, employees, clients, suppliers, the community, and regulators, among others. We prioritize building trust and fostering collaborative relationships with these stakeholders, believing it is integral to our success. Effective communication with stakeholders forms a cornerstone of our strategy. Over the years, we have nurtured strong relationships based on trust and mutual respect. Through regular engagement across various channels, we actively listen to their needs and aspirations, ensuring our initiatives align closely with their expectations.

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

Key Stakeholders	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Board and Committees	No	Presentations, reports, surveys, awareness sessions	Quarterly and as needed	Oversight of operations, business performance, risks and opportunities, strategy alignment, ESG initiatives, compliance, and crisis management.
Employees and Workers	No	Email, website, notice boards, training sessions, surveys	Daily	Engagement to foster a safe, inclusive workplace, provide updates on company and industry developments, encourage feedback and innovation, and support professional growth.

Key Stakeholders	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Suppliers	No	Supplier audits, meetings, topic-based engagement	Frequent and as needed	Ensure business continuity, quality compliance, address ESG parameters, and resolve product-related issues and feedback.
Customers	No	Customer meetings, audits, surveys, structured engagements	Frequent	Enhance market share, introduce new products, ensure fair business practices, and address customer feedback and queries.
Government and Regulators	No	Submissions, meetings, emails, website	Need-based	Compliance with regulations, facilitate product development and manufacturing, and uphold high standards of operational compliance.
Community	Yes	Physical visits, digital channels	Frequent and as needed	Support sustainable development, address local community needs, focus on health, education, gender equality, afforestation, and infrastructure development.
Investors/Financial Partners	No	Investor meetings, conferences, earnings calls, press releases	Frequent and as needed	Provide updates on financial performance, strategic direction, sustainability goals, and significant events impacting the company's performance.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees covered (B)	% (B / A)	Total (C)	No. of employees covered (D)	% (D / C)
EMPLOYEES						
Permanent	1,627	1,347	82.79%	1,400	885	63.21%
Other than permanent	87	0	0.00%	0	0	0%
Total Employees	**1,714**	**1,347**	**78.58%**	**1,400**	**885**	**63.21%**
WORKERS						
Permanent	468	467	99.78%	642	389	60.59%
Other than permanent	994	0	0.00%	866	433	50%
Total Workers	**1,001**	**467**	**46.65%**	**1,508**	**822**	**54.5%**

2. **Details of minimum wages paid to employees**

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
EMPLOYEES										
Permanent	**1,627**	**0**	**0**	**1,627**	**100%**	**1,400**	**0**	**0**	**1,400**	**100%**
Male	1,543	0	0.00%	1,543	100.00%	1,328	0	0%	1,328	100%
Female	84	0	0.00%	84	100.00%	72	0	0%	72	100%
Other than Permanent	**0**	**0**	**0**	**0**	**0%**	**0**	**0**	**0**	**0**	**0%**
Male	0	0	0	0	0%	0	0	0	0	0%
Female	0	0	0	0	0	0	0	0	0	0
WORKERS										
Permanent	**468**	**0**	**0.00%**	**468**	**100.00%**	**642**	**0**	**0%**	**642**	**100%**
Male	468	0	0.00%	468	100.00%	642	0	0%	642	100%
Female	0	0	0.00%	0	0.00%	0	0%	0	0%	0
Other than Permanent	**1,001**	**1,001**	**100%**	**0**	**0%**	**886**	**886**	**100%**	**0**	**0**
Male	994	994	100.00%	0	0.00%	886	886	100%	0	0%
Female	7	7	100.00%	0	0.00%	0	0	0%	0	0%

3. A. **Details of remuneration/salary/Wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ Lakhs)	Number	Median remuneration/ salary/ wages of respective category (₹ Lakhs)
Board of Directors (BoD) (including whole-time directors)	1	Refer to Director's Report of our Annual Report FY 2023-24	1	Refer to Director's Report of our Annual Report FY 2023-24
Key Managerial Personnel (other than BoD)	2		0	
Employees other than BoD and KMP*	1,544	5.04	83	3.86
Workers	468	4.17	0	0

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

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	3%	3%

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 across all its operations. The Works Council plays a pivotal role in ensuring strict adherence to these principles as part of the company's corporate responsibility framework.

APL prioritizes the dignity and individual rights of every employee, worker, and external stakeholder engaged in its business activities. The company is steadfast in its commitment to ensuring that none of its operations compromise the human rights of its valued stakeholders. APL aims to cultivate a respectful and inclusive environment that enhances 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 implemented a robust grievance redressal mechanism aimed at promptly and effectively addressing any human rights issues that may arise. APL fosters open communication and provides multiple channels for employees and stakeholders to report concerns or seek assistance.

A dedicated team is responsible for thoroughly investigating and resolving grievances in a fair and impartial manner, ensuring confidentiality throughout the process. APL is committed to continuously enhancing its grievance redressal process to maintain a safe and respectful environment for everyone involved.

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

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

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

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

8. **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 effectively, the company has implemented a comprehensive grievance resolution procedure under its Prevention of Sexual Harassment (POSH) policy. APL has established a stringent Code of Conduct and HR Policy Manual that clearly outline expectations for appropriate employee behavior and provide measures for preventing and addressing complaints.

All employees, including new joiners, undergo PoSH training not only during induction but also at regular intervals throughout their tenure at APL. This training ensures awareness and understanding of the company's policies and procedures regarding sexual harassment prevention and redressal.

To ensure prompt and confidential resolution of complaints, APL has formed an Internal Complaints Committee dedicated to monitoring and addressing harassment complaints. This committee is tasked with taking appropriate actions in a timely manner while upholding strict confidentiality.

9. **Do human rights requirements form part of your business agreements and contracts?**

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.

10. **Assessments for the year**

	% of offices that were assessed (by entity or statutory authorities or third parties)
Child labour	45%
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	

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

There were no significant risks/concerns from the social assessment conducted.

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**

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	**0**	**0**
From non-renewable sources		
Total electricity consumption (D) **GJ**	2,87,347.98	2,50,463.13
Total fuel consumption (E) **GJ**	8,64,831.57	5,37,025.99
Energy consumption through other sources (F) **GJ**	1,31,548.79	0

Parameter	FY 2023-24	FY 2022-23
Total energy consumed from non-renewable sources (D+E+F) GJ	**12,83,728.34**	**7,87,489.12**
Total energy consumed (A+B+C+D+E+F) GJ	**12,83,728.34**	**7,87,489.12**
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	0.000085	0.000052
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP)	0.001914	0.001155
Energy intensity in terms of physical output (GJ/Tonne)	46.25	31.55

** PPP – IMF conversion factors for FY 2023-24: 22.4 and FY 2022-23: 22.17*

(Source - https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency. - Yes, SustainEDGE Business Solutions Private Limited, a third party conducts an annual assurance on sustainability parameters reported in the Sustainability report of the Company. The assurance is performed for 2023-2024.

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

3. **Provide details of the following disclosures related to water.**

Safety Incident/Number	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface Water	-	-
(ii) Ground Water	-	-
(iii) Third Party Water	3,91,904	4,04,898
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**3,91,904**	**4,04,898**
Total volume of water consumption (in kilolitres)	**3,91,904**	**4,04,898**
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	0.00002609	0.00002679
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total water consumption / Revenue from operations adjusted for PPP)	0.000584	0.000594
Water intensity in terms of physical output (KL/Tonne)	14.12	16.22

** PPP – IMF conversion factors for FY 2023-24: 22.4 and FY 2022-23: 22.17*

(Source - https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND)

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, SustainEDGE Business Solutions Private Limited, a third party conducts an annual assurance on sustainability parameters reported in the Sustainability report of the Company. The assurance is performed for 2023-2024.

4. **Provide the following details related to water discharged:**

Parameter		FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)			
(i)	To Surface water	-	-
	- No treatment	-	-
	- With treatment – please specify level of treatment	-	-
(ii)	To Groundwater	-	-
	- No treatment	-	-
	- With treatment – please specify level of treatment	-	-
(iii)	To Seawater	-	-
	- No treatment	-	-
	- With treatment – please specify level of treatment	-	-
(iv)	Sent to third parties	-	-
	- No treatment	-	-
	- With treatment – please specify level of treatment	-	-
(v)	Others	-	-
	- No treatment	-	-
	- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)		-	-

5. **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 to achieve Zero Liquid Discharge (ZLD) across all its units. The company ensures 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 highlights APL's dedication to sustainable practices and responsible waste management.

6. **Please provide details of air emissions (other than GHG emissions) by the entity.**

Parameter	Specify Unit	FY 2023-24	FY 2022-23
NOx	tons	122.83	88.83
SOx	tons	320.44	380.23
Particulate matter (PM)	tons	361.38	386.47
Persistent organic pollutants (POP)	-	-	-
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, SustainEDGE Business Solutions Private Limited, a third party conducts an annual assurance on sustainability parameters reported in the Sustainability report of the Company. The assurance is performed for 2023-2024.

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

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	88,101.32	37,390
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	95,764.46	79,746
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO_2 equivalent per Rupee	0.00001224	0.00000775

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric tonnes of CO_2 equivalent per Rupee	0.000274	0.000172
Total Scope 1 and Scope 2 emission intensity in terms of physical output	Metric tonnes of CO_2 equivalent per tonne of production	6.62	4.69

** PPP – IMF conversion factors for FY 2023-24: 22.4 and FY 2022-23: 22.17*

(Source - https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND)

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, SustainEDGE Business Solutions Private Limited, a third party conducts an annual assurance on sustainability parameters reported in the Sustainability report of the Company. The assurance is performed for 2023-2024.

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**
Yes, a solar energy project is currently underway in the Akola district of Maharashtra. This initiative is part of Aarti Pharmalabs Limited's commitment to sustainable energy solutions. The project aims to harness solar power to reduce the company's carbon footprint and promote renewable energy usage. The installation is progressing well and is expected to be completed by December 2024. Once operational, this solar energy project will significantly contribute to the region's clean energy generation, aligning with APL's broader environmental goals.

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

Parameter (in metric tonnes)	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	98.48	72.66
E-waste recycled (B)	1.72	2.13
Bio-medical waste (C)	0.80	0.19
Construction and demolition waste (D)	0.00	17.5
Battery waste (E)	4.44	1.22
Radioactive waste (F)	0.00	0
Other Hazardous waste. Please specify, if any. (G)	12,702.62	4,770.32
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	868.28	873.94
Total (A+B + C + D + E + F + G + H)	**13,676.33**	**5,737.96**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.00000091	0.00000038

Parameter (in metric tonnes)	FY 2023-24	FY 2022-23
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total waste generated / Revenue from operations adjusted for PPP)	0.000020	0.000008
Waste intensity in terms of physical output (Tonne/Tonne of Production)	0.49	0.23
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	3,072.52	2,004.71
(ii) Re-used	0.32	4051.84
(iii) Other recovery operations	0	0
Total	**3,072.84**	**6,056.55**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	1,091.89	545.27
(ii) Landfilling	9,429.03	8,472.9
(iii) Other disposal operations	0	0
Total	**10,520.92**	**9,018.17**

** PPP – IMF conversion factors for FY 2023-24: 22.4 and FY 2022-23: 22.17*

(Source - https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND)

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, SustainEDGE Business Solutions Private Limited, a third party conducts an annual assurance on sustainability parameters reported in the Sustainability report of the Company. The assurance is performed for 2023-2024.

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

APL has established a robust waste management system focused on environmental sustainability and responsible disposal practices. The company acknowledges the critical importance of reducing the environmental impact of its operations and efficiently managing the waste produced during its processes.

APL's waste management strategy is crafted to meet the highest industry standards and regulatory requirements. The company employs a systematic approach to identify, segregate, handle, treat, and dispose of waste in an environmentally safe manner. APL's objectives include minimizing waste generation, promoting recycling and reuse, and ensuring the proper disposal of hazardous waste.

- Green Chemistry Integration: During product design, APL integrates hazard checklists that adhere to green chemistry principles. The primary aim is to eliminate the use of toxic chemicals and design processes that reduce or entirely eliminate the production of hazardous waste. This approach follows a hierarchy of controls, actively seeking alternative materials and methods to decrease the use of harmful substances and minimize hazardous waste production.

- Innovative By-Product Treatment: In one of its product chains, APL has developed a specialized process to treat by-products and convert them into valuable resources. This innovative method significantly reduces environmental impact and supports sustainable practices.

- Emission Management: To manage emissions, APL's plants are equipped with advanced scrubber systems that effectively capture emissions and prevent their release into the environment.

- Wastewater Management: For wastewater management, APL has installed advanced treatment plants and water recovery units employing technologies such as reverse osmosis (RO), multiple-effect evaporators (MEEs), and agitated thin film dryers (ATFD). These systems allow the recovery and reuse of water from wastewater streams. Recently, APL has adopted a Mechanical Vapour Recompression (MVR) system for treating industrial effluent and installed Sewage Treatment Plants (STP) for domestic effluent management.

- Zero Liquid Discharge Policy: As part of its commitment to environmental sustainability, APL has implemented a zero liquid discharge policy across all its units. This policy ensures that no liquid waste is discharged, as all water resources are effectively treated and reused within its operations.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details.**
    None of our operational sites are situated in ecologically sensitive areas.

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year**
    No, during the reporting year there were no projects eligible for undertaking the EIA.

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.**
    Yes, Aarti Pharmalabs Limited is in full compliance with all applicable laws and regulations as per the Environmental Protection Act of 1986, the Water (Prevention and Control of Pollution) Act of 1974, and the Air (Prevention and Control of Pollution) Act of 1981. The company closely monitors and ensures adherence to these stringent environmental standards.

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.**
   Currently, Aarti Pharmalabs is not affiliated with any chambers/associations, however the company is a participant of the United Nations Global Compact of India Network (UNGCI).

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/affiliated to:**
   Currently, Aarti Pharmalabs is not affiliated with any chambers/associations, however the company is a participant of the United Nations Global Compact of India Network (UNGCI).

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**
   Nil. No adverse orders received from regulatory authorities.

PRINCIPLE 8: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

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, the Company has not undertaken any SIA during the reporting period.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity**
   Not Applicable, the company has not undertaken any projects which required R&R.

3. **Describe the mechanisms to receive and redress grievances of the community.**
   APL is deeply committed to being a responsible corporate citizen and maintaining positive relationships with the communities in which it operates. To enhance transparency and accountability, the company will establish a grievance redressal mechanism for these communities. This platform will allow community members to voice their concerns, provide feedback, and seek resolution regarding any operational issues. APL recognizes the importance of actively engaging with and addressing community concerns, and this mechanism will be crucial in fostering open dialogue and building trust.

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

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	14.95%	14%
Sourced directly from within the district and neighbouring districts	15.22%	81%

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

Location	FY 2023-24	FY 2022-23
Rural	0	0
Semi-Urban	38.16%	39.84%
Urban	26.17%	26.70%
Metropolitan	35.67%	33.46%

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.**
   APL has developed a robust system to effectively address and resolve consumer complaints. The company's dedicated marketing department serves as the primary point of contact for these complaints, promptly forwarding them to the Quality department based on their nature and specifics.

   APL prioritizes resolving consumer complaints quickly and efficiently. Our skilled and experienced Quality team diligently investigates each complaint to determine the appropriate course of action, ensuring the highest standards of product quality are maintained.

   Committed to meeting customer expectations, APL aims to continuously improve its products and services through our consumer complaint resolution mechanism, thereby strengthening our bond 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	100%, The company provides safety data sheets that are shared with the customers for all its products wherever applicable and as required. Our products are not sold to retail customers as it is and therefore product information is not provided.
Safe and responsible usage	
Recycling and/or safe disposal	

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

Category	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-

Category	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	2	1	APL shall ensure timely resolution of all the pending complaints	2	0	NA
Others	15	1	APL shall ensure timely resolution of all the pending complaints	16	3	All pending complaints have been closed.

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

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

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

   Yes, APL has established rigorous measures and guidelines to protect sensitive information and maintain data confidentiality. The company adheres to an Information Security policy approved by the Board, demonstrating our dedication to data privacy and outlining specific measures implemented. For more details, please refer to the policy via the following web link: https://www.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.**

   No incidents reported hence no corrective actions

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

   a. Number of instances of data breaches - **Nil**

   b. Percentage of data breaches involving personally identifiable information of customers - **Nil**

   c. Impact, if any, of the data breaches – **Not Applicable**

Independent Auditors' Report

To the Members of
Aarti Pharmalabs Limited

Report on the Audit of the Standalone Financial Results

OPINION

We have audited the accompanying financial statements of Aarti Pharmalabs Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2024, 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, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to 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 ("Ind AS") specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit (including total comprehensive income), its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results 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 statement 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 we have obtained 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
1	**Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress** The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2024 is of ₹ 99,449.95 Lakhs and as on 31 March 2023 of ₹ 90,930.81 Lakhs, includes ₹ 12,942.03 lakhs capitalised/ transferred from capital work in progress during the year 2023-24 (₹20,305.00 lakh for FY 2022-23). Cost Recognition of Property, Plant and Equipment as specified in IndAS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended.	**Our audit procedures, amongst others, include the following –** a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment. c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment as well as its assessment that the asset is ready for its intended use.

Key Audit Matters	Auditors' Response
The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention. Refer Note 4: Property, Plant and Equipment in Notes to the standalone financial statements.	d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs. e) Ensuring adequacy of disclosures in the standalone financial statements.

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 to the extent made available 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 RESPONSIBILITIES FOR THE STANDALONE FINANCIAL RESULTS

The Company's Board of Directors are 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 is also responsible for overseeing the financial reporting of the Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL RESULTS

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under Section 143(3) (i) of the 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 the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial results 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

   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 31 March, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2024, from being appointed as a director in terms of section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer 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 35 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 as at 31st March, 2024.

(iii) There were no 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. 41 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities 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. 41 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) As stated in Note no. 14 to the standalone financial statements

a) The Interim dividend declared and paid by the company during the year is in accordance with Section 123 of the Act, as applicable.

b) The Borad of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting, The dividend declared is in accordance with Section 123 of the Act, to the extent it is applies to declaration of dividend.

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

Based on our examination which included test checks, the Company has used accounting software for maintaining books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March, 2024.

For Gokhale & Sathe
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: 24123215BKBOAB2972

Place: - Mumbai
Date: - 13 May 2024

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 has in place a regular program for verification of Property, Plant and Equipment and right of use assets so to cover all such assets once every 3 years. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts.

c) According to the information and explanations given to us, the records examined by us and based on examination of the copies of the Sale Deed / Conveyance Deed / Transfer Deed, land revenue records provided to us, we report that, except for the properties mentioned in the table below, title deeds of all immovable properties (other than properties where the Company is lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed separately in Property Plant & Equipment in the financial statements, the lease agreements are in the name of the Company itself.

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
Atali Site- R.S.No. 39 To 49Ata	3858.72	Aarti Industries Limited	No	2021	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 31 March, 2024.

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.

b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 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. According to the information and explanation given to us and on the basis of our examination, the Company has not granted loans, advances in the nature of loans and provided any guarantee or security to companies, firms, limited liability partnerships or any other parties during the year. as given below, loans granted in the earlier years by the demerged company which balances got transferred pursuant to scheme of demerger

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

a) 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 earlier year are, prima facie, not prejudicial to the interest of the Company.

b) 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.

c) 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.

d) 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.

e) 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 31 March, 2024 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 31 March, 2024 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and based on the records of the company examined by us, there were no disputed statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March, 2024.

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. There has been no resignation of the statutory auditor during the year. Accordingly, reporting under clause 3(xviii) of the order is not applicable to company.

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.

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

For Gokhale & Sathe
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: 24123215BKBOAB2972

Place: - Mumbai
Date: - 13 May 2024

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 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 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

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

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

For Gokhale & Sathe
Chartered Accountants
FRN: - 103264W

Tejas Parikh
Partner
Membership No. 123215
UDIN: 24123215BKBOAB2972

Place: - Mumbai
Date: - 13 May 2024

Standalone Statement of Balance Sheet

as at 31st March, 2024

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2024	As at 31st March 2023
ASSETS			
1 **Non-Current Assets**			
(a) Property, Plant and Equipment	4	91,600.24	84,707.67
(b) Capital Work-in-Progress	4	7,849.71	6,223.15
(c) Right to use Assets	4	2,047.17	113.75
(d) Other Intangible Assets	4	1,685.55	18.09
(e) Intangible Assets Under Developments	4	5,841.96	3,966.88
(f) Financial Assets			
(i) Investment in Subsidiary & Joint Control	5.1	1,351.62	1,351.62
(ii) Other Investments	5.2	3,031.53	2,915.67
(iii) Loans	6.1	585.23	585.23
(iv) Other Financial Assets	7.1	1,065.85	883.25
(g) Other Non-Current Assets	8.1	1,226.02	249.43
Total Non-Current Assets		**116,284.89**	**101,014.74**
2 **Current Assets**			
(a) Inventories	9	58,215.32	53,767.83
(b) Financial Assets			
(i) Investment	5.3	1,783.07	1,280.85
(ii) Trade Receivables	10	44,882.30	37,166.86
(iii) Cash and Cash Equivalents	11	399.62	30.09
(iv) Bank Balance Other than (iii) above	12	43.09	7.23
(v) Loans	6.2	92.57	101.19
(vi) Other Financial Assets	7.2	628.20	506.54
(c) Current Tax Assets (Net)	13	305.34	-
(d) Other Current Assets	8.2	7,056.74	3,761.60
Total Current Assets		**113,406.25**	**96,622.18**
TOTAL ASSETS		**229,691.14**	**197,636.92**
EQUITY AND LIABILITIES			
1 **EQUITY**			
(a) Equity Share Capital	14	4,531.30	4,531.30
(b) Other Equity	15	157,614.68	139,326.50
Total Equity		**162,145.98**	**143,857.80**
2 **LIABILITIES**			
Non-Current Liabilities			
(a) Financial Liabilities			
(i)Lease Liabilities	16.1	1,665.91	53.19
(b) Provision	17.1	527.62	465.97
(c) Deferred Tax Liabilities (Net)	18	9,793.24	6,885.00
Total Non-Current Liabilities		**11,986.78**	**7,404.16**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	25,079.73	20,671.29
(ii) Lease Liabilities	16.2	449.14	44.48
(iii) Trade Payables Due to	20		
- Micro and Small Entereprises		1,890.08	1,265.46
- Other Than Micro and Small Entereprises		23,588.44	19,984.31
(iv) Others Financial Liabilities	21	2,842.45	2,307.34
(b) Provisions	17.2	624.35	543.78
(c) Current Tax Liabilities (Net)	22	-	289.65
(d) Other Current Liabilities	23	1,084.19	1,268.66
Total Current Liabilities		**55,558.39**	**46,374.96**
Total Liabilities		**67,545.17**	**53,779.13**
TOTAL EQUITY AND LIBILITIES		**229,691.14**	**197,636.92**
Notes forming part of the financial statements [Note No. 1-42]			

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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

For and on behalf of the Board of Directors

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, 2024

(₹ in Lakhs except of EPS)

	Particulars	Note No.	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
1	**Income**			
	(a) Revenue from Operations	24	150,213.20	151,124.78
	(b) Other Income	25	1,100.91	128.13
	Total Income (a+b)		**151,314.11**	**151,252.92**
2	**Expenses**			
	(a) Cost of Materials Consumed	26	76,157.11	89,945.07
	(b) Purchase of Stock In trade	27	1,375.98	969.69
	(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	28	(2,336.12)	(9,122.32)
	(d) Employee Benefits Expense	29	13,033.33	12,216.01
	(e) Finance Costs	30	1,663.46	2,048.85
	(f) Depreciation / Amortisation Expenses	31	6,601.38	5,577.26
	(g) Other Expenses	32	27,367.04	26,282.81
	Total Expenses (a to g)		**123,862.19**	**127,917.37**
3	**Profit before Exceptional Items and Tax (1-2)**		**27,451.93**	**23,335.56**
4	**Exceptional Items**		**-**	**-**
5	**Profit before Tax (3-4)**		**27,451.93**	**23,335.56**
6	**Tax Expenses**			
	(a) Current Tax		4,912.00	4,900.00
	(b) Earlier Year Tax		(306.27)	312.86
	(c) Deferred Tax		2,781.65	950.00
	Total Tax Expenses (a to c)		**7,387.39**	**6,162.86**
7	**Profit for the year (5-6)**		**20,064.54**	**17,172.69**
8	**Other comprehensive income / (loss)**			
	(a) Items that will not be reclassified to Statement of Profit and Loss			
	- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		13.31	(70.02)
	- Remeasurement of defined employee benefit plans (net of tax)		-	-
	(b) Items that will be reclassified to Statement of Profit and Loss			
	Other comprehensive income / (loss) for the year, net of tax		**13.31**	**(70.02)**
9	**Total comprehensive income for the year, net of tax (7+8)**		**20,077.85**	**17,102.67**
10	**Earnings per share of ₹ 5 each - in ₹**	33		
	Basic		22.14	18.95
	Diluted		22.14	18.95
	Notes forming part of the financial statements [Note No. 1-42]			

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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

For and on behalf of the Board of Directors

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, 2024

(₹ in Lakhs)

	Particulars	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	27,451.93	23,335.56
	Adjusted for:		
	- Finance Costs	1,663.46	2,048.85
	- Depreciation/Amortisation	6,601.38	5,577.26
	- Dividend Income	(929.48)	(128.13)
	-Loss on Sales of Investments	0.20	38.93
	- R&D Project write off	675.73	0.00
	- Provision for Bad and Doubtful Debts	106.76	150.31
	- Interest Income	(47.01)	0.00
	Operating Profit before Working Capital Changes	**35,522.97**	**31,022.78**
	Adjusted for:		
	- (Increase)/Decrease in Trade and Other Receivables	(12,439.01)	(3,615.10)
	- (Increase)/Decrease in Inventories	(4,447.50)	(9,330.30)
	- Increase/(Decrease) in Trade Payables and Other Current Liabilities	4,431.98	9,183.92
	Cash Generated from Operations	**23,068.44**	**27,261.30**
	Taxes Paid (Net)	(4,699.00)	(5,673.21)
	Net Cash Flow from Operating Activities	**18,369.44**	**21,588.09**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Spent on Property, Plant and Equipment and Capital Work In Progress	(14,595.70)	(9,891.82)
	Investments under Intangible assets under Development	(4,318.09)	(1,752.86)
	Other Investments	(502.22)	0.00
	Dividend Income	929.48	128.13
	Interest Income	47.01	0.00
	Loss on Sale of Investments	(0.20)	(38.93)
	Net Cash Flow used in Investing Activities	**(18,439.73)**	**(11,555.48)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds/(Repayment) from Current Borrowing (Net)	4,408.44	(11,791.15)
	Finance Costs	(1,663.46)	(2,048.85)
	Lease liability payment	(492.64)	0.00
	Dividends Paid	(1,812.52)	(1,812.52)
	Net Cash Flow from /(used in) Financing Activities	**439.82**	**(15,652.52)**
	Net Increase/(Decrease) in Cash and Cash Equivalents	**369.53**	**(5,619.90)**
	Opening Balance of Cash and Cash Equivalents	**30.09**	**5,649.99**
	Closing Balance of Cash and Cash Equivalents	**399.62**	**30.09**

Notes

1 The above statement of Cash Flows should be read in conjunction with the accompanying notes.

2 Previous year figures have been recasted/restated wherever necessary

3 Figures in brackets indicate cash Outflow

4 The above Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS 7 Statement of Cash Flow

5 Cash flows from operating activities include ₹ 272 lakhs (March 31, 2023: ₹ 65 lakhs) being expenses towards Corporate Social Responsibility initiatives.

Standalone Cash Flow Statement

for the Year Ended 31st March, 2024

6 Cash and Cash Equivalents comprises of:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
a. Cash on Hand	8.11	9.16
b. Balances with Banks	391.51	20.93
Total	**399.62**	**30.09**

7 Changes in liabilites arising from financing activities

(₹ in Lakhs)

Particulars	As at April 1, 2023	Net Cash Flow	Foreign Exchange movement	Addition / Accrued Interest	Other Changes	As at March 31, 2024
Non-current Financial Liabilities						
- Lease Liabilities	53.19	0.00	-	2,393.06	(780.34)	1,665.91
Current Financial Liabilities						
- Current Borrowing	20,671.29	4,350.17	58.27	0.00	-	25,079.73
- Lease Liabilities	44.48	(492.64)	-	116.96	780.34	449.14
	20,768.96	**3,857.53**	**58.27**	2,510.02	**0.00**	**27,194.79**

Changes in liabilites arising from financing activities

(₹ in Lakhs)

Particulars	As at April 1, 2022	Net Cash Flow	Foreign Exchange movement	Addition / Accrued Interest	Other Changes	As at March 31, 2023
Non-current Financial Liabilities						
- Lease Liabilities	153.23	0.00	-	0.00	(100.04)	53.19
Current Financial Liabilities						0.00
- Current Borrowing	32,462.44	(11,798.64)	7.49	0.00	-	20,671.29
- Lease Liabilities	124.44	(180.00)	-	0.00	100.04	44.48
	32,740.11	**(11,978.64)**	**7.49**	0.00	**0.00**	**20,768.96**

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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

For and on behalf of the Board of Directors

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 Year Ended 31st March, 2024

A. EQUITY SHARE CAPITAL

Current Reporting Period

(₹ in Lakhs)

Particulars	Balance as on April 1, 2023	Changes in equity share capital during the period	Balance as on March 31 , 2024
Ordinary Equity Shares	4,531.30	0.00	4,531.30
Total	**4,531.30**	**0.00**	**4,531.30**

Previous Reporting Period

(₹ in Lakhs)

Particulars	Balance as on April 1, 2022	Changes in equity share capital during the period	Balance as on March 31 , 2023
Ordinary Equity Shares	25.00	(25.00)	0.00
Issue of Shares Pursuant to Scheme of Demerger	0.00	4,531.30	4,531.30
Total	25.00	4,506.30	4,531.30

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Ratained Earnings	General Reserve	Securities premium	Capital Redemption Reserve	Employee Stock Option Plan Reserve	Other Comprehensive Income	Total
Balance as at 31st March, 2022	**70,594.76**	**8,187.56**	**44,032.54**	**0.00**	**0.00**	**1,056.44**	**123,871.30**
Share capital Cancellaiton on account of Scheme of Arrangment				25.00			25.00
Other comprehensive income (net of tax)						70.02	70.02
Profit for the year	17,172.70						17,172.70
Dividend paid	(1,812.52)						(1,812.52)
Balance as at 31st March, 2023	**85,954.94**	**8,187.56**	**44,032.54**	**25.00**	**0.00**	**1,126.46**	**139,326.50**
Employee Stock Option Plaan Reserve					22.84		22.84
Other comprehensive income (net of tax)						13.31	13.31
Profit for the year	20,064.54						20,064.54
Dividend paid	(1,812.52)						(1,812.52)
Balance as at 31st March, 2024	**104,206.96**	**8,187.56**	**44,032.54**	**25.00**	**22.84**	**1,139.77**	**157,614.68**

Notes

1 The above Statement of Changes in Equity be read in conjunction with the accompanying notes

2 Previous Year's figures are regrouped / rearranged wherever required.

C. Notes forming part of the financial statements [Note No. 1-42]
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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

For and on behalf of the Board of Directors

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 2024

1 CORPORATE INFORMATION

AARTI PHARMALABS LIMITED ("APL" or "the Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange ('BSE') The registered office of the company is located at Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi, District Valsad Gujarat – 396195.

The Company is engaged in manufacturer of Active Pharmaceutical Ingredients (API), pharmaceutical intermediates and xanthine derivatives in India.

2 SUMMARY OF BASIS OF COMPLIANCE, PREPARATION, PRESENTATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

2.1 Basis of Compliance

The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except if compliance with other statutory promulgations require a different treatment.

These financial statements have been approved by the Board of Directors at their meeting held on 13th May, 2024.

2.2 Basis of Preparation and Presentation of Financials Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows".

The disclosure requirements with respect to items in the Balance Sheet and the Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Ind AS and in accordance with guidelines issued by the Securities and Exchange Board of India ("SEBI").

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

(i) Certain financial instruments are measured at fair value (refer accounting policy regarding financial instruments); and

(ii) Employee's Defined Benefit Plan as per actuarial valuation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the status of realisability and expected settlement in cash and cash equivalents of the respective assets and liabilities and other criteria set out in the Schedule III to the Companies Act 2013, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabilities.

Functional & Presentation Currency:

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values in the financial statements are rounded off to the nearest rupees in lakhs except otherwise indicated.

2.3 Critical Accounting Estimates, Assumptions and Judgments:

The preparation of these financial statements in conformity with the recognition and measurement

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

principles of Ind AS requires the management of the Company to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented along with the accompanying disclosures.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions. Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected.

The following are the critical estimates, assumptions and judgments that the management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the financial statements:

(i) Provision for Income Tax and Deferred Tax Assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax at the end of each reporting period.

(ii) Useful Lives of Property, Plant and Equipment ("PPE"):

Property, plant and equipment represents a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(iii) Defined Benefit Plans (Gratuity):

A liability in respect of defined benefit plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets and is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) Provisions and Contingent Liabilities:

The Company estimates the provisions that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(v) Provision against Obsolete and Slow-Moving Inventories:

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use at each balance sheet date. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions.

(vi) Fair Value Measurement of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as market risk, liquidity risk and credit risk.

(vii) Allowance for Credit Losses on Receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates.

(viii) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

(ix) Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgment in assessing the lease term and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

3 MATERIAL ACCOUNTING POLICIES

3.1 Classification of Current versus Non-Current:

All assets and liabilities in the financial statements have been classified as current or non-current as per the Company's normal operating cycle of up to twelve months.

For the purpose of Balance Sheet, an asset is classified as current if:

(i) It is expected to be realised, or is intended to be sold or consumed, in the normal operating cycle; or

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(ii) It is held primarily for the purpose of trading; or

(iii) It is expected to realise the asset within twelve months after the reporting period; or

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

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

(i) It is expected to be settled in the normal operating cycle; or

(ii) It is held primarily for the purpose of trading; or

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification

All other liabilities are classified as non-current.

3.2 Property, Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use less accumulated depreciation and accumulated impairment losses, if any Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs is capitalised in accordance with the company's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.

Long term lease arrangements of land are treated as PPE, in case such arrangements result in transfer of control and the present value of the lease payments is likely to represent substantially all of the fair value of the land.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected with the carrying amount of any component accounted for as a separate asset is derecognised when replaced. Gains or losses arising from de-recognition of a PPE 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.

Depreciation methods, estimated useful lives and residual value:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided using straight line method, so as to write off the cost of the assets (other than freehold land and capital work-in-progress) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Depreciation on additions/ disposals is provided on a pro-rata basis i.e. from/ upto the date on which asset is ready for use/ disposed.

The Company uses different useful lives than those prescribed in Schedule II to the Act for some of the assets. The useful lives have been assessed based

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets. The estimated useful life is reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

The company has used the following useful lives to provide depreciation on the following assets:

PARTICULARS	DEPRECIATION
Leasehold Land	Over the tenure of lease
Factory Building	Over a period of 19-30 years
Plant & Machinery	Over its useful life as technically assessed, i.e over a period of 9-19 years
Vehicle	Over a period of 5 - 7 years
Computers	Over a period of 3 years
Furniture and Fixtures	Over a period of 10 years
Office Equipment	Over a period of 5 years
Intangible Assets	Over a period of 5- 7 year, except for those where the finite period of provided.

3.3 Capital Work-in-Progress

Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction or are pending capitalisation and includes project expenses pending allocation. The same is carried at cost, comprising of direct costs, related incidental expenses and attributable borrowing costs. Project expenses pending allocation are apportioned to the PPE of the project proportionately on capitalisation.

3.4 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 re 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.

Amortisation:

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as change in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another assets.

Intangible Assets without finite life are tested for impairment at each Balance sheet date and impairment provision, if any are debited to profit and loss.

The estimated useful lives of the amortisable intangible assets are as follows:

PARTICULARS	DEPRECIATION
Intangible Assets – R&D	Over a period of 5 years
Computer software	Over a period of 5 years

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

3.5 Impairment of Non-Financial Assets:

The Company assesses at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for such asset is required, the Company estimates the asset's recoverable amount in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount which is higher of asset's (or cash generating unit's) net selling price or the value in use. The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset (or cash generating unit) and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset (or cash generating units).

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit). A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

3.7 Inventories:

Inventories are valued, after providing for obsolescence as given below:

Raw Materials, Packing Materials and Stores and Spares:

(i) Raw Materials, Packing Materials and Stores and Spares:

Raw materials, packing materials and stores and spares are valued at lower of Cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on Weighted Average Basis method.

(ii) Work-in-process:

Work-in-process is valued at the lower of cost and net realizable value. The cost is computed on Weighted Average Basis method.

(iii) Finished Goods, Semi-Finished Goods and Traded Goods:

Finished goods, Semi-finished goods and traded goods are valued at lower of cost and net realisable value. The cost is computed on Weighted Average Basis method.

Cost is determined on First in First out basis which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit), cost of conversion and other costs incurred in acquiring the inventories to their present location and condition.

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

3.8 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and highly liquid financial instruments, which are readily convertible into known amounts of cash, that are subject to an insignificant risk of change in value with an original maturity of three months or less.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

3.9 Employee Benefits:

(i) Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. 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.

(ii) Post-employment benefits:

(a) Defined Contribution Plan:

The Company makes defined contribution 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 service which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

(b) 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.

(iii) Long term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The cost of providing benefits is actuarially determined using the projected unit credit method, actuarial valuations being carried out at each Balance Sheet date.

(iv) Share Based Payment:

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in Other Equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

3.10 Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

The Company recognizes a provision when it has a present legal or constructive obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reasonably estimated. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost.

(ii) Contingent Liabilities

Contingent liability is a possible obligation arising 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 company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(iii) **Contingent Assets**

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefit will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

(iv) **Onerous Contracts:**

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

3.11 Taxes:

The tax expenses comprise of current tax and deferred income tax charge or credit. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity.

(i) **Current Tax:**

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/ appeals. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Current tax assets and current 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.

(ii) **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 asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting 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.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded in other comprehensive income or in equity along with the tax as applicable.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

3.12 Revenue Recognition:

(i) **Revenue from Operations:**

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.

(ii) **Sale of Goods:**

The Company recognises revenue from sale of goods measured upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

(iii) **Sale of Services:**

Revenue from services is recognised when the performance obligation is met and the right to receive income is established.

(iv) **Interest Income:**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

(v) **Dividend Income:**

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

(vi) **Export Incentives:**

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

(vii) **Other Income:**

Revenue with respect to Other Operating Income and Other Income including insurance and other claims are recognised when a reasonable certainty as to its realisation exists.

3.13 Leases:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

(i) **As a Lessee:**

The Company assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to –

(a) control the use of an identified asset,

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(b) obtain substantially all the economic benefits from use of the identified asset, and

(c) direct the use of the identified asset

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Right-of-Use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-of-Use asset or the end of the lease term. The estimated useful lives of Right-of-Use assets are determined on the same basis as those of property, plant and equipment. In addition, the Right-of-Use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Lease payments included in the measurement of the lease liability comprises fixed payments, including amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option. The lease liability is subsequently measured at amortised cost using the effective interest method.

Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Finance charges are recognised as finance costs in the statement of profit and loss.

(ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (range different for different class of assets). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis over the lease term.

3.14 Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

In determining the amount of borrowing costs eligible for capitalization, any income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.15 Foreign Currency Transactions:

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transactions. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.16 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.17 Exceptional items:

When items of income or expense within the statement of profit & loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

3.18 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity. The Company determines the classification of its financial assets and liabilities at initial recognition.

(a) Initial Recognition:

Financial assets and/or financial liabilities are recognised when the Company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction values and where such values are different from the transaction values, at fair values. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to or deducted from as the case may be, from the fair value of on initial recognition.

(b) 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:

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

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

(i) 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.

(ii) 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 represents solely payments of principal and interest on the principal amount outstanding.

(iii) 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 categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

(c) Classification and Subsequent Measurement of Financial Liabilities:

(i) 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.

(ii) Other Financial liabilities:
Other financial liabilities (including loans and borrowings, bank overdraft 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.

(d) 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.

(e) Equity Investments

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

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 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.

(f) 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.

(g) De-recognition of Financial Instruments:

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

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

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

(g) 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 valued through profit and loss (FVTPL). For Trade Receivables and all lease receivables resulting from transactions within the scope of Ind AS 116 the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. 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.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. 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.

(g) 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.

Cashflow Hedges

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.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

4 PROPERTY, PLANT AND EQUIPMENT (FY 2023-2024)

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Balance as at 1st April, 2023	Addition	Deduction/ Adjustments	Balance as at 31st March, 2024	Balance as at 1st April, 2023	Addition on Account of Scheme of Arrangment	Depreciation charge for the year	Deduction/ Adjustments Deduction/ Adjustments	Balance as at 31st March, 2024	Balance as at 31st March, 2024	Balance as at 31st March, 2023
I Tangible Assets											
Freehold Land	3,858.72	0	0.00	3,858.72	0.00	0.00	0.00	0	0.00	3,858.72	3,858.72
Leasehold Land	2,173.98	1,100.62	0.00	3,274.60	194.92	0.00	22.09	0	217.01	3,057.60	1,979.06
Buildings	15,135.81	966.91	0.00	16,102.72	4,674.98	0.00	747.19	0	5,422.17	10,680.55	10,460.83
Plant and Machinery	102,894.58	10,517.38	0.00	113,411.96	35,150.84	0.00	5,070.92	0	40,221.76	73,190.19	67,743.74
Furniture and Fixtures	675.76	79.68	0.00	755.44	364.83	0.00	57.21	0	422.04	333.39	310.92
Office Equipments	220.83	0.00	0.00	220.83	153.75	0.00	20.95	0	174.69	46.13	67.08
Computers, Printers	629.55	78.21	0.00	707.77	504.89	0.00	65.42	0	570.31	137.46	124.66
Vehicles	396.54	199.23	10.59	585.18	233.89	0.00	57.28	2.18	288.99	296.19	162.65
Total	**125,985.76**	**12,942.03**	**10.59**	**138,917.21**	**41,278.10**	**0.00**	**6,041.05**	**2.18**	**47,316.97**	**91,600.24**	**84,707.67**
II Right to Use Assets											
Leasehold Building	588.05	2,427.60	314.60	2,701.05	474.30	0.00	433.32	253.75	653.88	2,047.17	113.75
Total	**588.05**	**2,427.60**	**314.60**	**2,701.05**	**474.30**	**0.00**	**433.32**	**253.75**	**653.88**	**2,047.17**	**113.75**
III Intangible Assets											
IT software & Other Intangible Assets	3,802.32	27.10	0.02	3,829.40	3,784.23	0.00	4.97	0.04	3,789.16	40.24	18.09
R&D Procducts	0	1,767.29	0	1,767.29	0	0	122	0.06	122	1,645.31	0
Total	**3,802.32**	**1,794.38**	**0.02**	**5,596.68**	**3,784.23**	**0.00**	**127.00**	**0.10**	**3,911.13**	**1,685.55**	**18.09**
IV Gross Total	**130,376.13**	**17,164.01**	**325.21**	**147,214.93**	**45,536.63**	**0.00**	**6,601.38**	**256.03**	**51,881.97**	**95,332.96**	**84,839.51**
V CWIP - Tangible										**7,849.71**	**6,223.15**
VI CWIP - Intangible										**5,841.96**	**3,966.88**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

Property, Plant and Equipment (FY 2022- 23)

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Balance as at 1st April, 2022	Addition	Deduction/ Adjustments	Balance as at 31st March, 2023	Balance as at 1st April, 2022	Addition on Account of Scheme of Arrangment	Depreciation charge for the year	Deduction/ Adjustments Deduction/ Adjustments	Balance as at 31st March, 2023	Balance as at 31st March, 2023	Balance as at 31st March, 2022
I Tangible Assets											
Freehold Land	3,858.72	0.00	0.00	3,858.72	0.00	0.00	0.00	0	0.00	3,858.72	3,858.72
Leasehold Land	2,173.98	0.00	0.00	2,173.98	173.21	0.00	21.71	0	194.92	1,979.06	2,000.77
Buildings	11,601.95	3,533.86	0.00	15,135.81	3,977.06	0.00	697.91	0	4,674.98	10,460.83	7,624.89
Plant and Machinery	86,283.78	16,610.79	0.00	102,894.58	30,595.48	0.00	4,555.36	0	35,150.84	67,743.74	55,688.30
Furniture and Fixtures	645.38	30.38	0.00	675.76	316.08	0.00	48.75	0	364.83	310.92	329.30
Office Equipments	214.55	6.27	0.00	220.83	130.59	0.00	23.15	0	153.75	67.08	83.96
Computers, Printers	559.19	70.36	0.00	629.55	448.50	0.00	56.39	0	504.89	124.66	110.69
Vehicles	343.21	53.33	0.00	396.54	194.34	0.00	39.56	0.00	233.89	162.65	148.87
Total	**105,680.76**	**20,305.00**	**0.00**	**125,985.76**	**35,835.26**	**0.00**	**5,442.83**	**0.00**	**41,278.10**	**84,707.67**	**69,845.50**
II Right to Use Assets											
Leasehold Building	588.05	0.00	0.00	588.05	344.30	0.00	130.00	0.00	474.30	113.75	243.75
InTangible Assets	588.05	0.00	0.00	588.05	344.30	0.00	130.00	0.00	474.30	113.75	243.75
III Intangible Assets											
IT software & Other Intangible Assets	3,802	0.00	0	3,802.32	3,780	0	4	0.00	3,784	18.09	23
Total	**3,802.32**	**0.00**	**0.00**	**3,802.32**	**3,779.81**	**0.00**	**4.43**	**0.00**	**3,784.23**	**18.09**	**22.52**
IV Gross Total	**110,071.13**	**20,305.00**	**0.00**	**130,376.13**	**39,959.37**	**0.00**	**5,577.26**	**0.00**	**45,536.63**	**84,839.51**	**70,111.77**
V CWIP - Tangible										**6,223.15**	**16,522.59**
VI CWIP - Intangible										**3,966.88**	**2,214.02**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

Notes:

a. Movement in capital work in progress

(₹ in Lakhs)

Particulars	CWIP	
	Tangible	Intangible
Opening balance as on April 01, 2022	16,522.59	2,214.02
Add - Additions during the year	9,875.60	1,752.86
Less - Capitalized during the year	(20,175.03)	
Closing balance as on March 31, 2023	**6223.15**	**3,966.88**
Add - Additions during the year	13,190.52	4,318.09
Less - Impaired during the year		(675.72)
Less - Capitalized during the year	(11,563.97)	(1,767.29)
Closing balance as on March 31, 2024	**7,849.71**	**5,841.96**

(b) Capital Work-in-Progress Ageing- Tangible

Ageing for Capital Work-in-Progress as at 31st March, 2024 is as follows:

Capital Work-in-Progress - Tangible	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	5,176.94	1,153.70	1,519.08	-	7,849.71
Projects temporarily suspended	-	-	-	-	-
	5,176.94	**1,153.70**	**1,519.08**	**-**	**7,849.71**

Ageing for Capital Work-in-Progress as at 31st March, 2023 is as follows:

Capital Work-in-Progress - Tangible	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	2440.55	0.00	0.00	6223.15
Projects temporarily suspended	0.00	0.00	0.00	0.00	0.00
	3,782.60	**2440.55**	**0.00**	**0.00**	**6223.15**

Capital Work-in-Progress Ageing- Intangible

Ageing for Capital Work-in-Progress as at 31st March, 2024 is as follows:

Capital Work-in-Progress - Intangible	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	4,318.09	1,523.87	0.00	0.00	5,841.96
Projects temporarily suspended	0.00	0.00	0.00	0.00	0.00
	4,318.09	**1,523.87**	**0.00**	**0.00**	**5,841.96**

Ageing for Capital Work-in-Progress as at 31st March, 2023 is as follows:

Capital Work-in-Progress - Intangible	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	1,752.86	2,214.02	0.00	0.00	3,966.88
Projects temporarily suspended	0.00	0.00	0.00	0.00	0.00
	1,752.86	**2,214.02**	**0.00**	**0.00**	**3,966.88**

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

Note:
There are no projects under capital work in progress where the completion is overdue or has exceeded its cost compared to its original plan in previous year. In current year there are no projects which have exceeded its cost compared to its original plan.

c. Title deeds of Immovable Properties not held in the name of the Company

(₹ in Lakhs)

Relevant line item in the Balance Sheet	Description of item of property	Gross Carrying Value As at 31st March, 2024	Gross Carrying Value As at 31st March, 2023	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the Company
Land	Village -Atali, Tal-Vagra, Dist - Bharuch, Gujarat - 392130	3,858.72	3,858.72	Aarti Industries Limited	No	2021	The name changing application submitted to GIDC

5 INVESTMENTS

5.1 Investment in Subsidiaries and Joint Venture (non-current)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unquoted Investments		
Investment in subsidiaries and Joint Venture - measured at cost		
Aarti USA Inc.	65.76	65.76
Aarti Pharmachem Limited	25.00	25.00
Ganesh Polychem Limited	1,260.86	1,260.86
Total	**1,351.62**	**1,351.62**

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023	
	No of Share	Amount	No of Share	Amount
Unquoted Investments				
Equity Shares of Subsidiary Companies (Unquoted)				
Aarti USA Inc.	10,000,000	65.76	10,000,000	65.76
Aarti Pharmachem Limited	250,000	25.00	250,000	25.00
Total		**90.76**		**90.76**

note: Aggregate value of Unquoted Investments is ₹ 90.76 lakhs (PY 90.76 lakhs).

Particulars	As at 31st March, 2024		As at 31st March 2023	
	No of Share	Amount	No of Share	Amount
Unquoted Investments				
Investment in Joint venture - measured at cost				
Ganesh Polychem Limited	3,098,257	1,260.86	3,098,257	1,260.86
Total		**1,260.86**		**1,260.86**

note: Aggregate value of Unquoted Investments is ₹ 1260.86 lakhs (PY 1260.86 lakhs).

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

5.2 Other Investments (non-current)

(₹ in Lakhs)

	Particulars	As at 31st March, 2024	As at 31st March 2023
I	**Unquoted Investments -FVTOCI**		
	Investments in Equity Shares	1,978.05	1,861.99
II	Unquoted Investments - Amortised Cost		
	Investments in Equity Shares	425.52	425.52
	Share in Co-operative Society	61.97	61.97
II	**Investment in Limited Liability Partnership - Amortised Cost**	-	-
	Aarti Udyog Limited Liability Partnership	**565.99**	**566.19**
	Total	**3,031.53**	**2,915.67**

(₹ in Lakhs)

	Particulars	As at 31st March, 2024		As at 31st March 2023	
		No of Share	Amount	No of Share	Amount
I	**Unquoted Investments -FVTOCI**				
	Dilesh Roadlines Private Limited	464,550	1,239.40	464,550	1,123.24
	Aarti Ventures Limited	454,364	738.65	454,364	738.75
II	**Unquoted Investments - Amortised Cost**				
	Tarapur Environment Protection Society	47,274	61.97	47,274	61.97
	Derma Touch Inc.	N.A.	425.52	N.A.	425.52
III	**Investments in Limited Liability Partnership (Unquoted)**				
	Aarti Udyog Limited Liability Partnership	NA	565.99	NA	566.19
	Total		**3,031.53**		**2,915.67**

5.3 Investments (Current)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Quoted Investments		
Investment in Bond's (Quoted) - Measured at FVOCI	1,783.07	1,280.85
Total	**1,783.07**	**1,280.85**

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023	
	No of Units	Amount	No of Units	Amount
Investment in Bond's (Quoted)				
8.50% Bank of Baroda	100	999.15	100	999.02
8.35% Tata Motors Fin Ltd - P/C	3	282.19	3	281.83
10.90% Tvs Credit service Ltd	20	100.61	0	0.00
11.10% Tata Motors Fin Ltd - P/C	10	100.64	0	0.00
9.55% Tata Motors Fin Ltd - P/C	10	101.69	10	0.00
9.10% Tata Motors Fin Ltd - P/C	20	198.79	0	0.00
Total Investment		**1,783.07**		**1,280.85**

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

6 LOANS
6.1 Non Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
- Loan to Related Party	585.23	585.23
Total	**585.23**	**585.23**

6.2 Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
- Loan to Employees	92.57	101.19
Total	**92.57**	**101.19**

7 OTHER FINANCIAL ASSETS
7.1 Non-current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
-Security Deposits	1,065.85	883.25
Total	**1,065.85**	**883.25**

7.2 Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
- Interest Receivable	222.34	108.97
- Insurance Receivable	405.86	397.57
Total	**628.20**	**506.54**

8 OTHER ASSETS
8.1 Non-current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, unless otherwise stated		
- Capital Advances	1,226.02	249.43
Total	**1,226.02**	**249.43**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

8.2 Current Financial Assets - Loans

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, unless otherwise stated		
- Balance with Government Authorities	5,629.91	3,245.68
- Advances to Suppliers	658.04	304.25
- Prepaid Expenses	586.12	211.67
- Export Benefits Receivable	182.67	0.00
Total	**7,056.74**	**3,761.60**

9 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Raw Material includes goods in transit	20,762.46	18,762.21
- Work-in-progress	12,039.03	13,334.24
- Finished Goods	24,821.38	21,190.05
- Stores and spares	410.54	261.19
- Fuel -Coal	42.65	44.26
- Packing Materials	139.26	175.88
Total	**58,215.32**	**53,767.83**

9.1 Inventories

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Raw Material (In Transit Stock)	1,127.34	132.74
Total	**1,127.34**	**132.74**

10 TRADE RECEIVABLES (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Break up of Security Details		
(i) Unsecured, Considered good	44,882.30	37,166.86
(ii) Unsecured, Credit impaired	224.38	250.00
	45,106.68	**37,416.86**
Less - : Allowances for credit impaired	(224.38)	(250.00)
Total	**44,882.30**	**37,166.86**

a Due to the short nature of credit period given to customers, there is no financing component in the contract.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

b The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables. The Company follows the simplified approach for recognition of impairment allowance on trade receivables. The application of the simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment allowance based on lifetime ECLs at each reporting date. ECL impairment loss allowance (or reversal) recognised during the period is recognised in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

c **Trade receivables ageing schedule**

As at 31 March, 2024

Particulars	Receivable but not due	Outstanding from due date of Payment					Total
		Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3 Year	More than 3 Year	
(i) Undisputed Trade Receivable - Considered Good	27,473.96	16,653.07	442.79	201.38	56.68	54.41	44,882.29
(ii) Undisputed Trade Receivables – credit impaired	0.00	0.00	0.00	2.87	1.78	219.73	224.38
(iii) Disputed Trade Receivables– considered good	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Disputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub 'Total Trade Receivable	**27,473.96**	**16,653.07**	**442.79**	**204.25**	**58.46**	**274.14**	**45,106.68**
Less: Impairment Allowance	0.00	0.00	0.00	(2.87)	(1.78)	(219.73)	(224.38)
Total	**27,473.96**	**16,653.07**	**442.79**	**201.38**	**56.68**	**54.41**	**44,882.30**

As at 31st March 2023

Particulars	Receivable but not due	Outstanding from due date of Payment					Total
		Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3 Year	More than 3 Year	
(i) Undisputed Trade Receivable - Considered Good	25,460.26	9,900.83	981.00	244.55	141.98	438.23	37,166.86
(ii) Undisputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	250.00	250.00
(iii) Disputed Trade Receivables– considered good	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Disputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub 'Total Trade Receivable	**25,460.26**	**9,900.83**	**981.00**	**244.55**	**141.98**	**688.23**	**37,166.86**
Less: Impairment Allowance						(250.00)	(250.00)
Total	**25,460.26**	**9,900.83**	**981.00**	**244.55**	**141.98**	**438.23**	**37,166.86**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

d **Movement in expected credit loss allowance of trade receivables**

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Balance at the beginning of the year	250.00	100.00
Allowances / (write back) during the year	106.76	150.00
Written off against provision	(132.38)	0.00
Balance at the end of the year	**224.38**	**250.00**

11 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Cash & Cash Equivalents		
- Cash on hand	8.11	9.16
- Balance with banks	391.51	20.93
Total	**399.62**	**30.09**

12 BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Earmarked balances (Unpaid Dividend account)	14.31	7.23
- Fixed Deposits with Banks	28.78	0.00
Total	**43.09**	**7.23**

Includes Fixed Deposit amounting ₹ 28.40 Lakhs (March 31, 2023 ₹ Nil Lakhs) given as Bank Guarantees to Statutory Authorities and other bodies.

13 CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Advance Tax and Tax Deducted at Source (Net of Provision)	305.34	0.00
Total	**305.34**	**0.00**

14 SHARE CAPITAL:

A Authorised Share Capital

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Authorised Share Capital		
10,00,00,000 Equity Shares of ₹ 5/- each (PY - 10,00,00,000)	5,000.00	5,000.00
Total	**5,000.00**	**5,000.00**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

B Issued, Subscribed & Paid Up:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
9,06,26,008 Equity Shares of ₹ 5/- each (PY - 9,06,26,008)	4,531.30	4,531.30
Total	**4,531.30**	**4,531.30**

14.1 Reconciliation of number of Equity Shares outstanding:

Particulars	As at 31st March, 2024	As at 31st March 2023
	No' Of Shares	
Equity Shares at the beginning of the year	90,626,008	90,626,008
Add: Equity Shares	-	-
Less: Equity Shares	-	-
Equity Shares at the end of the year	**90,626,008**	**90,626,008**

14.2 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.

14.3 Details of shareholders holding more than 5% shares:

Particulars	As at 31st March, 2024		As at 31st March 2023	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Life Insurance Corporation Of India	5676870	6.26%	6164067	6.80%

14.4 Deatils of Shares held by promoters and promoter group

Particulars	As at 31st March, 2024		As at 31st March 2023		% change during the year
	Number of Shares held	% of holding	Number of Shares held	% of holding	
Rashesh Chandrakant Gogri	3834404	4.23%	3834404	4.23%	0.00%
Mirik Rajendra Gogri	2793094	3.08%	2793094	3.08%	0.00%
Renil Rajendra Gogri	2792750	3.08%	2792750	3.08%	0.00%
Hetal Gogri Gala	2691310	2.97%	2615548	2.89%	0.08%
Jaya Chandrakant Gogri	2615548	2.89%	2449637	2.70%	0.18%
Sarla Shantilal Shah	2435830	2.69%	2435830	2.69%	0.00%
Rajendra Vallabhaji Gogri	1425900	1.57%	1425900	1.57%	0.00%
Nehal Garewal	1122487	1.24%	1122487	1.24%	0.00%
Nikhil Parimal Desai	768754	0.85%	768754	0.85%	0.00%
Aarnav Rashesh Gogri	550000	0.61%	550000	0.61%	0.00%
Aashay Rashesh Gogri	550000	0.61%	550000	0.61%	0.00%

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

Particulars	As at 31st March, 2024		As at 31st March 2023		% change during the year
	Number of Shares held	% of holding	Number of Shares held	% of holding	
Manisha Rashesh Gogri	550000	0.61%	550000	0.61%	0.00%
Bhavna Shah Lalka	513941	0.57%	513941	0.57%	0.00%
Arti Rajendra Gogri	475256	0.52%	475256	0.52%	0.00%
Parimal Hasmukhlal Desai	399571	0.44%	399571	0.44%	0.00%
Ratanben Premji Gogri	337807	0.37%	337807	0.37%	0.00%
Heena Bhatia	322588	0.36%	322588	0.36%	0.00%
Rajendra Vallabhaji Gogri (Huf)	308274	0.34%	308274	0.34%	0.00%
Shantilal Tejshi Shah Huf	278881	0.31%	278881	0.31%	0.00%
Indira Madan Dedhia	182250	0.20%	182250	0.20%	0.00%
Mananjay Singh Garewal	162510	0.18%	162510	0.18%	0.00%
Chandrakant Vallabhaji Gogri	155500	0.17%	155500	0.17%	0.00%
Monisha Bhatia	121121	0.13%	121121	0.13%	0.00%
Shreya Suneja	112500	0.12%	112500	0.12%	0.00%
Gunavanti Navin Shah	86644	0.10%	86644	0.10%	0.00%
Jayesh Shah	16416	0.02%	16416	0.02%	0.00%
Prasadi Yogesh Banatwala	4245	0.00%	4245	0.00%	0.00%
Pooja Renil Gogri	382	0.00%	382	0.00%	0.00%
Saswat Trusteeship Private Limited	2841504	3.14%	2841504	3.14%	0.00%
Gloire Trusteeship Services Private Limited	1649000	1.82%	1649000	1.82%	0.00%
Relacion Trusteeship Services Private Limited	1649000	1.82%	1649000	1.82%	0.00%
Alabhya Trusteeship Private Limited	1308496	1.44%	1308496	1.44%	0.00%
Barclays Wealth Trustees India Private Limited	833859	0.92%	833859	0.92%	0.00%
Barclays Wealth Trustees India Pvt Ltd	804101	0.89%	804101	0.89%	0.00%
Relacion Trusteeship Services Private Limited	687500	0.76%	687500	0.76%	0.00%
Gloire Trusteeship Services Private Limited	624500	0.69%	624500	0.69%	0.00%
Anushakti Enterprise Private Limited	2972700	3.28%	2892500	3.19%	0.09%
Safechem Enterprises Private Limited	1463000	1.61%	1463000	1.61%	0.00%
Alchemie Financial Services Limited	673006	0.74%	673006	0.74%	0.00%
Alchemie Finserv Pvt. Ltd.	337505	0.37%	264105	0.29%	0.08%
Gogri Finserv Pvt. Ltd.	264105	0.29%	264105	0.29%	0.00%
Nikhil Holdings Private Limited	180891	0.20%	180891	0.20%	0.00%
Dilesh Roadlines Pvt Ltd	8318	0.01%	8318	0.01%	0.00%
Valiant Organics Limited	7500	0.01%	7500	0.01%	0.00%
Bhanu Pradip Savla	155737	0.17%	155737	0.17%	0.00%
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	37900	0.04%	0	0.00%	0.04%
Total	**42106585**	**46.46%**	**41673412**	**45.98%**	**0.48%**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

14.5 Distribution Made and Proposed

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Cash Dividends on Equity Shares declared and/or paid:		
Final Dividend for the year ended March 31, 2023: (PY : ₹ NIL)	0.00	0.00
Interim Dividend for the year ended March 31, 2024: ₹ 2.00 per share (PY : - 2.00/-)	1,812.52	1,812.52
Total	**1,812.52**	**1,812.52**
Proposed Dividend on Equity Shares:		
Dividend for the year ended March 31, 2024: ₹ : 1.00/- per share (PY: ₹ NIL)	906.26	0.00
Total	**906.26**	**0.00**

Footnote: The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is in place and available on the website of the Company https://www.aartipharmalabs.com/investors/dividend-distribution-policy-feb-2023.pdf

14.6 Equity shares reserved for issue under employee stock options and share appreciation rights

For number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options and rights by the option holders as per the relevant schemes - refer note 34

15 OTHER EQUITY

(₹ in Lakhs)

	Particulars	As at 31st March, 2024	As at 31st March 2023
a	Retained Earning	104,206.96	85,954.94
b	Securities Premium	44,032.54	44,032.54
c	Capital Redemption Reserve	25.00	25.00
d	General Reserve	8,187.56	8,187.56
e	Employee Stock Option Plan Reserve	22.84	-
f	Other Comprehensive Income	1,139.77	1,126.46
Total		**157,614.68**	**139,326.50**

Nature and Purpose of Reserves

Security Premium:

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

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

General Reserve :

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations adjusted by utilisation of reserve in accordance with companies act in earlier years before demarger. The requirement to mandatorily transfer a specified percentage of the net profit to general reserve before declaration of dividend has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

Retained Earning :

Retained earning are the profits that the Company has earned till date, less any transfers to general reserve, any transfers from or to other comprehensive income, dividends or other distributions paid to shareholders

Employee Stock Option Plan :

The share options outstanding account is used to record the fair value of equity-settled, share-based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium, upon exercise of stock options, and transferred to general reserve on account of stock options not exercised by employees.

Equity instruments through Other Comprehensive Income :

The Company has opted to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity.

The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(₹ in Lakhs)

Particulars		As at 31st March, 2024	As at 31st March 2023
Other Equity			
a	**Retained Earning**		
	Opening Balance	85,954.94	70,594.76
	Add: Net Profit for the year	20,064.54	17,172.70
	Less: Interim Dividend	(1812.52)	(1812.52)
	Closing Balance	**104,206.96**	**85,954.94**
b	**Securities Premium**		
	Opening Balance	44,032.54	44,032.54
	Movement during the year	-	-
	Closing Balance	**44,032.54**	**44,032.54**
c	**Capital Redemption Reserve**		
	Opening Balance	25.00	-
	Add: Share capital Cancelled pursuant to scheme	-	25.00
	Movement during the year	-	-
	Closing Balance	**25.00**	**25.00**
d	**General Reserve**		
	Opening Balance	8,187.56	8,187.56
	Add : Transfer from Retained Earning		
	Closing Balance	**8,187.56**	**8,187.56**
e	**Employee Stock Option Plan Reserve**		
	Opening Balance	-	-
	Movement during the year	22.84	-
	Closing Balance	**22.84**	**-**
f	**Other Comprehensive Income**		
	As per last Balance Sheet	1,126.46	1,056.44
	Add: Fair value changes of various Financial intruments (net off tax)	13.31	70.02
	Less : Transfer to retained earnings on disposal of FVOCI equity	-	-
	Closing Balance	**1,139.77**	**1,126.46**
Total		**157,614.68**	**139,326.50**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

16 LEASE LIABILITIES

16.1 Non-current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Long term maturities of finance lease obligations	1,665.91	53.19
Total	**1,665.91**	**53.19**

16.2 Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Short term maturities of finance lease obligations	449.14	44.48
Total	**449.14**	**44.48**

i The Company has lease contracts for its office premises and godowns with lease term between 1 year to 5 years. The Company obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company also has certain leases of office premises and godowns with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

a The movement in lease liabilities during the year ended 31 March, 2024 and 31 March, 2023 is as follows:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Balance at the beginning	**97.67**	**277.67**
Additions	2,393.06	-
Accretion of interest	116.96	-
Payment of lease liabilities	(492.64)	(180.00)
Balance at the end	**2,115.05**	**97.67**
Non -current	1,665.91	53.19
Current	449.14	44.48

b The following are the amounts recognised in profit or loss:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Depreciation on right-of-use assets (refer note no 4)	433.32	130.00
Interest expense on lease liabilities (refer note no 30)	116.96	-
Expense relating to short-term leases (refer not no 32)	94.45	374.63
Total amount recognised in statement of profit and loss	**644.74**	**504.63**

c Details of carrying amount of right-of-use assets and movement during the period.

i The maturity analysis of lease liabilities are disclosed in Note 40 (c) 'Liquidity Risk Management'

ii The effective interest rate for lease liabilities is 9%, with maturity between 2023-2028

iii Expense relating to short-term leases are disclosed under the head Rent paid in other expenses.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

17 PROVISIONS

17.1 Non Current Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Provision For Employees Benefit		
- Provision for Leave Salary (Refer Note No - 29)	527.62	465.97
Total	**527.62**	**465.97**

17.2 Current Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Provision For Employees Benefit		
- Provision for Gratuity (Refer Note No - 29)	4.48	0.00
- Provision for Leave Salary (Refer Note No - 29)	94.29	59.94
- Provision for Bonus	525.58	483.84
Total	**624.35**	**543.78**

notes:

i The Company presents provision for gratuity and leave salaries as current and non-current based on actuarial valuation considering estimates of availment of leave, separation of employees, etc.

ii Detailed disclosure in respect of post-retirement defined benefit scheme is provided in note 29

18 DEFERRED TAX LIABILITIES COMPRISES :

(₹ in Lakhs)

Particulars	Balance Sheet		Statement of profit and loss	
	As at 31st March, 2024	As at 31st March 2023	As at 31st March, 2024	As at 31st March 2023
Deferred tax liabilities, on account of				
Accelerated depreciation for tax purposes	9,897.86	7,080.28	2,817.58	1,145.28
Deferred tax assets, on account of				
Expenses allowable on payment basis	(214.12)	(195.28)	(18.84)	(195.28)
Fair valuation of Investments	126.59	0.00	126.59	
Right of Use and Lease as per Ind AS 116	(17.08)	0.00	(17.08)	
Deferred tax liabilities (net)	**9,793.24**	**6,885.00**	**2,908.24**	**950.00**

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Opening balance as per last balance sheet	6,885.00	5,935.00
Deferred tax charged/(credited) to profit and loss account during the year	2,781.65	950.00
Adjustment in respect of deferred tax of previous year	0.00	0.00
Deferred tax charged/(credited) to profit and loss account (Other Comprehensive Income) during the year	126.59	0.00
Deferred tax liabilities (net)	**9,793.24**	**6,885.00**

Reconciliation of tax expense and accounting profit for the year:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Profit before tax	**27,451.93**	**23,335.56**
Income tax expense calculated at 25.168%	6,909.10	5,873.09
Tax effect on non-deductible expenses	1,978.39	1,420.04
Effect of concessions (depreciation under income tax act)	(2,365.98)	(1,774.34)
Effect of Income which is taxed at special rates	-	-
Effect of Income which is deductible expenses under income tax	(1609.51)	(618.79)
Others	-	-
Total	**4,912.00**	**4,900.00**
Adjustment of tax relating to earlier periods	(306.27)	312.86
Tax expense as per Statement of Profit and Loss	**4605.73**	**5,212.86**

Deferred tax assets/ liabilities are the amounts of income taxes recoverable/ payable in future periods in respect of taxable temporary differences, respectively.

19 BORROWINGS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Repayable on demand from Banks (secured)		
- Cash Credit Facility	1,424.06	0.00
- Working Capital Demand Loan	8,007.15	11,063.77
- Packing Credit in foreign currency	15,648.52	7,517.12
- Loan from Related parties	0.00	2,090.40
Total	**25,079.73**	**20,671.29**

notes:

1 As at March 31, 2024, ₹ 25,079.73 lakhs (March 31, 2023: ₹ 20,671.29 lakhs) of the total outstanding borrowings were secured by a first charge on current assets and second charge of movable fixed assets

2 Working capital facilities from banks as at March 31, 2024 amounting to ₹ 8,007.15 lakhs (March 31, 2023 of ₹ 11,063.77 lakhs) were secured by a first pari passu charge on the stock of raw materials, finished goods, stock in

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

process, consumable stores and book debts of the Company. These credit facilities carry average interest rates in the range of 7.00% to 8.00% p.a. (31 March, 2023: 7.00% to 8.00% p.a.).

3 The company do not have any charges which are yet to be registered with ROC beyond the statutory period.

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

5 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.

6 **Currency and interest exposure of borrowings including current maturities is as below:**

(₹ in Lakhs)

Particulars	As at 31st March, 2024			As at 31st March 2023		
	Fixed Rate	Floating Rate	Total	Fixed Rate	Floating Rate	Total
a- Indian National Rupee (INR) - Total	-	9,431.21	9,431.21		13,154.17	13,154.17
b- United States Dollar (USD) - Total	-	15,648.52	15,648.52	0	7,517.12	7,517.12
	-	**25,079.73**	**25,079.73**		**20,671.29**	**20,671.29**
a - Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
b - United States Dollar (USD) - Hedged (interest rate swaps)	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
a -Indian National Rupee (INR) - Unhedged	-	9,431.21	9,431.21	-	7,517.12	7,517.12
b- United States Dollar (USD) - Unhedged	-	25,079.73	25,079.73	-	20,671.29	20,671.29
	-	**25,079.73**	**25,079.73**	**-**	**20,671.29**	**20,671.29**
% of Total Borrowings	**-**	**100.00%**	**100%**	**-**	**100%**	**100%**

All the floating rate borrowings are bank borrowings bearing interest rates based on Marginal Cost of Lending Rate (MCLR), Repo rate, Of the total floating rate borrowings as at March 31, 2024, ₹ 25.079.73 lakhs (March 31, 2023: 20,671.29).

20 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Trade & Non-Trade Payables		
(a) - Total Outstanding Dues of Micro enterprises and Small Enterprises; and	1,890.08	1,265.46
(b) - Total Outstanding dues of Creditors other than Micro enterprises and small enterprises	23,588.44	19,984.31
Total	**25,478.52**	**21,249.76**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

As at 31 March, 2024

Particulars	Payable but not due	Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3Year	More than 3 Year	Total
MSME	842.41	1,047.67	-	-	-	-	1,890.08
Others	13,918.90	7,960.56	356.68	260.84	534.02	557.44	23,588.44
Disputed Dues - MSME							-
Disputed Dues - Others							-
							25,478.52

As at 31 March, 2023

Particulars	Payable but not due	Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3Year	More than 3 Year	Total
MSME	1,265.46	-	-	-	-	-	1,265.46
Others	9,295.49	7,926.68	1,636.54	531.08	133.44	461.07	19,984.30
Disputed Dues - MSME							-
Disputed Dues - Others							-
							21,249.76

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (as amended)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
(a) Principal amount remaining unpaid to any supplier	1,890.08	1,265.46
(b) Interest on (i)(a) above	0	0
The amount of interest paid along with the principal payment made to the supplier		
Amount of interest due and payable on delayed payments	0	0
Amount of further interest remaining due and payable for the earlier years	0	0
Total outstanding dues of Micro and Small Enterprises		
- Principal	1,890.08	1,265.46
- Interest	0	0

21 OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
- Liability for Capital Goods	441.17	359.97
- Unclaimed Dividends	14.30	7.23
- Salaries, Wages, Bonus and Other Employee Payables	1,433.24	1,270.25
- Others Payables	953.74	669.90
Total	**2,842.45**	**2,307.34**

Note:

There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2024.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

22 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
- Advance Tax and Tax Deducted at Source (Net of Provision)	-	289.65
Total	**-**	**289.65**

23 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
- Statutory liabilities	521.41	263.25
- Advance from Customers and Others	562.78	1,005.41
Total	**1,084.19**	**1,268.66**

24 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars		For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	Sale of Manufactured Products	144,089.33	148,372.53
(b)	Sale of Traded Products	1,400.10	1,093.30
(b)	Sale of Services	1,313.47	870.01
(c)	Other Operating Revenues	3,410.29	788.94
Total		**150,213.20**	**151,124.78**

Other Operating Revenues

(₹ in Lakhs)

Particulars		For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	Export Benefits and Incentives	3,203.33	610.69
(b)	Scrap Sales	206.96	178.25
Total		**3,410.29**	**788.94**

Footnotes:

(a) **Disaggregate revenue information**

Refer Note 36 for disaggregated revenue information. The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contracts with customers

(b) In case of Domestic Sales, payment terms range from 60 days to 120 days based on geography and customers. In case of Export Sales these are either against documents at sight, documents against acceptance or letters of credit - 60 days to 120 days. There is no significant financing component in any transaction with the customers.

(c) The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.

(d) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

25 OTHER INCOME

(₹ in Lakhs)

Particulars		For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	**Interest Income**		
	Investments in debt instruments measured at fair value	7.34	-
	Other financial assets carried at amortised cost	39.67	-
(b)	**Dividend Income**		
	Dividends from Unquoted equity investments	929.48	123.93
(c)	**Other Non-operating Income**		
	Realised Gain on forward contract	65.34	-
	Miscellaneous Income	59.10	4.20
Total		**1,100.91**	**128.13**

26 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Opening Stock	19,243.54	19,035.56
Add: Purchases	78,268.49	90,153.05
	97,512.03	**109,188.61**
Less: Closing Stock	21,354.91	19,243.54
Total	**76,157.11**	**89,945.07**

27 PURCHASE OF STOCK IN TRADE

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Purchases of stock-in-trade	1,375.98	969.69
Total Purchases of Stock-in-Trade	**1,375.98**	**969.69**

28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Opening Inventories		
Finished Goods	21,190.05	17,251.57
Work-in-Progress	13,334.24	8,150.40
Total	**34,524.29**	**25,401.97**
Closing Inventories		
Finished Goods	24,821.38	21,190.05
Work-in-Progress	12,039.03	13,334.24
Total	**36,860.41**	**34,524.29**
(Increase)/decrease in inventories	**(2,336.12)**	**(9,122.32)**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

29 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars		For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	Directors' Remunderation and Commission	1,018.56	824.23
(b)	Salaries, Wages and Bonus	10,708.48	10,126.05
(c)	Contribution to Provident and Other Funds	749.80	770.33
(d)	Staff welfare expenses	533.65	495.41
(e)	Expenses on Employees Stock Options Scheme	22.84	-
Total		**13,033.33**	**12,216.01**

A Post-employment benefits

(i) Provident Fund (defined contribution plan)

The company has certain defined contribution plans. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the period towards defined contribution plan are ₹ 591.46 lakhs (PY ₹ 542.61 lakhs).

(ii) Retirement Gratuity (defined benefit plans)

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days salary multiplied by number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk

. Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

(i) Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit.

(ii) Interest risk:

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the value of plan's debt investments.

(iii) Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

(iv) Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

Details of defined benefit obligations and plan assets (Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

(₹ in Lakhs)

	Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Obligation at the beginning of the year	1,297.93	1,049.59
	Current service cost	158.15	141.19
	Past Service Cost		
	Interest costs	97.60	75.89
	Remeasurement (gain)/loss	174.29	60.21
	Benefits paid	(64.62)	(28.95)
	Obligation at the end of the year	**1,663.36**	**1,297.93**
(b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	1,153.86	978.99
	Interest income	86.77	70.78
	Assets Transferred In/Acquisitions	512.36	0
	Employers' contribution	0.00	133.40
	Benefits paid	(64.62)	(28.95)
	Return on Plan Assets, Excluding Interest Income	(29.50)	(0.36)
	Fair value of plan assets at the end of the year	**1,658.87**	**1,153.86**
(c)	**Net defined benefit asset/ (liability) recognised in the balance sheet**		
	Present Value of Obligation	1,663.36	1,297.93
	Fair Value of Plan Assets	(1,658.87)	(1,153.86)
		4.48	144.07
	Recognised as:		
	Provision for Gratuity (non-current)	0	0
	Provision for Gratuity (current)	4.48	144.07
(d)	**Expense/(gain) recognised in the statement of profit and loss consists of:**		
	Employee benefits expenses:	**0.00**	**0.00**
	Current service cost	158.15	141.19
	Net Interest Cost	10.83	5.10
	Net defined benefit expense debited to statement of profit and loss	**168.99**	**146.30**
(e)	**Remeasurement (gain)/ loss recognised in other comprehensive income**		
	Return on Plan Assets, Excluding Interest Income	174.29	60.21
	Actuarial (Gains)/Losses on Obligation For the Period	29.50	0.36
	Recognised in other comprehensive income	**203.79**	**60.57**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

	Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(f)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds	100.00	100.00
(g)	**Principal assumptions used in determining defined benefit obligation**		
	Discount Rate	7.23%	7.52%
	Rate of escalation in Salary	5.00%	5.00%
	Rate of Employee Turnover	5.00%	5.00%
	Mortality Rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
(h)	**Maturity profile of defined benefit obligation**		
	1st following year	148.11	163.68
	2nd following year	137.40	103.65
	3rd following year	151.77	92.09
	4th following year	158.49	100.58
	5th following year	159.03	108.84
	Sum of year 6 To 10	719.31	547.01
	Sum of years 11 and above	1838.12	1646.97
(i)	**Sensitivity analysis for significant assumptions:**		
	Defined Benefit Obligation on Current Assumptions	1,663.36	1,297.93
	Delta Effect of +1% Change in Rate of Discounting	(115.87)	(92.01)
	Delta Effect of -1% Change in Rate of Discounting	133.04	106.38
	Delta Effect of +1% Change in Rate of Salary Increase	128.25	103.41
	Delta Effect of -1% Change in Rate of Salary Increase	(114.01)	(91.40)
	Delta Effect of +1% Change in Rate of Employee Turnover	21.39	20.34
	Delta Effect of -1% Change in Rate of Employee Turnover	(24.35)	(23.32)

notes:

(i) The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(ii) The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(iii) Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

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

(v) The Company is expected to contribute ₹ 198.29 lakhs to defined benefit plan obligations funds for the year ended March 31, 2025.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(vi) Expected return on assets is determined by multiplying the opening fair value of the plan assets by the expected rate of return determined at the start of the annual reporting period, taking account of expected contributions & expected settlements during the reporting period.

(vii) The Weighted Average Duration of the Plan works out to 9 years.

(viii) **Asset Liability matching strategy:**

The money contributed by the Company to the Gratuity fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance Company. The insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy. There is no compulsion on the part of the Company to fully prefund the liability of the Plan.

Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy. There is no compulsion on the part of the Company to fully prefund the liability of the Plan.

B Other long-term employee benefits

Annual Leave

(a) Financial Assumptions

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Discount Rate		
Discount Rate	7.23%	7.52%
Salary increases allowing for Price inflation	5.00%	5.00%

(b) Demographic Assumptions

	As at 31st March, 2024	As at 31st March, 2023
Mortality	Indian Assured Lives Mortalit 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Employee Turnover	5.00%	5.00%
Leave Availment Ratio	2%	2%

30 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a) on borrowings from banks	1,546.49	2,048.85
(b) on lease obligations	116.96	0
Total	**1,663.46**	**2,048.85**

notes:

On adoption of Ind AS 116 Leases, the Company has recognised Right-of-use assets and created lease obligation representing present value of future minimum lease payments. Unwinding of such obligation is recognised as interest expense..

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

31 DEPRECIATION AND IMPAIRMENT EXPENSES

(₹ in Lakhs)

Particulars		For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	Depreciation of Property, Plant and Equipment (Refer Note 4)	6,041.05	5,442.83
(b)	Amortisation of Intangible Assets (Refer Note 4)	127.00	4.43
(c)	Depreciation of Right of Use (ROU) Assets (Refer Note 4)	433.32	130.00
Total		**6,601.38**	**5,577.26**

32 OTHER EXPENSES

(₹ in Lakhs)

Particulars		For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	Consumption of Power and water	8,291.97	7,422.25
(b)	Freight and handling charges	1,940.91	1,796.63
(c)	Processing Charges	887.11	891.41
(d)	Labour Charges	3,516.14	3,192.89
(e)	Safety & Security Charges	258.25	225.52
(f)	**Repairs and Maintenance**		
	Repairs to Building	283.52	172.14
	Repairs to Plant & Machinery	3,466.40	3,058.01
(g)	Insurance Charges	453.28	825.06
(h)	Research & Development Expenses	837.01	1,396.05
(i)	Loading & Unloading charges	90.56	107.27
(j)	Rates and Taxes	318.77	166.91
(k)	Legal & Professional Fees	665.21	493.42
(l)	Director Sitting Fees	16.86	6.50
(m)	Auditor's Remuneration (note (a) below)	13.86	14.01
(n)	Export, C&F and Freight Expenses	1,549.17	1,820.53
(o)	Advertisement & Sales Promotion	639.92	512.90
(p)	Rent paid	94.45	374.63
(q)	Commission and Incentives on sales	698.82	616.27
(r)	Provision for Bad and Doubtful Debts	106.76	150.31
(s)	Sample Testing and Laboratory charges	979.59	909.92
(t)	- Corporate Social Responsibility (note (b) below)	272.00	65.00
(u)	Miscellaneous Expenses	1,986.47	2,065.17
Total		**27,367.04**	**26,282.81**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

notes:

(a) Details of payments to Auditors (excluding GST)

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Payment to Auditors		
(a) for Statutory Audit	12.55	12.50
(b for Other Services - Certification	0.85	1.25
(c) for Reimbursement of Expenses	0.46	0.26
Total	**13.86**	**14.01**

(b) Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. Details are as under:

Details of CSR Expenditure:

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a) Gross amount required to be spent by the Company during the year	244.72	56.54
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset		
On purposes other than above	244.72	56.54
Total		
(c) Amount spent during the year		
Construction / acquisition of any asset		
On purposes other than above		
Total		
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance - With Company		
- In Separate CSR Unspent A/c		
Amount required to be spent during the year		
Amount spent during the year - From Company's bank A/c'		
- From Separate CSR Unspent A/c		
Closing Balance - With Company		
- In Separate CSR Unspent A/c		
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	-8.46	0.00
Amount required to be spent during the year	244.72	56.54
Amount spent during the year	272.00	65.00
Closing balance (Excess spent)	**-35.74**	**-8.46**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(e) Details related to spent / unspent obligations :		
(i) Education and skill Development	89.03	41.76
(ii) Livestock Development	55.44	
(iii) Medical Grants, Healthcare Facilities	45.00	
(iv) Tribal Welfare, Rural and socially backward society Development	0.00	20.00
(v) Water Manage ment- Conservation	20.00	
(vi)Women Empower ment And Livelihood	50.00	
(vii) Green Environment Project	12.53	
(viii) Health Care		1.24
(ix) General Welfare Activities		2.00
- Ongoing projects		
- Other than ongoing projects		

33 EARNING PER SHARE (EPS):

	Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(a)	Net Profit available for Equity Shareholders (₹ in Lakhs)	20,064.54	17,172.69
(b)	No. of Equity Shares as per financial statement	90,626,008	90,626,008
(c)	Weighted average number of Equity Shares for Basic Earnings Per Share* (nos.)	90,626,008	90,626,008
(d)	Weighted average number of Equity Shares for Diluted Earnings Per Share** (nos.)	90,633,564	90,626,008
(e)	Basic Earnings Per Share (in ₹)	22.14	18.95
(f)	Diluted Earnings Per Share (in ₹)	22.14	18.95

Footnotes:

(a) Basic EPS is calculated by dividing profit for the year attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year.

(b) Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

(c) *Number of Shares for Computation of EPS*

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Basic EPS (in Nos)		
Existing number of equity shares	90,626,008	90,626,008
Weighted average number of Equity Shares	**90,626,008**	**90,626,008**
Diluted Earnings Per Share (in Nos)		
Existing number of equity shares	90,626,008	90,626,008
ESOP (with effect from 4th January 2024)	7,556	0
Weighted average number of Equity Shares	**90,633,564**	**90,626,008**

34 STOCK OPTION SCHEMES

(i) Terms:

The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested over a period of 1 year, subject to the discretion of the management and fulfillment of certain conditions.

Options can be exercised anytime within a period of 3 years from the date of vesting and would be settled by way of issue of equity shares

(ii) **The details of the grants under the aforesaid schemes under various series are summarised below::**

	Particulars	For the Year Ended 31-03-2024
i	Grant price - (R)	5.00
ii	Grant dates	04/01/2024
iii	Vesting commences on	04/01/2025
iv	Options granted and outstanding at the beginning of the year	-
v	Vesting commences on	-
vi	Options granted	31,700
vii	Options exercised	-
viii	Options granted and outstanding at the end of the year, of which	31,700
ix	Options vested	-
x	Options yet to vest	31,700
xi	Weighted average remaining contractual life of options (in years)	

Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2023-24 is ₹ 22.84 Lakhs (previous year: Nil), pursuant to the employee stock option schemes . The entire amount pertains to equity-settled employee share-based payment plans.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

The fair value of the options granted during the year has been calculated as per the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

	Particulars	For the Year Ended 31-03-2024
i	Risk-free interest rate	7.18%
ii	Expected life of options	2.5
iii	Expected volatility	0.5496
iv	Expected dividends over the life of the option	0.40%
v	Share price as on grant date	497
vi	Exercise price	5
vii	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option

35 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Contingent Liabilities

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Claims against the Company not acknowledged as debts		
(i) Bank Guarantees issued to Statutory Authorities and other bodies	33.81	1.00
Total	**33.81**	**1.00**

(b) Commitments

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Estimated amount of contracts remaining to be executed on		
Capital account and not provided for (net of advances)	2,869.12	2,085.46
Total	**2,869.12**	**2,085.46**

36 SEGMENT INFORMATION

The operating segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, who are the Chief Operating Decision Makers (CODM). The board responsible for allocating resources and assessing the performance of operating segments. Accordingly, the reportable segment is only one segment i.e. Pharmaceuticals.

(a) Revenue from Type of Product and Services

There is only one operating segment of the Company which is based on nature of product. Hence the revenue from external customers shown under geographical information is representative of revenue based on product and services. .

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(b) Geographical Information

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
Segment Revenue - (Sales & other operating revenue)		
Within India (include Deemed Export)	72,839.99	84,207.49
Outside India	74,169.88	66,306.60
Total revenue from customers	**145,609.77**	**149,420.80**
Add : Incentive	3,203.33	610.69
Total	**1,50,213.20**	**1,51,124.79**

(c) Information about major customers

During the year ended March 31, 2024 and March 31, 2023, no single customer contributed 10% or more to the Company's revenue.

37 RESEARCH & DEVELOPMENT EXPENSES

(₹ in Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
Capital expenditure		
(i) Tangible Assets	2107.49	433.36
(ii) Intangible Assets	4,318.09	3,004.06
Total	**6425.58**	**3437.42**

38 RELATED PARTY TRANSACTIONS

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below:

(a) Subsidiaries (where control exists):

Particulars	Country of Incorporation	% of Holding as at 31.03.2024	% of Holding as at 31.03.2023
(i) Aarti USA Inc	USA	100.00	100.00
(ii) Aarti Pharmachem Limited	India	100.00	100.00

(b) Joint Ventures (where control exists):

Particulars	Country of Incorporation	% of Holding as at 31.03.2024	% of Holding as at 31.03.2023
(i) Ganesh Polychem Limited	India	50.00	50.00

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

(c) Key Managerial Personnel:

Name	Designation
(i) Shri Rashesh C. Gogri	Chairman
(ii) Smt. Hetal Gogri Gala	Vice Chairperson & Managing Director
(iii) Shri Narendra Salvi	Managing Director
(iv) Shri Rajendra V. Gogri	Non- Executive Director
(v) Shri Parimal H. Desai	Non- Executive Director
(vi) Smt Nehal Garewal	Non- Executive Director (w.e.f. May 13, 2024)
(vii) Shri Vilas Gaikar	Independent Director
(viii) Shri Bhavesh Vora	Independent Director
(ix) Shri Vinay Nayak	Independent Director
(x) Smt. Jeenal Savla	Independent Director
(xi) Smt. Rupal Vora	Independent Director
(xii) Shri Pradeep Thakur	Independent Director (w.e.f. May 13, 2024)
(xiii) Shri Piyush Lakhani	Chief Financial Officer
(xiv) Shri Nikhil Natu	Company Secretary

(d) Close family members of Key Managerial Personnel who are under the employment of the Company:
Shri Chandrakant V Gogri

(e) Other entities/persons where significant influence exist:

(i) Post employment-benefit plan entity
The Trustees Aarti Pharmalabs limited

(ii) Entities Controlled/Significantly influenced by Directors/ Close Family Members of Directors/ Promotors/ Group of Promotoers

Aarti Industries Limited

Aarti Drugs Limited

Alchemie Gases and Chemicals Private Limited

Valiant Organics Limited

Aarti USA Inc

Ganesh Polychem Limited

Valiant Laboratories Limited

Alchemie Finechem Limited

Pinnacle Lifesciences Private Limited

Aanvi Speciality Chemicals

Prozeal Green Energy Private Limited

Aarti Venture Limited

Alchemie Europe Ltd

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

Compensation of key management personnel of the Company:

(₹ in Lakhs)

Particulars	For the Year Ended 31-03-2024	For the Year Ended 31-03-2023
(i) Short-term employee benefits including Remuneration and Commission	1,097.87	890.05
(ii) Director Sitting fees	16.86	6.50

Details of transactions with and balances outstanding of subsidiaries and joint venture :

(₹ in Lakhs)

Name of related party	Nature of transaction	For the Year Ended 31-03-2024		For the Year Ended 31-03-2023	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Aarti USA INC	Equity Investment	-	65.76	-	65.76
	Revenue from Sale of Products	742.25	196.36	317.34	517.96
Aarti Pharmachem Limited	Equity Investment	-	25.00	-	25.00
Ganesh Polychem Limited	Equity Investment	-	1,260.86	-	1,260.86
	Purchase of goods or services	39.17		22.73	
	Revenue from Sale of Products	693.70	278.45	681.71	431.40

Details of transactions with and balances outstanding of Entities Controlled/Significantly influenced by Directors/ Close Family Members of Directors/ Promotors/ Group of Promotoers

(₹ in Lakhs)

Name of related party	Nature of transaction	For the Year Ended 31-03-2024		For the Year Ended 31-03-2023	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Shri Chandrakant V Gogri	Rent	9.87	0.97	9.87	0.97
The Trustees Aarti Pharmalabs limited	Contribution to the Gratuity Funds	17.72	1,658.87	143.25	1,153.86
Aarti Industries Limited	Purchase of goods or services	8379.28	(4507.70)	13,261.14	(473.00)
	Revenue from Sale ofProducts	3809.46		7,255.13	0.00
Aarti Drugs Limited	Purchase of goods or services	5.21		1.94	
	Revenue from Sale ofProducts	179.67	36.76	291.49	102.47
Alchemie Gases and Chemicals Private Limited	Purchase of goods or services	7.01	0.00	23.17	
	Revenue from Sale ofProducts	0.00	2.65	0.00	2.87
Valiant Organics Limited	Purchase of goods or services	2655.43	(292.64)	247.95	
	Revenue from Sale ofProducts	1642.32		1,121.92	679.63
Valiant Laboratories Limited	Purchase of goods or services	776.98		0.00	
	Revenue from Sale ofProducts	336.36	54.40	514.37	166.79

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

Name of related party	Nature of transaction	For the Year Ended 31-03-2024		For the Year Ended 31-03-2023	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Alchemie Finechem Limited	Purchase of goods or services	70.61		0.00	(722.56)
	Revenue from Sale ofProducts	1,205.17	120.48	0.00	0.00
Pinnacle Lifesciences Private Limited	Purchase of goods or services	0.00	0.00		(5.74)
	Revenue from Sale ofProducts	44.99	10.98	13.83	0.00
Aanvi Speciality Chemicals	Purchase of goods or services	133.96	(30.92)	67.87	(10.87)
	Revenue from Sale ofProducts	10.04	0.00	20.99	0.00
Prozeal Green Energy Private Limited	Purchase of goods or services	460.40	(4.57)	0.00	0.00
	Revenue from Sale ofProducts	0.00	0.00	0.00	0.00
Aarti Venture Limited	Interest Income	52.67		51.35	
	Looan given / (repayment)	0.00		107.26	
	Investment		738.65		738.75
	Loan ICD & Interest receivable		684.11		631.44
Alchemie Europe Ltd	Revenue from Sale of Products	(33.20)	0.00	74.79	25.90

The company has given unsecured loan to Aarti Ventures Limited. The loan carries interest rate of 9 % p.a. and is relayable on demand.

39 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATION AND FAIR VALUES

Disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures

Category-wise classification for applicable financial assets:

(₹ in Lakhs)

Particulars	Current/ NonCurrent	As at 31st March'2024				As at 31st March'2023			
		Carrying Amount	Fair Value			Carrying Amount	Fair Value		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets									
Financial assets measured at cost									
Investment in Subsidiaries	Non- Current	1,351.62				1,351.62			
Financial assets measured at amortised cost									
Security Deposits	Non- Current	1,065.85				883.25			
Loans to Other	Non- Current	585.23				585.23			
Trade Receivables	Current	44,882.30				37,166.86			
Cash on hand	Current	8.11				9.16			
Balance with Banks	Current	391.51				20.93			
Other Fixed Deposits	Current	43.09				7.23			
Loans to employees	Current	92.57				101.19			
Interest Receivable	Current	222.34				108.97			
Other Receivables	Current	405.86				397.57			
		49,048.47				**40,632.00**			

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	Current/ NonCurrent	As at 31st March'2024				As at 31st March'2023			
		Carrying Amount	Fair Value			Carrying Amount	Fair Value		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets measured at fair value through other comprehensive income (FVTOCI)									
Investments in Equity Shares	Non - Current	3,031.53		3,031.53		2,915.67		2,915.67	
Investments in Bonds	Current	1,783.07	1,783.07	0	0	1,280.85	1,280.85	0	0
		4,814.60	1,783.07	3,031.53	0	4,196.52	1,280.85	2,915.67	0
Total Financial Assets		**53,863.06**	**1,783.07**	**3,031.53**	**0**	**44,828.52**	**1,280.85**	**2,915.67**	**0**
Financial Liabilities									
Financial liabilities measured at amortised cost"									
Long term borrowings - Term Loans from Banks	Non - Current	0.00							
Long-term maturities of lease obligations	Non - Current	1,665.91				53.19			
Short -term maturities of lease obligations	Current	449.14				44.48			
Short term borrowings - Working capital loans from Banks	Current	25,079.73				20,671.29			
Trade Payables									
- Due to Micro, Small and Medium Enterprises"	Current	1,890.08				1,265.46			
- Due to Others	Current	23,588.44				19,984.31			
Creditors for Capital Goods		441.17				359.97			
Unclaimed Dividends		14.30				7.23			
Other Current Liabilities		2,386.98				1,940.15			
Total Financial Liabilities		**55,515.75**				**44,326.07**			

Fair value hierarchy

Level 1 : Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in This is the case for unlisted equity securities, listed redeemable preference shares for which sufficient observable market data was not available during the year, etc. included in level 3.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level followed is given in the table above

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's Risk Management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's Risk Management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, trade receivables and other receivables and financial liabilities comprise mainly of borrowings, trade payables and other payables

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in market interest rates. Company's interest rate risk arises from borrowings

The following table demonstrates the sensitivity on the Company's profit before tax, to a reasonably possible change in interest rates of variable rate borrowings on that portion of loans and borrowings affected, with all other variables held constant:

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax

(₹ in Lakhs)

Particulars	FY 2023-24	FY 2022-23
50 BPS increase would (decrease) the Profit before Tax by	125.40	103.36
50 BPS decrease would increase the Profit before Tax by	-125.40	-103.36

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts in several currencies and consequently the Company is exposed to foreign exchange risk through its sales outside India, and purchases from overseas suppliers in various foreign currencies. The company also has borrowings in foregin currency. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates / depreciates against these currencies. Foreign currency exchange rate exposure is partly balanced by purchase of raw materials and services in the respective currencies.

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

(₹ and FC in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Amount in foreign currency	Amount in Rupees INR	Amount in foreign currency	Amount in Rupees INR
Liabilities				
United States Dollar (USD)	(239.23)	(19,947.62)	(133.27)	(10,951.08)
Euro	(0.52)	(44.38)	0.00	0.00
AED	(0.13)	(2.77)	0.00	0.00
Chinese RMB\CNY	(2.70)	(31.00)	(2.70)	(26.19)
	(242.57)	**(20,025.77)**	**(135.97)**	**(10,977.27)**
Assets				
United States Dollar (USD)	291.34	24,300.69	168.10	13,812.73
Euro	0.26	23.02	1.32	118.47
GBP	0	10	0.43	43.21
AED	24.96	566.79	10.10	225.94
CNY	3.44	39.49	0.00	0.00
CHF	0.37	33.72	0.51	46.07
	320.46	**24,973.80**	**180.46**	**14,246.43**
Net foreign currency denominated monetory liability/(asset) (total)				
United States Dollar (USD)	52.11	4,353.06	34.83	2,861.65
Euro	(0.26)	(21.36)	1.32	118.47
GBP	0.10	10.09	0.43	43.21
AED	24.83	564.02	10.10	225.94
CNY	0.74	8.49	(2.70)	(26.19)
CHF	0.37	33.72	0.51	46.07
	77.88	**4,948.03**	**44.49**	**3,269.15**
Foreign exchange derivatives				
USD (Hedged) - Currency swaps against foreign currency borrowings	115.00	9,592.15	50.00	4,110.00
	115.00	**9,592.15**	**50.00**	**4,110.00**
Net foreign currency denominated monetory liability/(asset) (unhedged)				
United States Dollar (USD)	(62.89)	(5,239.09)	(15.17)	(1,248.35)
Euro	(0.26)	(21.36)	1.32	118.47
GBP	0.10	10.09	0.43	43.21
AED	24.83	564.02	10.10	225.94
CNY	0.74	8.49	(2.70)	(26.19)
CHF	**0.37**	**33.72**	**0.51**	**46.07**
	(37.12)	**(4,644.12)**	**(5.51)**	**(840.85)**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

Foreign Currency Risk Sensitivity

The following tables demonstrate foreign currency sensitivity on unhedged exposure (0.5% increase / decrease in foreign exchange rates will have the following impact on profit before tax).

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Particulars	FY 2023-24		FY 2022-23	
	+50 bps	-50 bps	+50 bps	-50 bps
United States Dollar (USD)	(26.20)	26.20	(6.24)	6.24
Euro	(0.11)	0.11	0.59	(0.59)
GBP	0.05	(0.05)	0.22	(0.22)
AED	2.82	(2.82)	1.13	(1.13)
CNY	0.04	(0.04)	(0.13)	0.13
CHF	0.17	(0.17)	0.23	(0.23)

(iii) Equity Price Risk

The Company's investments in listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

The following table summarises the sensitivity to change in the price of equity securities held by the Company on the Company's Equity and OCI. These changes would not have an effect on profit or loss.

Particulars	Impact on other components of equity (OCI)	
	FY 2023-24	FY 2022-23
1% increase	48.15	41.97
1% decrease	(48.15)	(41.97)

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade receivables and deposits with banks and other financial assets. The Company ensures that sales of products are made to customers with appropriate creditworthiness. Outstanding customer receivables are regularly monitored by the management. An impairment analysis is performed at each reporting date on an individual basis for major customers. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks.

Refer footnotes c and d below note no.10 for ageing of trade receivables and movement in credit loss allowance.

(C) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations without incurring unacceptable losses. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company have access to undrawn lines of committed borrowing/facilities. The Company invests its surplus funds in bank fixed deposits and in mutual funds, which carry no or low market risk. The company consistently generates sufficient cash flows from operations or from cash and cash equivalents to meet its financial obligations including lease liabilities as and when they fall due.

Notes Forming Part of Standalone Financial Statements
for the Year Ended 31st March 2024

(i) **Financing arrangements**

Particulars	FY 2023-24	FY 2022-23
Secured borrowing facilities		
- Amount used	25,079.73	18,580.89
- Amount unused	22,620.27	19,119.11
Total	**47,700.00**	**37,700.00**

(ii) **Financing arrangements**

Maturity profile of financial liabilities

Particulars	March 31, 2024		
	Less than 1 year	Between 1 to 5 years	Over 5 years
As on 31st March, 2024			
- Borrowings	25,079.73	0.00	
- Lease Liabilities	449.14	1,665.91	
- Trade Payables	25,478.52		
- Other Financial Liabilities	2,842.45		
Total	**53,849.85**	**1,665.91**	**0**

Particulars	March 31, 2023		
	Less than 1 year	Between 1 to 5 years	Over 5 years
As on 31st March, 2023			
- Borrowings	20,671.29		
- Lease Liabilities	44.48	53.19	
- Trade Payables	21,249.76		
- Other Financial Liabilities	2,307.34		
Total	**44,272.87**	**53.19**	**0**

(D) **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 shareholders. The primary objective of the Company's capital management is to maximise the shareholder value, safeguard business continuity and support the growth of the Company. The Company manages its capital structure and makes suitable adjustments in light of changes in economic conditions..

Particulars	FY 2023-24	FY 2022-23
Borrowings - Current and Non-Current	25,079.73	20,671.29
Long-term maturities of Lease obligations	1,665.91	53.19
Current maturities of Lease obligations	449.14	44.48
Less: cash and cash equivalent	(399.62)	(30.09)
Less: other balances with banks	(43.09)	(7.23)
Less: current investments	(1,783.07)	(1,280.85)
Net Debts	**24,969.01**	**19,450.79**
Total Equity	162,145.98	143,857.80
% Net debt to equity ratio	**15.40%**	**13.52%**

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

41 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 definedunder the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued bythe 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:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

(ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(g) Undisclosed Income

The Company has not had any such transaction which is not recorded in the books of accounts that has been surrenderedor disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or surveyor any other relevant provisions of the Income Tax Act, 1961).

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

(h) 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

.(i) Utilisation of Borrowed Funds and Share Premium

The borrowed funds have been utilised for the specific purpose for which the funds were raised.

(j) 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.

(k) 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

(l) 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:

(i) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(ii) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on 13th May, 2024 there were no material subsequent events to be recognized or reported that are not already disclosed.

42 RATIO ANALYSIS

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance	Reasoning
a) Current Ratiio	Current Assets	Current Liabilities = Total current liabilities - Current maturities of non-current borrowings and lease obligations	2.06	2.09	-1.33%	Not Applicable
b) Net DebtEquity ratio	Net debt = Non-current borrowings + Current borrowings + Non-current and current lease liabilities - Current investments - Cash and cash equivalents - Other balances with banks (including noncurrent earmarked balances)	Equity [Equity = Equity share capital + Other equity]	0.15	0.14	13.89%	Not Applicable

Notes Forming Part of Standalone Financial Statements

for the Year Ended 31st March 2024

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance	Reasoning
c) Debt Service Coverage Ratio	Earnings before interest, tax, Depreciation & Amortisation	Total debt service [Total debt service = Finance Cost + Long Term Borrowings + Current Portion of Long Term Borrowings + Lease Liabilities	9.45	14.42	-34.47%	Company Debt increased in 23-24 compared to previous year on accounts of increase capex and working capital
d) Return on Equity Ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	13.11%	12.61%	3.97%	Not Applicable
e) Inventory Turnover Ratio	Cost of goods sold	Average Inventory	1.34	1.67	-19.37%	Not Applicable
f) Trade Receivables Turnover Ratio	Revenue from Sale of Products and Services	Average Trade Receivable	3.66	4.47	-18.12%	Not Applicable
g) Trade Payable Turnover Ratio	Adjusted Expenses [Adjusted Expenses = Total Expenses - Finance Cost - Depreciation and Amortisation Expense – Employee Benefit Expenses – Other expenses with respect to Rates & Taxes, Provision for Doubtful Debts, Sundry Balances Written-off, CSR and Foreign Exchange Gain/Loss]	Average Trade Payable	4.37	6.27	-30.23%	Average Trade Payable decreased due to better credit terms.
h) Net Capital Turnover Ratio	Revenue from Operations	Average Working capital = Current assets – Current liabilities	2.78	3.32	-16.22%	Not Applicable
i) Net Profit Ratio	Profit after tax	Revenue from operations	13.37%	11.32%	18.11%	Not Applicable
j) Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Assets - Current Liabilities	17.90%	16.00%	11.85%	Not Applicable
k) Return of Investment	Earnings before interest and tax	Average Investments	14.43%	14.45%	-0.10%	Not Applicable

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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

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 of
Aarti Pharmalabs Limited

Report on the Audit of the Consolidated Financial Results

OPINION

We have audited the accompanying Statement of Consolidated Financial Results of Aarti Pharmalabs Limited ('Holding Company'), its subsidiaries and joint controlled entity (Holding Company together with its subsidiaries and joint controlled entity 'the Group') ,which comprise the Consolidated Balance Sheet as at 31 March, 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated 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 "Consolidated financial statements").

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

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Holding Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of (ICAI) together with the ethical requirements that are relevant to our audit of the 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 and on consideration of audit reports of other auditors referred to in "Other Matters" section below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated financial statements for the year ended 31 March, 2024. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditors' Response
Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress) The carrying value of property, plant and equipment (including capital work in progress) as on 31 March 2024 is of ₹ 1,07,271.69 Lakhs and as on 31 March 2023 of ₹ 98,494.05 Lakhs, includes ₹ 13,941.30 lakhs capitalised/transferred from capital work in progress during FY 2023-24 (₹20,637.37 lakh for FY 2022-23). Cost Recognition of Property, Plant and Equipment as specified in IndAS 16 is based on completion of asset construction activities and management assessment and judgement that the asset is capable of operating in the manner intended.	Our audit procedures, amongst others, include the following - a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment. c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment as well as its assessment that the asset is ready for its intended use.

Key Audit Matters	Auditors' Response
The asset capitalisation is the outcome of various procurements, approvals from operations experts in the Company and judgements by the management and therefore, required significant audit attention. Refer Note 4: Property, Plant and Equipment in Notes to the consolidated financial statements	d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs. e) Ensuring adequacy of disclosures in the standalone financial statements.

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 to the extent information available 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 RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL RESULTS.

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 Results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL RESULTS

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Results 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 Results.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the 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 the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the Financial Results/financial information of the entities within the Group to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, 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 Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results 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 Results.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended 31 March, 2024 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. Financial Results of Subsidiaries not audited by us.

The consolidated financial results include the audited financial results of 1 subsidiary and 1 Jointly controlled entity whose financial results, considered in the consolidated financial statements, reflect total assets of ₹ 18,492.69 lakhs (before consolidation adjustments) as at 31 March 2024, total revenues of ₹ 16,938.54 lakhs (before consolidation adjustments) and total net profit after tax of ₹ 2,399.35 lakhs (before consolidation adjustments) for year ended 31 March 2024 and cash outflows (net) of ₹ 302.27 lakhs (before consolidation adjustments) for the year ended 31 March 2024 respectively as considered in the consolidated financial results, which have been audited by their respective independent auditors. The independent auditors' reports on financial results of these entities have been furnished to us and our opinion on the consolidated

Financial Results, 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.

a) The consolidated financial results include the audited financial results of 1 foreign subsidiary whose financial results/ financial information reflects total assets of ₹ 11,611.57 lakhs (before consolidation adjustments) as at 31 March 2024, total revenues of ₹ 18,819.21 lakhs (before consolidation adjustments) and total net profit after tax of ₹119.34 lakhs (before consolidation adjustments) for year ended 31 March 2024 and cash inflows (net) of ₹ 1084.00 lakhs (before consolidation adjustments) for the year ended 31 March 2024 respectively as considered in the consolidated financial results. These audited financial statements have been furnished to us by the board of directors and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such audited financial statements.

These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified/approved by the respective Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 underlying books of account maintained by holding company, subsidiaries and jointly controlled entity for the purpose of preparation of the Consolidated Financial Statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2024, taken on record by the Board of Directors of the Holding Company and reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group is disqualified as on 31 March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

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 35 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 were no 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. 41 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. 41 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,

a) 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.

b) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

(vi) Based on our examination which included test checks, the Holding Company and subsidiaries incorporated in India and jointly controlled entity has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable to the Group with effect from 1st April 2023, and accordingly, reporting under Rule11(g) of Companies (Audit and Auditors) Rules,2014 on preservation of audit trail as per the statutory requirement for record retention is not applicable for the financial year ended 31 March, 2024.

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 in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries and jointly controlled entity included in the consolidated financial statements, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

Tejas Parikh
Partner
Membership Number: 123215
UDIN: 24123215BKBOAC5165

Place: Mumbai
Date: 13 May 2024

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 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, 2024, in conjunction with our audit of the Consolidated financial statements of the Group for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiaries 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 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 incorporated in India and jointly controlled entity, 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

Tejas Parikh
Partner
Membership Number: 123215
UDIN: 24123215BKBOAC5165

Place: Mumbai
Date: 13 May 2024

Consolidated Balance Sheet

as at 31st March, 2024

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2024	As at 31st March 2023
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	4	99,421.98	92,273.69
(b) Capital Work-in-Progress	4	7,849.71	6,220.37
(c) Right to use Assets	4	2,047.17	113.75
(d) Goodwill	4	178.06	178.06
(e) Other Intangible Assets	4	1,685.44	18.09
(f) Intangible Assets Under Developments	4	5,841.96	3,966.88
(g) Financial Assets			
(i) Investments	5.1	3,677.95	3,552.49
(ii) Loan	6.1	585.23	585.23
(iii) Other Financial Assets	7.1	1,132.90	943.81
(h) Other Non-Current Assets	8.1	1,226.02	249.43
Total Non-Current Assets		**1,23,646.41**	**1,08,101.79**
2 Current Assets			
(a) Inventories	9	64,285.84	60,204.10
(b) Financial Assets			
(i) Investments	5.2	7,039.39	5,099.01
(ii) Trade Receivables	10	51,934.44	45,010.38
(iii) Cash and Cash Equivalents	11	2,363.49	1,212.12
(iv) Bank Balances Other than Cash & Cash Equivalents	12	43.09	7.23
(v) Loans	6.2	125.11	125.03
(vi) Other Financial Assets	7.2	628.20	509.16
(c) Current Tax Assets (Net)	13	344.28	-
(d) Other Current Assets	8.2	7,800.24	4,133.56
Total Current Assets		**1,34,564.10**	**1,16,300.59**
TOTAL ASSETS		**2,58,210.51**	**2,24,402.38**
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	14	4,531.30	4,531.30
(b) Other Equity	15	1,71,172.62	1,51,317.36
Total Equity		**1,75,703.92**	**1,55,848.66**
2 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16.1	3.88	18.35
(ii) Lease Liabilities	17.1	1,665.91	53.19
(b) Provision	18.1	605.90	536.08
(c) Deferred Tax Liabilities (Net)	19	10,792.00	7,883.76
Total Non-Current Liabilities		**13,067.68**	**8,491.38**
Current Liabilities		13,067.68	8,491.38
(a) Financial Liabilities			
(i) Borrowings	16.2	26,406.47	21,415.26
(ii) Lease Liabilities	17.2	449.14	44.48
(iii) Trade Payables Due to	20		
- Micro and Small Entereprises		1,890.08	1,265.46
- Other Than Micro and Small Enterepprises		35,941.61	32,684.75
(iv) Others Financial Liabilities	21	3,020.46	2,471.47
(b) Provisions	18.2	631.37	549.76
(c) Current Tax Liabilities (Net)	22	-	351.50
(d) Other Current Liabilities	23	1,099.77	1,279.66
Total - Current liabilities		**69,438.91**	**60,062.34**
Total Liabilities		**82,506.59**	**68,553.72**
TOTAL - EQUITY AND LIABILITIES		**258,210.51**	**224,402.38**
The accompanying notes are an integral part of the Ind AS financial statements			
Previous year figures have been recasted/restated wherever necessary.			
Notes forming part of the financial statements [Note No. 1-43]			

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

For and on behalf of the Board of Directors

Tejas Parikh
Partner
M. No. 123215

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Place: Mumbai
Date: 13 May 2024

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, 2024

(₹ in Lakhs)

	Particulars	Note No.	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
1	**Income**			
	(a) Revenue from Operations	24	1,85,260.93	1,94,523.28
	(b) Other Income	25	489.50	231.76
	Total Income (a+b)		**1,85,750.44**	**1,94,755.04**
2	**Expenses**			
	(a) Cost of Materials Consumed	26	85,844.71	101,430.33
	(b) Purchase of Stock In trade	27	18,221.79	28,081.64
	(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	28	(1,994.77)	(12,536.46)
	(d) Employee Benefits Expense	29	13,840.74	12,968.88
	(e) Finance Costs	30	1,721.47	2,105.17
	(f) Depreciation / Amortisation Expenses	31	7,323.53	6,254.27
	(g) Other Expenses	32	30,743.77	30,373.74
	Total Expenses		**1,55,701.25**	**1,68,677.57**
3	**Profit before Exceptional Items and Tax (1-2)**		**30,049.19**	**26,077.47**
4	Exceptional Items			
5	**Profit before Tax (3-4)**		**30,049.19**	**26,077.48**
6	**Tax Expenses**			
	(a) Current Tax		5,883.75	5,598.14
	(b) Earlier Year Tax		(306.27)	312.86
	(c) Deferred Tax		2,781.51	816.77
	Total Tax Expenses		**8,358.99**	**6,728.13**
7	**Profit for the year (5-6)**		**21,690.20**	**19,349.34**
8	**Other comprehensive income / (loss)**			
	(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)		13.31	(70.02)
	- Foregin Subsidiary Translation Reserve		(58.44)	(274.72)
	(b) Items that will not be reclassified to Statement of Profit and Loss			
	Other comprehensive income / (loss) for the year, net of tax		**(45.12)**	**(344.74)**
9	**Total comprehensive income for the year, net of tax (7+8)**		**21,645.08**	**19,004.60**
10	**Earnings per share of ₹ 5 each - in ₹**	33		
	Basic		23.93	21.35
	Diluted		23.93	21.35
	The accompanying notes are an integral part of the Ind AS financial statements			
	Previous year figures have been recasted/restated wherever necessary			
	Notes forming part of the financial statements [Note No. 1-43]			

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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

For and on behalf of the Board of Directors

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, 2024

(₹ in Lakhs)

Particulars		For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	30,049.19	26,077.47
	Adjusted for:		
	- Finance Costs	1,721.47	2,105.17
	- Depreciation/Amortisation	7,323.53	6,254.27
	- R&D Project write off	675.73	0.00
	- Provision for Bad and Doubtful Debts	106.76	150.00
	- Dividend Income	(3.21)	(124.95)
	- Interest Income	(304.19)	(93.73)
	- Profit on sales Assets/Investments	(55.06)	44.73
	Operating Profit before Working Capital Changes	**39,514.22**	**34,412.96**
	Adjusted for:		
	- (Increase)/Decrease in Trade and Other Receivables	(12,553.54)	(3,517.19)
	- (Increase)/Decrease in Inventories	(3,966.36)	(12,666.22)
	- Increase/(Decrease) in Trade Payables and Other Current Liabilities	4,334.84	13,020.26
	Cash Generated from Operations	**27,329.16**	**31,249.82**
	Taxes Paid (Net)	(5,693.70)	(6,238.27)
	Net Cash Flow from Operating Activities (A)	**21,635.46**	**25,011.54**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Additions to / Sale of Property, Plant and Equipment and Capital WIP	(15,560.42)	(10,212.83)
	Investments under Intangible assets under Development	(4,318.09)	(1,752.86)
	Other Investments	(1,940.39)	(3,867.60)
	Dividend Income	3.21	4.00
	Interest Income	304.19	93.73
	Proceeds from Sale of Investments	55.06	(44.73)
	Net Cash Flow used in Investing Activities (B)	**(21,456.44)**	**(15,780.30)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds/(Repayment) from Current Borrowing (Net)	4,999.35	(12,428.77)
	Finance Costs	(1,721.47)	(2,105.17)
	Dividends Paid	(1,812.52)	(1,812.52)
	Lease liability payment	(493.00)	-
	Net Cash Flow from /(used in) Financing Activities (C)	**972.35**	**(16,346.46)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**1,151.38**	**(7,115.22)**
	Opening Balance of Cash and Cash Equivalents	1,212.12	8,327.34
	Closing Balance of Cash and Cash Equivalents	**2,363.49**	**1,212.12**

Notes:

1 The above statement of Cash Flows should be read in conjunction with the accompanying notes.

2 Previous year figures have been recasted/restated wherever necessary

3 Figures in brackets indicate cash outgo.

4 The above Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS 7 Statement of Cash Flow

5 Cash flows from operating activities include ₹ 319.50 lakhs (March 31, 2023: ₹ 112.95 lakhs) being expenses towards Corporate Social Responsibility initiatives. (refer note no 32)

Consolidated Cash Flow Statement

for the Year Ended 31st March, 2024

6 **Cash and Cash Equivalents comprises of:**

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2024	For the Year Ended 31st March, 2023
a. Cash on Hand	9.13	10.51
b. Balances with Banks	2,354.36	1,201.61
Total	**2,363.49**	**1,212.12**

7 **Changes in liabilites arising from financing activities**

(₹ in Lakhs)

Particulars	as on April 1, 2023	Net Cash Flow	Foreign Exchange movement	Addition / Accrued Interest	Other Changes	As at March 31, 2024
Non-current Financial Liabilities						
- long Term Borrowing	18.35	0.00		0.00	(14.48)	3.88
- Lease Liabilities	53.19	0.00		2,393.06	(780.34)	1,665.91
Current Financial Liabilities						
- Current Borrowing	21,415.26	4,918.46	58.27	-	14.48	26,406.47
- Lease Liabilities	44.48	(492.64)	-	116.96	780.34	449.14
Total	**21,531.28**	**4,425.83**	**58.27**	**2,510.02**	**0.00**	**28,525.40**

(₹ in Lakhs)

Particulars	as on April 1, 2022	Net Cash Flow	Foreign Exchange movement	Addition / Accrued Interest	Other Changes	As at March 31, 2023
Non-current Financial Liabilities						
- long Term Borrowing	55.45	-	-	-	(37.09)	18.35
- Lease Liabilities	153.23	-	-	-	(100.04)	53.19
Current Financial Liabilities						
- Current Borrowing	33,772.75	(12,402.07)	7.49	-	37.09	21,415.26
- Lease Liabilities	124.44	(180.00)	-	-	100.04	44.48
Total	**34,105.87**	**(12,582.07)**	**7.49**	**-**	**-**	**21,531.28**

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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

For and on behalf of the Board of Directors

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 Changes in Equity

for the Year Ended 31st March, 2024

A. EQUITY SHARE CAPITAL

Current Reporting Period

(₹ in Lakhs)

Particulars	Balance as on April 1, 2023	Changes in equity share capital during the period	Balance as on March 31 , 2024
Ordinary Equity Shares	4,531.30	-	4,531.30
Total	**4,531.30**	**-**	**4,531.30**

Previous Reporting Period

(₹ in Lakhs)

Particulars	Balance as on April 1, 2022	Changes in equity share capital during the period	Balance as on March 31 , 2023
Ordinary Equity Shares	25.00	(25.00)	-
Issue of Shares Pursuant to Scheme of Demerger		4,531.30	4,531.30
Total	25.00	4,506.30	4,531.30

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Ratained Earnings	General Reserve	Securities premium	Securities premium	Capital Redemption Reserve	Employee Stock Option Plan Reserve	Employee Stock Option Plan Reserve	Other Comprehensive Income	Total
Balance as at 31st Mar, 2022	**71,723.83**	**8,335.04**	**44,032.54**	**8,943.81**	**-**	**-**	**-**	**1,056.44**	**134,091.49**
Share capital Cancellaiton on account of Scheme of Arrangement	-	-	-	-	25.00	-	-	-	25.00
Transfer to General reserve	(189.73)	189.73	-	-	-	-	-	-	0.00
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	(70.02)	(70.02)
Profit for the year	19,349.34	-	-	-	-	-	-	-	19,349.34
Dividend paid	(1,943.94)	-	-	-	-	-	-	-	(1,943.94)
Foreign Exchange Differnce on Translation	-	-	-	-	-	-	(274.72)	-	(275.00)
Balance as at 31st Mar, 2023	**88,939.50**	**8,524.77**	**44,032.54**	**8,943.81**	**25.00**	**-**	**(274.72)**	**1,126.44**	**151,317.36**
Transfer to General reserve	(240.51)	240.51	-	-	-	-	-	-	-
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	13.17	13.17
Profit for the year	21,690.20	-	-	-	-	-	-	-	21,690.20
Employee Stock Option Plan	-	-	-	-	-	22.84	-	-	22.84
Dividend paid	(1,812.52)	-	-	-	-	-	-	-	(1,812.52)
Foreign Exchange Differnce on Translation	-	-	-	-	-	-	(58.44)	-	(58.44)
Balance as at 31st Mar, 2024	**108,576.68**	**8,765.28**	**44,032.54**	**8,943.81**	**25.00**	**22.84**	**(333.44)**	**1,139.61**	**171,172.62**

Notes

1 The above Statement of Changes in Equity be read in conjunction with the accompanying notes

2 Previous Year's figures are regrouped / rearranged wherever required.

C. Notes forming part of the financial statements [Note No. 1-43]

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

For and on behalf of the Board of Directors

Tejas Parikh
Partner
M. No. 123215

Hetal Gogri Gala
Vice Chairperson & Managing Director
DIN: 00005499

Narendra Salvi
Managing Director
DIN: 0299202

Place: Mumbai
Date: 13 May 2024

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 2024

1 CORPORATE INFORMATION

AARTI PHARMALABS LIMITED ("APL" or "the Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange ('BSE') The registered office of the company is located at Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi, District Valsad Gujarat – 396195.

The Company is engaged in manufacturer of Active Pharmaceutical Ingredients (API), pharmaceutical intermediates and xanthine derivatives in India.

Details of Subsidiaries

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Indian Subsidiary:		
- Aarti Pharmachem Limited	India	100
Foreign Subsidiary:		
- Aarti USA Inc.	USA	100
Joint Ventures :		
- Ganesh Polychem Limited	India	50

2 STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of Compliance

The company's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except if compliance with other statutory promulgations require a different treatment.

These Consolidated financial statements have been approved by the Board of Directors at their meeting held on 13th May, 2024.

2.2 Basis of Preparation and Presentation of Financials Statements

The Consolidated Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows".

The disclosure requirements with respect to items in the Balance Sheet and the Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Ind AS and in accordance with guidelines issued by the Securities and Exchange Board of India ("SEBI").

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

(i) Certain financial instruments measured at fair value (refer accounting policy regarding financial instruments); and

(ii) Employee's Defined Benefit Plan as per actuarial valuation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

PRINCIPLES OF CONSOLIDATION:

(a) 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 2024.

(b) 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

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

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.

(c) 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.

(d) Process of Consolidation

(i) 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

(ii) 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.

(iii) 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.

(e) 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.

(f) 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.

2.3 Critical Accounting Estimates, Assumptions and Judgments:

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented along with the accompanying disclosures.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions. Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected.

The following are the critical estimates, assumptions and judgments that the management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the financial statements:

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(i) **Provision for Income Tax and Deferred Tax Assets:**

The Company uses estimates and judgements based on the relevant rulings in the areas of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax at the end of each reporting period.

(ii) **Useful Lives of Property, Plant and Equipment ("PPE"):**

Property, plant and equipment represents a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(iii) **Defined Benefit Plans (Gratuity):**

A liability in respect of defined benefit plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets and is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) **Provisions and Contingent Liabilities:**

The Company estimates the provisions that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

(v) **Provision against Obsolete and Slow-Moving Inventories:**

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use at each balance sheet date. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions.

(vi) **Fair Value Measurement of Financial Instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as market risk, liquidity risk and credit risk.

(vii) **Allowance for Credit Losses on Receivables**

The Company determines the allowance for credit losses based on historical loss

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates.

(viii) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

(ix) Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgment in assessing the lease term and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

3 MATERIAL ACCOUNTING POLICIES

3.1 Classification of Current versus Non-Current:

All assets and liabilities in the financial statements have been classified as current or non-current as per the Company's normal operating cycle of up to twelve months.

For the purpose of Balance Sheet, an asset is classified as current if:

(i) It is expected to be realised, or is intended to be sold or consumed, in the normal operating cycle; or

(ii) It is held primarily for the purpose of trading; or

(iii) It is expected to realise the asset within twelve months after the reporting period; or

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

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

(i) It is expected to be settled in the normal operating cycle; or

(ii) It is held primarily for the purpose of trading; or

(iii) It is due to be settled within twelve months after the reporting period; or

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(iv) The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification

All other liabilities are classified as non-current.

3.2 Property, Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use less accumulated depreciation and accumulated impairment losses, if any Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs is capitalised in accordance with the company's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.

Long term lease arrangements of land are treated as PPE, in case such arrangements result in transfer of control and the present value of the lease payments is likely to represent substantially all of the fair value of the land.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected with the carrying amount of any component accounted for as a separate asset is derecognised when replaced. Gains or losses arising from de-recognition of a PPE 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.

Depreciation methods, estimated useful lives and residual value:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided using straight line method, so as to write off the cost of the assets (other than freehold land and capital work-in-progress) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Depreciation on additions/ disposals is provided on a pro-rata basis i.e. from/ upto the date on which asset is ready for use/ disposed.

The Company uses different useful lives than those prescribed in Schedule II to the Act for some of the assets. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets. The estimated useful life is reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

The company has used the following useful lives to provide depreciation on the following assets:

PARTICULARS	DEPRECIATION
Leasehold Land	Over the tenure of lease
Factory Building	Over a period of 19-30 years
Plant & Machinery	Over its useful life as technically assessed, i.e over a period of 9- 19 years
Vehicle	Over a period of 5 - 7 years
Computers	Over a period of 3 years

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

PARTICULARS	DEPRECIATION
Furniture and Fixtures	Over a period of 10 years
Office Equipment	Over a period of 5 years
Intangible Assets	Over a period of 5- 7 year, except for those where the finite period of provided.

3.3 Capital Work-in-Progress

Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction or are pending capitalisation and includes project expenses pending allocation. The same is carried at cost, comprising of direct costs, related incidental expenses and attributable borrowing costs. Project expenses pending allocation are apportioned to the PPE of the project proportionately on capitalisation.

3.4 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 re 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

Amortisation:

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as change in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another assets.

Intangible Assets without finite life are tested for impairment at each Balance sheet date and impairment provision, if any are debited to profit and loss.

The estimated useful lives of the amortisable intangible assets are as follows:

PARTICULARS	DEPRECIATION
Intangible Assets – R&D	Over a period of 5 years
Computer software	Over a period of 5 years

3.6 Impairment of Non-Financial Assets:

The Company assesses at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for such asset is required, the Company estimates the asset's recoverable amount in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset (or cash generating unit)

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

exceeds its recoverable amount which is higher of asset's (or cash generating unit's) net selling price or the value in use. The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset (or cash generating unit) and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset (or cash generating units).

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit). A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

3.7 Inventories:

Inventories are valued, after providing for obsolescence as given below:

Raw Materials, Packing Materials and Stores and Spares:

(i) Raw Materials, Packing Materials and Stores and Spares:

Raw materials, packing materials and stores and spares are valued at lower of Cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on Weighted Average Basis method.

(ii) Work-in-process:

Work-in-process is valued at the lower of cost and net realizable value. The cost is computed on Weighted Average Basis method.

(iii) Finished Goods, Semi-Finished Goods and Traded Goods:

Finished goods, Semi-finished goods and traded goods are valued at lower of cost and net realisable value. The cost is computed on Weighted Average Basis method.

Cost is determined on First in First out basis which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit), cost of conversion and other costs incurred in acquiring the inventories to their present location and condition.

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

3.8 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and highly liquid financial instruments, which are readily convertible into known amounts of cash, that are subject to an insignificant risk of change in value with an original maturity of three months or less.

3.9 Employee Benefits:

(i) Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. 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.

(ii) Post-employment benefits:

(a) Defined Contribution Plan:

The Company makes defined contribution to Employee Provident Fund, Employee Pension Fund, Employee Deposit

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

Linked Insurance, and Superannuation Schemes. The contribution paid/payable under these schemes is recognised during the period in which the employee renders the related service which are recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

(b) 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.

(iii) Long term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The cost of providing benefits is actuarially determined using the projected unit credit method, actuarial valuations being carried out at each Balance Sheet date.

(iv) Share Based Payment:

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in Other Equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

3.10 Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

The Company recognizes a provision when it has a present legal or constructive obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reasonably estimated. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost.

(ii) Contingent Liabilities

Contingent liability is a possible obligation arising 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 company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

(iii) Contingent Assets

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefit will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(iv) **Onerous Contracts:**

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

3.11 Taxes:

The tax expenses comprise of current tax and deferred income tax charge or credit. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity.

(i) **Current Tax:**

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/ appeals. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Current tax assets and current 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.

(ii) **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 asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting 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.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded in other comprehensive income or in equity along with the tax as applicable.

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.

3.12 Revenue Recognition:

(i) **Revenue from Operations:**

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

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

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.:

(ii) **Sale of Goods:**

The Company recognises revenue from sale of goods measured upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

(iii) **Sale of Services:**

Revenue from services is recognised when the performance obligation is met and the right to receive income is established.

(iv) **Interest Income:**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

(v) **Dividend Income:**

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

(vi) **Export Incentives:**

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

(vii) **Other Income:**

Revenue with respect to Other Operating Income and Other Income including insurance and other claims are recognised when a reasonable certainty as to its realisation exists.

3.13 Leases:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

(i) As a Lessee:

The Company assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to –

(a) control the use of an identified asset,

(b) obtain substantially all the economic benefits from use of the identified asset, and

(c) direct the use of the identified asset

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Right-of-Use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-of-Use asset or the end of the lease term. The estimated useful lives of Right-of-Use assets are determined on the same basis as those of property, plant and equipment. In addition, the Right-of-Use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Lease payments included in the measurement of the lease liability comprises fixed payments, including amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option. The lease liability is subsequently measured at amortised cost using the effective interest method.

Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Finance charges are recognised as finance costs in the statement of profit and loss.

(ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (range different for different class of assets). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis over the lease term.

3.14 Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

intended use. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

In determining the amount of borrowing costs eligible for capitalization, any income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.15 Foreign Currency Transactions:

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transactions. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.16 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.17 Exceptional items:

When items of income or expense within the statement of profit & loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

3.18 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity. The Company determines the classification of its financial assets and liabilities at initial recognition.

(a) Initial Recognition:

Financial assets and/or financial liabilities are recognised when the Company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction values and where such values are different from the transaction values, at fair values. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to or deducted from as the case may be, from the fair value of on initial recognition.

(b) 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

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

the contractual cash flow characteristics of the financial asset.

(i) 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.

(ii) 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 represents solely payments of principal and interest on the principal amount outstanding.

(iii) 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 categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

(c) Classification and Subsequent Measurement of Financial Liabilities:

(i) 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.

(ii) Other Financial liabilities:

Other financial liabilities (including loans and borrowings, bank overdraft 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.

(d) 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.

(e) Equity Investments

All equity investments 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,

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

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 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.

f) 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.

(g) De-recognition of Financial Instruments:

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

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

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

(g) 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 valued through profit and loss (FVTPL). For Trade Receivables and all lease receivables resulting from transactions within the scope of Ind AS 116 the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. 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.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

are possible within 12 months after the reporting date. 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.

(g) **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.

Cashflow Hedges

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

Notes Forming Part of CONSOLIDATED Financial Statements

for the Year Ended 31st March 2024

4 PROPERTY, PLANT AND EQUIPMENT (FY 2023-2024)

(₹ in Lakhs)

	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as at 1st April, 2023	Additions/ Adjustments	Deduction/ Adjustments	Balance as at 31st March, 2024	Balance as at 1st April, 2023	Depreciation charge for the year	Deduction/ Adjustments	Balance as at 31st March, 2024	Balance as at 31st March, 2024	Balance as at 31st March, 2023
1	**Property, Plant and Equipment**										
I	**Tangible Assets**										
	Freehold Land	3,858.72	0.00	0.00	3,858.72	0.00	0.00	0.00	0.00	3,858.72	3,858.72
	Leasehold Land	2,834.50	1,100.62	0.00	3,935.12	267.89	29.29	0.00	297.18	3,637.94	2,566.61
	Buildings	15,677.86	1,002.69	0.00	16,680.55	4,689.27	762.72	0.00	5,451.99	11,228.55	10,988.59
	Plant and Machinery	113,839.75	11,386.02	33.87	125,191.91	39,807.87	5,727.95	12.48	45,523.34	79,668.57	74,031.88
	Furniture and Fixtures	739.51	79.68	0.00	819.19	367.82	60.18	0.00	428.00	391.19	371.69
	Office Equipments	221.25	1.27	0.00	222.52	153.82	21.30	0.00	175.11	47.41	67.43
	Computers, Printers	629.78	79.27	0.00	709.05	541.75	65.84	0.00	607.59	101.45	88.03
	Vehicles	666.27	291.74	10.59	947.43	365.53	95.93	2.18	459.28	488.15	300.74
	Total	**138,467.65**	**13,941.30**	**44.45**	**152,364.49**	**46,193.96**	**6,763.21**	**14.66**	**52,942.51**	**99,421.98**	**92,273.69**
II	**Right to Use Assets**										
	Leasehold Factory Building	676.50	2,427.60	314.60	2,789.50	562.75	433.32	253.75	742.33	2,047.17	113.75
	Total	**676.50**	**2,427.60**	**314.60**	**2,789.50**	**562.75**	**433.32**	**253.75**	**742.33**	**2,047.17**	**113.75**
III	Intangible Assets										
	Goodwill on Consolidations	178.06	0.00	0.00	178.06	0.00	0.00	0.00	0.00	178.06	178.06
	IT software & Other Intangible Assets	3,802.32	27.10	0.02	3,829.40	3,784.23	4.97	0.00	3,789.20	40.19	18.09
	R& D Products Asset	0.00	1,767.29	0.00	1,767.29		122.04	0.00	122.04	1,645.24	0.00
	Total	**3,980.38**	**1,794.38**	**0.02**	**5,774.74**	**3,784.23**	**127.01**	**0.00**	**3,911.24**	**1,863.50**	**196.15**
IV	**Gross Total**	**143,124.52**	**18,163.28**	**359.08**	**160,928.72**	**50,540.94**	**7,323.53**	**268.40**	**57,596.08**	**103,332.64**	**92,583.59**
V	**Capital Work-in-Progress**									**7,849.71**	**6,220.37**
VI	**Capital Work-in-Progress- Intangible**									**5,841.96**	**3,966.88**

Notes Forming Part of CONSOLIDATED Financial Statements

for the Year Ended 31st March 2024

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	0.00	0.00	3,858.72	0.00	0.00	0.00	0.00	3,858.72	3,858.72
	Leasehold Land	2,551.35	283.16	0.00	2,834.50	238.98	28.91	0.00	267.89	2,566.61	2,312.36
	Buildings	12,024.92	3,652.95	0.00	15,677.86	3,977.06	712.21	0.00	4,689.27	10,988.59	8,047.85
	Plant and Machinery	97,310.81	16,528.95	0.00	113,839.75	34,631.58	5,180.17	3.88	39,807.87	74,031.88	62,679.23
	Furniture and Fixtures	697.79	41.71	0.00	739.51	316.08	51.74	0.00	367.82	371.69	381.71
	Office Equipments	214.55	6.69	0.00	221.25	130.59	23.22	0.00	153.82	67.43	83.96
	Computers, Printers	559.19	70.59	0.00	629.78	484.95	56.80	0.00	541.75	88.03	74.24
	Vehicles	625.71	53.33	12.77	666.27	298.73	66.80	0.00	365.53	300.74	326.98
	Total	**117,843.04**	**20,637.37**	**12.77**	**138,467.65**	**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	0.00	0.00	676.50	432.75	130.00	0.00	562.75	113.75	243.75
	Total	**676.50**	**0.00**	**0.00**	**676.50**	**432.75**	**130.00**	**0.00**	**562.75**	**113.75**	**243.75**
III	**Intangible Assets**										
	Goodwill on Consolidation	178.06	0.00	0.00	178.06	0.00	0.00	0.00	0.00	178.06	178.06
	IT software & Other Intangible Assets	3,802.32	0.00	0.00	3,802.32	3,779.81	4.43	0.00	3,784.23	18.09	22.52
	Total	**3,980.38**	**0.00**	**0.00**	**3,980.38**	**3,779.81**	**4.43**	**0.00**	**3,784.23**	**196.15**	**200.57**
IV	**Gross Total**	**122,499.92**	**20,637.37**	**12.77**	**143,124.52**	**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**
VI	**CWIP - InTangible Assets**									**3,966.88**	**2,214.02**

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

Notes:

a. Movement in capital work in progress

(₹ in Lakhs)

Particulars	CWIP	
	Tangible	Intangible
Opening balance as on April 01, 2022	16,522.59	2,214.02
Add - Additions during the year	9,921.39	1,752.86
Less - Capitalized during the year	(20,223.61)	-
Closing balance as on March 31, 2023	**6,220.37**	**3,966.88**
Add - Additions during the year	13,190.52	4,318.09
Less - Impaired during the year	-	(675.72)
Less - Capitalized during the year	(11,561.18)	(1,767.29)
Closing balance as on March 31, 2024	**7,849.71**	**5,841.96**

b. Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2024 is as follows:

(₹ in Lakhs)

Tangible Assets	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	5,176.94	1,153.70	1,519.08		7,849.71
Projects temporarily suspended					0.00
	5,176.94	**1,153.70**	**1,519.08**	**0.00**	**7,849.71**

Ageing for Capital Work-in-Progress as at 31st March, 2023 is as follows:

(₹ in Lakhs)

Tangible Assets	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	2,437.77	0.00	0.00	6,220.37
Projects temporarily suspended	0.00	0.00	0.00	0.00	0.00
	3,782.60	2,437.77	0.00	0.00	6,220.37

Capital Work-in-Progress Ageing - Intangible

Ageing for Capital Work-in-Progress as at 31st March, 2024 is as follows:

(₹ in Lakhs)

Intangible	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	4,318.09	1,523.87			5,841.96
Projects temporarily suspended					
	4,318.09	**1,523.87**	**0.00**	**0.00**	**5,841.96**

Ageing for Capital Work-in-Progress as at 31st March, 2023 is as follows:

(₹ in Lakhs)

Intangible	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	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 2024

Note:

There are no projects under capital work in progress where the completion is overdue or has exceeded its cost compared to its original plan.

c. Title deeds of Immovable Properties not held in the name of the Company

(₹ in Lakhs)

Relevant line item in the Balance Sheet	Description of item of property	Gross Carrying Value As at 31st March, 2024	Gross Carrying Value As at 31st March, 2023	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the Company
Land	Village -Atali, Tal-Vagra, Dist - Bharuch, Gujarat - 392130	3,858.72	3,858.72	Aarti Industries Limited	No	2021	The name changing application submitted to GIDC

5 INVESTMENTS

5.1 Other Investments (Non-current)

(₹ in Lakhs)

	Particulars	As at 31st March, 2024	As at 31st March 2023
I	**Unquoted Investments -FVTOCI**		
	Investments in Equity Shares	1,978.04	1,861.99
II	**Unquoted Investments - Amortised Cost**		
	Investments in Equity Shares	1,071.95	1,062.34
	Share in Co-operative Society	61.97	61.97
III	**Investment in Limited Liability Partnership - Amortised Cost**		
	Aarti Udyog Limited Liability Partnership	565.99	566.19
	Total	**3,677.95**	**3,552.49**

(₹ in Lakhs)

	Particulars	As at 31st March, 2024 No of Share	As at 31st March, 2024 Amount	As at 31st March 2023 No of Share	As at 31st March 2023 Amount
I	**Unquoted Investments -FVTOCI**				
	Dilesh Roadlines Private Limited	464,550	1,239.40	464,550	1,123.24
	Aarti Ventures Limited	454,364	738.65	454,364	738.75
II	**Unquoted Investments - Amortised Cost**				
	Tarapur Environment Protection Society	47,274	61.97	47,274	61.97
	Derma Touch Inc.	NA	946.95	NA	942.58
	Invatech Pharma Solutions LLC	NA	125.00	NA	119.76
III	**Investments in Limited Liability Partnership (Unquoted)**				
	Aarti Udyog Limited Liability Partnership	NA	565.99	NA	566.19
	Total		**3,677.95**		**3,552.49**

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

5.2 Investments (Current)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Quoted Investments		
Investment in Bond's (Quoted) - Measured at FVOCI	7,039.39	5,099.01
Total	**7,039.39**	**5,099.01**

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023	
	No of Units / Shares	Amount	No of Units / Shares	Amount
Investment in Bond's (Quoted)				
8.50% Bank of Baroda	100	999.15	100	999.00
8.35% Tata Motors Fin Ltd - P/C	3	282.19	3	282.00
10.90% Tvs Credit service Ltd	20	100.61	0	0.00
11.10% Tata Motors Fin Ltd - P/C	10	100.64	0	0.00
9.55% Tata Motors Fin Ltd - P/C	10	101.69	10	0.00
9.10% Tata Motors Fin Ltd - P/C	20	198.79	0	0.00
Capsave Finance Pvt Ltd	14	140.00		
Cholamandalam Investment & Finance company	50	250.00		
CreditAccess Grameen Ltd	9000	90.00		
Indostar Capital finance Ltd	150	150.00		
Mindspace Business Parks REIT	15	150.00		
Piramal Capital & Housing Finance Ltd	12500	91.18		
SK Finance Ltd	100	99.38		
UP POWER CORPORATION LTD	10	100.00		
State Bank of India			2	97.98
State Bank of India			3	149.16
Piramal Capital & Housing Finance Ltd			25,000	97.43
Cholamandalam Finance			10	250.04
Capsave Finance Pvt Ltd			28	144.88
Piramal Enterprises Ltd			20	110.20
Mindspace Business Parks REIT			30	166.41
Shriram Finance Ltd			57	313.59
Investment in Bond's (Unquoted)				
Spandana Sphoorty Financial Limited			100	59.32
UGRO Capital Ltd			10	54.03
Spandana Sphoorty Financial Limited			10	49.59
Phillip Finance & Services India pvt ltd			10	148.24
Spandana Sphoorty Financial Limited			10	189.73

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023	
	No of Units / Shares	Amount	No of Units / Shares	Amount
Spandana Sphoorty Financial Limited			200	127.08
Nuvama Wealth & inv Ltd			30	164.34
Navi Finserv Pvt Ltd			20	110.89
Muthoot Fincorp Ltd			200	115.26
Edelweiss Finvest Pvt Ltd			400	229.68
Avendus Finance Pvt Ltd			20	113.29
Avendus Finance Pvt Ltd			30	161.77
Edelweiss Broking Limited			10	109.93
Spandana Sphoorty Financial Limited			20	102.20
Shriram Finance Ltd			31	176.32
Vivriti Capital Pvt Ltd			10	54.64
Shriram Finance Ltd			22	125.29
INCRED FINANCIAL SERVICES LIMITED			27	149.72
INCRED FINANCIAL SERVICES LIMITED			10	55.43
Investment in ICD's (Quoted)				
Ambit Finvest Pvt ltd	150	150.00		
Investment in ICD's (Unquoted)				
Phillip Finance & Investments Services India pvt ltd	22	99.90		
Phillip Finance & Investments Services India pvt ltd	33	149.18		
Investment in MLD's (Quoted)				
Ambit Finvest Pvt ltd	15	150.00		
Belstar Microfinance ltd	10	100.00		
Mas Financial Services Ltd	15	150.00		
Piramal Enterprises Ltd	10	100.00		
SK Finance Ltd	10	100.00		
Spandana Sphoorty Financial Limited	150	92.04		
Investment in NCD's (Quoted)				
Belstar Microfinance ltd	10	100.00		
Incred Financial Services Ltd	15000	150.00		
Incred Financial Services Ltd	15000	130.79		
Incred Financial Services Ltd	15000	149.50		
Mas Financial Services Ltd	100	98.97		
Shriram City Union Finance Ltd	20	197.30		
Spandana Sphoorty Financial Limited	125	122.19		
UGRO Capital Ltd	125	122.42		
Investment in NCD's (Unquoted)				
Agilmed investments Pvt Ltd	15	148.71		
AVENDUS FINANCE PRIVATE LIMITED	15	150.00		

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023	
	No of Units / Shares	Amount	No of Units / Shares	Amount
AVENDUS FINANCE PRIVATE LIMITED	25	250.00		
Zuari Agro Chemicals Ltd	10	100.00		
Investment in Equity share (Quoted)				
PGINVIT	150000	188.80		
Aarti Industries Ltd	175000	1,185.96		
Ghalla Bhansali Stock Brockers			20	191.57
Total Investment		**7,039.40**		**5,099.01**

6 LOANS
6.1 Non Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
- Loan to Related Party (refer note 38)	585.23	585.23
Total	**585.23**	**585.23**

6.2 Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
- Loan to Employees	125.11	125.03
Total	**125.11**	**125.03**

7 OTHER FINANCIAL ASSETS
7.1 Non-current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
-Security Deposits	1,132.90	943.81
Total	**1,132.90**	**943.81**

7.2 Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Unsecured, Considered Good		
- Interest Receivable	222.34	111.59
- Insurance Receivable	405.86	397.57
Total	**628.20**	**509.16**

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

8 OTHER ASSETS

8.1 Non-current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
(Unsecured, unless otherwise stated)		
- Capital Advances	1,226.02	249.43
Total	**1,226.02**	**249.43**

8.2 Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
(Unsecured, unless otherwise stated)		
- Balance with Government Authorities	6,069.44	3,568.92
- Advances to Suppliers	658.04	304.25
- Prepaid Expenses	614.82	232.47
- Export Benefits Receivable	293.83	11.96
- Other Receivable	164.11	15.96
Total	**7,800.24**	**4,133.56**

9 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Raw Material includes goods in transit	21,092.12	19,111.62
- Work-in-progress	12,887.30	14,026.11
- Finished Goods	24,951.35	21,192.63
- Stock-in-trade	4,713.35	5,338.49
- Stores and spares	427.66	271.80
- Fuel -Coal	67.67	74.36
- Packing Materials	146.39	189.09
Total	**64,285.84**	**60,204.10**

9.1 Inventories

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Raw Material (In Transit Stock)	1,127.34	132.74
Total	**1,127.34**	**132.74**

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

10 TRADE RECEIVABLES (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Break up of Security Details		
(i) Unsecured, Considered good	51,934.44	45,010.38
(ii) Unsecured, Credit impaired	224.38	250.00
	52,158.82	45,260.38
Less - Impairment Allowance	(224.38)	(250.00)
Total	**51,934.44**	**45,010.38**

a Due to the short nature of credit period given to customers, there is no financing component in the contract.

b The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables. The Company follows the simplified approach for recognition of impairment allowance on trade receivables. The application of the simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment allowance based on lifetime ECLs at each reporting date. ECL impairment loss allowance (or reversal) recognised during the period is recognised in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

c **Trade receivables ageing schedule**
As at 31 March, 2024

(₹ in Lakhs)

Particulars		Receivable but not due	Outstanding from due date of Payment					Total
			Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3 Year	More than 3 Year	
(i)	Undisputed Trade Receivable - Considered Good	30,268.00	20,699.30	445.63	353.78	78.42	89.31	51,934.44
(ii)	Undisputed Trade Receivables – credit impaired				2.87	1.78	219.73	224.38
(iii)	Disputed Trade Receivables– considered good							0
(iv)	Disputed Trade Receivables – credit impaired							0
Sub 'Total Trade Receivable		**30,268**	**20,699.30**	**445.63**	**356.65**	**80.20**	**309.04**	**52,158.82**
Less: Impairment Allowance					(2.87)	(1.78)	(219.73)	(224.38)
Total		**30,268**	**20,699.30**	**445.63**	**353.78**	**78.42**	**89.31**	**51,934.44**

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

As at 31st March 2023

(₹ in Lakhs)

Capital Work-in-Progress		Receivable but not due	Outstanding from due date of Payment					Total
			Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3 Year	More than 3 Year	
(i)	Undisputed Trade Receivable - Considered Good	26,706.72	15,213.31	1,461.67	621.96	383.31	623.41	45,010.38
(ii)	Undisputed Trade Receivables – credit impaired						250.00	250.00
(iii)	Disputed Trade Receivables– considered good							0
(iv)	Disputed Trade Receivables – credit impaired							0
Sub 'Total Trade Receivable		**26,706.72**	**15,213.31**	**1,461.67**	**621.96**	**383.31**	**873.41**	**45,260.38**
Less: Impairment Allowance							-250	(250.00)
Total		**26,706.72**	**15,213.31**	**1,461.67**	**621.96**	**383.31**	**623.41**	**45,010.38**

Movement in expected credit loss allowance of trade receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Balance at the beginning of the year	250.00	100.00
Allowances / (write back) during the year	106.76	150.00
Written off against past provision	(132.38)	0.00
Balance at the end of the year	**224.38**	**250.00**

11 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Cash & Cash Equivalents		
- Cash on hand	9.13	10.51
- Balance with banks	2,354.36	1,201.61
Total	**2,363.49**	**1,212.12**

12 BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Earmarked balances (Unpaid Dividend account)	14.31	7.23
- Fixed Deposits with Banks	28.78	0
Total	**43.09**	**7.23**

Includes Fixed Deposit amounting ₹ 28.40 Lakhs (March 31, 2023 ₹ Nil Lakhs) given as Bank Guarantees to Statutory Authorities and other bodies.

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

13 CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Advance Tax and Tax Deducted at Source (Net of Provision)	344.28	0
Total	**344.28**	**0**

14 SHARE CAPITAL:

A Authorised Share Capital

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Authorised Share Capital		
10,00,00,000 Equity Shares of ₹ 5/- each (PY - 10,00,00,000)	5,000.00	5,000.00
Total	**5,000.00**	**5,000.00**

B Issued, Subscribed & Paid Up:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
9,06,26,008 Equity Shares of ₹ 5/- each (PY - 9,06,26,008)	4,531.30	4,531.30
Total	**4,531.30**	**4,531.30**

14.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
	No' Of Shares	
Equity Shares at the beginning of the year	90,626,008	90,626,008
Add: Equity Shares	-	-
Less: Equity Shares	-	-
Equity Shares at the end of the year	**90,626,008**	**90,626,008**

14.2 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.

14.3 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Life Insurance Corporation Of India	5,676,870	6.26%	6,164,067	6.80%

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

14.4 Deatils of Shares held by promoters and promoter group

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023		% change during the year
	Number of Shares held	% of holding	Number of Shares held	% of holding	
Rashesh Chandrakant Gogri	3834404	4.23%	3,834,404	4.23%	0.00%
Mirik Rajendra Gogri	2793094	3.08%	2,793,094	3.08%	0.00%
Renil Rajendra Gogri	2792750	3.08%	2,792,750	3.08%	0.00%
Hetal Gogri Gala	2691310	2.97%	2,615,548	2.89%	0.08%
Jaya Chandrakant Gogri	2615548	2.89%	2,449,637	2.70%	0.18%
Sarla Shantilal Shah	2435830	2.69%	2,435,830	2.69%	0.00%
Rajendra Vallabhaji Gogri	1425900	1.57%	1,425,900	1.57%	0.00%
Nehal Garewal	1122487	1.24%	1,122,487	1.24%	0.00%
Nikhil Parimal Desai	768754	0.85%	768,754	0.85%	0.00%
Aarnav Rashesh Gogri	550000	0.61%	550,000	0.61%	0.00%
Aashay Rashesh Gogri	550000	0.61%	550,000	0.61%	0.00%
Manisha Rashesh Gogri	550000	0.61%	550,000	0.61%	0.00%
Bhavna Shah Lalka	513941	0.57%	513,941	0.57%	0.00%
Arti Rajendra Gogri	475256	0.52%	475,256	0.52%	0.00%
Parimal Hasmukhlal Desai	399571	0.44%	399,571	0.44%	0.00%
Ratanben Premji Gogri	337807	0.37%	337,807	0.37%	0.00%
Heena Bhatia	322588	0.36%	322,588	0.36%	0.00%
Rajendra Vallabhaji Gogri (Huf)	308274	0.34%	308,274	0.34%	0.00%
Shantilal Tejshi Shah Huf	278881	0.31%	278,881	0.31%	0.00%
Indira Madan Dedhia	182250	0.20%	182,250	0.20%	0.00%
Mananjay Singh Garewal	162510	0.18%	162,510	0.18%	0.00%
Chandrakant Vallabhaji Gogri	155500	0.17%	155,500	0.17%	0.00%
Monisha Bhatia	121121	0.13%	121,121	0.13%	0.00%
Shreya Suneja	112500	0.12%	112,500	0.12%	0.00%
Gunavanti Navin Shah	86644	0.10%	86,644	0.10%	0.00%
Jayesh Shah	16416	0.02%	16,416	0.02%	0.00%
Prasadi Yogesh Banatwala	4245	0.00%	4,245	0.00%	0.00%
Pooja Renil Gogri	382	0.00%	382	0.00%	0.00%
Saswat Trusteeship Private Limited	2841504	3.14%	2,841,504	3.14%	0.00%
Gloire Trusteeship Services Private Limited	1649000	1.82%	1,649,000	1.82%	0.00%
Relacion Trusteeship Services Private Limited	1649000	1.82%	1,649,000	1.82%	0.00%
Alabhya Trusteeship Private Limited	1308496	1.44%	1,308,496	1.44%	0.00%
Barclays Wealth Trustees India Private Limited	833859	0.92%	833,859	0.92%	0.00%

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March 2023		% change during the year
	Number of Shares held	% of holding	Number of Shares held	% of holding	
Barclays Wealth Trustees India Pvt Ltd	804101	0.89%	804,101	0.89%	0.00%
Relacion Trusteeship Services Private Limited	687500	0.76%	687,500	0.76%	0.00%
Gloire Trusteeship Services Private Limited	624500	0.69%	624,500	0.69%	0.00%
Anushakti Enterprise Private Limited	2972700	3.28%	2,892,500	3.19%	0.09%
Safechem Enterprises Private Limited	1463000	1.61%	1,463,000	1.61%	0.00%
Alchemie Financial Services Limited	673006	0.74%	673,006	0.74%	0.00%
Alchemie Finserv Pvt. Ltd.	337505	0.37%	264,105	0.29%	0.08%
Gogri Finserv Pvt. Ltd.	264105	0.29%	264,105	0.29%	0.00%
Nikhil Holdings Private Limited	180891	0.20%	180,891	0.20%	0.00%
Dilesh Roadlines Pvt Ltd	8318	0.01%	8,318	0.01%	0.00%
Valiant Organics Limited	7500	0.01%	7,500	0.01%	0.00%
Bhanu Pradip Savla	155737	0.17%	155,737	0.17%	0.00%
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	37900	0.04%	-	0.00%	0.04%
Total	**42106585**	**46.46%**	**41,673,412**	**45.98%**	**0.48%**

14.5 Distribution Made and Proposed

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Cash Dividends on Equity Shares declared and/or paid:		
Final Dividend for the year ended March 31, 2023: (PY : ₹ NIL)	0	0
Interim Dividend for the year ended March 31, 2024: ₹ 2.00 per share (PY : - 2.00/-)	1,812.52	1,812.52
Total	**1,812.52**	**1,812.52**
Proposed Dividend on Equity Shares:		
Dividend for the year ended March 31, 2024: ₹ : 1.00/- per share (PY: ₹ NIL)	906.26	0
Total	**906.26**	**0.00**

Footnote: The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is in place and available on the website of the Company https://www.aartipharmalabs.com/investors/dividend-distribution-policy-feb-2023.pdf

14.6 Equity shares reserved for issue under employee stock options

For number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options and rights by the option holders as per the relevant schemes - refer note 34.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

15 OTHER EQUITY

(₹ in Lakhs)

Particulars		As at 31st March, 2024	As at 31st March 2023
a	Retained Earning	108,576.68	88,939.50
b	Securities Premium	44,032.54	44,032.54
c	Capital Reserve	8,943.81	8,943.81
d	Capital Redemption Reserve	25.00	25.00
e	General Reserve	8,765.28	8,524.77
f	Employee Stock Option Plaan Reserve	22.84	0.00
g	Other Comprehensive Income	1,139.63	1,126.46
h	Foregin Currency Translation Reserve	(333.16)	(274.72)
Total		**171,172.62**	**151,317.36**

Nature and Purpose of Reserves

Security Premium:

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

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

General Reserve :

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations adjusted by utilisation of reserve in accordance with companies act in earlier years before demarger. The requirement to mandatorily transfer a specified percentage of the net profit to general reserve before declaration of dividend has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Retained Earning :

Retained earning are the profits that the Company has earned till date, less any transfers to general reserve, any transfers from or to other comprehensive income, dividends or other distributions paid to shareholders.

Employee Stock Option Plan :

The share options outstanding account is used to record the fair value of equity-settled, share-based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium, upon exercise of stock options, and transferred to general reserve on account of stock options not exercised by employees.

Equity instruments through Other Comprehensive Income :

The Company has opted to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity.
The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

(₹ in Lakhs)

	Particulars	As at 31st March, 2024	As at 31st March 2023
Other Equity			
a	**Retained Earning**		
	Opening Balance	88,939.50	71,723.83
	Add: Net Profit for the year	21,690.20	19,349.34
	Less: Interim Dividend	(1,812.52)	(1,943.94)
	Less: Transfer to Reserves	(240.51)	(189.73)
	Closing Balance	**108,576.68**	**88,939.50**
b	**Securities Premium**		
	Opening Balance	44,032.54	44,032.54
	Movement during the year		
	Closing Balance	**44,032.54**	**44,032.54**
c	**Capital Reserves**		
	Opening Balance	8,943.81	8,943.81
	Movement during the year		
	Closing Balance	**8,943.81**	**8,943.81**
d	**Capital Redemption Reserve**		
	Opening Balance	25.00	0.00
	Add: Share capital Cancelled pursuant to scheme		25.00
	Movement during the year		
	Closing Balance	**25.00**	**25.00**
e	**General Reserve**		
	Opening Balance	8,524.77	8,335.04
	Add : Transfer from Retained Earning	240.51	189.73
	Closing Balance	**8,765.28**	**8,524.77**
f	**Employee Stock Option Plaan Reserve**		
	Opening Balance	0.00	0.00
	Movement during the year	22.84	0.00
	Closing Balance	**22.84**	**0.00**
g	**Other Comprehensive Income**		
	Opening Balance	1,126.46	1,056.44
	Movement during the year	13.17	70.02
	Closing Balance	**1,139.63**	**1,126.46**
h	**Foregin Currency Translation Reserve**		
	Opening Balance	(274.72)	0.00
	Movement during the year	(58.44)	(274.72)
	Closing Balance	(333.16)	(274.72)
Total		**171,172.62**	**151,317.36**

16 BORROWINGS

16.1 Non-Current Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Vehicle Loan from Bank	3.88	18.35
Total	**3.88**	**18.35**

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

16.2 Borrowings - Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Cash Credit Facility	1,424.06	706.77
- Working Capital Demand Loan	9,319.41	11,064.00
- Packing Credit in foreign currency	15,648.52	7,517.00
- Loan from Related parties	0.00	2,090.40
- Current maturities of Vehicle Loan	14.48	37.09
Total	**26,406.47**	**21,415.26**

notes:

1 As at March 31, 2024, ₹ 26,410.35 lakhs (March 31, 2023: ₹ 21,433.61 lakhs) of the total outstanding borrowings were secured by a charge on property, plant and equipment, inventories, receivables and other current assets.

2 Working capital facilities from banks as at March 31, 2024 amounting to ₹ 9,319.41 lakhs (March 31, 2023 of ₹ 11,064..00 lakhs) were secured by a first pari passu charge on the stock of raw materials, finished goods, stock in process, consumable stores and book debts of the Company. These credit facilities carry average interest rates in the range of 7.00% to 8.00% p.a. (31 March, 2023: 7.00% to 8.00% p.a.).

3 The company do not have any charges which are yet to be registered with ROC beyond the statutory period.

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

5 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.

6 Currency and interest exposure of borrowings including current maturities is as below:

(₹ in Lakhs)

Particulars	As at 31st March, 2024			As at 31st March 2023		
	Fixed Rate	Floating Rate	Total	Fixed Rate	Floating Rate	Total
a- Indian National Rupee (INR) - Total	18.35	10,743.47	10,761.83	55.44	13,861.17	13,916.61
b- United States Dollar (USD) - Total		15,648.52	15,648.52		7,517.00	7,517.00
	18.35	**26,391.99**	**26,410.35**	**55.44**	**21,378.17**	**21,433.61**
a - Indian National Rupee (INR) - Hedged (interest rate swaps)	0	0	0	0	0	0
b - United States Dollar (USD) - Hedged (interest rate swaps)	0	0	0	0	0	0
	0.00	**0**	**0**	**0.00**	**0**	**0**
a -Indian National Rupee (INR) - Unhedged	18.35	10,743.47	10,761.83	55.44	13,861.17	13,916.61
b- United States Dollar (USD) - Unhedged	0.00	15,648.52	15,648.52	0.00	7,517.00	7,517.00
	18.35	**26,391.99**	**26,410.35**	**55.44**	**21,378.17**	**21,433.61**
% of Total Borrowings	**0.06%**	**99.94%**	**100.00%**	**0.26%**	**99.74%**	**100.00%**

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

All bank borrowing are the floating rate borrowings bearing interest rates based on Marginal Cost of Lending Rate (MCLR), Repo rate except for car loan.

Rupee term loans as on 31 March 2024, amounting to ₹ 18.35 lakhs were secured by movable properties i.e. Vehicle . The term loan was originally payable across 36 equal monthly instalments starting from August 2021 till July 2024 and Dec 2021 till Nov 2026 as mentioned in the table below

Repayment of Term loan

(₹ in Lakhs)

Particulars	Repayment Tenor		
	0-1 Year	1-2 Year	Beyond 2 year
Car Loan from Banks	14.48	3.88	0.00

17 LEASE LIABILITIES

17.1 Non-current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Long term maturities of finance lease obligations	1,665.91	53.19
Total	**1,665.91**	**53.19**

17.2 Current

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
- Short term maturities of finance lease obligations	449.14	44.48
Total	**449.14**	**44.48**

i The Group has lease contracts for its office premises and godowns with lease term between 1 year to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group also has certain leases of office premises and godowns with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

a **The movement in lease liabilities during the year ended 31 March, 2024 and 31 March, 2023 is as follows:**

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Balance at the beginning	**97.67**	**277.67**
Additions	2,393.06	0.00
Accretion of interest	116.96	0.00
Payment of lease liabilities	(492.64)	(180.00)
Balance at the end	**2,115.05**	**97.67**
Non -current	1,665.91	53.19
Current	449.14	44.48

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

b **The following are the amounts recognised in profit or loss:**

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Depreciation on right-of-use assets (refer note no 4)	433.32	130.00
Interest expense on lease liabilities (refer note no 30)	116.96	0.00
Expense relating to short-term leases (refer not no 32)	115.93	399.64
Total amount recognised in statement of profit and loss	**666.21**	**529.64**

c Details of carrying amount of right-of-use assets and movement during the period.

i The maturity analysis of lease liabilities are disclosed in Note .40 (C) 'Liquidity Risk Management'

ii The effective interest rate for lease liabilities is 9%, with maturity between 2023-2028

iii Expense relating to short-term leases are disclosed under the head Rent paid in other expenses.

18 PROVISIONS

18.1 Non Current Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Provision For Employees Benefit		
- Provision for Gratuity (Refer note no. 29)	61.83	54.65
- Provision for Leave Salary (Refer Note No - 29)	544.07	481.43
Total	**605.90**	**536.08**

18.2 Current Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Provision For Employees Benefit		
- Provision for Gratuity (Refer Note No - 29)	4.48	
- Provision for Leave Salary (Refer Note No - 29)	94.29	59.94
- Provision for Bonus	532.60	489.82
Total	**631.37**	**549.76**

notes:

i The Company presents provision for gratuity and leave salaries as current and non-current based on actuarial valuation considering estimates of availment of leave, separation of employees, etc.

ii Detailed disclosure in respect of post-retirement defined benefit scheme is provided in note 29

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

19 DEFERRED TAX

19.1 Deferred tax liabilities comprises :

(₹ in Lakhs)

Particulars	Balance Sheet		Statement of profit and loss	
	As at 31st March, 2024	As at 31st March 2023	As at 31st March, 2024	As at 31st March 2023
Deferred tax liabilities, on account of				
Accelerated depreciation for tax purposes	10,896.55	8,079.04	2,817.51	1,012.05
Deferred tax assets, on account of				
Expenses allowable on payment basis	(214.28)	(195.28)	(19.00)	(195.28)
Fair valuation of Investments	126.73	0.00	126.73	0.00
Right of Use and Lease as per Ind AS 116	(17.00)	0.00	(17.00)	0.00
Deferred tax liabilities (net)	**10,792.00**	**7,883.76**	**2,908.24**	**816.77**

19.2 Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Opening balance as per last balance sheet	7,883.76	7,066.99
Deferred tax charged/(credited) to profit and loss account during the year	2,781.51	816.77
Adjustment in respect of deferred tax of previous year		0
Deferred tax charged/(credited) to profit and loss account (Other Comprehensive Income) during the year	126.73	0
Deferred tax liabilities (net)	**10,792.00**	**7,883.76**

19.3 Reconciliation of tax expense and accounting profit for the year:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March 2023
Profit before tax	**30,049.19**	**26,077.48**
Income tax expense calculated at 25.168%, 34.32% on joint venture	7,840.65	6,718.17
Tax effect on non-deductible expenses	2,232.45	1,652.35
Effect of concessions (depreciation under income tax act)	(2,601.32)	(1,989.44)
Effect of Income which is taxed at special rates	22.02	2.79
Effect of Income which is exempted from tax	(1,610.00)	(785.78)
Total	**5,883.81**	**5,598.08**
Adjustment of tax relating to earlier periods	(306.27)	313
Tax expense as per Statement of Profit and Loss	**5,577.54**	**5,910.94**

Deferred tax assets/ liabilities are the amounts of income taxes recoverable/ payable in future periods in respect of taxable temporary differences, respectively.

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

20 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Trade Payables		
(a) - Total Outstanding Dues of Micro enterprises and Small Enterprises; and	1,890.08	1,265.46
(b) - Total Outstanding dues of Creditors other than Micro enterprises and small enterprises	35,941.61	32,684.75
Total	**37,831.69**	**33,950.21**

As at 31 March, 2024

Particulars	Not Due	Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3 Year	More than 3 Year	Total
MSME	842.41	1,047.67	0	0	0	0	1,890.08
Others	14,515.14	17,486.24	1,903.20	525.12	602.69	909.21	35,941.61
Disputed Dues - MSME							0
Disputed Dues - Others							0
	15357.55	**18533.91**	**1903.20**	**525.12**	**602.69**	**909.21**	**37,831.69**

As at 31 March, 2023

Particulars	Not Due	Less than 6 Month	6 Month to 1 Year	1-2 Year	2-3Year	More than 3 Year	Total
MSME	1,265.46						1,265.46
Others	11,895.93	16,062.39	1,827.18	1,948.59	329.53	621.13	32,684.75
Disputed Dues - MSME							0
Disputed Dues - Others							0
	13161.39	**16062.39**	**1827.18**	**1948.59**	**329.53**	**621.13**	**33,950.21**

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (as amended)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
(a) Principal amount remaining unpaid to any supplier	1,890.08	1,265.46
(b) Interest on (i)(a) above	-	-
The amount of interest paid along with the principal payment made to the supplier		
Amount of interest due and payable on delayed payments	-	-
Amount of further interest remaining due and payable for the earlier years	-	-
Total outstanding dues of Micro and Small Enterprises		
- Principal	1,890.08	1,265.46
- Interest		

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

21 OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
- Liability for Capital Goods	441.17	359.97
- Unclaimed Dividends	14.30	7.23
- Salaries, Wages, Bonus and Other Employee Payables	1,525.67	1,434.37
- Others Payables	1,039.32	669.90
Total	**3,020.46**	**2,471.47**

22 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
- Advance Tax and Tax Deducted at Source (Net of Provision)	-	351.50
Total	**-**	**351.50**

23 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
- Statutory liabilities	536.99	274.25
- Advance from Customers and Others	562.78	1,005.41
Total	**1,099.77**	**1,279.66**

24 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
(a) Sale of Manufactured Products	1,59,583.95	1,67,265.14
(b) Sale of Traded Products	20,653.10	25,465.30
(c) Sale of Services	1,313.47	870.01
(d) Other Operating Revenues	3,710.41	922.83
Total	**1,85,260.93**	**1,94,523.28**

Other Operating Revenues

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
(a) Export Benefits and Incentives	3,451.39	697.42
(b) Scrap Sales	259.02	225.41
Total	**3,710.41**	**922.83**

(a) Disaggregate revenue information

Refer Note 36 for disaggregated revenue information. The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 “Revenue from contracts with customers”.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(b) In case of Domestic Sales, payment terms range from 60 days to 120 days based on geography and customers. In case of Export Sales these are either against documents at sight, documents against acceptance or letters of credit - 60 days to 120 days. There is no significant financing component in any transaction with the customers.

(c) The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.

(d) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

25 OTHER INCOME

(₹ in Lakhs)

Particulars		As at 31st March, 2024	As at 31st March, 2023
(a)	**Interest Income**		
	Investments in debt instruments measured at fair value	7.34	-
	Other financial assets carried at amortised cost	296.85	93.73
(b)	**Dividend Income**		
	Dividends from quoted equity investments measured at fair value through OCI	3.21	124.95
(c)	**Other Non-operating Income**		
	Realisation Gain/(Loss) on forward contract	65.34	-
	Miscellaneous Income	59.80	4.93
(d)	**Other Gains and Losses**		
	Net gain on sale of property, plant and equipment	1.90	(5.80)
	Profit on Redemption of Mutual Funds	55.06	13.95
Total		**489.50**	**231.76**

26 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening Stock	17,019.01	19,517.11
Add: Purchases	90,559.53	98,932.23
	1,07,578.54	**1,18,449.34**
Less: Closing Stock	21,733.84	17,019.01
Total	**85,844.71**	**1,01,430.33**

27 PURCHASE OF STOCK IN TRADE

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Purchases of stock-in-trade	18,221.79	28,081.64
Total Purchases of Stock-in-Trade	**18,221.79**	**28,081.64**

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening Inventories		
Finished Goods	26,531.12	19,014.29
Work-in-Progress	14,026.11	9,006.48
Total	**40,557.23**	**28,020.77**
Closing Inventories		
Finished Goods	29,664.70	26,531.12
Work-in-Progress	12,887.30	14,026.11
Total	**42,552.00**	**40,557.23**
(Increase)/decrease in inventories	**(1,994.77)**	**(12,536.46)**

29 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
(a) Directors' Remunderation and Commission	1,038.03	837.05
(b) Salaries and wages	11,391.59	10,799.05
(c) Contribution to provident and other funds	793.48	815.17
(d) Staff welfare expenses	594.79	517.61
(e) Employee Stock Option Plan	22.84	-
Total	**13,840.74**	**12,968.88**

A Post-employment benefits

(i) Provident Fund (defined contribution plan)

The company has certain defined contribution plans. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the period towards defined contribution plan are ₹ 625.21 lakhs (PY ₹ 569.75 lakhs).

(ii) Retirement Gratuity (defined benefit plans)

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days salary multiplied by number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

(i) Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(ii) Interest risk:

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the value of plan's debt investments.

(iii) Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

(iv) Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Details of defined benefit obligations and plan assets (Gratuity)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

(₹ in Lakhs)

	Particulars	As at 31st March, 2024	As at 31st March, 2023
(a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Obligation at the beginning of the year	1297.93	1049.59
	Current service cost	158.15	141.19
	Past Service Cost		
	Interest costs	97.60	75.88
	Remeasurement (gain)/loss	174.29	60.00
	Benefits paid	(64.62)	(28.95)
	Obligation at the end of the year	**1663.36**	**1297.93**
(b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	1,153.86	978.99
	Interest income	86.77	70.78
	Assets Transferred In/Acquisitions	512.36	0.00
	Employers' contribution	0.00	133.40
	Benefits paid	(64.62)	(28.95)
	Return on Plan Assets, Excluding Interest Income	(29.50)	(0.36)
	Fair value of plan assets at the end of the year	**1,658.87**	**1,153.86**
(c)	**Net defined benefit asset/ (liability) recognised in the balance sheet**		
	Present Value of Obligation	1663.36	1297.93
	Fair Value of Plan Assets	(1,658.87)	(1,153.86)
		4.48	144.07
	Recognised as:		
	Provision for Gratuity (non-current)	0	0
	Provision for Gratuity (current)	4.48	144.06

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

	Particulars	As at 31st March, 2024	As at 31st March, 2023
(d)	**Expense/(gain) recognised in the statement of profit and loss consists of:**		
	Employee benefits expenses:		
	Current service cost	158.15	141.19
	Net Interest Cost	10.83	5.10
	Net defined benefit expense debited to statement of profit and loss	**168.99**	**146.30**
(e)	**Remeasurement (gain)/ loss recognised in other comprehensive income**		
	Return on Plan Assets, Excluding Interest Income	174.29	60.21
	Actuarial (Gains)/Losses on Obligation For the Period	29.50	0.36
	Recognised in other comprehensive income	**203.79**	**60.57**
(f)	**Broad categories of plan assets as a percentage of total assets**		
	Insurer managed funds	100.00%	100.00%
(g)	**Principal assumptions used in determining defined benefit obligation**		
	Discount Rate	0.07	0.08
	Rate of escalation in Salary	0.05	0.05
	Rate of Employee Turnover	0.05	0.05
	Mortality Rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
(h)	**Maturity profile of defined benefit obligation**		
	1st following year	148.11	163.68
	2nd following year	137.40	103.65
	3rd following year	151.77	92.09
	4th following year	158.49	100.58
	5th following year	159.03	108.84
	Sum of year 6 To 10	719.31	547.01
	Sum of years 11 and above	1,838.12	1,646.97
(i)	**Sensitivity analysis for significant assumptions:**		
	Defined Benefit Obligation on Current Assumptions	1,663.36	1,297.93
	Delta Effect of +1% Change in Rate of Discounting	(115.87)	(92.01)
	Delta Effect of -1% Change in Rate of Discounting	133.04	106.38
	Delta Effect of +1% Change in Rate of Salary Increase	128.25	103.41
	Delta Effect of -1% Change in Rate of Salary Increase	(114.01)	(91.40)
	Delta Effect of +1% Change in Rate of Employee Turnover	21.39	20.34
	Delta Effect of -1% Change in Rate of Employee Turnover	(24.35)	(23.32)

notes:

(i) The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(ii) The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(iii) Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

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

(v) The Company is expected to contribute ₹ 198.29 lakhs to defined benefit plan obligations funds for the year ended March 31, 2025.

(vi) Expected return on assets is determined by multiplying the opening fair value of the plan assets by the expected rate of return determined at the start of the annual reporting period, taking account of expected contributions & expected settlements during the reporting period.

(vii) The Weighted Average Duration of the Plan works out to 9 years.

(viii) Asset Liability matching strategy:

The money contributed by the Company to the Gratuity fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance Company. The insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy. There is no compulsion on the part of the Company to fully prefund the liability of the Plan.

B Other long-term employee benefits

Annual Leave

Financial Assumptions

Particulars	As at 31st March, 2024	As at 31st March, 2023
Discount Rate		
Discount Rate	7.23%	7.52%
Salary increases allowing for Price inflation	5.00%	5.00%
Demographic Assumptions		
Mortality	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Employee Turnover	5%	5%
Leave Availment Ratio	2.00%	2.00%

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

30 FINANCE COSTS

(₹ in Lakhs)

Particulars		As at 31st March, 2024	As at 31st March, 2023
(a)	on borrowings from banks and others	1,604.51	2,105.17
(b)	on lease obligations	116.96	0.00
Total		**1,721.47**	**2,105.17**

notes:

On adoption of Ind AS 116 Leases, the Company has recognised Right-of-use assets and created lease obligation representing present value of future minimum lease payments. Unwinding of such obligation is recognised as interest expense.

31 DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

(₹ in Lakhs)

Particulars		As at 31st March, 2024	As at 31st March, 2023
(a)	Depreciation of Property, Plant and Equipment (Refer Note 4)	6,763.21	6,119.84
(b)	Amortisation of Intangible Assets (Refer Note 4)	127.00	4.43
(c)	Depreciation of Right of Use (ROU) Assets (Refer Note 4)	433.32	130.00
Total		**7,323.53**	**6,254.27**

32 OTHER EXPENSES

(₹ in Lakhs)

Particulars		As at 31st March, 2024	As at 31st March, 2023
(a)	Consumption of Power and water	8,402.83	7,510.04
(b)	Freight and handling charges	1,977.13	1,782.01
(c)	Processing Charges	887.11	891.41
(d)	Labour Charges	3,986.96	3,193.00
(e)	Safety & Security Charges	280.13	226.00
(f)	**Repairs and Maintenance**		
	Repairs to Building	283.52	172.14
	Repairs to Plant & Machinery	3,725.88	3,314.19
(g)	Insurance Charges	515.54	894.83
(h)	Research & Development Expenses	837.01	1,396.05
(i)	Loading & Unloading charges	90.56	107.27
(j)	Rates and Taxes	318.77	107.26
(k)	Legal & Professional Fees	707.75	533.42
(l)	Director Sitting Fees	16.86	6.50
(m)	Auditor's Remuneration (note (a) below)	15.45	15.68
(n)	Export Freight Expenses, Outward Freights	3,467.01	4,445.72
(o)	Advertisement & Sales Promotion	641.10	516.13
(p)	Rent paid	115.93	399.64
(q)	Commission and Incentives on sales	711.88	631.51

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
(r) Provision for Bad and Doubtful Debts	106.76	150.00
(s) Sample Testing and Laboratory charges	1,009.22	911.24
(t) Corporate Social Responsibility (note (b) below)	319.50	106.70
(u) Miscellaneous Expenses	2,326.86	3,063.00
Total	**30,743.77**	**30,373.74**

notes:

(a) Details of payments to Auditors (excluding GST)

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Payment to Auditors		
(a) for Statutory Audit	14.14	14.17
(b) for Other Services - Certification	0.85	1.25
(c) for Reimbursement of Expenses	0.46	0.26
Total	**15.45**	**15.68**

(b) Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. Details are as under:

Details of CSR Expenditure:

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
(a) Gross amount required to be spent by the Company during the year	319.50	106.70
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset		
On purposes other than above	319.50	106.70
Total		
(c) Amount spent during the year		
Construction / acquisition of any asset		
On purposes other than above		
Total		
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance - With Company		
- In Separate CSR Unspent A/c		
Amount required to be spent during the year		
Amount spent during the year - From Company's bank A/c'		

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
- From Separate CSR Unspent A/c		
Closing Balance - With Company		
- In Separate CSR Unspent A/c		
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	41.70	0.00
Amount required to be spent during the year	319.50	106.70
Amount spent during the year	319.50	65.00
Closing balance (Excess spent)	**41.70**	**41.70**
(e) Details related to spent / unspent obligations :		
(i) Education and skill Development	113.03	41.76
(ii) Livestock Development	57.44	
(iii) Medical Grants, Healthcare Facilities	54.00	1.24
(iv) Tribal Welfare, Rural and socially backward society Development	12.50	20.00
(v) Water Manage ment- Conservation	20.00	
(vi) Women Empower ment And Livelihood	50.00	
(vii) Green Environment Project	12.53	
(viii) Health Care	0.00	2.00
(ix) Disaster Relief		
- Ongoing projects		
- Other than ongoing projects		

33 EARNING PER SHARE (EPS):

	Particulars	As at 31st March, 2024	As at 31st March, 2023
(a)	Net Profit available for Equity Shareholders (₹ In Lakhs)	21,690.20	19,349.48
(b)	No. of Equity Shares as per financial statement	9,06,26,008	9,06,26,008
(c)	Weighted average number of Equity Shares for Basic Earnings Per Share* (nos.)	9,06,26,008	9,06,26,008
(d)	Weighted average number of Equity Shares for Diluted Earnings Per Share** (nos.)	9,06,33,564	9,06,26,008
(e)	Basic Earnings Per Share (in ₹)	23.93	21.35
(f)	Diluted Earnings Per Share (in ₹)	23.93	21.35

Footnotes:

(a) *Basic EPS is calculated by dividing profit for the year attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year.*

(b) *Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.*

(c) *Number of Shares for Computation of EPS*

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

Particulars	As at 31st March, 2024	As at 31st March, 2023
Basic EPS (in Nos)		
Existing number of equity shares	9,06,26,008	9,06,26,008
Weighted average number of Equity Shares	**9,06,26,008**	**9,06,26,008**
Diluted Earnings Per Share (in Nos)		
Existing number of equity shares	9,06,26,008	9,06,26,008
ESOP (with effect from 4th January 2024)	7,556	0
Weighted average number of Equity Shares	**9,06,33,564**	**9,06,26,008**

34 STOCK OPTION SCHEMES

(i) Terms:

The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested over a period of 1 year, subject to the discretion of the management and fulfillment of certain conditions.

Options can be exercised anytime within a period of 3 years from the date of vesting and would be settled by way of issue of equity shares.

(ii) The details of the grants under the aforesaid schemes under various series are summarised below:

	Particulars	As at 31st March, 2024
i	Grant price - (R)	5.00
ii	Grant dates	01-04-2024
iii	Vesting commences on	01-03-2025
iv	Options granted and outstanding at the beginning of the year	-
v	Vesting commences on	-
vi	Options granted	31,700
vii	Options exercised	-
viii	Options granted and outstanding at the end of the year, of which	31,700
ix	Options vested	-
x	Options yet to vest	31,700
xi	Weighted average remaining contractual life of options (in years)	

Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2023-24 is ₹ 22.84 Lakhs (previous year: Nil), pursuant to the employee stock option schemes . The entire amount pertains to equity-settled employee share-based payment plans.

The fair value of the options granted during the year has been calculated as per the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

	Particulars	For the Year Ended 31-03-2024
i	Risk-free interest rate	0.07
ii	Expected life of options	2.50
iii	Expected volatility	0.55
iv	Expected dividends over the life of the option	0.00
v	Share price as on grant date	496.84
vi	Exercise price	5.00
vii	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option

35 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Contingent Liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Claims against the Company not acknowledged as debts		
(i) Income tax matters	542.73	542.73
(ii) Bank Guarantees issued to Statutory Authorities and other bodies	176.22	143.42
Total	**718.96**	**686.15**

(b) Commitments

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Estimated amount of capital contracts remaining to be executed		
Capital account and not provided for (net of advances)	2,897.21	2,086.70
Total	**2,897.21**	**2,086.70**

36 SEGMENT INFORMATION

The operating segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, who are the Chief Operating Decision Makers (CODM). The board responsible for allocating resources and assessing the performance of operating segments. Accordingly, the reportable segment is only one segment i.e. Pharmaceuticals.

(a) Revenue from Type of Product and Services

There is only one operating segment of the Company which is based on nature of product. Hence the revenue from external customers shown under geographical information is representative of revenue based on product and services.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(b) Geographical Information

(₹ in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Segment Revenue (Sales & other operating revenue)		
Within India (include Deemed Export)	97,438.16	1,15,196.76
Outside India	84,371.38	78,629.10
Total revenue from customers	**1,81,809.54**	**1,93,825.86**
Add : Incentive	3,451.39	697.42
Total	**1,85,260.93**	**1,94,523.28**

(c) Information about major customers

During the year ended March 31, 2024 and March 31, 2023, no single customer contributed 10% or more to the Company's revenue.

37 RESEARCH AND DEVELOPMENT ACTIVITIES

(₹ in Lakhs)

Particulars	For the year 31,st March 2024	For the year 31,st March 2023
Capital expenditure		
(i) Tangible Assets	2107.49	433.36
(ii) Intangible Assets	4,318.09	3,004.06
Total	**6425.58**	**3437.42**

38 RELATED PARTY TRANSACTIONS

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below:

(a) Key Managerial Personnel:

Name	Designation
(i) Shri Rashesh C. Gogri	Chairman
(ii) Smt. Hetal Gogri Gala	Vice Chairperson & Managing Director
(iii) Shri Narendra Salvi	Managing Director
(iv) Shri Rajendra V. Gogri	Non- Executive Director
(v) Shri Parimal H. Desai	Non- Executive Director
(vi) Smt Nehal Garewal	Non- Executive Director (w.e.f. May 13, 2024)
(vii) Shri Vilas Gaikar	Independent Director
(viii) Shri Bhavesh Vora	Independent Director
(ix) Shri Vinay Nayak	Independent Director
(x) Smt. Jeenal Savla	Independent Director
(xi) Smt. Rupal Vora	Independent Director
(xii) Shri Pradeep Thakur	Independent Director (w.e.f. May 13, 2024)
(xiii) Shri Piyush Lakhani	Chief Financial Officer
(xiv) Shri Nikhil Natu	Company Secretary

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(b) Close family members of Key Managerial Personnel who are under the employment of the Company:

Shri Chandrakant V Gogri

(c) Other entities/persons where significant influence exist:

(i) Post employment-benefit plan entity:

The Trustees Aarti Pharmalabs limited

The Trustees Ganesh Polychem Limited

(ii) Entities Controlled/Significantly influenced by Directors/ Close Family Members of Directors/ Promotors/ Group of Promotoers

Aarti Industries Limited

Aarti Drugs Limited

Alchemie Gases and Chemicals Private Limited

Valiant Organics Limited

Aarti USA Inc

Ganesh Polychem Limited

Valiant Laboratories Limited

Alchemie Finechem Limited

Pinnacle Lifesciences Private Limited

Aanvi Speciality Chemicals

Prozeal Green Energy Private Limited

Aarti Venture Limited

Alchemie Europe Ltd

Compensation of key management personnel of the Company:

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
(i) Short-term employee benefits including Remuneration and Commission	1,097.87	890.05
(ii) Director Sitting fees	16.86	6.50

Details of transactions with and balances outstanding of Entities Controlled/Significantly influenced by Directors/ Close Family Members of Directors/ Promotors/ Group of Promotoers

(₹ in Lakhs)

Name of related party	Nature of transaction	March 31, 2024		March 31, 2023	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Shri Chandrakant V Gogri	Rent	9.87	0.97	9.87	0.97
The Trustees Aarti Pharmalabs limited	Contribution to the Gratuity Funds	17.72	1,658.87	143.25	1,153.86
Aarti Industries Limited	Purchase of goods or services	23,981.28	(15,420.70)	13,261.14	(473.00)
	Revenue from Sale of Products	3809.46	-	7,255.13	0.00
Aarti Drugs Limited	Purchase of goods or services	5.21	-	1.94	-
	Revenue from Sale of Products	179.67	36.76	291.49	102.47

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

Name of related party	Nature of transaction	March 31, 2024 Transaction value	March 31, 2024 Outstanding amount	March 31, 2023 Transaction value	March 31, 2023 Outstanding amount
Alchemie Gases and Chemicals Private Limited	Purchase of goods or services	7.01	0	23.17	
	Revenue from Sale of Products	0.00	2.65	0.00	2.87
Valiant Organics Limited	Purchase of goods or services	2655.43	(292.64)	247.95	
	Revenue from Sale of Products	1642.32		1,121.92	679.63
Valiant Laboratories Limited	Purchase of goods or services	776.98		0	
	Revenue from Sale of Products	336.36	54.40	514.37	166.79
Alchemie Finechem Limited	Purchase of goods or services	70.61		0	(722.56)
	Revenue from Sale of Products	1,205.17	120.48	0	0
Pinnacle Lifesciences Private Limited	Purchase of goods or services	0.00	0.00		(5.74)
	Revenue from Sale of Products	44.99	10.98	13.83	0.00
Aanvi Speciality Chemicals	Purchase of goods or services	133.96	(30.92)	67.87	(10.87)
	Revenue from Sale of Products	10.04	0.00	20.99	0
Prozeal Green Energy Private Limited	Purchase of goods or services	460.40	4.57	0	0
	Revenue from Sale of Products	0.00	0	0	0
Aarti Venture Limited	Interest Income	52.67		51.35	
	Looan given / (repayment)	0.00		107.26	
	Investment		738.65		738.75
	Loan ICD & Interest receivable		684.11		631.44
Alchemie Europe Ltd	Revenue from Sale of Products	(33.20)	0.00	74.79	25.90

The company has given unsecured loan to Aarti Ventures Limited. The loan carries interest rate of 9 % p.a. and is relayable on demand.

39 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATION AND FAIR VALUES

Disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures

Category-wise classification for applicable financial assets:

(₹ in Lakhs)

Particulars	Current/ NonCurrent	As at 31st March'2024 Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	As at 31st March'2023 Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Financial Assets									
Financial assets measured at cost									
Investment in Subsidiaries	Non-Current	0				0			
Financial assets measured at amortised cost									
Security Deposits	Non-Current	1,132.90				943.81			
Loans to Other	Non-Current	585.23				585.23			
Trade Receivables	Current	51,934.44				45,010.38			

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(₹ in Lakhs)

Particulars	Current/ NonCurrent	As at 31st March'2024				As at 31st March'2023			
		Carrying Amount	Fair Value			Carrying Amount	Fair Value		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Cash on hand	Current	9.13				10.51			
Balance with Banks	Current	2,354.36				1,201.61			
Other Fixed Deposits	Current	43.09				7.23			
Loans to employees	Current	125.11				125.03			
Interest Receivable	Current	222.34				111.59			
Other Receivables	Current	405.86				397.57			
		56,812.46				48,392.96			
Financial assets measured at fair value through other comprehensive income (FVTOCI)									
Investments in Equity Shares	Non - Current	3,677.95		3,677.95		3,552.49		3,552.49	
Investments in Bonds	Current	7,039.39	7,039.39			5,099.01	5,099.01		
		10,717.34	7,039.39	3,677.95	0	8,651.50	5,099.01	3,552.49	0
Total Financial Assets		67,529.80	7,039.39	3,677.95	0	57,044.46	5,099.01	3,552.49	0
Financial Liabilities									
Financial liabilities measured at amortised cost									
Long term borrowings - Term Loans from Banks	Non - Current	3.88				18.35			
Long-term maturities of lease obligations	Non - Current	1,665.91				53.19			
Short -term maturities of lease obligations	Current	449.14				44.48			
Short term borrowings - Working capital loans from Banks	Current	26,406.47				21,415.26			
Trade Payables									
- Due to Micro, Small and Medium Enterprises	Current	1,890.08				1,265.46			
- Due to Others	Current	35,941.61				32,684.75			
Creditors for Capital Goods		441.17				359.97			
Unclaimed Dividends		14.30				7.23			
Other Current Liabilities		2,523.63				2,104.27			
Total Financial Liabilities		69,336.18				57,952.96			

Fair value hierarchy

Level 1 : Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, listed redeemable preference shares for which sufficient observable market data was not available during the year, etc. included in level 3.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level followed is given in the table above

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's Risk Management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's Risk Management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, trade receivables and other receivables and financial liabilities comprise mainly of borrowings, trade payables and other payables

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments, such as cross currency swaps and interest rate swaps to hedge foreign currency risk and interest rate risk exposure . Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in market interest rates. Company's interest rate risk arises from borrowings.

The following table demonstrates the sensitivity on the Company's profit before tax, to a reasonably possible change in interest rates of variable rate borrowings on that portion of loans and borrowings affected, with all other variables held constant:

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax

(₹ in Lakhs)

Particulars	FY 2023-24	FY 2022-23
50 BPS increase would (decrease) the Profit before Tax by	132.05	107.17
50 BPS decrease would increase the Profit before Tax by	(132.05)	(107.17)

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts in several currencies and consequently the Company is exposed to foreign exchange risk through its sales outside India, and purchases from overseas suppliers in various foreign currencies. The company also has borrowings in foregin currency. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates / depreciates against these currencies. Foreign currency exchange rate exposure is partly balanced by purchase of raw materials and services in the respective currencies.

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

(₹ and FC in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Amount in foreign currency	Amount in Rupees INR	Amount in foreign currency	Amount in Rupees INR
Liabilities				
United States Dollar (USD)	(239.23)	(19,947.62)	(133.27)	(10,951.08)
Euro	(0.52)	(44.38)	0.00	0.00
GBP	0.00	0.00	0.00	0.00
AED	(0.13)	(2.77)	0.00	0.00
Chinese RMB\CNY	(2.70)	(31.00)	(2.70)	(26.19)
CHF	0.00	0.00	0.00	0.00
	(242.58)	**(20,025.77)**	**(135.97)**	**(10,977.27)**
Assets				
United States Dollar (USD)	291.34	24,300.69	168.10	13,812.73
Euro	0.26	23.02	1.32	118.47
GBP	0.00	10.00	0.43	43.21
AED	24.96	566.79	10.10	225.94
CNY	3.44	39.49	0.00	0.00
CHF	0.37	33.72	0.51	46.07
	320.37	**24,973.71**	**180.46**	**14,246.42**
Net foreign currency denominated monetory liability/(asset) (total)				
United States Dollar (USD)	52.11	4,353.07	34.83	2,861.65
Euro	(0.26)	(21.36)	1.32	118.47
GBP	0.00	10.00	0.43	43.21
AED	24.83	564.02	10.10	225.94
CNY	0.74	8.49	(2.70)	(26.19)
CHF	0.37	33.72	0.51	46.07
	77.79	**4,947.94**	**44.49**	**3,269.15**

Notes Forming Part of Consolidated Financial Statements
for the Year Ended 31st March 2024

(₹ and FC in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Amount in foreign currency	Amount in Rupees INR	Amount in foreign currency	Amount in Rupees INR
Foreign exchange derivatives				
USD (Hedged) - Currency swaps against foreign currency borrowings	115.00	9,592.00	50.00	4,110.00
	115.00	**9,592.00**	**50.00**	**4,110.00**
Net foreign currency denominated monetory liability/(asset) (unhedged)				
United States Dollar (USD)	(62.89)	(5,238.93)	(15.17)	(1,248.35)
Euro	(0.26)	(21.36)	1.32	118.47
GBP	0.00	10.00	0.43	43.21
AED	24.83	564.02	10.10	225.94
CNY	0.74	8.49	(2.70)	(26.19)
CHF	**0.37**	**33.72**	**0.51**	**46.07**
	(37.21)	**(4,644.06)**	**(5.51)**	**(840.85)**

Foreign Currency Risk Sensitivity

The following tables demonstrate foreign currency sensitivity on unhedged exposure (0.5% increase / decrease in foreign exchange rates will have the following impact on profit before tax).

(₹ in Lakhs)

Particulars	FY 2023-24		FY 2022-23	
	+50 bps	-50 bps	+50 bps	-50 bps
United States Dollar (USD)	(26.19)	26.19	(6.24)	6.24
Euro	(0.11)	0.11	0.59	(0.59)
GBP	0.05	(0.05)	0.22	(0.22)
AED	2.82	(2.82)	1.13	(1.13)
CNY	0.04	(0.04)	(0.13)	0.13
CHF	0.17	(0.17)	0.23	(0.23)

(iii) Equity Price Risk

The Company's investments in listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

The following table summarises the sensitivity to change in the price of equity securities held by the Company on the Company's Equity and OCI. These changes would not have an effect on profit or loss.

(₹ in Lakhs)

Particulars	Impact on other components of equity (OCI)	
	FY 2023-24	FY 2022-23
1% increase	107.17	86.51
1% decrease	(107.17)	(86.51)

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade receivables and deposits with banks and other financial assets. The Company ensures that sales of products are made to customers with appropriate creditworthiness. Outstanding customer receivables are regularly monitored by the management. An impairment analysis is performed at each reporting date on an individual basis for major customers. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks.

Refer footnotes c and d below note no.10 for ageing of trade receivables and movement in credit loss allowance.

(C) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations without incurring unacceptable losses. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company have access to undrawn lines of committed borrowing/facilities. The Company invests its surplus funds in bank fixed deposits and in mutual funds, which carry no or low market risk. The company consistently generates sufficient cash flows from operations or from cash and cash equivalents to meet its financial obligations including lease liabilities as and when they fall due.

(i) Financing arrangements

(₹ in Lakhs)

Particulars	FY 2023-24	FY 2022-23
Secured borrowing facilities		
- Amount used	26,410.35	21,433.61
- Amount unused	22,819.65	17,296.39
Total	**49230.00**	**38730.00**

(ii) Financing arrangements

Maturity profile of financial liabilities

(₹ in Lakhs)

Particulars	March 31, 2024		
	Less than 1 year	Between 1 to 5 years	Over 5 years
As on 31st March, 2024			
- Borrowings	26,406.47	3.88	
- Lease Liabilities	449.14	1,665.91	
- Trade Payables	37,831.69		
- Other Financial Liabilities	2,979.10		
Total	**67,666.41**	**1,669.79**	**0**

(₹ in Lakhs)

Particulars	March 31, 2023		
	Less than 1 year	Between 1 to 5 years	Over 5 years
As on 31st March, 2023			
- Borrowings	21,415.26	18.35	
- Lease Liabilities	44.48	53.19	
- Trade Payables	33,950.21		
- Other Financial Liabilities	2,471.47		
Total	**57,881.42**	**71.54**	**0.00**

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(D) 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 shareholders. The primary objective of the Company's capital management is to maximise the shareholder value, safeguard business continuity and support the growth of the Company. The Company manages its capital structure and makes suitable adjustments in light of changes in economic conditions.

(₹ in Lakhs)

Particulars	FY 2023-24	FY 2022-23
Borrowings - Current and Non-Current	26,410.35	21,433.61
Long-term maturities of Lease obligations	1,665.91	53.19
Current maturities of Lease obligations	449.14	44.48
Less: cash and cash equivalent	(2,363.49)	(1,212.12)
Less: other balances with banks	(43.09)	(7.23)
Less: current investments	(7,039.39)	(5,099.01)
Net Debts	**19,079.42**	**15,212.92**
Total Equity	1,75,703.92	1,55,848.66
% Net debt to equity ratio	**10.86%**	**9.76%**

41 OTHER DISCLOSURES

Additional regulatory information required by schedule III to the Companies Act, 2013

(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:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

(ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

(g) 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).

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(h) 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.

(i) Utilisation of Borrowed Funds and Share Premium

As on March 31, 2024 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.

(j) 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.

(k) 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

(l) 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:

(m) (i) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(ii) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

(n) As on 13th May, 2024 there were no material subsequent events to be recognized or reported that are not already disclosed.

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

42 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY/ASSOCIATES.

(₹ in Lakhs)

Name of Entities	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount
Holding Company								
Aarti Pharmalabs Limited	92.28%	1,62,145.98	92.51%	20,065	-29.50%	13.31	92.76%	20,077.85
Total (A)		**1,62,145.98**		**20,064.54**		**13.31**		**20,077.85**
Subsidiaries								
Aarti USA Inc	0.05%	92.12	0.55%	119.34	129.51%	-58.44	0.28%	60.90
Aarti Pharmachem Limited	0.01%	20.97	0.00%	-0.54	0.00%		0.00%	(0.54)
Ganesh Polychem Limited	8.35%	14,675.40	11.06%	2399.88	0.00%		11.09%	2,399.88
Non Controlling interest in All Subsidiaries	0.00%		0.00%	0	0.00%		0.00%	0.00
Inter Company Elimination	-0.70%	(1,230.55)	-4.12%	(893.02)	-0.02%	0.01	-4.13%	(893.01)
Total (B)	**7.72%**	**13,557.94**	**7.49%**	**1,625.66**	**129.50%**	**(58.43)**	**7.24%**	**1,567.23**
Consolidated [A + B]	**100.00%**	**1,75,703.92**	**100.00%**	**21,690.20**	**100.00%**	**(45.12)**	**100.00%**	**21,645.08**

43 RATIO ANALYSIS

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance	Explanation for change in the ratio by more than 25% as compared to the previous year
Current Ratiio	Current Assets	Current Liabilities = Total current liabilities - Current maturities of non-current borrowings and lease obligations	1.95	1.94	0.66%	Not Applicable
Net DebtEquity ratio	Net debt = Non-current borrowings + Current borrowings + Non-current and current lease liabilities - Current investments - Cash and cash equivalents - Other balances with banks (including noncurrent earmarked balances)	Equity [Equity = Equity share capital + Other equity]	0.11	0.10	11.24%	Not Applicable
Return on Equity Ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	13.08%	13.14%	-0.43%	Not Applicable

Notes Forming Part of Consolidated Financial Statements

for the Year Ended 31st March 2024

Ratio	Numerator	Denominator	Current Period	Previous Period	Variance	Explanation for change in the ratio by more than 25% as compared to the previous year
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	1.64	2.17	-24.48%	Raw Material Consumption decreased; average inventory increased due to market conditions
Trade Receivables Turnover Ratio	Revenue from Sale of Products and Services	Average Trade Receivable	3.82	4.71	-18.78%	Not Applicable
Trade Payable Turnover Ratio	Adjusted Expenses [Adjusted Expenses = Total Expenses - Finance Cost - Depreciation and Amortisation Expense – Employee Benefit Expenses – Other expenses with respect to Rates & Taxes, Provision for Doubtful Debts, Sundry Balances Written-off, CSR and Foreign Exchange Gain/Loss]	Average Trade Payable	3.69	5.31	-30.53%	Average Trade Payable decreased due to better credit terms.
Net Capital Turnover Ratio	Revenue from Operations	Average Working capital = Current assets – Current liabilities	3.05	3.85	-20.75%	Not Applicable
Net Profit Ratio	Profit after tax	Revenue from operations	11.71%	9.95%	17.70%	Not Applicable
Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Assets - Current Liabilities	17.99%	18.17%	-0.95%	Not Applicable
Return of Investment	Earnings before interest and tax	Average total assets	13.85%	14.11%	-1.83%	Not Applicable

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

Tejas Parikh
Partner
M. No. 123215

Place: Mumbai
Date: 13 May 2024

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

CIN: L24100GJ2019PLC110964
Regd. Off.: Plot No 22/C/1 & 22/C/2, GIDC, Vapi - 396195, Dist. Valsad, Gujarat
Website: www.aartipharmalabs.com **Email:** investorrelations@aartipharmalabs.com
Telephone: +91 260 2400467, +91 99099 94655

Notice of the Annual General Meeting

Notice is hereby given that the Fifth Annual General Meeting of the Members of Aarti Pharmalabs Limited will be held on **Wednesday, August 07, 2024**, at **11:00 A.M.** IST, through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at Plot No 22/C/1 & 22/C/2, GIDC, Vapi - 396195 , Dist. Valsad, Gujarat.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2024 together with the Reports of the Board of Directors and Auditors' thereon.

2. To declare the final dividend @ 20% i.e.₹ 1/- (Rupee One only) per Equity share for the financial year ended March 31, 2024.

3. To appoint a Director in place of Shri Rashesh C. Gogri (DIN: 00066291), who retires by rotation and being eligible, offers his candidature for re-appointment.

SPECIAL BUSINESS:

4. **Appointment of Shri Pradeep Thakur (DIN: 00685992) as an Independent Director of the Company**

   To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to Section 149, 150, 152, 160 and other applicable provisions of Companies Act, 2013 ("Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and such other Rules framed under the Act, read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory amendments or modifications or re-enactment thereof and rules made thereunder, for the time being in force), in accordance with the recommendation of Nomination and Remuneration Committee and the Board of Directors, Shri Pradeep Thakur (DIN: 00685992) , who was appointed as an Additional Director in the category of Independent Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of 5 (five) years with effect from May 13, 2024 up to May 12, 2029, in terms of Section 161(1) of the Act and who meets the criteria for Independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect.

   RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **Appointment of Smt. Nehal Garewal (DIN: 01750146) as a Non-Executive Director of the Company**

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any amendments thereto or statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Smt. Nehal Garewal (DIN: 01750146), who was appointed as an Additional Director of the Company effective from May 13, 2024, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation.

   RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **Payment of Commission to the Non-Executive Director(s) of the Company**

   To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, ("Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation") (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to pay commission to all Non-Executive Directors of the Company (other than the Managing Director and/or Executive Directors of the Company), including in case of no profits / inadequate profits in accordance with the limits prescribed under Schedule V of the Act, not exceeding 0.25% of the Net Profits of the Company in any financial year, as computed in the manner laid down in Section 198 of the Act (including any statutory modification(s) or re-enactment thereof), or ₹ 100 lakhs (Rupees One Hundred lakhs Only) in aggregate, whichever is lower, as recommended by the Nomination and Remuneration Committee and approved by the Board, for a period of three (3) years with effect from April 1, 2024 and be allocated every year in a manner and based upon the criteria as set out by the Nomination and Remuneration Committee of the Board.

RESOLVED FURTHER THAT the above commission shall be in addition to stock options not exceeding the limits specified in Aarti Pharma Performance Stock Option Plan 2023 ("PSOP 2023") or any other Plan or Scheme as may be approved by the Board of Directors ("Board") from time to time, and fees payable to the Director(s) for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, subject to applicable provisions of law, and reimbursement of expenses for participation in the Board and other meetings.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **Approval of remuneration to the Cost Auditors for the Financial Year 2024-25**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 2,25,000 (Rupees Two lakhs Twenty Five Thousand Only) per annum plus taxes, as applicable, and reimbursement of out of pocket expenses to be paid to Smt. Ketki D. Visariya, Cost Accountants (Membership Number: 16028), being the Cost Auditors appointed by the Board of Directors of the Company to conduct audit of the cost records and related books maintained by the Company in respect of drugs and pharmaceuticals for the Financial Year 2024-25, be and is hereby approved.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office:
Plot No 22/C/1 & 22/C/2, GIDC,
Vapi - 396195, Dist. Valsad, Gujarat

By order of the Board

Nikhil Natu
Company Secretary
ICSI M. No. 27738

Place: Mumbai
Date: May 13, 2024

NOTES

1. The Ministry of Corporate Affairs ("MCA") has vide its General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 10/2022 dated December 28, 2022 and subsequent circulars issued in this regard, the latest being 09/2023 dated September 25, 2023 in relation to "Clarification on holding of Annual General Meeting ("AGM") through Video Conferencing (VC) or Other Audio Visual Means (OAVM)", (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ('SEBI') vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 (collectively referred to as "SEBI Circulars") permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/OAVM on Wednesday, August 07, 2024 at 11:00 A.M. (IST).

   The video recording and the transcript of the AGM shall be made available on the website of the Company. National Securities Depository Limited ("NSDL") will be providing facilities for voting through remote e-voting, for participation in the AGM through VC/OAVM and e-voting during the AGM.

2. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 4 to 7 of the Notice, is annexed hereto. Further, the relevant details with respect to Item Nos. 4 and 5 pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are also annexed.

3. In accordance with the aforesaid MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 24 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories".

   Members may note that the Notice and Annual Report for FY 24 will also be available on the Company's website https://www.aartipharmalabs.com/annual-reports, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL https://www.evoting.nsdl.com.

   All documents referred to in the accompanying notice are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to investorrelations@aartipharmalabs.com till the date of the AGM.

4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxy(ies) by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map of AGM are not annexed to this Notice.

5. Institutional shareholders/corporate shareholders (i.e. other than individuals, HUFs, NRIs, etc.) are required to send a scanned copy (PDF/JPG Format) of their respective Board or governing body Resolution/Authorization etc., authorizing their representative to attend the AGM through VC/OAVM on their behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail on its registered e-mail address to sunil@sunildedhia.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUFs, NRIs etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter, etc. by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.

6. Final Dividend for FY 24:

   The Board of Directors at its meeting held on May 13, 2024, has recommended a final dividend @ 20% i.e. ₹ 1/- (Rupee One Only) per equity share. The Record date fixed for determining entitlement of Members to final dividend for the financial year ended March 31, 2024, if approved at the AGM, is **Wednesday, July 31, 2024**.

   If the final dividend is approved at the AGM, payment of such dividend subject to deduction of tax at source ("TDS") will be made on **Monday, September 02, 2024** as under:

   - To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the Depositories, as of close of business hours on **Wednesday, July 31, 2024**.

7. TDS on dividend

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of shareholders and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to Income Tax Act, 1961 and the Finance Act, 2020, of the respective years. The shareholders are requested to update their PAN with the Depository Participants ("DPs") (if shares held in dematerialized form).

A Resident individual shareholder with PAN and whose income does not exceed maximum amount not chargeable to tax or who is not liable to pay income tax, as the case may be, can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to rnt.helpdesk@linkintime.co.in or upload the documents on https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html by 11:59 p.m. (IST) on **Wednesday, July 31, 2024**. Shareholders are requested to note that if the PAN is not correct/ invalid/ inoperative or have not filed their income tax returns, then tax will be deducted at higher rates prescribed under Sections 206AA or 206AB of the Income-tax Act, as applicable and incase of invalid PAN, they will not be able to get credit of TDS from the Income Tax Department.

Non-resident shareholders [including Foreign Institutional Investors ("FIIs")/Foreign Portfolio Investors ("FPIs")] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose, the shareholder may submit the above documents (PDF/JPG Format) by e-mail to helpdesk@linkintime.co.in or upload the documents on https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. (IST) on **Wednesday, July 31, 2024**.

8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc. for shares held in electronic form: to their Depository Participants ("DPs").

9. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.

10. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 (updated as per Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024) mandated listed companies to issue securities in dematerialised form only.

In view of this, all securities issued by the Company are in dematerialised form. Pursuant to the Scheme of Arrangement under Section 230 - 232 of the Act, which was sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench vide its order September 21, 2022 and was effective from October 17, 2022 ("Scheme"), the Company had issued equity shares to eligible Members of Aarti Industries Limited ("AIL") as per the share entitlement ratio defined in the Scheme.

In line with the above mandate from SEBI, shares of the Company which were allotted to Members of Aarti Pharmalabs Limited ("APL") pursuant to the Scheme, who held equity shares in physical form, were credited into Demat Suspense Account opened and maintained by the Company for this purpose. The Company through its RTA, on receipt of requisite documents from the said Member(s), credits the equity shares to their respective demat account(s) after due validation.

In order to do so, or for applying for transfer of shares pursuant to transmission/transposition/name change/name deletion, Members are requested to submit the form Schedule 1 'Application to claim shares from Demat Account' or form Schedule 2 'Application for transfer of Shares from Demat Account of APL to the demat account of the Members pursuant to transmission/transposition/name change/ name deletion' along with the documents as mentioned in the forms, to the RTA at their registered office at C- 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083.

Further, Members whose shares are lying in the Demat Account of the Company, in the absence of demat account details with the Company, the KYC compliances applicable to them remain pending for their folio. Please note that this will impact corporate benefits such as dividend. Accordingly, in order for said dividends to be credited to your bank account, updated KYC details including bank account details will need to updated in the Company records. This can be done upon credit of your shares lying in the Demat Suspense Account to your own demat account.

Members can contact Link Intime for further assistance in this regard.

11. In terms of Regulation 40(1) of Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form. Members can contact the Company or Link Intime, for assistance in this regard.

12. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the Members in respect of the shares held by them. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website https://www.aartipharmalabs.com/faq and on the website of Link Intime at https://liiplweb.linkintime.co.in/KYC-downloads.html.

13. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company as on the cut-off date will only be entitled to vote during the AGM.

14. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/ OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (https://smartodr.in/login).

15. Members seeking any information with regard to the financial statements or any matter to be placed at the AGM are requested to write to the Company on or before **Tuesday, August 06, 2024**, through e-mail on investorrelations@aartipharmalabs.com. The same will be replied by the Company suitably.

16. Members are requested to note that dividends, if not encashed for a period of seven (7) years from the date of transfer to the Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all the shares in respect of which dividend has remained unclaimed for seven (7) consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

The Members whose unclaimed dividends and/or shares have been transferred to IEPF, may contact the Company or RTA and submit the required documents for issue of Entitlement Letter. The Members can attach the Entitlement Letter and other required documents and file the IEPF-5 form for claiming the dividend and/ or shares available on www.iepf.gov.in.

17. Instructions for e-voting and joining the AGM are as follows:

    1. In view of the MCA and SEBI Circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

    2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

    3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

    4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations (as amended), and the MCA circulars issued, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ("NSDL") for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-voting during the proceedings of the AGM through VC/ OAVM ('e-voting at the AGM') on the date of the AGM will be provided by NSDL.

6. In line with the MCA Circulars, the Notice calling the AGM has been uploaded on the website of the Company at https://www.aartipharmalabs.com/annual-reports. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act, read with MCA circulars.

8. CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M.No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner. The Scrutiniser shall, immediately after the conclusion of voting at general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing. The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on **Sunday, August 04, 2024 at 09:00 A.M. (IST)** and ends on **Tuesday, August 06, 2024 at 05:00 P.M. (IST).** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **Wednesday, July 31, 2024** may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **Wednesday, July 31, 2024**.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
	4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password.
	2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
	3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining the AGM through VC/OAVM for Members other than Individual Members holding securities in demat mode:

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Demat Suspense Account	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Demat Suspense Account	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

    a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

    b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

    c) How to retrieve your 'initial password'?

        (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares lying in demat suspense account of the Company. The pdf file contains your 'User ID' and your 'initial password'.

        (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

    a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

    b) Physical User Reset Password?" (If your shares are lying in Demat Suspense account of the Company) option available on www.evoting.nsdl.com.

    c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

    d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sunil@sunildedhia.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Ms. Prajakta Pawle, Executive Manager, NSDL at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investorrelations@aartipharmalabs.com.If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

2. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.

3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM” placed under “Join meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at investorrelations@aartipharmalabs.com at least five (5) days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Registered Office:
Plot No 22/C/1 & 22/C/2, GIDC,
Vapi - 396195, Dist. Valsad, Gujarat

By order of the Board

Nikhil Natu
Company Secretary
ICSI M. No. 27738

Place: Mumbai
Date: May 13, 2024

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4: Appointment of Shri Pradeep Thakur (DIN: 00685992) as an Independent Director of the Company

The Board of Directors in their Meeting held on May 13, 2024 appointed Shri Pradeep Thakur (DIN: 00685992) as an Additional Director in the category of Non-Executive Independent Director with effect from May 13, 2024 for a period of five (5) years, subject to the members' approval.

Shri Pradeep Thakur (DIN: 00685992) is a Post Graduate in Chemistry from Mumbai University and has a Diploma in Export Management. Besides, he has studied 'Masters in Administrative Management' at Jamnalal Bajaj Institute of Management Studies, Mumbai.Shri Thakur possesses more than 30 years of working experience in Chemical and Pharmaceutical Industry in various functions like Process Development, Quality control, Quality Assurance, Business Development and General Administration. He was the Managing Director of Aceto Pharma India Private Limited. Shri Thakur is member of the Board of Directors of Indo Amines Limited and Anuh Pharma Limited.

Considering the extensive knowledge and experience as well as his educational background, the Board of Directors of the Company are of the opinion that his association as a Non-Executive Independent Director of the Company would be of immense benefit.

The Company has received a declaration from him that he meets the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 ("Act") and under Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 ("Listing Regulation"). Shri Thakur has confirmed that he is neither disqualified from being appointed as a Director in terms of Section 164 of the Act nor debarred from holding office as a Director of the company, by virtue of any Securities and Exchange Board of India Order or any other such authority and given his consent to act as a Director. The Board is of opinion that he fulfills the conditions specified in the Act and the Rules made thereunder and is independent of the management.

Details pursuant to Regulation 36 of Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are given in Annexure - I annexed herewith.

A copy of the letter for appointment issued to Shri Thakur as an Independent Director setting out the terms and conditions thereof is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days.

The Board of Directors recommends passing of the resolution as set out in Item no. 4 of this Notice as a Special Resolution.

Except Shri Thakur, none of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Shri Thakur may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Item No. 5: Appointment of Smt. Nehal Garewal (DIN: 01750146) as a Non-Executive Director of the Company

The Board of Directors in their Meeting held on May 13, 2024 appointed Smt. Nehal Garewal (DIN: 01750146) as an Additional Director with effect from May 13, 2024. Smt. Garewal is proposed to be appointed as a Non-Executive Director, liable to retire by rotation, by the members in terms of the provisions of the Act.

Smt. Nehal Garewal is a Commerce Graduate from Mumbai University and holds Diploma in Financial Management from NMIMS, Mumbai.She is an accomplished Director with over 30 years of work experience. She has worked in the Manufacturing, Social & Education and in Security Safety and Risk Management industries gaining extensive knowledge of commercial strategy, planning, execution and innovation. She can leverage her capabilities and leadership skills to assist organizations with their growth and development.

Smt. Garewal has confirmed her eligibility to act as a Director and she is not debarred from holding office of Director of the Company, by virtue of any Securities and Exchange Board of India Order or any other such authority. She further has consented to act as a Non-Executive Director. The Board of Directors has taken on record all required declarations and confirmations submitted by Smt. Garewal.

Smt. Garewal will be paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and/ or its Committees, reimbursement of expenses for participating in the Board and other meetings and Commission as may be recommended by the Board, which shall be within the limits stipulated under Section 197 of the Act, and as approved by the Members of the Company at the Annual General meeting to be held on August 07, 2024.

Details pursuant to Regulation 36 of Listing Regulations read with Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are given in Annexure - I annexed herewith. The Board of Directors of the Company are of the opinion that her association would be of immense benefit to the Company and it is desirable to avail her services as a Non- Executive Director.

The Directors recommend the said resolution for your approval as an Ordinary Resolution.

Except Smt. Garewal, none of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Smt. Garewal may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Item No. 6: Payment of Commission to Non-Executive Director(s)

The Company's Non-Executive Directors are seasoned professionals with a high level of expertise in areas such as operational strategy, business development, corporate governance, finance amongst others. The Corporate Governance norms have progressively evolved in our country over the last few years and are expected to become more robust in the near future. In view of the said developments, the roles and responsibilities of the Board, particularly the Non-Executive Directors, assume higher significance in the overall functioning of the Company. Going forward, a Non-Executive Director will be expected to invest more time and attention in the Company's affairs, which would eventually reflect in a positive manner in the Company's financial performance.

Hence, in view of Sections 197 and 198, and other relevant provisions of the Act, Regulation 17(6) of the Listing Regulations, and taking into account the Company's performance till date, it is proposed that commission be paid to all the Non-Executive Directors of the Company, even in the event of no profits/inadequate profits, in accordance with the terms of and the limits prescribed under Schedule V of the Act, at a sum not exceeding 0.25% per annum of the Net Profits of the Company (wherein the 'Net Profits' shall be computed in the manner laid down in Section 198 of the Act, for each relevant financial year) or ₹ 100 lakhs (Rupees One Hundred lakhs Only) in aggregate, whichever is lower, for a period of three (3) years with effect from April 1, 2024.

The quantum of remuneration payable to each Non-Executive Directors shall be fixed and decided by the Nomination and Remuneration Committee, which is chaired by an Independent Director, after considering every Director's attendance at the Board/ Board Committee meetings, type of meetings held by the Company, preparedness of the Directors at the meetings, etc, such that the remuneration figure would be commensurate with the size and scale of the Company.

The remuneration shall be in addition to the stock options not exceeding the limits specified in PSOP 2023 or any other Plan or Scheme as may be approved by the Board of Directors ("Board") from time to time and sitting fees payable to the Non-Executive Directors for attending the meetings of the Board of Directors or Committees thereof or for any other purpose whatsoever, as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings. The Non-Executive Directors, who form part of the "Promoter/Promoter Group" of the Company, and the Independent Directors of the Company will not be eligible for any stock options, pursuant to the PSOP 2023 approved by the Shareholders.

Approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Act, and the Listing Regulations for payment of commission to the Non-Executive Directors as set out in the Resolution at Item No. 6 of the Notice.

Information as required under Section II of Part II of the Schedule V of the Act is provided as Annexure - II to this Notice.

None of the Executive Directors/Key Managerial Personnel of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. All the Non-Executive Directors , including Independent Directors, are deemed to be concerned or interested in this resolution to the extent of the commission that may be received by them.

Item No. 7: Approval of remuneration to the Cost Auditors for the Financial Year 2024-25

Pursuant to Section 148 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor to audit the Cost records for the financial year 2024-25 was recommended by the Audit Committee to the Board. The Board thereby appointed Smt. Ketki D. Visariya, Cost Accountant

(Membership Number: 16028), as Cost Auditor at the Board Meeting held on May 13, 2024 at a remuneration of ₹ 2,25,000/- (Rupees Two lakhs Twenty Five Thousand Only) per annum plus taxes as applicable. Smt. Ketki D. Visariya has confirmed her eligibility for appointment as Cost Auditor.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be approved by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Registered Office:
Plot No 22/C/1 & 22/C/2, GIDC,
Vapi - 396195, Dist. Valsad, Gujarat

By order of the Board

Nikhil Natu
Company Secretary
ICSI M. No. 27738

Place: Mumbai
Date: May 13, 2024

ANNEXURE - I

Details of Directors seeking appointment/ re-appointment in the General Meeting, furnished in terms of Listing Regulations:

Name of the Director	**Shri Rashesh Gogri**	**Shri Pradeep Thakur**	**Smt. Nehal Garewal**
Director Identification Number (DIN)	00066291	00685992	01750146
Date of Birth	June 3, 1974	July 21, 1967	December 26, 1970
Age (in years)	49 years	56 years	53 years
Date of appointment/ reappointment on Board	August 07, 2021	May 13, 2024	May 13, 2024
Qualifications	He is a Production engineer from Mumbai University.	He holds a Post Graduate in Chemistry from Mumbai University, Diploma in Export Management and 'Masters in Administrative Management' at Jamnalal Bajaj Institute of Management Studies, Mumbai.	She is a Commerce Graduate from Mumbai University and Diploma in Financial Management from NMIMS, Mumbai.
Experience and expertise in specific functional areas	He has around 26 years of experience in the chemical industry. He has played a key role in the growth of various strategic business units in the chemicals & pharma segment.	He has more than 30 years of working experience in Chemical and Pharmaceutical Industry in various functions like Process Development, Quality control, Quality Assurance, Business Development and General Administration.	She is an accomplished Director with over 30 years of work experience in Manufacturing, Social & Education and in Security Safety and Risk Management industries gaining extensive knowledge of commercial strategy, planning, execution and innovation.
Remuneration last drawn (including sitting fees, if any)	₹ 1,71,000	N.A.	
Remuneration proposed to be paid	Sitting fees along with Commission as a % of profit as may be determined by the Nomination and Remuneration Committee		
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Shri. Rashesh C Gogri is brother of Smt. Hetal Gogri Gala, Managing Director of the Company.	No relationship exists with any other Directors/KMP.	
Number of Meetings of the Board attended during the financial year 2023-24	5 of 5	N.A.	

<table>
<tr><th>Name of the Director</th><th>Shri Rashesh Gogri</th><th>Shri Pradeep Thakur</th><th>Smt. Nehal Garewal</th></tr>
<tr><td>Directorships held in other Companies</td><td>1. Aarti Drugs Limited
2. Aarti Industries Limited
3. Aarti Polychem Private Limited
4. Aashay Finance and Investments Private Limited
5. Alabhya Trusteeship Private Limited
6. Alchemie Dye Chem Private Limited
7. Alchemie Financial Service Limited
8. Alchemie Multichem Private Limited
9. Anushakti Enterprise Private Limited
10. Crystal Millennium Realtors Private Limited
11. Gogri Finserv Private Limited
12. Saswat Trusteeship Private Limited
13. Spark Pharmachem Private Limited
14. Vahal Welfare Foundation</td><td>1. Wiltek Care LLP
2. Indo Amines Limited
3. Anuh Pharma Limited</td><td>1. Force Tech Security (India) Private Limited
2. Dedhia Investments Private Limited</td></tr>
<tr><td>Memberships/ Chairmanships of committees across companies</td><td>Aarti Industries Limited:
• Audit Committee (Member)
• Stakeholders' Relationship Committee (Member)
• Risk Management Committee (Member)
• Finance and Investment Committee (Member)
Aarti Drugs Limited:
• Audit Committee (Member)
• Corporate Social Responsibility Committee (Member)
• Risk Management Committee (Member)
• Finance and Investment Committee (Member)
Aarti Pharmalabs Limited:
• Nomination and Remuneration Committee (Member)
• Risk Management Committee (Member)
• Finance and Investment Committee (Member)</td><td>Indo Amines Limited:
Audit Committee (Member)
Nomination and Remuneration Committee (Member)
Stakeholders' Relationship Committee (Member)</td><td>None</td></tr>
</table>

Name of the Director	Shri Rashesh Gogri	Shri Pradeep Thakur	Smt. Nehal Garewal
Listed companies from which resigned from past three years	N.A.	N.A.	N.A.
No. of shares held in the Company including shareholding as beneficial owner	3834404 (4.23%)	None	1122487 (1.24%)

ANNEXURE - II

Information required under Section II, Part II of Schedule V of the Companies Act, 2013 (in respect of business proposed at item no.6):

I.	**General Information:**	
A.	Nature of Industry:	The Company is engaged in Pharmaceutical Business.
B.	Date or expected date of commencement of commercial production :	July 01, 2021 i.e. Appointed date of the Scheme of Arrangement for demerger of Pharma business.
C.	Financial performance	
D.	Foreign investments or collaborations, if any :	There are no foreign direct investments in the Company other than by way of portfolio investments nor is there any foreign collaboration
II.	**Information About Non – Executive Directors With Respect To Commission Payment**	
A.	Background Details / Recognition and Awards and Job Profile and suitability	The same is furnished in the Corporate Governance Report of the Company, which forms an integral part of this Annual Report, and is disclosed on the Company's website.
B.	Past remuneration	The same is furnished in the Corporate Governance Report of the Company, which forms an integral part of this Annual Report.
C.	Proposed Remuneration	As stated in the resolutions and explanatory statements at Item Nos. 6 of this Notice.
D.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	Taking into consideration the size of the Company, the profile, knowledge, skills and expertise the Non-Executive Directors bring to the Board, the commission proposed to be paid to them is commensurate with the remuneration/ commission drawn by similar positions in other companies.
E.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	The Non-Executive Directors do not have any pecuniary relationship with the Company except to the extent of sitting fees, commission or remuneration, as applicable, and reimbursement of out of pocket expenses, if any, received by them for attending the meetings.
III.	**Other Information:**	
A.	Reasons of loss or inadequate profits	The Company has made adequate profits as seen in the latest Audited Annual Financial Statements i.e. FY2023-24. However, it is proposed to obtain approval of the Members by way of Special Resolution as a matter of abundant precaution to enable the Company to pay remuneration as stated in the resolutions at Item Nos. 6 of the Notice, in case a situation of inadequate profits may arise in any of the financial year during the term for which commission is sought to be paid to the NEDs.
B.	Steps taken or proposed to be taken for improvement	Not applicable, as the Company has adequate profits.
C.	Expected increase in productivity and profits in measurable terms	

(₹ in lakhs)

Particulars	FY 2024
Gross Turnover & Other Income	1,51,314.11
Net Profit as per Statement of Profit or Loss (After Tax)	20,064.54
Computation of Net Profit in accordance with Section 198 of the Companies Act, 2013	27,451.93

Disclosures

The details required to be given under this head have been disclosed in the Corporate Governance Report of the Company which forms an integral part of this Annual Report.

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: https://www.aartipharmalabs.com/

BSE Code: 543748
NSE Symbol: AARTIPHARM
CIN: L24100GJ2019PLC110964