AARTI INDUSTRIES LIMITED

June 30, 2021

To,
The General Manager
Department of Corporate Services - Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai – 400 001
Scrip Code: 524208

To,
The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051
Symbol: AARTIIND

Sub: Qualified institutions placement of equity shares of face value Rs. 5 each, (the "Equity Shares"), of Aarti Industries Limited, (the "Company"), pursuant to the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations") and Section 42 of the Companies Act, 2013, each as amended and the rules made thereunder ("QIP" or "Issue")

Dear Sir/Madam,

For your information and records, please find enclosed an electronic copy of the placement document dated June 30, 2021, in connection with the QIP, (in pdf format), approved by the duly authorized committee of the board of directors of the Company for the QIP, i.e. the Fund Raising Committee, at its meeting held today (i.e. June 30, 2021), for the purposes of uploading the same on your website.

We request you to upload the electronic copy of the Placement Document on your website.

Kindly take the above notification on record, and the same may be treated as compliance under applicable provision(s) of the SEBI ICDR Regulations.

Yours faithfully,
For Aarti Industries Limited

AARTI INDUSTRIES LIMITED

Raj Sarraf
Company Secretary
ICSI M. No. A15526
Encl: as above

IMPORTANT NOTICE
NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

THIS OFFERING OF THE SECURITIES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1)(SS) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS").

IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the pre-numbered Placement Document of Aarti Industries Limited (the "**Company**"), dated June 30, 2021, in relation to the proposed qualified institutions placement of equity shares of face value ₹5 each ("**Equity Shares**") by the Company filed with BSE Limited and National Stock Exchange of India Limited (the "**Stock Exchanges**") (such document, the "**Placement Document**") attached to this e-mail, and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Placement Document. In accessing the Placement Document, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. The information in the Placement Document is subject to completion, revision, verification, amendment and change without notice. None of Edelweiss Financial Services Limited, Ambit Private Limited nor Kotak Mahindra Capital Company Limited (the "**GCBRLMs**") nor any person who controls any of them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this e-mail or the attached Placement Document or their respective contents or otherwise arising in connection therewith. **You acknowledge that the Placement Document is intended for use by you only and you agree not to forward it to any other person, internal or external to your company, in whole or in part, or otherwise provide access via e-mail or otherwise to any other person.**

INVESTING IN THE EQUITY SHARES DESCRIBED IN THE PLACEMENT DOCUMENT INVOLVES RISKS AND YOU SHOULD NOT INVEST ANY FUNDS IN THE EQUITY SHARES, UNLESS YOU ARE PREPARED TO RISK LOSING ALL OR PART OF YOUR INVESTMENT. YOU ARE ADVISED TO CAREFULLY READ THE SECTION TITLED "RISK FACTORS" AS WELL AS INFORMATION CONTAINED ELSEWHERE IN THE ATTACHED PLACEMENT DOCUMENT BEFORE MAKING AN INVESTMENT DECISION.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY OTHER APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") AND REFERRED TO IN THE PLACEMENT DOCUMENT AS A "U.S. QIB") PURSUANT TO SECTION 4(A)(2) OR ANOTHER AVAILABLE EXEMPTION THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES OCCUR. FOR A DESCRIPTION OF THE SELLING RESTRICTIONS IN CERTAIN OTHER JURISDICTIONS, SEE "SELLING RESTRICTIONS" ON OF THE PLACEMENT DOCUMENT. THE EQUITY SHARES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED IN "TRANSFER RESTRICTIONS" OF THE PLACEMENT DOCUMENT.

THE ATTACHED PRE-NUMBERED PLACEMENT DOCUMENT MAY NOT BE FORWARDED, DOWNLOADED, DELIVERED OR DISTRIBUTED, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY

WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE EQUITY SHARES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT.

The Issue and the distribution of the Placement Document is being done in reliance on Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, each as amended (“**Companies Act**”). The Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors, other than Eligible QIBs.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Confirmation of your Representation: You are accessing the attached Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to the GCBRLMs that: (1) (i) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States (including its territories or possessions, any state of the United States and the District of Columbia) and to the extent that you purchase the securities described in the attached Placement Document, you will be doing so pursuant to Regulation S in “offshore transactions” (as defined in Regulation S) or (ii) or (ii) you are, or are acting on behalf of, a “qualified institutional buyer” (as defined in Rule 144A) pursuant to Section 4(a)(2) of the Securities Act; (2) the securities offered hereby have not been registered under the Securities Act; (3) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission; (4) you are the intended recipient of the attached Placement Document and are a “Qualified Institutional Buyer” as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not restricted from participating in the offering under the SEBI ICDR Regulations and other applicable laws including FEMA and not excluded pursuant to Regulations 179(2)(b) of the SEBI ICDR Regulations and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) undertake to comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, if any; (5) you are eligible to invest in India under applicable law, including the FEMA Non-Debt Rules, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India; (6) either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Non-Debt Rules or a multilateral or bilateral development financial institution ; (7) You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the attached Placement Document), and will honour such obligations; (8) you agree and acknowledge that if you are allotted more than 5% of the equity shares in the Issue, the Company shall be required to disclose your name and the number of equity shares allotted to you to the Stock Exchanges, and they will make the same available on their website and you consent to such disclosures (9) you are aware that if you are circulated the Placement Document or are Allotted any Equity Shares in the Issue, the Company is required to disclose details such as your name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to the relevant Registrar of Companies, and you consent to such disclosures; and (10) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the GCBRLMs to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute shall not constitute a “general solicitation” or “general advertising” (each as defined in Regulation D under the Securities Act) or “directed selling efforts” (as defined in Regulation S) in the United States or elsewhere. You are reminded that the attached Placement Document has been delivered to you on the basis that you are a person into whose possession the attached Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Placement Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or invitation or solicitation in any place where offers, invitations or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and GCBRLMs or any affiliate of the GCBRLMs is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the GCBRLMs or such affiliate on behalf of the Company in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation or solicitation of an offer or an offer or invitation to the public under any applicable law, by or on behalf of either the Company or the GCBRLMs to subscribe for or purchase any of the Equity Shares described in the attached Placement Document.

THE PLACEMENT DOCUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS OR A STATEMENT IN LIEU OF PROSPECTUS WITH ANY REGISTRAR OF COMPANIES IN INDIA UNDER COMPANIES ACT AND IS NOT AND SHOULD NOT BE CONSTRUED AS AN OFFERING CIRCULAR, AN OFFERING MEMORANDUM, AN ADVERTISEMENT, AN OFFER OR AN OFFER DOCUMENT UNDER THE SEBI ICDR REGULATIONS, COMPANIES ACT OR ANY OTHER APPLICABLE LAW. FURTHER, NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OR AN INVITATION TO THE PUBLIC UNDER THE COMPANIES ACT, AS AMENDED, BY OR ON BEHALF OF THE COMPANY OR THE GCBRLMs TO SUBSCRIBE FOR OR PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN. THE PLACEMENT DOCUMENT SHALL BE FILED AS A PRIVATE PLACEMENT OFFER LETTER WITH THE STOCK EXCHANGES. THE COMPANY SHALL ALSO MAKE THE REQUISITE FILINGS WITH THE REGISTRAR OF COMPANIES, GUJARAT AT AHMEDABAD, WITHIN THE PERIOD STIPULATED UNDER APPLICABLE LAW. THE PLACEMENT DOCUMENT HAS NOT BEEN AND WILL NOT BE REVIEWED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE RESERVE BANK OF INDIA, ANY REGISTRAR OF COMPANIES IN INDIA OR ANY STOCK EXCHANGE IN INDIA. THE PLACEMENT DOCUMENT IS NOT AND SHOULD NOT BE CONSTRUED AS AN INVITATION, OFFER OR SALE OF ANY SECURITIES TO THE PUBLIC IN INDIA.

The Placement Document been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, GCBRLMs or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the Placement Document distributed to you in electronic format and the hard copy version available to you on request from the GCBRLMs. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. The attached Placement Document is intended only for use by the addressee named herein and may contain legally privileged and / or confidential information. If you are not the intended recipient of the attached Placement Document, you are hereby notified that any dissemination, distribution or copying of the attached Placement Document is strictly prohibited. If you have received the attached Placement Document in error, please immediately notify the sender or the GCBRLMs by reply email and destroy the email received and any printouts of it.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of any GCBRLMs named herein, nor any person who controls them or any director, officer, employee or agent of them, or affiliate or associate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

Actions That You May Not Take: You should not reply by e-mail to this document, and you may not purchase any of the Equity Shares described in the attached pre-numbered Placement Document by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) FORWARD, DISTRIBUTE OR DELIVER THE ATTACHED PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR (2) REPRODUCE THE ATTACHED PLACEMENT DOCUMENT IN ANY MANNER

WHATSOEVER. ANY FORWARDING, DISSEMINATION, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this e- mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Placement Document attached hereto.

Placement Document
Subject to Completion
Not for Circulation
Serial Number: _____
Strictly Confidential

AARTI INDUSTRIES

*Aarti Industries Limited ("**AIL**" or the "**Issuer**" or our "**Company**") was originally incorporated as "Aarti Organics Private Limited" on September 28, 1984 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ("**RoC**"). Our Company was converted into a public limited company on December 4, 1990 and its name was changed to "Aarti Organics Limited" and thereafter our Company's name was changed from "Aarti Organics Limited" to "Aarti Industries Limited" pursuant to a fresh certificate of incorporation dated October 11, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.*

Registered Office: Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
Corporate Office: 71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai - 400 080, Maharashtra, India
CIN: L24110GJ1984PLC007301; **Telephone No.**: +91 22 6797 6666; **Facsimile No.**: +91 22 2565 3185/3234;
Contact Person: Mr. Raj Sarraf, Company Secretary and Compliance Officer**; Email:** investorrelations@aarti-industries.com; **Website**: www.aarti-industries.com

Our Company is issuing 14,035,087 equity shares of face value of ₹ 5 each (the "**Equity Shares**") at a price of ₹ 855 per Equity Share (the "**Issue Price**"), including a premium of ₹ 850 per Equity Share, aggregating to approximately ₹ 12,000 million (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 28.

ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, EACH AS AMENDED, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI ICDR REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, EACH AS AMENDED. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. THIS PLACEMENT DOCUMENT (WHICH INCLUDES DISCLOSURES PRESCRIBED UNDER FORM PAS-4) WILL BE CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THIS ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND/OR OTHER JURISDICTIONS.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 35 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE EQUITY SHARES IN THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT.

The Equity Shares are listed on BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", and together with the BSE, referred to as the "**Stock Exchanges**"). The closing price of the Equity Shares on the BSE and the NSE as on June 23, 2021 was ₹ 864.75 and ₹ 864.40 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the SEBI LODR Regulations (as hereinafter defined) for listing of the Equity Shares have been received from the BSE and the NSE on June 24, 2021. Applications to the Stock Exchanges will be made for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed and/or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

A copy of this Placement Document and the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as hereinafter defined)) has been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Gujarat at Ahmedabad (the "**RoC**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, each as amended. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the registrar of companies in India and will not be circulated or distributed to the public in India or any other jurisdiction. The Issue is meant only for QIBs by way of a private placement and will not constitute a public offer in India or any other jurisdiction.

Invitations for subscription, offer and sale of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to the Preliminary Placement Document together with the Application Form (as defined hereinafter), together with this Placement Document and Confirmation of Allocation Note (as hereinafter defined). For further details, see "*Issue Procedure*" on page 195. The distribution of this Placement Document or the disclosure of its contents without prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document and/or any of the documents referred to in this Placement Document.

The information on the website of our Company www.aarti-industries.com or any website directly or indirectly linked to our Company's website, or the website of the GCBRLMs or its affiliates does not form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("Rule 144A") and referred to in this Placement Document as a "U.S. QIB") pursuant to Section 4(a)(2) or another available exemption, the registration requirements of the Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 210 and 219, respectively. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs". Our Company has prepared this Placement Document solely for providing information in connection with the proposed Issue.

This Placement Document is dated June 30, 2021.

GLOBAL COORDINATORS & BOOK RUNNING LEAD MANAGERS		
Edelweiss Ideas create, values protect	AMBIT Acumen at work	kotak Investment Banking
Edelweiss Financial Services Limited	**Ambit Private Limited**	**Kotak Mahindra Capital Company Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to our best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company, its Subsidiaries, its Jointly Controlled Entity and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to our Company, its Subsidiaries, its Jointly Controlled Entity and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company, its Subsidiaries, its Jointly Controlled Entity and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company, its Subsidiaries, its Jointly Controlled Entity and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Placement Document has been provided by our Company and other sources identified herein. Distribution of this Placement Document to any person other than the investor specified by the GCBRLMs or their representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The GCBRLMs have not separately verified all the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the GCBRLMs nor any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the GCBRLMs or their shareholders, employees, counsels, officers, directors, representatives, agents or affiliates, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with our Company and the issue of the Equity Shares or its distribution. Each person receiving this Placement Document acknowledges that such person has not relied on either the GCBRLMs or on any of their shareholders, employees, counsels, officers, directors, representatives, agents and/or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares, issued pursuant to this Issue. No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the GCBRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to this Issue (in consultation with the GCBRLMs or its representatives) and those retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document. The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the GCBRLMs which would permit an issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further information, see "*Selling Restrictions*" on page 210.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including SEBI, the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authority of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares offered in this Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to U.S. QIBs pursuant to Section 4(a)(2) or another available exemption the registration requirements of the Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. Subscribers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 4, 210 and 219, respectively.

In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the GCBRLMs are making any representation to any investor, or subscriber or purchaser of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares in this Issue, by such investor, or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian laws, including Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and Chapter VI of the SEBI ICDR Regulations and is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares, or otherwise accessing the capital markets in India. Each investor, subscriber or purchaser of the Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Our Company and the GCBRLMs are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents. All references herein to "you" or "your" is to the prospective investors of the Issue. The information on our Company's website, www.aarti-industries.com, any website directly and indirectly linked to the website of our Company or on the website of the GCBRLMs, or their affiliates, neither constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information in relation to transfer or selling restrictions of the Equity Shares in certain other jurisdictions, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 210 and 219, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" are to the prospective investors in this Issue. By bidding for and/or subscribing to any Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed with our Company and the GCBRLMs as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or its Subsidiaries, its Jointly Controlled Entity which is not set forth in the Preliminary Placement Document and this Placement Document;

- You (i) are a QIB (as defined hereinafter) and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, (ii) have a valid and existing registration under applicable laws and regulations of India, (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, and (iv) undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws, including in respect of reporting requirements, if any, in connection with the Issue or otherwise accessing the capital markets;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended ("**FEMA Non-Debt Rules**") and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise in relation to accessing capital markets in India;

- If you are not a resident of India but a QIB, then you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India and are eligible to invest in India under applicable law, including the FEMA Non-Debt Rules, and any notifications, circulars or clarifications issued thereunder, or a non-resident multilateral or bilateral development financial institution and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI;

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You have made, or are deemed to have made, as applicable, the representations set forth under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 210 and 219, respectively;

- You are aware that the Equity Shares issued pursuant to the Issue have not been and will not be registered through a prospectus under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India. The Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. The Preliminary Placement Document and this Placement Document has been filed with the Stock Exchanges and will be displayed on the websites of our Company and the Stock Exchanges. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honour such obligations;

- You agree that neither our Company nor the GCBRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions they may enter into in connection with this Issue and your participation in this Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the GCBRLMs. Neither the GCBRLMs nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or this Issue; or (ii) if you have participated in or attended any of our Company Presentations: (a) you understand and acknowledge that the GCBRLMs may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the GCBRLMs has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information relating to our Company and this Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the SEBI Insider Trading Regulations, the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013, and the rules made thereunder;

- All statements other than statements of historical fact included in the Preliminary Placement Document and this Placement Document, including, without limitation, those regarding our Company's future financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of the Preliminary Placement Document and this Placement Document. Neither our Company nor the GCBRLMs or any of their shareholders, directors, officers, employees, counsel's representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in the Preliminary Placement Document or this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the public, or any other category of investors other than QIBs and the Allotment of the same shall be on a discretionary basis at the discretion of our Company and the GCBRLMs;

- You are aware that if you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and SEBI, and you consent to such disclosures;

- You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement document and have read it in its entirety, including in particular "*Risk Factors*" on page 35;

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of this Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, the Equity Shares and the terms of this Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters, and affiliates or any other party, (iii) consulted your own independent counsel and advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters and affiliates, or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in this Issue;

- Neither the GCBRLMs nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the GCBRLMs or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the GCBRLMs or any of their shareholders, directors, officers, employees, counsels, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the GCBRLMs or any of their shareholders, directors, officers, employees, counsels, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with this Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and you have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

- When you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under Section 2(69) of the Companies Act, 2013 and the the SEBI ICDR Regulations) of our Company or any of its affiliates and are not a person related to the promoter, either directly or indirectly, and your Bid does not directly or indirectly represent the 'promoter' or 'promoter group' (as defined under the SEBI ICDR Regulations) or person related to promoters of our Company;

- You have no rights under a shareholders' agreement or voting agreement with the Promoter or the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares;

- You will have no right to withdraw or revise downwards your Bid after the Bid/Issue Closing Date;

- You are eligible to Bid and hold the Equity Shares Allotted to you pursuant to this Issue together with any Equity Shares held by you prior to this Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law or regulation;

- The Bid made by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**");

- Your aggregate holding, together with other QIBs in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue shall not exceed 50 % of this Issue. For the purposes of this representation:

(i) the expression ‘belong to the same group’ shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a QIB, its subsidiary or holding company and any other QIB; and

(ii) ‘Control’ shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You are aware that the pre and post-Issue shareholding pattern of our Company will be filed by our Company with the Stock Exchanges, and that if you are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosure being made by us;

- You shall not undertake any trade in the Equity Shares credited to your Beneficiary Account until such time that the final listing and trading approvals for such Equity Shares is issued by the Stock Exchanges;

- You are aware that if our Company decides to allocate Equity Shares to you in the Issue, your name and your percentage of post-Issue shareholding (assuming full subscription in the Issue) will be included as a “proposed allottee” in the Issue in the Placement Document;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the SEBI LODR Regulations, for listing and admission of the Equity Shares on the Stock Exchanges were made and approval has been received from the Stock Exchanges, and (ii) the applications for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. Neither our Company, nor the GCBRLMs, nor any of their shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final approval or any loss arising from such delay or non-receipt;

- You are aware and understand that the GCBRLMs has entered into a Placement Agreement with our Company, whereby the GCBRLMs has, subject to the satisfaction of certain conditions set out therein, agreed to manage this Issue and use its reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of our Company, and neither the GCBRLMs nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document or this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in the Preliminary Placement Document or this Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document or this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the GCBRLMs or our Company or any of their respective affiliates or any other person, and neither the GCBRLMs nor our Company nor any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the GCBRLMs and their affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

- You are aware that in terms of the SEBI FPI Regulations and the FEMA Non-Debt Rules, the total holding by each

FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than fifty percent or common control) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company are 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the sectoral cap applicable to our Company in accordance with the FEMA Non-Debt Rules, respectively. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

- You are eligible to invest in and hold the Equity Shares of our Company in accordance with the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, FDI Policy and the related amendment to the FEMA Non-Debt Rules, wherein an entity of a country which shares a land border with India or the beneficial owner an investment into India who is situated in or is a citizen of any such country, can only make investments through the Government approval route, as prescribed in the FEMA Non-Debt Rules;

- You agree that any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- You agree to indemnify and hold our Company and the GCBRLMs and their respective employees, officers, directors, affiliates, associates and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of representations, warranties, acknowledgements and undertakings made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You are aware that additional requirements would be applicable if you are in jurisdictions other than India, as set forth under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 210 and 219, respectively, of the Preliminary Placement Document and this Placement Document and you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document) and will honour such obligations;

- If you are within the United States, you are a U.S. QIB, who is acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a U.S. QIB, for investment purposes only, and not with a view to, or for reoffer or resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

- If you are outside the United States, you are subscribing for the Equity Shares in an "offshore transaction" within the meaning of Regulation S and the applicable laws of the jurisdiction where those offers and sales are made;

- You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S);

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United

States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws, and that the Equity Shares are being offered and sold (a) in the United States only to U.S. QIBs pursuant to Section 4(a)(2) or another available exemption the registration requirements of the Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur;

- You represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in transactions meeting the requirements of Rule 144A or another exemption from the registration requirements of the Securities Act or; (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; and (B) in accordance with all applicable laws, including the securities laws of the states of the United States;

- You represent that you are not an affiliate of our Company or the BRLMs or a person acting on behalf of such affiliate;

- You agree that each of the representations, warranties, acknowledgments and agreements set out above shall continue to be true and accurate at all times upto and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue;

- You understand that the Equity Shares will when issued pursuant to the Issue, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of this Issue;

- Our Company, the GCBRLMs, and their respective affiliates and others, will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings, which are given by you to the GCBRLMs, on its own behalf and on behalf of our Company and are irrevocable. You agree that the terms and provisions of the foregoing representations, warranties, acknowledgements and undertakings, shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the GCBRLMs and the Company, their respective successors and permitted assigns, and the terms and provisions hereof shall be binding on our permitted successors in title, permitted assigns and permitted transferees.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals, including in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("**SEBI FPI Regulations**") and the Operating Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued by SEBI to facilitate implementation of the SEBI FPI Regulations, FPIs, including the affiliates of the GCBRLMs, who are registered as Category I FPIs may issue, subscribe and otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such instruments. Such P-Notes can be issued subject to compliance with the KYC norms and such other conditions as specified by SEBI from time to time, including payment of applicable regulatory fee. P-Notes have not been, and are not being, offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital. These investment restrictions also apply similarly to subscribers of offshore derivative instruments. In the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

All investments made by a non-resident entity in India shall be subject to the FDI Policy. Further, any investments where the beneficial owner of the Equity Shares is situated in or is a citizen or is an entity of a country which shares land border with India, can only be made through the Government approval route as specified in the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the FDI Policy.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the GCBRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the GCBRLMs and do not constitute any obligations of or claims on the GCBRLMs. Respective affiliates of the GCBRLMs which are eligible FPIs may purchase the Equity Shares in this Issue, and may issue P-Notes in respect thereof, in each case to the extent permitted by applicable law.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures from the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document or this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document or this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, (a) references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in this Issue, (b) references to 'our Company, 'the Company', 'AIL', or the 'Issuer' are to Aarti Industries Limited, and (c) references to 'we', 'us', or 'our' are to Aarti Industries Limited and its Subsidiaries and its Jointly Controlled Entity (together referred to as the "**Group**"), on a consolidated basis.

All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to the 'UK' or 'U.K.' are to the United Kingdom and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Currency of Presentation

In this Placement Document, references to 'US$', 'USD' and 'U.S. Dollar' are to the legal currency of the United States of America, references to '£', 'Pound' and 'Pound Sterling' are to the legal currency of the United Kingdom and references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100 thousand" and the word "million" means "10 lakhs" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores".

Financial Data

We record and publish our financial statements in Indian Rupees. The financial year of our Company commences on April 1 of each year and ends on March 31 of the following year. Unless otherwise specified or if the context requires otherwise, all references to a particular 'Fiscal Year' or 'FY' or 'financial year' or 'fiscal' are to the 12 months period ended on March 31 of that year.

The Audited Consolidated Financial Statements of our Company as of and for the financial year ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared under Ind AS, have been included in this Placement Document. Unless otherwise specified and other than in "*Financial Statements*" on page 258, the financial information for the Fiscal Year ended March 31, 2021 and March 31, 2020 are derived from the audited financial statements of the Fiscal Year ended March 31, 2021 and March 31, 2020, respectively, and the financial information for the Fiscal Year March 31, 2019 have been derived from our Audited Consolidated Financial Statement for Fiscal 2020 (containing comparative financial information for Fiscal 2019). Further, the financial information for Fiscal Years ended March 31, 2018 have been derived from our audited consolidated financial statements for the March 2018 and the financial information for the Fiscal Year March 31, 2017 from our audited consolidated financial statement for Fiscal 2018 (containing restated comparative financial information for Fiscal 2017).

In terms of a notification released by the MCA, our Company commenced preparing its financial statements in accordance with 'Indian Accounting Standards' or 'Ind AS' with effect from April 1, 2016 (transition date being April 1, 2015). Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, 2013, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Our financials are prepared in crores and have been presented in this Placement Document in millions for presentation purposes, unless stated otherwise and other than in "*Financial Statements*" on page 258. One million represents 1,000,000. Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the first or second decimal, as the case may be. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

In this Placement Document, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding-off of the figures. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Placement Document pertaining to the business in which we operate has been reproduced from trade, industry, and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as they are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, and so we have relied on internally developed estimates.

Neither we nor the GCBRLMs have independently verified this data, nor do we or the GCBRLMs make any representation regarding the accuracy of such data. Similarly, internal estimates and surveys, industry forecasts and market research, while believed to be reliable and reasonable, have not been independently verified and neither we or the GCBRLMs make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports complied by government bodies, professional organisations and analysts, or from other external sources.

Information has been included in this Placement Document from the report titled "Assessment of the Speciality chemicals industry in India" dated June 2021 (the "**CRISIL Report**") prepared by CRISIL Research, a division of CRISIL Limited, for the purpose of confirming our understanding of the industry in connection with the Issue. In this regard CRISIL has issued the following disclaimer in relation to the information contained in the CRISIL Report, which is also included in this Placement Document:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Aarti Industries Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 35. Accordingly, investment decisions should not be based solely on such information.

AVAILABLE INFORMATION

Our Company has agreed that, for so long as any Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, our Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act, subject to compliance with the applicable provisions of Indian law.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. Prospective investors can generally identify forward - looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, planned revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements including, amongst others:

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Impact of the COVID-19 pandemic on our business and operations;
- Our dependence on our manufacturing facilities and the risks associated with our manufacturing process ;
- Our revenue is derived significantly from major customers that may choose other suppliers;
- Our ability to achieve our business strategies;
- Risks consequent to our operations involving the manufacture, handling, usage and storage of various hazardous substances;
- Risks consequent to our operations involving handling various manufacturing processes and connected activities;
- Our reliance on certain industries for a significant portion of our sales;
- Failure to comply with the applicable regulations prescribed by government and regulatory agencies; and
- Exchange rate fluctuations.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 35, 97, 146 and 75, respectively. Our Company and the GCBRLMs expressly disclaim any obligation or undertaking to release publicly any updates or revision to any forward looking statements contained herein to effect any changes in our Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Company, nor the GCBRLMs undertakes any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our

Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Our Directors and Key Management Personnel are residents of India and most of our assets are located in India. As a result, it may be difficult for investors outside India to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments and execution of a foreign judgment is provided for under Sections 13 and 44A respectively, of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**") on a statutory basis.

Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India. A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. Each of the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, Hong Kong and United Arab Emirates, amongst others, has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or repatriate outside India any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that Indian courts and/or authorities would not take a longer amount of time to adjudicate and conclude similar proceedings in their respective jurisdictions.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rates between the Rupee and the U.S. dollar (in Rupees per U.S. dollar) and between the Rupee and Pound (in Rupees per Pound), based on the reference rates released by the RBI/ FBIL, which are available on the website of the RBI/ FBIL. No representation is made that any Rupee amounts actually represent such amounts in U.S. dollars or Pounds or could have been, or could be converted into, U.S. dollars or Pounds at any particular rate, the rates indicated, any other rates or at all.

(in ₹ per US$)

Period	Period End(1)	Average(2)	High(3)	Low(4)
Fiscal				
2021	73.50	74.20	76.81	72.29
2020	75.39	70.88	76.15	68.37
2019	69.17	70.94	74.39	68.30
Month ended				
May 31, 2021	72.48	73.31	74.18	72.48
April 30, 2021	74.02	74.47	75.17	73.31
March 31, 2021	73.50	72.79	73.50	72.29
February 28, 2021	73.04	72.76	73.04	72.29
January 31, 2021	72.95	73.11	73.45	72.82
December 31, 2020	73.05	73.59	73.89	73.05

(Source: www.rbi.org.in and www.fbil.org.in)

(in ₹ per Pound)

Period	Period End(1)	Average(2)	High(3)	Low(4)
Fiscal Year				
2021	100.95	97.06	102.66	91.95
2020	93.08	90.15	96.67	83.54
2019	90.48	91.74	98.30	88.19
Month ended				
May 31, 2021	102.87	103.09	103.80	102.46
April 30, 2021	103.16	103.13	104.58	101.53
March 31, 2021	100.56	100.88	102.49	99.37
February 28, 2021	101.90	100.81	102.66	99.17
January 31, 2021	100.02	99.73	100.06	99.18
December 31, 2020	99.60	98.89	99.84	98.00

(Source: www.rbi.org.in and www.fbil.org.in)

Notes:

1. The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.
2. Average of the official rate for each Working Day of the relevant period.
3. Maximum of the official rate for each Working Day of the relevant period.
4. Minimum of the official rate for each Working Day of the relevant period.
5. The reference rates are rounded off to two decimal places.

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments made thereto, from time to time.

Company Related Terms

Term	Description
"Company" or "our Company" or "Issuer" or "AIL"	Aarti Industries Limited, a public limited company, incorporated under the Indian Companies Act, 1956 and having its registered office at Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
"us", "we" or "our"	Our Company together with its Subsidiaries and its Jointly Controlled Entity
"Articles" or "Articles of Association"	Articles of association of our Company as amended from time to time
Audit Committee	The audit committee of the Board of Directors of our Company
Audited Consolidated Financial Statements	Collectively, the audited consolidated financial statements for the Fiscal Years ended March 31, 2021, March 31, 2020 and March 31, 2019, read along with all the notes thereto, prepared under Ind AS
"Auditor" or "Statutory Auditor"	M/s Kirtane & Pandit LLP, Chartered Accountants
"Board" or "Board of Directors"	The board of directors of our Company or duly constituted committee thereof
Corporate Office	71, Udyog Kshetra, 2nd Floor,Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai- 400 080, Maharashtra, India
Directors	The directors of our Company
Equity Shares	Equity shares of our Company having face value of ₹ 5 each
Jointly Controlled Entity	Ganesh Polychem Limited (with effect from March 17, 2021)
Key Management Personnel	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in "*Board of Directors and Senior Management*" on page 167
"Memorandum" or "Memorandum of Association"	Memorandum of association of our Company, as amended from time to time
Promoters	The Promoters of our Company being: 1. Chandrakant Vallabhaji Gogri; 2. Rajendra Vallabhaji Gogri; 3. Parimal Hasmukhlal Desai; 4. Bhavna Shah Lalka; 5. Sarla Shantilal Shah; 6. Monisha Bhatia; 7. Shreya Suneja; 8. Mananjay Singh Garewal; 9. Jayesh Shah; 10. Bhavna Family Private Trust; and 11. Orchid Family Trust
Promoter Group	Promoter group of our Company as defined in Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office	Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
Shareholders	The holders of the Equity Shares from time to time
Subsidiaries	The subsidiaries of our Company being: 1. Aarti Corporate Services Limited; 2. Alchemie (Europe) Limited; 3. Innovative Envirocare Jhagadia Limited;

	4. Aarti USA Inc.; 5. Aarti Polychem Private Limited; 6. Aarti Organics Limited; 7. Aarti Bharuch Limited; 8. Aarti Pharmachem Limited; 9. Aarti Spechem Limited 10. Nascent Chemical Industries Limited (through Aarti Corporate Services Limited); and 11. Shanti Intermediates Private Limited (through Aarti Corporate Services Limited)

Issue Related Terms

Term	Description
Allocated/ Allocation	Allocation of Equity Shares, in consultation with the GCBRLMs, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms and Application Amount submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued pursuant to the Issue
Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue
Application Form	Form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly.
Bidder	Any prospective investor, being an Eligible QIB, who has made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
CAN/ Confirmation of Allocation Note	Note, advice or intimation confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about June 30, 2021
Designated Date	The date of credit of Equity Shares to the Allotees' demat accounts pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices.
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under the applicable laws.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, to be opened in the name and style "Aarti Industries Limited-QIP Escrow A/c" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount payable by the Bidders in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited
Escrow Agreement	Agreement dated June 22, 2021, entered into by and amongst our Company, the Escrow Bank and the GCBRLMs for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Axis Bank Limited
Floor Price	Floor price of ₹ 899.77 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹ 44.77 for each Equity Share i.e.4.98% on the Floor Price in accordance with the approval of the Shareholders on June 14, 2021, and in terms of Regulation

Term	Description
	176(1) of the SEBI ICDR Regulations
"Global Coordinators & Book Running Lead Managers" or "GCBRLMs"	Edelweiss Financial Services Limited, Ambit Private Limited and Kotak Mahindra Capital Company Limited
Issue	Offer and issuance of the Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	June 30, 2021, the date after which our Company (or the GCBRLMs on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount
Issue Opening Date	June 24, 2021, the date on which our Company (or the GCBRLMs on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹ 855
Issue Size	The Issue of 14,035,087 Equity Shares aggregating to approximately ₹ 12,000 million
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue which is approximately ₹ 11,862.2 million
Non-U.S. Holder	A beneficial owner of Equity Shares that is not a U.S. Holder or partnership or other pass-through entity for United States federal income tax purposes.
Placement Agreement	Placement agreement dated June 24, 2021 by and among our Company and the GCBRLMs
Placement Document	This placement document dated June 30, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document dated June 24, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
QIB/ Qualified Institutional Buyer	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue
Regulation S	Regulation S under the Securities Act
Relevant Date	June 24, 2021 which is the date of the meeting in which the Fund Raising Committee decided to open the Issue
Rule 144A	Rule 144 under the Securities Act
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and who will be Allocated Issue Shares
U.S. Holder	A beneficial owner of Equity Shares that is for United States federal income tax purposes as defined in the section entitled "United States Federal Income Tax Consequences"
U.S. QIB	Qualified institutional buyer, as defined in Rule 144A
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India or a trading day of the

Term	Description
	Stock Exchanges, as applicable

Conventional and General Terms/ Abbreviations

Term/ Abbreviation	Full Form
AGM	Annual General Meeting
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Civil Procedure Code	Code of Civil Procedure, 1908
Companies Act/ Companies Act, 2013	The Companies Act, 2013, as amended, read with the rules, regulations, clarifications and modifications thereunder
Competition Act	Competition Act, 2002
CSR	Corporate Social Responsibility
DDT	Dividend Distribution Tax
Depositories Act	Depositories Act, 1996
Depository or Depositories	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 2018
DP/ Depository Participant	Depository participant as defined under the Depositories Act
EGM	Extraordinary General Meeting
FBIL	Financial Benchmarks India Private Limited
FDI	Foreign Direct Investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (Formerly Department of Industrial Policy and Promotion), Ministry of Commerce and Industry, GoI by circular DPIIT file number 5(2)/2020-FDI Policy, with effect from October 15, 2020
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
Form PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign Portfolio Investors as defined under the SEBI FPI Regulations and includes a person registered under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI
GoI/ Government	Government of India
GST	Goods and Service Tax
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standard) Rules, 2015, as amended.
India	Republic of India
MCA	Ministry of Corporate Affairs, GoI
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NCLT	National Company Law Tribunal
NEAT	National Exchange for Automated Trading
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number

Term/ Abbreviation	Full Form
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014
PAT	Profit after tax
P-Notes	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
Rs. or Rupees or ₹	The lawful currency of India
Rule 144A	Rule 144A under the Securities Act
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
Securities Act	U.S. Securities Act of 1933, as amended
STT	Securities Transaction Tax
U.S./ United States	United States of America
U.S. GAAP	Generally accepted accounting principles followed in the U.S.
US$/ U.S. dollars or USD	U.S. dollars, the lawful currency of the United States

Technical and Industry Terms

Term/Abbreviation	Full Form/Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended
API	Active Pharmaceutical Ingredient
Bonus Act	The Payment of Bonus Act, 1965, as amended
CAGR	Compounded Annual Growth Rate
Capital Employed	Net worth plus long term debt plus short term debt plus current maturity of long term debt less cash
Capital Employed adjusted for CWIP	Capital Employed less CWIP
CENVAT	Central Value Added Tax
CEP	Certificates of Suitability
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970, as amended
CPCB	Central Pollution Control Board
CRAMS	Contract Research and Manufacturing
CSA	Chloro Sulphonic Acid
CWIP	Construction Work In Progress
DCB	Di Chloro Benzene
DCS	Distributed Control System
Debt/Equity	Total debt divided by total equity

DMF	Drug Master File
EBIT	EBITDA – Depreciation
EBITDA	Earnings before interest, tax, depreciation and amortization; calculated as profit before tax plus interest expense plus depreciation less other income
EDMF	European Drug Master File
Environment Act	The Environment Protection Act, 1986, as amended
EPCG	The Export Promotion Capital Goods
ESI Act	The Employees State Insurance Act, 1948, as amended
Factories Act	The Factories Act, 1948, as amended
FMCG	Fast Moving Consumer Goods
FSSAI	Food Safety and Standards Authority of India
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control Point
HCL	Hydrogen Chloride
ICH	International Conference on Harmonisation
ISO	International Organisation for Standardisation
IGCW	Industrial Green Chemistry World
IMS	Integrated Management System
IT	Information Technology
KCL	Potassium Chloride
KTPA	Kilo Tonnes Per Annum
MDCB	Meta Di Chloro Benzene
MNC	Multinational Corporation
NCB	Nitro Chloro Benzene
Net Debt / EBITDA	(Gross debt minus cash) divided by EBITDA
NGO	Non-Governmental Organisation
MW	Mega Watts
OHSAS	Occupational Health and Safety Assessment Series
PDA	Phlyene Di Amine
Public Liabilities Act	The Public Liability Insurance Act, 1991, as amended
R&D	Research and Development
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
ROE	Return on equity; calculated as profit/(loss) for the period divided by (average of net worth of current and previous year)
ROCE	Return on capital employed; calculated as (EBIT) divided by (average of capital employed of current and previous year)
ROCE (exc CWIP)	Return on capital employed excluding CWIP; calculated as (EBIT) divided by (average of capital employed adjusted for CWIP of current and previous year)
SEZ	Special Economic Zone
SPCBs	State Pollution Control Boards
Water Act	The Water (Prevention and Control of Pollution) Act 1974, as amended
WHO	World Health Organization
UDCT	University Department of Chemical Technology
USFDA	United States Food and Drug Administration

Notwithstanding the foregoing, terms in "*Financial Statements*", "*Issue Procedure*", "*Taxation*" and "*Legal Proceedings*" on pages 258, 195, 229 and 251, respectively, shall have the meanings ascribed to such terms in those respective sections.

SUMMARY OF BUSINESS

We are the leading specialty chemical manufacturer producing benzene-based derivatives in India, as of March 2021, and we also rank among the largest players globally across various processes such as chlorination, nitration, and hydrogenation (in volume terms) as of March 2021 (*Source*: CRISIL Report). As of March 31, 2021, our product portfolio comprised over 200 products which were manufactured at our 20 manufacturing plants and marketed to more than 400 global customers in over 60 countries and 700 domestic customers. A majority of our products are exported to the USA, several countries in Europe, China, Japan and other parts of the world; and are used in end-user applications such as in agrochemicals, pharmaceuticals, polymer additives, paints, pigments and dyes, fuel additives, FMCG applications and beverages.

We conduct our business through two distinct segments: our specialty chemicals segment ("Specialty Chemicals Segment") and our pharmaceuticals segment ("Pharmaceuticals Segment).

In our Specialty Chemicals Segment, our operations are integrated across the product chains of benzene, toluene and sulphuric acid. We believe that this gives us the ability to effectively use co-products and generate value-added and downstream products which helps us broaden our customer base, enhance wallet share and deepen our customer relationships. In 2020, we were the largest producer globally for the manufacture of nitro chloro benzenes ("NCB") and ranked amongst the top three players for di chloro benzenes ("DCB"). (*Source*: CRISIL Report). As of March 2021, we were also the only manufacturer in India of nitro fluoro aromatics using the Halex process. (*Source*: CRISIL Report). Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture other chemicals, such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene-based derivatives. The products in our Specialty Chemicals Segment have varied applications across the agrochemicals; pharmaceuticals; polymer additives; fuel additives; FMCG applications; paints, printing inks, pigments; and dyes industries. We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding (Halex chemistry) in our manufacturing operations. A significant portion of our revenue from operations is derived from our Specialty Chemicals Segment. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Specialty Chemicals Segment amounted to ₹41,514.0 million, ₹38,649.5 million and ₹39,797.0 million, respectively, which constituted 82.6%, 83.6% and 84.6%, respectively, of our consolidated gross revenue from operations.

Our Pharmaceuticals Segment is divided into three verticals for the (a) manufacture of APIs; (b) manufacture of intermediaries; and (c) manufacture of xanthine derivatives. As of the date hereof, our Pharmaceuticals Segment manufactured various commercial APIs with 38 US Drug Master Files ("USDMF")and 20 Certificates of Suitability ("CEP") (with one under assessment). In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Pharmaceuticals Segment amounted to ₹8,718.8 million, ₹7,557.4 million and ₹7,258.1 million, respectively, which constituted 17.4%, 16.4% and 15.4%, respectively, of our consolidated gross revenue from operations. The diagram below shows the split of our consolidated gross revenue by sector in Fiscal 2021.

Our Strengths

We believe that we possess a number of competitive strengths, which enable us to successfully execute our business strategies, including the following:

- ***Global player in benzene-based derivatives with integrated operations***
- ***Diversified product portfolio, strong customer base and varied geographical presence***
- ***Significant growth and diversification in our pharmaceuticals business across products and geographies***
- ***Strong returns despite significant capex***
- ***Strong research and development capabilities allowing product innovation***
- ***Strong focus on sustainability***
- ***Well placed to benefit from specialty chemical sector tailwinds***

- ***Experienced promoters and strong management team***

Our Strategy

- ***Expansion in existing value chain and increased production of value added products***
- ***Deepen relationships with our customers through collaboration, co-development and strategic alliances***
- ***Enter new product value chains***
- ***Long term customer contracts and manufacturing outsourcing***
- ***Expansion of our Pharmaceuticals Segment***
- ***Focus on high growth sectors and emerging trends in the specialty chemicals and pharmaceutical industry***

SUMMARY OF THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document, including under "Risk Factors", "Use of Proceeds", "Placement", "Issue Procedure" and "Description of the Equity Shares" on pages 35, 67, 208, 195 and 225, respectively.

Issuer	Aarti Industries Limited
Issue Size	14,035,087 Equity Shares aggregating to approximately ₹ 12,000 million. A minimum of 10% of the Issue Size i.e. at least 1,403,509 Equity Shares, was available for Allocation to Mutual Funds only, and the balance 12,631,578 Equity Shares was available for Allocation to all QIBs, including Mutual Funds. Due to under-subscription in the portion available for Allocation only to Mutual Funds, part thereof has been Allocated to other Eligible QIBs.
Face Value	₹ 5 per Equity Share
Issue Price	₹ 855 per Equity Share
Date of Board Resolution*	May 18, 2021
Date of Shareholders' Resolution	June 14, 2021
Floor Price	The floor price for the Issue calculated on the basis of Regulation 176 of Chapter VI of the SEBI ICDR Regulations is ₹ 899.77 per Equity Share. Our Company has offered a discount of ₹ 44.77 per Equity Share i.e. 4.98% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations.
Eligible Investors	QIBs, to whom the Preliminary Placement Document and the Application Form was circulated and who are eligible to bid and participate in the Issue. The list of QIBs to whom the Preliminary Placement and the Application Form was delivered was determined by the Company, in consultation with the GCBRLMs. See "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 195, 210 and 219, respectively.
Equity Shares issued and outstanding immediately prior to this Issue	348,468,948 Equity Shares
Equity Shares issued and outstanding immediately after this Issue	362,504,035 Equity Shares
Issue Procedure	The Issue is being made only to QIBs in reliance on Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 195.
Lock-up	See "*Placement – Lock-up*" on page 208 for a description of restrictions on our Promoters and Promoter Group in relation to the Equity Shares
Proposed allottees	See "*Capital Structure - Proposed allottees*" on page 71 for names of the proposed allottees and the percentage of post Issue capital that may be held by them in the Company.
Transferability Restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further transfer restrictions, see "*Transfer Restrictions*" on page 219.
Use of Proceeds	The gross proceeds from this Issue will be approximately ₹ 12,000 million. The net proceeds from this Issue, after deduction of Issue expenses including fees, commission and other expenses, will be approximately ₹ 11,862.2 million. See "*Use of Proceeds*" on page 67 for information regarding the use of net proceeds from this Issue.

Risk Factors	See "*Risk Factors*" on page 35 for a discussion of risks that prospective investors should consider before investing in the Equity Shares.
Listing	Our Company has received in-principle approvals from BSE and NSE each dated June 24, 2021 in terms of Regulation 28(1) of the SEBI LODR Regulations, respectively for listing of the Equity Shares being issued pursuant to this Issue from each of such Stock Exchanges. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.
Closing Date	The Allotment of the Equity Shares, expected to be made on or about June 30, 2021.
Ranking	The Equity Shares to be issued pursuant to this Issue shall be subject to the provisions of the Company's Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including rights in respect of dividends. The shareholders of our Company (who hold Equity Shares as on the book closure date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI LODR Regulations and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013 and the SEBI LODR Regulations. See "*Description of the Equity Shares*" on page 225.
Security Codes for the Equity Shares	**ISIN**: INE769A01020 **BSE Scrip Code**: 524208 **NSE Scrip Code**: AARTIIND

**The Board of Directors has approved the Issue at its meeting on May 18, 2021, and the relevant prior intimation in compliance with Regulation 29(1) of the SEBI LODR Regulations to the Stock Exchanges was made on May 12, 2021. Our Company's shareholders have approved the Issue, pursuant to a special resolution passed on June 14, 2021, and the relevant prior intimation in compliance with Section 100 of the Companies Act, 2013 and the SEBI LODR Regulations to the Stock Exchanges was made on May 21, 2021.*

SELECTED FINANCIAL INFORMATION

The financial information for the Fiscal Year ended March 31, 2021 and March 31, 2020 included in this section are derived from the audited financial statements of the Fiscal Year ended March 31, 2021 and March 31, 2020, respectively, and the financial information for the Fiscal Year March 31, 2019 have been derived from our Audited Consolidated Financial Statement for Fiscal 2020 (containing comparative financial information for Fiscal 2019).

Our financials are prepared in crores and the financial information in this section has been presented in millions for presentation purposes.

Ind AS and Indian GAAP differ in certain material respects from US GAAP and IFRS. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to the information prepared in accordance with US GAAP or IFRS or other accounting principles.

Consolidated Balance Sheet data as on March 31, 2021, 2020 and 2019

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	35,924.8	24,675.7	21,453.5
Capital Work-in-Progress	12,979.1	14,176.4	7,945.7
Goodwill	-	4.2	4.2
Other Intangible Assets	1.0	5.0	9.0
Financial Assets:			
Investments	635.2	370.1	331.6
Other Non-Current Assets	3,200.7	4,044.9	3,064.3
Total Non-Current Assets	**52,740.8**	**43,276.3**	**32,808.3**
Current Assets:			
Inventories	9,356.8	8,356.8	7,717.9
Financial Assets:			
Trade Receivables	7,937.3	7,534.4	7,760.4
Cash and Cash Equivalents	4,123.2	2,472.9	8,042.0
Others Current Financial Assets	1,874.8	1,356.6	1,906.6
Other Current Assets	383.9	328.0	344.2
Total Current Assets	**23,676.0**	**20,048.7**	**25,771.1**
TOTAL ASSETS	**76,416.8**	**63,325.0**	**58,579.4**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	871.2	871.2	433.3
Equity Share Capital pending allotment upon scheme of Arrangement	-	-	0.2
Other Equity	34,157.8	28,916.5	25,872.2
Non-Controlling Interest	122.4	946.2	839.5
Total Equity	**35,151.4**	**30,733.9**	**27,147.2**
LIABILITIES			
Non-Current Liabilities:			
Financial Liabilities			
Borrowings	12,680.5	5,808.4	8,148.0
Other Non-Current Liabilities	2,244.1	5,508.9	2,032.4
Deferred Tax Liabilities (Net)	2,339.4	2,110.1	1,930.1
Total Non-Current Liabilities	**17,264.0**	**13,427.4**	**12,110.5**
Current Liabilities:			
Financial Liabilities			
Borrowings	12,240.7	12,296.7	12,908.3
Trade Payables due to:			
Micro and Small Enterprise	-	-	-

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Other than Micro and Small Enterprise	5,763.3	3,451.6	2,792.8
Other Current Liabilities	5,596.2	3,016.3	3,196.4
Provisions	401.2	399.1	424.2
Total Current Liabilities	**24,001.4**	**19,163.7**	**19,321.7**
Total Liabilities	**41,265.4**	**32,591.1**	**31,432.2**
TOTAL EQUITY AND LIABILITIES	**76,416.8**	**63,325.0**	**58,579.4**

Consolidated Profit and Loss Account data for the years ended March 31, 2021, 2020 and 2019

(₹ in million)

Particulars	For the Year Ended		
	March 31, 2021	**March 31, 2020**	**March 31, 2019**
REVENUE			
Gross Revenue from Operations	50,232.8	46,206.9	47,055.1
Less: GST Collected	5,171.8	4,343.8	5,379.5
Net Revenue from Operations	**45,061.0**	**41,863.1**	**41,675.6**
Other Income	7.0	88.4	21.0
Total Revenue	**45,068.0**	**41,951.5**	**41,696.6**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19,375.7	17,809.2	20,325.6
Purchases of Stock-in-Trade	2,442.4	2,746.5	1,834.7
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	-532.5	7.5	-594.0
Employee Benefits Expenses	3,713.8	3,052.2	2,428.2
Finance Costs	863.7	1,247.8	1,825.4
Depreciation and Amortization Expenses	2,313.1	1,852.1	1,626.8
Other Expenses	10,246.3	8,474.4	8,030.2
Total Expenses	**38,422.5**	**35,189.7**	**35,476.9**
PROFIT BEFORE TAX	**6,645.5**	**6,761.8**	**6,219.7**
TAX EXPENSES			
Current Year Tax	1,160.3	1,181.3	1,366.5
Earlier Year Tax	-	3.8	-20.5
MAT Credit Entitlement	-98.0	-70.9	-387.9
Deferred Tax	231.0	180.0	219.9
Total Tax Expenses	**1,293.3**	**1,294.2**	**1,178.0**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES	**5,352.2**	**5,467.6**	**5,041.7**
Profit attributable to Non-Controlling Interest	-117.5	-106.8	-124.4
Share of Profit/(Loss) of Associates			
Profit/(Loss) for the period	**5,234.7**	**5,360.8**	**4,917.3**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifying Items	479.4	-573.9	52.6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,714.1**	**4,786.9**	**4,969.9**
Earnings Per Equity Share (EPS) (in ₹)			
Basic/Diluted (in ₹)	**30.0**	**30.8**	**60.4**

Consolidated Cash Flow Statement data for the years ended March 31, 2021, 2020 and 2019

(₹ in million)

Sr. No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	Cash Flow from Operating Activities:			
	Net Profit before Tax and Exceptional/Extraordinary Items	6,645.5	6,761.8	6,219.7
	Adjustments for:			
	Finance Costs	863.7	1,247.8	1,825.4
	Depreciation	2,313.1	1,852.1	1,626.8
	Consolidated Adjustments	-52.6	-18.5	6.7
	Profit on Sale of Investments/Assets	-3.4	-84.9	-16.9
	Dividend Received from other Investments	-0.2	-0.7	-0.1
	Lease Rent Received	-0.5	-0.8	-0.7
	Operating Profit before Working Capital Changes	**9,765.6**	**9,756.8**	**9,660.9**
	Adjustments for:			
	(Increase)/Decrease in Trade and Other Receivables	-250.1	-46.9	-1,536.1
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	1,287.8	3,588.1	1,287.9
	(Increase)/Decrease in Inventories	-1,110.0	-639.0	-743.3
	Cash Generated from Operations	9,693.3	12,659.0	8,669.4
	Direct Taxes Paid	-966.2	-1,638.4	-1,307.4
	Net Cash Flow from Operating Activities (A)	**8,727.1**	**11,020.6**	**7,362.0**
B.	Cash Flow from Investing Activities:			
	Addition to Property, Plant & Equipment/Capital WIP	-13,148.2	-11,532.9	-7,936.1
	Sale/Written off of Property, Plant & Equipment	4.3	277.9	26.0
	(Increase)/Decrease in Other Investments	-78.2	-25.9	-60.7
	Dividend Received from Other Investments	0.2	0.7	0.1
	Profit on Sale of Investments	10.0	38.8	-
	Lease Rent Received	0.5	0.8	0.7
	Net Cash Flow from Investing Activities (B)	**-13,211.4**	**-11,240.6**	**-7,970.0**
C.	Cash Flow from Financing Activities:			
	Proceeds of Long-Term Borrowings	10,079.9	741.0	2,416.5
	Repayment of Long-Term Borrowings	-2,564.8	-3,160.9	-2,019.4
	Proceeds/(Repayment) of Other Borrowings	-55.9	-611.6	2,783.5
	Increase in Equity through QIP Allotment (Net of Expenses)	-	-6.0	7,414.0
	Finance Costs	-863.7	-1,247.8	-1,825.4
	Dividend Paid	-450.9	-1,063.8	-439.9
	Net Cash Flow from Financing Activities (C)	**6,144.6**	**-5,349.1**	**8,329.3**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**1,660.3**	**-5,569.1**	**7,721.3**
	Cash and Cash Equivalents (Opening Balance)	2,472.9	8,042.0	320.9
	Cash and Cash Equivalents (Opening Balance of Demerged Co.)			-0.0
	Cash and Cash Equivalents (Closing Balance)	**4,133.2**	**2,472.9**	**8,042.0**

RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the price of our Equity Shares could decline, and investors may lose all or part of their investments. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition and results of operations. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decision in this Issue. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue, including the merits and risks involved. Investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in this Issue. To obtain a complete understanding of our business, this section should be read in conjunction with the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview" on pages 146, 75 and 97, respectively, as well as the financial statements and other financial information included elsewhere in this Placement Document.

The financial information included in this section for Fiscal 2021, Fiscal 2020 and Fiscal 2019 has been extracted from our Audited Consolidated Financial Statements for Fiscal 2021, Fiscal 2020 and 2019, prepared under Ind AS.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements because of certain factors, including considerations described below and in the section titled "Forward-Looking Statements" on page 16.

Risks relating to our business and industry

1. ***The COVID-19 pandemic and resulting deterioration of general economic conditions has adversely impacted our business, financial condition and results of operations and the extent to which it will continue to do so will depend on future developments, which are difficult to predict.***

The COVID-19 pandemic has impacted, and will likely continue to impact most countries, including India, and has resulted in substantial volatility in global financial markets, increased unemployment and operational challenges, such as the temporary closures of businesses, sheltering-in-place directives and increased remote work protocols, which have significantly slowed down economic activity. The GoI initiated a nation-wide lockdown from March 24, 2020, for three weeks which was subsequently extended to May 31, 2020. While India has commenced gradual easing of lockdown measures, the trajectory of the eventual outcome remains uncertain and contingent on the future path of the viral outbreak and the effectiveness of measures to counter it. The second wave of COVID-19 infections has impacted India in April, May and June 2021. This second wave in India has seen new peaks in daily cases, daily deaths, active cases and positivity rates. The second wave has resulted in significant strain on the health infrastructure in the country resulting in several states announcing lockdown measures. The domestic policy response includes localized micro-containment measures, state-specific movement restrictions, mobilization of health supplies and ramping up of health infrastructure. The COVID-19 pandemic has also resulted in economic challenges driven by labour shortage, logistics disruptions and reduced demand. As a result, many industries have been exposed to disruptions in carrying out business operations, resulting in loss of business and reduction in cash flows, which has created stress in different sectors of the economy. The overall impact on India's economy for year ended March 31, 2022, remains uncertain but is likely to be negative. Any downturn in the macroeconomic environment in India could also adversely affect our business, financial condition, results of operations and prospects.

The extent to which the COVID-19 pandemic outbreak impacts our business, financial condition, results of operations and prospects will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of the COVID-19 pandemic both in India and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. There is currently substantial medical uncertainty regarding the COVID-19 pandemic in terms of treatment and rollout of vaccines and its efficacy in containing different strains of the virus. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of the COVID-19 pandemic remain uncertain and are likely to be severe.

The impact of the pandemic on our business, financial condition, results of operations and future financial performance include or may include (but are not limited to) the following:

- Current and future restrictions on our workforce's access to any of our manufacturing facilities and the health and availability of our workforce could limit our ability to meet customer orders and have a material adverse effect on our business, financial condition and results of operations. The restrictions also have adversely affected, and adversely affect, the project work underway at various project sites. This may result in completion delays of the projects which may have adverse impact on the commitments given to customers and adversely affect our business, financial condition, results of operations and prospects.
- We may experience delays and defaults associated with collection of payments from customers, due to the economic slowdown caused by the COVID-19 pandemic, which may adversely affect our cash flows and results of operations. This may be further aggravated by our customers' difficulty in accessing sources of financing as a consequence of volatility in domestic and international markets and/or a domestic and global economic slowdown.
- Restrictions in response to COVID-19 placed by the GoI and state governments have been changing based on the dynamic situation. The extent and/or duration of ongoing or new workforce restrictions and limitations could impact our ability to manufacture and deliver our products, carry out work. on projects, conduct R&D activities, and manage our business. Further, governmental lockdowns, restrictions or new regulations could significantly impact our operations.
- Our business may be affected by a variety of external factors that may affect the price or marketability of our products and services, including disruptions in the capital markets, changes in interest rates that may increase our funding costs and reduced demand for our products due to economic conditions. The COVID-19 pandemic has significantly increased economic and demand uncertainty and has led to disruption and volatility in the global and domestic capital markets, which could increase the cost of capital and adversely impact access to capital. A period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Furthermore, the volatility in global and domestic capital markets may cause increased volatility in currency exchange rates reducing our ability or increase the costs to mitigate these risks. Any depreciation of the Indian rupee could result in higher hedging cost and increased costs of our imports of raw materials.
- In response to COVID-19, many of our management and administrative employees are working remotely from their homes but technology in employees' homes may not be as robust as in our offices and could cause the networks, information systems, applications, and other tools available to employees to be more limited or less reliable than in our offices. The continuation of work-from-home measures introduces additional operational risk, especially cybersecurity risk. These cyber risks include greater phishing, malware, and other cybersecurity attacks, vulnerability to disruptions of our information technology infrastructure and telecommunications systems for remote operations, increased risk of unauthorized dissemination of confidential information, limited ability to restore systems in the event of a systems failure or interruption, and a greater risk of a security breach resulting in destruction or misuse of valuable information.
- As the second wave places severe stress on the medical infrastructure in India, our employees may be at risk of not being able to access healthcare to treat COVID. Several of our employees have also been infected with the COVID-19 virus in Fiscal 2021 and in Fiscal 2022 during the second wave. Accordingly, we have and may continue to lose key management and employee personnel hours due COVID-19 related illness and related issues.
- We rely on many suppliers and contractors. During Fiscal 2021 and during the current Fiscal 2022, we have faced several challenges and continue to face challenges to obtain materials from our suppliers and materials we do obtain often are at higher prices than in the past year. In the Fiscal 2020 and Fiscal 2021, crude oil prices fluctuated significantly in large part due to the COVID-19 pandemic and global economic slowdown and then partial recovery. Increases in prices of raw material and oil prices could have a material adverse effect on our business, financial condition and results of operations. In addition, global logistics disruptions have resulted in an increase in our freights and logistics costs and may continue to do so.
- The nationwide lockdown through May 31, 2020, and other localized lockdowns and disruptions due to the pandemic have delayed important legal hearings relating to legal proceedings to which we are a party. The

commissions and courts during such period have only been hearing matters of urgent nature. If courts and commissions continue to have limited hearings for a prolonged period, it may lead to delay in finalization of our legal cases and may have negative impacts on our operations.

Any resulting adverse financial impact due to the above cannot be reasonably estimated at this time. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us, may not have the anticipated effect or may fail to achieve its intended purpose altogether. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. Further, we generate a significant amount of our revenue in India. As India is a developing country with limited medical resources and certain places with dense populations, the effects of COVID-19 in India may be of a greater magnitude, scope and duration than those experienced to date in other countries.

As of the date of this Placement Document, there is significant uncertainty relating to the severity of long-term adverse impact of the ongoing COVID-19 pandemic on the domestic and global economy, domestic and global financial markets and the Indian chemicals industry, and we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this section.

2. ***Our business is dependent on our manufacturing facilities, and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations or under-utilization of our manufacturing facilities or strikes, work stoppages or increased wage demands by our employees that could interfere with our operations could have an adverse effect on our business, financial condition and results of operations.***

We conduct our operations through our 20 manufacturing facilities located at Vapi, Jhagadia, Dahej and Kutch in Gujarat, Tarapur and Dombivali in Maharashtra. Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents and severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down certain facilities for capacity expansion and equipment upgrades.

As of March 31, 2021, we had over 7,000 employees (excluding trainees) and more than 5,000 contract works and trainees working in our manufacturing facilities and project sites. Success of our operations depends on availability of labour and good relationships with our labour force. Strikes and lockouts as a result of disputes with our labour force may adversely affect our operations. While we have not had instance of strikes, lockouts or labour disputes in the past, we cannot assure you that we shall not experience any strikes, lockouts or labour disputes in the future. Such events could disrupt our operations and may have a material adverse effect on our business, financial condition and results of operations. In addition, we also may face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

Although we have not experienced any significant disruptions at our manufacturing facilities in the past, we cannot assure you that there will not be any disruptions in our operations in the future. Our inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shutdown of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, financial condition and results of operations.

3. ***We derive a significant part of our revenue from major customers and we do not have long term contracts with all of these customers. If our customers choose not to source their requirements from us or to terminate our long-term contracts, our business, financial condition and results of operations may be adversely affected.***

Our customer base currently comprises a host of multinational and domestic companies. Of our consolidated gross revenue from operations in Fiscal 2021, our largest customer contributed approximately 3.3%; our top 10 customers contributed to approximately 21.9%; and our top 20 customers contributed 31.4%. We expect that we will continue to be reliant on our major customers for the foreseeable future. Accordingly, any failure to retain these customers and/or negotiate and execute contracts on terms that are commercially viable, with these select customers, could adversely affect our business, financial condition and results of operations.

We have a number of supply contracts with customers of three-to-five year duration. In addition, we have a ten-year supply contract for specialty chemical intermediate with a global chemical company and a twenty-year supply contract for specialty chemical intermediate with a chemicals conglomerate. These supply contracts often require us to outlay capital to scale up our capacity and production. Our supply contracts with customers generally can be terminated by our customers with notice but often have termination penalties. Notwithstanding, the termination of supply contracts could adversely affect our business, financial condition and results of operations.

In Fiscal 2021, one of our major customers terminated a ten-year supply contract for a key herbicide intermediate. Pursuant to the terms of the supply contract, a voluntary termination of the contract by the customer will obligate the customer to pay to us total fees in connection with such termination in a range of US$ 120 to US$130 million, which comprise quarterly shortfall fees payable until the third quarter of Fiscal 2022 and a one-time termination fee payable in December 2021. As of the date hereof, we have received a short fall fee of US$20.1 million as applicable for Fiscal 2021. We do not expect that the termination of such long-term agreement will have an adverse impact on our business and results of operations, as the pre-agreed termination payments will compensate us for the costs of maintaining and operating the manufacturing capacity that we added in anticipation of the long-term business from the ten-year supply contract. However, in the event that we are not able optimally utilize this manufacturing capacity, our business, financial condition and results of operations could be materially and adversely affected.

We do not have long-term supply agreements with all our customers and instead rely on purchase orders to govern the volume and other terms of our sales of products. Many of the purchase orders we receive from our customers specify a price per unit and delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, it may adversely impact our production schedules and inventories.

Cancellation by customers or delay or reduction in their orders or instances where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and of manufactured products, thereby increasing our costs relating to maintaining our inventory and reduction of our margins, which may adversely affect our profitability and liquidity. Further, we may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss. Further, our inability to find customers for surplus products may result in excessive inventories which may become obsolete and may be required to be written off in the future.

Additionally, our customers have high and stringent standards for product quality and quantity as well as delivery schedules. Any failure to meet our customers' expectations could result in the cancellation or non-renewal of contracts or purchase orders. There are also a number of factors, other than our performance that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, or replace their existing products with alternative products, any of which may have an adverse effect on our business, financial condition, results of operations and prospects.

4. Our inability to successfully implement some or all our business strategies in a timely manner or at all could have an adverse effect on our business.

As part of our strategy aimed towards business growth and improvement of market position, we intend to implement several business strategies, which include:

- Expansion in existing value chain and increased production of value added products;
- Deepening relationships with existing customers through co-development and strategic alliances;
- Entering new product value chains;
- Developing long term contracts and manufacturing outsourcing;
- Expansion of our Pharmaceuticals Segment; and
- Focus on high growth sectors and emerging major industry trends in the specialty chemicals and pharmaceutical industry.

Our strategy may not succeed due to various factors, including our inability to reduce our debt and our operating costs, our failure to develop new products and services with sufficient growth potential as per the changing market preferences and trends, our failure to execute agreements with our technology and strategic partners, our failure to effectively market these new products and services or foresee challenges with respect to our business initiatives, our failure to sufficiently upgrade our infrastructure, machines, equipment and technology as required to cater to the requirement of changing demand and market preferences, our failure to maintain highest quality and consistency in our operations or to ensure scaling of our operations to correspond with our strategy and customer demand, changes in GoI policy or regulation, our inability to respond to regular competition, and other operational and management difficulties. Any failure on our part to implement our strategy due to many reasons as attributed aforesaid could be detrimental to our long-term business outlook and our growth prospects and may materially adversely affect our business, financial condition and results of operations. For further details of our strategies, see "*Our Business*" on page 146.

5. We are subject to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances.

Our manufacturing processes involve manufacturing, storage and transportation of various hazardous substances such as benzene, toluene, chlorine, nitric acid, methanol, hydrogen, sulphuric acid, amongst others. We are subject to operating risks associated with handling of such hazardous materials such as possibility for leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage and environmental contamination. In the event of occurrence of any such accidents, our business operations may be interrupted. Any of these occurrences may result in the shutdown of one or more of our manufacturing facilities and expose us to civil or criminal liability which could have an adverse effect on our business, financial condition and results of operations. Moreover, certain environmental laws impose strict liability for accidents and damages resulting from hazardous substances and any failure to comply with such laws may lead to closure, penalties, fines and imprisonment.

For instance, an incident of fire at our Tarapur plant in 2012 led to burn injuries resulting in death of a contract labourer and stoppage of work. In addition, we had one fatality in 2020 at our Vapi facility due to a burst chilling plant compressor, and we had one fatality in 2020 at our Vapi facility in connection with the excavation of loose soil. Further, we had two burn injuries at our Jhagadia plant in January 2021 due to a pump failure connected to a nitric acid tank, and in February 2021, we had two fatalities and two burn injuries at our Jhagadia plant in connection with remedial work at our ash depositary. In respect of the January 2021 and February 2021 incidents as well as other alleged environmental damage, the Gujarat Pollution Control Board issued a closure direction for our manufacturing unit at Jhagadia which it later revoked. For further details, see "Risk Factors- *We have received a plant closure direction from the Gujarat Pollution Control Board for one of our manufacturing units at Jhagadia, which was revoked vide an order dated June 23, 2021. If we are required to close this Jhagadia unit by virtue of non-compliance of the revocation order, our business, financial condition and results of operations could be materially adversely affected"* on page 39.

6. We have received a plant closure direction from the Gujarat Pollution Control Board for one of our manufacturing units at Jhagadia, which was revoked vide an order dated June 23, 2021. If we are required to close this Jhagadia unit by virtue of non-compliance of the revocation order, our business, financial condition and results of operations could be materially adversely affected.

We had two burn injuries at our Jhagadia plant in January 2021 due to a pump failure connected to a nitric acid tank, and, in February 2021, we had two fatalities and two burn injuries at our Jhagadia plant in connection with remedial work at our ash depositary. In respect of the January 2021 and February 2021 incidents as well as other alleged environmental damage, the Gujarat Pollution Control Board vide its notice, dated May 6, 2021, had issued a closure direction for our manufacturing unit at plot no. 758/1,2,3, GIDC Jhagadia, District Bharuch with effect from June 30, 2021, under Section 31-A of the Air (Prevention and Control of Pollution) Act, 1981, and also imposed certain conditions that we must comply by June 30, 2021. Thereafter, our Company filed an application dated May 26, 2021 with the Gujarat Pollution Control Board for revocation of the said closure direction on the grounds that corrective and preventive actions for all the points as covered in the closure direction have been undertaken by our Company. Subsequently, the said plant closure direction was revoked by Gujarat Pollution Control Board vide an order dated June 23, 2021 imposing certain conditions for compliance at the said manufacturing unit. Further, the said revocation order, has directed the local authorities to allow electricity and water supply at the manufacturing unit for a period of three months thereof. We have two facilities in Jhagadia, and the unit affected is part of our benzene manufacturing process, which focuses on hydrogenation amongst other processes. If we are required to close this Jhagadia unit due to disconnection of electricity and water supply by virtue of non-compliance of the revocation order, in a timely manner or at all, this closure would materially impact our benzene production and to the extent the duration of the closure exhausts our product inventory, our business, financial condition and results of operations could be materially adversely affected.

7. ***Our pharmaceuticals business is subject to extensive regulation. If we fail to comply with the applicable regulations prescribed by governments and regulatory agencies or our customers, our business, financial condition and results of operations could be adversely affected.***

In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Pharmaceuticals Segment amounted to ₹8,718.8 million, ₹7,557.4 million and ₹7,258.1 million, respectively, which constituted 17%, 16% and 15%, respectively, of our consolidated gross revenues from operations. We operate in a highly regulated industry and our operations are subject to extensive regulation in each market in which we do business. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our business license, imposition of fines and criminal sanctions in those jurisdictions.

We have ongoing obligations to regulatory authorities, such as the Food Safety and Standards Authority of India ("**FSSAI**") in India, and the Food and Drug Administration ("**USFDA**") in the United States, both before and after a product's commercial release. For example, our manufacturing facilities and products are subject to auditing processes by various regulatory agencies of the countries where we market and sell our products, including the USFDA. Regulatory agencies may at any time inspect our manufacturing facilities or the quality of our products based on newly developed scientific knowledge and/or tools. If any inspection or quality assessment results in observations/ alerts or sanctions, the relevant regulator may amend or withdraw our existing approvals to manufacture and market our products in such jurisdiction, which could adversely affect our business, financial condition and results of operations. Any change in sanctions regulations or laws may adversely affect our business.

8. ***Our reliance on certain industries for a significant portion of our sales could have an adverse effect on our business.***

Generally, our specialty chemicals from our Specialty Chemical Segment cater to the various industries such as agrochemicals industry, the polymer and additives industry, the pharmaceuticals industry, the dyes and pigments industry, the fuel additives industry, the paints and printing inks industry. and the rubber chemicals industry and our products from our Pharmaceuticals Segment cater to pharmaceuticals industry and beverages industry. Consequently, our revenues are dependent on the end user industries that use our products as an input. Factors affecting any of these industries in general, or any of our customers in particular, could have a cascading adverse effect on our business, financial condition and results of operations. Such factors include, but are not limited to, the following:

a. seasonality of demand for our customers' products, which may cause our manufacturing capacities to be underutilised during specific periods;
b. our customers' failure to successfully market their products or to compete effectively;
c. change in any registration requirements or non-renewal of registrations or imposition of a regulatory ban, or trade sanctions imposed across the country or any such restrictions on the business or product or customer's final product;
d. loss of market share, which may lead our customers to reduce or discontinue the purchase of our products; and
e. economic conditions of the markets in which our customers operate.

For any of the above reasons or for any other reason whatsoever, in the event sales to our customers were to substantially decrease, our business, financial condition and results of operations could be adversely affected.

9. ***Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.***

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, mostly the U.S. Dollars. Accordingly, we have currency exposures relating to buying, selling and financing in currencies other than in Indian Rupees, particularly the U.S. Dollar. During Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our exports amounted to ₹21,875.5 million, ₹19,655.2 million and ₹19,768.8 million, respectively, which constituted 43.5%, 42.5% and 42.0%, respectively, of our consolidated gross revenues. Further, during Fiscal 2021, Fiscal 2020 and Fiscal 2019, the cost of raw material imports as a percentage of overall raw material cost was 32.4%, 28.2% and 24.0%, respectively. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, our net foreign currency denominated sales (consolidated sale in foreign currency less consolidated expenses in foreign currency) amounted to ₹14,252.3 million, ₹12,203.8 million and ₹13,308.9 million, respectively. Accordingly, while we enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other foreign currencies. Additionally, we have incurred losses due to these fluctuations in foreign currency in Fiscal 2021, Fiscal 2020 and Fiscal 2019 of ₹202.2 million, ₹284.6 million and ₹339.5 million, respectively. These losses were related to instances where the market exchange rate at the time of transaction was against us as compared to the rates we had applied when the transactions were accounted or hedged. For further information on our exchange rate risk management, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations – Foreign Exchange Rate Risk*".

10. Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, financial condition and results of operations.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our R&D and manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. For instance, an incident of fire at our Tarapur plant in 2012 led to burn injuries resulting in death of a contract labourer and stoppage of work. In addition, we had one fatality in 2020 at our Vapi facility due to a burst chilling plant compressor, and we had one fatality in 2020 at our Vapi facility in connection with the excavation of loose soil. In addition, we had two burn injuries at our Jhagadia plant in January 2021 due to a pump failure connected to a nitric acid tank, and in February 2021, we had two fatalities and two burn injuries at our Jhagadia plant in connection with remedial work at our ash depositary. In respect of the January 2021 and February 2021 incidents as well as other alleged environmental damage, the Gujarat Pollution Control Board issued a closure direction for our manufacturing unit at Jhagadia which it later revoked. For further details, see "Risk Factors- *We have received a plant closure direction from the Gujarat Pollution Control Board for one of our manufacturing units at Jhagadia, which was revoked vide an order dated June 23, 2021. If we are required to close this Jhagadia unit by virtue of non-compliance of the revocation order, our business, financial condition and results of operations could be materially adversely affected"* on page 39. We may experience similar or more severe accidents in the future. Any accident at our facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to legal proceedings, which could lower our profits in the event we were found liable and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labour laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. We cannot assure you that we will not be found to be in non-compliance with, or remain in compliance with all applicable environmental, health and safety and labour laws and regulations or the terms and conditions of any consents or permits in the future or that such compliance will not result in a curtailment of production or a material increase in the costs of production.

11. We have received notices from regulatory authorities in the past; and in particular from the environmental authorities, which may result in litigation, penalties, fines or cancellation or suspension of our operating licenses.

Our operations, particularly at our manufacturing plants, are subject to stringent scrutiny, inspection and audit from third party environmental agencies, including governmental authorities. During the course of and post such audits and inspections, we receive routine notices from the environmental authorities, in connection with each of our manufacturing plants. Certain such notices received are industry-wide notices that are dispatched by the authorities and are not specific to us. We routinely reply to each such notice received. Additionally, we have, from time to time, also received show cause notices from the environmental authorities to which we seek to provide adequate responses. Typically, such notices require us to provide the regulatory authorities with information such as production data during a period, power and water consumption data, amongst others. At times, we are also asked to maintain prescribed pH levels. In the past we have been instructed to repair pumps and leaks at our manufacturing facilities, upgrade our effluent treatment plant infrastructure and install and update software used in our machinery. While no such notice has materialized into a litigation and no material fines or penalties have been imposed by regulatory authorities in the past, we cannot assure you that such notices will not culminate in legal proceedings in the future, neither can we assure you that fines, penalties or damages will not be imposed on us pursuant to such notices. Please also, see "*Legal Proceedings*" on page 251.

Furthermore, if the authorities deem that our responses do not sufficiently address the concerns raised in these notices, there is also a possibility that the environmental authorities may cancel, suspend or withdraw the approvals, permits or consents granted to us or may order the closure of the manufacturing unit until the concerns are sufficiently addressed or remedied. In the event that such environmental notices result in litigations, fines or the cancellation of our licenses, it could adversely affect our business, financial condition and results of operations. For example, on January 16, 2020, Maharashtra Pollution Control Board, issued closure directions under Water (Pollution and Control) Act, 1974, for one of our manufacturing units for alleged violation of rules in relation to the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Pollution and Control) Act, 1974 . Thereafter, conditional restart directions for the said manufacturing unit were issued by Maharashtra Pollution Control Board on February 20, 2020.

12. We do not have long-term agreements with suppliers for our raw materials and an increase in the cost of, or a shortfall in the availability or quality of such raw materials could have an adverse effect on our business, financial condition and results of operations.

We have been sourcing a significant amount of the raw materials that we use in our business from one domestic supplier. In addition, we usually do not enter into long-term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers under contracts of shorter period or the open market. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers, which may reduce our profit margins. We face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect our business, financial condition and results of operations.

13. We are subject to strict quality requirements, regular inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our business, financial condition, results of operations and prospects.

We develop, manufacture and market a diverse range of chemical products, APIs and formulations, which are primarily used as raw materials for host of products in the specialty chemicals and pharmaceuticals segments. Additionally, two manufacturing plants in our Pharmaceuticals Segment are approved by the USFDA. Accordingly, our customers maintain strict qualification and/or certification procedures. Our products go through various quality checks at various stages including random sampling check and quality check by internal and external agencies. Many of our key customers have audited and approved our facilities and manufacturing processes in the past and may undertake similar audits periodically in the future. Failure of our products to meet prescribed quality standards may result in rejection and reworking of our products. This may result in our customers cancelling present or future purchases of our products and could adversely affect our business, financial condition and results of operations.

One of our manufacturing facilities has obtained the certifications "Star Kosher", "HACCP" and "GMP" for manufacturing and testing. We also have procured IMS certifications for our major operations. While we have put in place quality control procedures, we cannot assure that our products will always be able to satisfy our prescribed quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the manufacturing of our products. Any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, financial condition, results of operations and prospects.

14. We require various licenses and approvals for undertaking our businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect our operations.

Our business operations are subject to various laws, the compliance of which is supervised by multiple regulatory authorities and government bodies. In order to conduct our business, we are required to obtain multiple licenses, approvals, permits and consents. Additionally, our government approvals and licenses are subject to numerous conditions, some of which are onerous including making an application for amending the existing approval and require us to make substantial expenditure. Most of these approvals and licenses are subject to ongoing inspection and compliance requirements and are valid only for a fixed period of time subject to renewal and accreditation. Additionally, we may need to apply for more approvals in the future including renewal of approvals that may expire from time to time. If we fail to renew, obtain or retain any of such approvals, in a timely manner, or at all, our business may be adversely affected.

We also incur significant expenditure in order to comply with such applicable laws and regulations. Amongst the laws that we must adhere to, environmental, health and safety laws and regulations are one of the most critical laws. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials, amongst others. Significant fines and penalties may be imposed for non-compliance with such environmental laws. We are also inspected at regular intervals by various environmental protection agencies to ensure our compliance with applicable laws and regulations. We are also required to obtain permits from governmental authorities for certain aspects of our operations. These laws, regulations and permits often require us to purchase and install expensive pollution control equipment or to make operational changes to limit impacts or potential impacts on the environment and/or health of our employees.

Furthermore, two for our manufacturing units are USFDA approved, which results in on-going inspection and compliance requirement from the United States authorities that we are required to comply with. Our failure to comply with such global regulatory requirements, amongst others, could also adversely affect our business, financial condition and results of operations.

15. Our manufacturing plants are located in Gujarat and Maharashtra exposing us to regulatory and other geography specific risks such as labour unrests, terrorist attacks, other acts of violence and occurrence of natural and man-made disasters in Gujarat and Maharashtra.

We operate 20 manufacturing plants, 13 of which are located in Gujarat and 7 of which are located in Maharashtra. Additionally, we have over 100 acres of land in Jhagadia and over 120 acres of land in Atali (both in the State of Gujarat) available for future development. The concentration of our operations in Gujarat and Maharashtra heightens our exposure to adverse developments related to regulation, as well as economic, demographic and other changes in Gujarat and Maharashtra, which may adversely affect business, financial condition and results of operations. Our manufacturing operations require significant labour and are also reliant on government policies in terms of taxes, duties and incentives made applicable by the state government. As a result, any unfavourable policies in Gujarat or and Maharashtra, could adversely affect our business, financial condition and results of operations.

Furthermore, Gujarat and Maharashtra have experienced social and civil unrest in the past within the state and such tensions could lead to political or economic instability in Gujarat or Maharashtra and a possible adverse effect on our business, financial condition and results of operations. There can be no assurance that such situations will not recur or be more intense than in the past.

16. We face competition from both domestic as well as multinational corporations and our inability to compete effectively may have a material adverse impact on our business, financial condition and results of operations.

Competition in our business is based on pricing, relationships with customers, product quality, customisation and innovation. We face pricing pressures from foreign companies that are able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. Moreover, Indian chemical companies are faced with poor infrastructure and lack of adequate facilities at ports and railway terminals as well as poor pipeline connectivity, which imposes difficulties in raw material procurement and at a cost competitive price with global peers. We are unable to assure you that we shall be able to meet the pricing pressures imposed by such multinational competitors which would adversely affect our business, financial condition and results of operations.

Additionally, some of our competitors in the fine and speciality chemicals segment may have greater financial, research and technological resources, larger sales and marketing teams and more established reputation. They may also be in a better position to identify market trends, adapt to changes in industry, innovative new products, offer competitive prices due to economies of scale and also ensure product quality and compliance.

17. Our failure to manage growth effectively may adversely impact our business, prospects, financial condition and results of operations.

Our ability to sustain growth depends primarily upon our ability to manage key issues such as our ability to sustain existing relationships with our clients, ability to obtain raw materials at better prices, ability to compete effectively, ability to scaling up our operations, adhering to high quality and execution standards, our ability to expand our manufacturing capabilities and our presence in India as well as globally, the effectiveness of our marketing initiatives, selecting and retaining skilled personnel. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, financial condition, results of operations and prospects.

18. We have formed a special committee of our board of directors to evaluate the feasibility of the demerger of our pharmaceuticals business and allied activities. If there are any difficulties associated in separating this business, our business, financial condition and results of operations could be adversely affected.

At a meeting of our Board of Directors on January 28, 2021, our Board formed a special committee to the feasibility of the demerger of our pharmaceuticals business and allied activities. We are in the early stages of considering the benefits and risks associated with such a demerger. The success of such a demerger will depend, in part, on our ability to realize the anticipated growth opportunities from demerging these businesses. If there are any difficulties associated in separating these businesses, our future strategies and our business, financial condition and results of operations could be affected. Even if we are able to successfully demerge the business operations, we may not be able to realize all the expected benefits as a result of such a demerger. Any failure to realize the anticipated benefits in a timely manner, or at all, could have an adverse effect on our business, financial condition and results of operations.

19. We have incurred significant capital expenditure during the last three Fiscal Years.

During Fiscal 2021, 2020 and 2019, we incurred capital expenditure of ₹13,113.7 million, ₹11,532.8 million and ₹7,396.1 million, respectively. A significant amount of our capital expenditure in Fiscal 2021, Fiscal 2020 and Fiscal 2019 was aimed at increasing our manufacturing & R&D capacities. Our management adopts and implements business strategies that take into account a number of macro and micro economic considerations, including our current financial condition and expected levels of growth over the medium to long term.

There can be no assurance that our expansion plans will be implemented as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays or mishaps in the implementation of the expansion plans or if there are significant cost overruns, then the overall benefit of such plans to our revenues and profitability may decline. To the extent that the planned expansion does not produce anticipated or desired output, revenue or cost-reduction outcomes, our profitability and financial condition will be adversely affected.

20. We require substantial financing for our business operations and planned capital expenditure and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability

We require substantial capital for our business operations and planned capital expenditure. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in our Company and could adversely impact our Equity Share price.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. Our ability to raise debt financing on acceptable terms also depends on our credit ratings. For further information on the risks associated with credit ratings, see "*Our ability to access capital at attractive costs depends on our credit ratings. Non availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business, financial condition and results of operations.*" We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our planned capital expenditure, our business, financial condition and results of operations.

21. Our performance may be adversely affected if we are not successful in forecasting customer demands, managing our inventory or working capital.

We maintain relatively high inventory levels of approximately two months of raw material inventory. In addition, the large number of products in our portfolio leads to a high finished goods inventory. We evaluate our inventory balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in our product sales mix. Efficient inventory management is a key component of the success of our business, financial condition and results of operations. To be successful, we must maintain sufficient inventory levels and an appropriate product sales mix to meet our customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely affects our results of operations. Our inventory levels have increased significantly over the last three fiscal years. If our raw materials purchase decisions do not accurately predict sourcing levels, customer trends or our expectations about customer demands and needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our results of operations. During COVID-19, the demand for end use application such as dyes, pigments, polymer additives and fuel additives, which are on discretionary in nature, were impacted. This resulted in a higher inventory of our products for these end uses. In order to liquidate the higher levels of inventory, we sold these products to non-conventional markets at lower margins. In case of any similar future event, we may be required to reduce our inventory at unattractive prices that may adversely impact our business, financial condition and results of operations. In addition, our working capital requirements have increased in recent years due to the general growth of our business. If a client defaults in making its payment on a product to which we have devoted significant resources, it may also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. All of these factors may result, or have resulted, in increases in our working capital requirements. If we are unable to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, it may adversely affect our business, financial condition, results of operations and prospects.

22. Fluctuation in the prices of raw materials and crude oil may affect our ability to price our products competitively.

The costs of materials consumed make up a large portion of our operating expenses. During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our cost of materials consumed amounted to ₹19,375.7 million, ₹17,809.2 million and ₹20,325.6 million, respectively, and our cost of materials consumed as a percentage of our gross revenue from operations was 38.6%, 38.5% and 43.2%, respectively. We source raw materials primarily from third-party suppliers, including imports. Our primary raw materials include derivatives of crude oil, such as benzene, aniline and toluene, amongst others. During Fiscal 2021 and the current Fiscal 2022, we have faced several challenges and continue to face challenges in obtaining materials from our suppliers; materials we do obtain often are at higher prices than in the recent past. Moreover, certain suppliers were unable to provide raw materials in the quantities we ordered or at all, as they were adversely impacted by the COVID-19 pandemic. We tried to mitigate the financial impact to us by purchasing from alternate sources to the extent available, which at times resulted in higher costs. Where certain raw materials may not be available at all, we may be unable to manufacture the products in which such raw materials are components at all until such raw materials become available again. Increases in prices of raw materials, or the unavailability thereof, could have a material adverse effect on our business, financial condition and results of operations.

Prices of raw materials that we use, particularly in our Specialty Chemicals Segment, are closely linked to crude oil prices. Crude prices globally have been volatile. In Fiscal 2020 and Fiscal 2021, crude oil prices fluctuated significantly in large part due to the COVID-19 pandemic and global economic slowdown and then partial recovery. For further information on the risks associated with oil prices, see "*Significant increases in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general, which could have an adverse effect on our business, financial condition and* *results of operations.”*

We have implemented a “pass-through” mechanism in our business model pursuant to which variations in crude oil prices are substantially passed on to our customers. However, we cannot assure you that our pricing model will enable us to avoid all effects from fluctuations in crude oil prices. Thus, significant volatility in raw material prices may adversely affect our business, financial condition and results of operations.

While we have generally been able to pass on increase in prices of such raw materials to our customers, our inability to do so in the future could adversely affect our ability to price our products competitively and consequently, would adversely affect our business, financial condition and results of operations.

23. We are dependent on third party transportation and logistics service providers. Any increase in the charges of these entities could adversely affect our business, results of operations and financial condition.

Pursuant to certain of our arrangements with our customers, based on customer preferences, we are required to pay the freight costs for the products we sell. In addition, we may have to pay for transportation costs in relation to the delivery of some of the raw materials and other inputs to our manufacturing facilities. We do not own any vehicles for the transportation of our products and/or raw materials, we therefore rely on third party transportation and logistics providers for delivery of our raw materials and products. However, we do not have any long-term contractual arrangements with such third-party transportation and logistics providers. Disruptions of logistics could impair our ability to procure raw materials and/or deliver our products on time, which could materially and adversely affect our business, financial condition and results of operations.

In Fiscal 2021, 43.5% of our total gross revenues was from exports and consumption of imported raw materials constituted 32.4% of our total raw material consumption. A significant portion of our expenses is due to freight carriage and transport and freight and forwarding expense and export freight charges. Freight (inward and outward) represented 6.1%, 6.0% and 5.3% of our total expenses in Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively. We are subject to the risk of increases in freight costs. If we cannot fully-offset any increases in freight costs, through increases in the prices for our products, we would experience lower margins. In addition, any increase in export tariffs also will increase expenses which in turn may adversely affect our business, financial condition and results of operations.

While we believe we have adequately insured ourselves against the risk involved in maritime transport, we may be responsible for the transport of our products and accordingly be exposed to the risk of theft, accidents and/or loss of our products in transit. While there have been no material instances of theft, accident or loss in the past five years, we cannot assure you that such incidents will not occur in future. Any such acts could result in serious liability claims (for which we may not be adequately insured) which could have an adverse effect on our business, financial condition and results of operations.

24. Restrictions on import of raw materials and an increase in shipment cost may adversely impact our business, financial condition and results of operations.

During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our cost of materials consumed amounted to ₹19,375.7 million, ₹17,809.2 million and ₹20,325.6 million, respectively, and our cost of materials consumed as a percentage of our gross revenue from operations was 38.6%, 38.5% and 43.2%, respectively. Some of our raw material imports are regulated by the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 that, *inter alia*, allows the concerned authority to stop any import if it is deemed that the chemicals proposed to be imported may cause major accidents. We are unable to assure you that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. We also cannot assure you that, under these circumstances, we will be successful in identifying alternate suppliers for raw materials or we will be able to source the raw materials at favourable terms in a timely manner. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, and our business, financial condition and results of operations.

Further, in the future, if there are any trade restrictions, sanctions or higher tariffs being placed by India on imports from another country or similar restrictions placed by the exporting country for supply of products to India, such trade restrictions, sanctions or higher tariffs may significantly impact our sourcing decisions and It may lead to increased cost of purchase, and shortages of materials, which could impact our supply commitment to our customers and adversely affect our manufacturing activities. Accordingly, such trade restrictions, sanctions or higher tariffs could have a material adverse effect on our business, financial condition and results of operations.

24. Our business may expose us to potential product liability claims and recalls, which could adversely affect our results operation, goodwill and the marketability of our products.

We may be exposed to risks of products recalls and returns. In addition, we may be exposed to potential product liability claims, and the severity and timing of such claims are unpredictable. While we have taken insurance to protect us from such claims; however, this insurance coverage may be inadequate or not applicable to a particular set of claims. We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling which may lead to the deterioration of our products. Product liability claims, regardless of their merits or the ultimate success of the defence against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation and require our management's time and focus. Accordingly, such product liability claims, may adversely affect our results of operation, goodwill and the marketability of our products.

25. We are dependent on our R&D activities for our future success. If we do not successfully develop new products or continue our product portfolio expansion in a timely and cost-effective manner, our business, financial condition, cash flows and results of operations may be adversely affected.

We are dependent on our R&D activities and scientists at our R&D centres for our future success. In Fiscal 2021, our R&D expenditure was ₹818.1 million, which represented 1.6% of our consolidated gross revenue from operations. Our future results of operations depend, to a significant degree, on our ability to successfully develop new products and continue our product portfolio expansion in a timely and cost-effective manner. As part of our business strategies, we intend to further diversify our product portfolio by entering into new product value chains (such as chlorotoluenes) in order to cater to our customers. In addition, we intend to expand our Pharmaceuticals Segment in order to take advantage of the growth opportunities in the sector, by expanding our capacities in existing products as well as expanding and strengthening our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for our success. The development and commercialisation of new products are complex, time-consuming, costly and involves a high degree of business risk. We may encounter unexpected delays in the launch of these products or these products, and even if launched as planned, such products may not perform as we expect.

The success of our new product offerings will depend on several factors, including our ability to properly anticipate customer needs; obtain timely regulatory approvals; establish collaborations with suppliers and customers; develop and manufacture our products in a timely and cost-effective manner through our R&D efforts; and successfully market and sell our products. In addition, the development and commercialisation of new products is characterised by significant upfront costs, including costs associated with R&D, product development activities, obtaining regulatory approvals, building inventory and sales and marketing. Our planned investments in new manufacturing facilities and equipment for future expansion could result in higher costs, especially in the event of cost overruns, without a proportionate increase in revenues.

26. We are dependent on third parties for the supply of utilities, such as water, gas and electricity, at our manufacturing facilities and any disruption in the supply of such utilities could adversely affect our manufacturing operations.

We procure utilities such as water, coal, natural gas and electricity from third parties for use at our manufacturing units. Reliance on third parties for such utilities exposes us to risks such as shortage or break down in supply, the correction of which is in the hands of such third parties. Any breakdown of our relationship with any of our utility providers could adversely affect our operations. As part of our manufacturing process, we use natural gas supplied by a state-owned gas company. In case of a break- down of our relationship with the utility providers, we are unable to assure you that we shall be able to source such utilities from alternate sources in a timely manner, which could adversely affect our business, financial condition and results of operations.

27. The demand of our products in foreign countries is subject to international market conditions and regulatory risks that could adversely affect our business, financial condition and results of operations.

We export our products to over 60 countries. During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our gross revenues from exports, as a percentage of consolidated gross revenues from operations were 43.5%, 42.6% and 42.0%, respectively. Therefore, any developments in the global chemical industry or the industries in which our customers operate could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Community and the United States, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have a material adverse effect on our business, financial condition and results of operations.

28. If any of the products of our customers cause, or are perceived to cause, severe side effects, our reputation, revenues and profitability could be adversely affected.

We develop, manufacture and market a diverse range of chemical products and formulations, which are primarily used as raw materials for a variety of end user applications. If our customers' products cause, or are perceived to cause, severe side effects to their end-users, we may face a number of consequences, including, a severe decrease in the demand for, and sales of, the relevant products; the recall or withdrawal of the relevant products; withdrawal or cancellation of regulatory approvals for the relevant production facility; damage to our reputation and brand name; and exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or sanctions. As a result of these consequences, our business, financial condition and results of operations may be adversely affected.

29. We engage contract labour for carrying out certain business operations.

In order to retain operational efficiencies, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our business, financial condition and results of operations.

30. We are subject to certain legal proceedings and we cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes, our business, financial condition and results of operations may be adversely affected.

We are contesting certain legal proceedings in various courts and tribunals, including certain civil, criminal, labour and tax cases before various forums and cannot assure you that the outcome of these legal proceedings will be favourable. We have also been issued legal notices by parties that could potentially result in legal proceedings. Any adverse decision in any of these cases may adversely affect our reputation and financial condition. Such litigation could divert management time and attention and consume financial resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, financial condition and results of operations could be adversely affected. For further details of the material legal proceedings that we are subject to, see the chapter titled "*Legal Proceedings*" on page 251.

31. Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses as per the insurance policy, which could adversely affect business, financial condition and results of operations.

Operating and managing a business involves many risks that may adversely affect our operations, and the availability of insurance is therefore important to our operations. We believe that the insurance coverage we maintain would reasonably be adequate to cover most normal risks associated with the operation of our business. However, to the extent that any uninsured risks materialise or if we fail to effectively cover ourselves against any risks, we could be exposed to substantial costs and losses that would adversely affect our business, financial condition and results of operations. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. To the extent that we suffer loss or damage that is uninsured or underinsured, such loss would have to be borne by us and it could have a material adverse effect on our business, financial condition and results of operations. For further details of insurance, see "*Our Business*" on page 146.

32. We might infringe upon the intellectual property rights of others and any misappropriation of our intellectual property could harm our competitive position.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may require us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If such claims are raised, those claims could: (a) adversely affect our relationships with current or future customers: (b) result in costly litigation; (c) cause product shipment delays or stoppages; (d) divert management's attention and resources; (e) subject us to significant liabilities; (f) require us to enter into potentially expensive royalty or licensing agreements and (g) require us to cease certain activities. In the case of an infringement claim made by a third party, we may be required to defend such claims at our own cost and liability and may need to indemnify and hold harmless our customers. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement that we are not aware of. Any of the foregoing could adversely affect our business, financial condition and results of operations.

In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customer's intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, financial condition and results of operations and damage our reputation and relationships with our customers.

33. Failure to maintain confidential information of our customers could adversely affect our results of operations or damage our reputation.

We enter into confidentiality agreements and non-disclosure agreements with our customers and other third parties. Our agreements with our customers also contain confidentiality and non-disclosure clauses. As per these agreements, we are required to keep confidential, the know-how and technical specifications, if any, provided to us by these customers. In the event of any breach or alleged breach of our confidentiality agreements with our customers, these customers may terminate their engagements with us or initiate litigation for breach of contract. Moreover, most of these contracts do not contain provisions limiting our liability with respect to breaches of our obligation to keep the information we receive from them confidential. As a result, if our customers' confidential information is misappropriated by us or our employees, our customers may consider us liable for that act and seek damages and compensation from us, in addition, to seeking termination of the contract. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have a material adverse effect on our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

34. Our success largely depends upon the knowledge and experience of our Promoters and our Senior Management Personnel as well as our ability to attract and retain skilled personnel. Any loss of our Senior Management Personnel or our ability to attract and retain them and other skilled personnel could adversely affect our business, financial condition and results of operations.

Our success largely depends upon the knowledge and experience of our Promoters, Directors and our Senior Management Personnel as well as our ability to attract and retain skilled personnel. Any loss of our Directors and Senior Management Personnel or our ability to attract and retain them and other skilled personnel could adversely affect our business, financial condition and results of operations. We depend on the management skills and guidance of our Promoters for development of business strategies, monitoring their successful implementation and meeting future challenges. Further, we also significantly depend on the expertise, experience and continued efforts of our Senior Management Personnel. Our future performance will depend largely on our ability to retain the continued service of our management team. If one or more of our Senior Management Personnel are unable or unwilling to continue in his or her present position, it could be difficult for us to find a suitable or timely replacement and our business, financial condition and results of operations could be adversely affected.

There is significant competition for management and other skilled personnel in the chemicals industry in which we operate, and it may be difficult to attract and retain the personnel we require in the future. There can be no assurance that our competitors will not offer better compensation packages, incentives and other perquisites to such skilled personnel. Further, as on the date of this Placement Document, we do not have key man insurance policies and in the event that we are not able to attract and retain talented employees, as required for conducting our business, or if we experience high attrition levels which are largely out of our control, or if we are unable to motivate and retain existing employees, our business, financial condition and results of operations may be adversely affected. For further information, see "*Board of Directors and Senior Management*" on page 167.

35. Some of the companies of which our Promoters have significant influence are engaged in businesses and industries in which we operate and are in a similar line of business or could offer services that are related to our business. This may be a potential source of conflict of interest for us and which may have an adverse effect on our business, financial condition and results of operations.

Some of the companies of which our Promoters have significant influence are engaged or may be engaged in a similar line of business or offer services that are related to our business, including pharmaceutical business, amongst others. This may be a potential source of conflict of interest for us and may have an adverse effect on our business, financial condition and results of operations. Further there is no assurance that a conflict of interest may not occur between our business and the business of such companies in the future, or that we will be able to suitably resolve such a conflict without an adverse effect on our business, financial condition and results of operations**.**

36. Our Promoters have a significant shareholding in the Company and will continue to exercise significant influence over us.

Our Promoters are interested in our Company to the extent of their shareholding in our Company. After the completion of the Issue, our Promoters will continue to hold significant shareholding in our Company. So long as our Promoters own a significant portion of our Equity Shares, they will be able to influence the election of our Directors and influence most matters affecting us, including our business strategies and policies, decisions with respect to mergers, business combinations, acquisitions or dispositions of assets, dividend policies, capital structure and financing, and may also delay or prevent a change of management or control, even if such a transaction may be beneficial to other shareholders of us. In addition, the interests of our Promoters, as our largest shareholders, may also conflict with our interests or the interests of our other shareholders.

37. Our ability to access capital at attractive costs depends on our credit ratings. Non availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business, financial condition and results of operations.

The cost and availability of capital, among other factors, depend on our credit ratings. Our debt has been rated. Our credit ratings reflect, amongst other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit ratings in a timely manner or any non-availability of credit ratings, or poor ratings, or any downgrade in our ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business, financial condition and results of operations. In addition, the non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

38. Our inability to meet our obligations under our debt financing arrangements could adversely affect our business, financial condition and results of operations.

As of March 31, 2021, we had total secured borrowings (long term and short term) of ₹27,662.8 million and total unsecured borrowings (long term and short term) of ₹775.6 million.
Our substantial indebtedness could:

i. require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
ii. increase our vulnerability to adverse general economic or industry conditions;
iii. limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry;
iv. limit our ability to borrow additional funds;
v. restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and
vi. place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, adverse changes in the business conditions affecting us could cause the amount of refinancing proceeds to be insufficient to meet our interest payments or fully repay any existing debt upon maturity and we may be unable to fund the payment of such shortfalls. If we cannot obtain alternative sources of financing or our costs of borrowings become significantly more expensive, then our business, financial condition and results of operations could be adversely affected.

39. We are required to comply with various financial and other covenants under the loan agreements that we are a party to. If we are not in compliance with the covenants contained in such loan agreements, including obtaining the relevant consents from our lenders for the Issue, our lenders could accelerate their respective repayment schedules, and enforce their respective security interests, which would lead to an adverse effect on our business, financial condition and results of operations.

We are required to comply with various financial and other covenants under the loan agreements that we are a party to, including but not limited to, amongst other things, obtaining, wherever applicable, prior consents from our existing lenders for further borrowings, including undertaking this Issue, maintenance of financial ratios and for creation of encumbrances over certain of our assets.

Undertaking the Issue without lender consents constitutes a default by our Company under the relevant financing documents and will entitle the relevant lenders to call a default against our Company and to enforce remedies under the terms of the financing documents, that include, amongst other things, acceleration of repayment of the amounts outstanding under the financing documents, enforcement of security interests created under the financing documents, and taking possession of the assets given as security pursuant to the financing documents. An event of default would affect our ability to raise new funds or renew borrowings as needed to conduct our operations and pursue our growth initiatives. Further, such an event of default could also trigger a cross-default under certain other financing documents to which we are a party, or any of our other agreements or instruments containing a cross-default provision, which may have a material adverse effect on our credit rating and materially adversely affect our business, financial condition and results of operations. Consequently, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of our cash flow to meet its working capital requirements and use for other general corporate purposes, which could have a material adverse effect on our business, financial condition and results of operations. In addition, if the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay our debts as they fall due, which also could have a material adverse effect on our business, financial condition and results of operations.

40. We are yet to receive certain registrations in connection with the protection of our intellectual property rights, especially patents relating to our products. Such failure to protect our intellectual property rights could adversely affect our business, financial condition and results of operations.

We depend heavily on our intellectual property. We have applied for certain registrations in connection with the protection of our intellectual property relating to patents of our products. Certain of our patents, including those for products which we currently sell, are unregistered, and our patents may in the future be opposed, withdrawn, objected or are otherwise under dispute. If any of our unregistered patents are registered in favour of a third party, we may not be able to claim registered ownership of such patents, and consequently, we may be unable to seek remedies for infringement of those patents by third parties other than relief against passing off by other entities. Our inability to obtain or maintain these registrations may adversely affect our business, financial condition and results of operations.

41. We have entered and may, in future, enter related party transactions. We may face conflicts of interest in transactions with related parties.

In the course of our business, we have entered into and may continue to enter into transactions with related parties. For more information regarding our related party transactions, see "*Financial Information - Related Party Transactions*". While we believe that all of our related party transactions have been conducted on an arm's length basis in the ordinary course of business, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition or results of operations, including because of potential conflicts of interest or otherwise.

42. We engage in hedging transactions which involves certain risks. If any of such risks materializes, our financial performance could be adversely affected.

We are exposed to market risks arising from the conduct of our business activities that are denominated in foreign currencies, which is subject to exchange rate fluctuations. During Fiscal 2021, 43.5% of our total gross revenues was from exports and consumption of imported raw materials constituted 32.4% of our total raw material consumption. Since we have significant exposure in foreign exchanges, we have hedged risks arising out of exchange rate fluctuations and fluctuations in interest rates by entering into hedging arrangements with various banks. Our hedging arrangements are typically on a 36 month rolling basis. Hedging agreements exposes us to certain risks which, if materializes, could adversely affect our profitability. Although we engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

We currently hold, and have in the past held, derivative contracts, including forward exchange contracts and interest rate swaps. We believe that these forward exchange contracts, and cross currency swaps have the effect of reducing the volatility of our profit and reducing our exposure to foreign exchange and interest rate risk. If, in the future, foreign exchange rates or interest rates move contrary to our expectations, or if our risk management procedures prove to be inadequate, we could incur derivative-related or other charges and opportunity losses independent of the relative strength of our business, which could affect our results of operations and financial condition.

43. Our contingent liabilities that have not been provided for in our financial statements on materialisation may have an adverse impact our financial condition.

The table below sets out our contingent liabilities (as disclosed in our Audited Consolidated Financial Statements and prepared in accordance with Ind AS) for which have not been provided, as of March 31, 2021, 2020 and 2019.

(₹ in millions)

Contingent liabilities	**As at March 31,**		
	2021	**2020**	**2019**
Claims against the company not acknowledged as debts	681.0	676.5	752.3
Letters of credit, bank guarantees and bills discounted	2,509.0	2,968.0	1,130.0

Any or all of these contingent liabilities may become actual liabilities. In the event that any of these contingent liabilities materialises, o business, financial condition and results of operations may be adversely affected.

44. We do not own the premises of our Registered Office, all our manufacturing facilities except those at Kutch and some of our administration offices.

We do not own our Registered Office premises or the premises of our manufacturing facilities, except those at Kutch and some of our administration offices. These premises instead are occupied by us on a leasehold basis, which are leased to us either by one of our related parties or third parties or from the state run industrial development corporations such as the GIDC or MIDC. While the lease agreements for our manufacturing facilities are typically long term in nature and provide us with an option to renew them, they also provide the lessor with the right to terminate the lease for non-compliance of the terms of the agreement. We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements for new offices and other infrastructure, and we cannot assure that the new arrangements will be on commercially acceptable terms.

45. Some of our corporate records, statutory filings and records pertaining to educational qualification of one of our Directors are lost or are not traceable in relation to certain disclosures made in this Placement Document.

Certain corporate records and regulatory filings made by us, including those in relation to form filings made with the registrar of companies for historical issuances and allotments of equity shares of our Company are lost or are not traceable.

Accordingly, our Company had appointed a practicing company secretary to undertake a search of the documents at the office of the RoC; however, such documents were not traceable. Further, we do not have documentary proof for certain details included in the Directors' biographies under the section "*Board of Directors and Senior Management*" on page 167. Particularly, we have not been provided with the master's degree in law diploma from University of Mumbai for Mr. Ramdas Maneklal Gandhi, for which we have relied upon the affidavit.

We cannot assure you that such corporate records will be available in the future. We cannot assure you that we will not be subject to any penalty imposed by the competent regulatory authority in this respect or that we will not incur additional expenses arising from our inability to furnish correct particulars in respect of the RoC filings or other corporate records, or for misrepresentation of facts which may occur due to non-availability of documents.

46. Some agreements entered into by us with various parties are not stamped and some are not adequately stamped. These agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid and the relevant registration, if required, is done. Further, we have entered agreements with various parties outside of India that contain clauses which provide for dispute resolution outside India, in foreign jurisdictions. This may escalate the cost of legal proceedings should any arise.

Some agreements entered into by us with various parties are not stamped and some are not adequately stamped. The potential consequence of this could be that these agreements may not be admissible as evidence in an Indian court of law, until the relevant stamp duties are paid, if required, and the required registration is done. Any claim or adverse order or finding in connection with these agreements could adversely affect our business. Further, some agreements entered into by us with various international parties outside of India contain clauses which provide for dispute resolution outside India, in foreign jurisdictions. In case disputes arise in respect of these agreements which require us to approach judicial or alternative dispute resolution internationally, the costs of dispute resolution could be high and adverse to our business.

47. Certain data in this Placement Document are based on reports prepared by third party sources and management estimates.

Industry related data are based on reports prepared by third parties such as CRISIL Research. We have not independently verified such data and therefore we are unable to confirm the accuracy of such data. Such information may be inconsistent with the facts and statistics compiled by other studies within or outside India. We are also unable to assure you that that such data is complete or accurate. Moreover, such reports include projections that, by their very nature, is an estimation. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate and their growth prospects, in this Placement Document, are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete and are speculative. For further details, see "*Industry Overview*" on page 97.

48. We have in the past, had to revise regulatory filings made with statutory authorities

As an Indian listed company, our Company is required to make certain annual, semi-annual, quarterly and event-based filings with authorities such as the Ministry of Corporate Affairs, amongst others. Due to certain changes in law, our Company, in the recent past, was required to revise certain filings made by it to such a regulatory agency. While such inadvertent errors in the filings that are required to be made by the Company have not been penalized in the past, we cannot assure you that they will not be result in a liability on our Company in the future. Such liabilities, if incurred in the future, could have an adverse effect on our business, financial condition and results of operations.

49. Failure or disruption of our IT and/or ERP systems may adversely affect our business, financial Condition and results of operations.

We have implemented various information technology ("IT") and/or enterprise resource planning ("ERP") solutions to cover key areas of our operations, procurement, dispatch and accounting. These systems are potentially vulnerable to damage or interruption from a variety of sources, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. A significant or large-scale malfunction or interruption of one or more of our IT systems could adversely affect our ability to keep our operations running efficiently and affect product availability, particularly in the country, region or functional area in which the malfunction occurs, and wider or sustained disruption to our business cannot be excluded. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable or cause damage to our reputation. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT and/or ERP systems may lead to inefficiency or disruption of IT system thereby adversely affecting our ability to operate efficiently.

50. The cost of implementing new technologies for our operations could be significant and could adversely affect our business, financial condition and results of operations.

Our future success may depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to the technology underpinning our operational platform, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our services less competitive or attractive. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures or write-down of assets. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs (in comparison to our competitors who are able to successfully implement such technologies) and lead to us being less competitive in terms of our prices or quality of services we provide. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our profitability. Any of the above events may adversely affect our business, financial condition, results of operations and prospects.

51. The objects of the Issue for which funds are being raised, are not based on data from third party sources. They are our management estimates and have not been appraised by any bank or financial institution. The use of proceeds is entirely at our discretion, based on the parameters as mentioned in the chapter entitled "Use of Proceeds".

The funding requirement and deployment, as mentioned in the "*Use of Proceeds*" on page 67 of this Placement Document is not based on the reports from any third party sources. They are based on estimates of our management and have not been appraised by any bank or financial institution. These funding requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these funding requirements. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our business, financial condition, results of operations and prospects. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business, financial condition, results of operations and prospects.

52. We cannot assure you that our Company will declare dividends to its shareholders in the future.

The declaration and payment of dividends, if any, in the future will be recommended by our Board of Directors, at their discretion and will depend on a number of factors, including our earnings and profitability, cash generated from operations, capital requirements and overall financial conditions. Consequently, we may be unable to pay dividends in the near- or medium-term. In the event we do not declare dividends going forward, our reputation and the price of the Equity Shares shall be adversely affected. While our Company has declared dividend in the past, there can be no assurance that we shall, or shall be able to, declare dividends in future. For further information, see "*Dividends*" on page 73 of this Placement Document.

53. We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors of our Equity Shares.

We would be classified as a passive foreign investment company ("**PFIC**") for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Internal Revenue Code of 1986, as amended), or (ii) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For these purposes, cash and other liquid assets are considered held for the production of passive income.

Based on the value of our assets and the composition of our income, assets and operations, we believe we were not a PFIC for the taxable year ending on March 31, 2021. However, a separate determination must be made each year as to our Company's PFIC status. Moreover, the PFIC determination depends on, among other things, our market capitalization, which could fluctuate significantly. Accordingly, it is possible that we may become a PFIC for the current taxable year or future years. There will likely be certain adverse consequences to U.S. investors under United States tax laws if we were to be a PFIC in the current or any future taxable year in which such U.S. investors hold Equity Shares. In addition, in the event we are treated as a PFIC, U.S. investors will be subject to certain U.S. Internal Revenue Service information reporting obligations. U.S. investors should consult their tax advisors on this matter.

54. Third party industry and statistical information in this Placement Document may be incomplete or unreliable.

Neither we, nor any other person connected with the Issue, have independently verified data obtained from industry publications and other sources referred to in this Placement Document such as the CRISIL Report, and therefore, while we believe them to be true, there can be no assurance that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy, the specialty chemicals industry and the pharmaceuticals industry are subject to the caveat that the third party and statistical data upon which such discussions are based may be incomplete or unreliable. In addition, internal company reports may be based on a number of variables and have not been verified by independent sources and may be incomplete or unreliable. Prospective investors are advised not to unduly rely on the data derived from the CRISIL Report when making their investment decision. For further details, see "*Industry Overview*" on page 97.

Risks Relating to Doing Business in India

55. A slowdown in economic growth in India could cause our business to suffer.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. In particular, the COVID-19 pandemic caused an economic downturn in India and globally. The growth rate of India's GVA at basic prices (at constant prices) according to the RBI, was 6.6 %, 6.0% and 4.9% in the years ended March 31, 2018, 2019 and 2020, respectively but contracted sharply in the year ended March 31, 2021 largely due to the COVID-19 pandemic and associated lockdowns. The second wave of COVID-19 infections impacted India in April, May and June 2021. This second wave in India has seen new peaks in daily cases, daily deaths, active cases and positivity rates. The domestic policy response includes localized micro-containment measures, state-specific movement restrictions, mobilization of health supplies and ramping up of health infrastructure. The overall impact on India's economy for year ended March 31, 2022, remains uncertain but is likely to be negative. Any downturn in the macroeconomic environment in India could also adversely affect our business, financial condition, results of operations and prospects.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India or its financial services sectors.

56. ***Our business is affected by global economic conditions, especially in the geographies we cater to, which may have an adverse effect on our business, financial condition, results of operations and prospects.***

Our business depends substantially on global economic conditions. A significant majority of the end users of our products are located and primarily operating in North and South America, Europe, China, Japan and India and some of them were adversely impacted by the economic downturn in these economies, disruption in banking and financial systems, economic weakness, unfavourable government policies, rising inflation, lowering of spending power and customer confidence, and political uncertainty.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the trading price of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China's policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China's monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and the global credit and financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our business, financial condition, results of operations and prospects.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

Since December 2019, the ongoing outbreak of COVID-19 has affected countries globally, with the World Health Organisation declaring the outbreak as a pandemic on March 12, 2020. There have been border controls, lockdowns and travel restrictions imposed by various countries, as a result of the COVID-19 outbreak. Such outbreak of an infectious disease together with the resulting restrictions on travel and/or imposition of lockdown measures have resulted in protracted volatility in domestic and international markets has resulted in a global slowdown and crisis. In particular, the COVID-19 outbreak has caused stock markets worldwide to fluctuate significantly in value and has impacted global economic activity. A number of governments have revised gross domestic product growth forecasts for 2020 and 2021 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession.

If we are unable to successfully anticipate and respond to changing economic and credit market conditions, our business, financial condition, results of operations and prospects may be adversely affected.

57. ***A slowdown in our exports due to industry developments, tariffs and trade barriers and international sanctions could adversely affect our business, financial condition and results of operations.***

A significant portion of our revenue is derived from exports. Our performance, growth and market price of our Equity Shares are dependent on the economies in which we operate. Therefore, any developments in the global chemical industry, including in particular the agrochemicals industries, the polymer, polymer additives and dyes industries, or the industries in which our customers operate could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Community and the United States, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have an adverse effect on our business, financial condition and results of operations.

58. ***Political instability or changes in the economic policies by the GoI could impact our business, financial condition and results of operations.***

We are incorporated in India and derive substantial majority of our revenues from operations in India. Consequently, our performance and the market price and liquidity of our Equity Shares may be affected by exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the GoI's policies, including taxation.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. However, there can be no assurance that such policies will be continued and any significant change in the GoI's policies in the future could affect our business and economic conditions in India in general. As economic liberalisation policies have been a major force in encouraging private funding in the Indian economy, any change in these policies could have a significant impact on business and economic conditions in India, which could adversely affect our r business, financial condition and results of operations. In addition, any geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could affect the price of our Equity Shares.

59. ***Natural calamities, climate change and health epidemics and pandemics such as COVID-19 could adversely affect the Indian economy and our business, financial condition and results of operations. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, financial condition and results of operations.***

India has experienced natural calamities, such as earthquakes, floods and drought in recent years. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect our business, and may damage or destroy our facilities or other assets. Similarly, global or regional climate change or natural calamities in other countries where we operate could affect the economies of those countries. Any of these natural calamities could adversely affect our business, financial condition and results of operations.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. In addition, the COVID-19 pandemic, has caused a worldwide health crisis and economic downturn. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect our business. See "*The COVID-19 pandemic and resulting deterioration of general economic conditions has adversely impacted our business, financial condition and results of operations and the extent to which it will continue to do so will depend on future developments, which are difficult to predict*".

India has from time-to-time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Recently there have been ongoing mass protest by farmers, against three farm acts which were passed by the Parliament of India in September 2020. The introduction of the law caused protests in several parts of the country like Delhi, Haryana and Punjab. In case there are mass protests leading to civil unrest, such incidents could impact both our operations and adversely affect our business, financial condition and results of operations. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armaments and Kashmir. In April 2019, skirmishes along India's border with Pakistan and the downing of an Indian military jet fighter plane significantly escalated tensions between the two countries. India has also experienced terrorist attacks in some parts of the country. In November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital. These attacks resulted in loss of life, property and business. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

60. Significant differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Placement Document.

The Financial Statements for the years ended March 31, 2021, 2020 and 2019 presented in this Placement Document are prepared and presented in accordance with Ind-AS. The MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019, notifying the leasing standard Ind-AS 116 "Leases", which replaces the prior standard (Ind-AS17). Ind-AS 116 is applicable to companies in India from the fiscal year beginning on or after April 1,2019. We have adopted Ind-AS 116 from April 1, 2019, and used modified retrospective approach, which has an impact on our reported consolidated assets, liabilities, income statement and cash flow statement. The financial statements that we prepare after implementation of Ind-AS 116 in the future will not be comparable with our historical financial statements prior to April 1, 2019.

Ind-AS differs from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind-AS, U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Placement Document. Accordingly, the degree to which the financial information included in this Placement Document will provide meaningful information is dependent on the Investor's familiarity with Ind-AS and the Companies Act. Any reliance by persons not familiar with Ind-AS on the financial disclosures presented in this Placement Document should accordingly be limited.

61. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

In recent months, consumer and wholesale prices in India have exhibited increased inflationary trends, as the result of an increase in crude oil prices, higher international commodity prices, and higher domestic consumer and supplier prices. The Consumer Price Index increased from 3.4% (average) in Fiscal 2019 to 4.8% (average) in Fiscal 2020 to an estimated 6.2% (average) in Fiscal 2021 (*Source*: CRISIL Report). Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees, raw materials and other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our business, financial condition and results of operations.

62. Any downgrading of India's debt rating by an international rating agency could have an adverse impact on our business.

Any adverse revision to the rating of India's domestic or international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

63. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, financial condition and results of operations.

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Additionally, as an Indian Company with Equity Shares and commercial paper listed on the Stock Exchanges,we are subject to additional regulatory requirements, both in terms of compliance with the SEBI LODR Regulations and the terms and conditions of issuance of our commercial paper.

There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. For example, the Government of India implemented a comprehensive national goods and services tax regime with effect from July 1, 2017, that combines multiple taxes and levies by the federal and state governments into a unified tax structure. In addition, the GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties.

64. Economic developments and volatility in securities markets in other countries may cause the price of the Equity Shares to decline.

The Indian economy, its securities markets and the trading price of our Equity Shares are influenced by economic developments and volatility in securities markets in other countries. Investor’s reactions to developments in one country may have adverse effects on the market price of securities of companies situated in other countries, including India. For instance, the financial crisis in 2007 and 2008 in the United States and European countries led to a global financial and economic crisis that adversely affected the market prices in the securities markets around the world, including Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

65. The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact our business, financial condition and results of operations.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our business, financial condition and results of operations.

66. Significant increases in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general, which could have an adverse effect on our business, financial condition and results of operations.

India relies significantly on imports to meet its requirements of crude oil. Crude oil prices are volatile and are subject to several factors, including the level of global production and political factors, such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil reserves are located. In Fiscal 2020 and 2021, crude oil prices fluctuated significantly in large part due to the COVID-19 pandemic, global economic slowdown and partial recovery. Any significant increase in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general and consequently an adverse effect on our business, financial condition and results of operations.

67. Our businesses and activities may be regulated under competition laws in India, and any adverse application or interpretation of such laws could adversely affect our business, financial condition, results of operations and prospects.

The Competition Act, 2002 (the "**Competition Act**") regulates practices that could have an appreciable adverse effect on competition in the relevant market in India. Any adverse application or interpretation of the Competition Act could adversely affect our business, financial condition, results of operations and prospects. Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial monetary penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors, which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition.

Further, the Competition Act prohibits abuse of a dominant position by any enterprise, directly or indirectly, including by way of unfair or discriminatory pricing or conditions in sale of goods or services, limiting production of goods, provision of services, or technical or scientific developments relating to goods or services to the prejudice of consumers, using a dominant position in one relevant market to enter into, or protect, another relevant market, denial of market access, or making the conclusion of contracts subject to acceptance of unrelated supplementary obligations. Such practices are subject to substantial monetary penalties and may also be subject to compensation for losses and orders to divide the enterprise.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, proceedings initiated by the CCI, any claim by any party under the Competition Act, or any adverse publicity due to scrutiny or prosecution under the Competition Act, including financial penalties, our business, financial condition, results of operations and prospects may be adversely affected.

Acquisitions, mergers and amalgamations that exceed certain revenue and asset thresholds require prior approval by the CCI. Any acquisitions, mergers or amalgamations that have an appreciable adverse effect on competition in India may be subject to remedial measures proposed by the CCI. We cannot assure you that we will be able to obtain approval for any such future transactions on satisfactory terms, or at all.

68. There may be difficulty in enforcing a judgment obtained outside India against our Company.

Our Company is a limited liability company incorporated under the laws of India. Our Board of Directors comprises of 16 (sixteen) Directors, all of whom are Indian citizens. All of our Key Managerial Personnel are residents of India and majority of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908 (the "**Civil Code**").

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except:

(a) where it has not been pronounced by a court of competent jurisdiction;
(b) where it has not been given on the merits of the case;
(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where it has been obtained by fraud; or
(f) where it sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

For details in relation to enforceability of judgments obtained outside India, see "*Enforcement of Civil Liabilities*" on page 18.

Risks relating to our Equity Shares and the Issue

69. An investor will not be able to sell any of the Equity Shares other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares, QIBs subscribing to the Equity Shares may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

70. Any future issuance of the Equity Shares or sales of the Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of the Equity Shares.

A future issuance of Equity Shares by us may dilute your shareholding in the Company. There are no restrictions on our ability to issue further Equity Shares, including allotment of any securities to the Promoters, other than as stipulated under applicable laws. The issue and allotment of Equity Shares by us to third parties would result in a dilution of your shareholding and rights in the Company.

Moreover, any significant disposal of Equity Shares by any of our significant shareholders, or the perception that such sales will occur, may affect the trading price of our Equity Shares. As a publicly traded company, there is no restriction on our shareholders to dispose of a part or the entirety of their shareholding in the Company, which could lead to a negative sentiment in the market regarding the Company that could in turn impact the value of the Equity Shares.

71. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of our Company, even if a change in control would result in the purchase of the Equity Shares at a premium to the market price or would otherwise be beneficial to investors. The Takeover Code requires that if an acquirer (together with any persons acting in concert with him): (a) acquires shares or voting rights entitling them to exercise 25% or more of the voting rights in a listed company; or (b) already holds shares or voting rights entitling them to exercise 25% or more of the voting rights in a listed company, and acquires shares or voting rights entitling them to exercise more than 5% of the voting rights in the listed company during any financial year; or (c) acquires control directly or indirectly over a listed company, such acquirer will have to make an open offer for at least 26% of the total shares of the listed company. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of our Company. See "*The Securities Market of India*" on page 222.

72. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our articles of association, regulations of our board of Directors and Indian law govern our corporate affairs. Legal principles related to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

73. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of their ownership position.

Pursuant to the Companies Act, 2013 a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution when the votes cast in favour of the resolution by the holders who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. However, if the law of the jurisdiction the Investor is in does not permit them to exercise their pre-emptive rights without us filing a Placement Document or registration statement with the applicable authority in the jurisdiction they are in, they will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to make such a filing, you may not be able to exercise your pre-emptive rights in relation to such an offering. To the extent that Investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

74. The price of the Equity Shares may be volatile.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares.

75. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on BSE and NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

76. Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Bid /Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of our Bank, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/ Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Bank may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

77. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemption Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of securities transaction tax ("STT"), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Additionally, the Finance Act, 2020 provides, amongst others things that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

78. Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees. In addition, foreign investors that seek to sell Equity Shares will have to obtain approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. The volatility of the Indian rupee against the US dollar and other currencies may subject investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks.

79. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

MARKET PRICE INFORMATION

As at the date of this Placement Document, 348,468,948 Equity Shares have been issued and are fully paid up and outstanding. All the Equity Shares have been listed and traded on the BSE and the NSE.

On June 23, 2021, the closing price of the Equity Shares on the BSE and the NSE was ₹ 864.75 and ₹ 864.40 per Equity Share, respectively. Since the Equity Shares are actively traded on the Stock Exchanges, the market price and other information for each of the BSE and the NSE has been given separately.

A. The following tables set out the reported high and low market prices and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the dates on which such high and low prices were recorded and the total trading turnover for the Fiscals 2021, 2020 and 2019.

NSE									
Fiscal	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the year (₹)**
2021	1,399.40	24-Mar-21	3097098	4193.61	768.05	01-Apr-20	453572	362.40	1082.10
2020*	1,071.00	24-Feb-20	270036	282.07	668	23-Mar-20	746917	524.94	854.58
	1,899.00	28-May-19	118648	219.89	1,425.75	23-Aug-19	89263	130.90	1,654.37
2019	1,807.85	05-Feb-19	160406	274.42	1,100.00	28-Sep-18	66759	79.56	1,352.33

Source: www.nseindia.com

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.

2. Average represents the average of the closing prices of all trading days of each year presented.

3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

**In the Fiscal 2020, the Company had made a Bonus Issue, September 30, 2019, being the record date and accordingly the data has been split into two periods i.e., Cum-Bonus and Ex-Bonus.*

BSE									
Fiscal	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the year (₹)**
2021	1399	24-Mar-21	154654	209.16	769.3	01-Apr-20	14626	11.69	1081.99
2020*	1071	24-Feb-20	25532	26.66	662.05	23-Mar-20	412665	292.39	854.66
	1899	28-May-19	12052	22.23	1425.6	23-Aug-19	7009	10.33	1657.49
2019	1791.5	05-Feb-19	7417	12.72	1090	07-Jun-18	2195	2.57	1351.91

Source: www.bseindia.com

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.

2. Average represents the average of the closing prices of all trading days of each year presented.

3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

**In the Fiscal 2020, the Company had made a Bonus Issue, September 30, 2019, being the record date and accordingly the data has been split into two periods i.e., Cum Bonus and Ex-Bonus.*

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months.

NSE											
Month	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹ in million)**
May 2021	1,815.05	May 7, 2021	1,392,673	2,424.80	1,595.80	May 3, 2021	542,374	885.46	1,695.31	1,834,0158	31,237.94
April 2021	1,644.75	April 30, 2021	972,527	1,562.04	1,315.00	April 1, 2021	613,919	837.66	1,434.89	9,255,158	13,493.20
March 2021	1,399.40	March 24, 2021	3,097,098	4,193.61	1,192.55	March 19, 2021	508,829	632.97	1,286.71	9,025,154	11,846.78
February 2021	1,259.40	February 17, 2021	444,083	552.08	1,072.55	February 9, 2021	744,345	905.72	1,211.49	6,701,994	8,102.66
January 2021	1,365.90	January 5, 2021	690,580	913.43	1,120.15	January 28, 2021	404,772	461.28	1,234.51	7,811,950	9,650.21
December 2020	1,287.00	December 8, 2020	419,293	529.17	1,131.00	December 22, 2020	269,670	313.80	1,213.06	7,647,866	9,276.53

(Source: www.nseindia.com)
1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. Average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

BSE											
Month	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹ in million)**
May 2021	1,815.35	May 7, 2021	101,368	176.43	1,596.05	May 3, 2021	17,695	28.88	1,695.51	1,234,304	2,106.90
April 2021	1,643.85	April 30, 2021	42,815	68.75	1,316.15	April 1, 2021	3,4578	47.10	1,434.88	480,729	695.55
March 2021	1,399.00	March 24, 2021	154,654	209.16	1,192.3	March 19, 2021	19,831	24.33	1,286.36	461,687	606.17
February 2021	1,258.95	February 17, 2021	20,238	25.19	1,074.55	February 9, 2021	6,3487	76.96	1,212.10	322,996	391.49
January 2021	1,363.5	January 5, 2021	43,928	58.06	1,123.2	January 27, 2021	13,670	15.57	1,234.45	401,270	493.84
December 2020	1,268.4	December 18, 2020	32,597	40.31	1,131	December 22, 2020	22,625	26.30	1,212.99	335,656	406.49

(Source: www.bseindia.com)
1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. Average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

C. The following table sets forth the market price of our Equity Shares on NSE and BSE on May 19, 2021, the first working day following the approval of the Board of Directors for the Issue.

NSE						BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in million)**	**Open (₹)**	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in million)**
1,770.00	1,770.00	1,640.25	1,665.80	3,136,796	5,232.45	1,790.00	1,790.00	1,640.35	1,665.35	1,38,464	230.77

(Source: www.nseindia.com and www.bseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue shall be approximately ₹ 12,000 million. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹137.8 million, shall be approximately ₹ 11,862.2 million ("**Net Proceeds**").

Purpose of the Issue

Our Company proposes to utilize the Net Proceeds for funding the long term growth of its existing businesses; organic or inorganic growth, making strategic acquisitions; financing other long term capital, working capital, and general corporate requirements; pre-payment and / or repayment of loans.

The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and operationalizing assets; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) as may be decided by our Board, in accordance with applicable law.

As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Company from the Issue. Our Company may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/ exchange rate fluctuations and other external factors, which may not be within the control of our Company. This may entail revising the schedule of the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board. Further, if the actual utilization of Net Proceeds towards any of the aforesaid purposes is lower than the proposed deployment, then such balance will be utilised towards general corporate purposes. See "*Risk Factors – The objects of the Issue for which funds are being raised, are not based on data from third party sources. They are our management estimates and have not been appraised by any bank or financial institution. The use of proceeds is entirely at our discretion, based on the parameters as mentioned in the chapter entitled "Use of Proceeds"* on page 54.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in this Issue.

Our Company shall not utilise monies raised through the Issue until the Allotment is made and the return of Allotment is filed with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later.

Interim use of funds

In accordance with the policies instituted by our Board and as may be permissible under applicable laws and government policies, our management will have the flexibility in deploying the Issue proceeds. Pending utilisation for the purposes mentioned above, we intend to temporarily invest funds in creditworthy instruments, including money market, mutual funds and deposits with banks. Such investments would be approved by the Board from time to time and will also be in accordance with all applicable laws and regulations.

Other confirmations

Neither our Promoters nor our Directors are making any contribution either as part of this Issue or separately in furtherance of the objects of this Issue.

Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to QIBs, our Promoters, Directors or Key Managerial Personnel are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation and total debt as at March 31, 2021 based on our Audited Consolidated Financial Statements and our Company's capitalization as adjusted to reflect the receipt of the gross proceeds of this Issue and the application thereof.

This capitalisation table should be read together with "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" on pages 35, 75 and 258, respectively and the related notes included elsewhere in this Placement Document.

(in ₹ million, except for debt to equity ratio)

Particulars	**As of March 31, 2021 (On a Consolidated Basis)**	
	Pre-Issue	**As adjusted for this Issue**
Indebtedness		
Short Term		
- Secured Borrowings	11,465.1	11,465.1
- Unsecured Borrowing	775.7	775.7
Long Term		
- Secured Borrowings	12,680.5	12,680.5
- Unsecured Borrowing	-	-
Current maturity of long term borrowings		
- Secured Borrowings	3,517.2	3,517.2
- Unsecured Borrowing	-	-
Total Indebtedness (A)	**28,438.5**	**28,438.5**
Shareholders' Funds		
- Share capital	871.2	941.4
- Reserves and surplus	34,157.8	46,087.6
- Non-Controlling Interest	122.4	122.4
Total Shareholders' Funds (B)	**35,151.3**	**47,151.4**
Total Capitalization (A) + (B)	**63,589.8**	**75,589.9**
Debt Equity Ratio (A/B)	**0.8**	**0.6**

Note:
The gross proceeds of the Issue have been considered to arrive at the post Issue value of share capital and reserves and surplus. Further, our Company had allotted bonus shares in the ratio of 1:1 on June 24, 2021. Pursuant to the same, the Equity Share capital of our Company aggregating to ₹871.2 million as on March 31, 2021 increased to ₹1,742.3 million as on June 24, 2021. Moreover, the reserves and surplus balance of our Company aggregating to ₹34,157.8 million as on March 31, 2021 has been reduced to ₹ 33,286.6 million post the allotment of the aforesaid allotment of bonus shares. The same has not been reflected in the above table.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(In ₹, except share data)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORIZED SHARE CAPITAL**	
	600,000,000 Equity Shares	3,000,000,000
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	348,468,948 Equity Shares	1,742,344,740
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	14,035,087 Equity Shares aggregating to approximately ₹ 12,000,000,000[(1)]	70,175,435
E	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	362,504,035 Equity Shares	1,812,520,175
F	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	6,090,029,199
	After the Issue[(2)]	18,019,853,149

[(1)] *The Issue has been authorized by the Board of Directors on May 18, 2021, and the Shareholders pursuant to their special resolution passed at the EGM dated June 14, 2021.*

[(3)] *The securities premium account after the Issue is calculated on the basis of Gross Proceeds of the Issue.*

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of allotment	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment
September 28, 1984	2	100	100	Cash	Initial subscription to the Memorandum of Association
September 30, 1985[(1)]	2,940	100	100	Cash	Further issue of equity shares
January 22, 1987[(1)]	6,758	100	100	Cash	Further issue of equity shares
September 29, 1989[(1)]	Sub-division of equity shares from ₹ 100 to ₹ 10				
September 30, 1989	218,220	10	10	Cash	Further issue of equity shares
January 24, 1990	545,380	10	10	Cash	Further issue of equity shares
June 30, 1990	92,800	10	10	Cash	Further issue of equity shares
September 28, 1990	496,600	10	10	Cash	Further issue of equity shares
April 9, 1991	1,450,000	10	NA	NA	Issue of bonus shares
April 13, 1992	1,000,500	10	46	Cash	Allotment through public issue
November 24, 1994[(1)]	1.500,000	10	10	Other than cash	Allotment pursuant to merger with Salvigor Laboratories Limited
November 24, 1994	5,400,500	10	NA	NA	Issue of bonus shares
September 17, 1998	833,333	10	10	Other than cash	Issue of shares on merger with Mahaval Organics Limited
November 19, 1999	(11,954)	10	NA	Cash	Buyback of equity shares

Date of allotment	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment
March 15, 2002(1)	512,525	10	10	Other than cash	Issue of Equity Shares on merger with Alchemie Organics Limited
February 16, 2005	24,269,808	10	NA	NA	Issue of bonus shares
January 20, 2006	Sub-division of equity shares from ₹ 10 to ₹ 5				
September 18, 2009(1)	885,649	5	5	Other than cash	Issue of shares on merger with Avinash Drugs Limited and Surfactant Specialities Limited
December 20, 2009	3,025,000	5	5	Cash	Conversion of warrants into Equity Shares
March 27, 2012	2,400,000	5	5	Cash	Conversion of warrants into Equity Shares
May 7, 2013	9,471,614	5	5	Other than cash	Issue of Equity Shares on de-merger with Anushakti Chemicals and Drugs Limited
September 18, 2015	(21,997,705)	5	5	NA	Reduction of capital
September 24, 2015	16,726,401	5	5	Other than cash	Issue of Equity Shares on merger of Gogri & Sons Investments Private Limited, Alchemie Leasing and Financing Private Limited, Anushakti Holdings Limited and Anushakti Chemicals and Drugs Limited with the Company
December 16, 2016	(1,200,000)	5	NA	Cash	Extinguishment of Equity Shares pursuant to buyback. The buyback was made at a price of ₹ 800 per Equity Share.
March 15, 2018	(820,383)	5	NA	Cash	Extinguishment of Equity Shares pursuant to buyback. The buyback was made at a price of ₹ 1,200 per Equity Share.
March 23, 2019	5,368,647	5	1,392	Cash	Further issue of equity shares
July 8, 2019	448,590	5	NA	Other than cash	Issue of Equity Shares pursuant to the demerger of our erstwhile home and personal care segment into Aarti Surfactants Limited; and merger of the chemical manufacturing undertaking of Nascent Chemical Industries Limited into our Company.
October 1, 2019	87,117,237	5	NA	NA	Issue of bonus shares in the ratio of 1:1
June 24, 2021	174,234,474	5	NA	NA	Issue of bonus shares in the ratio of 1:1

Note: Our Company is unable to trace certain corporate records and filings, including from the RoC records, in relation to the respective corporate action undertaken by the Company. Our Company has relied on the information available in the minutes of the board or shareholders meeting (as applicable) for the respective corporate action and on the certificate issued by Jinang Shah and Associates, Practicing Company Secretary vide its certificate dated June 18, 2021 for disclosing the details of the changes in the issued, subscribed and paid up equity share capital of the Company. Also, see "Risk Factors - Some of our corporate records, statutory filings and records pertaining to educational qualifications of one of our Directors are lost or are not traceable in relation to certain disclosures made in this Placement Document" on page 52.

Except as stated above with respect to the allotment of Equity Shares pursuant to a bonus issuance, on June 24, 2021, Our

Company has not issued any Equity Shares in the last one year preceding the date of filing of this Placement Document.

Our Company does not have any employee stock options plan.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment has been made by our Company, in consultation with the GCBRLMs, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Details of Proposed Allottees*" on page 259.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company, is set forth below.

Sr. No.	Category	Pre-Issue (As of June 29, 2021)		Post-Issue* (As of June 29, 2021 for all other categories)	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of share holding
A.	**Promoters' holding****				
1.	Indian				
	Individual	102,546,154	29.43	102,546,154	28.29
	Bodies corporate	59,705,542	17.13	59,705,542	16.47
	Sub-total	**162,251,696**	**46.56**	**162,251,696**	**44.76**
2.	Foreign promoters	522,948	0.15	522,948	0.14
	Sub-total (A)	**162,774,644**	**46.71**	**162,774,644**	**44.90**
B.	**Non – Promoters' holding**				
1.	Institutional Investors	78,197,679	22.44	92,232,766	25.44
2.	Non-Institutional Investors				
	Private Corporate Bodies	3,855,127	1.11	3,855,127	1.06
	Directors and relatives (other than promoters)	3,841,581	1.10	3,841,581	1.06
	Indian public	96,720,976	27.76	96,720,976	26.68
	Others (including Non-resident Indians (NRIs))	3,078,941	0.88	3,078,941	0.85
	Sub-total (B)	**185,694,304**	**53.29**	**199,729,391**	**55.10**
	Grand Total (A+B)	**348,468,948**	**100.00**	**362,504,035**	**100.00**

**The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue, and reflects the shareholding of all other categories as of June 29, 2021.*
*** This includes shareholding of the members of the Promoter Group.*

Other Confirmation

No change in control of the Company is expected as a consequence to the Issue. Also, see "*Risk Factors – Our Promoters have a significant shareholding in the Company and will continue to exercise significant influence over us.*" on page 50.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of notice dated May 21, 2021, to the Shareholders for the approval of this Issue.

DIVIDENDS

Our Board adopted the Dividend Distribution Policy pursuant to its resolution dated August 10, 2016. In line with this policy, the declaration and payment of dividends (except interim dividend), if any, will be recommended by our Board of Directors and thereafter the same shall be approved by our shareholders at their discretion. The shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.

The declaration and payment of equity dividend would be governed by the applicable provisions of the Companies Act, 2013 and Articles of Association of our Company.

The details of the dividends declared by our Company in respect of the Fiscal Years 2021, 2020 and 2019 are set out below.

Fiscal Year	Rate of dividend (%)	Dividend per Equity Shares (in ₹)	Total amount of dividend (in ₹ million)	Dividend Distribution Tax (in ₹ million)#
2021				
Interim dividend	30.0	1.5	261.4	Not applicable
2020				
Final dividend	20.0	1.0	174.2	Not applicable
Interim dividend	50.0	2.5	435.6	89.5
2019				
Final dividend	140.0	7.0	606.7	121.5
Interim dividend	80.0	4.0	325.2	66.9

Note: The Board has made a recommendation of declaring final dividend of ₹ 1.50 (30%) per Equity Share (ex-bonus issue) for Fiscal 2021, subject to the approval of the shareholders at the ensuing AGM of the Company.

#It may be noted that in case of final dividend for Fiscal 2020 and interim dividend for Fiscal 2021, since the dividend distribution tax was abolished, the dividend distribution tax is not appliable for these periods.

Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. The form, frequency and amount of future dividends will depend on our Company's cash flows, financial condition, working capital and other financing requirements, lender approvals, contractual obligations, applicable legal restrictions and other factors and shall be at the discretion of the Board and subject to the approval of our Company's shareholders.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during Fiscals 2021, 2020 and 2019, as per the requirements under Ind AS 24 'Related Party Disclosures', see "*Financial Statements*" on page 258.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise specifically mentioned, the following discussion should be read together with the information in the section titled "Selected Financial Information" beginning on page 30, and our financial statements as at, and for, the fiscal years ended March 31, 2021, 2020 and 2019, along with the related notes, and schedules thereto, included in the section titled "Financial Statements" beginning on page 258.

Our audited consolidated balance sheets as at March 31, 2021, March 31, 2020 and March 31, 2019 and audited statements of profit and loss, cash flow statement and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 of the Company and its subsidiaries and jointly controlled entity, together with the statement of significant accounting policies, and other explanatory information thereon, have been prepared in accordance with Ind AS, read with the Companies (India Accounting Standards) Rules, 2015 and restated in accordance with the SEBI ICDR Regulations. Ind AS differs in certain respects from IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Accordingly, the degree to which financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Aarti Industries Limited on a standalone basis, while any reference to "we", "us" or "our" refers to Aarti Industries Limited and its subsidiaries and jointly controlled entity on a consolidated basis.

Our fiscal year ends on March 31 of each year. Accordingly, references to "Fiscal 2021", "Fiscal 2020" and "Fiscal 2019", are to the 12-month period ended March 31 of the relevant year.

Statements in this Placement Document that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause our actual financial performance to differ materially from the conditions contemplated in such forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could affect our financial condition, results of operations and cash flows. You are also advised to read the sections titled, "Forward-Looking Statements" and "Risk Factors" beginning on pages 16 and 35, respectively, which discuss a number of factors or contingencies that could affect our business, financial condition and results of operations. You are cautioned not to place undue reliance on these forward-looking statements.

Overview

We are the leading specialty chemical manufacturer in India and rank among the largest players globally for benzene-based derivatives like chlorination, nitration and hydrogenation (*Source*: CRISIL Report). As at March 31, 2021, our product portfolio comprised over 200 products which were manufactured at our 20 manufacturing plants and marketed to more than 400 global customers in over 60 countries and 700 domestic customers. A majority of our products are exported to the USA, several countries in Europe, China, Japan and other parts of the world; and are used by end-user applications, such as in agrochemicals, pharmaceuticals, polymer additives, paints, pigments and dyes, fuel additives, FMCG applications and beverages.

We conduct our business through two distinct segments: our specialty chemicals segment ("Specialty Chemicals Segment") and our pharmaceuticals segment ("Pharmaceuticals Segment"). Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture other chemicals, such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene-based derivatives. The products in our Specialty Chemicals Segment have varied applications across the agrochemicals; pharmaceuticals; polymer additives; fuel additives; FMCG applications; paints, printing inks, pigments; and dyes industries. Our Pharmaceuticals Segment is divided into three verticals for the (a) manufacture of APIs; (b) manufacture of intermediaries; and (c) manufacture of xanthine derivatives. Our APIs are used in various medicine categories; our intermediates are used in the production for bulk drugs and also for research and development purposes; and our xanthine derivatives are commonly used in various beverages and energy drinks.

We own and operate 20 manufacturing plants, which comprise 15 plants dedicated to our specialty chemicals business and 5 plants catering to our pharmaceutical business. Two of our pharmaceutical manufacturing plants are USFDA approved, and three of our pharmaceutical manufacturing facilities are WHO certified and cGMP compliant, meeting ICH Q7 standards. As at March 31, 2021, we had over 7,000 employees (excluding trainees) and more than 5000 contract workers and trainees working in our manufacturing facilities.

Our research and development is carried at our four dedicated R&D Facilities. Our R&D activities focus on process innovation and commercial innovation. As at March 31, 2021, we employed a team of 400 engineers and scientists at our R&D Facilities.

For Fiscal 2021, Fiscal 2020 and Fiscal 2019, our consolidated gross revenue from operations was ₹50,232.8 million, ₹46,206.9 million and ₹47,055.1 million, respectively, and our consolidated profit after tax (before fair value adjustments for investments) was ₹5,234.7 million, ₹5,360.8 million and ₹4,917.3 million, respectively. Our consolidated EBITDA in Fiscal 2021, Fiscal 2020 and Fiscal 2019 was ₹9,822.3 million, ₹9,861.7 million and ₹9,671.9 million, respectively.

Principal Factors Affecting our Results of Operations

Our financial performance and results of operations are influenced by a variety of factors, including without limitation, global and domestic competition, conditions in the markets of our end-user products, general economic conditions, changes in costs of raw material and government regulations and policies. Some of the more important factors are discussed below, as well as in the section "*Risk Factors*" beginning on page 35.

COVID-19

The outbreak of the COVID-19 pandemic, as well as GoI measures to reduce the spread of COVID-19, have had a substantial impact on our operations since the end of Fiscal 2020, and the timing of how long the COVID-19 pandemic and the related GoI measures will last is still uncertain. Near the end of Fiscal 2020, the GoI initiated a nation-wide lockdown from March 24, 2020, which was initially set for three weeks, but was subsequently extended to May 31, 2020. Restrictions on manpower movement during the lockdown impacted our manufacturing operations and capacity expansion projects. The commissioning plans for our capacity expansion projects were delayed due to delays in the supply of key equipment by our suppliers. The availability of certain raw materials was also adversely impacted. In addition, global logistics disruptions have resulted in an increase in our freights and logistics costs. Demand for end-user products, particularly those that are not necessities, were negatively impacted, resulting in a decrease in our revenue, particularly for our Speciality Chemicals Segment in Fiscal 2020. Where such demand decreases unexpectedly, we may be required to sell certain products that were already manufactured at discounted prices through alternative channels, which may impact profit margins for such products. The scope and nature of impacts from COVID-19, most of which are beyond our control, continue to evolve, and the outcome is uncertain. While our results of operations were largely recovered to the pre-COVID-19 level in the second half of Fiscal 2021, we cannot assure you that such recovery will continue in or throughout Fiscal 2022. In particular, the second wave of COVID-19 infections has impacted India in April, May and June 2021 and may continue to do so for an indefinite period of time. We cannot assure you that our business operations and results of operations will not be negatively impacted by this second wave of COVID-19 or for so long as COVID-19 persists. The ultimate extent of the effects of the COVID-19 pandemic on us, and the end markets we serve, is highly uncertain and will depend on future developments and such effects could exist for an extended period even after the pandemic ends. To the extent the COVID-19 pandemic does adversely affect our business, financial condition or results of operations, it may also have the effect of heightening many of the factors listed in the section "*Risk Factors*" beginning on page 35.

Raw material price fluctuations and availability

The costs of materials consumed make up a large portion of our operating expenses. During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our cost of materials consumed amounted to ₹19,375.7 million, ₹17,809.2 million and ₹20,325.6 million, respectively, and our cost of materials consumed as a percentage of our gross revenue from operations was 38.57%, 38.54% and 43.20%, respectively. We source raw materials primarily from third-party suppliers, including imports. Our primary raw materials include derivatives of crude oil, such as benzene, aniline and toluene, amongst others. During Fiscal 2021 and the current Fiscal 2022, we have faced several challenges and continue to face challenges in obtaining materials from our suppliers; materials we do obtain often are at higher prices than in the recent past. Moreover, certain suppliers were unable to provide raw materials in the quantities we ordered or at all, as they were adversely impacted by the COVID-19 pandemic. We tried to mitigate the financial impact to us by purchasing from alternate sources to the extent available, which at times resulted in higher costs. Where certain raw materials may not be available at all, we may be unable to manufacture the products in which such raw materials are components at all until such raw materials become available again. Increases in prices of raw materials, or the unavailability thereof, could have a material adverse effect on our business, financial condition and results of operations.

Prices of raw materials that we use, particularly in our Specialty Chemicals Segment, are closely linked to crude oil prices. Crude prices globally have been volatile. Crude oil prices were relatively low in Fiscal 2020 and Fiscal 2021, when compared to Fiscal 2021. As a result, our cost of materials consumed as a percentage of our gross revenue from operations for Fiscal 2021 and Fiscal 2020 remained relatively low, when compared to Fiscal 2019. In Fiscal 2020 and Fiscal 2021, crude oil prices fluctuated significantly in large part due to the COVID-19 pandemic and global economic slowdown and then partial recovery. There is no assurance that crude oil prices will continue to remain low in the future.

We have implemented a “pass-through” mechanism in our business model pursuant to which variations in crude oil prices are substantially passed on to our customers. As a result, while our revenues may fluctuate as a result of volatility in crude oil prices, our profitability is less significantly affected. However, we cannot assure you that our pricing model will enable us to avoid all effects from fluctuations in crude oil prices. Thus, significant volatility in raw material prices may still adversely affect our business, financial condition and results of operations.

Foreign Exchange Rate Risk

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, mostly the U.S. Dollar. Accordingly, we have currency exposures relating to buying, selling and financing in currencies other than in Indian Rupees, particularly the U.S. Dollar. For Fiscal 2021, Fiscal 2020 and Fiscal 2019, 43.5%, 42.5% and 42.0%, respectively, of our gross revenue from operations were attributed to exports. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, our net foreign currency denominated sales (consolidated sales in foreign currency less consolidated expenses in foreign currency) amounted to ₹14,252.3 million, ₹12,203.8 million and ₹13,308.9 million, respectively. For Fiscals 2021, 2020 and 2019, 32.4%, 28.2% and 24.0%, respectively, of our raw materials were imported. Exchange rate fluctuations also affect our ability to service our debt obligations denominated in foreign currencies. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. Dollar, Indian Rupee and other currencies. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred losses of ₹202.2 million, ₹284.6 million, and ₹339.5 million, respectively, due to these fluctuations in foreign currency. These losses were related to instances where the market exchange rate at the time of transaction was against us as compared to the rates we had applied when the transactions were accounted or hedged. There can be no assurance that any hedging measures we take will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other foreign currencies.

Dependence of demand from end-user industries

Our products have applications in a wide variety of industries, such as agrochemicals, polymers, pharmaceuticals, dyes and pigments, beverages and fuel additive. Consequently, our revenues are dependent on the end-user industries that use our products as an input. The demand for our customers’ end products is affected by a number of factors including, but not limited to (a) seasonality of demand for our customers’ products, which may cause our manufacturing capacities to be underutilized during specific periods, (b) our customers’ failure to successfully market their products or to compete effectively, (c) loss of market share, which may lead our customers to reduce or discontinue the purchase of our products, (d) economic conditions of the markets in which our customers operate, and (e) global macroeconomic conditions. For instance, we sold certain products during Fiscal 2021 at a discount due to decreased demand for such products during the first few months in Fiscal 2021 as a result of the COVID-19 lockdown. In spite of our diversified product portfolio, our results of operations are dependent of demand from the end-user industries. Decreases in demand from the end-user industries may result in increased inventories which may force us to sell certain products at a discount, resulting in lower profit margin for such products.

Government Regulations and Policies

We import raw materials for our manufacturing operations, and we export our products to more than 60 countries globally. Government regulations and policies, of India and of the countries from which we import or to which we export, can affect the price and availability of our raw materials, as well as the demand for our products. These regulations and policies are extensive and cover a broad range of industries to which we cater, some of which are politically sensitive. These regulations and policies and the tax regimes to which we are subject could change at any time, with little or no warning or time for us to prepare.

Additionally, we conduct our manufacturing operations from our 20 manufacturing plants, 13 of which are located in Gujarat and 7 of which are located in Maharashtra. Two of our new manufacturing plants in Gujarat are located at Dahej SEZ, Bharuch District. Our manufacturing plants are required to comply with stringent regulations, including environmental laws, labor laws, health and safety laws. These regulations are formulated, monitored and enforced by both state and central, governmental and quasi-governmental authorities. For further details see the section "Regulations and Policies".

Capital Expenditure

During Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred capital expenditure of ₹13,113.7 million, ₹11,532.8 million and ₹7,936.1 million, respectively. A significant amount of our capital expenditure was aimed at increasing our manufacturing capacities and diversifying our product base. We require substantial capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in the Company and could adversely impact our Equity Share price.

Termination of Long-Term Customer Contract

In Fiscal 2021, one of our major customers terminated a ten-year supply contract for a key herbicide intermediate. Pursuant to the terms of the supply contract, a voluntary termination of the contract by the customer will obligate the customer to pay to us total fees in connection with such termination in a range of US$120-130 million, which comprise quarterly shortfall fees payable until the third quarter of Fiscal 2022 and a one-time termination fee payable in December 2021. As of the date hereof, we have received a shortfall fee of US$20.1 million as applicable for Fiscal 2021. We do not expect that the termination of such long-term agreement will have an adverse impact on our business and results of operations, as the pre-agreed termination payments will compensate us for the costs of maintaining and operating the manufacturing capacity that we added in anticipation of the long-term business from the ten-year supply contract. However, in the event that we are not able to optimally utilize this manufacturing capacity, our business, financial condition and results of operations could be materially and adversely affected.

Competition from multinational corporations

Our products are used in end-user industries, such as agrochemicals; pharmaceuticals; polymer additives; pigments and dyes; FMCG applications, beverages amongst other industries. We face competition from different domestic and global manufacturers for different products that we manufacture. We face competition from foreign companies, especially Chinese and German companies, in the manufacture of specialty chemicals. Some foreign companies are able to produce chemicals at competitive costs and, consequently, supply their products at cheaper prices. Such competitors may also have greater financial and technological resources and may also have larger sales and marketing teams. They might be in a better position to identify market trends, adapt to changes in industry, innovate new products, offer competitive prices due to economies of scale and ensure product quality and compliance. While we drive significant cost competencies and have been able to meet the competitive prices, we are unable to assure you that we shall be able to meet the pricing and other pressures imposed by such multinational competitors, which may impact demand of our products and consequently our results of operation.

Significant Accounting Policies

We have applied the following accounting policies in preparing our consolidated financial statements for Fiscal 2021:

a) ***Background:***

Sr. No.	Name of the Subsidiary / Jointly Controlled Entity	Country of Incorporation	Proportion of Ownership Interest (%)
	Indian Subsidiary:		
i.	Aarti Corporate Services Limited	India	100.00%
ii.	Nascent Chemical Industries Limited (Through its holding company: Aarti Corporate Services Limited)	India	50.49%
iii.	Shanti Intermediates Private Limited (Through its holding company: Aarti Corporate Services Limited)	India	100.00%
iv.	Innovative Envirocare Jhagadia Limited	India	100.00%
v.	Aarti Polychem Private Limited	India	100.00%
vi.	Aarti Organics Limited	India	100.00%
vii.	Aarti Bharuch Limited	India	100.00%
viii.	Aarti Pharmachem Limited	India	100.00%
ix.	Aarti Spechem Limited	India	100.00%
	Foreign Subsidiary:		
x.	Alchemie (Europe) Limited	United Kingdom	88.89%
xi.	Aarti USA Inc.	USA	100.00%
	Jointly Controlled Entity:		
xii.	Ganesh Polychem Limited*	India	50.00%

* With effect from March 17, 2021, Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity.

b) ***Basis of Preparation and Presentation:***

Significant Accounting Policies and Notes to the Audited Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide to better understanding of the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

The Audited Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) {Amendment} Rules, 2016.

c) ***Principles of Consolidation:***

i. The Audited Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 – Consolidated Financial Statements, Indian Accounting Standard (Ind AS) 111 – Joint Arrangements & Indian Accounting Standard (Ind AS) 28 – Accounting for Investments in Associates in Consolidated Financial Statements.

ii. The Audited Consolidated Financial Statements are prepared using the financial statements of the parent Company and subsidiary companies drawn up to the same reporting date, *i.e.*, 31 March 2021.

iii. In case of a foreign subsidiary, revenue items are consolidated at the average rate prevailing during the period. All assets (except fixed assets) and liabilities are converted at the rates prevailing at the end of the year. In case of fixed assets, the same is consolidated at the rate applicable in the year of acquisition of the said assets.

Any exchange difference arising on consolidation is recognised as translation difference in Reserves & Surplus.

iv. The consolidation of financial statements of the parent Company and its subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

v. Non-Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

vi. As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

vii. Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard (Ind AS) 28 "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

viii. Investment in joint operations are accounted using the Proportionate Consolidation Method as per Indian Accounting Standard (Ind AS) 111 "Joint Arrangements".

d) ***Revenue Recognition:***

i. Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.

ii. Export entitlements are recognized on realization.

iii. Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.

iv. Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

e) ***Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:***

i. Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

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

iii. Depreciation/Amortization

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

Sr. No.	Particulars	Depreciation/Amortization
1.	Leasehold Land	Over the remaining tenure of lease
2.	Building	Over a period of 19 years

3.	Residential Quarters	Over a period of 30 years
4.	Plant & Equipment	Over its useful life as technically assessed, i.e. over a period of 9 - 19 years, based on the type of processes and equipment installed.
5.	Computers	Over a period of 2.5 years
6.	Office Equipment	Over a period of 5 years
7.	Furniture and Fixtures	Over a period of 10 years
8.	Vehicles	Over a period of 7 years

B. Product/Process Development Expenses are amortized over the estimated useful life of the product.

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

f) ***Research and Development:***

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

g) ***Investments:***

i. Investments in subsidiaries and associates are measured at cost.
ii. Other investments are measured at fair value through Other Comprehensive Income.

h) ***Valuation of Inventories:***

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

i.	Raw Materials, Packing Material, Stores and Spares	At cost on Weighted Average basis
ii.	Work-in-Process	At cost plus appropriate allocation of overheads
iii.	Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower

i) ***Retirement Benefits:***

Employee benefits are charged off in the year in which the employee has rendered services.

j) ***Foreign Currency Transactions:***

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are appropriately dealt in the financial statements in accordance with the applicable accounting standards.

k) ***Lease:***

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

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

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

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

l) ***Deferred Revenue Expenditure:***

Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

m) ***Income Taxes:***

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

n) ***Borrowing Costs:***

Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

o) ***Provisions and Contingent Liabilities:***

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

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

p) ***Cash and Cash Equivalents:***

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

Changes in the accounting policy if any in the last three years and their effect on our profits and reserves

There have been no changes in accounting policies of the Company during the last three financial years, except for with respect to Ind AS 116 "*Leases*" effective from April 1, 2019, which did not have a material impact on our financial statements. There was no material impact on the financial statement of the Company due to this change.

Non-GAAP Financial Measures

This Placement Document includes a number of non-GAAP financial measures including EBITDA, ROCE, ROCE (ex CWIP), ROE and Net debt/ EBITDA ratio. We classify a financial measure as being a non- GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are not included or excluded in the most directly comparable measure calculated and presented in accordance with Ind-AS as in effect from time to time in our financial statements. The non-GAAP financial measures are supplemental measures that are not required by, or are not presented in accordance with, Ind-AS. Non-GAAP financial measures do not include operating, other statistical measures or ratios calculated using exclusively financial measures calculated in accordance with Ind-AS. Moreover, the way we calculate the non-GAAP financial measures may differ from that of other companies reporting measures with similar names, which may limit these measures' usefulness as a comparative measure. Our management believes these non-GAAP financial measures are useful to compare general operating performance from period to period and to make certain related management decisions. They also used by securities analysts, lenders and others in their evaluation of different companies.

Overview of Revenue and Expenditure

The following descriptions set forth information with respect to key components of our income statement.

Revenue

Revenue from operations

Revenue from operations comprises income from:

a) Sale of products, from our Specialty Chemicals Segment, comprising primarily of nitro chloro benzenes, di chloro benzenes, chloro anilines, and a range of phenylene diamines products; and from our Pharmaceuticals Segment, comprising primarily APIs, intermediaries and xanthine derivatives.

b) Other operating revenues, comprising fertilizer subsidy received, export benefits / incentives, scrap sales, other operating income and shortfall fees received under our contracts with customers.

Other income

Other income primarily comprises dividend received from current investments and long-term investments, profits from sale of assets and rental income, amongst others.

Expenditure

Our expenditure comprises the following:

a) Cost of materials consumed: Cost of materials consumed comprises (i) the cost of raw materials used in the manufacture of our products which consist of, amongst others, materials such as Benzene, Concentrated Nitric Acid, Aniline, Sulphur, amongst others; (ii) the cost of fuel consumed at our manufacturing and other facilities; (iii) the cost of packing materials; and (iv) the cost of stores and spares.

b) Purchase of stock-in-trade: Cost attributable to the purchase of finished goods for the purpose of resale.

c) Change in inventories of finished goods, work-in-progress and stock-in-trade: Expenses accounted for pursuant to an (increase)/decrease in inventories of stock in process and finished goods.

d) Employee benefit expenses: Employee benefit expenses comprises salaries, wages and bonus, contribution to provident and other funds, gratuity and staff welfare expenses.

e) Finance costs: Finance costs comprises net interest expenses, bank charges and exchange difference to the extent considered as an adjustment to borrowing costs as per the appropriate accounting standards.

f) Depreciation and amortization expenses: Depreciation and amortization expenses comprises depreciation of tangible assets including our freehold land, leasehold land, lease assets right-to-use, plant and machinery, factory and other buildings, amongst others; and amortization of intangible assets including goodwill and computer software amongst others.

g) Other expenses: Other expenses comprise primarily of (a) manufacturing expenses, such as freight cartage and transport, power charges, other manufacturing expenses, factory administrative expenses and research and development expenses, amongst others; (b) office administrative expenses, such as legal and professional charges and other administrative expenses, amongst others; (c) selling and distribution expenses, such as freight and forwarding expenses and export freight charges, amongst others; and (d) non-operating expenses, such as expenditure on donations and corporate social responsibility projects, amongst others.

Business Segments

The following table sets out the segment revenue and results across our business segments, which are, (a) the Specialty Chemicals Segment; and (b) the Pharmaceuticals Segment, and our geographical segments:

(₹ in millions)

Sr. No.	Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
(A)	**Primary Segments: Business Segments**			
1.	**Segment Revenue:**			
a)	Speciality Chemicals	41,514.0	38,649.5	39,797.0
b)	Pharmaceuticals	8,718.8	7,557.4	7,258.1
	Total Revenue (Gross)	**50,232.8**	**46,206.9**	**47,055.1**
	Less: GST Taxes Collected	5,171.8	4,343.8	5,379.5
	Total Revenue (Net)	**45,061.0**	**41,863.1**	**41,675.6**
2.	**Segment Results Profit/(Loss):**			
	Before Tax and Interest from each Segment			
a)	Speciality Chemicals	7,527.5	8,141.1	8,195.7
b)	Pharmaceuticals	2,045.8	1,374.6	1,126.8
	Total (A)	**9,573.3**	**9,155.7**	**9,322.5**
	Less: Interest	863.7	1,247.8	1,825.4
	Other Unallocable Expenditure (Net)	2,064.1	1,506.1	1,277.4
	Total (B)	**2,927.8**	**2,753.9**	**3,102.8**
	Total Profit before Tax (A-B)	**6,645.5**	**6,761.8**	**6,219.7**
(B)	**Secondary Segments: Geographical Segments**			
a)	India	28,357.3	26,551.7	27,286.3
b)	Out of India	21,875.5	19,655.2	19,768.8
	TOTAL	**50,232.8**	**46,206.9**	**47,055.1**

The following table sets out certain balance sheet items across our business segments:

Sr. No.	Particulars	As of March 31,		
		2021	**2020**	**2019**
(A)	**Primary Segments: Business Segments**			
	Segment Assets:			

Sr. No.	Particulars	As of March 31,		
		2021	2020	2019
a)	Speciality Chemicals	56,386.0	47,662.5	37,596.6
b)	Pharmaceuticals	11,929.9	9,586.0	9,407.1
c)	Unallocated Capital	3,977.7	3,603.7	3,233.7
	TOTAL	**72,293.6**	**60,852.2**	**50,237.4**
	Segment Liabilities:			
a)	Speciality Chemicals	12,373.0	11,399.6	7,192.9
b)	Pharmaceuticals	1,631.9	976.4	953.0
c)	Unallocated Capital	2,339.4	2,110.1	1,930.1
	TOTAL	**16,344.3**	**14,486.1**	**10,076.0**

Results of Operations

The following table sets forth our income statement data, the components of which are expressed as a percentage of gross revenue from operations for the periods indicated, for our consolidated operations for Fiscal 2021, Fiscal 2020 and Fiscal 2019.

Particulars	For the year ended March 31					
	2021		2020		2019	
	(₹ in millions)	% of Gross Revenue from Operations	(₹ in millions)	% of Gross Revenue from Operations	(₹ in millions)	% of Gross Revenue from Operations
Revenue						
Gross revenue from operations	**50,232.8**	**100%**	**46,206.9**	**100%**	**47,055.1**	**100%**
Less: GST Collected	5,171.8	10.30%	4,343.8	9.40%	5,379.5	11.43%
Net revenue from operations	45,061.0	89.70%	41,863.1	90.60%	41,675.6	88.57%
Other income	7.0	0.01%	88.4	0.19%	21.0	0.04%
Total revenue	45,068.0	89.72%	41,951.5	90.79%	41,696.6	88.61%
Expenses						
Cost of materials consumed	19,375.7	38.57%	17,809.2	38.54%	20,325.6	43.20%
Purchase of stock in trade	2,442.4	4.86%	2,746.5	5.94%	1,834.7	3.90%
Changes in inventories of finished goods, work-in-progress and stock-in-trade.	(532.5)	(1.06%)	7.5	0.02%	(594.0)	(1.26%)
Employee benefits expense	3,713.8	7.39%	3,052.2	6.61%	2,428.2	5.16%
Finance costs	863.7	1.72%	1,247.8	2.70%	1,825.4	3.88%
Depreciation and amortization expenses	2,313.1	4.60%	1,852.1	4.01%	1,626.8	3.46%
Other expenses	10,246.3	20.40%	8,474.4	18.34%	8,030.2	17.07%
Total expenses	**38,422.5**	**76.49%**	**35,184.4**	**76.15%**	**35,476.9**	**75.39%**
Profit before tax	**6,645.5**	**13.23%**	**6,761.8**	**14.63%**	**6,219.7**	**13.22%**
Tax expenses:						
Current year tax	1,160.3	2.31%	1,181.3	2.56%	1,366.5	2.90%

Particulars	For the year ended March 31					
	2021		2020		2019	
	(₹ in millions)	% of Gross Revenue from Operations	(₹ in millions)	% of Gross Revenue from Operations	(₹ in millions)	% of Gross Revenue from Operations
Earlier year tax	Nil	-	3.8	0.01%	(20.5)	(0.04%)
MAT credit entitlement	(98.0)	(0.20%)	(70.9)	(0.15%)	(387.9)	(0.82%)
Deferred tax	231.0	0.46%	180.0	0.39%	219.9	0.47%
Total tax expenses	**1,293.3**	**2.57%**	**1,294.2**	**2.80%**	**1,178.0**	**2.50%**
Profit after tax before non-controlling interest and share of profit/(loss) of associates	**5,352.2**	**10.65%**	**5,467.6**	**11.83%**	**5,041.7**	**10.71%**
Profit attributable to non-controlling interest	(117.5)	(0.23%)	(106.8)	(0.23%)	(124.4)	(0.26%)
Share of profit/(loss) to associates	Nil	-	Nil	-	Nil	-
Profit/ (loss) for the period	**5,234.7**	**10.42%**	**5,360.8**	**11.60%**	**4,917.3**	**10.45%**
Other comprehensive income						
Items that will not be reclassified into statement of profit and loss						
Fair value of various Qualifying Items	479.4	0.95%	(573.9)	(1.24%)	52.6	0.11%
Total comprehensive income for the year	**5,714.1**	**11.38%**	**4,786.9**	**10.36%**	**4,969.9**	**10.56%**

Results of consolidated operations for the Fiscal Year ended March 31, 2021 compared with the Fiscal Year ended March 31, 2020

(₹ in millions)

Particulars	For the year ended March 31		Change (%)
	2021	2020	
Revenue			
Gross revenue from operations	50,232.8	46,206.9	8.71%
Less: GST collected	5,171.8	4,343.8	19.06%
Net revenue from operations	45,061.0	41,863.1	7.64%
Other income	7.0	88.4	(92.08%)
Total revenue	**45,068.0**	**41,951.5**	**7.43%**
Expenses			
Cost of materials consumed	19,375.7	17,809.2	8.80%
Purchase of stock in trade	2,442.4	2,746.5	(11.07%)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(532.5)	7.5	(7,200.00%)
Employee benefits expense	3,713.8	3,052.2	21.68%
Finance costs	863.7	1,247.8	(30.78%)
Depreciation and amortization expenses	2,313.1	1,852.1	24.89%
Other expenses	10,246.3	8,474.4	20.91%
Total expenses	**38,422.5**	**35,184.4**	**9.20%**
Profit before tax	**6,645.5**	**6,761.8**	**(1.72%)**

Particulars	For the year ended March 31		Change (%)
	2021	2020	
Tax expenses:			
Current year tax	1,160.3	1,181.3	(1.78%)
Earlier year tax	Nil	3.8	(100.00%)
MAT credit entitlement	(98.0)	(70.9)	38.22%
Deferred tax	231.0	180.0	28.33%
Total tax expenses	**1,293.3**	**1,294.2**	**(0.07%)**
Profit after tax before non-controlling interest and share of profit/(loss) of associates	**5,352.2**	**5,467.6**	**(2.11%)**
Profit attributable to non-controlling interest	(117.5)	(106.8)	10.02%
Share of profit/(loss) to associates	Nil	Nil	-
Profit/ (loss) for the period	**5,234.7**	**5,360.8**	**(2.35%)**
Other comprehensive income			
Items that will not be reclassified into statement of profit and loss			
Fair value of investments	479.4	(573.9)	(183.53%)
Total comprehensive income for the year	**5,714.1**	**4,786.9**	**19.37%**

Revenue from operations

Our revenue from operations increased by 7.64% from ₹41,863.1 million in Fiscal 2020 to ₹45,061.0 million in Fiscal 2021. This increase can be primarily attributed to (i) a 15.4% growth in revenue derived from our Pharmaceuticals Segment as a result of our organic sales growth, as well as our focus on higher-margin or value-added products in this segment, and (ii) the receipt of shortfall fees in the amount of approximately ₹1,475 million due to the early termination of a long-term customer contract in Fiscal 2021. Under the terms of such customer contract, the customer is obligated to pay shortfall fees if it fails to purchase the committed volume under the contract on a quarterly basis until the effective date of termination.

Other Income

Our other income decreased significantly by 92.08% from ₹88.4 million in Fiscal 2020 to ₹7.0 million in Fiscal 2021. In Fiscal 2020, our other income was particularly high due to the receipt of certain one-time income, including (i) profit on sale of assets and investments amounted to ₹84.9 million during Fiscal 2020, (ii) profit on sale of liquid investments acquired by us for temporary holding using fund raised by our Qualified Institutions Placement concluded at the last few days of Fiscal 2019, and (iii) profit from disposal of certain old assets.

Cost of Materials Consumed

Our cost of materials consumed increased by 8.80% from ₹17,809.2 million in Fiscal 2020 to ₹19,375.7 million in Fiscal 2021, primarily due to an increase in the volume of products manufactured and an increase in the prices of key raw materials in Fiscal 2021. Impacted by the COVID-19 pandemic, certain of our suppliers were unable to provide raw materials in the quantities we ordered or at all. In such cases, we were required to source the raw materials from alternate sources, if available, resulting in higher costs. Our cost of material consumed increased more than our gross revenue from operations (8.80% vs. 7.64%) primarily due to the sales of certain products at a discount during Fiscal 2021. These products were manufactured by us during Fiscal 2020 prior to the COVID-19 lockdown in India implemented beginning on March 24, 2020, but were sold by us at a discount through alternative channels after we became aware that the demand for such products had decreased during the first few months in Fiscal 2021 as a result of the COVID-19 lockdown. While we are generally able to pass on increased raw materials costs to our customers, in some cases it may not be possible to do so, resulting in a lower profit margin for such products.

Purchase of Stock-in-Trade

Our purchase of stock-in-trade decreased by 11.07% from ₹2,746.5 million in Fiscal 2020 to ₹2,442.4 million in Fiscal 2021, primarily due to decreased purchases of finished products for sale. From time to time, we may source finished products from third-party manufacturers and sell such products to our customers as a value-added service. This trading-type activity is not a regular part of our business activity and tends to occur sporadically.

Change in inventories of finished goods, work-in-progress and stock-in-trade

Our change in inventories of finished goods, work-in-progress and stock-in-trade was ₹(532.5) million in Fiscal 2021 as we held more finished goods as at March 31, 2021, when compared to April 1, 2020, to cater for our integrated business needs and to meet the supply obligations to our customers. Our change in inventories of finished goods, work-in-progress and stock-in-trade in Fiscal 2020 was minimal.

Employee Benefits Expense

Our employee benefits expenses increased by 21.68% from ₹3,052.2 million in Fiscal 2020 to ₹3,713.8 million in Fiscal 2021 due to an increase in our workforce principally for our two new manufacturing plants, resulting in increased wages, an increase in contribution to provident fund and general annual increments given to the staff. We expect our employee benefits expense to further increase in Fiscal 2022 given that a few more manufacturing facilities are expected to commercialize and from the general increase in overall wage levels in India.

Finance Costs

Our finance costs in decreased by 30.78% from ₹1,247.8 million in Fiscal 2020 to ₹863.7 million in Fiscal 2021 due to our utilization of lower cost debt facilities and a reduction in the general as well as benchmark borrowing rate.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 24.89% from ₹1,852.1 million in Fiscal 2020 to ₹2,313.1 million in Fiscal 2021 primarily due to the commencement of commercialization of major facilities during Fiscal 2021.

Other expenses

Our other expenses increased by 20.91% from ₹8,474.4 million in Fiscal 2020 to ₹10,246.3 million in Fiscal 2021, primarily due to increases in (i) utilities and other expenses in relation to the new manufacturing facilities, (ii) research and development expenses as we placed more focus on R&D activities, (iii) corporate social responsibility related expense in supporting the fight against the COVID-19 pandemic, and (iv) export freight expenses and freight and forwarding expenses as a result of logistics disruptions during the COVID-19 pandemic in Fiscal 2021.

Profit before tax

As a result of the foregoing, we recorded a marginal decrease of 1.72% in our profit before tax, which amounted to ₹6,645.5 million in Fiscal 2021 as compared to ₹6,761.8 million in Fiscal 2020.

Tax expenses

Our tax expenses remained relatively stable at ₹1,293.3 million in Fiscal 2021 and ₹1,294.2 million in Fiscal 2020. Our effective tax rate in Fiscal 2021 and Fiscal 2020 remained relatively stable at 19.46% and 19.14%, respectively.

Profit after tax before non-controlling interest and share of profit/(loss) of associates

Our loss attributable to non-controlling interest increased from ₹(106.8) million in Fiscal 2020 to ₹(117.5) million in Fiscal 2021.

Profit for the period

As a result of the foregoing, we recorded a marginal decrease of 2.35% in our profit for the year from ₹5,467.6 million in Fiscal 2020 to ₹5,234.7 million in Fiscal 2021.

Fair value of investments

We recorded an increase in fair value of various Qualifying Items of ₹479.4 million in Fiscal 2021. We recorded a decrease in fair value of various Qualifying Items in the amount of ₹(573.9) million in Fiscal 2020. These Qualifying items comprise various long-term/non-current investments, including long-term advances received from customers and long-term investments held by us in certain securities, which may be denominated in a non-Rupee currency, such as the US$, and the non-current portion of financial instruments used as foreign exchange hedges. These changes in fair value are reflective of the mark-to-market adjustments, as we are required to restate/revalue our various non-current assets and liabilities at the prevailing market value or book value, as may be applicable. Increases/decreases in fair value include the component valuation gains or losses in respect of the long-term and non-current hedges used by us to protect our long-term foreign exchange exposures, and the valuation gains or losses in respect of other non-current items such as long-term advances received from the customers. Such increases/decreases in the fair value of the non-current component of such assets are recorded Other Comprehensive Income on our statement of profit and loss.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year increased by 19.37%, from ₹4,786.9 million in Fiscal 2020 to ₹5,714.1 million in Fiscal 2021.

Results of consolidated operations for the Fiscal Year ended March 31, 2020 compared with the Fiscal Year ended March 31, 2019 (as extracted from the comparative financial information included in the audited consolidated financial statement for Fiscal 2020).

(₹ in millions)

Particulars	For the year ended March 31		Change (%)
	2020	2019	
Revenue			
Gross revenue from operations	46,206.9	47,055.1	(1.80)%
Less: GST collected	4,343.8	5,379.5	(19.25)%
Net revenue from operations	41,863.1	41,675.6	0.45%
Other income	88.4	21.0	320.95%
Total revenue	**41,951.5**	**41,696.6**	**0.61%**
Expenses			
Cost of materials consumed	17,809.2	20,325.6	(12.38%)
Purchase of stock in trade	2,746.5	1,834.7	49.70%
Changes in inventories of finished goods, work-in-progress and stock-in-trade.	7.5	(594.0)	(101.26%)
Employee benefits expense	3,052.2	2,428.2	25.70%
Finance costs	1,247.8	1,825.4	(31.64%)
Depreciation and amortization expenses	1,852.1	1,626.8	13.85%
Other expenses	8,474.4	8,030.2	5.53%
Total expenses	**35,184.4**	**35,476.7**	**(0.82%)**
Profit before tax	**6,761.8**	**6,219.7**	**8.72%**
Tax expenses:			
Current year tax	1,181.3	1,366.5	(13.55%)
Earlier year tax	3.8	(20.5)	(118.54%)
MAT credit entitlement	(70.9)	(387.9)	(81.72%)
Deferred tax	180.0	219.9	(18.14%)
Total tax expenses	**1,294.2**	**1,178.0**	**9.86%**
Profit after tax before non-controlling interest and share of profit/(loss) of associates	**5,467.6**	**5,041.7**	**8.45%**
Profit attributable to non-controlling interest	(106.8)	(124.4)	(14.15%)
Share of profit/(loss) to associates	Nil	Nil	-
Profit/ (loss) for the period	**5,360.8**	**4,917.3**	**9.02%**
Other comprehensive income			
Items that will not be reclassified into statement of profit and loss			

Particulars	For the year ended March 31		Change (%)
	2020	2019	
Fair value of investments	(573.9)	52.6	(1,191.06%)
Total comprehensive income for the year	**4,786.9**	**4,969.9**	**(3.68%)**

Revenue from operations

Our revenue from operations increased marginally by 0.45% from ₹41,675.6 million in Fiscal 2019 to ₹41,863.1 million in Fiscal 2020. This increase was primarily due to an increase in other operating revenue attributable to an increase in export benefits received, which was partially offset by a slight decrease in revenue from sale of products in our Specialty Chemicals Segment. The increase in export benefits received in Fiscal 2020 was primarily due to our sales of certain unutilized duty credit scrips issued under the Merchandise Export Incentive Scheme. The decrease in revenue from sale of products in our Specialty Chemicals Segment was primarily due to (i) a decrease in crude oil prices resulting in a decrease in our sales prices, and (ii) a decrease in overall sales volumes due to the COVID-19-related lockdown imposed by the GoI, which began on March 24, 2020 and resulted in limited to no sales activities by us for approximately ten days in the latter part of March 2020.

Other Income

Our other income increased by 320.95% from ₹21.0 million in Fiscal 2019 to ₹88.4 million in Fiscal 2020. This increase was primarily attributable to an increase in profits realized from sale of assets/investments in Fiscal 2020. In Fiscal 2020, our other income was particularly high due to the receipt of certain one-time income, including (i) profit on sale of assets and investments amounted to ₹84.9 million, (ii) profit on sale of liquid investments acquired by us for temporary holding using the fund raised by our financing activities concluded at the last few days of Fiscal 2019, and (iii) profit from disposal of certain old assets.

Cost of Materials Consumed

Our cost of materials consumed decreased by 12.38% from ₹20,325.6 million in Fiscal 2019 to ₹17,809.2 million in Fiscal 2020, primarily due to (i) a decrease in prices of raw materials resulting from a decrease in crude oil prices during Fiscal 2020, as compared to Fiscal 2019; and (ii) a decrease in the volume of products manufactured as a result of the COVID-19 lockdown mentioned above.

Purchase of Stock-in-Trade

Our purchase of stock-in-trade increased by 49.70% from ₹1,834.7 million in Fiscal 2019 to ₹2,746.5 million in Fiscal 2020, primarily due to increased purchases of certain finished products for sale.

Change in inventories of finished goods, work-in-progress and stock-in-trade

Our change in inventories of finished goods, work-in-progress and stock-in-trade in Fiscal 2020 was minimal. Our change in inventories of finished goods, work-in-progress and stock-in-trade was ₹(594.0) million in Fiscal 2019 as we held more finished goods as at March 31, 2019, when compared to April 1, 2018.

Employee Benefits Expense

Our employee benefits expenses increased by 26.70% from ₹2,428.2 million in Fiscal 2019 to ₹3,052.2 million in Fiscal 2020, primarily due to an increase in our workforce required for the operation of our new R&D facility in Mumbai and other manufacturing units, general annual increments given to the staff and a general increase in overall wage levels in India. The increase in our workforce resulted in increased wages paid and increased contributions to the provident fund.

Finance Costs

Our finance costs decreased by 31.64% from ₹1,825.4 million in Fiscal 2019 to ₹1,247.8 million in Fiscal 2020, primarily due to a decrease in other interest expenses in line with the decrease in our gross debt as we paid off certain of our current borrowings in Fiscal 2020.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 13.85% from ₹1,626.8 million in Fiscal 2019 to ₹1,852.1 million in Fiscal 2020 primarily due to (i) our adoption of Ind AS 116 in Fiscal 2020 which requires us to recognize most leases on our balance sheets and have leasehold land and right-to-use lease assets to be amortized resulting in depreciation and amortization expenses, and (ii) increase in depreciation of plant and equipment as we purchased additional property, plant and equipment principally for our new R&D facility during Fiscal 2020.

Other expenses

Our other expenses increased by 5.53% from ₹8,030.2 million in Fiscal 2019 to ₹8,474.4 million in Fiscal 2020, primarily on account of increased manufacturing expenses due to inflation, partially offset by a decrease in freight and forwarding expenses due to lower crude prices in Fiscal 2020, when compared to Fiscal 2019.

Profit before tax

As a result of the foregoing, we recorded an increase of 8.72% in our profit before tax, which amounted to ₹6,761.8 million in Fiscal 2020 as compared to ₹6,219.7 million in Fiscal 2019.

Tax expenses

Our tax expenses increased by 9.86% from ₹1,178.0 million in Fiscal 2019 to ₹1,294.2 million in Fiscal 2020. Our tax expenses in Fiscal 2019 was lower when compared to Fiscal 2020, primarily due to a larger amount of Minimum Alternate Tax (MAT) credit entitlement that was available to us on account of certain permissible tax incentives in respect of our operations in such year. Our effective tax rate in Fiscal 2020 and Fiscal 2019 remained relatively stable at 19.14% and 18.94%, respectively.

Profit after tax before non-controlling interest and share of profit/(loss) of associates

Our loss attributable to non-controlling interest amounted to decreased from ₹(124.4) million in Fiscal 2019 to ₹(106.8) million in Fiscal 2020.

Profit for the period

As a result of the foregoing, we recorded a 9.02% increase in our profit for the year from ₹4,917.3 million in Fiscal 2019 to ₹5,360.8 million in Fiscal 2020.

Fair value of various Qualifying Items

We recorded a decrease in fair value of various Qualifying Items of ₹(573,9) million in Fiscal 2020. We recorded an increase in fair value of various Qualifying Items in the amount of ₹52.6 million in Fiscal 2019. As noted above, Qualifying Items represent the non-current component of various assets and liabilities held by us, including long-term advances received from customers, long-term investments held by us in certain securities and long-term and non-current hedges used by us to protect our long-term foreign exchange exposures. We are required to make mark-to-market adjustments for such non-current assets and liabilities, which are recorded as increases/decreases in the fair value of such Qualifying Items under Other Comprehensive Income on our statement of profit and loss.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year decreased slightly by 3.68%, from ₹4,969.9 million in Fiscal 2019 to ₹4,786.9 million in Fiscal 2020.

Liquidity and Capital Resources

Capital Requirements

Our principal capital requirements are for payment of principal and interest on our borrowings, capital expenditure and working capital expenditure. Our principal source of funding has been and is expected to continue to be, cash generated from our operations, supplemented by borrowings from banks and financial institutions/ raising of funds through issuance of NCDs and optimization of operating working capital. For Fiscal 2021, Fiscal 2020 and Fiscal 2019, we met our funding requirements, including satisfaction of debt obligations, capital expenditure, investments, other working capital requirements, payouts to shareholders and other cash outlays, principally with funds generated from operations, optimization of operating working capital with the balance met from external borrowings and a fund raising by way of Qualified Institutional Placement.

For the expansion project that we intend to undertake, we will be utilizing a portion of the funds generated from this Issue along with a mix of debt and internal accruals.

Liquidity

Our liquidity requirements arise principally from our operating activities, capital expenditures for construction of new projects, the repayment of borrowings and debt service obligations. Historically, our principal sources of funding have included cash from operations, short- and long-term borrowings from banks, overdraft facilities that are repayable on demand, cash and cash equivalents and equity and financing provided by our shareholders. We have also entered into various revolving credit and other working capital facilities, which provides sufficient liquidity for our requirements.

Cash Flows

The following table summarizes our consolidated cash flows for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

(₹ in millions)

Particulars	**For the year ended March 31**		
	2021[(1)]	**2020**[(2)]	**2019**[(3)]
Net Cash from Operating Activities	8,727.1	11,020.6	7,362.0
Net Cash (Used in) Investing Activities	(13,221.4)	(11,240.6)	(7,970.0)
Net Cash from/(Used in) Financing Activities	6,144.6	(5,349.1)	8,329.3
Net Increase / (Decrease) in Cash and Cash Equivalents	**1,650.3**	**(5,569.1)**	**7,721.3**
Cash and Cash Equivalents at the beginning of the year	2,472.9	8,042.0	320.9
Cash and Cash Equivalents at the end of the year	4,123.2	2,472.9	8,042.0
Net Increase / (Decrease) in Cash and Cash Equivalents	**1,650.3**	**(5,569.1)**	**7,721.3**

Notes:

1. *Derived from the audited consolidated financial results prepared for Fiscal 2021.*
2. *Derived from the audited consolidated financial results prepared for Fiscal 2020.*
3. *Derived from the audited consolidated financial results prepared for Fiscal 2020 (containing comparative financial information for Fiscal 2019).*

Cash flows generated from operating activities

We generated ₹8,727.1 million net cash from operating activities during Fiscal 2021 as compared to ₹11,020.6 million in Fiscal 2020. The cash generated from operating profit before working capital changes in Fiscal 2021 and Fiscal 2020 was relatively stable and amounted to ₹9,765.6 million and ₹9,756.8 million, respectively. Cash generated from operations in Fiscal 2021 was lower than the previous fiscal year primarily due to (i) an increase in trade and other receivables of ₹250.1 million in Fiscal 2021, (ii) an increase in inventories of ₹1,110.0 million in Fiscal 2021 due to the COVID-19-related lockdown imposed by the GoI, which began on March 24, 2020 and resulted in limited to no sales activities by us for approximately ten days in the latter part of March 2020, and (iii) a significant increase in trade payables and other current liabilities in Fiscal 2020 of ₹3,588.1 million as a result of the receipt of advances from certain customers pursuant to long-term contracts and an increase in the credit terms for certain vendors.

We generated ₹11,020.6 million net cash from operating activities during Fiscal 2020 as compared to ₹7,362.0 million in Fiscal 2019. The cash generated from operating profit before working capital changes in Fiscal 2020 was ₹9,756.8 million against ₹9,660.9 million during Fiscal 2019. Cash generated from operations was higher than the previous year, primarily due to a significant increase in trade payables and other current liabilities in Fiscal 2020 for the reason set out above.

Cash flows used in investing activities

Net cash used in investing activities was ₹13,221.4 million in Fiscal 2021, primarily on account of ₹13,148.2 million used for addition to property, plant and equipment or capital work-in-progress during the period principally for the establishments of our new manufacturing units and an increase in other investments amounting to ₹78.2 million.

Net cash used in investing activities was ₹11,240.6 million in Fiscal 2020, as compared to ₹7,970.0 million in Fiscal 2019. Net cash used in investing activities in Fiscal 2020 was higher than in Fiscal 2019, primarily due to increased purchases of property plant and equipment, which amounted to ₹11,532.9 million in Fiscal 2020 as compared to ₹7,936.1 million in Fiscal 2019. During Fiscal 2020, we were constructing or expanding various manufacturing units and facilities to cater for, among others, a long-term contract with a customer, as well as the general expansion of our Pharmaceuticals Segment. Certain of the manufacturing units were operationalized in Fiscal 2021 and some of them are expected to operationalize in Fiscal 2022. The ongoing construction of these manufacturing units increased our net cash used in investing activities in Fiscal 2020 and Fiscal 2021.

Cash flows generated from / (used in) financing activities

Net cash generated from financing activities in Fiscal 2021 amounted to ₹6,144.6 million, primarily consists of proceeds of long-term borrowing in the amount of ₹10,079.9 million, partially offset by repayment of long-term borrowings in the amount ₹2,564.8 million.

Net cash used in financing activities in Fiscal 2020 was ₹5,349.1 million, primarily due to repayment of long-term borrowings during the year.

Net cash generated from financing activities in Fiscal 2019 amounted to ₹8,329.3 million, primarily due to increase in equity through our Qualified Institutions Placement fund raising during the year.

Capital and Other Commitments

As at March 31, 2021, the estimated amount of contract remaining to be executed on capital account not provided for was ₹1,200.2 million.

Capital Expenditure

The following table summarizes our capital expenditure for Fiscal 2021, Fiscal 2020 and Fiscal 2019:

(₹ in millions)

Particulars	As at March 31		
	2021	2020	2019
Tangible Assets	14,311.0	5,302.1	4,224.2
Intangible Assets	-	-	-
Work in Progress	(1,197.3)	6,230.7	3,711.9
Total Capital Expenditure	13,113.7	11,532.8	7,396.1

Contingent Liabilities

Contingent liabilities and claims against us, to the extent not provided for, as at March 31, 2021, 2020 and 2019, as determined in accordance with Ind AS 37, are described below.

(₹ in millions)

Sr. No.	Contingent liabilities	As at March 31,		
		2021	2020	2019
1.	Claims against the company not acknowledged as debts	681.0	676.5	752.3
2.	Letters of credit, bank guarantees and bills discounted	2,509.0	2,968.0	1,130.0

Financial Indebtedness

The following table sets forth our secured and unsecured debt position (on a consolidated basis) as at March 31, 2021.

(₹ in millions)

Indebtedness	As at March 31, 2021
Short Term	
- Secured Borrowings	11,465.1
- Unsecured Borrowing	775.6
Long Term	
- Secured Borrowings	12,680.5
- Unsecured Borrowing	-
Current maturity of long term borrowings	
- Secured Borrowings	3,517.2
- Unsecured Borrowing	-
Total Indebtedness (A)	28,438.4

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to an extent by debt and increases in interest expense may have an adverse effect on our results of operations, cash flows and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under customer contracts, primarily a failure to make required payments on amounts due to us, leading to a financial loss. To manage the credit risk, we implement a credit control policy and also obtain external credit insurance. Thus, the requirement of assessing the impairment loss on trade receivables does not arise as collectability risk is mitigated.

In Fiscal 2021, a customer delivered notice to terminate a ten-year supply contract with us. Pursuant to the terms of the supply contract, a voluntary termination of the contract by the customer will obligate the customer to pay to us total fees in connection with such termination in a range of US$120-130 million, which comprise quarterly shortfall fees payable until the third quarter of Fiscal 2022 and a one-time termination fee payable in December 2021. As of the date hereof, we have received a shortfall fee of US$20.1 million as applicable for Fiscal 2021. We are entitled to receive further quarterly shortfall fees as well as the one-time compensation fee from such customer in Fiscal 2022. We are subject to credit risk that such customer will not meet its payment obligations under the customer contract.

Furthermore, we are also exposed to credit risk from our deposits made with banks and other financial instruments. We mitigate this credit risk by depositing with high rated banks and placing a majority of other security deposits with government or statutory agencies.

Liquidity Risk

Adequate and timely cash availability for our projects under implementation, our operations and to settle financial liabilities is the liquidity risk associated with our operations.

Market Risk

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, interest rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt.

Foreign Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. A portion of our revenues, particularly relating to our export sales, is denominated in currencies other than Indian Rupees, most significantly the U.S. Dollar. Similarly, a portion of our expenses, including cost of any imported equipment or machinery, freight costs and other operating expenses in connection with our capital expenditure, are denominated in currencies other than Indian Rupees. In Fiscal 2021, our net foreign currency denominated sales (consolidated sale in foreign currency less consolidated cost of raw materials in foreign currency) amounted to ₹14,252.3 million. Accordingly, although we enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other relevant foreign currencies.

Commodity Price Risk

We are subject to market risks related to the volatility in the price of our raw materials such as benzene and toluene amongst others, whose prices are direct co-related to fluctuations in the price of crude oil. Market forces generally determine prices for our products that we sell both within and outside India. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including the monsoon, global supply and demand, manufacturing costs (including the costs of raw materials), changes in the economy, global production levels, global inventory levels and disruptions in the supply chain.

Interest Coverage Ratio

The interest coverage ratio (which we define as cash profit after tax plus interest expenses divided by interest expenses for the year) for Fiscal 2021, Fiscal 2020, and Fiscal 2019 was 11.0, 7.4 and 4.8, respectively, on a consolidated basis.

(₹ in millions, except Interest Coverage Ratio)

Particulars	**For the year ended March 31,**		
	2021	**2020**	**2019**
Profit after tax before non-controlling interest	5,352.2	5,467.6	5,041.7
Add:			
Depreciation and Amortization expenses	2,313.1	1,852.1	1,626.8
Interest expense	767.1	1,153.5	1,749.0
Cash Profit after tax plus interest expenses (A)	8,432.4	8,473.2	8,417.5
Interest expense (B)	767.1	1,153.5	1,749.0
Interest Coverage Ratio (A/B)	10.99	7.35	4.81

Our higher interest coverage ratio in Fiscal 2021, when compared to Fiscal 2020, was primarily due to lower interest rates for our borrowings as well as our decreased gross debt. Our relatively high interest coverage ratio in Fiscal 2020, when compared to Fiscal 2019, was primarily attributable to our lower interest expense, resulting from our decreased gross debt.

Reservations, Qualifications and Adverse Remarks Included In Financial Statements

There have been no reservations or qualifications or adverse remarks of our Statutory Auditors in the last five years.

Significant Developments after March 31, 2021

Except as stated in this Placement Document and disclosed below, to our knowledge no circumstances have arisen since the date of the last audited financial statements as disclosed in this Placement Document that could materially affect our future result of operations.

The second wave of COVID-19 infections has impacted India in April, May and June 2021 and may continue to do so for an indefinite period of time. A prolonged pandemic may materially affect our future results of operations. See *"- Principal Factors Affecting our Results of Operations – COVID-19"*.

INDUSTRY OVERVIEW

The information contained in this section is derived from various industry and publicly available resources. The information also includes information available from reports or databases of CRISIL Limited ("CRISIL"). Neither the Company, its Directors, the GCBRLMs nor any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the CRISIL Report-Assessment of the Specialty Chemicals Industry in India dated June 2021 ("Report") based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of the Report may be published/reproduced in any form without CRISIL's prior written approval.

Overview of the Indian economy

Overview of the global macroeconomic scenario

The world's gross domestic product (GDP) contracted at an estimated 3.5% in calendar year (CY) 2020, according to the S&P Global's Global Economic Outlook released in March 2021. The severe global recession was led by the COVID-19 pandemic, which caused global output to decline significantly. The adverse impact was mitigated in part by unprecedented policy support along with high pace of vaccine rollouts across the world. Despite such fact, the GDP of various countries still showed contraction during CY 2020.

GDP growth (percentage change)

(%)	2020	2021P	2022P	2023P	2024P
US	-3.5	6.5	3.1	1.7	2.1
Eurozone	-6.8	4.2	4.4	2.1	1.6
China	2.3	8.0	5.1	5.0	4.8
India*	-8.0	11.0	6.1	6.3	6.4
Japan	-4.9	2.7	2.0	1.0	0.9
Russia	-3.1	3.3	2.5	2.0	2.0
Brazil	-4.4	3.4	2.5	2.4	2.3
UK	-9.9	4.3	6.8	2.2	1.8
World**	-3.5	5.5	4.2	3.6	3.4

**Fiscal year ending in March*

***Weighted by purchasing power parity exchange rates*

Source: S&P Global, CRISIL Research

In March 2021, S&P Global projected the global economy to grow at 5.5% in CY 2021, moderating to 4.2% in CY 2022. Global growth is expected to moderate to 3.4% over the medium term. Key factors for the moderation of growth projects include projected damage to supply capacities that predate the pandemic, as well as ageing-related slower labour force growth in advanced economies and certain emerging market economies. It is expected that the pandemic-induced recession is likely to result in a less severe adverse impact on economies than the 2008 global financial crisis, primarily due to the unprecedented government policy responses. In any event, the global economy growth in the future is uncertain and will depend on the development of the COVID-19 pandemic.

Review of India's GDP growth

India's GDP shrank by 7.3% in fiscal 2021

India's fourth quarter GDP growth in fiscal 2021 is estimated at 1.6%, having turned positive in the second half of the fiscal year. India's real GDP is estimated to have contracted by 7.3% for fiscal 2021, as per the National Statistical Office's provisional estimates, as a result of the economic slowdown led by the pandemic.

While the economy shrank as a whole in fiscal 2021, agriculture section, electricity, gas, water supply and other utility services were the outliers, experiencing positive growth. Other contact or labour-intensive sectors, such as trade, hotels, transports, communication and construction, were significantly hit.

CRISIL Research expects India's real GDP to experience a positive growth of 9.5% in fiscal 2022, as opposed to a contraction of 7.3% in fiscal 2021. According to S&P Global's forecasts, India is likely to retain its position as the fastest-growing economy in the world in CY 2021. Based on its estimates, India's growth rate will be higher than the global average of ~5.5% in CY 2021, and also higher than other developing countries, such as China and Brazil. The ongoing liberalization of India's FEI regime has also triggered a surge in investments, especially after the launch of the "Make in India" campaign in October 2014. India has remained an attractive investment destination as net FDI flows reached a high during fiscal 2021, even though there was a collapse in global FDI flows, especially those going to advanced economies. However, the continuation of the second COVID-19 wave in India as well as possible future waves of the pandemic may negatively impact this growth forecast.

Key projections

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22F
GDP growth (%)	**8.0**	**8.2**	**7.2**	**6.8**	**4.2**	**-7.3**	**9.5**
CPI (%, average)	4.9	4.5	3.6	3.4	4.8	6.2	5.3
CAD/GDP (%)	-1.1	-0.7	-1.8	-2.1	0.9	1.3	-1.2
Exchange rate (Rs/$M March-end)	67	65.9	65	69.5	74.4	72.8	75.0
10-year G-sec yield (%, March-end)	7.5	6.8	7.6	7.5	6.2	6.2	6.5

F: Forecast

Source: Central Statistics Office (CSO), Reserve Bank of India (RBI) and CRISIL estimates; CPI: Consumer Price Index-linked; CAD: Current account deficit; G-sec: Government security

Nuances of GDP growth

At basic prices	FY16	FY17	FY18	FY19	FY20	FY21	At market prices	FY16	FY17	FY18	FY19	FY20	FY21
							GDP	8	8.2	7.2	6.8	4.0	-7.3
Agriculture	0.6	6.3	5	2.9	4.3	3.6	Private consumption	7.4	7.3	7.4	8.1	5.5	-9.1
Industry	9.8	6.8	6.2	8.4	-1.8	-5.6	Govt. consumption	6.8	12.2	15	9.2	7.9	3.3
Manufacturing	12.8	7.9	5.9	6.9	-2.4	-7.2	Fixed investment	5.2	10.1	9.3	10	5.4	-10.8

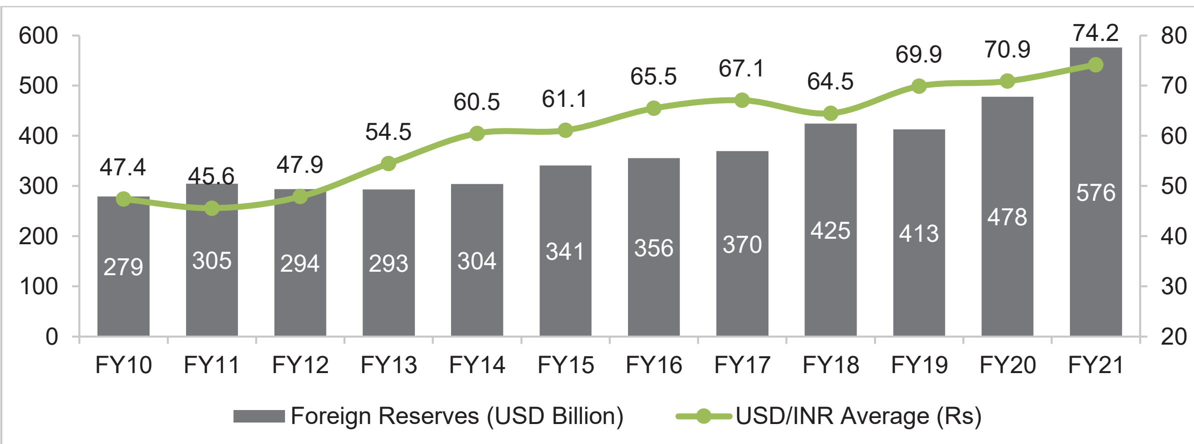
Mining & quarrying	13.8	13	5.1	1.3	-2.5	-8.5	Exports	-5.6	5	4.7	12.5	3.3	-5.0
Services	9.6	7.5	8.1	7.5	7.3	-8.1	Imports	-5.9	4	17.6	15.4	-0.8	-13.6

Source: CSO, CEIC, CRISIL Research

Lower rupee volatility with rising forex reserves

India's forex reserves swelled approximately 106%, at approximately 6.8% compound annual growth rate (CAGR) in the past 12 years to US$576 billion by the end of fiscal 2021 from $279 billion in fiscal 2010. Higher forex reserves have helped the RBI rein in currency volatility, as it provides a cushion during uncertain market events. For instance, the Rupee remained relatively stable during several periods of uncertainties triggered by events such as GREXIT, BREXIT and a hike in interest rates by the US Federal Reserve (Fed). However, reserves have come under pressure in fiscal 2019 owing to a meltdown in emerging market currencies, led by the Turkish lira, and the apex bank's intervention in the derivative currency markets to arrest the Rupee's slide. Again, recently in fiscal 2021, the Rupee was under pressure due to the rising load of pandemic cases in India. Further, in April 2021, the exponential spread of the cases led to a 2.4% depreciation on-month from March 2021. Concerns over the second wave of pandemic and subsequent state-announced lockdowns affected the exchange rate.

Rising forex reserves reined in currency volatility

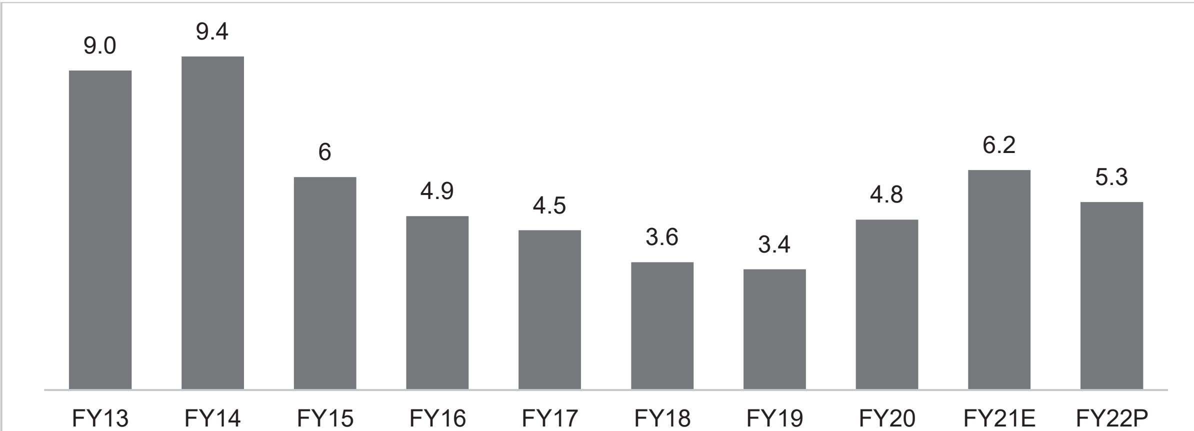


Source: RBI, CRISIL Research

CPI inflation witnesses rising input-price pressure

Consumer Price Index-linked (CPI) inflation for fiscal 2021 exceeded the upper end of RBI's targeted 2-6% range and averaged 6.2%. Going forward, CRISIL Research expects CPI to moderate to 5.3% in fiscal 2022, driven by lower food inflation. Brent crude is expected to average US$58-63 per barrel in CY 2021, which will not only raise fuel inflation but also keep core inflation high through elevated costs.

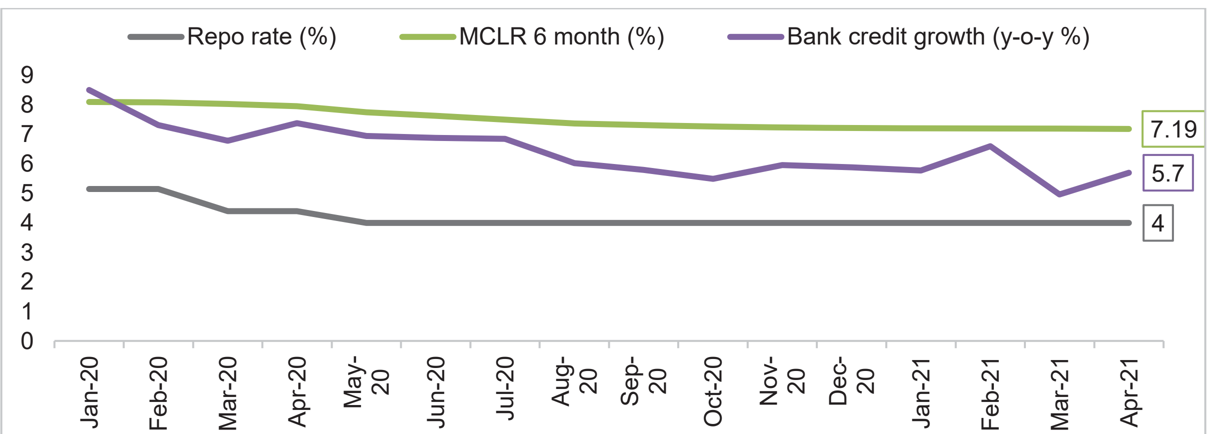
CPI inflation (%, y-o-y)



Source: CSO, CRISIL Research

Yield on the 10-year government security (G-sec) averaged 6.07% in April 2021, 13 basis points lower on-month owing to the RBI's continuous effort to leverage innovative measures to keep bond yields benign in the pandemic-hit economy. Going forward, CRISIL Research expects the 10-year G-sec yield to rise to 6.5% in March 2022, given that supply pressures could have a bearing on yields once RBI starts normalizing liquidity.

Interest rates head lower



Source: RBI, CRISIL Research

Overview of the global specialty chemicals industry

The global chemicals market is segregated into basic chemicals, industrial gases, petrochemicals, polymers, specialty chemicals, and others. China, Germany, Japan and the US are leaders in chemicals space.

Specialty chemicals are low-volume, high-value chemicals with specific applications. These are classified based on end-user industries. Some specialty chemicals are used in multiple industries. CRISIL Research considers the following categories of specialty chemicals: agrochemicals, personal care ingredients, polymer additives, water chemicals, textile chemicals, construction chemicals, electronic chemicals, surfactants, flavours and fragrances, and dyes and pigments. Unlike bulk chemicals, specialty chemicals are used in low quantities and are consumed for specific end-use applications. They are chemical products that are sold on the basis of specific requirement in end-user segments rather than their composition. These chemicals impart a variety of properties to products and have a high degree of value addition.

Global specialty chemicals market to log 3-4% CAGR by CY 2026

Within global chemicals, specialty chemicals is a key segment, valued at ~US$740 to US$760 billion in CY 2020 and has grown at a 5-6% CAGR from CY 2015-2019. **A**grochemicals dominated the specialty chemicals revenue pie, accounting for 20% share in CY 2019. The use of agrochemicals in fertilisers, herbicides, insecticides and pesticides is rising because of increasing demand for agrochemical products led by population growth and improving propensity to buy owing to rapid industrialisation globally. The polymers and plastic additives segments comprised the second-largest revenue share at 12-14%.

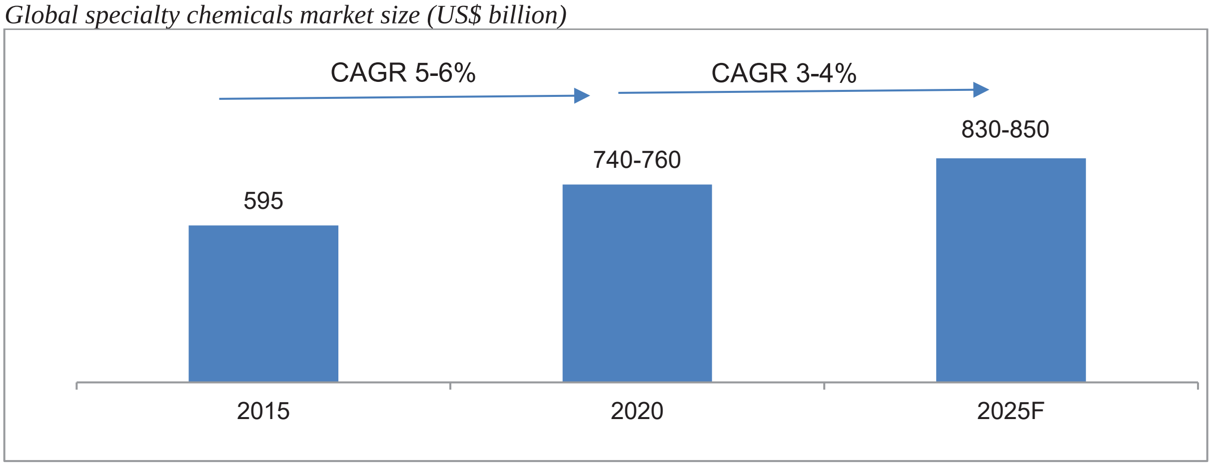
Global specialty chemicals industry classification (CY 2019)

Specialty chemicals classification
Agrochemicals (20% share of the global market)
Polymer and plastic additives (12-14% share of the global market)
Construction chemicals
Electronic chemicals
Industrial and institutional cleaners
Surfactants
specialty coatings
Lubricant and oilfield chemicals
Textile chemicals
Food additives
Adhesives and sealants
Others

Source: CRISIL Research

In CY 2020, the global specialty chemical market declined by 4-6% due to the pandemic, which led to lockdown across major economies. Agrochemicals industry was the least impacted due to lockdown, since the finished products cater to the essential supplies. Other industries within the global specialty chemical market are expected to recover in CY 2021, on the assumption of timely vaccination and reduced resurgence of the virus strains. Between CY 2020 and CY 2025, the global specialty chemicals market is expected to grow at 3-4% CAGR to $830-850 billion. The growth is expected to be led by sustainable demand in end-user industries. Rapid industrialisation in China and India is expected to continue driving demand for specialty chemicals.

Global specialty chemicals market size (US$ billion)



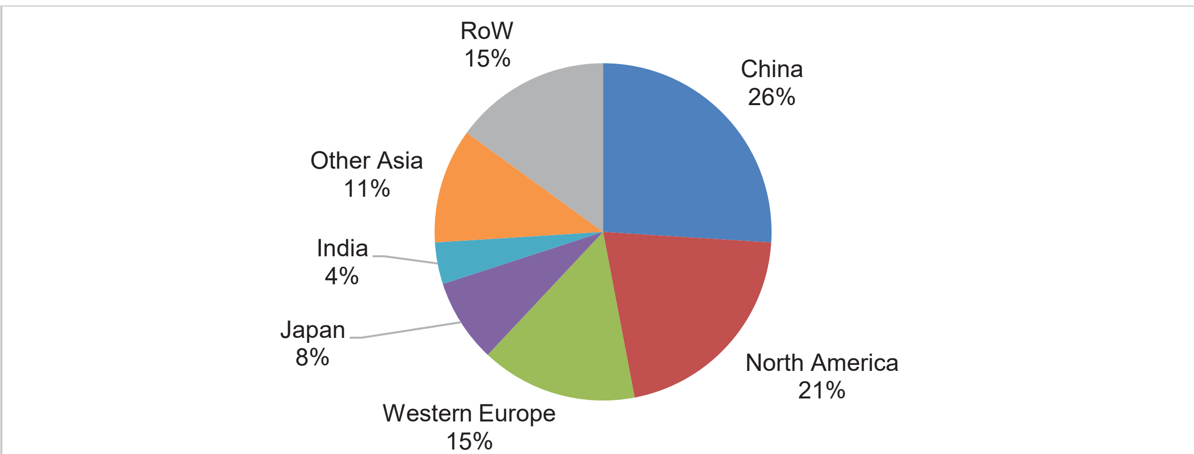
Source: CRISIL Research

APAC – Key contributor to global specialty chemicals market in CY 2020

The last two decades have seen a significant shift in the global specialty chemicals industry with developed countries losing their production supremacy (particularly the US) to emerging market nations in Asia. Key facilitators for this shift include stricter environmental norms in western countries and cost advantages enjoyed by emerging markets in in terms of logistics and labour. Further, companies wanted to shift closer to demand centres and optimizing their supply chains.

The Asia Pacific (APAC) region, with a share of 48-50%, was the key contributor to the global specialty chemicals market in CY 2020, followed by North America and Western Europe.

Market share of specialty chemicals of key countries in CY 2020



Source: CRISIL Research

Investments in specialty chemicals in the APAC and emerging markets have risen because of a large consumer base and favourable government policies. In addition, the presence of sizeable automotive, construction, electronics, pharmaceuticals and textile markets in China, India, Japan and South Korea contribute significantly to the global chemicals market.

China has been a key beneficiary in this shift from developed to emerging markets, gaining the largest share in the domain, due to availability of feedstock, cheap labour, government support, cheap capital, ease of setting up facilities and a sizable end-use market.

China dominates the construction market in the APAC region. The increase in demand for commercial infrastructure and industrial buildings and expansion of road and railway networks in China have been driving the demand for construction chemicals. Growing demand for electronic chemicals in China is also a key demand driver. China's specialty chemicals market grew at a rapid pace of ~23% CAGR between 2005 and 2010. Market growth was slower between 2010 and 2019, clocking 8-10% CAGR. Growth has further slowed down in recent years with economic slowdown, COVID-19 pandemic and changing stance of the government towards implementation of stringent environmental norms.

Automobile production in the APAC region is rising rapidly driven by increasing demand from China, India, Indonesia, Thailand and Vietnam pushing demand for polymer additives. Another sector promoting growth of specialty chemicals in the APAC region is the textiles industry. The textiles sector is growing rapidly in China and India because of low labour cost. China is the largest producer and exporter of textiles on the back of the country undertaking several projects to build a hub in Xinjiang for textile and apparel production by 2030.

China's specialty chemicals market eroding

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government, which have led to shutdown of a number of chemical plants.

Some major factors that have contributed to a slowdown in the specialty chemicals market in China include:

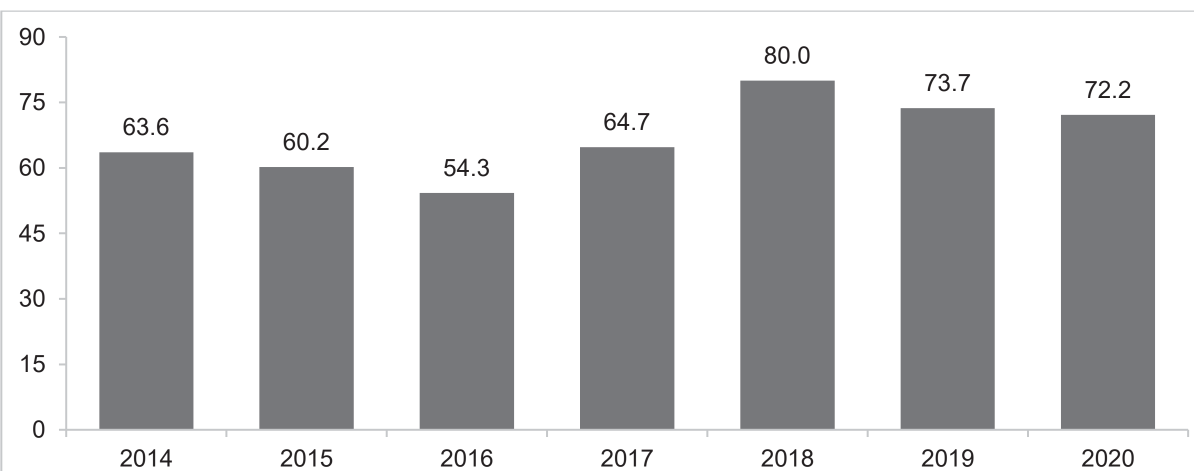
Stringent environmental norms: Chinese government started implementing stricter environmental protection norms from January 2015. With the focus on controlling pollution, the Chinese Ministry of Environmental Protection enforced strict penalties on polluting industries, including chemicals. Some of the major steps taken were:

- Shift towards gas-based power plants from coal-based ones
- Construction of compulsory effluent treatment plants
- Mandatory for all polluting industries to operate from industrial clusters away from habitat
  - Small to mid-size chemicals plants to relocate by the end of 2020
  - All larger plants must relocate by the end of 2025 and start the process by no later than 2020
- Taxes to be levied on polluting industries based on pollution type, location and severity
- Air pollution fees range from 1.2 yuan ($0.18) to 12 yuan ($1.81) per pollutant equivalent value. Pollutant equivalent value has been defined separately for each pollutant under the List of Taxable Pollutant and Taxable Pollutant Equivalent Volume in the EPT Law of China
- Penalty for noise pollution run from 350 yuan ($52.69) up to 11,200 yuan ($1,686.04) per decibel in excess, depending on the location and severity

As a result of all of the above, Chinese chemical companies are witnessing a rise in capital expenditure and operational costs, making them less competitive in the export market. In 2017, an estimated 40% of the chemical manufacturing capacity in China was temporarily shut down for safety inspections, with over 80,000 manufacturing units charged and fined for breaching emission limits. In March 2019, an explosion incident occurred at the Jiangsu Tianjiayi Chemical plant, which resulted in the deaths of 78 people. The Government of Jiangsu, a highly industrialised province on China's east coast, has set a goal of shutting down 50 chemical parks by 2022 and reduce the number of chemical manufacturing enterprises to less than 1,000 by 2022, from 5,433 in 2017.

China's chemical exports, as shown in the figure below, are witnessing a downward trend since 2015, as a result of rising production costs for Chinese manufacturers with the implementation of environment protection norms.

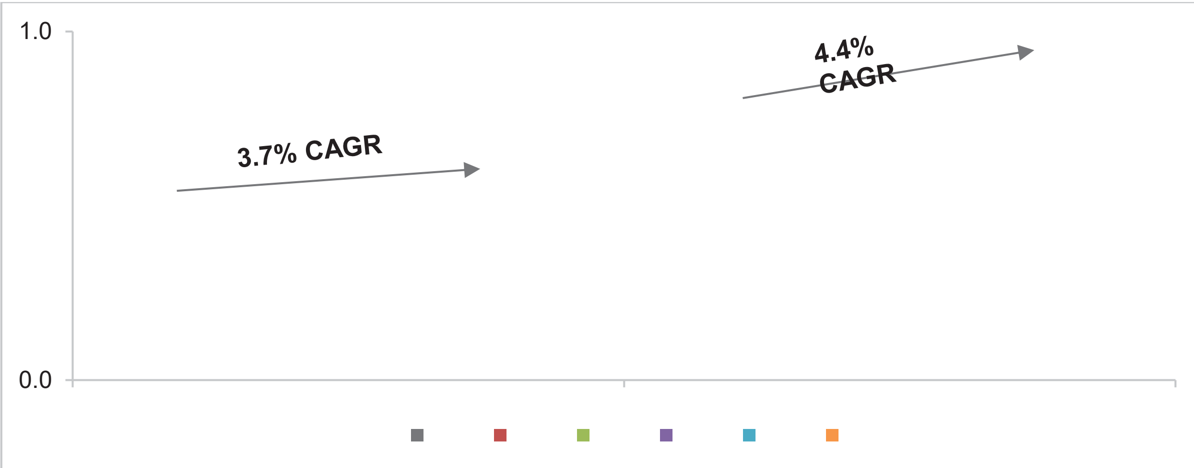
Trend in China's chemical exports (US$ billion)



Note: Numbers reported in calendar year
Source: UN Comtrade; export of goods under HS codes 28 and 29 considered

Rising labour costs: China's labour costs have seen a rapid increase over the last 10 years. Average hourly wages in China were ~US$3.13 in 2018, which is a 4.4% CAGR since 2013. China's hourly wages were nearly 1.7 times the average hourly wages in India as of 2018. Rising labour costs in China are also contributing to increased operating expenditure for chemical manufacturers, rendering them uncompetitive.

Comparison of labour costs in India and China



Source: World Bank

Slowing domestic demand: The domestic chemicals industry in China is also witnessing a slowdown, as a result of slower economic growth. China's economic growth is expected to slow down further in the coming years, thus resulting in reduced domestic demand.

Tightening of financial availability: Since 2014, China's banks have tightened extension of loans in oversupplied industries, including parts of the chemical industry. Chemical manufacturers are also getting charged on above market average interest rate.

US-China trade war and COVID-19 pandemic: The recent US-China trade war and the COVID-19 pandemic have resulted in more companies adopting the "China plus one" strategy to enhance supply chain resilience by diversifying manufacturing capacities to other countries. Most global giants are reducing their dependence on a single country, shifting manufacturing or import sources to other Asian counties. This provides incentives for Indian manufacturers to expand their capacities.

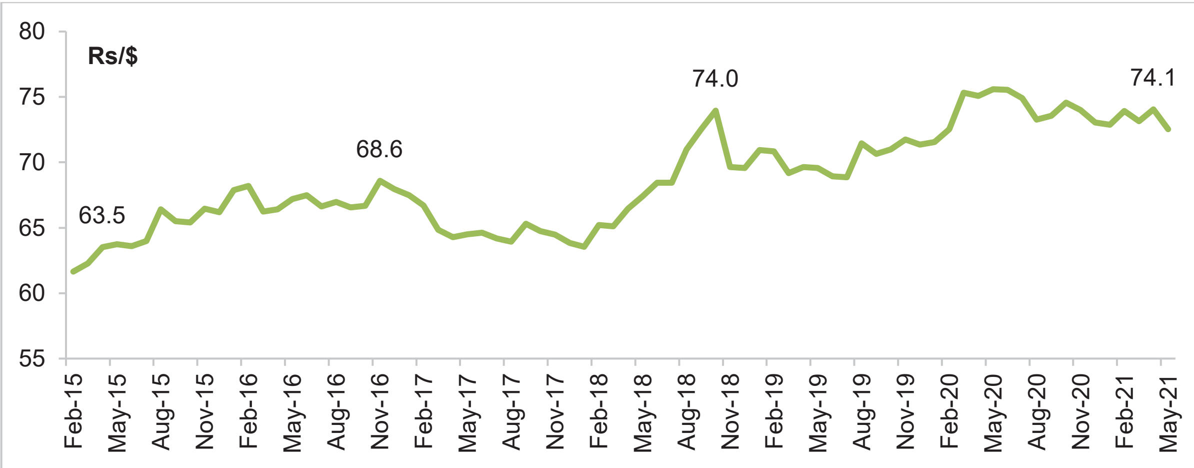
Currency appreciation: The recent appreciation in the Chinese currency has also weighed down on the overall export market, thus impacting chemical exports significantly. The Chinese currency appreciated ~7% against the USD from December 2018 to April 2021.

India to benefit from China's downturn in specialty chemicals industry

The recent downturn observed in China's specialty chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because, very few countries, other than India, have the requisite scale, technology, skilled labour, intellectual property protection, raw materials and government support to capture this opportunity.

In addition, the depreciation of the Indian rupee in recent times has led to increased pricing power for specialty chemical players, and enhanced global competitiveness.

Rupee has depreciated sharply since 2015 relative to the U.S. dollar



Source: RBI

The specialty chemicals growth story in China and India has been led by significant contribution from the unorganised segment comprising a multitude of smaller players. The supernormal growth in China had been contributed by large players as well as multiple small players, who were in non-compliance to environmental norms. These smaller plants have shut down in the recent times amid rising environmental concerns. While this has impacted the overall growth story, larger organised players with established markets and compliance certificates continue to operate.

India also faces threat from environmental concerns and tighter norms. However, considering the strict compliance by organised players in the market, this threat is limited to smaller players and shall serve as an opportunity for larger players to capture the market. Most large players are already making investments in Safety health & Environment (SH&E) to ensure plant sustainability.

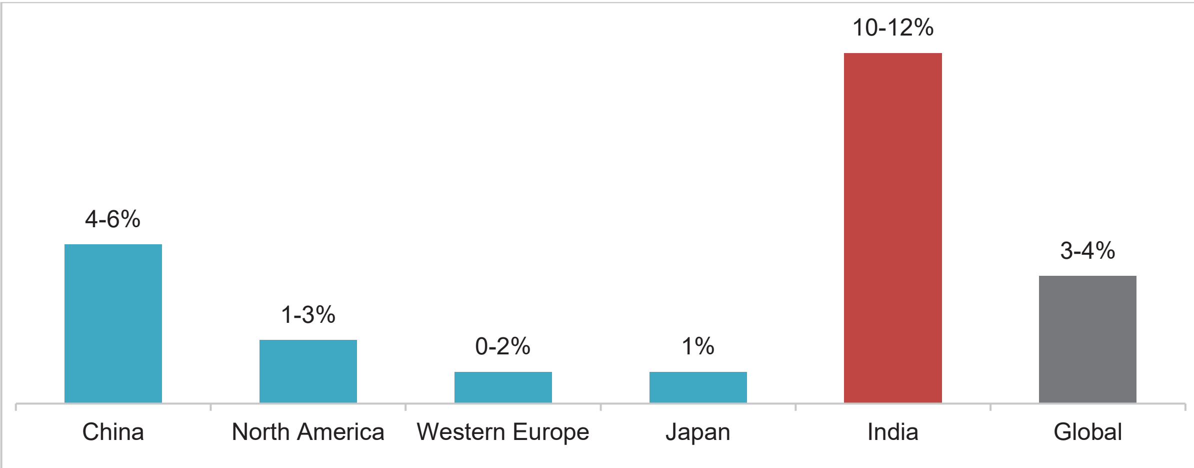
Indian specialty chemicals market to witness sharp growth compared with other regions

In terms of region-wise demand, India's specialty chemicals industry is expected to witness growth of 10-12% CAGR between 2020 to 2025, due to rising demand from end-user industries, coupled with tight global supply on account of stringent environmental norms in China. Markets like Americas, Europe and Japan are expected to clock less than 3% CAGR over the next five years, due to industry saturation in these regions.

China's specialty chemicals industry, which saw historical growth rates of ~20% and above until 2013, is expected to witness slower growth, of 4-6% CAGR, between 2020 to 2025, due to various factors like environmental regulations, leading to overall slowdown in the industry.

However, while the specialty chemicals market in India is expected to showcase the strongest growth, far exceeding China and rest of the world in percentage terms, it would still translate to lesser growth in absolute terms, considering its smaller share in the global pie. The global market is expected to increase by US$100-120 billion in absolute terms, while the Indian market is expected to grow only US$17-22 billion vis-à-vis the China market, which is expected to expand by US$50-55 billion between 2020 to 2025, despite slower growth.

Region-wise expected growth in specialty chemicals (CY 2020-2025 CAGR)



Source: CRISIL Research

Overview of Indian specialty chemicals industry

Classification of chemicals industry in India

The chemicals industry supports India's agricultural and industrial development. It provides raw materials, intermediates and process chemicals for agro chemicals, detergents and soaps, textiles, paper, paints, pharmaceuticals, varnish, etc. The following figure provides an indicative classification of chemicals:

Alkali chemicals	Pesticides & insecticides	Dyes & dye stuffs	Specialty chemicals	Other inorganic chemicals	Other organic chemicals
• Soda ash • Caustic soda • Liquid chlorine	• Mancozab • 2, 4-D • Dichlorodi-phenyltrichloroethane (DDT) • Malathion • Dimethoate • DDVP • Quinalphos • Monocrotophos • Phorate • Ethion • Fenvalerate • Cypermethrin • Acephate • Chlorphyriphos • Triazphos • Profenofos technical • Glyphosate • Aluminium phosphide	• Azo dyes • Acid direct dyes • Disperse dyes • Fast colour bases • Ingrain dyes • Organic pigment • Reactive dyes • Optical whitening agents • Pigment emulsion • Sulphur dyes • Inorgnic pigments	• Water treatment & construction chemicals • Surfactants • Textile chemicals • Polymer additives • Personal care ingredients • Flavours & fragrances • Pharmaceutical intermediates • Agrochemical intermediates • Engineering fluids • Electronic chemicals	• Aluminium fluoride • Calcium carbide • Potassium chlorate • Titanium dioxide • Red phosphorous • Calcium carbonate • Hydrogen peroxide	• Acetic acid • Acetic anhydride • Acetone • Phenol • Methanol • Formaldehyde • Nitrobenzene • Maleic anhydride • Pentaerythritol • Aniline • Chloro methanes • Isobutylbenzene • ONCB • PNCB • MEK • Acetaldehyde • Ethanolamines • Ethyl acetate

Note: The above list is indicative in nature and non-exhaustive.
Source: CRISIL Research

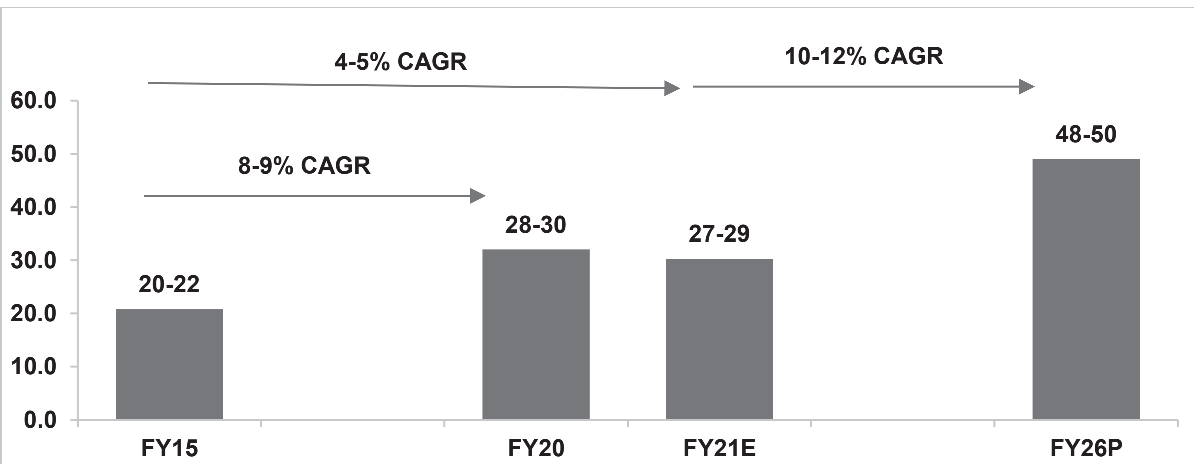
Market size of domestic specialty chemicals industry

Specialty chemicals industry in India at $28-30 billion in FY20

India's specialty chemicals industry, accounting for around 26% of the overall chemicals industry and was at US$28-30 billion in fiscal 2020. As discussed previously, CRISIL Research considers the following categories of specialty chemicals: personal care ingredients, polymer additives, water chemicals, textile chemicals, construction chemicals, surfactants, and flavours and fragrances.

Specialty chemicals segment clocked 8-9% CAGR from fiscals 2015 to 2020, driven by an increase in domestic consumption from various end-user industries and rising exports. However, in fiscal 2021, the specialty chemicals segment declined by 5-6% on-year due to a slowdown in economic activity and consequent fall in demand in end-user industries. CRISIL Research expects this segment to clock 10-12% CAGR during fiscals 2021 to 2026 driven by rising domestic consumption and exports. In fiscal 2026, exports are expected to account for 35-40% of revenue of key specialty chemicals players in India.

Specialty chemicals industry trajectory (US$ billion)



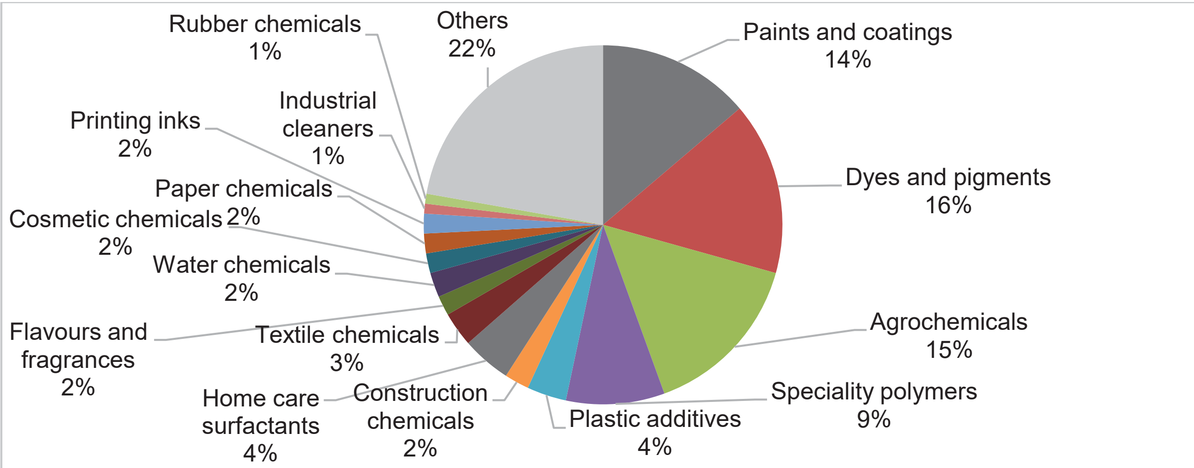
E: Estimated; P: Projected
Source: CRISIL Research

Amongst the various end-use application industries, construction chemicals, water treatment chemicals and chemicals finding applications in textile industry are expected to lead the growth in specialty chemicals industry.

The construction chemicals industry in India accounts for only 0.3-0.5% of the total construction spend and has a potential of reaching 1%, which is the norm in developed economies. The demand for water has been growing significantly, putting pressure on supply of water for irrigation, drinking and industrial usage, resulting in a higher demand for water treatment chemicals.

The textile sector is expected to play a major role in the growth of the specialty segment considering the range of processing aids, dyes and pigments used in this segment and with increasing demand from both domestic as well as export markets. Growing affluence and resultant increase in consumption of personal care products will drive demand for a wide range of cosmetic chemicals, health care products as well as hygiene products using specialty chemicals.

Major sub-segments within the specialty chemicals market (value terms) in FY20



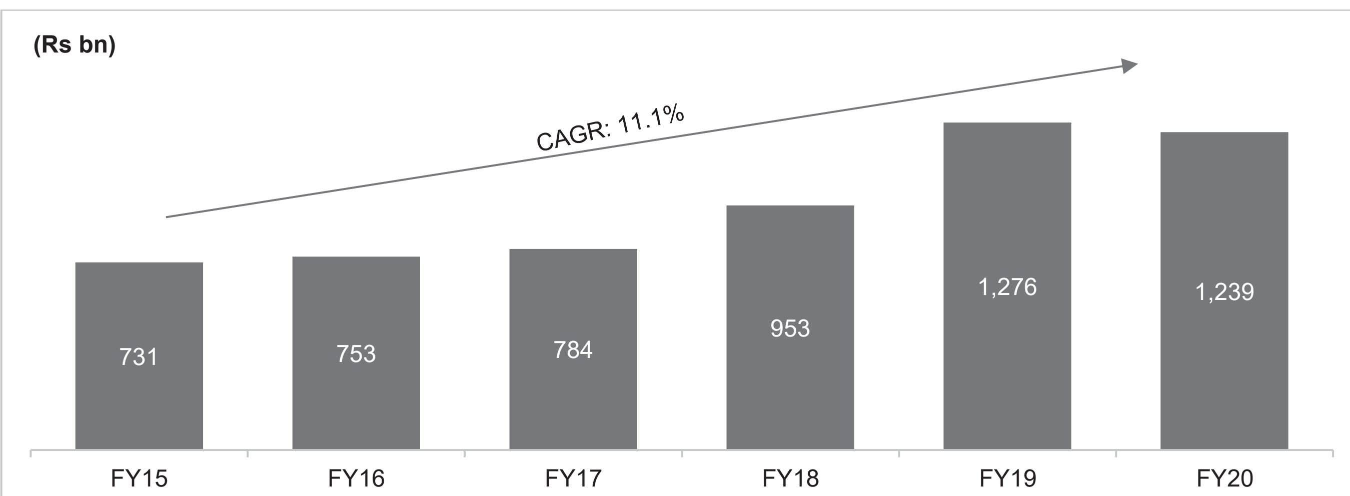
Source: CRISIL Research

Export-import trend for specialty organic and inorganic chemicals to or from India

Organic chemicals exports from India

Export of organic chemicals from India clocked ~11.1% CAGR during fiscals 2015 to 2020 in value terms. However, in fiscal 2020, exports of organic chemicals from India decreased by ~3% from Rs. 1,275 billion in fiscal 2019 to Rs. 1,238 billion in fiscal 2020.

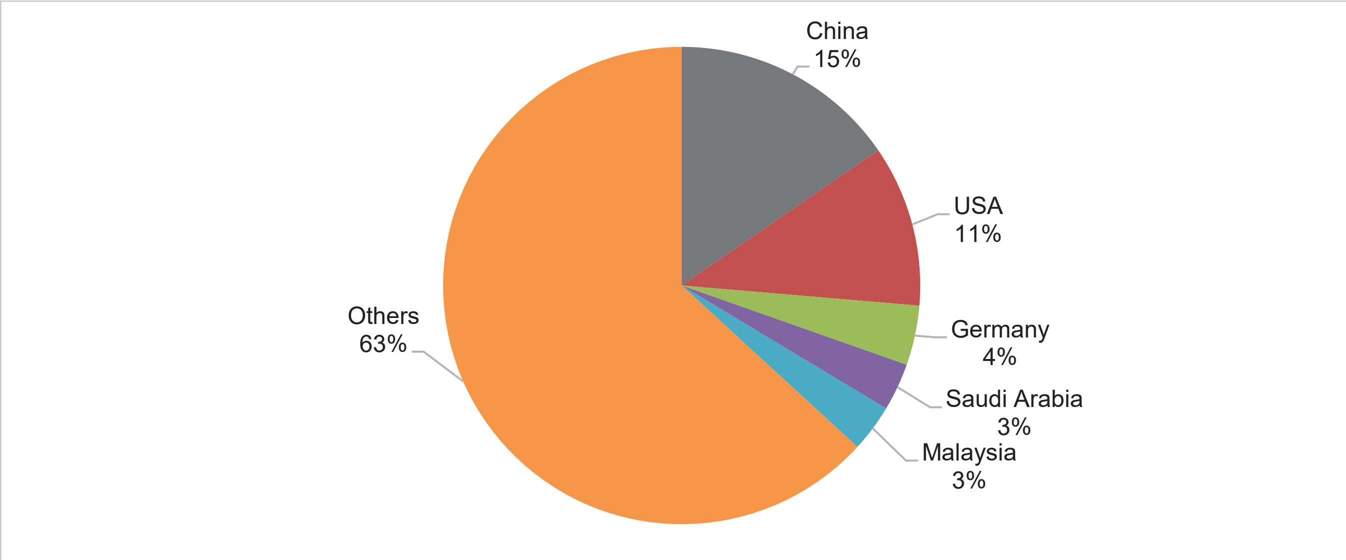
Trend in exports of organic chemicals from India



Source: Ministry of Commerce, CRISIL Research

China (Rs. 190.97 billion) was the largest export market for Indian organic chemicals in fiscal 2020, followed by the US (Rs. 135.40 billion) and Germany (Rs. 50.05 billion). In fiscal 2020, the top five countries accounted for ~36.8% of India's exports of organic chemicals in value terms.

Country-wise break-up of exports of organic chemicals from India in fiscal 2020 (value terms)

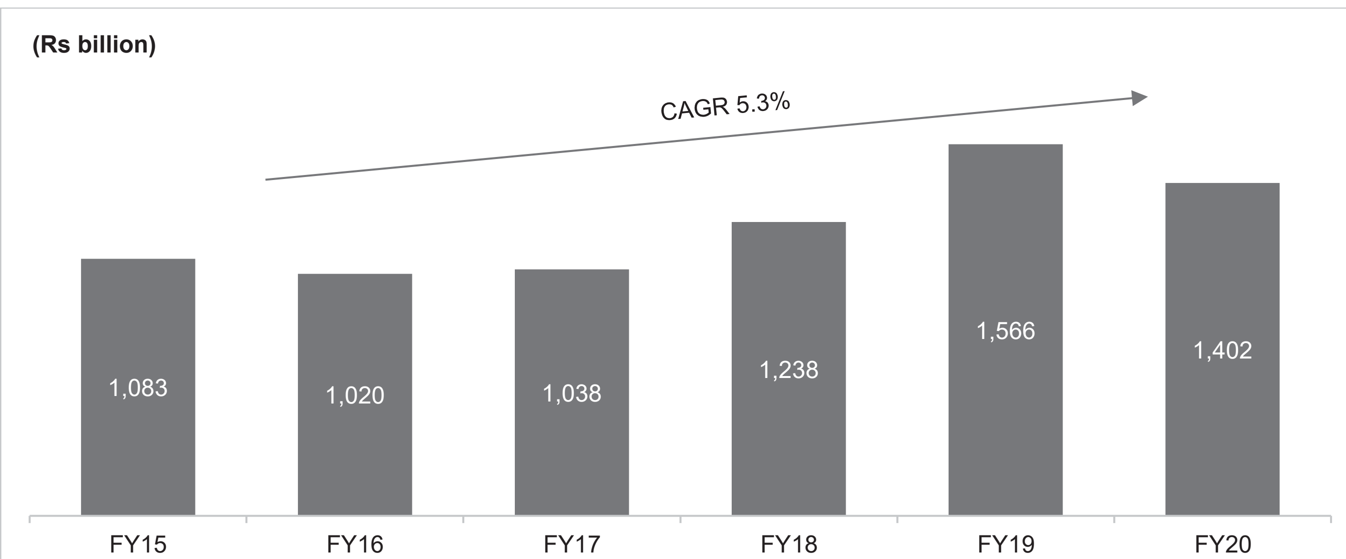


Source: Ministry of Commerce, CRISIL Research

Imports of organic chemicals to India

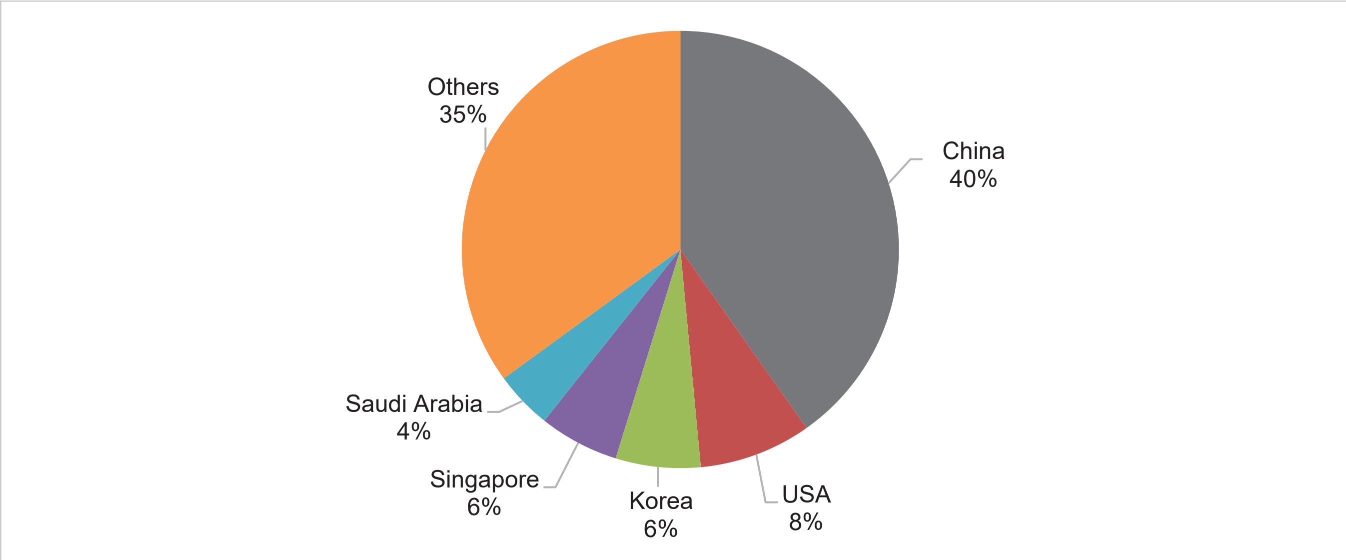
Imports of organic chemicals to India increased at a CAGR of 5.3% over fiscals 2015 to 2020 in value terms. In fiscal 2020, imports of organic chemicals declined by ~10% on-year. In fiscal 2020, the top three countries from which India imported organic chemicals from (in value terms) were China (Rs. 563 billion), the United States (Rs. 116 billion), and Korea (Rs. 88 billion). These countries accounted for ~54% of India's total imports of organic chemicals in fiscal 2020.

Trend in India's organic chemical imports (value terms)



Source: Ministry of Commerce, CRISIL Research

Breakdown of India's organic chemical imports in fiscal 2020 by country (value terms)

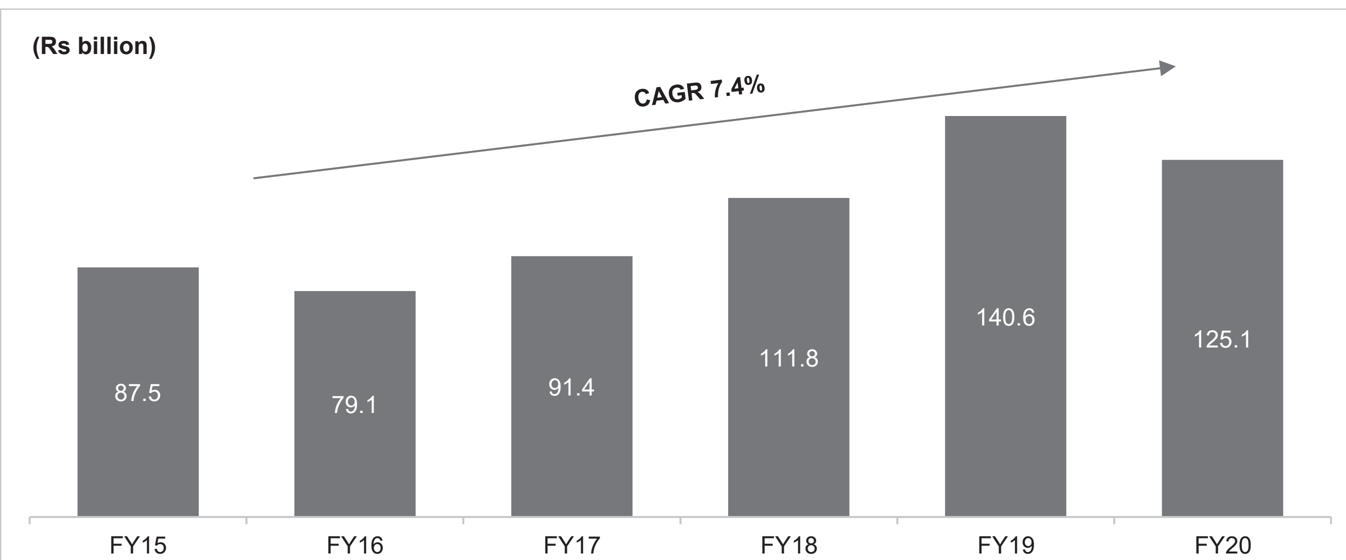


Source: Ministry of Commerce, CRISIL Research

Inorganic chemical exports from India

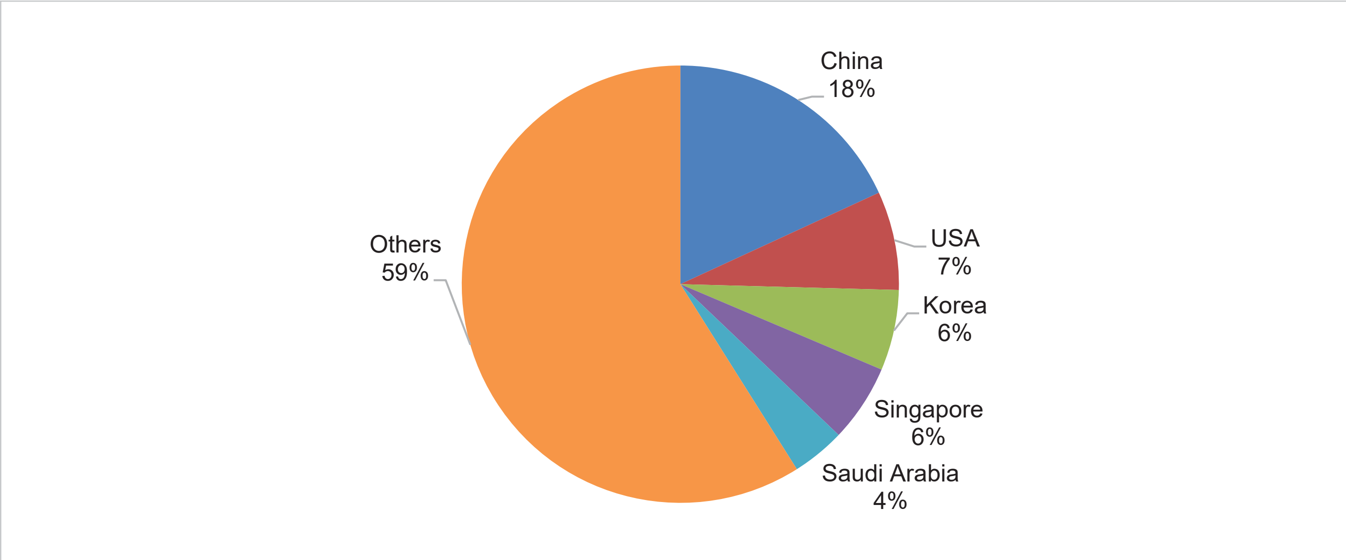
Exports of inorganic chemicals from India increased at a CAGR of ~7.4% over fiscals 2015 to 2020 in value terms. Exports of inorganic chemicals decreased by 11% on-year in fiscal 2020. The United Arab Emirates was the largest buyer of inorganic chemicals from India in fiscal 2020 (Rs. 22.9 billion), followed by the United States (Rs. 9.0 billion) and China (Rs. 7.0 billion). In fiscal 2020, the top five countries accounted for ~41% of the total exports of inorganic chemicals from India in value terms.

Trend in exports of inorganic chemicals from India (value terms)



Source: Ministry of Commerce, CRISIL Research

Breakdown of exports of inorganic chemicals from India in fiscal 2020 by country (value terms)

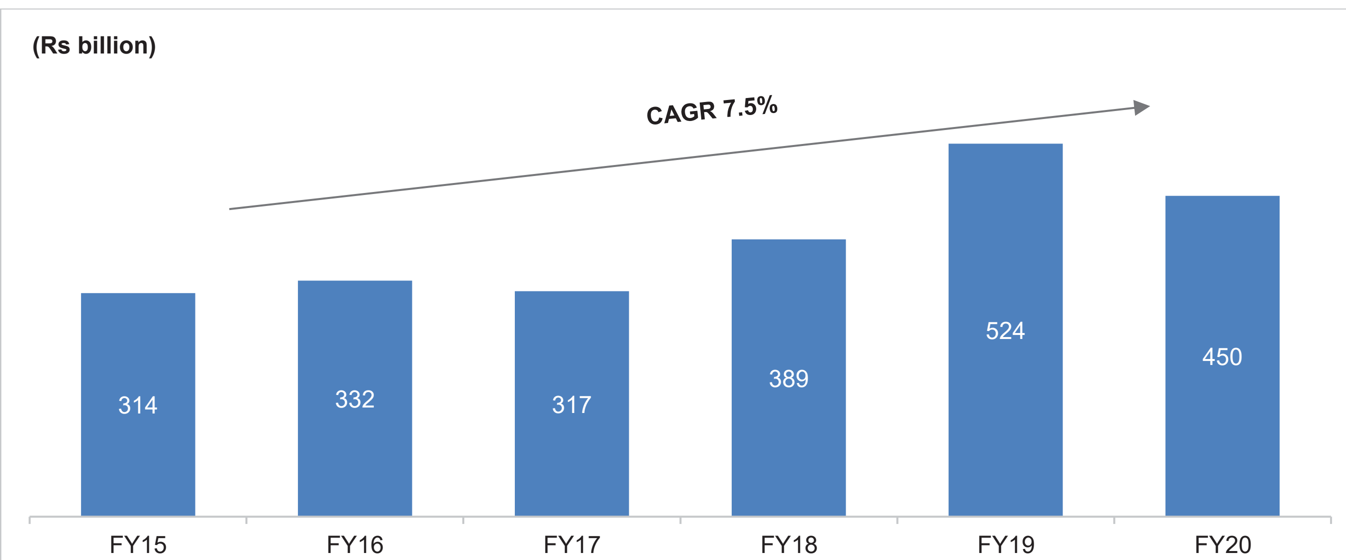


Source: Ministry of Commerce, CRISIL Research

Imports of inorganic chemical imports to India

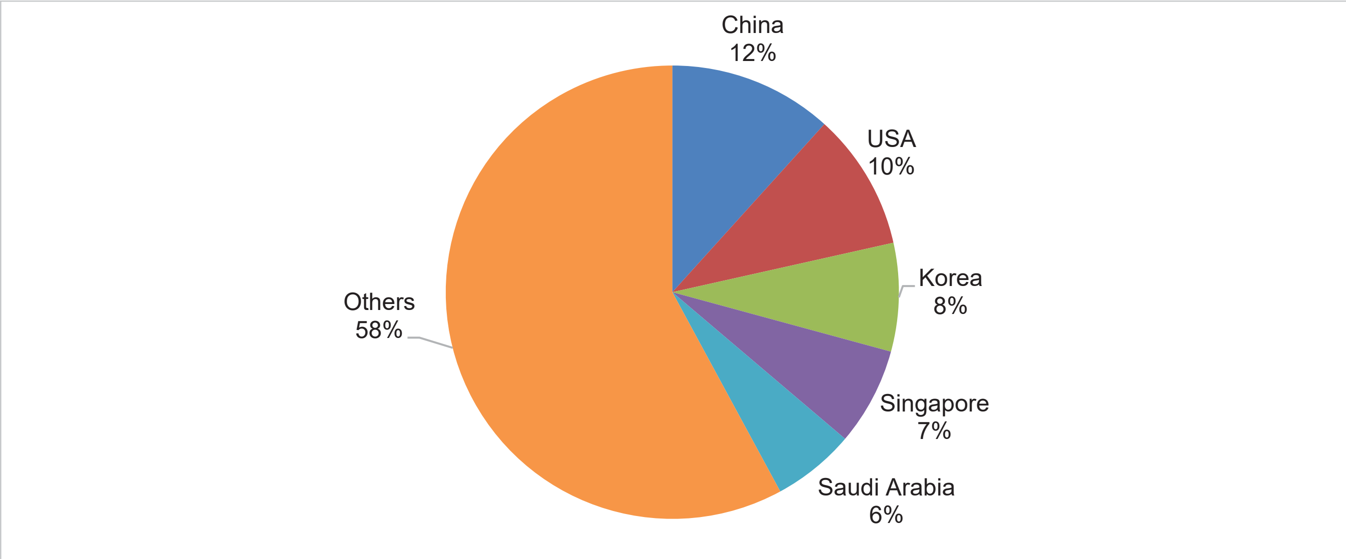
India's inorganic chemical imports increased at a CAGR of 7.5% over fiscals 2015 to 2020 in value terms. However, in fiscal 2020, its inorganic chemical imports declined by 14% on-year. In fiscal 2020, China accounted for the largest share of imports that year (Rs. 52.7 billion), followed by Morocco (Rs. 44.1 billion) and the U.S. (Rs. 34.8 billion), in value terms. The top five countries accounted for ~42% of India's total imports of inorganic chemical imports in fiscal 2020.

Trend in imports of inorganic chemicals by India (value terms)



Source: Ministry of Commerce, CRISIL Research

Breakdown of imports of inorganic chemicals by India in fiscal 2020 (value terms)



Source: Ministry of Commerce, CRISIL Research

Key growth drivers for specialty chemicals industry in India

Increase in consumption intensity

Compared with the developed world, the penetration of specialty chemicals within India's end-user markets is low. The per capita consumption in India is ~USD 23 (in value terms) vis-à-vis global average of USD 100. With increased focus on improving products, usage intensity of specialty chemicals within these end markets will rise in India over the next decade. For example, concrete admixtures improve the fluidity of concrete, provide a smoother, more even finish, and help avoid cracks. Consequently, concrete admixtures can help reduce maintenance and repair costs, and, therefore, the total cost of ownership of construction projects. India's current expenditure on admixtures is much lower compared with other developed and developing countries. This is primarily owing to the lack of awareness of admixtures in the Indian construction industry. With increasing demand for higher quality construction and increasing awareness of concrete admixture benefits, the industry could double the intensity of admixture consumption in India.

Higher end-use demand

- With rising GDP, the Indian middle-class could grow to 148 million households by 2030, with consumption quadrupling. Furthermore, India's urban population is expected to increase by 275 million people by 2030. This will result in high consumption-led growth in key end markets and an increased need for better products and services.
- The specialty chemical industry's growth typically follows growth of key end markets. For example, an increasingly urbanised India (cities are likely to comprise 40% of the population by 2030) will double the requirement for clean municipal water by 2030, and, therefore, significantly increase municipalities' usage of water treatment chemicals to treat/ recycle waste water. Similarly, increased infrastructure spending by the government accompanied by growth in the real-estate industry could result in high growth in the construction chemicals and coatings segment.
- The performance of end-user industries such as automobiles, textiles, real estate and construction, consumer durables, packaged foods, paints, plastic, cosmetics, oil well drilling, etc. will drive industry's demand.

Improved consumption standards

Consumer needs are evolving away from basic product properties across all end-user industries. Consumption standards are policies implemented by the government to promote the safe use of products. These standards are necessary for improving society's standard of living and enhancing consumer safety. Most developed countries have implemented stringent consumption standards across various end-use markets. As the economy develops, India will need to regulate products more stringently and strengthen consumption standards, which will promote increased usage of specialty chemicals.

Government initiatives

Under the 'Make in India' programme, the Government of India has released a Draft National Chemical Policy, aimed at increasing the share of chemicals sector in the country's GDP and increasing competitiveness in the sector. The draft document mentions increased focus on the specialty chemicals segment through implementation of a host of measures:

- One of the measures provides for permitting companies to set up capacities in petroleum, chemicals, and petroleum investment regions (PCPIR) by demarcating special zones to aggregate feedstock demand. The PCPIRs are expected to boost chemicals manufacturing to the extent that it is sufficient enough to meet domestic as well as the export markets.
- The draft document also includes a suggestion on setting up of 'Specialty Chemicals Forum' to frame relevant consumer standards. This forum would have representation from industry, customers, and government, and would recommend consumer standards, incentives to drive innovation, and product safety standards.
- The central government has imposed anti-dumping duty to protect the local industry; this duty varies as per the country and product.
- Industrial licensing has been done away in most sectors, except for a small list of hazardous chemicals.
- Approval has been granted for foreign direct investment (FDI) of up to 100% in the sector.
- The government is also continuously reducing the list of reserved chemical items for production in the small-scale sector, thereby assisting greater investments in technology upgradation and modernization.

Favourable global factors

China, which is a major player in commodity chemicals, has seen lower focus on specialty chemicals because of the low-volume and high-value nature of the segment. Additionally, stricter environmental regulations introduced in 2015 have impacted the output of its chemical manufacturing industry. Going forward, these factors are expected to play out in favour of India's specialty chemicals industry, as exports will see an uptrend over the next few years.

Key policies/regulations impacting the chemicals industry

FDI regulations

The government allows 100% FDI in the chemicals sector. Between April 2000 and March 2018, cumulative FDI inflows in the chemicals industry (other than fertilisers) stood at US$18.5 billion.

Make in India

The 'Make in India' initiative was launched in September 2014, and devised to transform India into a global design and manufacturing hub. The government identified 25 key sectors, including chemicals, considering the likelihood of receiving FDI.

Some chemicals such as wax candles, safety matches, and incense sticks have been reserved for the Micro, Small & Medium Enterprises (MSME) sector, where the government has allowed FDI of over 24% via the government route. However, the list of chemicals restricted to the MSME sector has been shrinking.

Setting up of the PCPIR has been taken up with the purpose of establishing manufacturing plants for domestic and export-led production, along with associated services and infrastructure.

Petroleum, chemicals, and petrochemicals industry in India

The PCPIRs were introduced in 2007 in order to set up manufacturing hubs that would service the domestic as well as the export markets. These are delineated region of about 250 sq km, which also house associated services and infrastructure. Essentially a combination of production units, public utilities, logistics, environment protection mechanisms, residential areas, as well as administrative services.

The entire region is proposed to be distributed into two broad areas: processing and non-processing. The processing areas would house the manufacturing plants along with the associated utilities and services, whereas the non-processing areas would house the residential, commercial and other social structures.

The fundamental responsibility of identifying a location, preparing the proposals, and seeking approvals for the same lies with the state government. The central government is tasked with providing external infrastructure facilities such as road and rail connectivity to the region.

So far, the Centre has approved four PCPIRs in Gujarat (Dahej), Andhra Pradesh (Vishakhapatnam), Tamil Nadu (Cuddalore and Nagapattinam), and Odisha (Paradeep). In December 2020, the government announced its plan to redesign the PCPIR policy, pursuant to which the Centre will have a major role in the implementation of PCPIRs. The proposed investment between CY 2020 to CY 2025 under the new policy is Rs 2 million. Under this new policy, the size of each investment area is reduced from 250 sq km to 50 sq km with a special cluster integration strategy.

Environmental regulations

The chemical sector manufacturers in India have to abide by the rules and regulations laid out by the Ministry of Environment, Forest, and Climate Change under the purview of Central pollution control board (CPCB). Individual states also have their own pollution control boards, which implement various environmental legislations. Environmental regulations which chemical manufacturers have to follow are:

- Environment (Protection) Act, 1986
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Hazardous Waste (Management & Handling) Rules, 2000
- Ozone Depleting Substances (Regulations and Control) Rules, 2000

Besides, there are rules spelt out by various state pollution control boards, relating to solid waste management.

Market assessment across focus products value chain

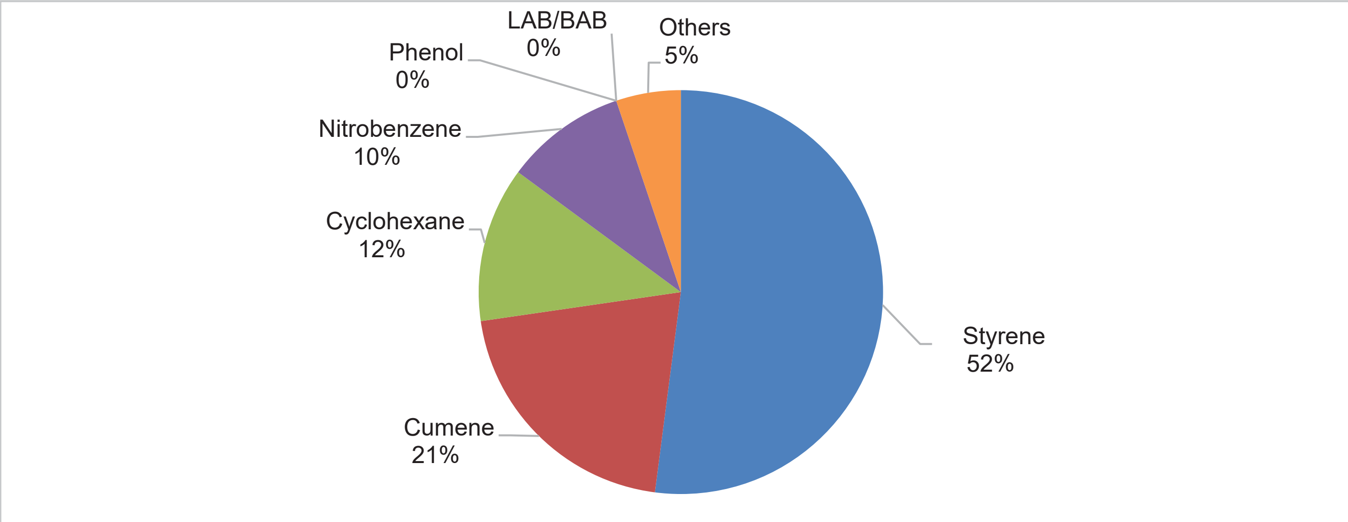
This section will discuss the global and Indian market of each of the following product value chain:
- Benzene derivatives;
- Toluene derivatives;
- Sulphuric acid derivatives; and
- Pharmaceuticals.

Benzene and its derivatives

Global benzene market

Benzene is an aromatic used to produce a number of petrochemical intermediates such as ethylbenzene for styrene production, cumene for phenol and acetone, cyclohexane, and nitrobenzene. Benzene is also used to make nylon intermediates.

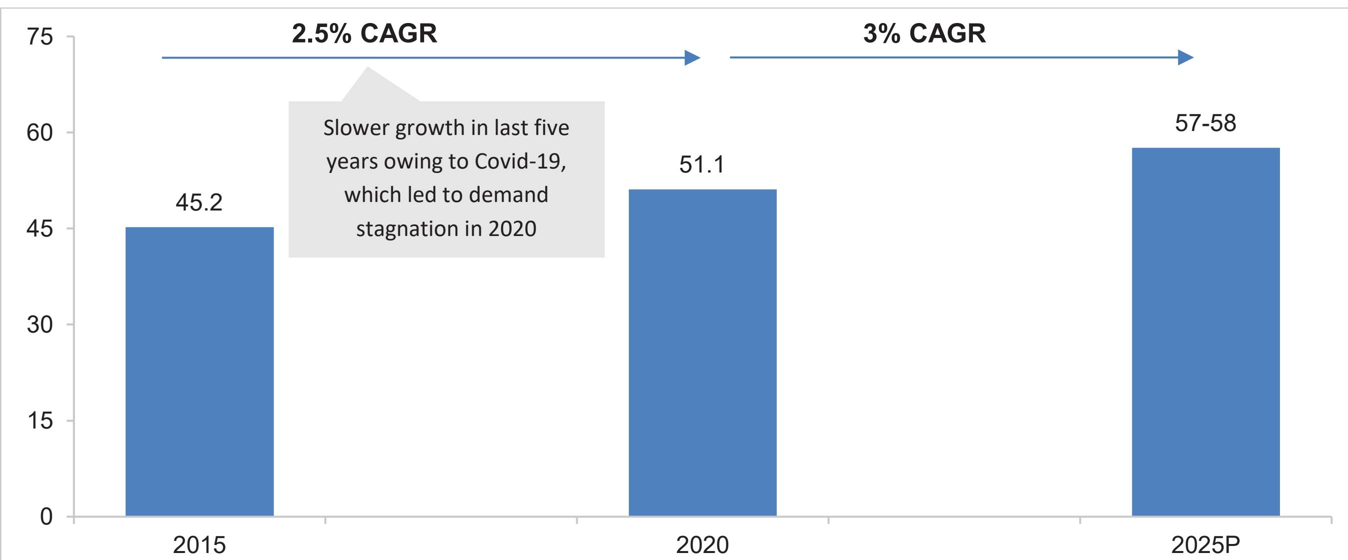
Global benzene market by end-use in CY 2020



Source: CRISIL Research

The global benzene market is expected to reach 57-58 million tonnes by calendar year 2025 from 51 million tonnes in 2020, growing at ~3%. The growth is expected to be driven by growing usage of synthetic polymers, such as polyester and polystyrene in the end-user industries, such as textiles, packaging, building and construction, and electrical and electronics. The rising demand from the construction and packaging industry for styrene derivatives is also expected to drive the growth of the global benzene market.

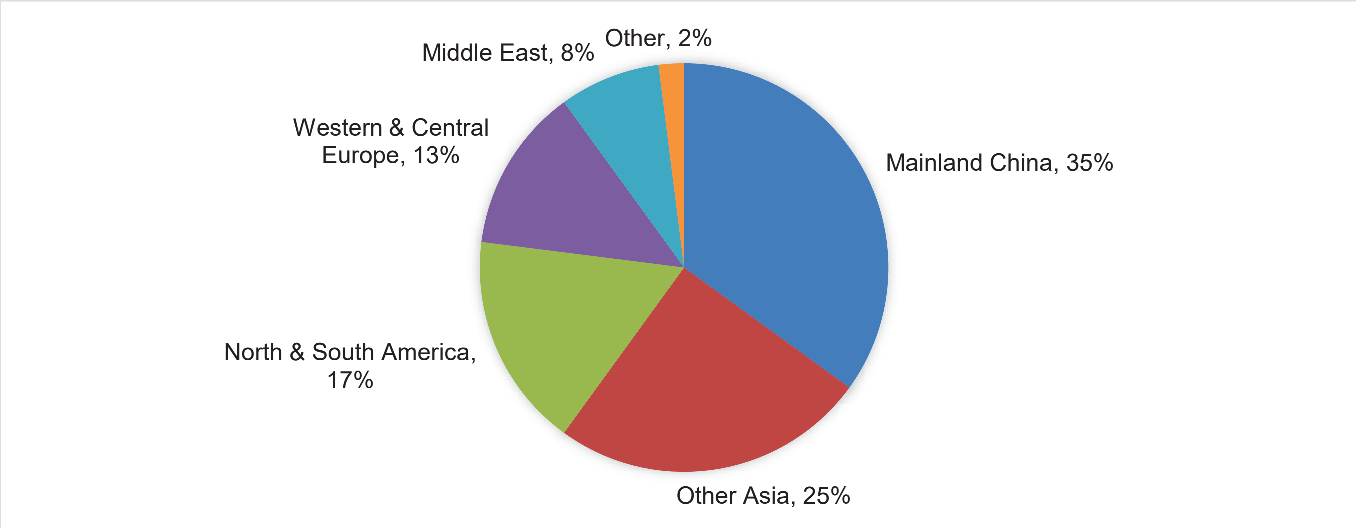
Global benzene demand growth



Source: CRISIL Research

APAC currently leads the consumption of benzene, accounting for ~50% share of global consumption. This region is also expected to be the fastest growing market during CY 2020 to CY 2025, with increasing markets for end-users such as electronics and home appliances, packaging and construction in China, India, and ASEAN countries.

Global benzene market by region in CY 2020



Source: CRISIL Research

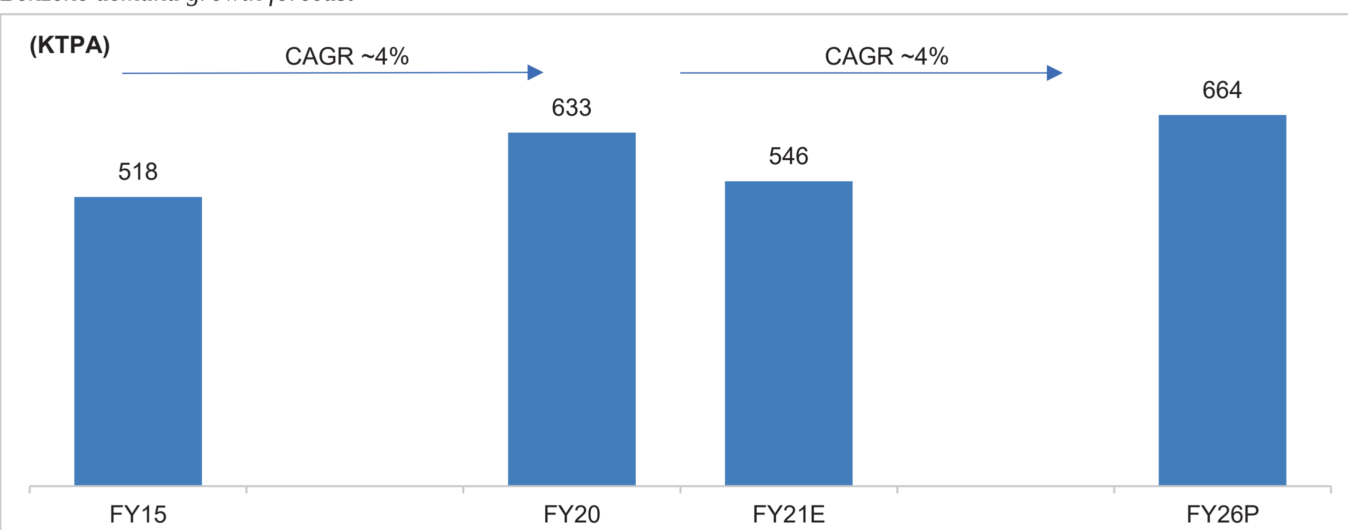
Indian benzene market

India has a benzene production capacity of ~2,482 kilo tonne per annum (KTPA), as of September 2020, with Reliance Industries Limited (RIL) owning ~56% of the total capacity. Domestic utilisation of benzene increased to ~84% in fiscal 2021 from 82% in fiscal 2020, led by healthy growth in exports.

India exported ~70% of its domestic production in fiscal 2020 owing to intense export competition, led by a significant increase in global benzene capacity. CRISIL Research expects the share of exports to increase at a slower pace by 1-2% as domestic capacity is expected to increase marginally, while domestic utilisation is already high.

Benzene demand in India in fiscal 2021 is estimated to fall by a sharp 13-14% on-year on account of the decline in demand from downstream industries. Given the Covid-19-induced lockdowns imposed in the domestic market, production activities in downstream industries were reduced. Going forward, benzene demand in India is projected to rise at ~4% CAGR over fiscals 2021 to 2026, in line with ~4% in the previous five years (fiscal 2015 to 2020). However, the reason for this growth is the lower base in fiscal 2021, and demand is expected to be negatively affected by the lack of major capacity expansion in the downstream segments over the medium term.

Benzene demand growth forecast

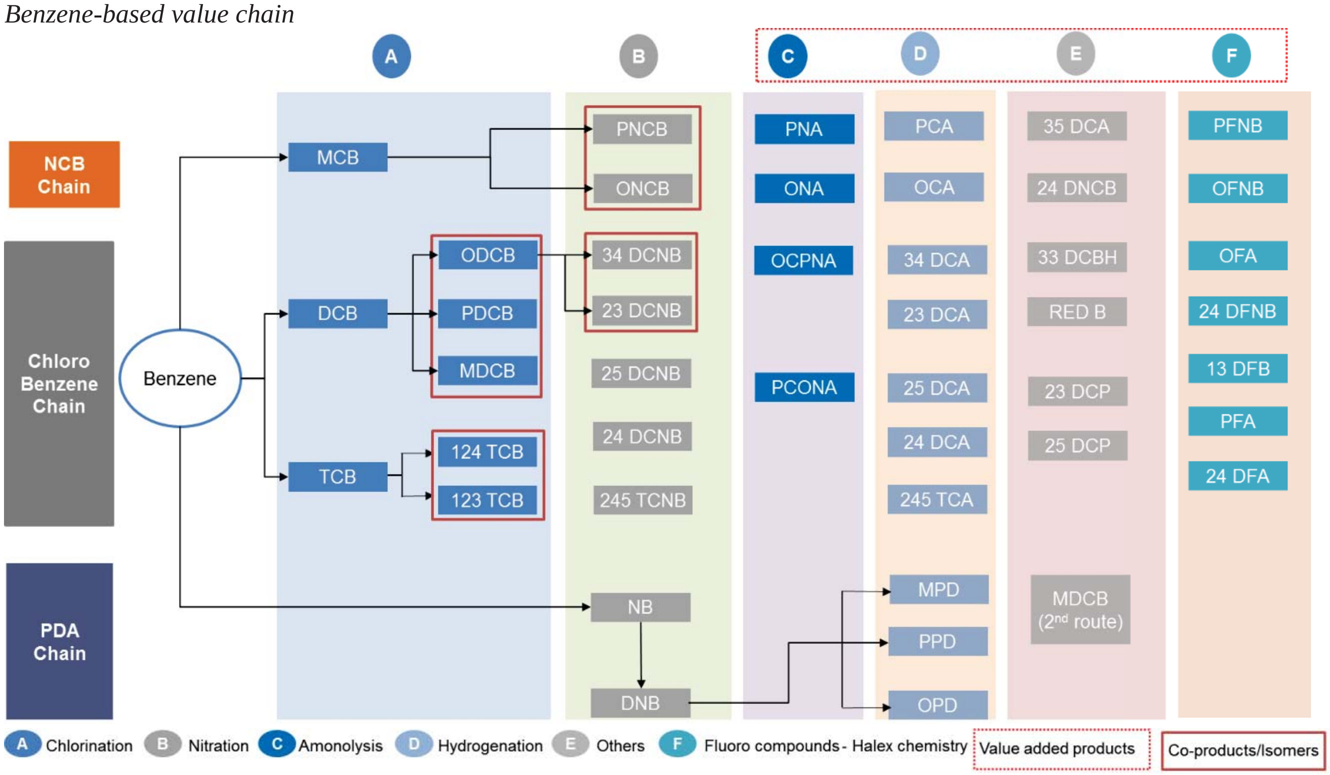


Source: CRISIL Research

Benzene derivative value chain

Benzene-based derivatives in the specialty chemicals industry include the following products:

Benzene-based value chain



Source: Industry, CRISIL Research

As of today, there are few large players and a large number of small players in the domestic, as well as global, specialty chemicals market producing benzene-based derivatives. Some leading players in the industry include Lanxess, Dupont, Sumitomo Chemicals, Honeywell, Aarti Industries Limited, Panoli intermediaries, etc. In the Indian market, Aarti Industries is the leading player in India (as of March 2021) and also ranks among the largest players globally across various processes like chlorination, nitration, and hydrogenation (in volume terms).

Market assessment of key benzene derivative products

Nitrochlorobenzene (NCB)

Overview of global NCB market

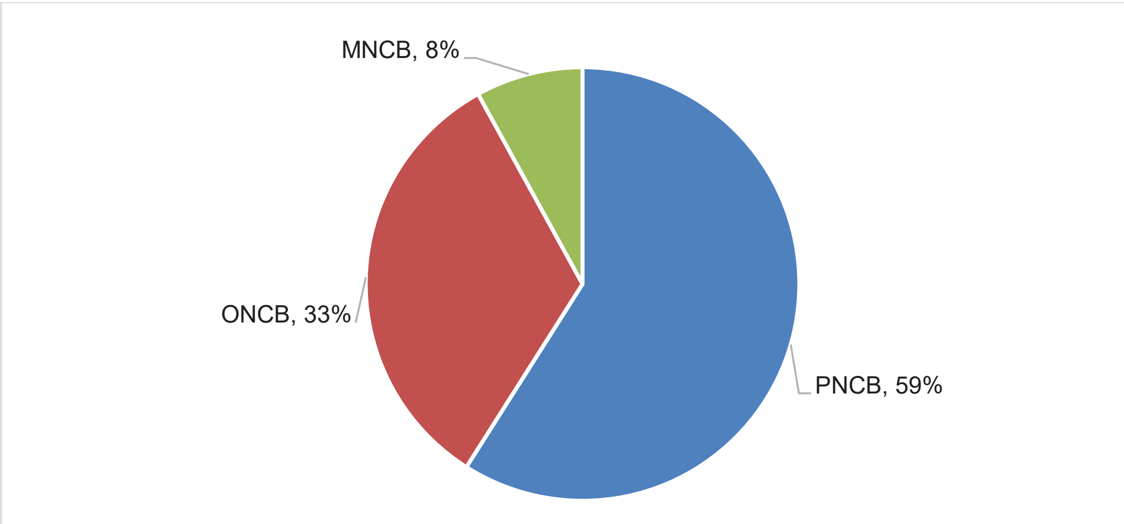
NCB has three isomeric forms - ortho, meta, and para NCB. It is produced by the reaction of nitric acid with chlorobenzene. This reaction is carried out in the presence of sulfuric acid. NCB is a precursor for producing other chemical compounds owing to presence of two functional groups in it.

In terms of form, para nitrochlorobenzene (PNCB) dominates the market with ~59% of the market share (in 2020). It acts as an intermediate in the production of fine chemicals, particularly dyes, pigments, pesticides, herbicides, and several pharmaceutical products.

Ortho nitrochlorobenzene (ONCB) is the second largest market with a share of 33%. ONCB has the ability to crystallize in light yellow, monoclinic needles and is very soluble in diethyl ether, which paves way for use in azo dye intermediates. Rising importance of rust protection in manufacturing industry to reduce maintenance cost is expected to fuel the demand for ONCB in production of corrosion inhibitors. Moreover, it is one of the isomeric products of nitration of chlorobenzene in the presence of sulphuric acid and nitric acid. It is not an end-product in itself but used as an antecedent to other compounds. This chemical has found its applications in dyes, pesticides, and agrochemicals.

Meta nitrochlorobenzene (MNCB), accounting the remaining market share is an important intermediate of dyes and pharmaceuticals. It is used to produce chloroaniline, azo dyes, pigments, drugs, pesticides etc.

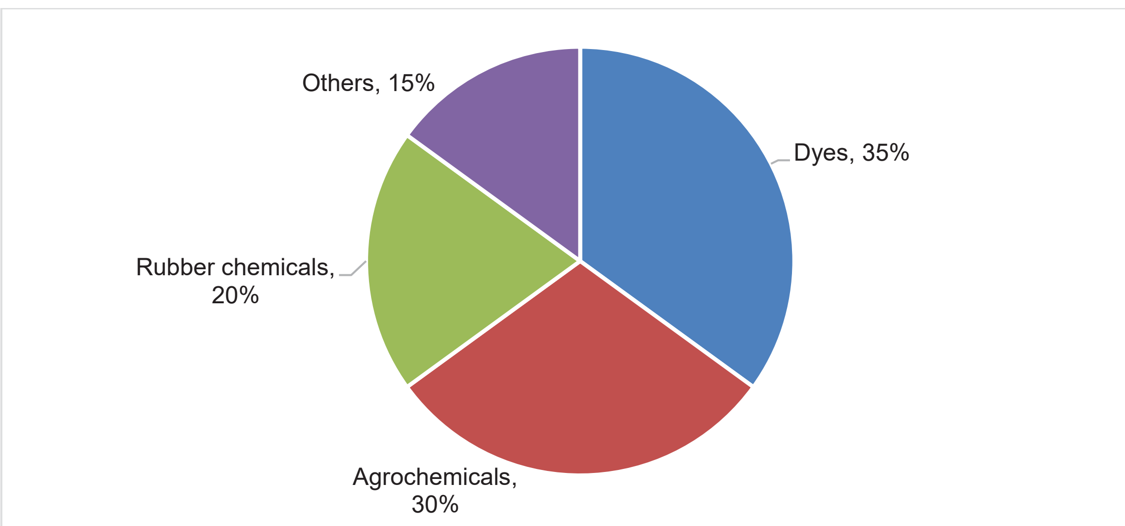
Global NCB market by form in CY 2020



Source: Zion Market Research

In terms of end-use, global NCB market is dominated by dyes, accounting for ~35% of the market share, followed by agrochemicals (30%) in 2020.

Global NCB market by end-use in CY 2020



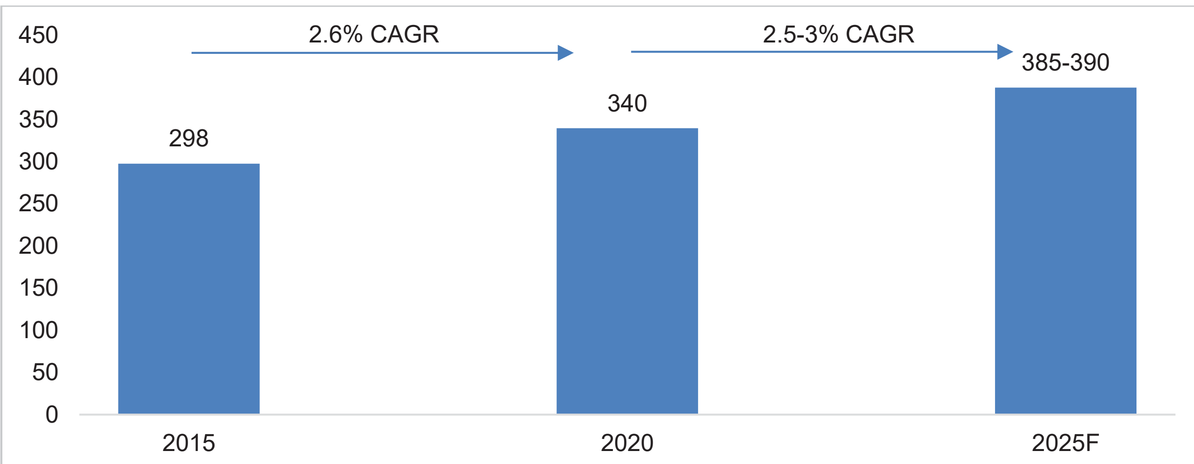
Source: Zion Market Research

The global NCB market grew at 2.6% CAGR between 2015 and 2020. Global NCB consumption was 339 KTPA in 2020, or US$426 million in revenue terms. The market is expected to grow 2.5-3% CAGR between 2020 and 2025. Growth will be driven by rising demand from various end-use segments. Demand for dye products such as printing ink and increase in end-user preference for environment-friendly products is likely to drive growth push demand for NCB for use in dyes in the forecast period. Additionally, crop protection measures of various governments and organisations leading to weed management programme is anticipated to positively influence the demand for NCB for pesticides over the coming years.

In terms of regional growth, Asia Pacific is expected to lead NCB growth during the forecast period, with growth coming mainly from countries like India and China, due to positive agriculture industry outlook in the region, coupled with rapid growth in pharmaceuticals, pesticides dyes, rubber and chemical industries.

In particular, the Indian market is expected to witness rapid growth in the next five years. Construction industry growth in India is expected to augment the demand for paints and coatings. As a result, paints and coatings industry is expected to witness growth and fuel NCB market demand in the near future. Further, NCB finds wide application in pharmaceuticals as well as rubber chemicals. Since globally, tyre manufacturers are moving to India, tyre manufacturing is expected to grow significantly, thus boosting demand for rubber chemicals.

Global NCB market growth trajectory (kilotonne)



Source: Zion Market Research

Competitive landscape in global NCB market

Total NCB production in calendar year 2020 estimated at 339 ktpa. Cumulatively 5-6 major players cater to as much as 65% of the market. In terms of production, Aarti Industries of India was the frontrunner with the largest production of NCB in calendar 2020. It is the only company in India which has integrated operations in benzene- and toluene-based derivatives as of March 2021. Other major producers include Dupont (USA), Lanxess (Germany) and certain Chinese players.

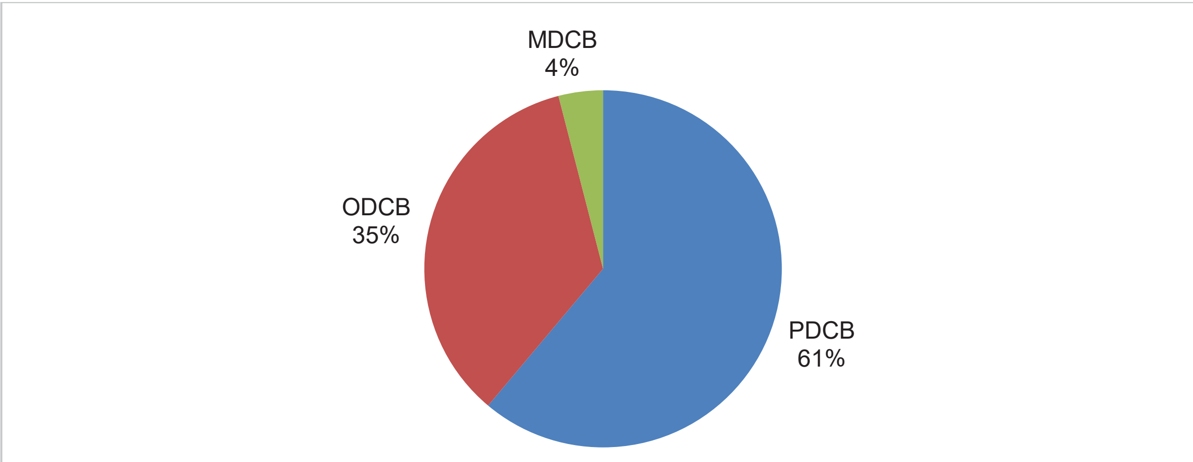
Dichlorobenzene (DCB)

Overview of global DCB market

Chlorination of benzene results in formation of three basic products- mono chlorobenzene (MCB), di chlorobenzene (DCB), and Tri chlorobenzene (TCB).

DCB refers to any of, or a mixture of, three isomers consisting of benzene in which two of the hydrogen atoms are replaced by chlorine atoms. It has three isomeric forms: ortho, meta, and para-dichlorobenzene. Para-dichlorobenzene accounted for the largest market share of global DCB market in 2020.

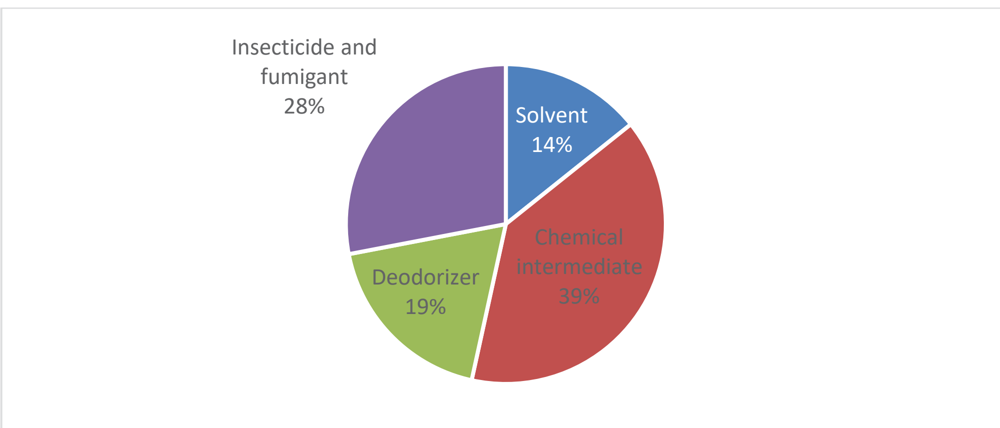
Global DCB market by type in CY 2020



Source: Zion Market Research

DCB finds significant application in agrochemicals and intermediates to other chemical products, solvents and deodorizers. Its overall market is estimated to be ~481 kilo tonnes in 2020, primarily dominated by chemical intermediates.

DCB Market by application in CY 2020



Source: Zion Market Research

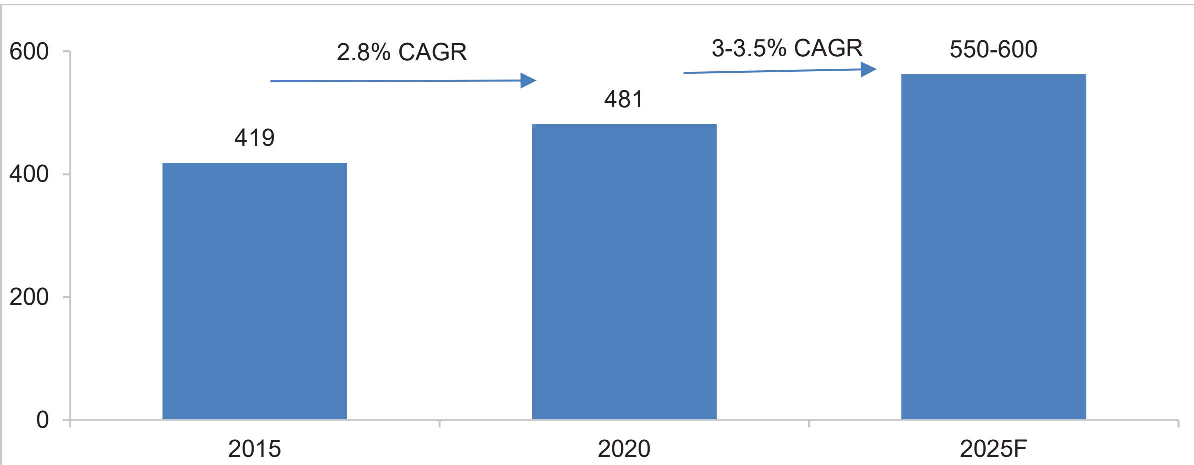
Overall DCB market grew at 2.8% CAGR between 2015 and 2020. Market revenue in 2020 is estimated to be US$632 million. The DCB market is expected to grow at a 3-3.5% CAGR between 2020 and 2025 driven by rising application from solvents and agrochemicals industry.

- The rapid expansion of end-use application industries such as printing inks, coatings & paints, and sealants & adhesives is estimated to enhance the demand for solvents in the coming years. This, in turn, is estimated to offer prospective opportunities for DCB market during the forecast period in solvents manufacturing.
- Chemical intermediates are produced through synthetic process. The increasing usage of chemical intermediates in industries such as petrochemicals, paints, pharmaceuticals, agrochemicals, dyes, etc. is estimated to enhance its demand in coming years. Rapidly evolving petrochemical industry is driving the demand for chemical intermediates across the globe. This, in turn, is anticipated to boost the growth of the DCB market during the forecast period.
  - In particular, DCB has a large prospective market in the manufacture of dicamba herbicide, used in the production of crops like corn, soyabean, cotton, etc. Global dicamba market is expected to grow at 7-8% per annum mainly due to growing demand for herbicides and advancements in agricultural technologies. North American region is expected to witness maximum growth. Further, emerging economies such as Brazil, Argentina, China, and India

offer several untapped opportunities. Thus DCB manufacturers have significant potential to cater to the export market.

- Additionally, better and modern agricultural practices in order to improve the quality and quantity of agricultural produce that will meet the needs of growing population across the globe is driving the demand for fumigants and insecticides. Farmers across developed countries are increasingly inclining towards insecticides and other pesticides for advanced farming. This, in turn, is estimated to boost the growth of insecticides and pesticides and therefore DCB in the coming years.

Global DCB market growth trajectory (kilotonne)



Source: Zion market research

Competitive landscape in global DCB market

Overall DCB production stood at ~481 kilo tonnes in 2020. Aarti Industries contributed to ~10% of the total production at ~42 ktpa ranking third globally. In India, Aarti Industries is a leading player in the production of DCB with no other large manufacturers as of March 2021.

Other products/processes

Apart from chlorination and nitration, benzene is utilized to develop derivatives through amonolysis, hydrogenation and Halex chemistry. These derivatives constitute value-added products like anilines (through hydrogenation), Nitro Fluoro Aromatics via Halex chemistry, and PDA value chain as showcased above.

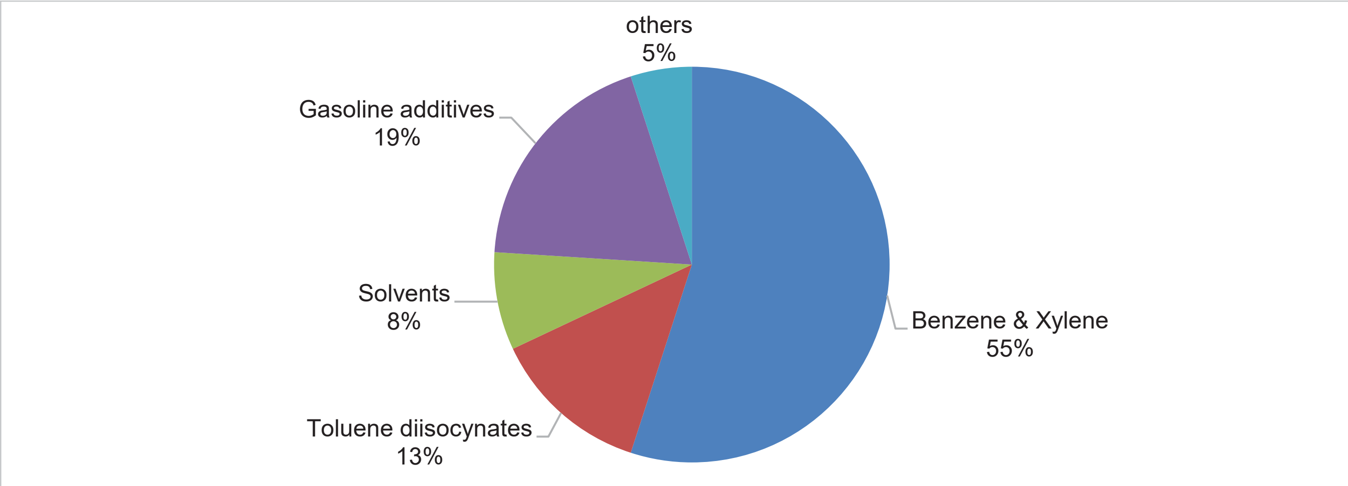
Aarti Industries is a leading player in the Indian market for the above processes. In fact, it is the only Indian manufacturer of Nitro Fluoro Aromatics via Halex chemistry, and PDA value chain as of March 2021. These products have significant growth potential, particularly in the export market.

Toluene and its derivatives

Global toluene market

Toluene is an aromatic hydrocarbon. It is a colourless, water insoluble liquid and a mono-substituted benzene derivative. It is also called methylbenzene. Toluene is mainly used as a precursor to benzene via hydrodealkylation. Toluene is also widely used as an additive in gasoline to increase its octane content. Other uses of toluene include the manufacture of TDI, which is further used in making Polyurethane (PU) foams. It is also used in solvents and thinners, particularly in the paints, adhesives, dyestuff, pharmaceuticals and textiles industries.

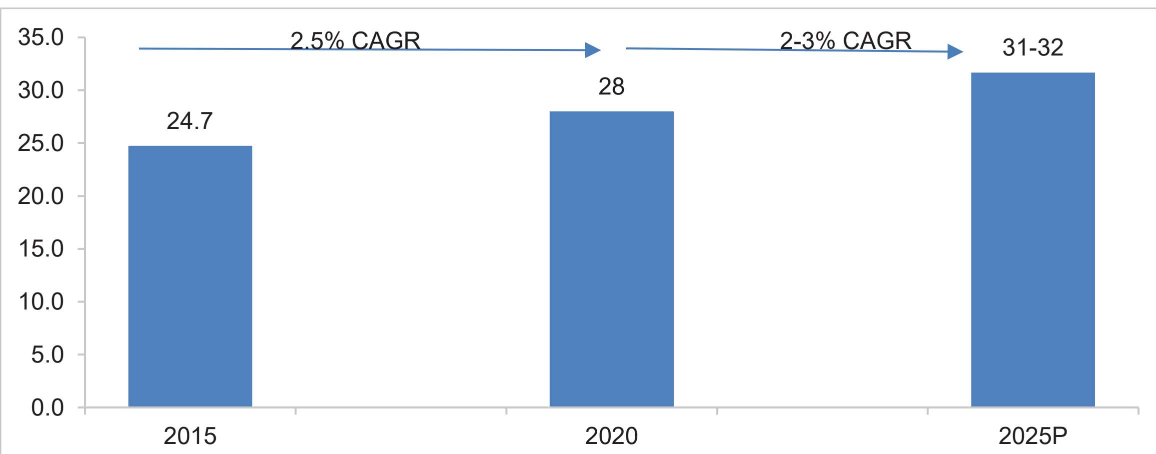
Toluene demand by end-use (CY20)



Source: CRISIL Research

In 2020, total global toluene consumption was ~28-29 million tonnes. Toluene demand has clocked a ~2.5% CAGR over the past five years. Production of benzene and xylene serves as the single largest end-user of toluene, accounting for more than 50% of total global toluene production as of 2020. In recent years, solvent markets have been growing rapidly in countries like China and India, driving the growth in toluene demand. The global toluene market is expected to reach 31-32 million tonnes by CY 2025 from 28 million tonnes in calendar 2020, at a CAGR of 2-3%.

Global toluene demand growth (million tonne)

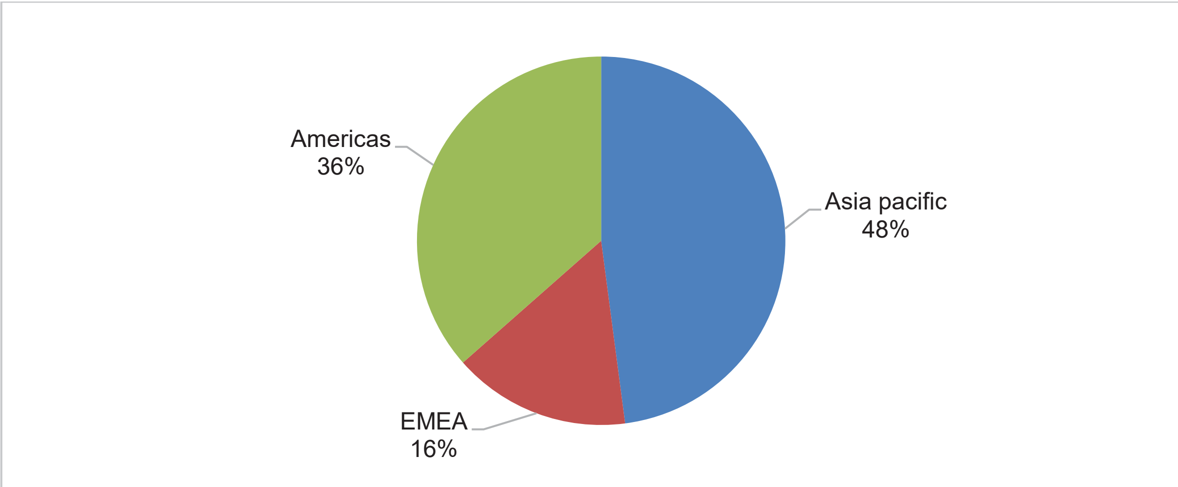


Source: CRISIL Research

Global toluene market by region

The Asia Pacific region was the leading consumer of toluene in 2020 with China being the largest consumer of toluene in the year. Various industries, such as the automotive, building and construction, industrial, and oil and gas industries, depend on toluene as it has diverse industrial applications. The consumption of toluene has been rising rapidly in the APAC region due to the rising number of solvent manufacturing units and high investments in other the end-user segments.

Toluene demand by region (CY20)



Source: CRISIL Research

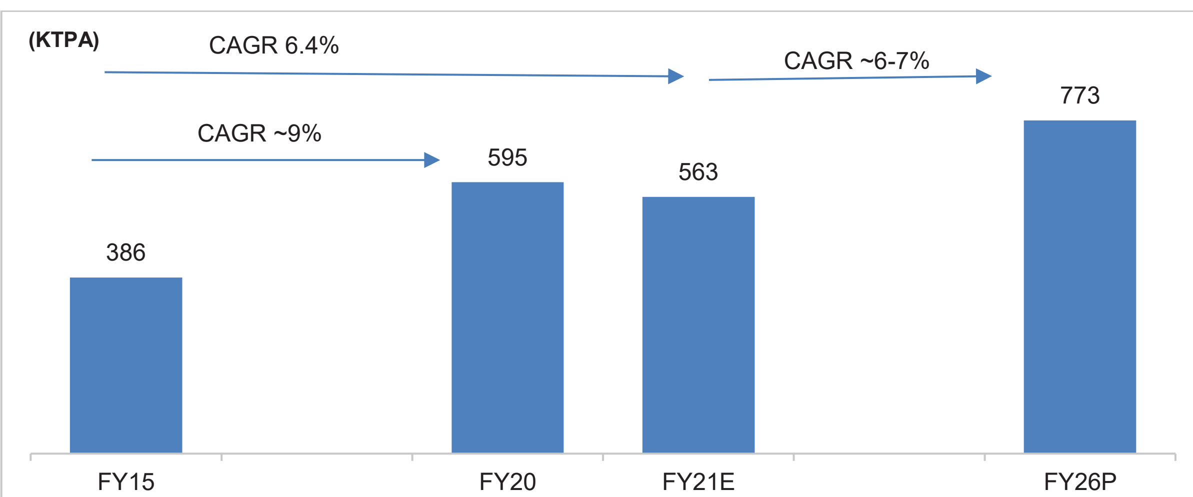
Indian toluene market

Domestic toluene demand is dominated by thinners and solvents, which account for more than 50% of consumption. Toluene also finds application in the production of nitrotoluene, toluene diisocyanate, chlorotoluene, and other segments like isobutenyl benzene and cresol.

In fiscal 2020, toluene demand is estimated to have increased 5% on-year, primarily driven by a strong growth in the nitro-toluene segment. Demand from thinners increased a mere 2% on-year, due to a slowdown in industrial activities. Overall, domestic toluene demand is estimated to have clocked ~9% CAGR between fiscals 2015 and 2020 to reach ~ 595,000 tonnes, led by healthy demand growth across all segments. In fiscal 2021, toluene demand is estimated to have contracted by 5-6% on year, as demand from most end-user industries declined due to production cuts. Domestic toluene demand is expected to grow 8-9% on-year in fiscal 2022, with recovery in economy coupled with low base. Demand from end-user industries is expected to grow at a healthy pace, subject to development of the pandemic.

It is expected that domestic toluene demand will grow at 6-7% CAGR between fiscals 2021 and 2026.

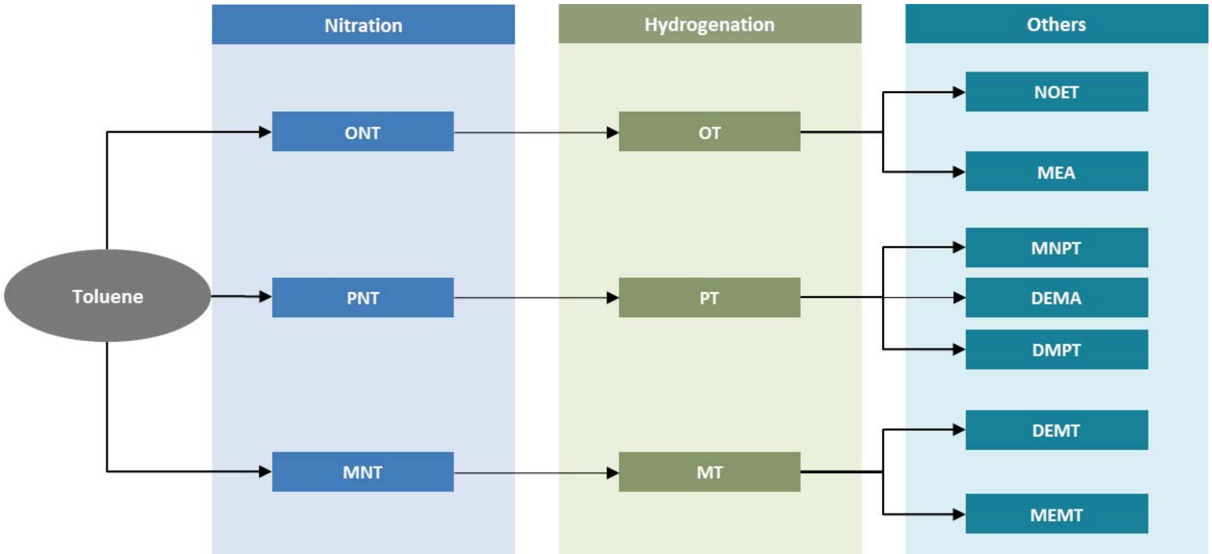
Domestic toluene demand growth



Source: CRISIL Research

Toluene derivatives value chain

Toluene-based derivatives under various processes have been described below:



Source: Industry, CRISIL Research

Toluene derivatives have significant demand in the Indian as well as global market. Aarti Industries and Deepak Nitrite are the only major manufacturers of toluene-based derivatives in India as of March 2021. Nitro toluene is used for manufacturing intermediates that is used in the manufacture of colorants, rubber production, pharmaceuticals, explosives, dyes and agrochemicals. These end-use industries have significant growth potential going forward.

A large part of the domestic demand is met through imports. Thus, significant potential exists for domestic manufacturers with rising demand for toluene derivatives in India. Players also have significant opportunity for substitution of imports with domestic production. In India, Aarti Industries and Deepak Nitrite are the major players involved in production of toluene-based derivatives as of March 2021.

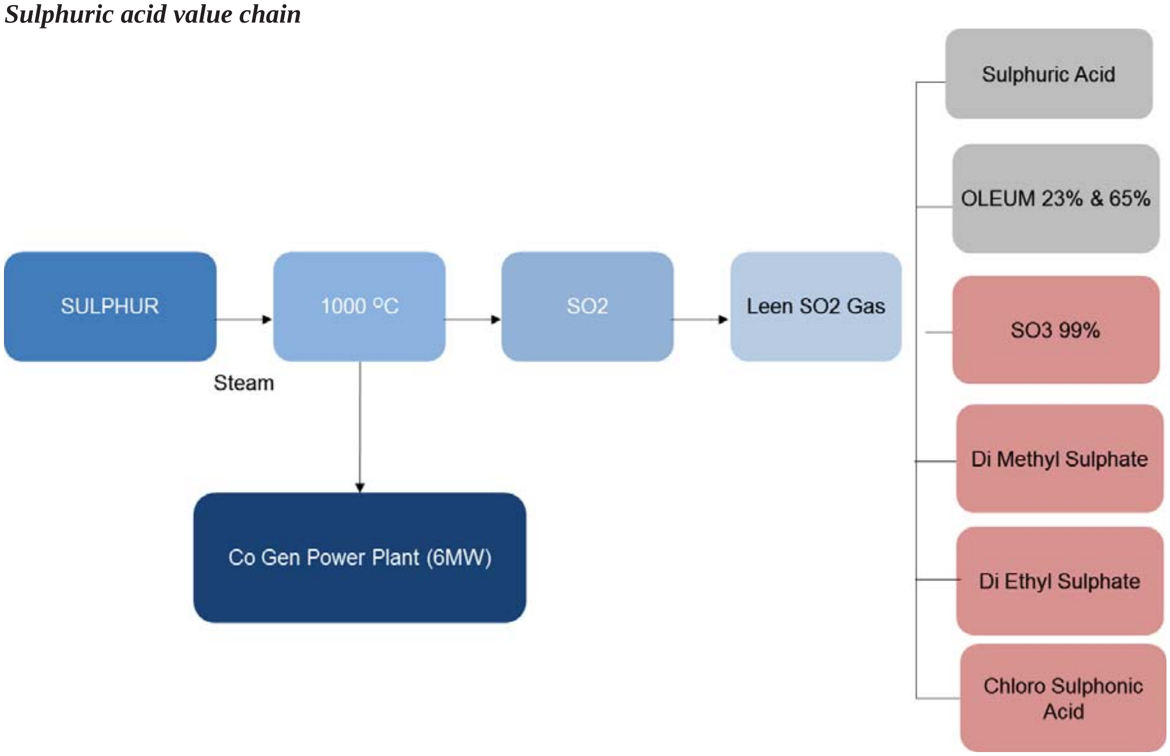
Sulphuric acid and its derivatives

Sulphuric acid is a key raw material in the agriculture sector and is used for pH adjustment and in the manufacture of fertilisers. It is also an essential part in the chemical synthesis of goods, such as hydrochloric acid, nitric acid, sulphate salts, synthetic detergents, dyes and pigments, explosives, and drugs. Sulphuric acid is also utilised in carrying out processing of metals by various methods including pickling of iron and steel, prior to the plating process. Other applications of sulphuric acid include oil refining, waste-water processing and mineral extraction.

Indian sulphuric acid market

In India, ~60% of the domestic demand for surphuric acid comes from the fertilisers segment, followed by detergents and other segments which form rest of the market. In fiscal 2021, total sulphuric acid production by large players in India is about 3-3.5 million tonnes, with additional net imports of ~1.9 million tonnes, taking the total demand to ~5 million tonnes. The market has been growing at 3-4% CAGR between fiscals 2015 to 2020, with detergents segment leading the growth.

Sulphuric acid value chain



Source: Industry, CRISIL Research

Pharmaceuticals

Overview

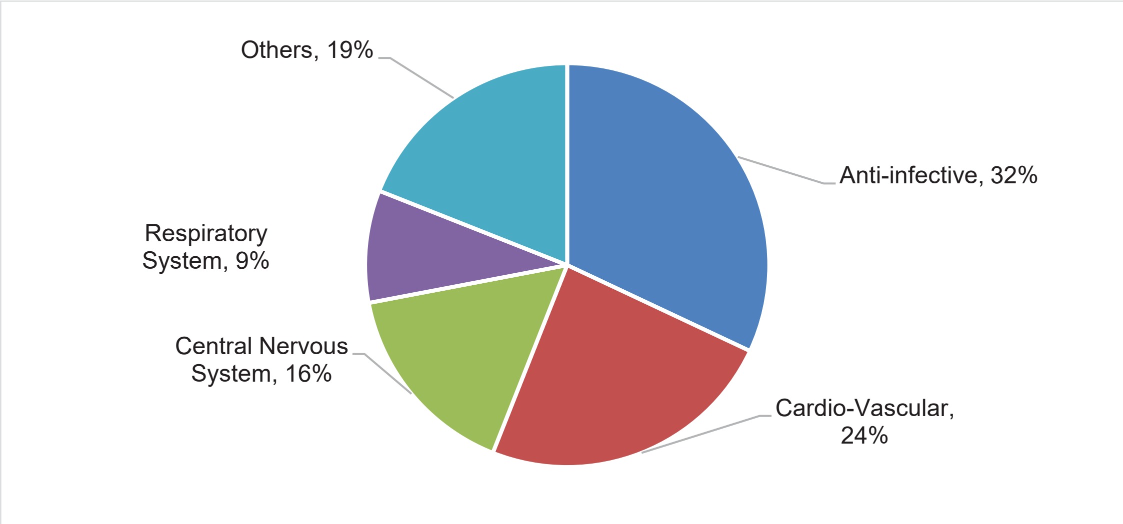
The pharmaceuticals sector is a non-cyclical industry, which comprises formulations, bulk drugs and chemicals/intermediates.

Pharmaceutical intermediates: An API/bulk drug is generally synthesised through complex step-wise chemical reactions. The intermediates are chemical compounds a few steps away from stable APIs. The intermediates are key building blocks for APIs. As per Pharmexcil2 (Pharmaceutical Export Promotion Council of India), intermediates are used as raw materials for the production of bulk drugs, which are either sold directly or retained by companies for the production of formulations.

These intermediates are generally organic compounds, often manufactured from specialty chemicals through specific chemical processes, and then used in the synthesis of different API classes, such as antibiotics, sulpha drugs, vitamins, steroids, and analgesics, etc.

Bulk drugs or APIs: These are the main constituents of formulations, which have desired pharmaceutical property. These serve as the main raw materials for formulations. Players manufacturing APIs supply to formulations players, who, in turn, sell the final dosage forms that can contain one or more APIs.

The API industry can be divided on the basis of their application in therapeutic drugs, as follows:



Source: CRISIL Research

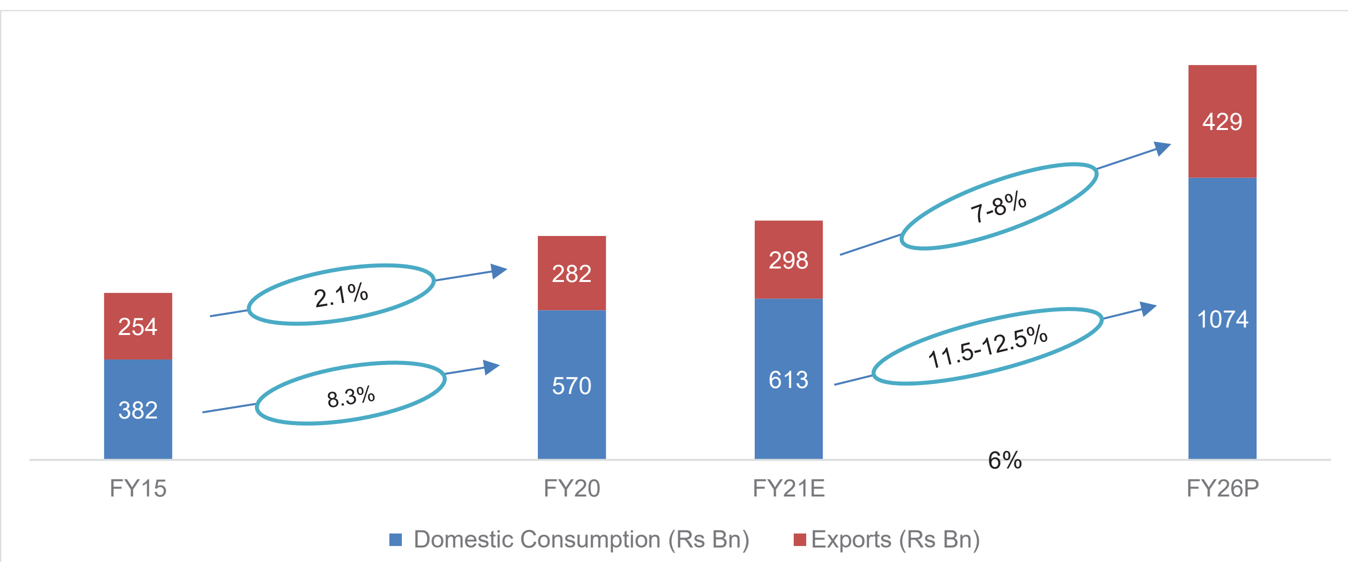
Formulations: Final medicines are sold in dosage forms of capsules, tablets, injectable, etc. These formulations are manufactured by combining one or more APIs, together with excipients, that serve as inert masking, binding or carrier substances. The dosage forms are chosen as per requirements.

The domestic pharmaceuticals market is expected to witness steady growth over the next five years between fiscal 2021 to fiscal 2026), driven by vaccine manufacturing, growing opportunities in API manufacturing, shifted focus on specialty drugs and complex molecules by the U.S. market. Demand for the domestic pharmaceuticals market is expected to be driven by the ageing population, increased incidence of NCDs, improved insurance penetration, booming medical tourism, and rising per capita income.

Overview of the API industry in India

The overall bulk drugs market, including domestic consumption and exports, clocked ~6% CAGR during fiscals 2015 to 2020. Domestic consumption grew at a faster ~7.9%, while the exports market was stagnant due to patent cliffs and competition from Chinese players. In fiscal 2021, the Indian API industry is estimated to have grown at 7% year-on-year, driven by the Covid-19 pandemic.

Overall API market trend (Rs billion)



Note: Exchange rate has been assumed to be at Rs. 72.53 per US$; growth rate might differ from the subsequent figure for exports due to the impact of exchange rate movement.

Source: CRISIL Research

Bulk drug exports to pick up over next five years

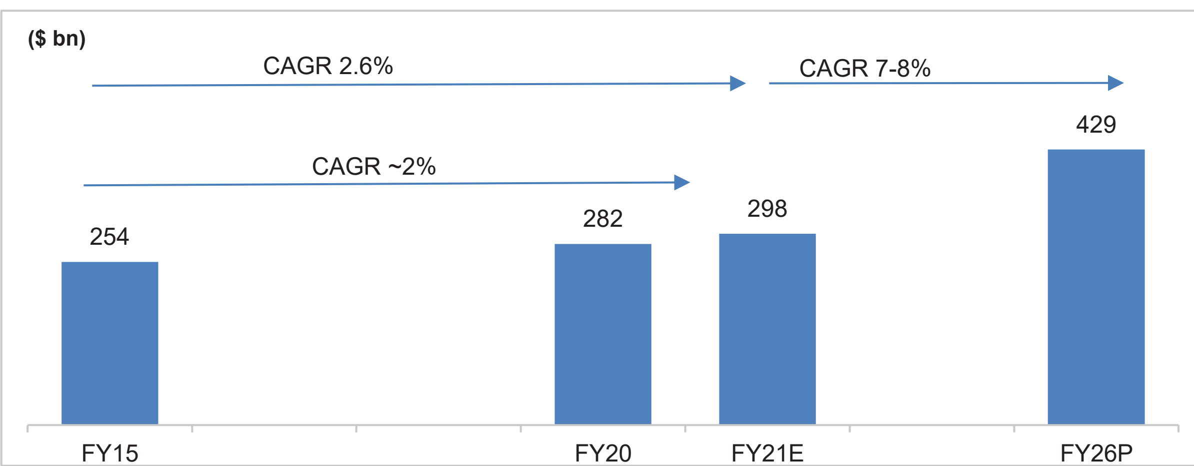
Growth in bulk drug exports moderated to ~2% CAGR between fiscals 2015 and 2020, on account of competition from China and other Asian counterparts. Traditionally, the Indian pharmaceuticals market has been a major exports hub for bulk drugs, owing to low manufacturing costs. However, with the growing capabilities of Chinese players in the bulk drugs space, as well as the significantly lower production costs enjoyed by Chinese players vis-à-vis their peers, Indian bulk drug players have lost market share in the global bulk trade over the last five years.

Further, on account of a patent cliff period from 2012 to 2014, many players who used to manufacture key patent molecules for innovators recorded a substantial decline in revenue. Therefore, overall bulk drug exports de-grew from fiscal 2015 to 2018. However, in fiscal 2019, bulk drug exports increased ~10% on-year, on account of a short-term opportunity in the export market resulted from supply disruption from China. Chinese players had been forced to shift their manufacturing facilities inland and outside the cities as the government continued to crack down on polluting industries. With this, overall supply of bulk drugs from China was impacted. Bulk drug exports from India witnessed a de-growth of ~1% y-o-y in fiscal 2020 in the wake of the Covid-19 pandemic as growth in exports was restricted in the last two months (February-March) of the year.

Going forward, during fiscal 2021, exports are estimated to witness a growth of ~6% on-year, led by demand for drugs following the pandemic. Stocking of APIs by customers, diversification of the supply chain from China and improved demand are expected to be the key drivers for higher consumption.

Between fiscals 2021 and 2026, exports are likely to clock a good CAGR of 6.5-7.5% on the back of various drivers. On the demand front, India now has the opportunity to establish and strengthen its footing in the global market as customers are now looking at securing their supply chains and reducing dependence on China as China was unable to supply bulk drugs/API to its customers when the pandemic struck. Consequently, prices of these drugs have also increased recently. Despite resumption of supply from China, quality issues in recent times and a dip in China's global image might lead to India gaining a competitive edge in the sector.

Bulk drugs exports trend



Note: Exchange rate has been assumed to be Rs. 72.53 per US$.

Source: DGFT, CRISIL Research

Bulk drug production by domestic formulators to continue to record robust growth

On the domestic front, bulk drug production for captive consumption is likely to continue to record strong growth. Supported by strong domestic sales, domestic bulk drug manufacturers are expected to continue to register double-digit growth.

Bulk drug imports in India have been stagnant over the past two to three years. However, in fiscal 2019, imports increased ~29% on-year (in Rs. terms), mainly from China. The surge was, however, short-lived as imports in the April-January period of fiscal 2020 recorded a de-growth of 1% on-year.

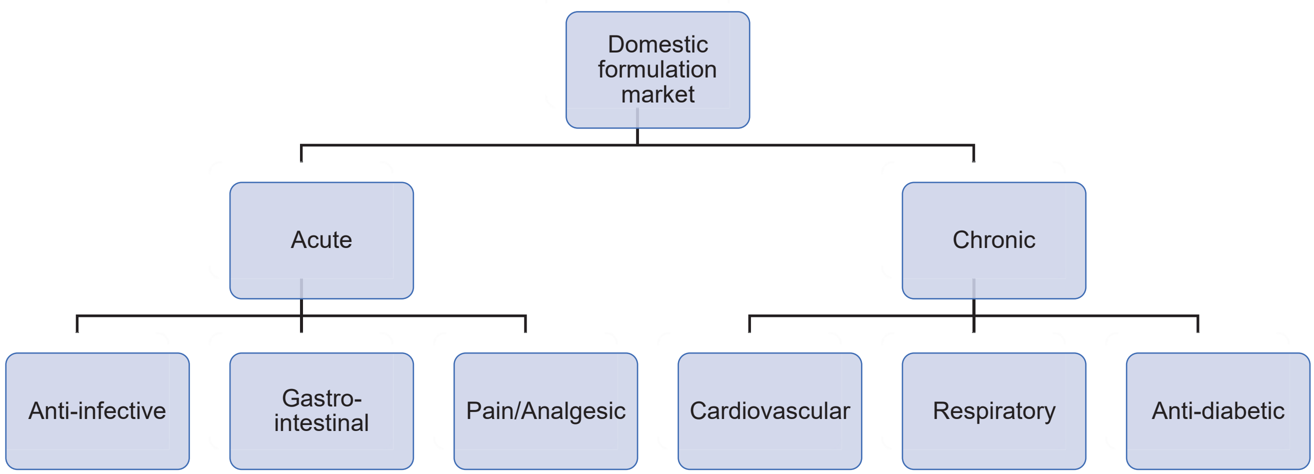
High dependence on Chinese imports is a concern for the domestic pharmaceuticals industry. The pandemic has revealed the consequences of a supply disruption from China and its potential impact.

Overview of domestic pharmaceutical formulations industry

Diseases are characterised as acute and chronic ailments:

- Acute ailments like common cold, fever, etc., are characterised by sudden, severe exposure and rapid spread of the disease. The patient shows intense symptoms for a brief duration (not longer than 30 days). However, some acute ailments may turn chronic if left unaddressed.
- Chronic ailments are characterised by repeated exposures over a prolonged period. These can only be alleviated through treatment, but not fully cured. Unlike acute ailments, these do not usually resolve on their own accord. Examples include diabetes, asthma, blood pressure and cancer.

Classification of key therapeutic categories under chronic and acute segments



Source: CRISIL Research

Owing to the relatively poor sanitation facilities, particularly in rural regions, India has a greater share of acute diseases than chronic diseases, as compared with developed countries. Thus, drugs addressing acute diseases dominate the domestic market, 60-65% of drugs sold are used to treat acute diseases. However, with rising urbanisation, share of chronic and lifestyle related ailments is rising.

Domestic formulations industry estimated to have grown at moderate pace in fiscal 2021

Growth in the domestic formulations industry was stable and strong in fiscal 2020, despite government interventions. Drugs under the National List of Essential Medicines (NLEM) comprised ~20% of the overall domestic market in fiscal 2020. Growth of NLEM drugs improved during the fiscal, with both volume and value growth. Further, prices were revised upwards by ~4% from April 2019 for medicines under the NLEM, in line with the wholesale price index (WPI). On the non-NLEM front, the industry expanded ~10% on-year, driven by increase in pricing. In fiscal 2021, domestic pharmaceutical sales were hit in the first quarter due to closure of smaller clinics and hospital outpatient departments along with postponement of elective surgeries. The industry picked up in the second half of fiscal 2021 and is estimated to have grown at a moderate pace in fiscal 2021. Covid-19-related drugs are estimated to have added 50-70 bps to fiscal 2021 growth numbers.

Domestic formulation industry – highly fragmented

Over 100,000 drugs across various therapeutic categories are produced annually in India. The domestic formulations industry is highly fragmented in terms of both number of manufacturers and products. There are 300-400 organised players and about 15,000 unorganised players. However, organised players dominate the market in terms of sales. The key 10 formulations companies account for 40-45 % of total sales.

Manufacturing bases are concentrated in a few states, with Indian pharma companies largely operating from Maharashtra, Gujarat and Andhra Pradesh. However, after the government imposed an MRP-based excise duty system in 2005, many players shifted their manufacturing bases to excise-free zones such as Baddi (Himachal Pradesh), Haridwar (Uttaranchal) and Sikkim.

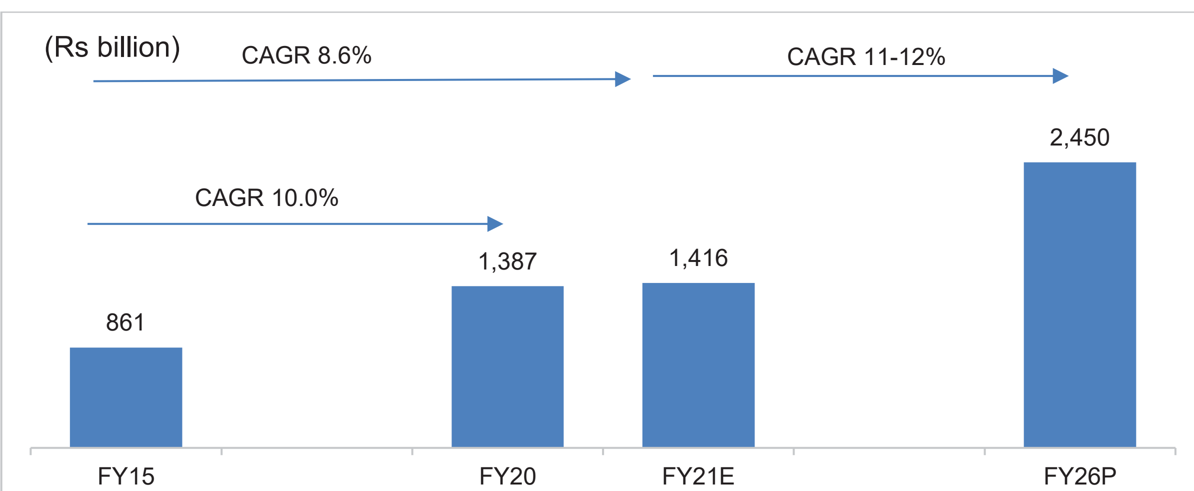
Covid-19 vaccine to drive domestic market growth over medium term

The Covid-19 pandemic, which started spreading across the world in early 2020, had necessitated a nationwide lockdown in India from March to May 2020, the first quarter of fiscal 2021. As a result, domestic pharmaceutical sales were hit in the first quarter of fiscal 2021. Closure of smaller clinics and hospital outpatient departments, and postponement of elective surgeries resulted in slower sales of drugs in the domestic market. The segment was positively supported by an increase in the sales of therapies for chronic ailments such as cardiac diseases and diabetes. The domestic pharmaceutical market registered a decline of 6% for the first quarter of fiscal 2021. Growth deteriorated in the second quarter and the market registered a decline of 2.4% for the first half of fiscal 2021. Assuming that demand picked up in the second half of fiscal 2021, CRISIL Research expects growth in the domestic pharmaceutical market to have moderated to 1-3% in fiscal 2021.

Growth is expected to pick up as the situation returns to normal gradually. The National Pharmaceutical Pricing Authority (NPPA) has fixed retail prices of 869 formulations under price control based on price revision as per annual wholesale price index (WPI) of 1.88% increase.

In fiscal 2022, revenue growth is likely to be led by Covid-19 vaccines. The government has started distribution of vaccines among target groups from mid-January 2021. This will boost revenue for the sector in fiscal 2022 as the vaccination drive gathers pace. Currently, Serum Institute of India and Bharat Biotech have received approvals for their vaccines, with several other players in the pipeline as well. Distribution of Covid-19 vaccines will boost revenues of players in the domestic pharmaceutical market, such as Cadila, Dr Reddy’s, and Aurobindo, in the near-to-medium term.

Trend in domestic pharmaceutical (including formulations and bulk drugs) revenue



Source: CRISIL Research

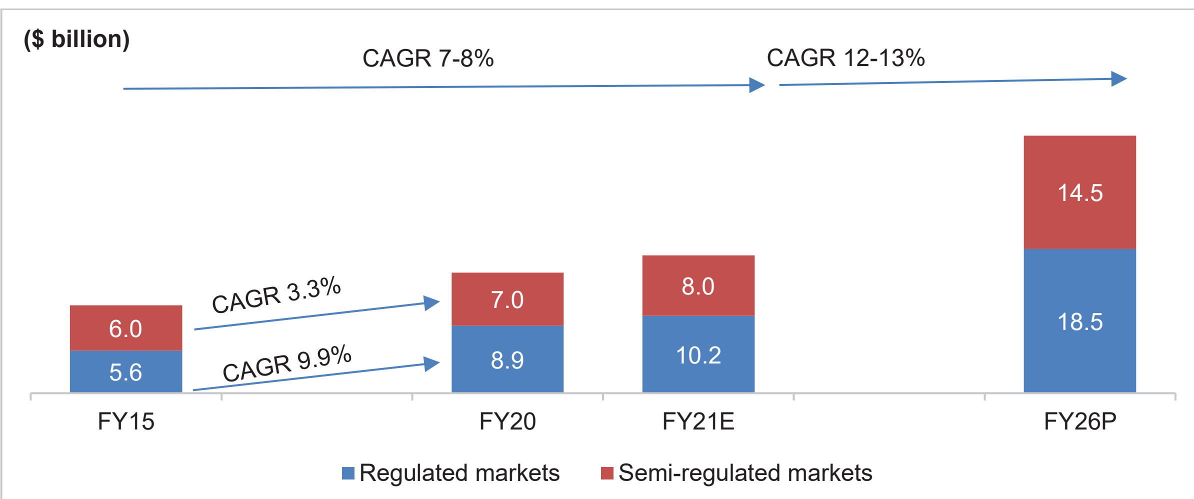
Further, new product launches in the chronic segment are likely to aid growth in the sector in medium term. The rise in the anti-diabetic, cardiac, and dermatology segments would also support growth of the domestic industry. Rising lifestyle diseases and growth in insurance penetration (mainly because of Ayushman Bharat) would aid demand in the long term. CRISIL Research, therefore, projects the industry to log a CAGR of 11-12% over the next five years (fiscals 2021-2026), which is likely to take the market close to Rs. 2.3-2.5 trillion by fiscal 2026.

An overview of the formulation exports industry

CRISIL Research estimates India's formulations exports growth in fiscal 2021 to be 13-14% on-year, up from ~12% growth reported in fiscal 2020. Exports are likely to have remained resilient in fiscal 2021 owing to transition towards specialty products and high-value APIs.

CRISIL Research expects India's formulation exports to continue to grow at 12-13% CAGR during fiscals 2021 to 2026, compared with ~6-7% CAGR during previous five fiscal years. Growth is likely to be largely driven by vaccine sales. Although currently the government is currently prioritising domestic inoculations, exports of COVID-19 vaccines is likely in fiscal 2022. Based on this assumption, CRISIL Research expects that formulation exports industry is likely to get a boost in fiscal 2022. Consequently, the share of vaccines in overall formulation exports is also likely to increase by over four times in the next four to five years.

Exports – formulations



Source: CRISIL Research

An overview of the PLI scheme

The GoI initiated a Production Linked Incentive (PLI) scheme in July 2020 to promote domestic manufacturing of critical key starting materials (KSMs)/drug intermediates (DIs) and APIs in India. PLIs of up to Rs. 69,400 million were approved under the scheme. The scheme provides financial incentives to the approved manufacturers of 41 eligible products (covering APIs) for 6 years. To be approved under the PLI scheme, a manufacturer must commit a minimum investment amount and a minimum production capacity.

PLI 2.0 was recently launched in March 2021 with the aim to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification for high-value goods in the pharmaceutical sector. It also aims to create global champions in India out of those who have the potential to grow in size and scale using cutting-edge technology and thereby penetrate the global value chains.

The scheme covers pharmaceutical goods under three categories as mentioned below:
Category 1: Bio-pharmaceuticals, complex generic drugs, patented drugs or drugs nearing patent expiry
Category 2: APIs / KSM / DIs

Category 3: Drugs not covered under Category 1 and Category 2

- Repurposed drugs
- Autoimmune, anti-cancer, anti-diabetic, anti-infective, cardiovascular, psychotropic and anti-retroviral drugs
- In-vitro diagnostic devices
- Other drugs as approved
- Other drugs not manufactured in India

The government recently approved applicants for the first target segment - four key fermentation-based products.

Name of approved applicant	Name of eligible product	Committed production capacity (tonnes)	Committed investment (Rs crore)
Aurobindo Pharma Ltd (through Lyfius Pharma Pvt Ltd)	Penicillin G	15,000	1,392
Karnataka Antibiotics & Pharmaceuticals Ltd	7-ACA	1,000	275
Aurobindo Pharma Ltd (through Lyfius Pharma Pvt Ltd)		2,000	813
Aurobindo Pharma Ltd (through Qule Pharma Pvt Ltd)	Erythromycin Thiocyanate (TIOC)	1,600	834
Kinvan Pvt Ltd	Clavulanic acid	300	447.17

Source: CRISIL Report

An overview of the CRAMS industry

CRAMS is defined as the process of outsourcing research services/product-manufacturing activities to organisations that can provide the service at a low cost. CRAMS basically consists of the following two activities: contract research and contract manufacturing. CRAMS is mainly used in the pharmaceutical and biotechnology sectors that require extensive R&D and large-scale manufacturing facilities.

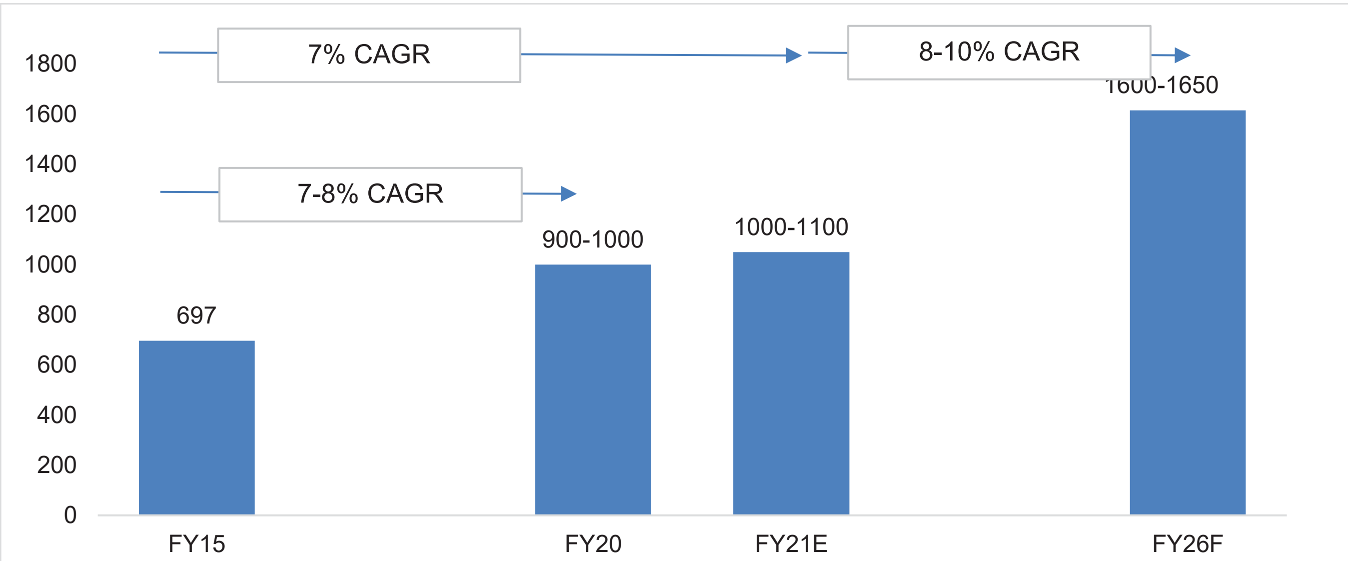
Indian CRAMS companies are among the preferred destinations for global pharmaceutical companies, due to their low cost compared with developed economies. Their product mix comprises high-end research services, biologics, and complex technology services. Contract manufacturing (CM) accounts for over 60% of the total CRAMS industry. CM refers to outsourcing of production activities to third-party vendors. Contract manufacturing has picked up in India because of the huge availability of skilled personnel, lower production costs and a large number of WHO-GMP certified plants. Demand usually comes for the manufacture of bulk drugs, formulations and bio-pharmaceuticals (especially vaccines). Further, some larger players are also involved in contract manufacturing of intermediaries for global innovator players. Contract manufacturing is a highly fragmented industry, with a large number of small and medium manufacturers and few large manufacturers. Most contract manufacturing organisations (CMOs) cater to the domestic industry and exports to semi-regulated markets. Contract manufacturing for regulated markets accounts for a smaller portion, because of the stringent regulations.

The domestic contract manufacturing market is estimated at ~Rs. 900-1,000 billion as of fiscal 2020 and has grown at a 7-9% CAGR during fiscals 2015 to 2020, aided by growth of the formulations and agrochemicals sectors. The market continued to grow in fiscal 2021, albeit at a slower pace of 4-6% on-year, driven by a slower growth in the domestic formulations market, which grew at 1-3% on-year. Going ahead, the easing of lockdown restrictions and seasonal demand should support industry growth. Some support will also be provided by increase in sales of chronic therapies for cardiac ailments and diabetes.

Demand is likely to be healthy, growing at an 8-10% CAGR between fiscals 2021 and 2026, as new product launches and volume growth in the chronic segment support growth of the domestic formulations industry. New opportunities in manufacturing COVID-related drugs are likely to aid revenue growth for manufacturers in the near term. Semi-regulated markets are chiefly driven by the use of low-cost generic medicines. Further, these markets are characterised by increasing healthcare awareness, rising consumer income and a large base of patients in the acute and chronic-disease segments, backed by a huge population. CRISIL believes that a low-cost base, well-developed API industry (and process chemistry skills) and similarity in disease profiles (between India and these markets) will improve the penetration of Indian drugs in these markets. In addition to this, agrochemical custom manufacturing is also likely to see a boost with discovery chemistry pertaining to the agriculture section gains more traction.

As a result of this, CMOs in India are expected to witness a strong upsurge in demand for exports to these markets. Additionally, established relationships with customers and long-term contracts with them ensure demand stability for CMOs. Supply is not a constraint for the domestic industry, as setting up a formulations plant is not capital-intensive and the gestation period is also low.

CRAMS market growth trajectory



Source: CRISIL Research

India to be a focus region as companies move away from China for contract manufacturing

Demand for CRAMS has grown tremendously in India due to the availability of a skilled workforce at lower rates compared with developed economies. Considering the surge in demand for food grains, demand from the agrochemical industry for custom manufacturing is likely to see a rise. However, the pharmaceutical industry is likely to remain the frontrunner in the custom manufacturing market. With stringent regulations likely to be implemented for chemical synthesis or discovery chemistry, larger Indian players are likely to witness more demand for manufacturing services than smaller companies.

Since pharmaceuticals is an essential commodity, the industry has witnessed a healthy demand even during the nationwide lockdown in India in fiscal 2021. Demand surged with the heightened need for drugs and hygiene products. After the lockdown was lifted across major economies, there was a strong shift of custom pharmaceutical manufacturing from China to South-Asian countries. This is a result of global pharma giants following the China Plus One strategy to reduce their dependency on a single country. Indian contract manufacturing players are likely to benefit from this move and receive a further boost from vaccine manufacturing outsourced to Indian companies. The GoI has also supported the growth of the pharmaceutical sector by introducing production-linked schemes for bulk drug parks. Moreover, the manufacturing/R&D capabilities of Indian players has increased the reliance of global giants on Indian custom manufacturing players. This has also resolved concerns relating to intellectual property protection and environmental health safety (EHS) compliance, thus making India a global hub for custom synthesis and manufacturing.

Agriculture was also one of the industries to show positive trends during and after the lockdown. However, due to export ban in the first quarter of fiscal 2021, agrochemical custom manufacturing was impacted adversely as it is an export-dominated market in India.

SH&E norms from the perspective of chemical industries

Based on the directive principles of state policy and international instruments, the Central government regulates economic activities for the management of safety and health risks at workplaces and provides measures to ensure safe and healthy working conditions for people. In this respect, particularly for the chemicals sector, the government has made it necessary for chemical companies to follow certain rules while setting up and operating a chemical plant. These rules include the minimum requirements to maintain health and safety standards in a working environment.

In addition to the mandatory rules and standards, companies can acquire certifications by investing in SH&E practices and achieving the minimum requirements of these certifications. Some of these certifications are:

ISO 9001-2008: ISO 9001:2008 specifies requirements for a quality management system, where an organisation:

- needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements, and
- aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

The standard can help companies meet their customers' requirements for their products/services.

ISO 14001**:** The ISO 14000 family of standards provides practical tools for companies and organisations of all kinds looking to manage their environmental responsibilities. Using ISO 14001:2015 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved.

ISO 45001: ISO 45001 deals with occupational health and safety standards. ISO 45001:2018 is applicable to any organisation that wishes to establish, implement and maintain an OH&S management system to improve occupational health and safety, eliminate hazards and minimise OH&S risks (including system deficiencies), take advantage of OH&S opportunities, and address OH&S management system non-conformities associated with its activities. It provides a framework to improve employee safety, reduce workplace risks and create better, safer working conditions, all over the world.

Companies need to continuously make investments in SH&E activities to meet basic health and safety standards and also to maintain the quality of their products. Consumers are becoming more aware of health concerns and prefer purchasing products with certain certifications. For chemical companies, investing in SH&E is vital as not just domestic, but global buyers prefer procuring their raw material from sustainable plants.

In this respect, acquiring ranking from global benchmarks such as Eco Vadis and Together for sustainability gives them a competitive advantage, not just domestically, but also for serving export markets. These two benchmarks have been described below:

EcoVadis: EcoVadis provides solution for monitoring sustainability in global supply chains. Using innovative technology and CSR expertise, EcoVadis aims at helping buyers and suppliers adopting more sustainable practices. The EcoVadis methodology is based on International Sustainable Development standards (ISO 26000). The assessment framework is coveting 21 CSR criteria (from CO_2 emissions to "child labour" and "business ethics"). The EcoVadis methodology is supervised by an international scientific committee and covers 150 commodities.

Together for Sustainability: Together for Sustainability (TfS) focuses on the promotion of sustainability practices in the chemical industry's supply chain, gathering 22 companies around a single standard of auditing and assessment. Since June 2012, TfS conducts assessments and audits by independent experts, as well as the early partnership with the French company, EcoVadis, which provided with sustainability scorecards and benchmarks. TfS has developed and implemented a global supplier-engagement programme that assesses sustainability-sourcing practices, including ecological and social aspects. The focus in the supply chain of the member companies seeks to reduce inefficiencies and share best practices among the members' suppliers. Moreover, TfS provides the framework for conducting assessments and audits across the chemical industry supply chain, organises workshops, and provides e-learning tools.

Amongst other players in the specialty chemicals market, Aarti Industries has been significantly investing in SH&E activities.

As per company reports and investor presentation,

- Between fiscals 2013 and 2018, the company invested Rs. 240 crore in SH&E activities
- It has 17 plants, of which 12 are zero-discharge units as of today.
- Units of the company have implemented QMS ISO 9001-2008.
- Aarti Industries comes under the "silver" category of ratings under EcoVadis with an overall score of 48.
- It has also been scored in the range of 73% to 85% for all its manufacturing units under the TFS audit.

Outlook on key end-user industries

Dyes and pigments

India's dyes-and-pigments industry is a cyclical industry, whose growth is directly linked to the country's macroeconomic growth, as the products are utilised in major end-user industries such as plastics, textiles and coatings, whose demand is directly linked with India's GDP. The domestic market size of dyes and pigments was Rs. 420-425 billion in fiscal 2020.

The dyestuff industry has three sub-segments: dyes, pigments and intermediates. Dyes are soluble and essentially used in textile products. Pigments, on the other hand, are insoluble and are important inputs for products such as paints. Based on product variation, the industry is further divided into basic dyes, disperse dyes, reactive dyes, sulphur dyes, vat dyes, naphthols, optical brighteners, fast colour bases, and azoacids, among others. The domestic industry has nearly 1,000-1,200 small-scale units and 50 large units for manufacturing dyes, pigments, and intermediates. Maharashtra and Gujarat account for around 80-85% of the country's total production of dyestuff. The dyestuff industry has forward and backward linkages with a number of industries. Some of the major industries that use dyes are textiles, leather, paper, printing inks, and food processing. In fact, the textiles and leather processing industries account for around 85% of the total domestic consumption as of March 2021.

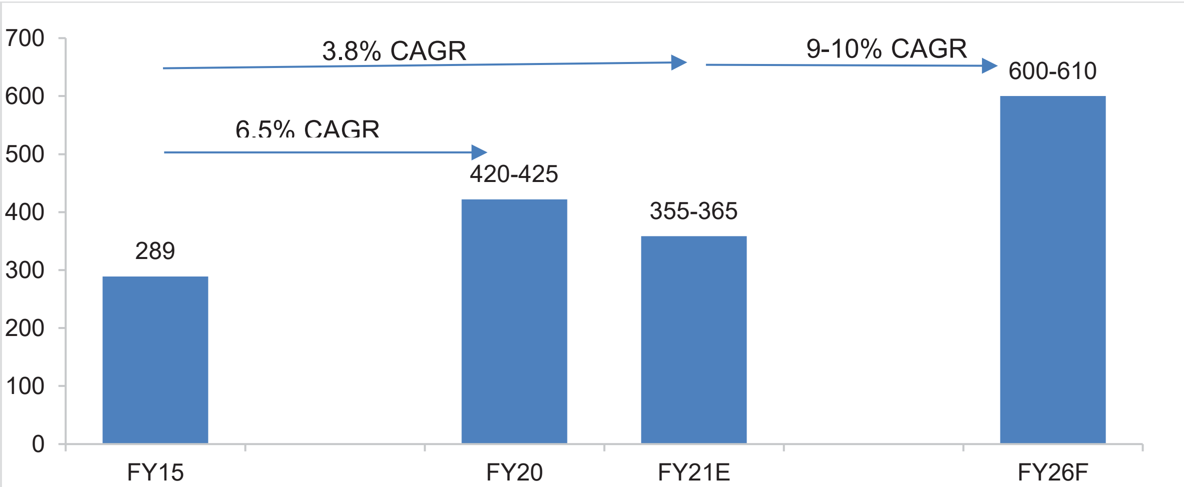
The industry enjoys benefits of a large market, availability of key inputs, technology, and competitiveness in the exports market. However, the highly fragmented nature of the industry has given rise to intense competition. The unorganised sector accounts for around 60-65% of the total production of this industry in terms of volume.

India's dyes and pigments market grew at ~6-7% CAGR between fiscals 2015 and 2020, driven by rising demand from the textiles industry. Growth was also driven by rising realisation and a surge in exports. During fiscals 2015 to 2020, the domestic consumption growth for the dyes and pigments market was slower (4-5% CAGR), when compared with exports (8.5% CAGR) during the same period. Slowdown in the domestic textiles market affected the overall domestic demand for dyes. The dyes and pigments market is estimated to decline by 14-16% on-year in fiscal 2021, owing to global and domestic economic slowdown caused by the pandemic.

Overall dyes and pigments industry in India is expected to grow at a 9-10% CAGR between fiscals 2021 and 2026. Domestic demand growth would be driven by growth in the textiles sector, which is the major market for the dyes and pigments industry. Indian textiles market (RMG) is expected to witness a growth of 10-12% CAGR over the next five years, driven by favourable demographics, increasing branded purchase and rising per-capita income.

Exports of dyes and pigments are expected to improve because of rising demand from the developed countries, as their local units shut down due to environmental issues. The organic-pigments market is expected to witness growth because of its use in various end-user industries, such as printing inks, paints and coatings, rubber and textiles. Urbanisation, coupled with a rise in infrastructure spending, is likely to boost the paints market which, in turn, will increase the consumption of pigments.

Dyes and pigments market growth trajectory (Rs. billion)



Source: CRISIL Research

Polymers

The polymer industry is directly proportional to economic growth, due to its application in industries such as construction and automobiles, which follow a normal business cycle. The domestic polymer industry is driven by demand for plastics, which is further driven by demand from major end-user industries, such as automotives, construction, electronics, healthcare, textiles and FMCG. Polymers comprise of polyethylene (PE), polypropylene (PP), polyvinyl chloride (PVC) and polystyrene (PS). Total polymer demand in India as of fiscal 2020 was at ~14.7 mtpa (million tons per annum), with PE forming a majority of demand.

There are three broad types of PE, such as low-density polyethylene (LDPE), high-density polyethylene (HDPE), and linear low-density polyethylene (LLDPE). Major polymers, such as PE and PP, are derived from ethylene and propylene, respectively, while other polymers, such as PVC and PS, are produced from benzene, butadiene and other feedstock.

HDPE: Major application segments

HDPE	Major applications
Raffia	High tenacity tapes, FIBC, ropes and twines, woven fabrics, sacks and monofilaments
hm-hdPE films	Lamination and multi-layer films, carrier bags, and counter bags
Injection moulding	Household applications, luggage, crates and others
Pipe grade	High pressure pipes, telecom ducts, water supply, and irrigation
hdPE blow moulding	General purpose containers (cosmetics, personal care, lube oil, edible oil, and adhesive)
hm-hdPE blow moulding	Large size containers

LLDPE: Major application segments

LLDPE	Major applications
Films	Liquid packaging, lamination, and general purpose packaging
High-flow applications	Food containers, container & can lids, and plastic articles
Roto moulding	Chemical storage, general purpose tanks, overhead water tank, and automotive components
Extrusion coating	Coating on woven fabrics, paper, and aluminium foils

LDPE: Major application segments

LDPE	Major applications
General purpose	General purpose packaging

Extrusion coating	Heavy duty bags, greenhouse films, agri films, and adhesive lamination
Liquid packaging	Liquid food, pickles, and milk packaging

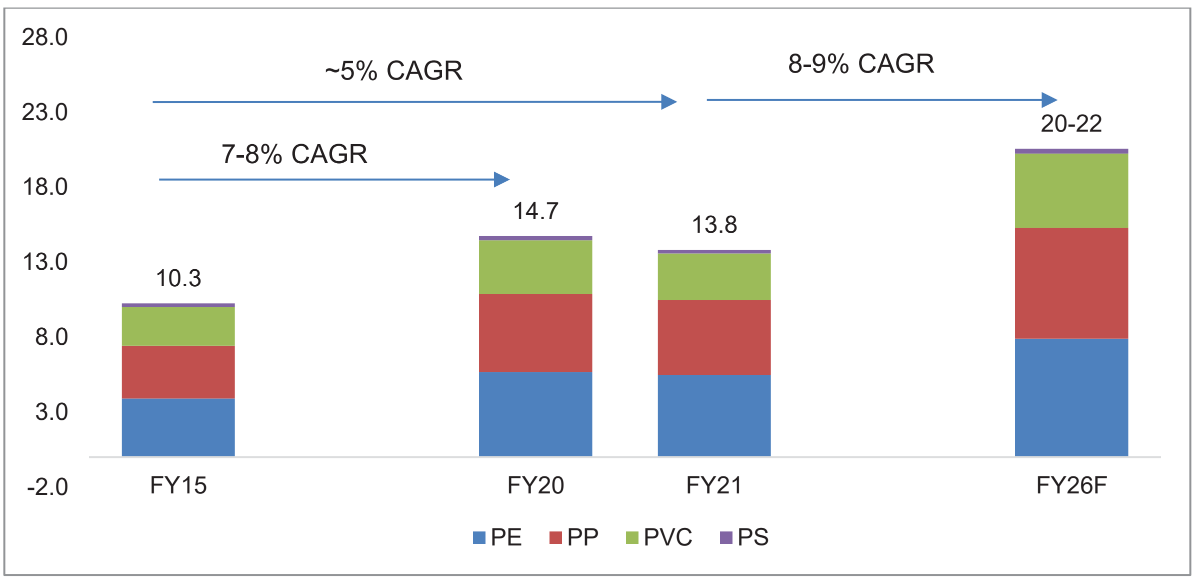
Source: CRISIL Research

Demand for polymers grew at a 7.5% CAGR between fiscals 2015 and 2020, because of higher economic growth, with PE contributing to the majority of demand growth. Domestic polymer demand was estimated to decline by 3-5% on-year in fiscal 2021, as against ~4% growth on-year in the previous fiscal. This was due to severe slowdown in major end-user industries such as electricals, automobiles and construction. During fiscals 2021 to 2026, demand for polymers is expected to grow at a 8-9% CAGR, driven by a revival in most of the end-user sections such as automobiles, infra, industrial, etc. Demand from other major consumer segments, such as packaging, irrigation and construction to also support growth in demand.

During fiscals 2015 to 2020, PE demand is estimated to have risen at a 7% CAGR, led by demand from blow-moulding, films and general-purpose packaging applications. Demand from the films segment was propelled by higher demand from the processed-foods and retail-packaging segments.

Domestic PP demand grew at an 8.2% CAGR during fiscals 2015 to 2020, driven by strong demand from the raffia and impact copolymer segments, which together accounted for over 50% of PP offtake in fiscal 2020. These two segments expanded at a combined ~7-8%. Offtake from the fibre, filament and BOPP (Biaxially oriented polypropylene) segments was also healthy.

Polymer's demand growth trajectory (million tons)



Source: CRISIL Research

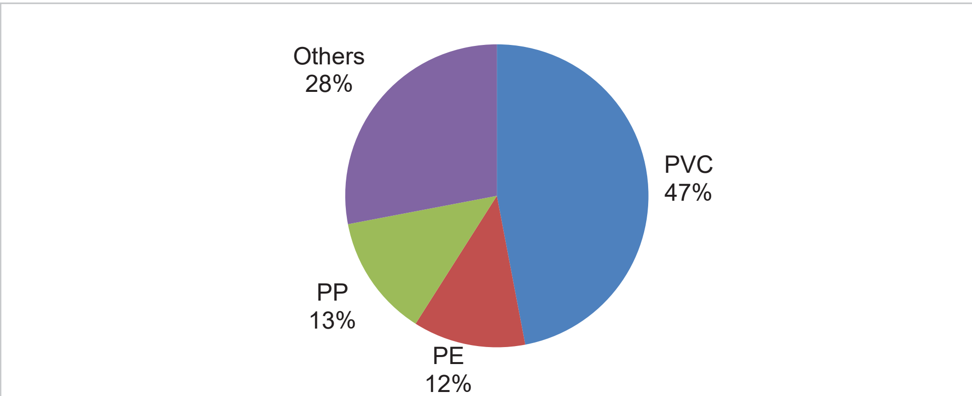
Polymer additives

Polymer additives are chemicals added to a polymer to improve its physical properties, processing ability and achieve certain desired properties. They also prevent the degradation of plastics during manufacturing and protect them against environmental damage. These also enhance physical properties of polymers such as heat and light resistance. Key end-user industries for specialty chemicals in polymer and polymer additives industry include packaging, construction, aircrafts, automobiles, cruise liners, bullet proof jackets, electronic products, etc.

Packaging, construction and automotives have been the major application industries for plastic additives, mainly due to rising demand for high-performance plastics in these industries. Innovative packaging methods demand properties such as higher durability, antifogging characteristics and fire resistance, among others. In the automotive and consumer appliance sectors, serious concerns regarding safety have promoted the use of flame retardants, in addition to other additives that enhance durability and damage resistance of plastics. PVC forms nearly 40% of the polymer additive demand, followed by polyolefin.

India's plastic additives market is highly fragmented, and is dominated by 30-35 major players with small and medium-sized players, accounting for the majority of the market share. Rising purchasing power of Indian consumers is driving the demand for aesthetic and innovative plastic products, particularly in the automotive and consumer appliance industries. The western region of the country accounts for the largest share in plastic-additives production.

Polymer additives demand by application in fiscal 2020

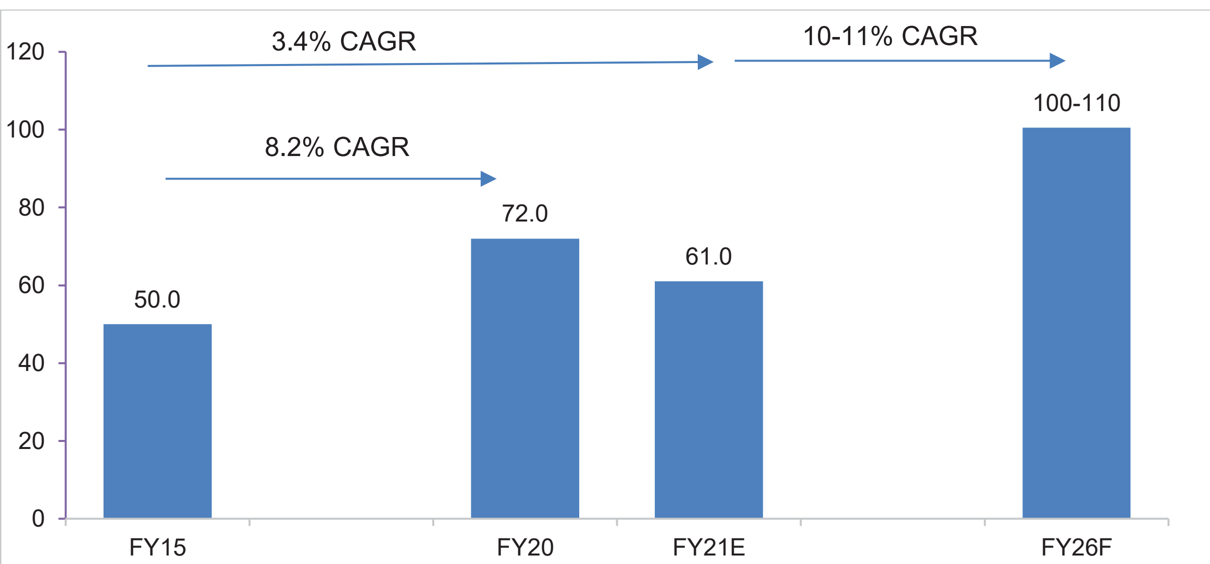


Source: CRISIL Research

Pegged at Rs. 70-75 billion in fiscal 2020, the Indian market for polymer additives is very small compared with the global market. The market has grown at a 8% CAGR over fiscals 2015 to 2020. The polymer additives industry is estimated to decline 15-17% on-year in fiscal 2021, led by a contraction in demand from end-user industries (PE, PP, PVC) coupled with decline in realisations owing to a fall in raw material prices following drop in crude oil prices. The penetration level of polymer additives is currently very low in India as compared with other countries. This is mainly due to inadequate understanding of the benefits of these compounds. However, penetration is likely to improve going forward as end-users become more conscious of the quality as well as a shift towards non-toxic products.

Between fiscals 2021 and 2026, the market is expected to grow at 10-11% CAGR, driven by rising demand for plastics. Demand from PVC is expected to witness a ~10% CAGR growth between fiscals 2021 and 2026, because of higher offtake from pipes and fittings and packaging industries. The industry, like polymers, also follows a normal business cycle, due to its application in industries, such as automobiles and construction.

Polymer additives growth trajectory (Rs billion)



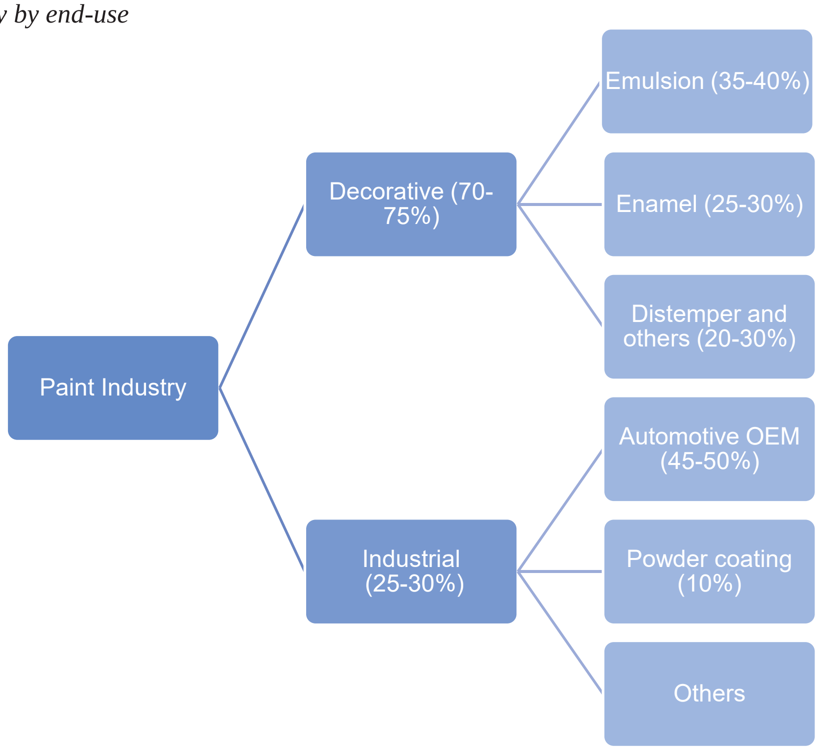
Source: CRISIL Research

Paints

The domestic paints industry, with an estimated market size of Rs 500-520 billion in fiscal 2020, is broadly segmented into: (1) decorative paints; and (2) industrial paints. Decorative paints find utility in the housing and construction sector and account for over 70% of the total paint market. Within this segment, repainting accounts for nearly 60-65%, while new constructions account for the rest. The decorative paints segment is sub-divided into enamels, distempers, emulsions, putty and exterior paints.

Industrial paints, on the other hand, find use in industries, such as automobiles, auto ancillaries, consumer durables, marine vessels, and industrial plant and machinery. They are categorised based on end-user applications, such as automotives, powder, performance, coil, packaging and marine coatings. Of this, the automotive segment constitutes the largest share of the market. Owing to the technology-intensive nature of end user segments in this category, manufacturers have entered into technical collaborations and joint ventures with leading international paint producers.

Paints industry by end-use



Source: CRISIL Research

Large organised players account for around 65-70% of the domestic paints industry (value wise), making this industry fairly organised. The remainder of the industry comprises 2,000 small players, who mainly compete in the regional markets.

Demand for paints is direct as well as derived. While the decorative segment draws its demand directly from housing construction and repaint activity, demand for industrial paints is derived from user industries, such as automobiles, auto ancillaries, consumer durables, marine vessels and containers, and depends on the level of industrialisation in the country.

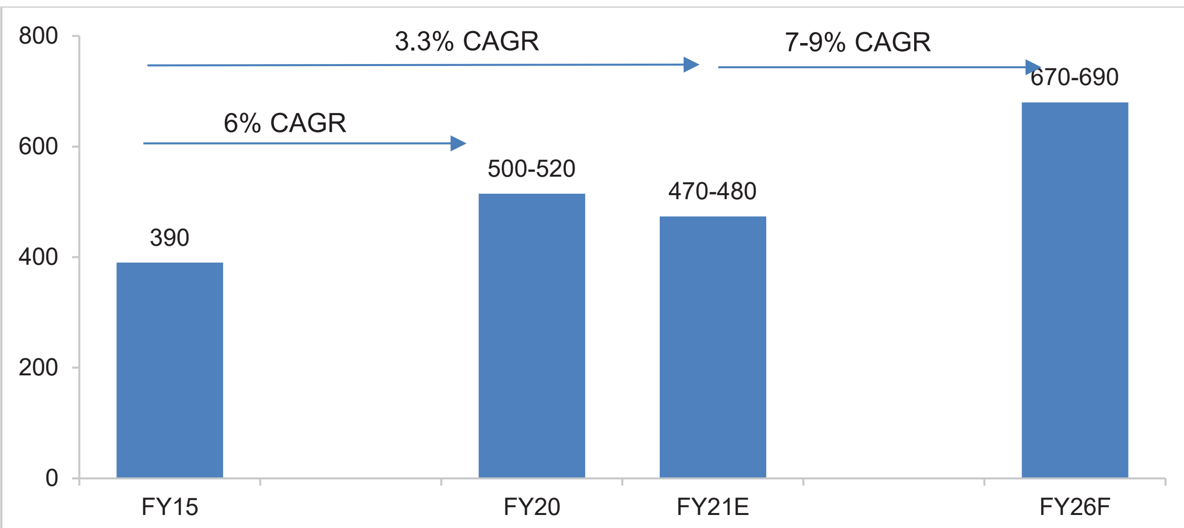
Demand for paints is influenced, mainly by the growth rate of the economy, which translates into increased purchasing power and, consequently, increased per-capita consumption of paints. Demand for decorative paints is also influenced by the interest rates on consumer housing loans and the affordability factor of houses. The growth rate of the economy also influences repaint demand, which accounts for about 60% of demand for decorative paints. The remaining 40% demand for decorative paints is directly influenced by the increase in fresh civil construction (housing and commercial), although there is a time lag of 12-18 months between the construction and painting of a house.

An increase in the economic activity, with higher industrial production and industrialisation, determines the growth in offtake for industrial paints.

Between fiscals 2015 and 2020, the paints industry in India has been growing at a CAGR of 6%. It has been driven by increased penetration in the rural and non-metro cities, rising per capita consumption of paints as well as growth in the major end-user industries such as real estate, automobiles and construction. In fiscal 2021, amid slowdown in major end-user industries, the revenue generated by the paints industry in India contracted by 5-10% on-year. Real estate completions were severely impacted during the nationwide lockdown in fiscal 2021, adversely affected the decorative paints segment. Besides, slowdown in automobile production in fiscal 2021 had also negatively impacted the growth in automobile paints segment.

Going ahead, industry revenue is expected to witness a healthy growth on a lower base. In particular, the decorative segment is expected to see a faster recovery following resumption of real estate construction and expected completions during fiscal 2022. Considering the robust fundamentals and the current economic environment, the market is estimated to grow at 7-9% between fiscals 2021 and 2026, aided by better economic indicators.

Paint industry's growth trajectory



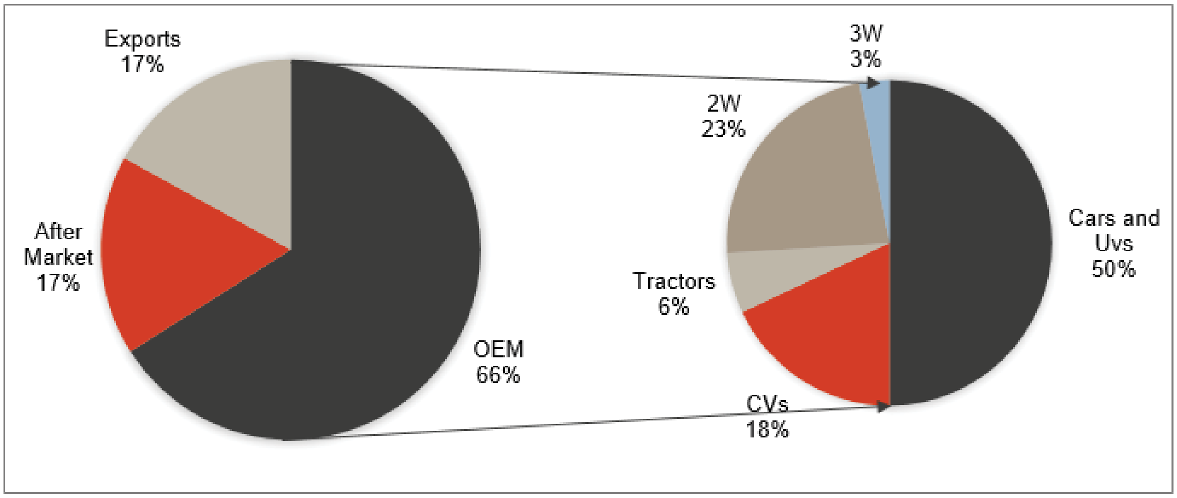
Source: CRISIL Research

Automotive components

Production of automotive components depends on consumption by different end-user segments: original equipment manufacturers (OEM), exports, and the replacement market. The industry is cyclical in nature with demand directly linked to personal income. OEM demand can be further segregated based on various vehicle segments. CRISIL Research projects OEMs to account for nearly two-thirds of total automotive component consumption in fiscal 2021. Among OEMs, cars and utility vehicle manufacturers remain the largest consumers.

The domestic auto components industry largely consists of small and medium enterprises. The industry is composed of 780+ organised players and 5,800 unorganised players. In terms of revenue, however, the organised segment dominates the industry. Auto Component Manufacturers Association (ACMA) members represent 85% of the overall industry turnover as of March 2021. Over the past few years, more auto component companies have been registering as ACMA members.

OEMs remain the dominant consumers of automotive components (fiscal 2021)



Source: CRISIL Research

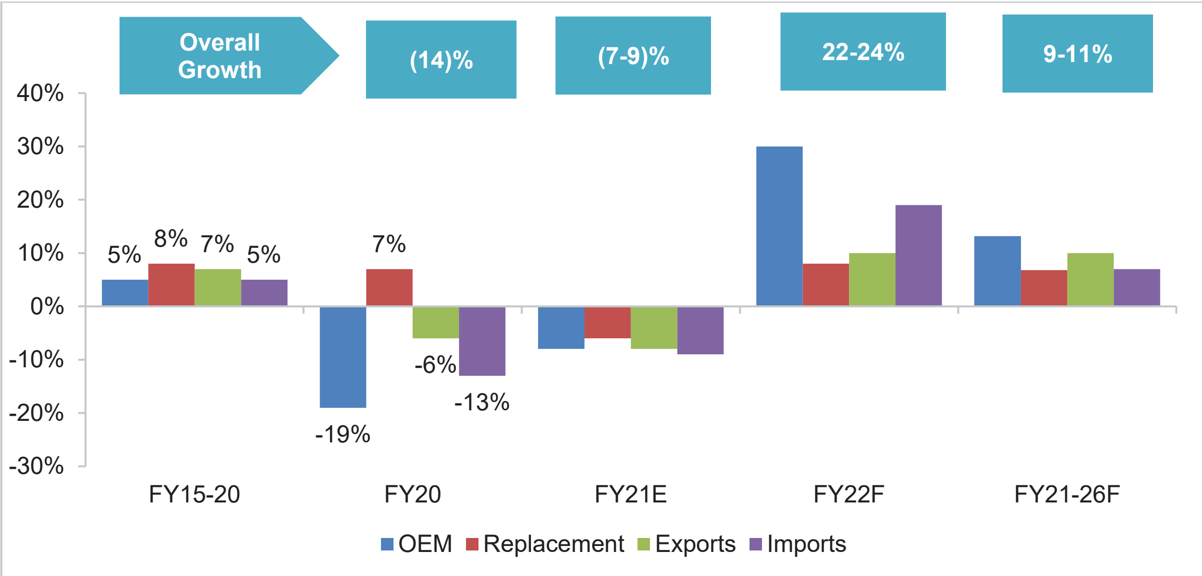
CRISIL Research estimates the revenue of the automotive component industry was ~Rs. 3,137 billion in fiscal 2021. The industry has experienced sharp decline in fiscals 2020 and 2021, due to a slowdown in automobile production as a result of implementation of BSVI (Bharat Stage VI) norms, coupled with the impact of the COVID-19 pandemic. However, the industry is likely to grow sharply in fiscal 2022, at ~22-24% on-year, driven by recovery in vehicle production primarily from the commercial vehicle (40-42% on-year growth) and passenger vehicle (25-27% on-year growth) segments. The economic revival is expected to revive consumer sentiments, along with improving fleet utilisation for transporters, leading to higher purchases of both passenger and commercial vehicles. Additionally, two-wheeler production is anticipated to grow by ~17-19% in fiscal 2022. The scooter segment, backed by improved urban income sentiments, will likely drive domestic sales volumes. Moreover, with schools, colleges and offices reopening, demand for scooters is expected to be strong. On the rural demand side, resilient rural income factoring a normal monsoon this year will propel motorcycle demand in fiscal 2022.

OEM demand to drive growth in the automotive component industry between fiscals 2021 and 2026

Owing to changing regulatory norms, domestic companies will begin producing components of global standards with the help of joint ventures and technical collaborations. Accompanied by India's structural advantage as a low-cost country, this is expected to lead to higher penetration and robust export growth. The share of exports as a percentage of total auto component demand, at ~17% for fiscal 2021, is expected to pick up gradually.

Imports are expected to grow at 5-7% CAGR between fiscals 2021 and 2026. However, as seen in the fiscal 2019 budget, customs duty on various forged components has been increased, which will promote localisation of the components currently procured by select OEMs from abroad. With the government's high focus on electric vehicles (EVs), and with no material supplier of battery management systems (BMS) in India, imports from this segment are expected to drive growth, although limited by low EV penetration, in the medium term. Growth in imports will, however, be restricted by the growing research and development (R&D) efforts by local players, as well as anti-dumping duties levied by the government.

Automotive component's segment wise growth



Source: CRISIL Research

We expect OEM demand to clock 12-14% CAGR between fiscals 2021 and 2026, led by modest production growth in the medium term, as well as realization growth through increases in OEM prices and component intensity (BS-VI norm).

- Commercial vehicle production is anticipated to grow by 10-12% CAGR in the next five years (over a low base of fiscal 2020 and despite a weak fiscal 2021), primarily due to improvement in infrastructure expenditure and low penetration in the light commercial vehicles segment. Demand of commercial vehicles is expected to improve during the period as a result of to an improvement in industrial activity, rising replacement volume and government's thrust on rural transportation.
- The passenger vehicle production is expected to grow by 12-14% CAGR between fiscals 2021 and 2026. Demand is expected to pick up post-fiscal 2021 due to rising disposable incomes, low passenger vehicle penetration and new model launches. Other factors, including increasing urbanisation, government support and improved availability of finance, are also expected to increase demand in the passenger vehicles segment. However, increasing congestion in metro cities and rising popularity of shared mobility services are likely to adversely impact vehicle sales in the long run.
- Two-wheeler production is forecasted to record a modest 9-11% CAGR between fiscal 2021 and 2026. CRISIL expects that the medium-term demand, especially post-fiscal 2021, to be positively impacted by rising farm incomes and improving rural infrastructure, particularly as the government continues to invest in developing rural roadways. Adoption of electrification in this segment is likely to be quite rapid post-fiscal 2021.
- Tractor production is expected to grow by 9-11% CAGR in the next five years. The government's aim to double farm income through initiatives such as National Agriculture Market (e-NAM), direct price support, farm loan waivers, expansion of crop insurance coverage, MSP price support, and improvement in land productivity via soil health cards is anticipated to boost tractor demand.

The auto component replacement market is projected to grow at a steady rate of 5-7% CAGR between fiscal 2021 and 2026, primarily as a result of an increase in penetration of cab aggregator services in the passenger vehicles segment. Growth in replacement demand is expected to be lower than the 8% growth seen over fiscals 2016 to 2021. This is due to increased durability of components (better quality), better road infrastructure and increase in service intervals.

Total auto component imports are forecast to grow at 5-7% CAGR during fiscals 2021 to 2026. Auto component imports have been growing at a slower pace over the years, due to increased level of localisation being practiced by automobile manufacturers. The government's focus on EVs and imports of batteries and cells, along with BMS, is likely to drive near-term growth, although limited by low EV penetration in the medium term. However, government initiative of production-linked incentives scheme, to provide Rs. 181,000 million for advanced chemistry cell batteries, is forecasted to increase localisation of battery manufacturing beginning fiscal 2023. This will, in turn, reduce such imports from fiscal 2023.

Total auto component exports are forecast to grow at 11-13% CAGR between fiscals 2021 and 2026 on account of the improved the global scenario. Global OEMs are expected to source automotive components from low-cost countries such as India to reduce costs. Currently, the penetration of Indian automotive components in major markets is minuscule, comprising ~3.6% of global exports. This indicates considerable scope for manufacturers to expand their share in the coming years. Moreover, India is moving towards higher global standards in terms of quality and safety measures. This helps the players expand into newer geographies and gives them an edge as compared to other low-cost countries.

Agrochemicals (Pesticides)

Pesticides and fertilisers typically follow the agrochemical growth cycle. The manufacture of pesticides can be split into two phases. The first phase involves manufacture of the active compound or ingredient -- 'the technicals' in industry parlance. A parallel can be drawn with the pharmaceuticals industry, where the equivalent compound would be the APIs or active pharmaceutical ingredients. The technicals are typically hydrocarbon-based and are combined with various other compounds containing sulphur, phosphorous, chlorine, etc.

The technicals are usually manufactured in bulk and form the primary inputs for the second stage of the process: the preparation of formulations. Formulators combine the technical compounds with inert carriers which are primarily designed to impart some desirable characteristics, such as adhesiveness and solubility, to the final product. Thereafter, formulators package and sell the final product.

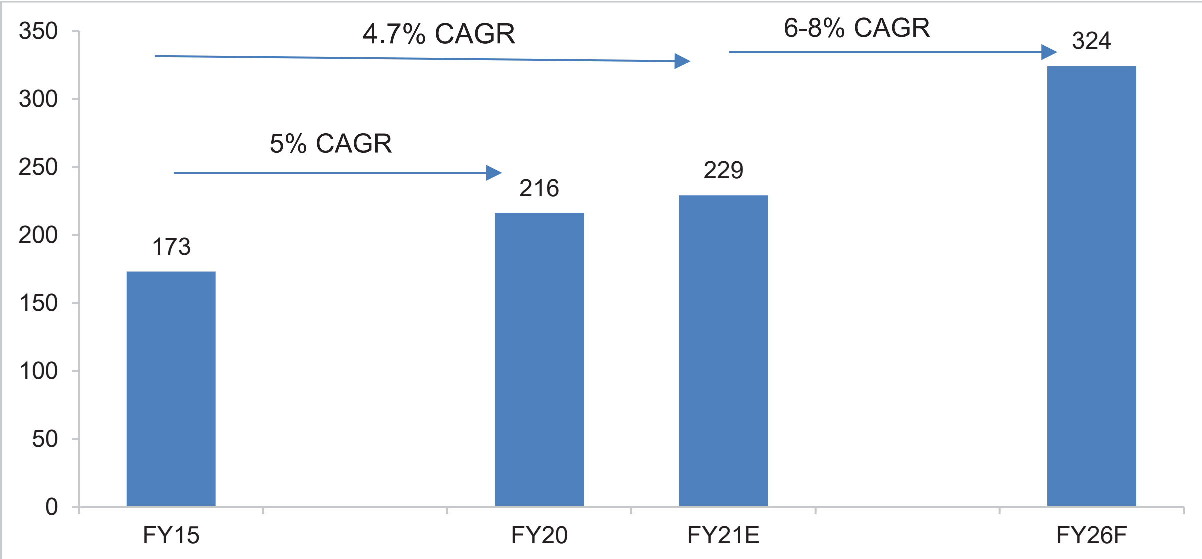
While there are 15-20 major manufacturers of technical compounds who also have a presence in the manufacturing and sale of formulations, there are over 800 standalone formulators as well. Top players (most of whom are integrated manufacturers) account for 60-70% of the pesticides market as of March 2021, with the smaller standalone formulators accounting for the rest. Standalone formulators are largely involved in manufacturing generic (i.e., not specific to a particular crop or pest) pesticides. Larger players, multinational companies (MNCs), or large Indian companies with global tie-ups for technology in particular, are more likely to have a greater presence in specific pesticides. As generic pesticides dominate the domestic market, competition among players in terms of price is intense.

CRISIL Research estimates the domestic crop protection industry to have grown by ~6% on-year in fiscal 2021 after registering a moderate ~5% growth in fiscal 2020 (in value terms). An increase in kharif crop acreage by 2-3% on-year in fiscal 2021 driven by a normal monsoon and higher demand for herbicides led growth during the fiscal.

The pandemic has cast a pall of gloom on India’s economic growth in fiscal 2021, leading to economic contraction. Despite the negative impact of the pandemic, agriculture and allied industries have shone bright. Farmers have already reaped a bumper rabi harvest and the Indian Meteorological Department’s forecast of another normal monsoon this year bodes well for the upcoming kharif season as well.

Between fiscals 2021 and 2026, assuming normal monsoons, we expect domestic pesticides consumption to grow at 6-8% CAGR, to reach Rs ~324 billion by fiscal 2026. Growth will be driven by increase in penetration and rise in per-hectare expenditure on pesticides. Further, the intensity is expected to increase because of increasing farmer awareness, as India has one of the lowest per-hectare consumption. Therefore, farmers are likely to increase the intensity of application to achieve better crop yields and pare losses.

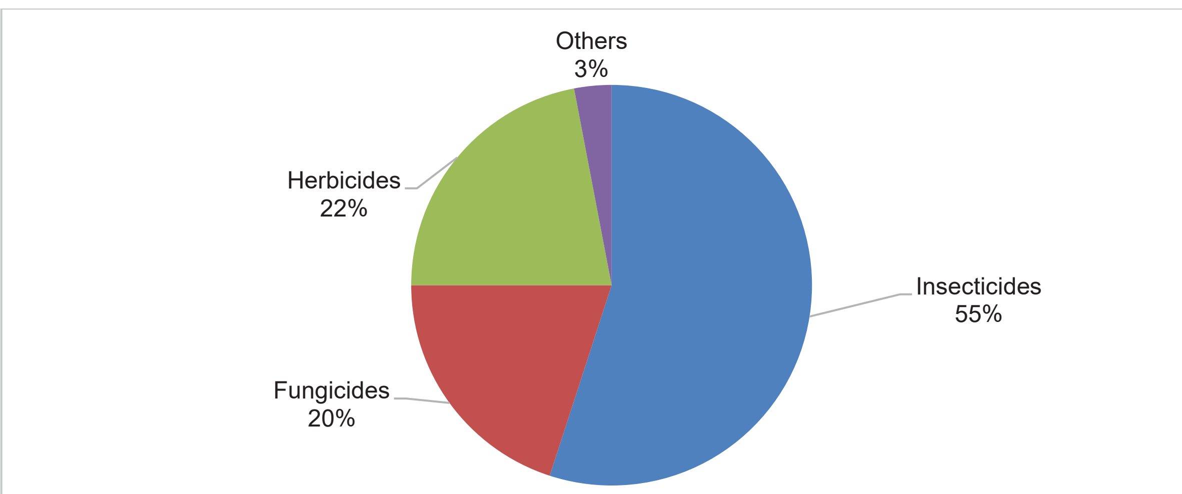
Pesticide industry's growth trajectory (Rs. billion)



Source: CRISIL Research

While insecticides will continue to dominate the overall mix due to India's tropical climate and resultant pest incidence, the share of herbicides and fungicides in overall consumption is expected to increase steadily.

Segment wise pesticide demand in fiscal 2020



Source: CRISIL Research

- Insecticides to grow 5-6% CAGR between fiscals 2021 and 2026; lower application on cotton to lead to subdued growth.
  Between fiscals 2021 to 2026, insecticides are expected to grow at a slower 5-6% CAGR compared with herbicides and fungicides. However, this would be over a high base as insecticides penetration in India is much higher compared with herbicides and fungicides. Insecticides accounts for ~55% share in overall pesticides consumption in fiscal 2021. Further, demand for insecticides is expected to slow down due to a decline in its application on cotton with increasing awareness of BT seeds. However, increasing penetration in paddy plantation will support growth.

- Herbicides to log 11-13% CAGR between fiscals 2021 and 2026; change in labour dynamics to drive growth.
  Between fiscals 2021 and 2026, the herbicides segment is expected to clock a healthy 10-12% CAGR because of changes in the labour dynamics in rural markets. A large hike in rural wages, due to the Mahatma Gandhi National

Rural Employment Guarantee Scheme, has led to an increase in the rural labour cost. Consequently, herbicides (used to treat weeds) are rapidly replacing manual weed pulling across several crops. Rising labour costs and scarcity of labour are expected to drive growth for the segment over the next three years.

- Fungicides to grow at 8-10% between fiscals 2021 and 2026; rise in horticulture production to spur growth
  Between fiscals 2021 and 2026, fungicides demand is expected to grow by 8-10%, assuming normal monsoons. Growth will be driven by an increase in horticulture production, which in turn is driven by an increase in the production of both fruits and vegetables. Also, the shift in focus from cash crops to fruits and vegetables would aid an increase in the application of fungicides. Increased support from the government towards exports of fruits and vegetables is also expected to bode well for fungicide demand.

Expected segment wise growth in pesticides

Type of pesticides	Five-year CAGR (FY21-26)
Insecticides	5-6%
Herbicides	10-12%
Fungicides	8-10%
Others	7-9%
Overall	6-8%

Source: CRISIL Research; Others include rodenticides, bactericides, and larvicides

Fertilisers

A fertiliser is a material, which is organic or inorganic, natural or synthetic, that supplies one or more of the elements required for plant growth. Plants need around 16 nutrients for their growth. While some of the nutrients can be obtained from the atmosphere, others have to be obtained from the soil. The different types of fertilisers include chemical fertilisers, organic fertilisers and bio-fertilisers. Fly ash, green manure and fertilisers made from coir pith are also used to replenish soil fertility.

Fertilisers are composed of the following basic nutrients:

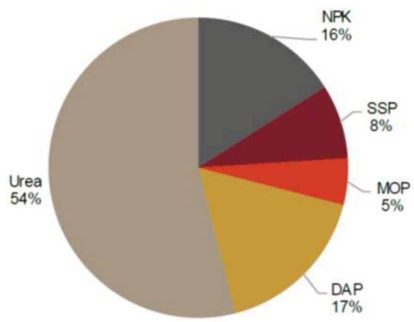
- The primary nutrients are nitrogen (N), phosphorous (P), and potassium (K), which are required in large quantities and are normally supplied through chemical fertilisers.
- Secondary nutrients are required in smaller quantities vis-à-vis the primary ones and include calcium, magnesium, and sulphur.
- Micronutrients are groups of nutrients that are essential for plant growth, though plants require them in smaller quantities. These include iron, zinc, manganese, copper, boron, molybdenum, and chlorine. The most extensively used micronutrient in India is zinc sulphate.

In terms of tonnage and value, chemical fertiliser is the largest segment (vis-à-vis organic or bio-fertilisers) supplying the primary nutrients. At present, around 25 chemical fertilisers are used in India. These can be classified into nitrogenous, phosphatic, potassic, and complex fertilisers, depending on their nutrient content. (

Domestic fertiliser consumption (in product terms) recorded a 1.2% CAGR during fiscals 2015 to 2020 to reach ~57 million tonnes. After the introduction of the Nutrient Based Subsidy Scheme in fiscal 2011, the difference between the retail prices of urea and non-urea fertilisers increased drastically. Hence, demand for non-urea fertilisers is expected to plunge until fiscal 2014, after which a revival in demand is expected despite deficient monsoon. Consequently, between fiscals 2015 and 2020, consumption of non-urea fertilisers registered a 2.5% CAGR. During this period, urea consumption recorded 0.6% CAGR, as urea prices continued to remain regulated.

In fiscal 2021, fertiliser demand is estimated to grow by 9-9.5% on-year. During April-November 2020, demand for fertilisers improved significantly (8-10%) on-year because of various factors such as normal monsoon, labour availability, increase in minimum support price (MSP) of key crops, increased acreage, rise in reservoir levels and government norms. The Indian government implemented a nationwide lockdown from March 25, 2020 to control the spread of COVID-19 infections. As a result, the migrant workers moved back to their hometowns. This led to an increase in labour availability in rural areas, which in turn, bolstered the growth in kharif sowing. Kharif sowing clocked a 4.5-5.5% growth in fiscal 2021. Healthy onset of monsoon, increased moisture content in the soil and timely kharif harvest are likely to lead to a further 2.3-3.5% increase in rabi sowing. Moreover, the government increased the MSP on key kharif and rabi crops by 2-5% in fiscal 2021. Paddy and wheat are the key fertiliser consuming crops in India. The government's procurement of these crops reached a record-high during April-November 2020. As of November end, reservoir levels in India stood at 139 billion cubic metres (BCM), which is significantly higher than the 10-year average of 117 BCM. Going ahead, CRISIL Research expects fertiliser sales to stabilise during the year. In fiscal 2022, overall fertiliser demand is likely to grow at 2.1-2.3% because of a marginal growth in urea sales.

Segment wise fertiliser demand in fiscal 2020

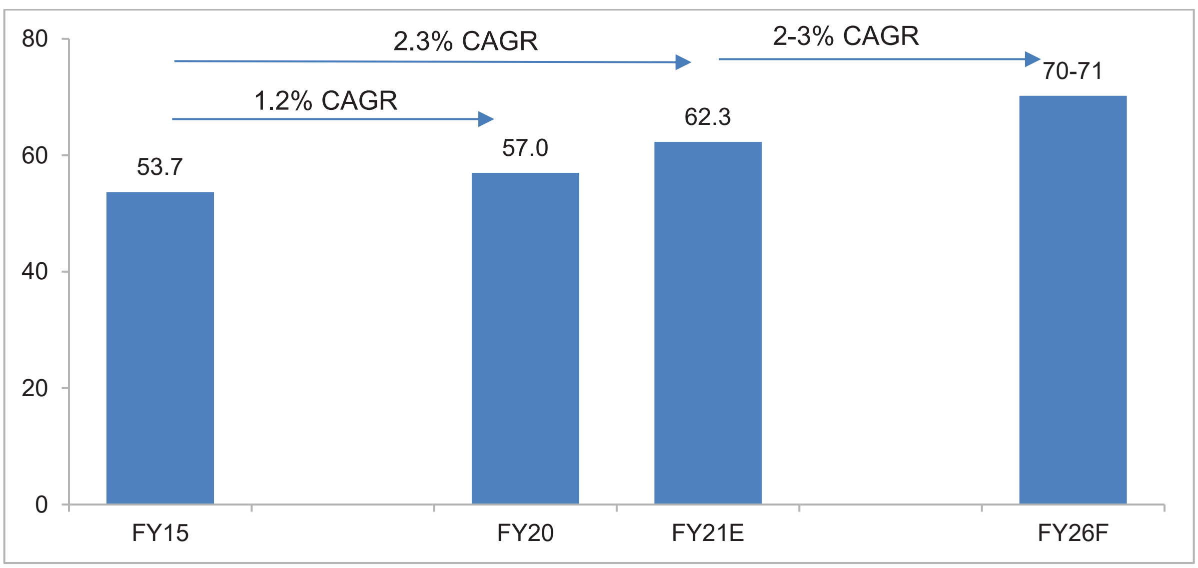


Source: CRISIL Research

Demand for overall fertilisers is forecasted to witness a 2-3% CAGR to reach ~70-71 million tonnes between fiscals 2021 and 2026. Urea is expected to record a 2-2.5% CAGR to reach 35-36 million tonnes during the same period. Urea will continue to have a dominant share in fertilisers owing to its higher preference among marginalised (constituting ~45% based on holding size) and middle-income farmers. However, urea's growth is likely to be much slower than the 15-year CAGR of ~3% led by increasing awareness among farmers regarding soil fertility.

Conversely, non-urea fertilisers are expected to register 4-5% CAGR to reach 34-35 million tonnes during fiscals 2021 to 2026. Government initiatives (soil-health card scheme) towards increasing awareness among farmers along with training programs conducted by fertiliser companies will be the key growth drivers. As part of the soil-health card scheme, a total of 107 million and 115 million soil health cards were distributed in the first (2015-17) and second (2017-19) cycles of the scheme, respectively.

Fertiliser industry's growth trajectory (million tonnes)



Source: CRISIL Research

OUR BUSINESS

Before making an investment in the Equity Shares, this section should be read in conjunction with the sections entitled "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 35, 97, 75 and 258, respectively.

In this section, references to "we" and "our" and "our Company" are to Aarti Industries Limited and its subsidiaries and jointly controlled entity. Unless otherwise stated or required by context, the financial information used in this section has been derived from our Audited Consolidated Financial Statements.

Overview

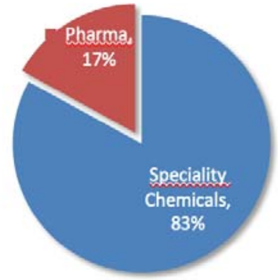
We are the leading specialty chemical manufacturer producing benzene-based derivatives in India, as of March 2021, and we also rank among the largest players globally across various processes such as chlorination, nitration, and hydrogenation (in volume terms) as of March 2021 (*Source*: CRISIL Report). As of March 31, 2021, our product portfolio comprised over 200 products which were manufactured at our 20 manufacturing plants and marketed to more than 400 global customers in over 60 countries and 700 domestic customers. A majority of our products are exported to the USA, several countries in Europe, China, Japan and other parts of the world; and are used in end-user applications such as in agrochemicals, pharmaceuticals, polymer additives, paints, pigments and dyes, fuel additives, FMCG applications and beverages.

We conduct our business through two distinct segments: our specialty chemicals segment ("Specialty Chemicals Segment") and our pharmaceuticals segment ("Pharmaceuticals Segment).

In our Specialty Chemicals Segment, our operations are integrated across the product chains of benzene, toluene and sulphuric acid. We believe that this gives us the ability to effectively use co-products and generate value-added and downstream products which helps us broaden our customer base, enhance wallet share and deepen our customer relationships. In 2020, we were the largest producer globally for the manufacture of nitro chloro benzenes ("NCB") and ranked amongst the top three players for di chloro benzenes ("DCB") (*Source*: CRISIL Report). As of March 2021, we were also the only manufacturer in India of nitro fluoro aromatics using the Halex process (*Source*: CRISIL Report). Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture other chemicals, such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene-based derivatives. The products in our Specialty Chemicals Segment have varied applications across the agrochemicals; pharmaceuticals; polymer additives; fuel additives; FMCG applications; paints, printing inks, pigments; and dyes industries. We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding (Halex chemistry) in our manufacturing operations. A significant portion of our revenue from operations is derived from our Specialty Chemicals Segment. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Specialty Chemicals Segment amounted to ₹41,514.0 million, ₹38,649.5 million and ₹39,797.0 million, respectively, which constituted 82.6%, 83.6% and 84.6%, respectively, of our consolidated gross revenue from operations.

Our Pharmaceuticals Segment is divided into three verticals for the (a) manufacture of APIs; (b) manufacture of intermediaries; and (c) manufacture of xanthine derivatives. As of the date hereof, our Pharmaceuticals Segment manufactured various commercial APIs with 38 US Drug Master Files ("USDMF")and 20 Certificates of Suitability ("CEP") (with one under assessment). In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Pharmaceuticals Segment amounted to ₹8,718.8 million, ₹7,557.4 million and ₹7,258.1 million, respectively, which constituted 17.4%, 16.4% and 15.4%, respectively, of our consolidated gross revenue from operations. The diagram below shows the split of our consolidated gross revenue by sector in Fiscal 2021.

Split of Consolidated Gross Revenue by Sector in Fiscal 2021



We own and operate 20 manufacturing plants, which comprise 15 plants dedicated to our specialty chemicals business and 5 plants catering to our pharmaceutical business. Two of our pharmaceutical manufacturing plants are USFDA approved, and three of our pharmaceutical manufacturing facilities are WHO certified and cGMP compliant, meeting ICH Q7 standards. This enables us to supply to pharmaceutical customers that operate in regulated markets. Of our 20 manufacturing plants, 13 are located in Gujarat and 7 are located in Maharashtra. Two of our new manufacturing plants in Gujarat are located at Dahej SEZ, Bharuch District. All of our plants are conveniently located with good connectivity to the ports to facilitate the import of raw materials and export of products. As at March 31, 2021, 16 of our manufacturing plants were zero liquid discharge plants, and we have setup 5 solar power plants at our facilities. Additionally, we have over 100 acres of land in Jhagadia, Gujarat and over 120 acres of land in Atali, Gujarat available for future expansion and development.

We are focused on research and development which is carried at our four dedicated R&D Facilities. Our R&D Facilities in Vapi (Plot no 22/c) and Dombivali are dedicated to our pharmaceutical business, and our R&D Facilities in Vapi (Plot no 801,801/1-2-3) and Navi Mumbai are dedicated to our specialty chemical business. As of date hereof, we employed a team of over 400 engineers and scientists at our R&D Facilities. Our R&D activities centre on process innovation and commercial innovation. We focus on downstream products through processes like high value photochlorination, hydrogenation, ammoxidation, flouroniation, carbohydrate chemistry, isromerisation reactions and triphosgene reactions. We have obtained a number of registered intellectual property rights to develop customized products for over 50 patents filed (of which 13 have been awarded) from authorities in India, USA, Europe, and China.

Key financial information

Set forth below is certain of our key financial information on a consolidated basis:

(in ₹ millions except percentages and ratios)

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017
Gross Revenue from operations	50,232.8	46,206.9	47,055.1	38,060.6	31,634.6
EBITDA	9,822.3	98,61.7	9,671.9	7,068.9	6,554.6
Profit after tax	5,234.7	5,360.8	4,917.4	3,329.6	3,157.8
Capital Expenditure	13,113.7	11,532.8	7,936.1	6,147.8	5,302.2
Capital Expenditure capitalized	14,311.0	5,302.1	4,224.2	4,480.7	5,737.1
Operating cash flows	8,727.1	11,020.6	7,362.0	3,349.0	4,700.7
ROCE	13.8%	17.4%	20.1%	16.8%	19.7%
ROCE (exc CWIP)	18.4%	22.8%	23.7%	18.8%	22.1%
ROE	15.9%	18.5%	22.5%	21.6%	24.1%
Debt / equity ratio	0.8	0.7	0.9	1.3	1.1
Net debt / EBITDA ratio	2.5	1.9	1.7	2.9	2.4

For information about Non-GAAP financial measures as set forth in the table above, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations -Non-GAAP Financial Measures"* on page 83.

From Fiscal 2017 to Fiscal 2020 (the pre-COVID-19 period), our gross revenue from operations grew at a CAGR of 13.5%, our EBITDA grew at a CAGR of 14.3% and our profit after tax grew at a CAGR of 19.3%, each on a consolidated basis.

From Fiscal 2017 to Fiscal 2021, our gross revenue from operations grew at a CAGR of 12.3%, our EBITDA grew at a CAGR of 10.7% and our profit after tax grew at a CAGR of 13.5%, each on a consolidated basis.

Our Strengths

We believe that we possess a number of competitive strengths, which enable us to successfully execute our business strategies, including the following:

Global player in benzene-based derivatives with integrated operations

We are the leading specialty chemical manufacturer producing benzene-based derivatives in India, as of March 2021, and we also rank among the largest players globally across various processes such as chlorination, nitration, and hydrogenation (in volume terms) as of March 2021 (*Source*: CRISIL Report). We believe our market leadership in benzene-based derivatives is attributed to our diverse and comprehensive product portfolio, product innovations, presence in the industry for over 37 years and our ability to meet stringent specifications and customizations along with strong technical competencies, and research and development capabilities.

In specialty chemicals, our operations are integrated across the product chains of benzene, toluene and sulphuric acid. We believe that this integration gives us the ability to effectively use co-products and isomer balancing and generate value-added products. We also manufacture other chemicals such as single super phosphate; calcium chloride granules; fuel additives; and phthalates. A significant portion of our revenue from operations is derived from the sale of benzene-based derivatives. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Specialty Chemicals Segment amounted to ₹41,514.0 million, ₹38,649.5 million and ₹39,797.0 million, respectively, which constituted 82.6%, 83.6% and 84.6%, respectively, of our consolidated gross revenue.

We manufacture our products using complex processes. During Fiscal 2021, chlorination and nitration accounted for approximately 27.2% of our specialty chemicals consolidated gross revenues; and approximately 72.8% of our specialty chemicals consolidated gross revenue comprised revenues from sale of other value added products and chemistries in our Speciality Chemical Segment. In 2020, we were the largest producer globally for the manufacture of nitro chloro benzenes (“NCB”) and ranked amongst the top three players for di chloro benzenes (“DCB”) (Source: CRISIL Report). As of March 2021, we were also the only manufacturer in India of nitro fluoro aromatics using the Halex process (Source: CRISIL Report). We believe that our leadership position offers us several competitive advantages. We believe that our leadership position enables us to leverage our relationship with existing customers, to attract large multi-national customers across geographies including the United States and Europe, to increase our product line and to strengthen our reputation.

Diversified product portfolio, strong customer base and varied geographical presence

Our product portfolio comprises over 200 products that are marketed to more than 400 global customers in over 60 countries and 700 customers in India. We have diversified our product base by expanding from our specialty chemicals business to pharmaceutical products.

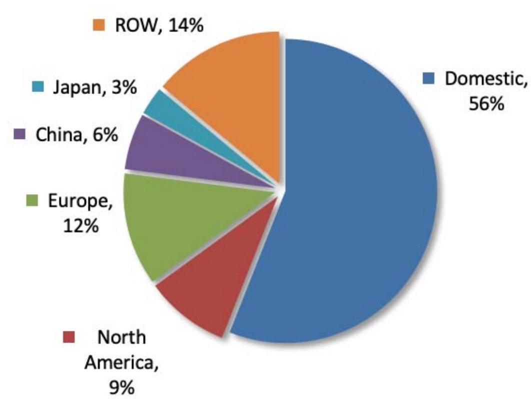
Within our Speciality Chemical Segment, we have diversified to manufacture other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene based derivatives. We believe that this expansion of our product range enables us to manufacture products with applications in various end-user industries. For instance, specialty chemicals cater to (a) the agrochemicals industry, where our chemicals are used in manufacture of pesticides, insecticides, fungicides, herbicides, fertilizers and nutrients; (b) the polymers and additives industry, where our chemicals are used in aircraft, automobiles, cruise liners, bullet-proof jackets and electronic products; and (c) the dyes and pigments industry, where our products find application in printing inks, amongst others. In our Pharmaceuticals Segment, we manufacture intermediates and APIs used in anti-cancer, anti-asthmetic, anti-hypertensive, ophthalmologic, anti-thalassaemic CNS agents, steroids and skincare applications. Our Pharmaceuticals Segment also manufactures xanthine derivatives which are used in beverages, nutraceuticals and pharmaceuticals.

We believe that a well-diversified product portfolio reduces our dependence on individual products. In Fiscal 2021, our top five products contributed approximately 30.8% and 45.2% of consolidated gross revenue from operations in our Specialty Chemicals Segment and Pharmaceuticals Segment, respectively; and our top 10 products contributed approximately 45.3 % and 56.9% of our consolidated gross revenues from operations in our Specialty Chemicals Segment and Pharmaceuticals Segment, respectively. Further, in Fiscal 2021, our top five and top 10 products contributed to 28.4% and 40.7%, respectively, of our consolidated gross revenue from operations.

Our products are used across different end industries and have different business cycles. For example, our products for agrochemicals segment are used in pesticides, insecticides and herbicides, which are driven by the agrochemical cycle. Our products from our Pharmaceuticals Segment include applications for drugs catering to analgesic, anti-cancer, anti-asthma, anti-hypertension and oncology therapies, which are non-cyclical and give resilience to our business. Our products for the dyes and pigments are used in paints, printing ink and textiles industry; and our products for polymers and additives segments are used in aircraft, automobiles and electronic products, each of which follow a normal business cycle.

Over the years, we have evolved from being a local supplier to companies in India to being a global supplier to companies across major geographies, such as North America (including USA), Europe, China, Japan and rest of world. In Fiscal 2021, of our consolidated gross revenue from operations, approximately 56.5% was derived from domestic sales; approximately 8.6% was derived from sales in North America, approximately 12.4% was derived from sales in Europe; approximately 6.1% was derived from sales in China, approximately 2.9% was derived from sales in Japan and approximately 13.5% was derived from sales to the rest of the world. The diagram below shows the split of our consolidated gross revenue by geography in Fiscal 2021.

Split of Consolidated Gross Revenue by Geography in Fiscal 2021



Our customer base comprises multinational and domestic companies as of March 31, 2020. We enjoy relationships in excess of 5 years with 9 out of our top ten customers. In addition, over 85% of our consolidated gross revenue from operations in Fiscal 2021 was derived from customers with whom we had existing relationships for over five years. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers. Of our consolidated gross revenue from operations in Fiscal 2021, our largest customer contributed approximately 3.3%; our top 10 customers contributed to approximately 21.9%; and our top 20 customers contributed 31.4%.

Further, our revenues are attributable to both domestic and international sales. We export our products to more than 60 countries globally. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, our consolidated gross revenue from exports represented 43.5%, 42.5% and 42.0%, respectively, of our consolidated gross revenue from operations.

We believe that our diversified and comprehensive product portfolio and large customer base spread across several countries and customer categories diminishes the risks associated with our dependence on any particular product, customer or geography.

Significant growth and diversification in our pharmaceuticals business across products and geographies

Our pharmaceutical business operates across a number of production lines and is diversified geographically. Our Pharmaceuticals Segment is divided into three verticals for (a) manufacture of APIs; (b) manufacture of intermediaries, and (c) manufacture of xanthine derivatives. Our APIs, intermediaries and xanthine derivatives verticals accounted for 43%, 17% (together with APIs 60%) and 40%, respectively, of our consolidated gross revenues from our Pharmaceuticals Segment in Fiscal 2021. We have 48 commercialized APIs, which are used in various medicine categories including anti-hypertensive, anti-asthmatic, anti-cancer, anti-thalassaemic, central nervous system agents, skin care, decongestant, analgesic, opthalmolgoic and calcimimetic. We manufacture over 90 intermediates and have backward integrated intermediaries for most of the APIs that we manufacture. We have dedicated approvals for cortico steroids and anti-cancer products in the USA, European Union and Japan. Our Xanthine derivatives manufactured by us are used in beverages, nutraceuticals and pharmaceuticals. Two of our manufacturing facilities are dedicated to manufacturing Xanthine derivatives and one of these facilities has obtained the certifications "Star Kosher", "HACCP" and "GMP" for manufacturing and testing. The xanthine compounds primarily cater to demand from manufacturers in the fields of beverages, neutraceuticals and pharmaceutical applications. Our APIs are exported to regulated markets globally including the USA, several countries in the European Union, China and Japan. Our exports accounted for 67.8% of API sales, 25.4% of intermediaries sales and 49.0% of xanthine derivatives sales in Fiscal 2021, and our domestic sales accounted for 32.2% of API sales, 74.6% of intermediaries sales and 51.0% of xanthine derivatives sales in Fiscal 2021. We also undertake contract research and manufacturing services (CRAMS) activities focused on intermediates.

We have five pharmaceutical manufacturing plants, two of which are approved by the USFDA and three of which are WHO / GMP certified. Additionally, we have two research and development facilities that are dedicated to our pharmaceutical business with over 200 engineers and scientists. As of the date hereof, our Pharmaceuticals Segment manufactures various commercial APIs with 38 USDMF, and 20 CEP (with one under assessment). We also have an exclusive sterile block for oncology APIs. Additionally, we have obtained a number of intellectual property rights to develop customized products for over 50 patents filed (of which 13 have been awarded) from authorities in India, USA, Europe, China and other parts of the world. Our manufacturing facilities and products are subject to auditing processes by various regulatory agencies of the countries where we market and sell our products, including the USFDA. We have not been subject to any alerts or sanctions by the USFDA in the past three fiscal years.

Our Pharmaceuticals Segment has grown significantly over the last three fiscal years. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Pharmaceuticals Segment amounted to ₹8,718.8 million, ₹7,557.4 million and ₹7,258.1 million, respectively, which constituted 17.4%, 16.4% and 15.4%, respectively, of our consolidated gross revenue. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, our consolidated EBIT margins from our Pharmaceuticals Segment amounted to 23.5%, 18.2%, and 15.5%, respectively. During the last five fiscal years from Fiscal 2017 to Fiscal 2021, our consolidated gross revenue from operations from our Pharmaceuticals Segment grew at a CAGR of 19.6% and our EBIT margins grew at a CAGR of 43.8%.

We believe that the major drivers for improved margins in our Pharmaceuticals Segment have been increasing our business in regulatory markets, our capacity utilization improvement and operating leverage, our focus on contract research and contract manufacturing services and the improving the margin profile of the product portfolio.

Strong returns despite significant capex

We have been expanding our capacities to scale our benzene derivatives manufacturing business and integrate downstream value added products, to add toluene based derivatives and to add more capacities in our Pharmaceuticals Segment. Some of the key capacity expansion projects undertaken by us in recent years include:

- Our synthetic organic project at the Dahej SEZ in Gujarat was commissioned in phases with Phase 1 commissioned in Fiscal 2020 and Phase 2 commissioned in Fiscal 2021. This unit manufactures downstream and value added products catering to the growth in polymer additives and agrochemicals applications

- Our fourth R&D centre at Navi Mumbai focusing on the specialty chemicals was operationalised in Fiscal 2020. This centre is also equipped with process safety and synthesis labs.

- Our chlorination project at our Jhagadia manufacturing facility was commissioned in Fiscal 2021. In 2020, we ranked amongst the top 3 players globally for the DCB products. (*Source*: CRISIL Report).

- Our pharmaceutical intermediate capacity at Vapi was expanded in Fiscal 2021. This unit caters to the need for pharmaceutical intermediates for both captive and external requirements.

During Fiscal 2021, Fiscal 2020 and Fiscal 2019, we spent ₹13,113.7 million, ₹11,532.8 million and ₹7,936.1 million, respectively, on capital expenditure on a consolidated basis. In Fiscal 2021, we invested ₹12,979.1 million in construction work in progress (CWIP). During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our gross fixed assets on a consolidated basis were ₹51,554.9 million, ₹38,370.4 million and ₹ 33,618.0 million, respectively.

During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our ROCE on a consolidated basis was 13.8%, 17.4% and 20.1%, respectively, our ROCE (excluding CWIP) on a consolidated basis was 18.4%, 22.8% and 23.7%, respectively, and our ROE on a consolidated basis was 15.9%, 18.5% and 22.5%, respectively.

We are in the process of further increasing our capacities at our manufacturing facilities at Vapi, Kutch, Jhagadia Tarapur and Dahej. We believe that additional capacities at our new and upcoming manufacturing facilities will provide significant growth opportunities in the future. We believe that our customers have acknowledged our commitment to investment in growth through long term capital commitments, and we have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

Strong research and development capabilities allowing product innovation

We are focused on research and development which is carried at our four dedicated R&D Facilities. Our R&D Facilities in Vapi and Dombivali are dedicated to our pharmaceutical business and our R&D Facilities in Vapi and Navi Mumbai are dedicated to our specialty chemical business. As at March 31, 2021, we employed a team of over 400 engineers and scientists at our R&D Facilities. In Fiscal 2021, our R&D expenditure was ₹818.1 million, which represented 1.6% of our consolidated gross revenue from operations. Our new research and development facility in Navi Mumbai was commissioned in Fiscal 2020 and is primarily focused on speciality chemicals. This new R&D facility has a dedicated lab for process safety, eluent treatment and flow chemistry, a kilo lab and high-pressure reactors.

Our R&D activities are centered on process innovation and commercial innovation. We focus on downstream products through processes like high value photochlorination, hydrogenation, ammoxidation and flourination. We have adopted Swiss technology for continuous loop reactors for eco-friendly hydrogenation processes, continuous crystallizers and reconcentration of sulphuric acid. We are also making efforts in niche chemistries where we believe competitive intensity is relatively low such as carbohydrate chemistry, chryele chemistry, asymmetric synthesis, bio catalysts, chryele epoxides, kinetic resolution, coupling reactions chemistry, c-c coupling, c-n coupling, isomerization reactions, triphosgene reactions, steriods synthesis, and flow reactions with phase transfer catalysts.

Our key research and development processes include high pressure autoclaves, glass lined reactors, sparkler filters and fractional distillation, amongst others; and we maintain a constant focus on downstream products. As of March 31, 2021, we manufacture over 200 products over our Specialty Chemicals Segment and Pharmaceuticals Segment. We make use of processes such as Scrub NOx in sulphuric acid from our MDCB plant to manufacture commercial grade nitrosyl sulphuric acid. We also make use of processes like chlorination, nitration, hydrogenation, ammonolysis and fluoro-compounding. Further, we directly utilize HCL gas, which is a by-product of benzene chlorination, to manufacture chloro sulphonic acid ("CSA"). As of March 2021, we were also the only manufacturer in India of nitro fluoro aromatics using the Halex process. (Source: CRISIL Report). We also produce 100% export grade calcium chloride granules from dilute hydrochloric acid and adopt eco-friendly hydrogenation processes through continuous loop reactors.

We have been increasing its presence in the Pharmaceuticals Segment by going through various inhouse innovations and having our own patents and other intellectual property. Our focus has been on lifestyle APIs and Intermediates. Our research and development activities have enabled us to develop various commercial APIs. As of the date hereof, we have 38 USDMF, and 20 CEP (with one under assessment). We also have obtained a number of intellectual property rights to develop customized products for over 50 patents filed (of which 13 have been awarded) from authorities in India, USA, Europe, China and other countries.

Strong focus on sustainability

We are focused on health and safety and believe to have a 'zero tolerance' policy within our organisation. We regularly conduct process safety audits and inspections from external agencies. During the period of Fiscal 2017 through Fiscal 2021, we spent an aggregate amount of over ₹3,500 million on environment, health and safety. We have implemented DCS control systems and process automation. The process of 'learning from the incident' is established and our 'Aarti Management System', an internal protocol mechanism, and is responsible for various sustainability initiatives (including and not limited to process safety). We have employed a robust emergency response system that keeps us ready to handle potential emergency situations.

We are also significantly focused on environment and sustainability. We strive to follow the "Three-R" principle of reduce, recover and reuse. We are looking to improve our overall corporate governance by institutionalizing our sustainability efforts and decentralizing decision-making to ensure environmental issues are addressed promptly at all management levels. We have established a Sustainability Council Committee for Sustainability Management, which is led by our Chairman with representatives from our Board, top leadership and senior management from all the manufacturing sites. The Council deliberates on sustainability-related issues and meets once a month to review our sustainability performance and discuss challenges and opportunities We have adapted an online compliance mechanism for better governance.

We own and operate 20 integrated manufacturing plants two of which are USFDA certified and three of which are WHO certified and/or cGMP compliant plants meeting ICH Q7 standards enable us to supply to customers that operate in regulated markets. We also have procured IMS certifications for our major operations. Our major units are audited by Together-for-Sustainability initiative. We have received a "gold standard" supplier sustainability rating from Ecovadis, a platform which provides an assessment on sustainability performance of a Company and provides them with comprehensive feedback, benchmark and tools for improvement. We have also received the Certification under Responsible Care, which recognizes our efforts in enhancing our ESG compliance and practices.

As of March 31, 2021, 16 of our manufacturing plants are zero liquid discharge plants and five solar power plants at our facilities. We have adopted the Swiss loop reactor technology for hydrogenation. Chilled water is generated from our chlorine tonners for our chilling applications. We have installed ash handling systems, solvent recovery systems and gas scrubbing units. Further, we have installed bioreactors, chemical RO's, multiple effect evaporators and incinerators which drastically reduce water consumption. We have set up a sewage recycling plant at Kutch, Gujarat; the plant uses Soil Biotechnology (SBT), a terrestrial system for wastewater treatment based on the principle of trickling filter.

We undertake several initiatives to promote employee health and quality of life. We have formulated a comprehensive Safety, Health and Environment Policy. We have a company-wide safety initiative called "Be Safe" to enhance and inculcate the safety culture among our employees.

We aim to develop a culture that is based on fairness and respect. This includes following Aarti Industries' Code of Conduct and protecting employees from discrimination, harassment and retaliation. We continuously review our existing human resource initiatives to make them more inclusive, employee engaging and skill-development oriented.

We believe that our focus on health, safety and environment and building an inclusive work environment has been acknowledged by all our stakeholders and the industry at large and this can be demonstrated by several awards that have been bestowed upon our Company.

Well placed to benefit from specialty chemical sector tailwinds

According to CRISIL Research, the global specialty chemicals market grew at approximately a 6-7% CAGR between Fiscal 2015 and Fiscal 2020. (*Source:* CRISIL Report). In terms of region-wise demand, according to CRISIL Research, India's specialty chemicals industry is expected to grow by 10-12% CAGR over the period of 2020 to 2025 compared with other markets, due to rising demand from end-user industries, coupled with tight global supply on account of stringent environmental norms in China. (*Source:* CRISIL Report). In the view of CRISIL Research, markets like the Americas, Europe and Japan are expected to grow at less than 3% CAGR over the period of 2020 to 2025, due to industry saturation in these regions. (*Source:* CRISIL Report).

The end use segments for our specialty chemical are experiencing consumption-led growth in India and key global markets. For example, according to CRISIL Research, India's dyes and pigments market grew at approximately a 6-7% CAGR between Fiscal 2015 and Fiscal 2020, driven by rising demand from the textiles industry; demand for polymers In India grew at a 7.5% CAGR between Fiscal 2015 and Fiscal 2020, because of higher economic growth; Indian Domestic fertiliser consumption (in product terms) grew at 1.2% CAGR between Fiscal 2015 and Fiscal 2020; and the Indian paints industry grew at a CAGR of 6% between Fiscal 2015 and Fiscal 2020. (*Source:* CRISIL Report).

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government, which have led to shutdown of a number of chemical plants. (*Source*: CRISIL Report).

Some major factors that have contributed to a slowdown in the specialty chemicals market in China include:

- stringent environmental norms;
- rising labour costs;
- slowing domestic demand; and
- appreciation of China's currency. (*Source*: CRISIL Report)

According to CRISIL Research, India is set to benefit from the China's downturn (*Source*: CRISIL Report). For further details, see "*Industry Overview – India to benefit from China's downturn in specialty chemicals industry*" on page 104. In the view of CRISIL Research, the recent downturn observed in China's specialty chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts.

In addition, the changing regulatory and policy environment in China have led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because, very few countries, other than India, have the requisite scale, R&D and technology, skilled manpower raw materials and government support to capture this opportunity. In addition, the depreciation of Indian rupee in recent times has led to increased pricing power for specialty chemical players and enhanced global competitiveness (*Source*: CRISIL Report).

Experienced promoters and strong management team

We are led by a qualified and experienced management team that we believe has the expertise and vision to manage and grow our business. Our Chairman and Managing Director, Rajendra Gogri, replaced our now Chairman Emeritus, Mr. Chandrakant Gogri, as Chairman in 2012. Mr. Rajendra Gogri has been associated with our Company since its incorporation in 1984 and was appointed as the joint managing director of our Company in 1990. He has around 37 years of experience as an entrepreneur in the chemical industry. Our senior management team's collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences. We will continue to leverage on the experience of our management team and their understanding of the specialty chemicals, pharmaceutical and home and personal care products industries in order to take advantage of current and future market opportunities. For more information, see "*Board of Directors and Senior Management*" on page 167.

Our management continues to focus on production, marketing and new growth areas in their respective product segments. We believe that the knowledge and experience of our promoters, along with senior management, and team of skilled personnel provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new markets.

Our Strategy

Expansion in existing value chain and increased production of value added products

We intend to scale up the manufacturing capacities for our existing products. To this end, we continually exploring new markets and applications for our existing products. We aim to add value to the by-products of our specialty chemical manufacturing process to diversify our product line. We believe that this gives us the ability to effectively use co-products and generate value-added products. Additionally, we also seek to strengthen our market position across isomers and isomer co-products.

We intend to grow our business operations further through synergistic expansion into related products and forward integration. Our strategy includes:

- further expanding our product portfolio and production capacity for our existing products;

- identifying niche opportunities in relatively less crowded markets to gain market share rapidly;
- expand our product basket further with related products that are bi-products of our existing products; easily manufactured from the bi- products of such products; and that can be manufactured using the same raw materials and manufacturing facilities;
- downstream integration to manufacture more value added products;
- setting up universal multi-purpose plants to provide manufacturing flexibility for this expansion.

We also intend to enter new downstream products in the specialty chemical segments based on our existing competencies, infrastructure and backward integration. These products would cater to more niche applications of agrochemicals and polymer additives. This will help to diversify our product mix further and introduce more value-added products. We believe that this diversification would allow us to service new clients demand; and consequently, enhance our business prospects.

Deepen relationships with our customers through collaboration, co-development and strategic alliances

We intend to adopt the approach of co-development and scale-up our product portfolio through customer partnerships, strategic alliances and collaboration. Further, we intend to develop multiple products with such partners in order to deepen our relationships with them. While we believe that our continuing R&D endeavours and our reputation for quality will help increase our overall market share for both of our pharmaceutical and speciality chemical product categories, we intend to focus on increasing our strategic alliances in R&D with our customers in the years to come. In addition, we look to expand our contract research services business that we provide to our pharmaceutical customers. We have built long-standing relationships with our customers through various strategic endeavours, which we intend to leverage by capitalizing on the significant opportunities that our diversified product portfolio offers. Further, we plan on utilizing our expanded geographical footprint to address the sourcing requirements of our existing multinational customers as and when they enter new markets, thereby consolidating our position as a preferred supplier across geographies.

Enter new product value chains

We have integrated our operations across the product chains of benzene, toluene and sulphuric acid. We make use of processes such as chlorination, nitration, ammonolysis, hydrogenation and fluoro compounding in our benzene and toluene value chain for a range of downstream products. We intend to further diversify our product portfolio by entering into new product value chains (such as chlorotoluenes) in order to cater to our existing customers in the endues applications of agrochemicals, polymer additives and pharmaceuticals The proposed value chain would have host of processes such as chlorination, photo chlorination, ammoxidation, flourination, in addition to various other new reaction capabilities at these upcoming manufacturing facilities.

Long term customer contracts and manufacturing outsourcing

Our customer base comprises multinational and domestic companies as of March 31, 2020. We export our products to over 400 customers globally and over 700 customers in India. We enjoy relationships in excess of 5 years with a 9 out of our top ten customers. Of our consolidated gross revenue from operations in Fiscal 2021, our largest customer contributed approximately 3.3%; our top 10 customers contributed to approximately 21.9%; and our top 20 customers contributed 31.4%. While we derive a significant portion of our revenues from limited number of major customers, we believe that this reflects our ability to cater to the continual procurement needs of our multinational customers across diverse geographies.

We also propose to pursue opportunities of being appointed as a contract manufacturer of customized products by global chemical companies by leveraging existing relationships as well as pursuing new clients. The aim of entering into such long-term contracts is to leverage process expertise. We have a number of supply contracts with customers of three to five year duration which are linked to a formula based pricing structure. In addition, we have a ten-year supply contract for specialty chemical intermediate with a global chemical company and a twenty-year supply contract for specialty chemical intermediate with a chemicals conglomerate. These supply contracts often require us to outlay capital to scale up our capacity and production. We believe that sufficient supply of raw material in India increases customers' ability to enter into such contracts. Further, industry trends in India, as compared to China, also incentivise our customers to enter into manufacturing outsourcing contracts with us. We intend to set up dedicated toll manufacturing facilities to cater to such customers. We believe that our customers have acknowledged our values and business model as well as our appetite for investing in growth through long term capital commitments. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

We also intend to continue to leverage our products and our long-term relationships and credentials with our domestic and international customers to further develop and strengthen our presence in the global market. In Fiscal 2021, we commissioned Phase 2 of our manufacturing facility at the Dahej special economic zone (SEZ) and port in Gujarat that is dedicated to catering to the domestic and international customers.

Expansion of our Pharmaceuticals Segment

In our Pharmaceuticals Segment, two of our manufacturing facilities are USFDA certified and three are WHO certified and/or cGMP compliant plants meeting ICH Q7 standards which enable us to supply to customers that operate in regulated markets. As a part of our strategy, we intend to increase our presence in regulated markets like the US, Europe and Japan.

We propose to expand our Pharmaceuticals Segment in order to take advantage of the growth opportunities in this sector. In order to achieve our strategy of expanding our market share, we intend to expand our capacities in existing products as well as expand and strengthen our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for success in this segment and allows us to create value for our customers; and develop and explore more opportunities for innovators on APIs and intermediaries. We have two R&D Facilities that are dedicated to our Pharmaceuticals Segment. Through our research and development capabilities, we aim to develop and enhance our portfolio of customised products offered to customers and focus on high value intermediates, especially for the active pharmaceutical industry.

At a meeting of our Board of Directors on January 28, 2021, our Board formed a special committee to consider the demerger of our pharmaceuticals business to unlock value for our shareholders. We are in the early stages of considering the benefits and risks associated with such a demerger.

Focus on high growth sectors and emerging trends in the specialty chemicals and pharmaceutical industry

We aim to focus on high growth sectors and emerging trends in the specialty chemicals and pharmaceutical industry. We are witnessing significant opportunities to work with our customers in new emerging trends and in new end use industries such as electric vehicles, battery chemicals, renewable energy, synthetic foods and green processes. We are working on such opportunities and are looking to connect with the existing and potential customers where we can support them with our intermediates.

History

Aarti Industries Limited was originally incorporated as “Aarti Organics Private Limited” on September 28, 1984 under the Companies Act, 1956 with the Registrar of Companies, Gujarat (“RoC”). It was converted into a public limited company on December 4, 1990 and thereafter its name was changed from “Aarti Organics Private Limited” to “Aarti Industries Limited” pursuant to a fresh certificate of incorporation dated October 11, 1994 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.

Key Milestones

Year	Event
1984	• Aarti Industries Limited was incorporated
1986	• Commenced unit for Nitro Chloro Benzenes in Sarigram, Gujarat
1990	• First large-scale organic plant in Vapi
2001	• Set up a large-scale hydrogenation and nitration unit at Jhagadia (hydrogen gas via pipeline)
2006-2008	• Expanded NCB and sulphuric acid capacity • Received USFDA approval for APIs unit at Tarapur
2010	• Upgraded hydrogenation unit from batch to continuous • Custom synthesis division at Vapi received USFDA approval
2016	• Commissioned ethylation facility (ethylene gas via pipeline) • Expanded our NCB manufacturing

Year	Event
2017	• Commenced our calcium chloride unit • Started operations at our co-generation and solar power plants
2018	• Signed a large multi-year contract with a global player in the specialty chemicals segment
2019	• Signed multi-year contract with a global player in the specialty chemicals segment • Commissioned the Nitro Toulene hydrogenation facility at Jhagadia
2020	• Commissioned Phase 1 unit at Dahej SEZ for agrochemical intermediates and high value specialty chemicals • Commissioned new research facility at Navi Mumbai
2021	• Commissioned Phase 2 unit at Dahej SEZ • Operationalised new chlorination unit at Jhagadia

Awards and Accreditations

We have been honored with awards and recognitions in the past three years as an acknowledgement of our business strengths and the value of our brand including:

Year	Particulars
2015	Forests and Environment Dept, Government of Gujarat awarded the "Gujarat Cleaner Production Award 2014-15"
2015	IIChE Lala Shriram National Award For Leadership In Chemical Industry
2015	Chemtech Foundation accorded Aarti Industries with the "Outstanding Achievement –Innovation" award
2015-2018	Chemexcil awarded, Trishul Award 2014-15, 2016-17, 2017-18 in the Dyes & Dye Intermediaries Panel, Large Scale Sector; Award of Excellency 2015-16 in the Dyes & Dye Intermediaries Panel, Large Scale Sector.
2017	Awarded at SERB-IGCW 2017 in "MNC, Large & Medium Scale Industries Category
2018	ICC Lifetime Achievement Award
2019	Hurun Industry Award 2019
2021	FICCI Chemicals and Petrochemicals Awards - Company of the Year 2021

Our Products and Services

We develop and manufacture our products in India and market such products in more than 60 countries globally. We specialize in various processes such as chlorination; nitration; ammonolysis; and hydrogenation and Halex chemistry. Our products find application across a number of industries, such as agrochemicals; polymers; pharmaceuticals; polymer additives; pigments and dyes; and beverages, fuel additives; rubber chemical; amongst other industries, which reduces the adverse impact of sectoral business cycles.

We conduct our business through two distinct segments: our Specialty Chemicals Segment and our Pharmaceuticals Segment.

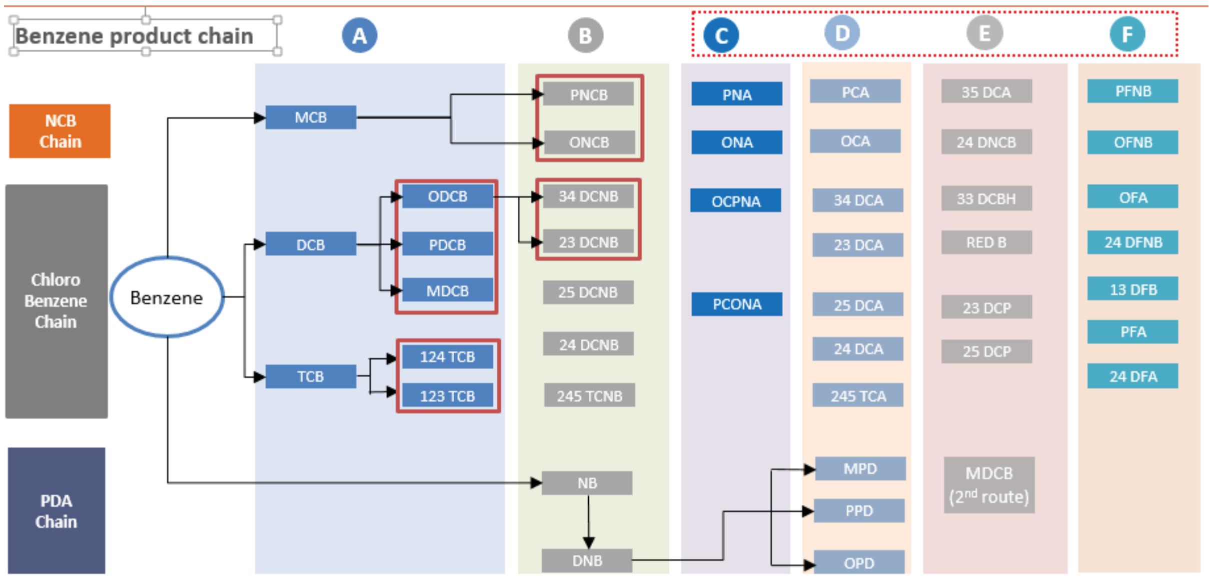
Specialty Chemicals Segment:

Products

Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture chemicals in Toulene-based value chain and other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates.

The following diagram shows the benzene product chain.

<u>Benzene product chain:</u>

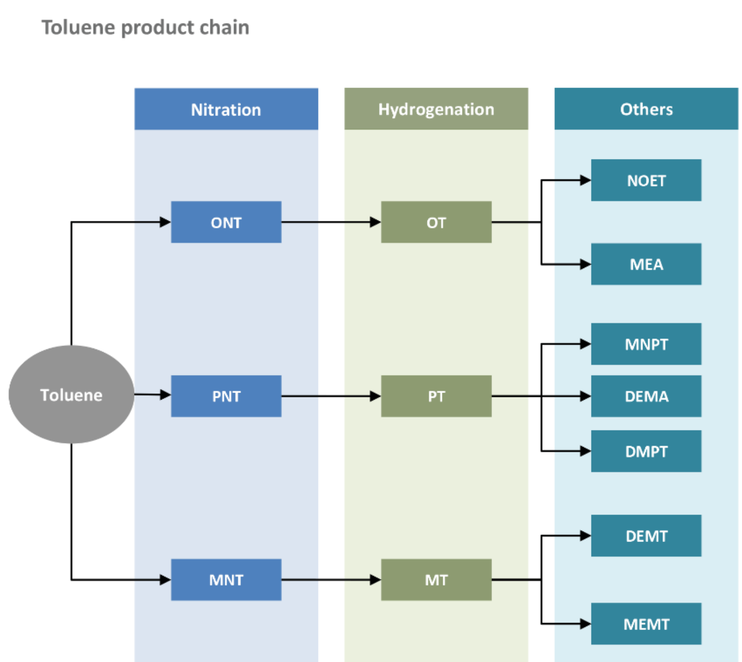


Key:

A Chlorination B Nitration C Amonolysis D Hydrogenation E Others F Fluoro compounds - Halex chemistry Value added products Co-products/Isomers

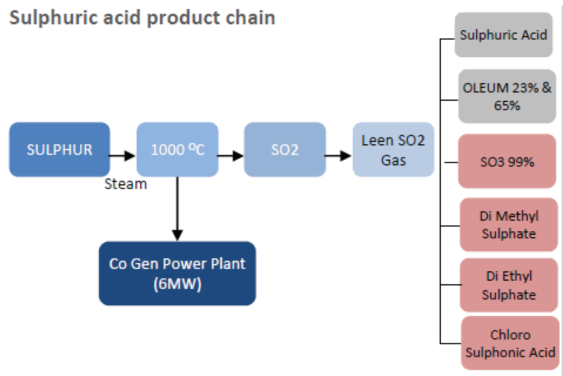
The following diagram shows the Toluene product chain.

Toluene product chain:



Sulphuric acid product chain:

The following diagram shows the sulphuric acid product chain.



Other specialty chemical products:

Other specialty chemical products manufactured by us include single super phosphate, calcium chloride granules, fuel additives, phthalates.

Value added products and co products:

We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding in our manufacturing operations. We have integrated our operations across the product chain of benzene and toluene. We believe that this gives us the ability to effectively use co-products and generate value-added products.

End-user industries

The products from our Specialty Chemicals Segment have varied applications across the agrochemicals; polymers; pharmaceuticals; paints, polymer additives; pigments; FMCG applications, fuel additives and dyes industries, amongst others.

Segment Financial information

A significant portion of our consolidated gross revenue from operations is derived from our Specialty Chemicals Segment. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Specialty Chemicals Segment amounted to ₹41,514.0 million, ₹38,649.5 million and ₹39,797.0 million, respectively, which constituted 82.6%, 83.6% and 84.6%, respectively, of our consolidated gross revenue.

Pharmaceuticals Segment:

Our Pharmaceuticals Segments is divided into three verticals for (a) manufacture of active pharmaceutical ingredients (“APIs”); (b) manufacture of intermediates; and (c) manufacture of xanthine derivatives.

Products

<u>APIs</u>:

APIs are active ingredients in a medicine. As of the date hereof, our Pharmaceuticals Segment manufactured various commercial APIs with 38 USDMF, and 20 CEP (with one under assessment).

Our APIs are used in various medicine categories including anti-hypertensive, anti-asthmatic, anti-cancer, anti-thalassaemic, central nervous system agents, skin care, decongestant, analgesic, opthalmolgoic and calcimimetic. Our APIs are used by global generic pharmaceutical companies, large multi-national pharmaceutical companies and branded Indian pharmaceutical companies.

<u>Intermediates:</u>

A pharmaceutical intermediate is a chemical compound that forms the building block of the API. Every reaction in the production process of an API consists of different pharmaceutical intermediates. Intermediates are used in the production of bulk drugs and also for research and development purposes.

Our intermediates are used by global generic pharmaceutical companies, large multi-national pharmaceutical companies and branded Indian pharmaceutical companies.

Xanthine based derivatives:

Our Pharmaceuticals Segment manufactures various xanthine and other xanthine derivatives including, caffeine anhydrous, theophylline, aminophylline, acephylline piperazine and theobromine. Xanthine based derivatives find application in the beverages, nutraceuticals and pharmaceuticals industries, amongst others. Xanthine derivatives are synthetic compounds that resemble natural occurring xanthines such as caffeine and theobromine. Xanthines are commonly used for their effects as mild stimulants and as bronchodilates, notably in the treatment of asthama or influenza symptoms. Xanthines also act to increase the alertness in the central nervous system and stimulate responses. Hence, these are also commonly used in various beverages and energy drinks.

Services

We believe our Contract Research and Manufacturing Services (CRAMS) is a cost-competitive and quality manufacturing hubs for many global pharmaceutical companies. Our Contract Research and Manufacturing Services (CRAMS) consists mainly of two activities: contract research and contract manufacturing.

Our contract research are the R&D services that customers outsource to us and includes:

• Advanced intermediates for APIs;
• Process development;
• Validation batches for intermediates;
• Commercial production;
• Contract manufacturing services in dedicated anti-cancer block for Phase-1 to final drug substance and regulatory support and quality assurance; and
• European Union Goods Manufacturing Practice (GMP) documentation.

Our contract manufacturing are the manufacturing services that customers outsource to us and includes:

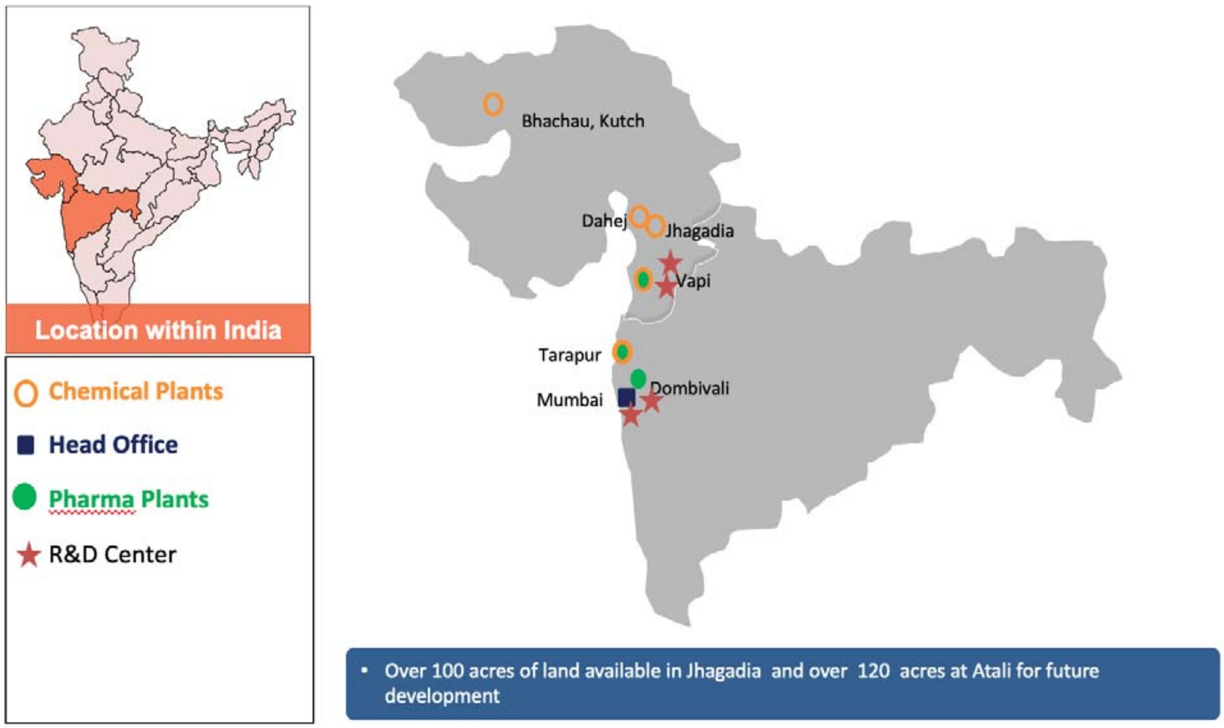
•Advanced intermediates for Phase-0 to Phase-III molecules;
• Development of raw materials and advanced intermediates for innovators and generic API companies;
• Process development and optimisation;
• Analytical method development; and
• Various generic APIs and intermediates.

Segment Financial information

A significant portion of our gross revenue from operations is derived from our Pharmaceutical Segment. In Fiscal 2021, Fiscal 2020 and Fiscal 2019, consolidated gross revenues from our Pharmaceuticals Segment amounted to ₹8,718.8 million, ₹7,557.4 million and ₹7,258.1 million, respectively, which constituted 17.4%, 16.4% and 15.4%, respectively, of our consolidated gross revenue.

Manufacturing Facilities and R&D Facilities

Set forth below is a map depicting our manufacturing facilities and R&D Facilities as at March 31, 2021



Manufacturing

As at March 31, 2021, we owned and operated 20 manufacturing plants, 15 of which are dedicated to our specialty chemicals business and 5 to our pharmaceutical business. Two of our pharmaceutical manufacturing plants are USFDA approved facilities and three of our pharmaceutical manufacturing plants are WHO certified, cGMP compliant plants meeting ICH Q7 standards. Of our 20 manufacturing plants, 13 are located in Gujarat, 7 are located in Maharashtra. Two of our new manufacturing plants in Gujarat are located at Dahej SEZ, Bharuch District. All of our plants are conveniently located with good connectivity to the ports to facilitate the import of raw materials and export of products. Additionally, we have over 100 acres of land in Jhagadia, Gujarat and over 120 acres of land in Atali, Gujarat available for future development.

We continue to work to reduce our carbon and water footprint and reduce our waste. As at March 31, 2021, 16 of our manufacturing plants were zero liquid discharge plants. We also have undertaken several initiatives at our manufacturing sites to increase sustainability including:

- Adopted new catalyst developments to reduce the process residues, by-products and waste products;
- Adopted new technologies to reduce the cooling tower blow-downs, thus reducing the loads on the multiple effect evaporator;
- Reduced wash water in process washings by adopting new technologies such as rotating disc washers in place of conventional reactors;
- Produced nitrosyl sulfuric acid from the denitrochlorination process;
- Produced pure potassium chloride from the mother liquor generated from the Halex reaction;
- Produced calcium chloride granules from hydrochloric acid;
- Produced single super phosphate from spent sulfuric acid;
- Purified the aluminium hydroxide to pure grade from the ethylation process waste and sold it as a water treatment chemicals;
- Adopted cleaner technologies for the hydrogenation process to reduce process residues;
- Set up a 50 KLD sewage recycling plant at Kutch, Gujarat; the plant uses Soil Biotechnology (SBT), a terrestrial system for wastewater treatment based on the principle of trickling filter; and
- Setup unit to Reconcentrate Dilute or Spent Sulphuric Acid to Concentrate the Sulphuric acid so that it can be reused in the manufacturing operations.

Research & Development (R&D)

We are focused on research and development which is carried at our four dedicated R&D Facilities. Our R&D Facilities in Vapi and Dombivali are dedicated to our pharmaceutical business and our R&D Facilities in Vapi and Navi Mumbai are dedicated to our specialty chemical business. As of the date hereof, we employed a team of over 400 engineers and scientists at our R&D Facilities. In Fiscal 2021, our R&D expenditure was ₹818.1million, which represented 1.6% of our consolidated gross revenue from operations. Our new research and development facility in Navi Mumbai was commissioned in Fiscal 2020 and is primarily focused on speciality chemicals. This new R&D facility has a dedicated lab for process safety, eluent treatment and flow chemistry, a kilo lab and high-pressure reactors.

Our R&D activities are centered on process innovation and commercial innovation. We focus on downstream products through processes like high value photochlorination, hydrogenation, ammoxidation and flourination. We have adopted Swiss technology for continuous loop reactors for eco-friendly hydrogenation processes, continuous crystallizers and reconcentration of sulphuric acid. We are also making efforts in niche chemistries where we believe competitive intensity is relatively low such as carbohydrate chemistry, chryele chemistry, asymmetric synthesis, bio catalysts, chryele epoxides, kinetic resolution, coupling reactions chemistry, c-c coupling, c-n coupling, isomerization reactions, triphosgene reactions, steriods synthesis, and flow reactions with phase transfer catalysts.

Upcoming manufacturing facilities and research and development centres

We intend to increase our capacities through the following projects:

- We plan to increase our various capacities by de-bottlenecking and expanding our manufacturing facilities at Vapi, Kutch, Jhagadia, Dahej and Tarapur to produce various specialty chemicals, APIs and pharmaceutical intermediaries. These also includes efforts to be taken up in relation to the sustainability linked initiatives, and restoration initiatives.

- We plan to expand our capacity for manufacture at NCB and expand the capacities for our acid division, both at Vapi in the state of Gujarat.

- We are in the process of setting up manufacturing facilities at Jhagadia & at Dahej special economic zone in Gujarat in order to cater to customers with which we have long term contracts.

We also plan to setup manufacturing units at Jhagadia, Dahej and Atali in the state of Gujarat for the chloro toulene range of products, undertake greenfield pharmaceutical product expansion, setup a unit dedicated to custom manufacturing, and set up universal multi-purpose plants for manufacturing outsourcing opportunities.

Raw Materials

The raw materials we use in our manufacturing process are primarily sourced from third party suppliers globally and in India. During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our cost of materials consumed was ₹19,375.7 million, ₹17,809.2 million and ₹20,325.6 million, respectively, which as a percentage of our total consolidated expenses was 50.4%, 50.6% and 57.3%, respectively. Our raw materials include benzene, concentrated nitric acid, aniline, sulphur and phthalic anhydride, amongst others, the prices of which have been volatile in the past. Some of our raw materials also include derivatives of crude oil, such as benzene, and toluene. The price of such raw materials is linked to a formula based on the international prices of such raw material and the variations are typically passed on to the customer. The prices of our key raw materials globally have been volatile and increases in the prices of such materials have an impact on our cost of production.

We do not have any material long term agreements with a majority of our customers or suppliers and the success of our business is significantly dependent on maintaining good relationships with our customers and suppliers. We have implemented a "pass-through" mechanism in our business model pursuant to which variations in crude oil prices are substantially passed on to our customers.

Power and fuel

We procure utilities such as water, coal, natural gas and electricity from third parties for use at our manufacturing units. As part of our manufacturing process, we use natural gas supplied by a state-owned gas company. Our power and fuel expenses together comprised 7.9%, 8.1% and 7.1% of our total expenses in Fiscal 2021, Fiscal 2020 and 2019, respectively, on a consolidated basis.

Freight and Transportation

Pursuant to certain of our arrangements with our customers, based on customer preferences, we are required to pay the freight costs for the products we sell. In addition, we may have to pay for transportation costs in relation to the delivery of some of the raw materials and other inputs to our manufacturing facilities. We do not own any vehicles for the transportation of our products and/or raw materials; we therefore rely on third party transportation and logistics providers for delivery of our raw materials and products. However, we do not have any long-term contractual arrangements with such third-party transportation and logistics providers. Disruptions of logistics could impair our ability to procure raw materials and/or deliver our products on time, which could materially and adversely affect our business, financial condition and results of operations.

In Fiscal 2021, 43.5% of our total gross revenue from operations was from exports and consumption of imported raw materials constituted 32.5% of our total raw material consumption. A significant portion of our expenses is due to freight carriage and transport and freight and forwarding expense and export freight charges. Freight (inward and outward) represented 6.1%, 6.0% and 5.3% of our total expenses in Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively. Our "pass-through" mechanism in our pricing model helps us pass on the variation in freight costs to our customers.

Quality Control

Quality control is essential for the success of a business, and we ensure that our products are subject to quality control tests before they are dispatched for delivery to our customers. We have established quality control departments at each of our manufacturing units. Each batch of the manufactured products is subject to quality control tests. The quality control departments ensure quality of raw materials, in-process samples and the finished products. The quality control department ensures compliance with the specifications required by our customers. In order to ensure quality control, regular quality audits are undertaken by our in-house quality control team, third party sources as well as by our customers.

We develop, manufacture and market a diverse range of chemical products, APIs and formulations, which are primarily used as raw materials for host of products in the specialty chemicals, pharmaceuticals segments. Our products adhere to global quality standards. We have two USFDA-approved facilities. In our Pharmaceuticals Segment, our cGMP-compliant plants meeting ICH Q7 standards enable us to supply to customers doing business in the regulated markets. Our API facilities enjoy the backward integration which enables us to maintain the leadership position.

Our products go through various quality checks at various stages including random sampling check and quality check by internal and external agencies. Many of our key customers have audited and approved our facilities and manufacturing processes in the past and may undertake similar audits periodically in the future. For example, one of our manufacturing facilities for xanthine derivatives has obtained the certifications "Star Kosher", "HACCP" and "GMP" for manufacturing and testing. We also have procured IMS certifications for our major operations.

We have ongoing obligations to regulatory authorities, such as the Food Safety and Standards Authority of India ("**FSSAI**") in India, and the Food and Drug Administration ("**USFDA**") in the United States, both before and after a product's commercial release. Regulatory agencies may at any time inspect our manufacturing facilities or the quality of our products based on newly developed scientific knowledge and/or tools.

Sales and Marketing

Our business is predominantly conducted on a business-to-business basis and our focus is on maintaining constant contact with customers and to ensure timely delivery. Sales and marketing initiatives is undertaken by the product managers, the business development team and the sales team. Our product managers are responsible for ensuring timely supplies, taking new orders, quoting rates and aids in understanding the requirements of the customers. The business development team seek out new geographies and identifies new products, which assists in corporate expansion. The sales teams are segregated by geography and is responsible for the sales of our products at the ground level. As at March 31, 2021, four of our directors are directly involved in marketing and customer relations and who are supported by a team of over 25 sales and marketing personnel.

Geographic Split of Revenue from Operations

Set forth below is a geographic split of our consolidated gross revenue from operations in Fiscal 2021, Fiscal 2020 and in Fiscal 2019.

Geography	Percentage of Consolidated Gross Revenue from Operations		
	Fiscal 2021	Fiscal 2020	Fiscal 2019
India	56%	58%	60%
Europe	12%	14%	11%
North America	9%	9%	10%
China	6%	3%	3%
Japan	3%	4%	4%
Rest of the world	14%	12%	12%

Customers

Our customers include multinational and local companies. We export our products to over 400 customers globally and over 700 customers in India. We enjoy relationships in excess of 5 years with a 9 out of our top ten customers.

Of our consolidated gross revenue from operations in Fiscal 2021, our largest customer contributed approximately 3.3%; our top 10 customers contributed approximately 21.9%; and our top 20 customers contributed 31.4%. We expect that we will continue to be reliant on our major customers for the foreseeable future.

We have a number of supply contracts with customers of three to five year duration which are linked to a formula based pricing structure. In addition, we have a ten-year supply contract for specialty chemical intermediate with a global chemical company and a twenty-year supply contract for specialty chemical intermediate with a chemicals conglomerate. These supply contracts often require us to outlay capital to scale up our capacity and production. Our supply contracts with customers generally can be terminated by our customers with notice but often have termination penalties.

We do not have long-term supply agreements with all our customers and instead rely on purchase orders to govern the volume and other terms of our sales of products. Many of the purchase orders we receive from our customers specify a price per unit and delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, it may adversely impact our production schedules and inventories.

Exports

We export our products to over 60 countries. Some of the key geographies to which we export our products include the USA, several countries in the European Union, Japan and China. We believe that our World Health Organisation certified, current good manufacturing practices (cGMP) compliant plants meeting ICH Q7 standards enable us to supply to customers that operate in regulated markets. During Fiscal 2021, Fiscal 2020 and Fiscal 2019, our sales from exports, as a percentage of our consolidated gross revenue from operations were 43.5%, 42.5% and 42.0%, respectively

Our sales from exports are denominated in foreign currencies, mostly the U.S. Dollars. Therefore, changes in the relevant exchange rates could also affect our sales as reported in Indian Rupees as part of our financial statements. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee.

Risk management

We believe that risk management is an integral part of our operations. We believe that it is essential to identify and manage risks in order to reduce uncertainties and ensure continuity of business. We have a risk management framework and risk management team that really implements the processes specified in the framework.

We aim to provide a high degree of safety to our employees, especially at our factories where chemical processes are executed. We undertake regular inspection of our machineries and also undertake periodic maintenance checks on other equipment in order to ensure they meet safety requirements.

Insurance

We maintain insurance coverage that we consider is necessary for our business. Some of the major risks covered for our business assets are against risks relating to fire and special perils for our stock, plant and machinery, marine export and import and certain other losses and damage to buildings, plants, machinery, inventory and office equipment. We also have a directors and officers policy for our directors and senior management.

Competition

Our competition varies by market, geographic areas and type of product. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. We face competition from both domestic and international manufacturers. In specialty chemicals, we face competition from foreign companies, especially Chinese and German companies. We compete primarily on the basis of product quality, technology, cost, delivery and service, as well as quality and depth of senior level relationships. For more information about our industry, see "*Industry Overview*" on page 97.

Human Resources

We place importance on developing our human resources. As at March 31, 2021, we had over 7,000 employees (excluding trainees) and more than 5,000 contract workers and trainees working in our manufacturing facilities. A combination of full-time employees and contract personnel gives us flexibility to run our business efficiently.

We do not have any union at our manufacturing units. We have not experienced any major work stoppages due to labor disputes or cessation of work in the last three years.

Our work force is a critical factor in maintaining quality, productivity and safety, which strengthens our competitive position. We aim to develop a culture that is based on fairness and respect. This includes following Aarti Industries' Code of Conduct and protecting employees from discrimination, harassment and retaliation. We continuously review our existing human resource initiatives to make them more inclusive, employee engaging and skill-development oriented. We continue to lay emphasis on building and sustaining an excellent organization climate based on human performance. In addition, we offer wide-ranging training opportunities to our employees and have set up and learning and development policy to foster our training initiatives.

Our workforce has been impacted by COVID-19, see "*Risk Factors-The COVID-19 pandemic and resulting deterioration of general economic conditions has adversely impacted our business, financial condition and results of operations and the extent to which it will continue to do so will depend on future developments, which are difficult to predict*."

Environment, Health and Safety

We are subject to national, regional and state laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our R&D and manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We try to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other safety measures. We keep ourselves prepared for emergencies through regular emergency drills and safety inspections. To be in a favourable place with European nations, our Company has been REACH compliant since 2012. Most of our major manufacturing units have implemented QMS ISO 9001-2015.

For information on some of the environmental risks to our operations, see "*Risk Factors- We are subject to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances*."

We, consider the potential impact of our activities on the local environment and have set stringent environmental standards, which meet regulatory requirements, and often exceed them. We focus on managing energy consumption, emission and conservation; investing in water-saving technologies; using recycled water; disposing waste responsibly; and optimising our processes to achieve efficiency in raw material consumption. In addition, we have set up a sustainability council which meets monthly to review our Company's sustainability performance and discuss challenges and opportunities.

We prioritize the health and safety of our employees and undertake several initiatives to promote employee health and quality of life. We work to ensure a safe and healthy workplace and provide our employees with the benefits, resources and flexibility to maintain and improve their wellness. We maintain adequate standards of occupational health, safety and well-being to ensure seamless manufacturing operations, protect our employees and meet legal requirements. We have formulated a comprehensive Safety, Health and Environment Policy. In April 2019, we started a company-wide safety initiative called "Be Safe" to enhance and inculcate the safety culture among our employees.

The COVID-19 pandemic has impacted our Company and employees. For further information, see "*Risk Factors-The COVID-19 pandemic and resulting deterioration of general economic conditions has adversely impacted our business, financial condition and results of operations and the extent to which it will continue to do so will depend on future developments, which are difficult to predict*."

Intellectual Property

We have obtained a number of registered intellectual property rights to develop customized products for over 50 patents filed (of which 13 have been awarded) from authorities in India, USA, Europe, China and other countries across the world.

Information Technology

Our IT systems are vital to our business, and we have adopted IT policies to assist us in our operations. The key functions of our IT team include establishing and maintaining enterprise information systems and infrastructure services to support our business requirements, maintaining secure enterprise operations. We utilize an enterprise resource planning solution, SAP, which assists us with various business functions including sales distribution, materials management, warehouse management, production planning, quality management, plant maintenance, finance and controlling, environment health and safety, and human resources across all our offices, R&D Facilities and manufacturing units.

Information security is one of the key focus areas. Some of the key initiatives on which we are focused are data classification, data encryption and data leak prevention (DLP), zero trust network access (ZTNA) to provide highest levels of data security. We aim to protect data internally with real time alerts of any abnormality through Security Information and Event Monitoring (SIEM).

We believe we have a robust Disaster Recovery, Business Continue Plan and Backup Policy. For backup we have adopt a 3-2-1 strategy in which we have 3 copies of our data (production data and 2 backup copies) on two different media (disk and tape) with one copy off-site for disaster recovery.

For information on the risk to our IT systems, see "*Risk Factors - Failure or disruption of our IT and/or ERP systems may adversely affect our business, financial condition and results of operations*" on page 53.

Properties

Our registered office is located at Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India.

We conduct our operations through our 20 manufacturing facilities located at Vapi, Jhagadia, Dahej and Kutch in Gujarat, Tarapur and Dombivali in Maharashtra. We have four R&D Facilities including two in Vapi, one in Dombivali and one in Navi Mumbai. Our head office is located in Mumbai, and we have a Project and Engineering Office in Baroda. As of March 31, 2021, the manufacturing unit at Kutch, Gujarat was owned by the Company and the rest of the facilities were held under leases.

Legal Proceedings

For details of material ongoing legal proceedings to which we are a party, see "*Legal Proceedings*" on page 251.

Corporate Social Responsibilities

Our corporate social responsibilities ("CSR") initiatives are focused on cluster and rural development, women empowerment and livelihood opportunities, research and development for upliftment of society, education and skill development, childcare and healthcare facilities, water conservation and environment and disaster relief and rehabilitation. We engage with community members to understand their needs and requirements. We engage in community welfare through associated trusts, Aarti Foundation and Dhanvallabh Charitable Trust, disburse funds and interact with the NGOs to ensure that the needs of the community are met with. We support the initiatives based on the community's needs identified by the NGOs.

Our CSR teams closely monitor the progress of various activities at different site locations in close coordination with the NGOs to ensure the impact of these initiatives. Our senior management also interacts with the CSR teams through regular updates and site visits.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Board presently consists of sixteen Directors and as per our Articles of Association, we shall not have less than three Directors and more than twenty Directors. As on the date of this Placement Document, we have eight executive Directors and eight independent Directors on our Board.

The following table sets forth details regarding the Board of Directors as on the date of this Placement Document:

Name, Address, Occupation, Nationality Term and DIN	Age (in years)	Designation
Mr. Rajendra Vallabhaji Gogri **Address:** 2402, Richmond, Cliff Avenue, Near Forest Club, Hiranandani Gardens, Powai, Mumbai – 400 076 **Occupation:** Business **DIN:** 00061003 **Term:** Re-appointed for a period of five years with effect from July 1, 2018 **Nationality:** Indian	61	Chairman and Managing Director
Mr. Rashesh Chandrakant Gogri **Address:** 1802 Richmond Cliff Avenue, Near Hiranandani School, Hiranandani Gardens, Powai IIT, Mumbai - 400 076 **Occupation:** Business **DIN:** 00066291 **Term:** Re-appointed for a period of five years with effect from June 09, 2017 **Nationality:** Indian	46	Vice-chairman and Managing Director
Mr. Parimal Hasmukhlal Desai **Address:** A/1403, 14th Floor, Runwal Heights, L.B.S. Marg, Mulund (West), Mumbai - 400 080 **Occupation:** Business **DIN:** 00009272 **Term:** Liable to retire by rotation **Nationality:** Indian	72	Executive Director
Mr. Manoj Mulji Chheda **Address:** Dunhill Villa, Besant Road, Santacruz (West),	58	Executive Director

Name, Address, Occupation, Nationality Term and DIN	Age (in years)	Designation
Mumbai – 400 054 **Occupation:** Service **DIN:** 00022699 **Term:** Liable to retire by rotation **Nationality:** Indian		
Ms. Hetal Gogri Gala **Address:** 552-B, Gopal Sadan, Block No. 801, 8th Floor, Jamshed Road, Matunga (East), Mumbai – 400 019 **Occupation:** Business **DIN:** 00005499 **Term:** Liable to retire by rotation **Nationality:** Indian	45	Executive Director
Mr. Kirit Ratilal Mehta **Address:** 10, Pushpendra Mansion, Phirojshah Mehta Road, Santacruz (West), Mumbai – 400 054 **Occupation:** Service **DIN:** 00051703 **Term:** Liable to retire by rotation **Nationality:** Indian	72	Executive Director
Mr. Renil Rajendra Gogri **Address:** 2402 Richmond, Cliff Avenue, Near Forest Club, Hiranandani Gardens, Powai IIT, Mumbai – 400 076 **Occupation:** Business **DIN:** 01582147 **Term:** Liable to retire by rotation **Nationality:** Indian	34	Executive Director
Mr. Narendra Jagannath Salvi **Address:** B-5, Voltas Co. Op. Hsg. Soc., Shivsrushti, Kurla East, Mumbai – 400 024 **Occupation:** Service **DIN:** 00299202	56	Executive Director

Name, Address, Occupation, Nationality Term and DIN	Age (in years)	Designation
Term: Liable to retire by rotation **Nationality:** Indian		
Mr. Ramdas Maneklal Gandhi **Address:** 1/1, Shivtirth, 4 Bhulabhai Desai Road, Haji Ali, Mumbai – 400 026 **Occupation:** Professional **DIN:** 00029437 **Term:** Re-appointed for a period of five years with effect from September 27, 2017 **Nationality:** Indian	88	Independent, Non-executive Director
Mr. Premchandra Amolak Sethi **Address:** 12-A, Viceroy Park, Tower 'D', Thakur Village, Kandivali (E), Mumbai – 400 101 **Occupation:** Professional **DIN:** 00004038 **Term:** Re-appointed for a period of five years with effect from September 24, 2019 **Nationality:** Indian	76	Independent, Non-executive Director
Mr. KVS Shyamsunder Rammurthy **Address:** Flat No. 82, Jyeshta, Tarangan Pokhran Road-I, Thane (W), Thane – 400 606 **Occupation:** Professional **DIN:** 00502621 **Term:** Re-appointed for a period of five years with effect from September 24, 2019 **Nationality:** Indian	78	Independent, Non-executive Director
Mr. Bhavesh Rasiklal Vora **Address:** B/702, Kailash Jyot No. 2, Derasar Lane, Rajawadi, Ghatkopar (E), Mumbai – 400 077 **Occupation:** Professional **DIN:** 00267604 **Term:** Re-appointed for a period of five years with effect from	53	Independent, Non-executive Director

Name, Address, Occupation, Nationality Term and DIN	Age (in years)	Designation
September 24, 2019 **Nationality:** Indian		
Mr. Ganapati Dadasaheb Yadav **Address:** Flat No 1201, A Wing, Plot No 11,12,13 Palm Springs CHSL, Sector7, Airoli, Thane Navi Mumbai Maharashtra India 400708 **Occupation:** Professional **DIN:** 02235661 **Term:** Re-appointed for a period of five years with effect from September 24, 2018 **Nationality:** Indian	68	Independent, Non-executive Director
Ms. Priti Paras Savla **Address:** 501, Arihant Tower, Near Thane Janta Sahakari Bank, Naupada, B Cabin, Thane - 400 602 **Occupation:** Professional **DIN:** 00662996 **Term:** Re-appointed for a period of five years with effect from September 24, 2018 **Nationality:** Indian	43	Independent, Non-executive Director
Dr. Vinay Gopal Nayak **Address:** 601, Royal Grace CHS., Lokmanya Tilak Vasahat Road - 2, Behind, Swami Narayan Temple, Dadar (East), Mumbai – 400 014 **Occupation:** Professional **DIN:** 02577389 **Term:** For a period of five years effective from December 18, 2018 **Nationality:** Indian	64	Independent, Non-executive Director
Mr. Lalitkumar Shantaram Naik **Address:** Flat No. 33, Gaurav CHS, Sayani Road, Prabhadevi, Mumbai 400025 **Occupation:** Professional **DIN:** 02943588	59	Independent, Non-executive Director

Name, Address, Occupation, Nationality Term and DIN	Age (in years)	Designation
Term: For a period of five years effective from May 21, 2019 **Nationality:** Indian		

Brief Profiles of our Directors*

Mr. Rajendra Vallabhaji Gogri, is the Chairman and Managing Director of our Company. He has been with the Company since its inception and was appointed as joint Managing Director in 1990. He holds a master's degree in Science (Major in Chemical Engineering) from the IOWA State University of Science and Technology and a bachelor's degree in Chemical Engineering from Institute of Chemical Technology, Mumbai (formerly known as UDCT). He has around 37 years of experience as an entrepreneur in the chemical industry.

Mr. Rashesh Chandrakant Gogri, is the Vice-Chairman and Managing Director of our Company. He has been a whole time Director of our Company since June, 1997. He holds a bachelor's degree in Engineering (in its production branch) from the University of Bombay. He has around 24 years of experience in the chemical industry.

Mr. Parimal Hasmukhlal Desai, is an executive Director of our Company. He has been associated with our Company as a Director since September, 1984. He holds a bachelor's degree in Chemical Engineering from Institute of Chemical Technology, Mumbai (formerly known as UDCT). He has an experience of around 38 years in the chemical industry.

Mr. Manoj Mulji Chheda, is an executive Director of our Company. He has been associated with our Company as a Director since November, 1993. He holds a bachelor's degree in Commerce from University of Mumbai and has an experience of around 27 years in the chemical industry.

Ms. Hetal Gogri Gala, is an executive Director of our Company. She has been associated with our Company as a Director since August, 2002. She holds a bachelor's degree in Electronics Engineering from University of Mumbai and has completed the Management Education Programme from Indian Institute of Management, Ahmedabad. She has an experience of around 19 years in the chemical industry.

Mr. Kirit Ratilal Mehta, is an executive Director of our Company. He has been associated with our Company as a Director since September, 2000. He holds a bachelor's degree in Commerce from Gujarat University and has around 21 years of experience in the chemical industry.

Mr. Renil Rajendra Gogri, is an executive Director of our Company. He has been associated with our Company as a Director since August, 2012. He holds a bachelor's degree of Technology in Mechanical Engineering from Indian Institute of Technology, Bombay. He has an experience of around 8 years in the chemical industry.

Mr. Narendra Jagannath Salvi, is an executive Director of our Company. He has been associated with our Company as a Director since April, 2020. He holds a master's degree in science from University of Mumbai.

Mr. Ramdas Maneklal Gandhi, is a non-executive, independent Director of our Company. He holds a master's degree in Law.

Mr. Premchandra Amolak Sethi, is a non-executive, independent Director of our Company. He holds a bachelor's degree in commerce from Vikram University, Ujjain and a degree of post graduate diploma in Costing and Management Accounting from Indore University.

Mr. KVS Shyamsunder Rammurthy, is a non-executive, independent Director of our Company. He is a fellow member of the Institute of Chartered Accountants of India and holds a certificate of practice issued by the Institute of Chartered Accountants of India.

Mr. Bhavesh Rasiklal Vora, is a non-executive, independent Director of our Company. He is a fellow member of the

Institute of Chartered Accountants of India and holds a certificate of practice issued by the Institute of Chartered Accountants of India.

Mr. Ganapati Dadasaheb Yadav, is a non-executive, independent Director of our Company. He has been admitted as a fellow of the Royal Society of Chemistry and is entitled to use the designatory letters FRSC. He has been awarded with: i) Dr. K Anji Reddy Innovator of the Year Award 2006 by Indian Institute of Chemical Engineers; ii) Vasvik award for the year 1995, in the field of chemical science and technology by Vividhlaxi Audyogik Samshodhan Vikas Kendra; iii) Dr. V. Subrahmanyan Endowment Lecture Award 2018 by Indian Institute of Food Processing Technology; and iv) Padma Shri Award by Government of India in the year 2016. He has been elected as fellow of the National Academy of Sciences, India in 2003.

Ms. Priti Paras Savla, is a non-executive, independent Director of our Company. She is a fellow member of the Institute of Chartered Accountants of India.

Dr. Vinay Gopal Nayak, is a non-executive, independent Director of our Company.

Mr. Lalitkumar Shantaram Naik, is a non-executive, independent Director of our Company. He has a degree of Bachelor of Technology in Chemical Engineering from Indian Institute of Technology, Kanpur and Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad.

**Details included in the profiles of Directors have been taken from back-up documents, wherever available and affidavits provided by the respective Directors. For further details, see "Risk Factors - Some of our corporate records, statutory filings and records pertaining to educational qualification of one our Directors are lost or are not traceable in relation to certain disclosures made in this Placement Document" on page 52.*

Relationship between Directors

Except as disclosed below, none of our Directors are related to each other.

Name of the Directors	Relationship
Mr. Rajendra Vallabhaji Gogri and Mr. Renil Rajendra Gogri	Father and son
Mr. Rashesh Chandrakant Gogri and Ms. Hetal Gogri Gala	Brother and sister

Interest of our Directors and Promoters

Except as stated below and in "*Related Party Transactions*" on page 74, our Directors do not have any other interest in our Company or its business.

All of our Directors may be deemed to be interested to the extent of their remuneration, commission, sitting fees, reimbursement of expenses and other benefits to which they are entitled as per their terms of appointment.

All of our Directors may also be regarded as interested in any Equity Shares held by them or their relatives and also to the extent of any dividend and other distributions payable in respect of such Equity Shares held by them or their relatives and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. All Directors and Promoters may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Further, certain of our Directors may also be deemed to be interested to the extent any benefit arising out of contracts, agreements/ arrangements or transactions entered into or to be entered into by our Company with companies in which they are interested as directors or members. For further details, see "*Financial Statements*" on page 258.

Except as otherwise stated in this Placement Document, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made or proposed to be made to them in respect of any such contracts, agreements or arrangements.

As on the date of this Placement Document, none of the Directors or the Promoters have availed of any loan from our Company. Further, our Company has not availed any loans from the Directors which are currently outstanding.

Borrowing Powers of the Board

In accordance with the shareholders' resolution dated September 21, 2018 and subject to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board is authorised to borrow money upon such terms and conditions as the Board may think fit, and such sum or sums of money to be borrowed, together with the money already borrowed by the Company, may exceed the aggregate of our paid up capital and free reserves, including securities premium provided that the aggregate amount of its borrowings shall not exceed ₹ 35,000 million over and above the aggregate paid up capital and free reserves of our Company at any time.

Shareholding of the Directors

The following table sets forth the shareholding of the Directors as of March 31, 2021:

Name of Director	Designation	No. of Equity Shares	Percentage of Equity Shares to total paid up capital
Mr. Rajendra Vallabhaji Gogri	Chairman and Managing Director	2,851,800	1.64%
Mr. Rashesh Chandrakant Gogri	Vice-chairman and Managing Director	7,668,808	4.40%
Mr. Parimal Hasmukhlal Desai	Executive Director	618,608	0.36%
Mr. Manoj Mulji Chheda	Executive Director	1,730,762	0.99%
Ms. Hetal Gogri Gala	Executive Director	5,231,096	3.0%
Mr. Kirit Ratilal Mehta	Executive Director	40,220	0.02%
Mr. Renil Rajendra Gogri	Executive Director	5,585,504	3.21%
Mr. Narendra Jagannath Salvi	Executive Director	36,308	0.02%
Mr. Ramdas Maneklal Gandhi	Independent, Non-executive Director	19,064	0.01%
Mr. Premchandra Amolak Sethi	Independent, Non-executive Director	Nil	Nil
Mr. KVS Shyamsunder Rammurthy	Independent, Non-executive Director	Nil	Nil
Mr. Bhavesh Rasiklal Vora	Independent, Non-executive Director	Nil	Nil
Mr. Ganapati Dadasaheb Yadav	Independent, Non-executive Director	2,400	Negligible
Ms. Priti Paras Savla	Independent, Non-executive Director	Nil	Nil
Dr. Vinay Gopal Nayak	Independent, Non-executive Director	Nil	Nil
Mr. Lalitkumar Shantaram Naik	Independent, Non-executive Director	Nil	Nil

Terms of appointment of the Executive Directors

The terms of appointment of Mr. Rajendra Vallabhaji Gogri are as follows:

Mr. Rajendra Vallabhaji Gogri has been re-appointed as the Managing Director of our Company for a term of five years with effect from July 1, 2018, pursuant to the resolution dated August 11, 2017 passed by the Board of Directors and resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 9,300,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee of the Board.

In addition to the salary and commission he is also entitled to perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Rashesh Chandrakant Gogri are as follows:

Mr. Rashesh Chandrakant Gogri has been re-appointed as the Managing Director of our Company for a term of five years with effect from June 9, 2017, pursuant to the resolution dated May 19, 2017 passed by the Board of Directors and resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 9,300,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Parimal Hasmukhlal Desai are as follows:

Mr. Parimal Hasmukhlal Desai has been re-appointed as the executive Director of our Company, pursuant to resolution dated September 21, 2018 passed by the shareholders of our Company. He is entitled to a salary of ₹ 8,000,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Manoj Mulji Chheda are as follows:

Mr. Manoj Mulji Chheda has been re-appointed as the executive Director of our Company, pursuant to resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 8,000,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mrs. Hetal Gogri Gala are as follows:

Mrs. Hetal Gogri Gala has been re-appointed as the executive Director of our Company pursuant to the resolution dated May 6, 2016 passed by the Board of Directors and resolution dated September 30, 2016 passed by the shareholders of our Company and is liable to retire by rotation. She is entitled to a salary of ₹ 8,000,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM. She is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission she is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

She is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Kirit Ratilal Mehta are as follows:

Mr. Kirit Ratilal Mehta has been re-appointed as the executive Director of our Company, pursuant to resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 5,700,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM.

In addition to the salary he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Renil Rajendra Gogri are as follows:

Mr. Renil Rajendra Gogri has been re-appointed as an executive Director of our Company, pursuant to the resolution dated May 19, 2017 passed by the Board of Directors and resolution dated September 27, 2017 passed by the shareholders of our Company and is liable to retire by rotation. He is entitled to a salary of ₹ 6,800,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Narendra Jagannath Salvi are as follows:

Mr. Narendra Jagannath Salvi has been appointed an executive Director of our Company with effect from April 1, 2020 pursuant to resolution passed by the shareholders of our Company on September 21, 2020. He is entitled to a salary of ₹ 8,000,000 per annum as approved by the Board of the Company pursuant to resolution dated May 18, 2021, subject to approval of the shareholders of the Company in the ensuing AGM. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund as per the rules of the Company, gratuity and leave encashment.

Compensation of the Directors

Executive Directors

The following table sets forth the total remuneration (including salary, commission and other benefits) paid by our Company to the present executive directors for Fiscals 2021, 2020 and 2019 and current (up to May 31, 2021, excluding commission for Fiscal 2022):

(In ₹ million)

Total Remuneration (including salary, commission and other benefits)				
Name of Executive Director	**From April 1, 2021 to May 31, 2021#**	**Fiscal 2021**	**Fiscal 2020**	**Fiscal 2019**
Mr. Rajendra Vallabhaji Gogri	1.5	54.9	57.2	43.1
Mr. Rashesh Chandrakant Gogri	1.5	54.9	57.2	43.1
Mr. Parimal Hasmukhlal Desai	1.3	16.2	16.1	12.9
Mr. Manoj Mulji Chheda	1.3	16.2	16.1	13.7
Mrs. Hetal Gogri Gala	1.3	52.4	54.3	40.4
Mr. Kirit Ratilal Mehta	1.0	6.9	5.5	4.4
Mr. Renil Rajendra Gogri	1.1	28.7	29.4	22.0
Mr. Narendra Jagannath Salvi*	1.3	16.0	-**	-

**Appointed as additional, Executive Director pursuant to board meeting dated February 12, 2020. His appointment was effective April 1, 2020.*

*** Mr. Narendra Jagannath Salvi was paid ₹ 13.1 million as remuneration in Fiscal 2020 in his capacity as an employee of the Company.*

#Subject to approval of the shareholders of the Company in the ensuing AGM.

Non-Executive Directors

The following table sets forth the total remuneration (including salary, commission and other benefits) paid by our Company to the present non-executive directors for Fiscals 2021, 2020 and 2019 and current fiscal (up to May 31, 2021, excluding commission for Fiscal 2022):

(In ₹ million)

Total Remuneration (including salary, commission and other benefits)				
Name of Non- Executive Director	**From April 1, 2021 to May 31, 2021**	**Fiscal 2021**	**Fiscal 2020**	**Fiscal 2019**
Mr. Ramdas Maneklal Gandhi	0.1	0.2	0.2	0.1
Mr. Premchandra Amolak Sethi	0.1	0.3	0.3	0.3
Mr. KVS Shyamsunder Rammurthy	0.2	0.3	0.3	0.3
Mr. Bhavesh Rasiklal Vora	0.1	0.2	0.3	0.2
Mr. Ganapati Dadasaheb Yadav	0.1	0.3	0.2	0.1
Ms. Priti Paras Savla	0.1	0.2	0.3	0.3
Dr. Vinay Gopal Nayak*	0.1	0.1	0.2	0.0
Mr. Lalitkumar Shantaram Naik#	0.1	0.1	0.1	-

**Appointed with effect from December 18, 2018*

 # Appointed with effect from May 21, 2019

Key Management Personnel and Senior Management of our Company

In addition to our Chairman and Managing Director, Vice- Chairman and Managing Director and Executive Directors, the following are the Key Management Personnel of our Company:

Name of the KMP	Designation
Mr. Chetan Gandhi	Chief Financial Officer
Mr. Raj Sarraf	Company Secretary and Compliance Officer

The following table sets forth the details of the Senior Management Personnel of our Company:

Name of the SMP	Designation
Mr. Ajay Kumar Gupta	Joint President (Chief Manufacturing Officer)
Mr. Harendra Pandya	Joint President (Chief Projects and Procurement Officer)
Mr. Prashant Potnis	Joint President (Chief Scientific Officer)
Mr. Pankaj Mehta	Joint President (Corporate Relations and Strategy Head
Mr. Manoj Sharma	Joint President (Chief Human Resource Officer)
Dr. Bharat Patravale	President - R&D (Pharma)
Mr. Ajit Borgoankar	Vice President – Environment, Health & Safety (Pharma)

Brief Profiles of our Key Managerial Personnel

Mr. Chetan Gandhi, aged 42, is the Chief Financial Officer of our Company. He has been associated with our Company since July 22, 2001 and has been our Company's Chief Financial Officer since May 30, 2014. He is member of the Institute of Chartered Accountants of India.

Mr. Raj Sarraf, aged 46, is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since November 16, 2017. He holds a bachelor's degree in science from Doctor Harisingh Gour Vishwavidyala, Sagar. He holds a bachelor's degree in law (honours) from the Devi Ahilya Vishwavidyala, Indore and is a member of the Institute of Company Secretaries of India.

For the details of the profiles of our Chairman and Managing Director, Vice-Chairman and Managing Director and our Executive Directors, see "*—Brief Profiles of our Directors*" on page 171.

Brief Profiles of our Senior Management Personnel

Mr. Ajay Kumar Gupta, aged 57, is the Joint President – Chief Manufacturing Officer. He has been associated with our Company since September 21, 2018. He holds a degree of Bachelor of Technology in chemical engineering from the University of Kanpur.

Mr. Harendra Pandya, aged 52, is the Joint President (Chief Projects and Procurement Officer). He has been associated with our Company since August 24, 2019. He holds a degree of Bachelor of Engineering (Mechanical) from Bhavnagar University and a degree of Master of Business Administration (Financial Management) from Indira Gandhi National Open University.

Mr. Prashant Potnis, aged 51, is the Joint President (Chief Scientific Officer). He has been associated with our Company since September 10, 2019. He holds a degree of Doctor of Philosophy in Organic Chemistry.

Mr. Pankaj Mehta, aged 60, is the Joint President – Corporate Relations and Strategy Head. He has been associated with our Company since May 3, 2020. He holds a degree of Bachelor of Engineering from University of Mumbai and a degree of Master of Chemical Engineering from University of Delaware.

Mr. Manoj Sharma, aged 51, is the Joint President - Chief Human Resource Officer. He has been associated with our Company since October 9, 2018.

Dr. Bharat Patravale, aged 60, is the President - R&D (Pharma). He has been associated with our Company since November 6, 2004. He holds a degree of Doctor of Philosophy from University of Mumbai.

Mr. Ajit Borgoankar, aged 56, is the Vice President – Environment, Health & Safety (Pharma). He has been associated with our Company since October 19, 2020. He holds a degree of Bachelor of Engineering from Shivaji University.

Shareholding details of the Key Managerial Personnel and Senior Management Personnel in our Company as on March 31, 2021

Name of KMP/SMP	Designation	No. of Equity Shares	Percentage of Equity Shares to total paid-up capital

Mr. Chetan Gandhi	Chief Financial Officer	320	Negligible
Mr. Raj Sarraf	Company Secretary and Compliance Officer	180	Negligible
Mr. Ajay Kumar Gupta	Joint President - Chief Manufacturing Officer	200	Negligible

For the shareholding of the Chairman and Managing Director, Vice-chairman and Managing Director and the Executive Directors, see "— *Shareholding of the Directors*" on page 173.

Relationship among our Key Managerial Personnel

Except as disclosed in "-*Relationship between Directors"* on page 172, none of our Key Managerial Personnel are related to each other or our Directors.

Interest of our Key Managerial Personnel and Senior Management Personnel

Except as stated below and in "*Related Party Transactions*" on page 74, our Key Managerial Personnel and Senior Management Personnel do not have any other interest in our Company or its business.

For details of the interest of our Chairman and Managing Director, Vice-chairman and Managing Director and the Executive Directors, see "–*Interest of our Directors and Promoters*" on page 172.

Our Key Managerial Personnel and Senior Management Personnel do not have any other interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them and/or their dependents in our Company, if any.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Key Management Personnel or the Senior Management Personnel are interested.

None of the Key Management Personnel or Senior Management Personnel has taken any loans from our Company. Further, our Company has not availed any loans from the Key Management Personnel or the Senior Management Personnel which are currently outstanding.

Corporate governance

Our Company is in compliance with corporate governance requirements under the Companies Act, 2013 and the SEBI LODR Regulations.

Committees of the Board of Directors

In accordance with the requirements of the provisions of the Companies Act, 2013 and the provisions of the SEBI LODR Regulations, our Board has constituted various committees as detailed below:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. CSR Committee; and
5. Risk Management Committee.

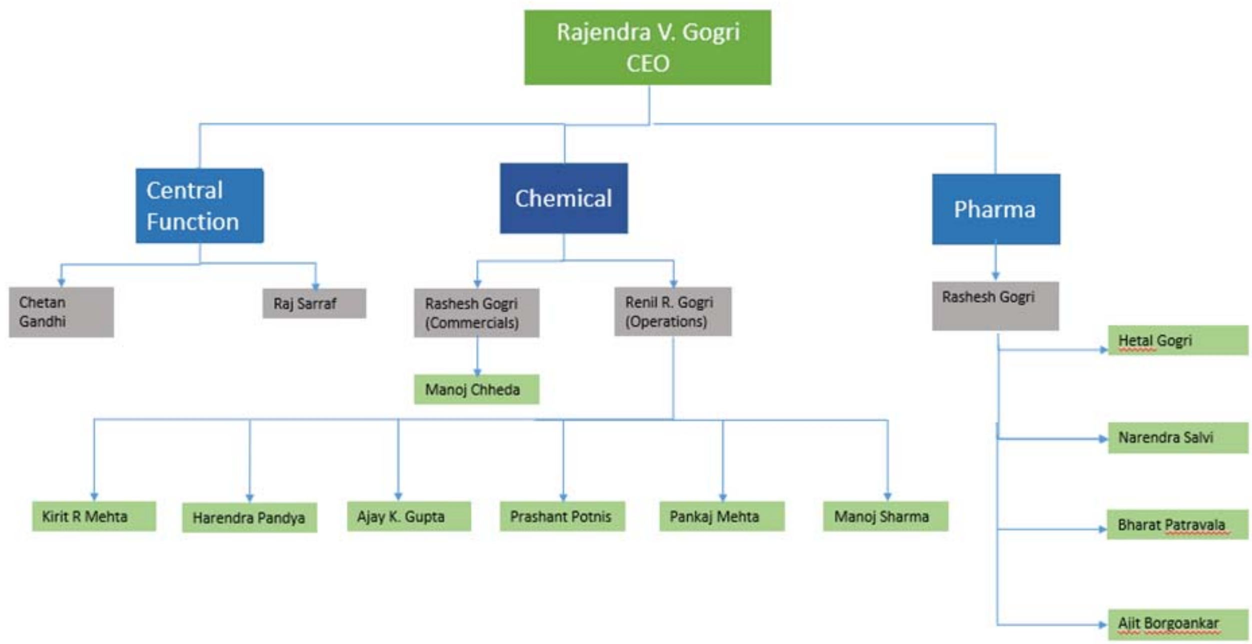
Additionally, the Board of Directors of our Company have also constituted the following committees: (i) Fund Raising Committee; and (ii) Finance and Investment Committee.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Name of Committees	Members
Audit Committee	1. Mr. KVS Shyamsunder Rammurthy (Chairman) 2. Mr. Rajendra Vallabhaji Gogri

	3. Mr. Rashesh Chandrakant Gogri 4. Mr. Parimal Hasmukhlal Desai 5. Mr. Ganapati Dadasaheb Yadav 6. Mr. Premchandra Amolak Sethi 7. Mr. Ramdas Maneklal Gandhi 8. Mr. Bhavesh Rasiklal Vora 9. Ms. Priti Paras Savla
Nomination and Remuneration Committee	1. Mr. Ramdas Maneklal Gandhi (Chairman) 2. Mr. Rajendra Vallabhaji Gogri 3. Mr. Premchandra Amolak Sethi 4. Mr. KVS Shyamsunder Rammurthy
Stakeholders Relationship Committee	1. Mr. KVS Shyamsunder Rammurthy (Chairman) 2. Mr. Rajendra Vallabhaji Gogri 3. Mr. Rashesh Chandrakant Gogri 4. Mr. Manoj Mulji Chheda 5. Ms. Hetal Gogri Gala
CSR Committee	1. Mr. Ramdas Maneklal Gandhi (Chairman) 2. Mr. KVS Shyamsunder Rammurthy 3. Ms. Hetal Gogri Gala 4. Mr. Kirit Ratilal Mehta
Risk Management Committee	1. Mr. Rajendra Vallabhaji Gogri (Chairman) 2. Mr. Rashesh Chandrakant Gogri 3. Ms. Hetal Gogri Gala 4. Mr. Renil Rajendra Gogri 5. Mr. Narendra Jagannath Salvi 6. Mr. Bhavesh Vora 7. Mr. Ajay Kumar Gupta 8. Mr. Chetan Gandhi
Fund Raising Committee	1. Mr. Rajendra Vallabhaji Gogri (Chairman) 2. Mr. Rashesh Chandrakant Gogri 3. Mr. KVS Shyamsunder Rammurthy
Finance and Investment Committee	1. Mr. Rajendra Vallabhaji Gogri (Chairman) 2. Mr. Rashesh Chandrakant Gogri 3. Mr. Parimal Hasmukhlal Desai 4. Ms. Hetal Gogri Gala 5. Mr. Renil Rajendra Gogri 6. Mr. Manoj Chedda

Organization Structure of our Company



Policy on disclosures and internal procedure for prevention of insider trading

Chapter IV of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement codes of fair disclosure and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations.

Other confirmations

Except as otherwise stated in this Placement Document, none of the Directors, or the Promoters, or any Key Managerial Personnel of our Company have any financial or other material interest in this Issue.

Neither our Company, nor any of our Promoters or Directors have been identified as wilful defaulters, as defined in the SEBI ICDR Regulations.

Neither our Promoters nor our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

Neither our Company, nor our Directors or Promoter are debarred from accessing capital markets under any order or direction made by SEBI.

None of our Directors, Promoters or Key Managerial Personnel of our Company intend to subscribe to the Issue.

As on the date of this Placement Document, our Company has no subsisting employee stock option plans.

SHAREHOLDING PATTERN OF THE COMPANY

The shareholding pattern of our Company as of March 31, 2021 is as follows:

Table I - Summary Statement holding of specified securities as on March 31, 2021

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	47	81581842	0	0	81581842	46.82	81581842	0	81581842	46.82	0	46.82	0	0	0	0	81581842
(B)	Public	107839	92652632	0	0	92652632	53.18	92652632	0	92652632	53.18	0	53.18	0	0	NA	NA	91373012
(C)	Non Promoter - Non Public				0				0			0			0	NA	NA	
(C1)	Shares Underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	Total	**107886**	**174234474**	**0**	**0**	**174234474**	**100.00**	**174234474**	**0**	**174234474**	**100.00**	**0**	**100.00**	**0**	**0**	**0**	**0**	**172954854**

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group as on March 31, 2021

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Indian**																		
(a)	**Individuals / Hindu Undivided Family**		**30**	**51416597**	**0**	**0**	**51416597**	**29.51**	**51416597**	**0**	**51416597**	**29.51**	**0**	**29.51**	**0**	**0**	**0**	**0**	**51416597**
	Rashesh Chandrakant Gogri	AACPG0778M	1	7668808	0	0	7668808	4.40	7668808	0	7668808	4.40	0	4.40	0	0	0	0	7668808
	Mirik Rajendra Gogri	AJZPG2156M	1	5586192	0	0	5586192	3.21	5586192	0	5586192	3.21	0	3.21	0	0	0	0	5586192
	Renil Rajendra Gogri	AIQPG5615D	1	5585504	0	0	5585504	3.21	5585504	0	5585504	3.21	0	3.21	0	0	0	0	5585504
	Jaya Chandrakant Gogri	AACPG2276L	1	5399274	0	0	5399274	3.10	5399274	0	5399274	3.10	0	3.10	0	0	0	0	5399274
	Hetal Gogri Gala	AABPG1598G	1	5231096	0	0	5231096	3.00	5231096	0	5231096	3.00	0	3.00	0	0	0	0	5231096
	Sarla Shantilal Shah	AADPS4231N	1	4274383	0	0	4274383	2.45	4274383	0	4274383	2.45	0	2.45	0	0	0	0	4274383

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Rajendra Vallabhaji Gogri	AACPG2278E	1	2851800	0	0	2851800	1.64	2851800	0	2851800	1.64	0	1.64	0	0	0	0	2851800
	Nehal Garewal	AABPJ9548D	1	2244975	0	0	2244975	1.29	2244975	0	2244975	1.29	0	1.29	0	0	0	0	2244975
	Nikhil Parimal Desai	AAGPD1564Q	1	1557554	0	0	1557554	0.89	1557554	0	1557554	0.89	0	0.89	0	0	0	0	1557554
	Aarnav Rashesh Gogri	AJZPG5229P	1	1100000	0	0	1100000	0.63	1100000	0	1100000	0.63	0	0.63	0	0	0	0	1100000
	Aashay Rashesh Gogri	AJZPG5230G	1	1100000	0	0	1100000	0.63	1100000	0	1100000	0.63	0	0.63	0	0	0	0	1100000
	Manisha Rashesh Gogri	ACHPG2007Q	1	1100000	0	0	1100000	0.63	1100000	0	1100000	0.63	0	0.63	0	0	0	0	1100000
	Bhavna Shah Lalka	AOBPS2060R	1	1027882	0	0	1027882	0.59	1027882	0	1027882	0.59	0	0.59	0	0	0	0	1027882
	Arti Rajendra Gogri	AACPG1553E	1	950512	0	0	950512	0.55	950512	0	950512	0.55	0	0.55	0	0	0	0	950512
	Ratanben Premji Gogri	AABPG3241L	1	713615	0	0	713615	0.41	713615	0	713615	0.41	0	0.41	0	0	0	0	713615

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Heena Bhatia	AABPB1045M	1	645176	0	0	645176	0.37	645176	0	645176	0.37	0	0.37	0	0	0	0	645176
	Late Shantilal Tejshi Shah	AMOPS2834G	1	640796	0	0	640796	0.37	640796	0	640796	0.37	0	0.37	0	0	0	0	640796
	Parimal Hasmukhlal Desai	AABPD4102D	1	618608	0	0	618608	0.36	618608	0	618608	0.36	0	0.36	0	0	0	0	618608
	Rajendra Vallabhaji Gogri (HUF)	AAAHR1009N	1	616548	0	0	616548	0.35	616548	0	616548	0.35	0	0.35	0	0	0	0	616548
	Shantilal Tejshi Shah HUF	AAAHS3960H	1	557763	0	0	557763	0.32	557763	0	557763	0.32	0	0.32	0	0	0	0	557763
	Indira Madan Dedhia	AAAPD9958L	1	364839	0	0	364839	0.21	364839	0	364839	0.21	0	0.21	0	0	0	0	364839
	Mananjay Singh Garewal	BMYPG4323H	1	325020	0	0	325020	0.19	325020	0	325020	0.19	0	0.19	0	0	0	0	325020
	Chandrakant Vallabhaji Gogri	AAFPG8847C	1	311000	0	0	311000	0.18	311000	0	311000	0.18	0	0.18	0	0	0	0	311000

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Shreya Suneja	ANZPB4077C	1	260000	0	0	260000	0.15	260000	0	260000	0.15	0	0.15	0	0	0	0	260000
	Monisha Bhatia	CKLPB0016J	1	242242	0	0	242242	0.14	242242	0	242242	0.14	0	0.14	0	0	0	0	242242
	Desai Tarla Parimal	AAVPD9802E	1	225534	0	0	225534	0.13	225534	0	225534	0.13	0	0.13	0	0	0	0	225534
	Gunavanti Navin Shah	AMRPS8688M	1	173289	0	0	173289	0.10	173289	0	173289	0.10	0	0.10	0	0	0	0	173289
	Jayesh Shah	AAJPS1143D	1	32833	0	0	32833	0.02	32833	0	32833	0.02	0	0.02	0	0	0	0	32833
	Prasadi Yogesh Banatwala	AFCPB5082L	1	10590	0	0	10590	0.01	10590	0	10590	0.01	0	0.01	0	0	0	0	10590
	Pooja Renil Gogri	AJFPG2475H	1	764	0	0	764	0.00	764	0	764	0.00	0	0.00	0	0	0	0	764
(b)	**Central Government / State Government(s)**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(c)	**Financial Institutions / Banks**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(d)	**Any Other (Specify)**		**16**	**29903771**	**0**	**0**	**29903771**	**17.16**	**29903771**	**0**	**29903771**	**17.16**	**0**	**17.16**	**0**	**0**	**0**	**0**	**29903771**

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Promoter Trust		**8**	**19095920**	**0**	**0**	**19095920**	**10.96**	**19095920**	**0**	**19095920**	**10.96**	**0**	**10.96**	**0**	**0**	**0**	**0**	**19095920**
	LABDHI BUSINESS TRUST	AABTL5136H	1	5000000	0	0	5000000	2.87	5000000	0	5000000	2.87	0	2.87	0	0	0	0	5000000
	TULIP FAMILY TRUST	AADTT5410E	1	3298000	0	0	3298000	1.89	3298000	0	3298000	1.89	0	1.89	0	0	0	0	3298000
	ORCHID FAMILY TRUST	AAATO7555N	1	3298000	0	0	3298000	1.89	3298000	0	3298000	1.89	0	1.89	0	0	0	0	3298000
	Heena Family Private Trust	AABTH7999A	1	1667718	0	0	1667718	0.96	1667718	0	1667718	0.96	0	0.96	0	0	0	0	1667718
	Bhavna Family Private Trust	AADTB5396B	1	1608202	0	0	1608202	0.92	1608202	0	1608202	0.92	0	0.92	0	0	0	0	1608202
	MANOMAYA BUSINESS TRUST	AAETM9693D	1	1600000	0	0	1600000	0.92	1600000	0	1600000	0.92	0	0.92	0	0	0	0	1600000
	JASMINE FAMILY TRUST	AADTJ3687R	1	1375000	0	0	1375000	0.79	1375000	0	1375000	0.79	0	0.79	0	0	0	0	1375000
	LOTUS FAMILY TRUST	AABTL8618E	1	1249000	0	0	1249000	0.72	1249000	0	1249000	0.72	0	0.72	0	0	0	0	1249000
	Bodies Corporate		**8**	**10807851**	**0**	**0**	**10807851**	**6.20**	**10807851**	**0**	**10807851**	**6.20**	**0**	**6.20**	**0**	**0**	**0**	**0**	**10807851**

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Anushakti Enterprise Private Limited	AAFCK1104P	1	4985000	0	0	4985000	2.86	4985000	0	4985000	2.86	0	2.86	0	0	0	0	4985000
	Safechem Enterprises Private Limited	AABCI2424A	1	2926000	0	0	2926000	1.68	2926000	0	2926000	1.68	0	1.68	0	0	0	0	2926000
	Alchemie Financial Services Limited	AAACA0948C	1	1346012	0	0	1346012	0.77	1346012	0	1346012	0.77	0	0.77	0	0	0	0	1346012
	Alchemie Finserv Pvt. Ltd.	AALCA8688G	1	528210	0	0	528210	0.30	528210	0	528210	0.30	0	0.30	0	0	0	0	528210
	Gogri Finserv Pvt. Ltd.	AAFCG2850E	1	528210	0	0	528210	0.30	528210	0	528210	0.30	0	0.30	0	0	0	0	528210
	Nikhil Holdings Private Limited	AABCN5189M	1	462783	0	0	462783	0.27	462783	0	462783	0.27	0	0.27	0	0	0	0	462783
	Dilesh Roadlines Pvt Ltd	AAACP2139G	1	16636	0	0	16636	0.01	16636	0	16636	0.01	0	0.01	0	0	0	0	16636
	Valiant Organics Limited	AACCV0024A	1	15000	0	0	15000	0.01	15000	0	15000	0.01	0	0.01	0	0	0	0	15000
Sub Total (A)(1)			**46**	**81320368**	**0**	**0**	**81320368**	**46.67**	**81320368**	**0**	**81320368**	**46.67**	**0**	**46.67**	**0**	**0**	**0**	**0**	**81320368**

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities — No of Voting Rights — Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares — No. (a)	As a % of total Shares held(b)	Number of Shares pledged or otherwise encumbered — No. (a)	As a % of total Shares held(b)	Number of equity shares held in dematerialised form
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
2	Foreign																		
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)		1	261474	0	0	261474	0.15	261474	0	261474	0.15	0	0.15	0	0	0	0	261474
	Bhanu Pradip Savla	BILPS7725J	1	261474	0	0	261474	0.15	261474	0	261474	0.15	0	0.15	0	0	0	0	261474
(b)	Government		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Institutions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Foreign Portfolio Investor		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Any Other (Specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (A)(2)		1	261474	0	0	261474	0.15	261474	0	261474	0.15	0	0.15	0	0	0	0	261474
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		47	81581842	0	0	81581842	46.82	81581842	0	81581842	46.82	0	46.82	0	0	0	0	81581842

Table III - Statement showing shareholding pattern of the Public shareholder as on March 31, 2021

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities — No of Voting Rights — Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares — No. (a)	As a % of total Shares held(b)	Number of Shares pledged or otherwise encumbered — No. (a)	As a % of total Shares held (b)	Number of equity shares held in dematerialised form
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Institutions**																		
(a)	**Mutual Fund**		**23**	**19049296**	**0**	**0**	**19049296**	**10.93**	**19049296**	**0**	**19049296**	**10.93**	**0**	**10.93**	**0**	**0**	**NA**	**NA**	**19049296**
	HDFC Trustee Company Ltd.	AAATH1809A	1	7709004	0	0	7709004	4.42	7709004	0	7709004	4.42	0	4.42	0	0	NA	NA	7709004
	Aditya Birla Sun Life Trustee Private Limited	AAATB0102C	1	2843142	0	0	2843142	1.63	2843142	0	2843142	1.63	0	1.63	0	0	NA	NA	2843142
(b)	**Venture Capital Funds**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**	**0**
(c)	**Alternate Investment Funds**		**9**	**761297**	**0**	**0**	**761297**	**0.44**	**761297**	**0**	**761297**	**0.44**	**0**	**0.44**	**0**	**0**	**NA**	**NA**	**761297**
(d)	**Foreign Venture Capital Investors**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**	**0**
(e)	**Foreign Portfolio Investor**		**135**	**15092946**	**0**	**0**	**15092946**	**8.66**	**15092946**	**0**	**15092946**	**8.66**	**0**	**8.66**	**0**	**0**	**NA**	**NA**	**15092946**

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)							
									Class eg: X	Class eg: y	Total				No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held (b)	
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Morgan Stanley Investment Funds Emerging Leaders	AAJCM8623M	1	1855918	0	0	1855918	1.07	1855918	0	1855918	1.07	0	1.07	0	0	NA	NA	1855918
(f)	**Financial Institutions / Banks**		**1**	**4**	**0**	**0**	**4**	**0**	**4**	**0**	**4**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**	**4**
(g)	**Insurance Companies**		**16**	**7439477**	**0**	**0**	**7439477**	**4.27**	**7439477**	**0**	**7439477**	**4.27**	**0**	**4.27**	**0**	**0**	**NA**	**NA**	**7439477**
	Life Insurance Corporation of India	AAACL0582H	1	3112425	0	0	3112425	1.79	3112425	0	3112425	1.79	0	1.79	0	0	NA	NA	3112425
	HDFC Life Insurance Company Limited	AAACH8755L	1	1890626	0	0	1890626	1.09	1890626	0	1890626	1.0	0	1.09	0	0	NA	NA	1890626
(h)	**Provident Funds/ Pension Funds**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**	**0**
(i)	**Any Other (Specify)**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**	**0**
Sub Total (B)(1)			**184**	**42343020**	**0**	**0**	**42343020**	**24.30**	**42343020**	**0**	**42343020**	**24.30**	**0**	**24.30**	**0**	**0**	**NA**	**NA**	**42343020**
2	**Central Government/ State Government(s)/ President of India**																		

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held (b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
Sub Total (B)(2)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
3	Non-Institutions																		
(a)	Individuals			0	0										0		NA	NA	
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		101497	23064599	0	0	23064599	13.24	23064599	0	23064599	13.24	0	13.24	0	0	NA	NA	21875793
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		101	21645397	0	0	21645397	12.42	21645397	0	21645397	12.42	0	12.42	0	0	NA	NA	21556333
(b)	NBFCs registered with RBI		8	26565	0	0	26565	0.02	26565	0	26565	0.02	0	0.02	0	0	NA	NA	26565
	Trust Employee		11	94162	0	0	94162	0.05	94162	0	94162	0.05	0	0.05	0	0	NA	NA	94162
(d)	Overseas Depositories(holding DRs) (balancing figure)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held (b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(c)	Any Other (Specify)		6038	5478889	0	0	5478889	3.14	5478889	0	5478889	3.14	0	3.14	0	0	NA	NA	5477139
	IEPF		1	642854	0	0	642854	0.37	642854	0	642854	0.37	0	0.37	0	0	NA	NA	642854
	Trusts		8	36786	0	0	36786	0.02	36786	0	36786	0.02	0	0.02	0	0	NA	NA	36786
	Hindu Undivided Family		1587	1143858	0	0	1143858	0.66	1143858	0	1143858	0.66	0	0.66	0	0	NA	NA	1143858
	Non Resident Indians (Non Repat)		1058	929914	0	0	929914	0.53	929914	0	929914	0.53	0	0.53	0	0	NA	NA	928464
	Non Resident Indians (Repat)		2191	543982	0	0	543982	0.31	543982	0	543982	0.31	0	0.31	0	0	NA	NA	543982
	Clearing Member		150	146013	0	0	146013	0.08	146013	0	146013	0.08	0	0.08	0	0	NA	NA	146013
	Bodies Corporate		1043	2035482	0	0	2035482	1.17	2035482	0	2035482	1.17	0	1.17	0	0	NA	NA	2035182
	Sub Total (B)(3)		107655	50309612	0	0	50309612	28.87	50309612	0	50309612	28.87	0	28.87	0	0	NA	NA	49029992
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		107839	92652632	0	0	92652632	53.18	92652632	0	92652632	53.18	0	53.18	0	0	NA	NA	91373012

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder as on March 31, 2021

	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	Custodian/DR Holder		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)			**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.0000**	**0**	**0.00**	**NA**	**0.00**	**0**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, payment of Application Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the GCBRLMs. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Also see "Selling Restrictions" and "Transfer Restrictions" on pages 208 and 217, respectively. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the GCBRLMs and their respective directors, officers, agents, employees, counsels, shareholders, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Our Company, the GCBRLMs and their respective directors, shareholders, employees, counsels, officers, agents, advisors, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of the Preliminary Placement Document or this Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Bidders are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THIS ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

This Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, being a listed company in India may issue Equity Shares through a QIP, provided that:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must specify (a) that the Allotment of Equity Shares is proposed to be made pursuant to the QIP; and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose among other things, the particulars of the Issue;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be Allotted through this Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution;

- this Issue must be made through a private placement offer letter (i.e., the Preliminary Placement Document and this Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom this Issue is made;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- the Promoters and Directors of our Company are not fugitive economic offenders;

- our Company shall have completed allotments with respect to any previous offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer. However, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed under the applicable law;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter (i.e., the Preliminary Placement Document), our Company must prepare and record a list of Eligible QIBs to whom this Issue will be made. This Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe; and

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about this Issue is prohibited.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue.

In accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees.

All Equity Shares issued and allotted pursuant to the Issue shall be fully paid-up.

At least 10% of the Equity Shares issued to Eligible QIBs was Allotted to Mutual Funds, provided that, if the portion or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Fund Raising Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the approval of the Shareholders in the EGM on June 14, 2021, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations. Our Company has offered a discount of 4.98% on the on the Floor Price.

The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as mentioned in Regulation 176 (4) of the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving this Issue and within 60 days from the date of receipt of Application Amount from the Successful Bidders. For details of Allotment, see "– *Pricing and Allocation – Designated Date and Allotment of Equity Shares*" below on page 205.

The Equity Shares issued pursuant to this Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document. The Preliminary Placement Document and this Placement Document shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by our Board of Directors on May 18, 2021 and approved by our Shareholders on June 14, 2021.

The minimum number of Allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500 million; and
- five, where the issue size is greater than ₹ 2,500 million.
- No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of this Issue. For details of what constitutes "same group" or "common control", see the section "— *Bid Process— Application Form*" below on page 201.

Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on a recognised stock exchange. Allotments made to VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

Our Company has filed a copy of this Placement Document with each of the Stock Exchanges. We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules. Our Company has received in-principle approvals from BSE and NSE each dated June 24, 2021 in terms of Regulation 28(1)(a) of the SEBI LODR Regulations, respectively for listing of the Equity Shares being issued pursuant to this Issue from each of such Stock Exchanges.

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to U.S. QIBs pursuant to Section 4(a)(2) or another available exemption the registration requirements of the Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 210 and 219, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Issue Opening Date, our Company in consultation with the GCBRLMs circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules.

2. **The list of QIBs to whom the Preliminary Placement Document and the Application Form was delivered, was determined by our Company in consultation with the GCBRLMs, at their sole discretion. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs were required to submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Issue Period to the GCBRLMs.

4. Bidders were required to indicate the following in the Application Form:

- full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, phone number, permanent account number, e-mail address and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;

- details of the depository account to which the Equity Shares should be credited; and

- a representation that the Bidder is (a) within the United States is a U. S. QIB and acquiring the Equity Shares pursuant to Section 4 (a) (2) of the Securities Act or (b) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S, and certain other representations made in the Application Form.

Note: Eligible FPIs were required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

5. Each Bidder was required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, and the filing of return of Allotment by our Company with the RoC or receipt of final listing and trading approval from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in the Escrow Account, *i.e.,* a separate bank account with a scheduled bank, and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event, among others, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to the Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or a Bidder lowers or withdraws the Bid prior to the Issue Closing Date, or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Application Amount has been arrived at using an indicative price higher than the Issue Price, or any Bidder lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "- *Refunds*" below on page 206.

6. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Bidder acknowledges that in accordance with the requirements of the Companies Act, upon Allocation, our Company is required to disclose the names of proposed Allottees and the percentage of their post Issue shareholding in this Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

8. Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

9. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, after the Issue Closing Date, our Company in consultation with the GCBRLMs, has determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the GCBRLMs, on behalf of our Company, will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and this Placement Document to a Successful Bidder is deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN contains details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated and the Refund Amount (if any) due to the Successful Bidders. Please note that the Allocation will be at the absolute discretion of our Company, in consultation with the GCBRLMs.

10. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the GCBRLMs, are, on our behalf, sending serially numbered Placement Document (either in electronic form or through physical delivery) to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to this Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the GCBRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only Eligible QIBs were eligible to invest in the Equity Shares pursuant to this Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Non-Debt Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who were eligible to participate in this Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;

- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions (which are resident in India);
- Mutual Funds registered with SEBI;
- pension funds with minimum corpus of ₹ 2,500 million;
- provident funds with minimum corpus of ₹ 2,500 million;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies; and
- subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

Eligible FPIs were permitted to participate through the portfolio investment scheme under Schedule II of the FEMA Non-Debt Rules, in this Issue. Eligible FPIs were permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) is not permitted to exceed 10% of our post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Non-Debt Rules, the total holding by each FPI including its investor group shall be below 10% of the total paid-up Equity Share capital of our Company. In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail funds on look through basis; or (c) public retail funds and investment managers of such FPIs are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate permissible limit of all FPIs investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates. The existing aggregate investment limit for FPIs in our Company is 100% of the paid up capital of our Company.

Eligible FPIs were permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed CDSL as the designated depository to monitor the level of FPI/ NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Subject to receipt of valid Bids, a minimum of 10% of the Equity Shares offered in the Issue was Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, our Promoters or any person related to our Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to our Promoters:

- rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of our Promoter Group;
- veto rights; or
- a right to appoint any nominee director on our Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to our Promoters.

Our Company and the GCBRLMs and any of their respective shareholders, employees, counsels, officers, directors, advisors, representatives, agents or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of the Preliminary Placement Document or this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified inthe Preliminary Placement Document and this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations.

Note: Affiliates or associates of the GCBRLMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/ or the GCBRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period, and in such case, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document and this Placement document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings and under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 2, 4, 210 and 219, respectively:

- The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

- The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;
- The Eligible QIB confirms and consents to its name and percentage of post-Issue shareholding (assuming full subscription in the Issue) will be included as a 'proposed allottee' in the Issue in the Placement Document;
- The Eligible QIB confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India and is eligible to invest in India under applicable law, including the FEMA Non-Debt Rules, or a resident multilateral or bilateral development financial institution, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets, and is not an FVCI;
- The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;
- The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;
- The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;
- The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to this Issue, if any. The Eligible QIB further confirms that its holding of the Equity Shares, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;
- The Eligible QIB confirms that its Bids would not result in triggering an open offer under the SEBI Takeover Regulations;
- The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the GCBRLMs. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/ or Allotment of Equity Shares Bid for in full or in part;
- The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that the disclosure of such details in relation to it in the Placement Document will not guarantee Allotment to it, as Allotment in the Issue shall continue to be at the sole discretion of our Company;
- The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:
  a. QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary (ies) or holding company and any other QIB; and
  b. "Control" shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;
- The Eligible QIB confirms that:
  a. It is outside the United States and subscribing to the Equity Shares in an offshore transaction in reliance upon Regulation S; and
  b. It has agreed to the other representations set forth in the "*Representations by Investors*" and "*Transfer Restrictions*" on pages 4 and 219, respectively, and the other representations made in the Application Form.
- The Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.
- The Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

- The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the FDI Policy, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route.

ELIGIBLE QIBs WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN (IF APPLICABLE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE GCBRLMS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE GCBRLMS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE GCBRLMS, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBs SUBMITTING A BID AND/ OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

Once a duly completed Application Form is submitted by a Bidder, whether signed or not, the submission of such Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and shall become a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were to be duly completed with information including the number of Equity Shares applied for along with payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form included details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Application Amount was to be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the GCBRLMs either through electronic form or through physical delivery at either of the following addresses:

Edelweiss Financial Services Limited 6th floor, Edelweiss House, Off C.S.T. Road, Kalina Mumbai – 400 098, Maharashtra, India Contact Person: Malay Shah E-mail: aartiind.qip2021@edelweissfin.com Phone No.: +91 22 4009 4400	**Ambit Private Limited** Ambit House, 449 Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India Contact Person: Nikhil Bhiwapurkar E-mail: aarti.qip@ambit.co Phone No.: +91 22 6623 3000	**Kotak Mahindra Capital Company Limited** 1st Floor, 27BKC, Plot No. C-27 "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India Contact Person: Karl Sahukar E-mail: aartiindustries.qip@kotak.com Phone No.: +91 22 4336 0000

The GCBRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

All Bidders submitting a Bid in the Issue, shall pay the entire Application Amount within the Issue Period.

Payment of Application Amount

Our Company has opened the "Aarti Industries Limited-QIP Escrow A/c" with Axis Bank Limited, the Escrow Bank, in terms of the arrangement among our Company, the GCBRLMs and the Escrow Bank. Bidders were required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheque or demand draft or cash shall be rejected.

If the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) refund of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "- *Refunds*" below on page 206.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the GCBRLMs. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the GCBRLMs.

Price Determination and Allocation

Our Company, in consultation with the GCBRLMs, shall determine the Issue Price, which shall be at or above the Floor Price. Our Company has offered a discount of 4.98% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders pursuant to a resolution passed on June 14, 2021.

Method of Allocation

Our Company shall determine the Allocation on a discretionary basis in consultation with the GCBRLMs and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE GCBRLMS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE

THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE GCBRLMS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE GCBRLMS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the Application Forms and Application Amount, our Company in their sole and absolute discretion, in consultation with the GCBRLMs, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Application Amount for the Equity Shares Allotted shall be notified to such Successful Bidders.

The Successful Bidders have been sent serially numbered Placement Document (which included the names of the proposed Allottees along with the percentage of their post-Issue shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document, to the Eligible QIBs is deemed a valid, binding and irrevocable contract for the QIB to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, the Eligible QIB are deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 2 and such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by the Stock Exchanges.

Designated Date and Allotment of Equity Shares

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI LODR Regulations.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares pursuant to the Issue into the QIBs' beneficiary accounts maintained with the Depository Participant, our Company will apply for final trading and listing approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in this Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the GCBRLMs and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

Refunds

In the event that the number of Equity Shares Allocated to a Successful Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Successful Bidder, or the Application Amount paid by a Successful Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Successful Bidder and the Issue Price, or a Bidder does not receive any Allocation in the Issue, or a Bidder withdraws the Application Form prior to the Issue Closing Date, or the Issue is cancelled prior to Allocation, the excess Application Amount paid by such Successful Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the refund intimation issued to such Successful Bidder. The Refund Amount will be transferred to the relevant Successful Bidders within two Working Days from the date of issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue within 60 days from the date of receipt of the Application Amount, or the Issue is cancelled post Allocation, or where our Company has Allotted the Equity Shares but final listing and trading approvals are refused by the Stock Exchanges, our Company shall repay the Application Amount within 15 days from expiry of 60 days or such other time period as applicable under applicable law, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the GCBRLMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the GCBRLMs in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For details, see – "*Bid Process*" and – "*Refunds*" above on pages 201 and 206, respectively.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a successful QIB will be credited in electronic form directly to the specified beneficiary account (with the Depository Participant) of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the GCBRLMs will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the QIBs.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the Escrow Account to our Company until receipt of notice from the GCBRLMs, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC.

PLACEMENT

Placement Agreement

The GCBRLMs has entered into a placement agreement with our Company dated June 24, 2021 (the "**Placement Agreement**"), pursuant to which the GCBRLMs have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis, pursuant to Section 42 of Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended and Chapter VI of the SEBI ICDR Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the GCBRLMs, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document have not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to this Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

Lock-up

The Promoters and the Promoter Group of our Company, jointly and severally, agree that, without the prior written consent of the GCBRLMs, he or it will not, (a) announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 60 days after the date of Allotment of the Equity Shares pursuant to the QIP (the "**Lock-up Period**"), directly or indirectly, (b) offer, sell, pledge, issue, encumber, contract to issue, grant any option, right or warrant for the issuance and allotment, or otherwise dispose of or transfer, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to, any Equity Shares or securities convertible into or exchangeable or exercisable for Equity Shares (including any warrants or other rights to subscribe for any Equity Shares) or publicly announce an intention with respect to any of the foregoing, (c) enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of any Equity Shares, whether any such aforementioned transaction is to be settled by allotment of any Equity Shares, in cash or otherwise or any securities convertible into or exercisable or exchangeable for Equity Shares, or (d) deposit Equity Shares with any other depositary in connection with a depositary receipt facility or (e) publicly disclose the intention to make any such offer, issuance and allotment or disposition, or to enter into any such transaction falling within (b) to (d) above (including swap, hedge or other arrangement). However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to any inter-se transfers between the Promoters/ members of the Promoter Group or any change in applicable law, post the date of execution of the Placement Agreement.

Further, any Equity Shares acquired by the Promoters and Promoter Group of our Company shall also be subject to the same restrictions that the Lock-up are subject to.

In addition, each of the Promoters and Promoter Group of our Company, jointly and severally, agrees that, without the prior written consent of the GCBRLMs, he or it will not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration or sale or deposition of any Equity Shares or any other securities of our Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired.

Our Company has undertaken that it will not for a period commencing the date hereof and ending 180 days from the date of Allotment, without the prior written consent of the GCBRLMs, directly or indirectly:

a. offer, sell, issue, contract to issue, sell, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity

Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the Securities Act, with respect to any of the foregoing, or

b. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

c. deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or

d. publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.

SELLING RESTRICTIONS

The distribution of this Placement Document or any Issue material and the offering, sale or delivery of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been taken or will be taken that would permit a public offering of the Equity Shares to be issued pursuant to the Issue to occur in any jurisdiction, except India, or the possession, circulation or distribution of this Placement Document or any other material relating to the Company, or the Equity Shares offered in the Issue in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Transfer Restrictions*" on page 219.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosuredocument under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Equity Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian CorporationsAct.

Any offer of the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or a Book Running Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain.

This Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Issuer has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Issuer. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), ("**BVI Companies**"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

Canada

The Equity Shares will not be qualified for sale under the securities laws of any province or territory of Canada. The Equity Shares may only be offered, sold or distributed, directly or indirectly, in or to or for the benefit of a resident of, the Provinces of British Columbia, Alberta, Ontario or Québec, which is purchasing, or deemed to be purchasing, as a principal that is: (i) an accredited investor, as defined in National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or subsection 73.3(1) of the Securities Act (Ontario), and (ii) a permitted client, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and only through a dealer duly registered under the applicable securities laws of such provinces in circumstances where no exemption from the applicable registered dealer requirement is available. Any resale of the Equity Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

This Placement Document or any other offering material in connection with the offer of the Equity Shares has not been and will not be distributed or delivered in Canada other than to a resident of the Provinces of British Columbia, Alberta, Ontario or Québec in compliance with applicable securities laws. Prospective Canadian investors are advised that the information contained within this Placement Document in relation to the Equity Shares has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within this Placement Document and any other offering material relating to the Equity Shares and as to the suitability of an investment in the Equity Shares in their particular circumstances.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Placement Document or any other offering material constituting an "offering memorandum" under applicable Canadian securities laws (including any amendment to any such documents) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the parties to this offering, including the Issuer and the BRLMs, as the case may be, are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with an offering of the Equity Shares.

Upon receipt of this Placement Document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Equity Shares described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de la document d'offre, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Cayman Islands

This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

People's Republic of China

This Placement Document does not constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the People's Republic of China (the "PRC"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Relevant State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), no Equity Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall require us or any Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the Book Running Lead Managers and the Company that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the Book Running Lead Managers have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "QII Equity Shares") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Republic of Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Equity Shares, except (i) where relevant requirements are satisfied, the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Equity Shares.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Placement Document is subject to Malaysian laws. This Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

New Zealand

This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Placement Document, each investor represents and warrants that if they receive this Placement Document in New Zealand they are a Habitual Investor and you will not disclose this Placement Document to any person who is not also a Habitual Investor.

Sultanate of Oman

This Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in this Placement Document will not take place inside Oman. This Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

This Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the

Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Book Running Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Equity Shares are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Book Running Lead Manager has represented, warranted and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole businessof which is to hold investments and the entire share capital of which is owned by one or more individuals,each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and eachbeneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(2) where no consideration is or will be given for the transfer;
(3) where the transfer is by operation of law;
(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Africa

The Equity Shares may not be offered or sold and will not be offered or sold to the public (as such term is used in Chapter 4 of the Companies Act 71 of 2008 ("**SA Companies Act**")) in the Republic of South Africa save in the circumstances where it is lawful to do so without a registered prospectus being made available before the offer is made. This document does not constitute a registered prospectus for the purposes of and as defined in chapter 4 of the SA Companies Act, and has not been prepared in accordance with the provisions of the SA Companies Act applicable to the content of a prospectus.

This document is not to be distributed, delivered or passed on to any person resident in the Republic of South Africa, unless it is being made only to, or directed only at any person who does not fall within the definition of the public as contemplated in chapter 4 of the South African Companies Act or any other person to whom an offer of the Equity Shares in South Africa may lawfully be made (all such persons together being referred to as "permitted South African offerees"). This document must not be acted on or relied on by persons who are not permitted South African offerees. If the recipient of this document is in any doubt about the investment to which this document relates, the recipient should obtain independent professional advice.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Equity Shares or the Issue or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the Issue has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Equity Shares.

The Equity Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the Equity Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Equity Shares in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotio**n") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to non-natural person "Qualified Investors" (as such term is defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

In relation to its use in the UAE, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the Equity Shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this Notice to Prospective Investors in the document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

United States

The Equity Shares have not been and will not be registered under the Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are U.S. QIBs pursuant to Section 4(a)(2) or another available exemption from registration under the Securities Act, and (b) outside the United States in offshore transactions in reliance upon Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "*Transfer Restrictions*" on page 219.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "Selling Restrictions" on page 210.

Purchaser Representations and Transfer Restrictions for Purchasers within the United States

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

If you purchase the Equity Shares offered in the United States pursuant to Section 4(a) (2), in reliance upon Rule 144A or another available exemption from the registration requirements of the Securities Act, by accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the GCBRLMs as follows:

- You (A) are a "qualified institutional buyer" (as defined in Rule 144A) (a "U.S. QIB", (B) are aware that the sale of the Equity Shares to you is being made pursuant to Section 4(a)(2) or another available exemption from the registration requirements of the Securities Act and (C) are acquiring such Equity Shares for its own account or for the account of a U.S. QIB.
- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act, have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction in reliance upon Regulation S, as applicable, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the Securities Act, or (v) pursuant to an effective registration statement under the Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made.
- It agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S, with respect to the Equity Shares. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any directed selling efforts.
- The Equity Shares offered and sold in the United States as part of the Issue are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares.
- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.
- You will base your investment decision on a copy of this Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the GCBRLMs) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Placement Document, as it may be supplemented.
- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or any of the GCBRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their

circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution.

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.
- You acknowledge that if at any time its representations cease to be true, you agree to resell the Equity Shares at our Company's request.
- You have been provided access to this Placement Document which you have read in its entirety.
- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the GCBRLMs, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions will not be recognized by us.

Purchaser Representations and Transfer Restrictions for Purchasers outside the United States

By accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the GCBRLMs and their respective affiliates shall have any responsibility in this regard.
- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.
- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act, have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the Securities Act, or (v) pursuant to an effective registration statement under the Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction.
- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts.
- You will base your investment decision on a copy of this Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the GCBRLMs) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our

Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in this Placement Document, as may be supplemented.

- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the GCBRLMs, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions, will not be recognized by us.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the GCBRLMs or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatisation and Demutualisation) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI ICDR Regulations and the SEBI LODR Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI LODR Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI LODR Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such public shareholding having fallen below the 25% threshold. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both, the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with the BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/ price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI LODR Regulations

Public listed companies are required under the SEBI LODR Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI LODR Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI LODR Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/ voting rights/ control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer.

Prohibition of Insider Trading Regulations

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015. The SEBI Insider Trading Regulations prohibit and penalize insider trading in India and impose certain restrictions on the communication of information by listed companies. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"), subject to certain limited exceptions. Further, the SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders.

The SEBI Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On July 17, 2020, SEBI amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI has framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to the Equity Shares of our Company, including a brief summary of some of the provisions of the Memorandum and Articles of Association, the Companies Act, 2013 and certain related legislation of India, all as currently in effect. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

Our Company's authorised share capital as on the date of this Placement Document is ₹ 3,000.0 million consisting of 600,000,000 Equity Shares of ₹ 5 each.

As of the date of this Placement Document, the issued, subscribed and paid up equity share capital of our Company is ₹ 1,742.3 million consisting of 348,468,948 Equity Shares of ₹ 5 each.

All the Equity Shares have been listed and traded on the BSE and the NSE. The security identification codes for the Equity Shares are as follows:

ISIN	INE769A01020
BSE Code	524208
NSE Symbol	AARTIIND

Articles of Association

Our Company is governed by our Articles of Association.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal, except for interim dividends. Under the Companies Act, 2013, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any Fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous Fiscal(s) arrived at as laid down by the Companies Act, 2013. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors.

The Equity Shares issued pursuant to this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus equity shares, which are similar to stock dividend. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations.

As per the Articles of Association, our Company in General Meeting may, upon the recommendation of the Board resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution. Further, the Board shall make all appropriation and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issue of fully paid shares or other securities, if any.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company may increase its share capital by issuing new shares on such terms and with such rights as it may determine. According to Section 62 of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to FEMA Non-Debt Rules, if applicable.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to condition prescribed under the Companies (Share Capital and Debentures) Rules, 2014 and any other conditions as may be prescribed, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

The Articles of Association authorise it to increase its authorised capital by issuing new shares, as our Company may determine in a general meeting. Our Company may, by special resolution, also alter its share capital by converting any fully paid up shares into stock and reconverting that stock into fully paid up shares of any denomination. The Articles of Association provide that our Company, by a special resolution passed at the general meeting, from time to time, may consolidate or sub-divide its share capital and the resolution may provide that holders of shares resulting from such sub- division shall have some special advantage as regards dividend, capital or otherwise as compared with any other shares. The Articles of Association also provide that our Company may issue shares with differential rights as to dividend, voting or otherwise, subject to the compliance with requirements under the Companies Act, 2013 and the rules thereto, or any other applicable law in force.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, AGM and EGM.

Our Company must hold its AGM in each fiscal year provided that not more than 15 months shall elapse between each AGM, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting and where any special business is to be transacted at the meeting, an explanatory statement is required to be annexed as required under Companies Act, 2013. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. The quorum requirements applicable to shareholder meetings under the Companies Act, 2013 have to be physically complied with.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares and entitled to vote and present in person shall be entitled to vote in proportion to their shares in the paid equity share capital of the Company. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital.

Ordinary resolutions may be passed by simple majority of those present and voting and those voting electronically. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have the right to speak at meetings.

Register of Shareholders and Record Dates

We are obliged to maintain a register of shareholders at our registered office. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

Transfer of Shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These provisions provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that our shares for trading and settlement purposes be in book- entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI LODR Regulations, in the event we have not effected the transfer of shares within fifteen days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Liquidation Rights

In the event of our winding up, if the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the shares issued upon special terms and conditions. On winding up, preference shares issued by our Company, if any, shall rank in priority to Equity Shares but shall not be entitled to any further participation in profits or assets.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI regulations issued in connection therewith.

TAXATION

STATEMENT OF TAX BENEFITS

Date: June 24, 2021

To,

The Board of Directors
Aarti Industries Limited
Udyog Kshetra, 2nd Floor,
Mulund Goregaon Link Road,
Mulund (West), Mumbai-400080
Maharashtra, India

Edelweiss Financial Services Limited
6th Floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai 400 098
Maharashtra, India

Ambit Private Limited
Ambit House
449, Senapati Bapat Marg
Lower Parel
Mumbai – 400 013
Maharashtra, India

and

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. 27, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051,
Maharashtra, India

(Edelweiss Financial Services Limited, Ambit Private Limited and Kotak Mahindra Capital Company Limited collectively referred to as the "**Global Coordinators & Book Running Lead Managers")**

Sub: Statement of tax benefits

Dear Sirs,

Background:

This certificate is being issued to the Aarti Industries Limited (the "**Company**") in accordance with engagement letter dated May 31, 2021 and as per the agreed upon procedures .The said certificate is intended to be issued for the purpose of proposed qualified institutions placement of equity shares of face value of ₹ 5 each (the "**Equity Shares**") of Company under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**"), and Section 42 of the Companies Act, 2013, as amended read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "**Issue**")

Management Responsibility:

The preparation of the contents stated about tax benefits is the responsibility of the Company's management. The management is also responsible for ensuring compliance with relevant rules, regulations and others matter in connection with proposed qualified institutions placement of equity shares.

Auditor's Responsibility:

Our responsibility is to verify and confirm that the enclosed annexure, prepared by the Company states the possible tax benefits available to the Company, its subsidiaries and its shareholders under the Income–tax Act, 1961 ("**Act**") presently in force in India. Certain of these benefits may be dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

Opinion:

We, M/s Kirtane & Pandit LLP, the Statutory Auditors of the Company, have examined the relevant documents verified as provided by the management of the Company. Based upon this verification, and as per Income-tax Act 1961, we provide possible tax benefits available to the Company and Qualified Institutional Buyers as per statement attached.

Disclaimer:

We are informed that this statement is only intended to provide general information to the investors and hence it is neither designed nor intended to be a substitute for professional tax advice.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express our opinion or provide any assurance as to whether:

(i) the Company will continue to obtain these benefits in the future;
(ii) the conditions prescribed for availing the benefits, where applicable have been/would be met; and
(iii) the tax benefits available to shareholders have been evaluated based on the present rules and regulations existing.

Restriction on use:

We hereby consent to (a) the extracts of this Statement being used in the Preliminary Placement Document and the Placement Document of the Company in connection with the Issue; and/ or (b) submission of this statement as may be necessary, to the Stock Exchange(s)/ SEBI/ any regulatory authority; and/ or (c) the sharing of and reliance on this statement, as necessary, by the Global Coordinator & Book Running Lead Managers and intermediaries; and/ or (d) this statement being used for the records to be maintained by the Global Coordinator & Book Running Lead Managers in connection with the Issue and in accordance with applicable law.

We undertake to update you of any changes in the above-mentioned position until the Equity Shares of the Company issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as updated information.

Any capitalised term that has not been defined shall have the meaning attributed to it in the Preliminary Placement Document and the Placement Document prepared / to be prepared in connection with the Issue.

Yours faithfully,

For M/s Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration Number: 105215W/W100057

Milind Bhave
Partner
Membership No.: 047973
UDIN: 21047973AAAABP1494
Place: Mumbai
Date: June 24, 2021

<u>**Annexure**</u>

Statement of Tax benefit

The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND TO QUALIFIED INSTITUTIONAL BUYERS UNDER THE INCOME TAX ACT, 1961 ("the Act")

The under-mentioned tax benefits will be ordinarily available only to the sole/first-named holder in case the Equity Shares are held by joint shareholders, unless the joint ownership is satisfactorily proved.

I. Special benefits available to the Company

1. Deduction under section 80-IA of the Act

As per section 80-IA of the Act, Company is entitled to deduction of an amount equal to 100% of the profits and gains derived from the undertakings engaged in generation or generation or distribution of power. The said deduction is available for a period of ten consecutive assessment years out of the fifteen years, beginning from the year in which the undertakings begins to generate power.

2. Deduction under section 10AA of the Act

As per section 10AA, the Company is entitled to deduction with respect to its units set-up in Special Economic Zone (SEZ) which begin to manufacture or produce articles or things or provide services on or after April 1, 2005 but before March 31, 2020. The deduction is allowable as under –

2.1 For first five consecutive years from the year in which unit manufactures or produces articles or things or provides services - 100% of the profits and gains derived from the export of such articles or things or services

2.2 For next five consecutive years - 50% of the profits and gains derived from the export of such articles or things or services

2.3 For next five consecutive years - amount not exceeding 50% of the profit as is debited to the profit and loss account and credited to a reserve account created and utilized for the purposes of the business in manner laid down in the Act

3. Expenditure on scientific research

Section 35 of the Act provides certain incentives towards expenditure incurred on scientific research. Deduction is allowed in respect of expenditure incurred on scientific research relating to the business of the company. Such a deduction is available in respect of revenue as well as capital expenditure, subject to fulfilment of prescribed conditions. Further, deduction is also available under section 35 in respect of contributions to approved research association, approved national laboratory and an Indian scientific research company, subject to fulfilment of prescribed conditions.

II. General Tax Benefits to the Company

1. Lower Corporate Tax Rate under section 115BAA of the Act

A new section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 (the "**Amendment Act, 2019**"') w.e.f. AY 2020-21 (FY 2019-20) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives (eg. deduction under section 10AA, 32(1)(iia), 35(2AB), 80-IA etc.).

The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("**MAT**") under section 115JB of the Act. The Central Board of Direct Taxes ("**CBDT**") has further issued Circular 29/2019 dated October 2, 2019 clarifying that since the MAT provisions under section 115JB of the Act itself would not apply where a domestic company exercises option of lower tax rate under section 115BAA of the Act, MAT credit would not be available. Corresponding amendment has been inserted under section 115JAA of the Act dealing with MAT credit.

The Company is eligible to exercise the above option. However, the company, in near term, expects itself to stay in old tax regime only, thereby, availing benefit of MAT credit and other exemptions/deductions as mentioned above.

2. Dividend Taxation

Dividends on shares (including dividend on preference shares) is taxable in the hands of shareholders from April 1, 2020. TDS is required to be deducted by companies distributing/ paying dividends @ 10% under section 194.

As per the provisions of section 195 of the Act, where dividends are paid to non-resident shareholders, tax is required to be deducted at 20% (plus applicable surcharge and cess) subject to tax treaty benefits where a lower rate, if applicable, can be availed.

III. GENERAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

- **Resident Shareholders**

1. Income by way of dividend

1.1 Erstwhile, dividend income received by the Company was subjected to dividend distribution tax under section 115-O of the Act and accordingly was exempt from tax in hands of shareholder under section 10(34) of the Act, except for cases covered by section 115BBDA wherein dividend in excess of ₹ 1 million was chargeable to tax in hands of specified shareholders. Such dividend income as also exempt from tax for MAT purpose while computing book profits under section 115JB of the Act.

1.2 Further, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt was also not tax deductible.

1.3 However, the Finance Act, 2020 has omitted section 115-O and section 115BBDA. Now, w.e.f. April 1, 2020, dividend income is taxable in the hands of shareholders at the applicable rate and the domestic company declaring dividend is not required to pay any DDT. The recipient shareholder shall be entitled to deduction of the interest expenditure incurred under section 57 of the Act, subject to the maximum limit of 20% of the dividend income or income from a mutual funds. Further, provisions of section 14A shall no longer be applicable in relation to dividend income.

1.4 In case of corporate shareholder being a domestic company, benefit may be availed under section 80M of the Act, newly inserted vide the Finance Act, 2020 w.e.f. AY 2021-22 (FY 2020-21), which allows deduction in respect of income by way of dividends received from any other domestic company or a foreign company or a business trust in computing the total income. However, such deduction shall not exceed the amount of dividend distributed by such corporate shareholder on or before the due date. Due date for the purpose of section 80M of the Act means the date one month prior to the date for furnishing the return of income under section 139(1) of the Act. This benefit would be available even if the corporate shareholder opts for concessional tax regime under section 115BAA of the Act.

1.5 Dividend on shares is taxable in the hands of shareholders. TDS is required to be deducted by companies paying dividends @ 10%. In case of individual shareholders, TDS need not be deducted if dividend paid does not exceed ₹ 5000/- in financial year.

1.6 Further, section 94(7) of the Act provides that losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/transferred within three months after such date, is to be ignored to the extent of dividend income on such shares is claimed as exempt from tax. However, since the dividend income has become taxable w.e.f. FY 2020-21 (AY 2021-22), provisions of section 94(7) would not be applicable to such shares.

2. Computation of Capital Gains

2.1 The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors including clarifications/ instructions issued by the Central Government in this regard. The tax incidence on such gains would accordingly be different.

2.2 Capital assets may be categorized into short term capital assets or long-term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognized stock exchange in India or unit of Unit Trust of India or unit of an equity-oriented fund or a zero-coupon bond held by an assessee for a period of more than 12 months are considered as long-term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long-term capital gains ("**LTCG**"). Capital gains arising on sale of these assets held for 12 months or less are considered as short-term capital gains ("**STCG**").

2.3 Further, capital assets being shares of company not being a share listed in a recognized stock exchange in India or an immovable property, being land or building or both, held for a period exceeding 24 months are considered as long-term capital assets. In respect of any other capital assets, the holding period should exceed 36 months to be considered as long-term capital assets.

2.4 As per the provisions of section 48 of the Act, STCG arising on transfer of capital assets is computed by deducting expenses incurred in relation to the transfer i.e. the cost of acquisition and the cost of improvement from the full value of consideration. However, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015), section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

2.5 As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. As per section 112A(4) of the Act, the Central Government by notification no 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

a) share acquisitions undertaken prior to October 1, 2004

b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

Long-term capital gains arising from transfer of long-term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding ₹ 0.1 million. Further, as per section 48 of the Act, the benefit of indexation and foreign currency fluctuations would not be available.

2.6 Section 55(2)(ac) of the Act provides that cost of acquisition of the long term capital asset referred to in section 112A of the Act acquired by the assessee before February 1, 2018, would be higher of the following:

a. the cost of acquisition of the asset; and

b. lower of:
   i. fair market value (FMV) of such asset; and
   ii. full value of consideration received or accruing as a result of the transfer of the capital asset

For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognized stock exchange on January 31, 2018.

2.7 In accordance with section 112 of the Act, LTCG on sale of capital assets would be subject to tax at the rate of 20% (plus applicable surcharge and health and, education cess) with indexation benefits. However, as per the first proviso to section 112(1) of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero-coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:

a. 20% (plus applicable surcharge and health and education cess) of the capital gains as computed after indexation of the cost; or

b. 10% (plus applicable surcharge and health and education cess) of the capital gains as computed without indexation.

No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

2.8 As per section 111A of the Act, STCG arising on transfer of equity share would be taxable at a rate of 15% (plus applicable surcharge and health and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT. Further, as per second proviso to section 111A of the Act, the requirement of a transfer being chargeable to STT is not applicable to:

a. transactions undertaken on a recognized stock exchange located in International Financial Services Centre; and

b. the consideration for such transactions is payable in foreign currency.

STCG arising from transfer of capital asset, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from such STCG.

2.9 As per section 70 of the Act, Short Term Capital Loss ("**STCL**") computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

2.10 As per section 70 of the Act, Long Term Capital Loss ("**LTCL**") computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the Act.

2.11 As per section 72 of the Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

2.12 Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

- where the shares are received without consideration, aggregate Fair Market Value ("**FMV**") exceeds ₹ 50,000/-, the whole FMV;
- where the shares are received for a consideration less than FMV but exceeding ₹ 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 (the "**Rules**") provides for the method for determination of the FMV of various properties.

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act.

2.13 **Exemption of capital gains from income-tax**

- **Section 54EE of the Act**

  It provides that if a long-term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in "long term specified assets", then, subject to the limitations provided under the said section, an exemption upto ₹ 5 million can be claimed.

  Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer of long term specified asset.

  For the purpose of section 54EE of the Act, "long term specified assets" has been defined as a unit or units, issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

- **Section 54F of the Act**

  As per the provisions of section 54F of the Act, any long-term capital gains arising to a shareholder who is an individual or HUF on transfer of shares of the Company, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer in purchase of a new residential house, or three years after the date of transfer for construction of residential house. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

  This exemption is available, subject to the condition that the shareholder does not own more than one residential house (other than the new residential house referred above) at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

  Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of shares of the Company, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is purchased or constructed.

2.14 **Securities Transaction Tax**

In terms of section 36(1)(xv) of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/ trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of STT.

- **Non-resident shareholders other than Foreign Portfolio Investors ("FPI")**

1. **Income by way of dividend**

1.1 Explanation 5 to section 9(1)(i) of the Act provides that capital asset being a share of a company outside India shall be deemed to be situated in India if it derives its value, directly or indirectly, substantially from the assets located in India. Explanation 6 to section 9(1)(i) of the Act provides that the asset referred to in Explanation 5 would include tangible as well as intangible asset and the valuation of the assets would be carried out in accordance with the method provided under Explanation 6. Explanation 7 to section 9(1)(i) of the Act provides certain situations which would not trigger the provisions of Explanation 5 read with Explanation 6.

Apart from the Explanation 7 which provides the exclusions, the second proviso to the Explanation 5 to section 9(1)(i) of the Act provides for an exclusion to the Category-I and Category-II FPIs under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992. In other words, investors other than Category-I and Category-II FPIs may fall within the ambit of the provisions of Explanation 5 and 6 to section 9(1)(i) subject to the provisions of the Act and the DTAA, whichever is beneficial to the non-resident. This benefit, however, would be further subject to the provisions of General Anti-Avoidance Rules .i.e. Chapter X-A of the Act.

1.2. Dividend income is taxable in the hands of non-resident shareholders at the normal rates w.e.f. April 1, 2020. The Company shall be responsible for withholding taxes at the rate 20% (plus applicable surcharge and cess) subject to tax treaty benefits, if any.

1.3. As per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. **Computation of Capital Gains**

2.1 The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors. The tax incidence on such gains would accordingly be different.

2.2 Capital assets may be categorized into short term capital assets or long-term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognized Stock Exchange in India or unit of Unit Trust of India or unit of an equity-oriented fund or a zero-coupon bond held by the assessee for a period of more than 12 months are considered as long-term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

Further, capital assets being shares of company not being a share listed in a recognized stock exchange in India or an immovable property, being land or building or both, held for a period exceeding 24 months should be considered as long-term capital assets.

In respect of any other capital assets, the holding period should exceed 36 months to be considered as long-term capital assets.

2.3 Under the first proviso to section 48 of the Act, in case of a non-resident shareholder, in computing the capital gains arising under section 112 of the Act from transfer of shares of a company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the Act, discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares. The capital gains so computed shall be reconverted into Indian currency.

2.4 As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. As per section 112A (4) of the Act, the Central Government by notification no 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

a) share acquisitions undertaken prior to October 1, 2004

b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

Long-term capital gains arising from transfer of long-term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding ₹ 0.1 million.

2.5 As per section 48 of the Act, the benefit of indexation and foreign currency fluctuations would not be available. No deduction under Chapter VIA of the Act shall be allowed from such capital gains.

2.6 Section 55(2)(ac) of the Act provides that cost of acquisition of the long term capital asset referred to in section 112A of the Act acquired by the assessee before February 1, 2018, would be higher of the following:

a. the cost of acquisition of the asset; and

b. lower of:
   i. fair market value of such asset; and
   ii. full value of consideration received or accruing as a result of the transfer of the capital asset

For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognized stock exchange on January 31, 2018.

2.7 In accordance with section 112 of the Act, LTCG on sale of listed securities would be subject to tax at the rate of 20% (plus applicable surcharge and health and, education cess). However, as per the first proviso to section 112(1) of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero-coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:

i. 20% (plus applicable surcharge and health and education cess) of the capital gains as computed after benefit of first proviso to section 48; or

ii. 10% (plus applicable surcharge and health and education cess) of the capital gains.

No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

2.8 As per section 111A of the Act, STCG arising on transfer of equity share or units of an equity-oriented fund or units of a business trust would be taxable at a rate of 15% (plus applicable surcharge and health and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT. Further, as per second proviso to section 111A of the Act, the requirement of a transfer being chargeable to STT is not applicable to:

a. transactions undertaken on a recognized stock exchange located in International Financial Services Centre; and
b. the consideration for such transactions is payable in foreign currency.

STCG arising from transfer of capital assets, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

No deduction under Chapter VIA of the Act shall be allowed from such STCG.

2.9 As per section 70 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

As per section 70 of the Act, LTCL computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the Act.

2.10 In terms of section 36(1)(xv) of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/ trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains, on such amount paid on account of STT.

2.11 **Exemption of capital gains from income-tax**

- **Section 54EE of the Act**

  It provides that if a long-term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in "long term specified assets", then, subject to the limitations provided under the said section, an exemption upto ₹ 5 million can be claimed.

  Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer of long term specified asset.

  For the purpose of section 54EE of the Act, "long term specified assets" has been defined as a unit or units, issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

- **Section 54F of the Act**

  As per the provisions of section 54F of the Act, any long-term capital gains arising to a shareholder who is an individual or HUF on transfer of shares of the Company, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer in purchase of a new residential house, or three years after the date of transfer for construction of residential house. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

  This exemption is available, subject to the condition that the shareholder does not own more than one residential house (other than the new residential house referred above) at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of shares of the Company, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

2.12 **Securities Transaction Tax**

Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, on or after April 1, 2017, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

i. where the shares are received without consideration and the aggregate Fair Market Value ("**FMV**") of such shares exceeds ₹ 50,000/-, the whole of the aggregate FMV;

ii. where the shares are received for a consideration less than the aggregate FMV of such shares by any amount exceeding ₹ 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

2.13 In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Double Taxation Avoidance Agreement (the "**DTAA**") between India and the country of residence of the non-resident/ NRI. As per section 90(2) of the Act, provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident/ NRI.

2.14 As per section 90(4) of the Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident shall be required to provide such other information, as mentioned in Form 10F.

2.15 As per the provisions of section 195 of the Act, any income by way of capital gains payable to non-residents (other than LTCG exempt u/s 10(38)) may be subject to withholding tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a resident in a country outside India, to get the benefit of the applicable DTAA and the document as notified under the provision of section 90(5) of Act.

- **Non-resident shareholders – FPIs**

1. Capital Gains and Dividend taxation

1.1 As per section 2(14) of the Act, any security held by a FPI who has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FPI would be treated in the nature of capital gains.

1.2 The provisions of indirect transfer in terms of Explanation 5 to section 9(1) of the Act shall not apply to non-resident investors in Category-I and Category-II FPI registered under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.

1.3 Capital assets may be categorized into short term capital assets or long-term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognized stock exchange in India or unit of Unit Trust of India or unit of an equity-oriented fund or a zero-coupon bond held by an assessee for a period of more than 12 months are considered as long-term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

Further, capital assets being shares of company not being a share listed in a recognized stock exchange in India or an immovable property, being land or building or both, held for a period exceeding 24 months should be considered as long-term capital assets.

In respect of any other capital assets, the holding period should exceed 36 months to be considered as long-term capital assets.

1.4 Under section 10(38) of the Act, LTCG up to March 31, 2018 arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognized Stock Exchange of India and is liable to STT. However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

1.5 Further, as per section 112A of the Act long-term capital gains arising from transfer of long term capital asset referred to in this section will be liable to tax at the rate of 10% on such income exceeding ₹ 0.1 million.

1.6 As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and units of equity-oriented mutual funds or units of business trust. As per section 112A(4) of the Act, the Central Government by notification in the official gazette shall specify the modes of acquisition of equity shares which shall be exempt from the condition of payment of STT. Further, the CBDT has clarified vide FAQs dated February 4, 2018 that the notification no. 43/2017 dated June 5, 2017 will be reiterated to provide the concessional rate of 10% on transfer of equity shares acquired without payment of STT. The CBDT vide press release dated April 24, 2018 issued draft notification to provide section 112A relief to off-market acquisitions.

As per section 48 of the Act, the benefit of indexation and foreign currency fluctuations would not be available.

No deduction under Chapter VIA of the Act shall be allowed from such capital gains.

1.7 Section 55(2)(ac) of the Act to provides that cost of acquisition of the long term capital asset referred to in section 112A of the Act acquired by the assessee before February 1, 2018 would be higher of the following:

a. the cost of acquisition of the asset; and

b. lower of:
   ii. fair market value of such asset; and
   ii. full value of consideration received or accruing as a result of the transfer of the capital asset

1.8 For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognized stock exchange on January 31, 2018.

1.9 **Exemption of capital gains from income-tax**

Section 54EE of the Act provides that if a long-term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in long term specified assets, then, subject to the limitations provided under the section, an exemption up to ₹ 5 million can be claimed.

Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer.

For the purpose of section 54EE of the Act, long term specified assets has been defined as a unit or units, issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

1.10 Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and health and education cess), where such transactions are not subjected to STT, and at the rate of 15% (plus applicable surcharge and health and education cess) if such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT.

1.11 Under section 115AD(1)(iii) of the Act income by way of LTCG arising to an FPI from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and health and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

Provisions of section 115AD of the Act provides that long-term capital gains arising from transfer of long-term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding ₹ 0.1million.

1.12 In respect of FPIs, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA between India and the country of residence of the FPI. As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the DTAA entered between India and the country of fiscal domicile of the FPI, if any, to the extent they are more beneficial to the FPIs. Thus, FPIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

1.13 As per section 90(4) of the Act, the FPIs shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the FPIs shall be required to provide such other information as mentioned in Form 10F.

1.14 As per section 196D of the Act,

(a) No deduction of tax at source will be made in respect of income by way of capital gains arising to FIIs/FPIs from the transfer of securities referred in section 115AD of the Act

(b) Finance Act 2021 has included a provision to deduct tax at the rate of 20% or at the rate prescribed in DTAA, whichever is lower. Hence, dividend payment shall be subjected to withholding taxes at the rate 20% subject to the treaty benefits, if any(plus applicable surcharge and cess)

1.15 As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent of the amount of dividend claimed exempt.

IV. VENTURE CAPITAL COMPANIES/FUNDS

1.1 Under section 10(23FB) of the Act, any income of Venture Capital Company registered with SEBI or Venture Capital Fund registered under the provision of the Registration Act, 1908 (set up to raise funds for investment in venture capital undertaking notified in this behalf), would be exempt from income tax, subject to conditions specified therein. Venture capital companies/ funds are defined to include only those companies/ funds which have been granted a certificate of registration, before the 21st day of May, 2012 as a Venture Capital Fund or have been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund. 'Venture capital undertaking' means a venture capital undertaking as defined in clause (n) of regulation 2 of the SEBI (Venture Capital Funds) Regulations,1996 or as defined in clause (aa) of sub-regulation (1) of regulation 2 of the SEBI (Alternative Investment Funds) Regulations, 2012.

1.2 As per section 115U(1) of the Act, any income accruing/ arising/ received by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking.

1.3 Further, as per section 115U(5) of the Act, the income accruing or arising to or received by the venture capital company/ funds from investments made in a venture capital undertaking if not paid or credited to a person (who has investments in a Venture Capital Company /Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

1.4 Additionally, as per section 115U(6) of the Act, the provisions of section 115U shall not apply in respect of income accruing or arising to a person on or after April 1, 2016, from investments made in a venture capital company or a venture capital fund.

V. ALTERNATIVE INVESTMENT FUND (CATEGORY I AND II)

1.1 Under section 10(23FBA), any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" is exempt from income tax. For this purpose, an “Investment Fund” means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the SEBI (Alternative Investment Fund) Regulations, 2012.

1.2 As per section 115UB(1) of the Act, any income accruing /arising/ received by a person from his investment in investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments by the investment fund been made directly by him.

1.3 Under section 115UB(4) of the Act, the total income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

1.4 As per section 115UB(6) of the Act, the income accruing or arising to or received by the investment fund if not paid or credited to a person (who has investments in the investment fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

1.5 Further, as per section 194LBB of the Act, where any income, other than that proportion of income which is of the same nature as income referred to in section 10(23FBB) of the Act, is payable to a unit holder in respect of units of an Investment Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon:

i. at the rate of 10% where the payee is a residents; and

ii. at the rates in force where the payee is a non-resident.

VI. MUTUAL FUNDS

Under section 10(23D) of the Act, any income of mutual funds registered under Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, in this behalf. As per section 196 of the Act no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

VII. PROVIDENT FUND AND SUPERANNUATION FUND

Under section 10(25) of the Act, interest or capital gains on securities held by a provident fund to which the Provident Funds Act, 1925 applies is exempt from tax. Further, any income received by trustees on behalf of a recognized provident fund and a recognized superannuation fund is also exempt from tax.

VIII. MULTI-LATERAL AND BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS:

Generally, multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the Company depending on the applicable Statute and Acts passed in India. In case they are not specifically exempt from tax then the provisions as applicable for capital gains to a non-resident FPI, as they should be registered as FPI, should apply to these institutions

IX. WITHHOLDING TAX PROVISIONS

1. Withholding tax provisions under the Act for Capital Gains

1.1 Presently, no income tax is required to be withheld at source from income by way of capital gains arising to a resident shareholder on sale of shares, under the current provisions of the Act. It is important to note that Finance Act, 2021 has recently introduced section 194Q (to be effective from July 1, 2021).

1.2 As per section 194Q of the Act, specified buyers, responsible for paying to any resident seller for purchase of any goods (of the value or aggregate of such value exceeding ₹ 50,00,000 in any financial year) are required to deduct taxes at the rate of 0.1% of such sum exceeding ₹ 50,00,000. The term 'goods' has not been defined under the Act and as per certain allied laws, there could be an interpretation that securities (including shares) is covered within the meaning of 'goods'.

1.3 Based on this view, there may exist a requirement to withhold tax on payments made for purchase of shares. In view of the same, eligible buyers should evaluate the applicability of section 194Q of the Act independently.

2. Requirement to furnish pan under the Act

2.1 Section 139A(5A) of the Act requires every person receiving any sum or income or amount from which tax is required to be deducted under Chapter XVII-B of the Act to furnish his PAN to the person responsible for deducting such tax.

2.2 Section 206AA of the Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVII-B ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

a. at the rate specified in the relevant provision of the Act; or
b. at the rate or rates in force; or
c. at the rate of 20%

2.3 Accordingly, in case the shareholders do not intimate PAN to the company paying dividends, then TDS shall be deducted at higher of the rates specified in section 206AA of the Act.

2.4 As per amended provisions of Rule 37BC, w.e.f. July 24, 2020, the higher rate u/s. 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect, of payment of dividend, if the non-resident deductee furnishes the prescribed details including, inter alia, Tax Residency Certificate (TRC) and Tax Identification Number (TIN) of the deductee in the country of his residence.

3. Higher deduction and/or collection for non-filers of return of income under the Act

2.1 The Finance Act, 2021 has introduced Section 206AB and Section 206CCA of the Act providing for a higher rate for tax deducted at source ("**TDS**") and tax collected at source ("“**TCS**") for the non-filers of an income tax return.

2.2 The proposed new section 206AB seeks to provide that notwithstanding anything contained in any other provisions of this Act, where tax is required to be deducted at source under the provisions of Chapter XVIIB, other than on certain sum or income or amount, by a person to a 'specified person', the tax shall be deducted at the higher of the following rates, namely, at twice the rate specified in the relevant provision of the Act; or at twice the rate or rates in force; or at the rate of five per cent.

2.3 The proposed new section 206CCA seeks to provide that notwithstanding anything contained in any other provisions of this Act, where tax is required to be collected at source under the provisions of Chapter XVII-BB, on any sum or amount received by a person from a specified person, the tax shall be collected at the higher of the following two rates, namely, at twice the rate specified in the relevant provision of the Act; or at the rate of five per cent.

2.4 If the provision of section 206AA is applicable to a specified person, in addition to the provision of the section 206AB of the Act, then the tax shall be deducted at higher of the two rates provided in this section and in section 206AA.

2.5 "Specified person" means a person who has not filed the returns of income for both of the immediately preceding two previous years, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and the aggregate of TDS and TCS in his case is rupees fifty thousand or more in each of these two previous years. Specified person shall not include a non-resident who does not have a permanent establishment in India.

Notes:

1) The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2021 (**"FA"**).

2) Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹ 10 million.

3) Surcharge is to be levied on domestic companies at the rate of 7% on tax where the income exceeds ₹ 10 million but does not exceed ₹ 100 million and at the rate of 12% on tax where the income exceeds ₹ 100 million.

4) Surcharge is to be levied on every company other than domestic company at the rate of 2% on tax where the income exceeds ₹ 10 million but does not exceed ₹100 million and at the rate of 5% where the income exceeds ₹ 100 million.

5) Surcharge is to be levied on Individuals, HUF, AOP and BOI at the rate of 10 per cent on tax, where the net income exceeds ₹ 5 million does not exceed ₹ 10 million and at the rate of 15 per cent on tax, where the net income exceeds ₹ 10 million but does not exceed ₹ 20 million and at the rate of 25 per cent on tax, where the net income exceeds ₹ 20 million but does not exceed ₹ 50 million and at the rate of 37 per cent on tax, where the net income exceeds ₹ 50 million.

6) The enhanced surcharge of 25% & 37% is not levied on income chargeable to tax under sections 111A, 112A, 115AD and dividend income. The maximum rate of surcharge on tax payable on such incomes shall be 15 per cent.

7) For other Assesses surcharge at the rate of 12% shall be applicable if the total income exceeds ₹ 10 million.

8) Health and Education Cess is to be levied at the rate of 4% on aggregate of income tax and surcharge.

9) Several of the above tax benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

United States Federal Income Tax Consideration

The following is a general description of certain material United States federal income tax consequences to U.S. Holders and Non-U.S. Holders under present law of the acquisition, ownership, and disposition of the Equity Shares pursuant to the Offering. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion is based on the tax laws of the United States as in effect on the date of this Placement Document; U.S. Treasury regulations in effect as of the date of this Placement Document; judicial and administrative interpretations thereof available on or before such date; and the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "US India Treaty"). All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States, or non-income tax laws (such as the estate or gift tax laws), or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks; insurance companies, and other financial institutions;
- dealers in stocks, securities, currencies or notional principal contracts;
- former U.S. citizens and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- individual retirement accounts and other tax-deferred accounts;
- tax-exempt entities, including companies classified as foreign governments for U.S. federal income tax purposes;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- traders that elect to mark-to-market;
- persons holding an Equity Share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the Company's voting stock;
- investors required to include certain amounts in income no later than the time such amounts are reflected on their financial statements;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

A "**Non-U.S. Holder**" is a beneficial owner of Equity Shares that is not a U.S. Holder or partnership or other pass-through entity.

If you are a partner in a partnership, or other entity or arrangement treated as a partnership for United States federal income tax purposes, that holds Equity Shares, your tax treatment generally will depend on your status and the activities of the partnership. Prospective purchasers of Equity Shares that are partnerships should consult their tax advisors.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

U.S. Holders

Taxation of Distributions on the Equity Shares

Subject to the PFIC rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign-source ordinary income, but only to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, the Company does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations or, absent the corporate U.S. Holder meeting certain ownership thresholds, the dividends-received deduction available for certain foreign corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) the Company is not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date and certain other requirements are met, and (3) the Company is eligible for the benefits of the US India Treaty. The Company expects to be eligible for the benefits of the US India Treaty. Further, the Company does not believe it was a PFIC for the taxable year ending March 31, 2020 and does not expect to be a PFIC for the current year or any future years. *Non-corporate U.S. Holders are strongly urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the Equity Shares.*

The amount of any distribution paid by the Company in a currency other than U.S. dollars (a "foreign currency") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realized on the subsequent sale or other disposition of such foreign currency will generally be U.S.-source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of any non-U.S. taxes withheld with respect to a payment of dividends, and as then having paid over the withheld taxes to the relevant non-U.S. tax authorities. As a result of this rule, the amount of dividend income a U.S. Holder is required to include in gross income for U.S. federal income tax purposes with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by such U.S. Holder with respect to the payment.

A U.S. Holder that is not eligible for the dividends-received deduction generally will be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for non-U.S. income taxes withheld with respect to distributions on the Equity Shares. U.S. Holders that are eligible for benefits under the U.S.-India Treaty will not be entitled to a foreign tax credit for the amount of any non-U.S. taxes withheld in excess of the applicable treaty rate. If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. For foreign tax credit purposes, dividends distributed with respect to the Equity Shares will generally constitute "passive category income". *The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.*

Taxation of a Disposition of Equity Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the U.S. dollar value of the amount realized for the Equity Share and your tax basis (in U.S. dollars) in the Equity Share. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, capital gain on a disposition of an Equity Share generally will be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Because gains on a disposition of an Equity Share generally will be treated as U.S. source, the use of foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an Equity Share and their ability to credit an Indian tax against their United States federal income tax liability. A U.S. Holder that receives foreign currency from the sale or disposition of the Equity Shares generally will realize an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognize foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realized on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Net Investment Income Tax

Certain U.S. Holders who are individuals, estates, or trusts are required to pay a 3.8% tax on all or part of that holder's "net investment income" or "undistributed net investment income" in the case of an estate or trust, which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. The 3.8% net investment income tax is determined in a different manner than the regular U.S. income tax. Prospective investors should consult their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of the Equity Shares.

Information with Respect to Foreign Financial Assets

Individuals and certain entities who are U.S. Holders that own "specified foreign financial assets", including stock of a non-U.S. corporation not held through a financial institution, with an aggregate value in excess of certain dollar thresholds may be required to file an information report with respect to such assets on IRS Form 8938 with their United States federal income tax returns. Penalties apply for failure to properly complete and file IRS Form 8938. U.S. Holders are encouraged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Equity Shares.

Passive Foreign Investment Company

Certain U.S. federal income tax rules generally apply to a U.S. person that owns or disposes of stock in a non-U.S. corporation that is treated as a passive foreign investment company, or PFIC. A non-U.S. corporation is considered to be a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions, and cash and other liquid assets are considered held for the production of passive income. The Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Although not free from doubt, the Company does not believe it was a PFIC for its taxable year ending March 31, 2021, and does not expect to be a PFIC for the current year or any future years. However, the determination of whether the Company is a PFIC is a factual determination made annually after the end of each taxable year, and there can be no assurance that the Company will not be considered a PFIC in the current taxable year or any future taxable year. Furthermore, the Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably, and on how, and how quickly, it uses its cash and other liquid assets, including those from this Offering. *Prospective purchasers are urged to consult their tax advisors regarding the Company's possible status as a PFIC.*

If the Company is a PFIC for any taxable year during which you are a U.S. Holder of Equity Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Equity Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If the Company is a PFIC for any year during which you are a U.S. Holder of Equity Shares, the Company generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares, regardless of whether the Company in fact continues to meet the income or asset test described above.

In addition, if the Company is treated as a PFIC, to the extent any of its direct or indirect subsidiaries (if any) are also PFICs, you may be deemed to own shares in such subsidiaries (if any) and you may be subject to the adverse PFIC tax consequences with respect to the shares of such subsidiaries (if any) that you would be deemed to own.

Qualified electing fund election

To mitigate the application of the PFIC rules discussed above, a U.S. Holder may make an election to treat the Company as a qualified electing fund ("QEF") for U.S. federal income tax purposes. To make a QEF election, a U.S. Holder must receive from the Company certain information compiled according to U.S. federal income tax principles. The Company does not currently intend to prepare or provide the information that would enable you to make a QEF election.

Mark-to-market election

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the tax treatment discussed above, although it is possible the mark-to-market election may not apply or be available with respect to the shares in the Company's subsidiaries (if any) to the extent they are PFICs that you may be deemed to own if the Company is treated as a PFIC, as discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by the Company, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de-minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. *U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.*

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISOR REGARDING THE APPLICATION OF THE PFIC RULES TO THEIR INVESTMENT IN EQUITY SHARES, AND THE AVAILABILITY AND ADVISABILITY OF ANY ELECTIONS.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Equity Shares or gain from the sale, redemption or other disposition of the Equity Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; or (ii) in the case of any gain realized on the sale or exchange of an Equity Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding under certain circumstances.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certifications or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which the Company is a PFIC, will be required to file Internal Revenue Service Form 8621 with respect to their ownership of the Equity Shares. This filing requirement is in addition to a U.S. Holder's obligation to file other Internal Revenue Service forms with respect to our common shares, including Form 8938. In addition, U.S. Holders may be required to file additional information with respect to their ownership of the Equity Shares.

LEGAL PROCEEDINGS

Our Company, its Subsidiaries and its Jointly Controlled Entity are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are initiated by us and also by suppliers, regulators, and other parties. These legal proceedings are primarily in the nature of tax disputes, labour disputes, writ petitions, criminal complaints, civil suits and petitions pending before various authorities.

*This section discloses outstanding legal proceedings considered material in accordance with our Company's "Policy for Determination of Materiality of any Event/Information" framed in accordance with Regulation 30 of the SEBI LODR Regulations ("**Policy of Materiality**"). Additionally, solely for the purpose of the Issue, our Company has also disclosed in this section, (i) all outstanding criminal proceedings involving the Company, Subsidiaries, Jointly Controlled Entity, Promoters and Directors; and (ii) all other outstanding litigation involving our Company, its Subsidiaries and its Jointly Controlled Entity, where the amount involved in such proceedings exceeds ₹ 52.35 million (approximately 1.00 % of our Company's profit for the period Fiscal 2021 based on the Audited Consolidated Financial Statements of our Company).*

Further, other than as disclosed in this section, (i) there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any of our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Company or any of its Subsidiaries nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or its Subsidiaries; (iii) there are no defaults in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon, as of the date of this Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; and (vii) there are no civil, criminal, tax or any regulatory cases pending against any of our Directors.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Jointly Controlled Entity, Directors or our Promoters shall, unless otherwise decided by our Board, not be considered as litigation until such time that our Company or any of its Subsidiaries or Directors or Promoters, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

I. Litigation involving our Company, Subsidiaries and Jointly Controlled Entity

A. Outstanding criminal proceedings involving our Company, its Subsidiaries and Jointly Controlled Entity

Against our Company

1. Our Company had received a summon dated December 11, 2020 to answer a charge of offence punishable under Section 19(a) of the Fertilizer (Control) Order Act, 1985, before the District Judge-9 and Additional Judge, Aurangabad in relation to the show cause notice dated June 2, 2019 issued by the Fertilizer Inspector and Campaign Officer, Zilla Parishad, Aurangabad. The said show cause notice alleges that the lot of the sample fertilizer inspected by the analyst in not according to the specifications and other requirements. The matter is currently pending.

2. A complaint had been filed by Deputy Director, Industrial Safety and Health against Mr. Kirit Mehta, in his capacity as an occupier of a unit of Aarti Drugs Limited, for an offence under Rule 4(2) of the Maharashtra Factories Act, 1948 after which summons were served to Mr. Kirit Mehta and an order of issue of process was issued under Section 92 of the Maharashtra Factories Act, 1948 by Chief Judicial Magistrate, Thane ("Order"). Mr. Kirit Mehta has filed a criminal revision petition dated December 7, 2012 before the District and Session Judge, Thane at Thane for quashing the Order on grounds, *interalia*, that the Order is against Mr. Kirit Mehta

in his capacity as the occupier of Aarti Drugs Limited while Mr. Kirit Mehta is not an occupier for any unit of Aarti Drugs Limited but is instead a Director of Aarti Industries Limited. The matter is currently pending.

Additionally, four complaints have been filed against some of our current and previous employees in their capacity as an occupier of few of our manufacturing units under the Maharashtra Factories Act, 1948 for various incidents that occurred on our factory premises. The matters are currently pending before different judicial forums.

By our Company

Except as disclosed below there are no criminal cases initiated by our Company:

Cases under Section 138 of the Negotiable Instruments Act

Our Company, in the ordinary course of business, has initiated 7 proceedings involving an amount of ₹16.3 million, against defaulting customers under section 138 of the Negotiable Instruments Act.

Against our Subsidiaries and Jointly Controlled Entity

As on the date of this Placement Document, there are no outstanding criminal proceedings initiated against our Subsidiaries and Jointly Controlled Entity.

By our Subsidiaries and Jointly Controlled Entity

Except as disclosed below there are no criminal cases initiated by our Subsidiaries and Jointly Controlled Entity:

1. Ganesh Polychem Limited ("GPL")

i. Cases under Section 138 of the Negotiable Instruments Act

GPL, in the ordinary course of business, has initiated 2 proceedings involving an amount of ₹ 5.0 million, against defaulting customers under section 138 of the Negotiable Instruments Act.

B. Material outstanding civil litigation involving our Company, Subsidiaries and Jointly Controlled Entity

Against our Company

As on the date of this Placement Document, there are no material outstanding civil litigations initiated against our Company.

By our Company

As on the date of this Placement Document, there are no material outstanding civil litigations initiated by our Company.

Against our Subsidiaries and Jointly Controlled Entity

As on the date of this Placement Document, there are no material outstanding civil litigations initiated against our Subsidiaries and Jointly Controlled Entity.

By our Subsidiaries and Jointly Controlled Entity

As on the date of this Placement Document, there are no material outstanding civil litigations initiated by our Subsidiaries and Jointly Controlled Entity.

C. Outstanding tax litigation involving our Company, Subsidiaries and Jointly Controlled Entity

Against our Company

Except as stated below there are no outstanding tax proceedings initiated against our Company:

Nature of case	Number of cases	Amount involved (in ₹ million)
Direct Tax	4	633.52
Indirect Tax	65	638.1

Against our Subsidiaries and Jointly Controlled Entity

Except as stated below there are no outstanding tax proceedings initiated against our Subsidiaries and Jointly Controlled Entity:

1. **Shanti Intermediates Private Limited (through Aarti Corporate Services Limited):**

Nature of case	Number of cases	Amount involved (in ₹ million)
Direct Tax	Nil	Nil
Indirect Tax	2	2.65

2. **Ganesh Polychem Limited:**

Nature of case	Number of cases	Amount involved (in ₹ million)
Direct Tax	4	74.4
Indirect Tax	Nil	Nil

D. Material outstanding regulatory and/or statutory notices received by our Company, its Subsidiaries and Jointly Controlled Entity

Our Company has received certain notices from regulatory and/or statutory authorities in the ordinary course of business, alleging non-compliance of applicable environmental laws in India, some of which have imposed penalties on our Company through these notices. Our Company has responded to each of these notices including by way of paying the penalty and/or carrying out necessary corrective steps at our manufacturing units, as applicable and complied with the same. Few of these notices are currently pending before certain forums.

II. Litigation involving our Directors

A. Outstanding criminal proceedings involving our Directors

See "*-Outstanding criminal proceedings involving our Company, its Subsidiaries and Jointly Controlled Entity*" on page 251.

III. Details of legal action taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and any direction issued by any such Ministry or Department or statutory authority upon conclusion of such litigation or legal action

As on the date of this Placement Document, there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no direction has been issued by any such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

IV. Inquiries, inspections or investigations under Companies Act

There have been no inquiries, inspections or investigations initiated or conducted against our Company or its Subsidiaries or its Jointly Controlled Entity under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or its Subsidiaries or its Jointly Controlled Entity.

V. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

There have been no material frauds committed against our Company in the last three years preceding the date of this Placement Document.

VI. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

As on the date of this Placement Document, our Company has no outstanding defaults in repayment of statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution, except where there is dispute under litigation.

VII. Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark

No reservations, qualifications or adverse remarks have been given by our auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document.

VIII. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder

As on the date of this Placement Document, our Company has not made any default in annual filings of the Company under the Companies Act, 2013 and the rules made thereunder.

IX. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

As on the date of this Placement Document, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

STATUTORY AUDITORS

Our Company's current Statutory Auditors, M/s. Kirtane & Pandit LLP, Chartered Accountants, are independent auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI and have been appointed as the statutory auditors of our Company, pursuant to the approval of the shareholders of our Company at the AGM held on September 27, 2017.

The Audited Consolidated Financial Statements as at and for the Fiscal Year ended March 31, 2021, March 31, 2020 and March 31, 2019, included in this Placement Document, have been audited by M/s. Kirtane & Pandit LLP, Chartered Accountants.

The peer review certificate of our current Statutory Auditors, M/s. Kirtane & Pandit LLP, Chartered Accountants is valid till December 3, 2022.

GENERAL INFORMATION

1. Our Company was originally incorporated as "Aarti Organics Private Limited" on September 28, 1984 under the Companies Act, 1956. Our Company was converted into a public limited company on December 4, 1990 and its name was changed to "Aarti Organics Limited" and thereafter our Company's name was changed from "Aarti Organics Limited" to "Aarti Industries Limited" pursuant to a fresh certificate of incorporation dated October 11, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The registered office of our Company is located at Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India and our corporate office is located at 71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai- 400 080, Maharashtra, India. The CIN of our Company is L24110GJ1984PLC007301.

2. The website of our Company is www.aarti-industries.com .

3. The Equity Shares were listed on BSE and NSE on June 4, 1992 and February 8, 1995 respectively.

4. Our authorised share capital is ₹ 3,000 million consisting of 600,000,000 Equity Shares. As of the date of this Placement Document, the issued subscribed and paid up equity share capital of our Company is ₹ 1,742.3 million consisting of 348,468,948 Equity Shares.

5. This Issue was authorised and approved by the Board of Directors on May 18, 2021 and approved by the Shareholders of our Company through a special resolution at the EGM held on June 14, 2021.

6. Our Company has received in-principle approvals from BSE and NSE each dated June 24, 2021 in terms of Regulation 28(1) of the SEBI LODR Regulations, respectively for listing of the Equity Shares being issued pursuant to this Issue from each of such Stock Exchanges. We shall apply to the Stock Exchanges for the final listing and trading approvals.

7. For the main objects of our Company, please refer to Memorandum of Association. Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 am to 4:00 pm on any weekday (except Saturdays, Sundays and public holidays) at our Registered Office.

8. Except as disclosed in this Placement Document, there has been no material change in our Company's financial position since March 31, 2021, the last date of Audited Consolidated Financial Statements.

9. Except as disclosed in this Placement Document, our Company has obtained material consents, approvals and authorisations required in connection with the Issue.

10. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting our Company, or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are or might be material in the context of this Issue or could have a material adverse effect on the position, business, operations, prospects or reputation of our Company. For further details, see "*Legal Proceedings*" on page 251.

11. The Floor Price is ₹ 899.77 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of ₹ 44.77 per Equity Share i.e. 4.98% on the Floor Price of ₹ 899.77 per Equity Share in terms of Regulation 176(1) of the SEBI ICDR Regulations.

12. The compliance officer for the purpose of the Issue is Mr. Raj Sarraf, Company Secretary and Compliance Officer of our Company. The contact details of the compliance officer are as follows:

    Mr. Raj Sarraf
    71, Udyog Kshetra, 2nd Floor,
    Mulund - Goregaon Link Road,
    L.B.S. Marg, Mulund (West),
    Mumbai - 400 080,
    Maharashtra, India
    Tel No.: +91 22 6797 6666

Email: investorrelations@aarti-industries.com

13. The Company's statutory auditors are M/s Kirtane & Pandit LLP, Chartered Accountants. The Audited Consolidated Financial Statements as at and for the Fiscal ended March 31, 2021, March 31, 2020 and March 31, 2019, included in this Placement Document, have been audited by M/s. Kirtane & Pandit LLP, Chartered Accountants.

14. Our Company and the GCBRLMs accepts no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

15. As on the date of this Placement Document, our Company has not made any default in annual filings of the Company under the Companies Act, 2013 and the rules made thereunder.

16. Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in SCRR and SEBI LODR Regulations.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of
Aarti Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **Aarti Industries Limited** (hereinafter referred to as the "Holding Company"), its subsidiaries and Jointly controlled entity (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2021, of consolidated profit/loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Due to COVID-19 lockdown throughout the country, we have adopted alternative methodologies, solutions in performing our audit procedures. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
1	Accuracy, Completeness and disclosure with reference to IND AS-16 of Property, Plant and Equipment (Including Capex) Peculiarity and technical complexities of Property, Plant and Equipment used in the operations and multiple IT systems used for maintaining Fixed Asset Register (FAR), tracking and monitoring Capex requires more attention to ensure reasonable accurateness and completeness of financial reporting in respect of Property, Plant and Equipment. Further, technical complexities require management to assess and make estimates/judgments about capitalisation, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results Refer note 1 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed Group'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. b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment. c) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. d) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013. e) Due to pandemic restrictions physical verification on sample basis was not possible. We have relied on physical verification conducted by management and management representations. f) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
2	Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2 Inventories constitutes material component of financial statement. Correctness, completeness, and valuation are critical for reflecting true and fair financial results of operations. Further due to continuous nature of plant operations and the raw materials which are basically chemicals, management has to exercise its judgment in assessing stage of the product and its valuation. Refer note 4 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed the Group's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2. b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory. d) Due to pandemic restrictions physical verification on sample basis was not possible. We have relied on physical verification conducted by management and management representations. e) We have verified consistency in respect of valuation process and methodology followed
3	Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts The contracts entered into covers a span of 10 to 20 years. During the current financial year in respect of one long term contract the Company received termination intimation. On account of the termination the relevant remedies available to the Company triggered. Further in respect of other long term contracts, estimated supplies will happen over the period of contract at a later stage after the reporting date. These specifically require consideration in recognition of compensation on account of termination of contract where termination intimation has been received and in respect of other contracts, the management is required to exercise its judgment. Based on the judgment the	The Company has entered into long term contracts for exports of materials. Under these contracts the Company has received advances to expedite establishment of production facilities. Our audit approach consisted substantive testing as follows: a) We have reviewed the terms of contracts entered into by the Company. b) The classification, presentation of the said advances received under these contracts was tested. c) Recognition and accuracy of compensation on account of termination intimation was verified with reference to the terms of contract under termination intimation. d) The fairness of value reflected in financial statement was verified and tested. e) Disclosure note pertaining to said advances in financial statement was reviewed.

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
	carrying value of the advance received, its fair presentation is critical Refer note 13 to financial statements	

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Other Matters

We did not audit the financial statements / financial information of 11 subsidiaries & 1 jointly controlled entity whose financial statements / financial information reflect total assets of ₹ 231.62 crores as at March 31, 2021, total revenues of ₹ 466.61crores and net cash flows amounting to ₹ 6.33 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, 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, jointly controlled entities and associates, 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 by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled company incorporated in India, none of the directors of the Group companies & its associate companies in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

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

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group & its associates– Refer Note 25 to the Consolidated Financial Statements.

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No.105215W/W100057

sd/-
Partner's Name
Partner
M. No. 047973
UDIN: 21047973AAAABG4324

Place: Mumbai.
Date: May 18, 2021

Annexure A to the Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting Under Clause Financial Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("The Act")

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiaries & jointly controlled entity (together referred to as "the Group"), its associates incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's, its associates' and jointly controlled entities', incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company, its subsidiaries and Jointly controlled entity, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/ standalone financial statements of eleven subsidiaries and one jointly controlled entity, of which ten are incorporated in India and two are incorporated outside India, is based on the corresponding reports of the auditors of such companies.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No. 105215W/ W100057

sd/-
Milind Bhave
Partner
M. No.: 047973
UDIN: 21047973AAAABG4324

Place: Mumbai.
Date: May 18, 2021

Consolidated Balance Sheet as at 31st March, 2021

(Rs. in Crs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	1	3,592.48	2,467.57
Capital Work-in-Progress	1	1,297.91	1,417.64
Goodwill	1	-	0.42
Other Intangible Assets	1	0.10	0.50
Financial Assets:			
Investments	2	63.52	37.01
Other Non-Current Assets	3	320.07	404.49
Total Non-Current Assets		**5,274.08**	**4,327.63**
Current Assets:			
Inventories	4	935.68	835.68
Financial Assets:			
Trade Receivables	5	793.73	753.44
Cash and Cash Equivalents	6	412.32	247.29
Others Current Financial Assets	7	187.48	135.66
Other Current Assets	8	38.39	32.80
Total Current Assets		**2,367.60**	**2,004.87**
TOTAL ASSETS		**7,641.68**	**6,332.50**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	87.12	87.12
Other Equity	10	3,415.78	2,891.65
Non Controlling Interest		12.24	94.62
Total Equity		**3,515.14**	**3,073.39**
LIABILITIES			
Non-Current Liabilities:			
Financial Liabilities			
Borrowings	11	1,268.05	580.84
Other Non-Current Liabilities	12	224.41	550.89
Deferred Tax Liabilities (Net)	13	233.94	211.01
Total Non-Current Liabilities		**1,726.40**	**1,342.74**
Current Liabilities:			
Financial Liabilities			
Borrowings	14	1,224.07	1,229.67
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		576.33	345.16
Other Current Liabilities	15	559.62	301.63
Provisions	16	40.12	39.91
Total Current Liabilities		**2,400.14**	**1,916.37**
Total Liabilities		**4,126.54**	**3,259.11**
TOTAL EQUITY AND LIBILITIES		**7,641.68**	**6,332.50**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-32		

As per our report of even date

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

For and on behalf of the Board

sd/-	sd/-	sd/-
Milind Bhave	**Rajendra V. Gogri**	**Rashesh C. Gogri**
Partner	Chairman and	Vice Chairman and
M.No. 047973	Managing Director	Managing Director
	DIN: 00061003	DIN: 00066291
	sd/-	sd/-
	Chetan Gandhi	**Raj Sarraf**
Place: Mumbai	Chief Financial Officer	Company Secretary
Date: May 18, 2021	ICAI M.No. 111481	ICSI M.No. A15526

Consolidated Statement of Profit and Loss for the period ended 31st March, 2021

(Rs. in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
REVENUE			
Gross Revenue from Operations	17	**5,023.28**	4,620.69
Less: GST Collected		**517.18**	434.38
Net Revenue from Operations		**4,506.10**	4,186.31
Other Income	18	**0.70**	8.84
Total Revenue		**4,506.80**	4,195.15
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores	19	**1,937.57**	1,780.92
Purchases of Stock-in-Trade		**244.24**	274.65
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	**(53.25)**	0.75
Employee Benefits Expenses	21	**371.38**	305.22
Finance Costs	22	**86.37**	124.78
Depreciation and Amortisation Expenses		**231.31**	185.21
Other Expenses	23	**1,024.63**	847.44
Total Expenses		**3,842.25**	3,518.97
PROFIT BEFORE TAX		**664.55**	676.18
TAX EXPENSES			
Current Year Tax		**116.03**	118.13
Earlier Year Tax		**-**	0.38
MAT Credit Entitlement		**(9.80)**	(7.09)
Deferred Tax		**23.10**	18.00
Total Tax Expenses		**129.33**	129.42
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**535.22**	546.76
Profit attributable to Non Controlling Interest		**(11.75)**	(10.68)
Share of Profit/(Loss) of Associates		**NIL**	NIL
Profit/(Loss) for the period		**523.47**	536.08
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifing Items		**47.94**	(57.39)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**571.41**	478.69
Earnings Per Equity Share (EPS) (in `)	24		
Basic/Diluted		**30.04**	30.77
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-32		

As per our report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057
sd/-
Milind Bhave
Partner
M.No. 047973

For and on behalf of the Board

sd/-
Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

sd/-
Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

sd/-
Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

sd/-
Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 18, 2021

Statement of Changes in Equity for the year ended 31st March, 2021

A. EQUITY SHARE CAPITAL (Rs. in Crs)

As at 1st April, 2019	**43.33**
Changes in equity share capital during the year 2019-20	43.79
As at 31st March, 2020	**87.12**
Changes in equity share capital during the year 2020-21	NIL
As at 31st March, 2021	**87.12**

B. OTHER EQUITY (Rs. in Crs)

Particulars	Other Equity									Other Comprehensive Income	Total Other Equity
	Reserves and Surplus										
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redumption Reserve	General Reserve	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
Balance as at 1st April, 2019	**13.89**	**2.28**	**740.09**	**120.00**	**119.00**	**1.85**	**0.51**	**3.70**	**1,579.85**	**6.05**	**2,587.22**
Transfer to Other Reserves from Retained Earnings	-	-	-	(40.00)	94.65	-	-	-	(54.65)	-	NIL
Upon Bonus Shares issued	-	(1.56)	(42.00)	-	-	-	-	-	-	-	(43.56)
Dividend Paid	-	-	-	-	-	-	-	-	(108.24)	-	(108.24)
Tax on Dividend	-	-	-	-	-	-	-	-	(21.87)	-	(21.87)
Intergroup Dividend	-	-	-	-	-	-	-	-	1.86	-	1.86
Upon QIP Proceeds (net of Expenses)	-	-	(0.60)	-	-	-	-	-	-	-	(0.60)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(1.85)	-	(1.85)
Profit for the Period	-	-	-	-	-	-	-	-	536.08	-	536.08
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(57.39)	(57.39)
As at 31st March, 2020	**13.89**	**0.72**	**697.49**	**80.00**	**213.65**	**1.85**	**0.51**	**3.70**	**1,931.18**	**-51.34**	**2,891.65**
Transfer to Other Reserves from Retained Earnings	-	-	-	(80.00)	132.66	-	-	-	(52.66)	-	-
Consolidation Adjustment	(0.56)		0.21								(0.35)
Dividend Paid	-	-	-	-	-	-	-	-	(46.65)	-	(46.65)
Intergroup Dividend	-	-	-	-	-	-	-	-	1.55	-	1.55
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(1.85)	-	(1.85)
Profit for the Period	-	-	-	-	-	-	-	-	523.47	-	523.47
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	47.94	47.94
Balance as at 31st March, 2021	**13.33**	**0.72**	**697.70**	**-**	**346.31**	**1.85**	**0.51**	**3.70**	**2,355.07**	**(3.41)**	**3,415.78**

For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057
sd/-
Milind Bhave
Partner
M.No. 047973
Place: Mumbai
Date: May 18, 2021

For and on behalf of the Board

sd/-
Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

sd/-
Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

sd/-
Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

sd/-
Raj Sarraf
Compan y Secretary
ICSI M.No. A15526

Consolidated Cash Flow Statement for the year ended 31st March, 2021

(Rs. in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	**664.55**	676.18
	Adjustments for:		
	Finance Costs	**86.37**	124.78
	Depreciation	**231.31**	185.21
	Consolidated Adjustments	**(5.26)**	(1.85)
		976.97	984.32
	Profit on Sale of Investments/Assets	**(0.34)**	(8.49)
	Dividend Received from other Investments	**(0.02)**	(0.07)
	Lease Rent Received	**(0.05)**	(0.08)
	Operating Profit before Working Capital Changes	**976.56**	975.68
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	**(25.01)**	(4.69)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	**128.78**	358.81
	(Increase)/Decrease in Inventories	**(111.00)**	(63.90)
	Cash Generated from Operations	**969.33**	1,265.90
	Direct Taxes Paid	**(96.62)**	(163.84)
	Net Cash Flow from Operating Activities (A)	**872.71**	1,102.06
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipment/Capital WIP	**(1,314.82)**	(1,153.29)
	Sale/Written off of Property, Plant & Equipment	**0.43**	27.79
	(Increase)/Decrease in Other Investments	**(7.82)**	(2.59)
	Dividend Received from Other Investments	**0.02**	0.07
	Profit on Sale of Investments	**NIL**	3.88
	Lease Rent Received	**0.05**	0.08
	Net Cash Flow from Investing Activities (B)	**(1,322.14)**	(1,124.06)
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	**1,007.99**	74.10
	Repayment of Long-Term Borrowings	**(256.48)**	(316.09)
	Proceeds/(Repayment) of Other Borrowings	**(5.59)**	(61.16)
	Increase in Equity through QIP Allotment (Net of Expenses)	**NIL**	(0.60)
	Finance Costs	**(86.37)**	(124.78)
	Dividend Paid	**(45.09)**	(106.38)
	Net Cash Flow from Financing Activities (C)	**614.46**	(534.91)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**165.03**	(556.91)
	Cash and Cash Equivalents (Opening Balance)	**247.29**	804.20
	Cash and Cash Equivalents (Closing Balance)	**412.32**	247.29

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

sd/-	sd/-	sd/-	sd/-	sd/-
Milind Bhave	**Rajendra V. Gogri**	**Rashesh C. Gogri**	**Chetan Gandhi**	**Raj Sarraf**
Partner	Chairman and Managing Director	Vice Chairman and Managing Director	Chief Financial Officer	Company Secretary
M.No. 047973	DIN: 00061003	DIN: 00066291	ICAI M.No. 111481	ICSI M.No. A15526

Place: Mumbai
Date: May 18, 2021

Corporate Information and Significant Accounting Policies:

Corporate Information

The Consolidated Financial Statements comprise financial statements of **Aarti Industries Limited** ("The Holding Company") subsidaries and joint control entity (collectively referred to as "the Group") for the year ended 31st March 2021.

The principal activities of the Group consists of manufacturing and dealing in Speciality Chemicals and Pharmaceuticals.

Significant Accounting Policies

(a) Background:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:		
(i) Aarti Corporate Services Limited	India	100.00%
(ii) Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited)	India	50.49%
(iii) Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
(iv) Innovative Envirocare Jhagadia Limited	India	100.00%
(v) Aarti Polychem Private Limited	India	100.00%
(vi) Aarti Organics Limited	India	100.00%
(vii) Aarti Bharuch Limited	India	100.00%
(viii) Aarti Pharmachem Limited	India	100.00%
(ix) Aarti Spechem Limited	India	100.00%
Foreign Subsidiary:		
(x) Alchemie (Europe) Limited	United Kingdom	88.89%
(xi) Aarti USA Inc.	USA	100.00%
Joint Control:		
(xii) Ganesh Polychem Limited*	India	50.00%

* During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021

(b) Basis of Prepration and Presentation:

Significant Accounting policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide to better understanding of the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

(c) Principles of Consolidation :

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements and Indian Accounting Standard (Ind AS) 111 - Joint Arrangements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company, Subsidiary Companies and Joint Control Entity drawn up to the same reporting date i.e 31st March, 2021.

(iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates, prevailing at the end of the year. In case of Fixed Assets, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

(v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard (Ind AS) 28 "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

(viii) Investments in joint operations are accounted using the Proportionate Consolidation Method as per Indian Accounting Standard (Ind AS) 111 "Joint Arrangements".

(d) Revenue Recognition:

(i) Sale of goods is recognized on dispatch of goods to customers and is re corded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.

(iv) Subsidy from Department of Fertilizers is recognised, based on the e ligible quantities supplied by the Company, at the rates as notified/annou nced by the Government of India.

(e) Property, Plant and Equipment, Intangible Assets and Depredation/Amortization:

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward f reight, duties & taxes, installation and commissioning expenses, appropriate b orrowing costs and incidental expenses related to acquisition.

(2) Intangible Assets

Intangible assets are recognised when it is probable that the future econom ic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits avalied,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.

(3) Depreciation/Amortization

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

	Particulars	Depreciation/Amortisation
(i)	Leasehold Land	Over the remaining tenure of lease
(ii)	Building	Over a period of 19 years
(iii)	Residential Quarters	Over a period of 30 years
(iv)	Plant & Equipments	Over its useful life as technically assessed, i.e o ver a period of 9 - 19 years, based on the type of processes and equipments installed.
(v)	Computers	Over a period of 2.5 years
(vi)	Office Equipment	Over a period of 5 years
(vii)	Furniture and Fixtures	Over a period of 10 years
(viii)	Vehicles	Over a period of 7 years

(B) Product/Process Development Expenses are amortized over the estimated useful life of the product.

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

(f) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Devel opment is included as part of Property, Plant & Equipment and depreciation is prov ided on the same basis as for other Property, Plant & Equipment.

(g) Investments:

(i) Investments in subsidiaries and associates are measured at cost.

(ii) Other investments are measured at fair value through Other Comprehensive Income.

(h) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares - At cost on Weighted Average basis.

(ii) Work-in-Process - At cost plus appropriate allocation of overheads.

(iii) Finished Goods - At cost plus appropriate allocation of overheads or ne t realizable value, whichever is lower.

(i) Retirement Benefits:

Employee benefits are charged off in the year in which the employee has rendered services.

(j) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are approriately dealt in the financial statements in accordance with the appicable s accounting standards.

(k) Lease:

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

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

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

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

(l) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(m) Income Taxes:

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal i ncome tax during the specified period i.e., the period for which MAT Cred it is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(n) Borrowing Costs:

Borrowing cost directly related to the acquisition or construction of an as set is capitalized as part of the cost of that asset. Other borrowing costs are charg ed to the Profit and Loss Account.

(o) Provisions and Contingent Liabilities:

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

Contingent Liabilities are disclosed when the Company has a possible o bligation or a present obligation and it is probable that a Cash Outflow will no t be required to settle the obligation.

(p) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertilbe to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents cons ist of balances with banks which are unresticted for withdrawals and usages.

Notes on Financial Statements for the period ended 31st March, 2021

1. PROPERTY, PLANT AND EQUIPMENT:

(Rs. in Crs)

F.Y. 2020-21	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars	Balance as at 1st April, 2020	Adjustment on Consolidation	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2021	Balance as at 1st April, 2020	Adjustment on Consolidation	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2021	Balance as at 31st March, 2021	Balance as at 31st March, 2020
(i) Tangible Assets												
Free hold Land	3.68	-	-	-	3.68	0.26	-	-	-	0.26	3.42	3.42
Lease Hold Land	163.96	4.66	81.02	-	240.32	9.78	0.51	1.98	-	11.25	229.07	154.18
Lease Assets Used	25.35	-	1.48	-	26.83	5.11	-	5.73	-	10.84	15.99	20.24
Residential Flat	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Buildings	325.63	3.52	127.98	-	450.09	91.15	0.64	19.63	-	110.14	339.95	234.48
Plant and Equipment	3,078.27	101.86	1,175.61	-	4,152.03	1,151.43	28.61	179.34	-	1,302.16	2,849.87	1,926.84
R & D Assets	123.55	-	26.71	-	150.27	23.33	-	9.51	-	32.84	117.43	100.22
Furniture and Fixtures	42.14	0.47	15.28	-	56.95	26.76	0.28	5.97	-	32.45	24.50	15.38
Vehicles	33.65	1.94	3.02	0.22	34.51	20.84	1.06	2.60	0.12	22.26	12.25	12.81
Total (i)	3,796.23	112.45	1,431.10	0.22	5,114.68	1,328.66	31.10	224.76	0.12	1,522.20	3,592.48	2,467.57
(ii) Intangible Assets												
Process Development	21.96	-	-	-	21.96	21.46	-	0.40	-	21.86	0.10	0.50
Technical Knowhow	1.38	-	-	-	1.38	1.38	-	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	-	6.19	6.19	-	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	-	0.38	0.38	-	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	-	9.66	9.66	-	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	-	1.24	0.82	-	0.42	-	1.24	-	0.42
Total (ii)	40.81	-	-	-	40.81	39.89	-	0.82	-	40.71	0.10	0.92
TOTAL (i+ii)	3,837.04	112.45	1,431.10	0.22	5,155.49	1,368.55	31.10	225.58	0.12	1,562.91	3,592.58	2,468.49
(iii) Capital Work-in-Progress											1,297.91	1,417.64

F.Y. 2019-20	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2019	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 1st April, 2019	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2020	Balance as at 31st March, 2020	Balance as at 31st March, 2019
(i) Tangible Assets										
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42	3.42
Lease Hold Land	159.95	4.78	0.77	163.96	7.75	2.03	-	9.78	154.18	152.20
Lease Assets Used	NIL	25.35	-	25.35	NIL	5.11	-	5.11	20.24	NIL
Residential Flat	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.00
Buildings	294.15	34.20	2.72	325.63	76.28	15.96	1.09	91.15	234.48	217.87
Plant and Equipment	2,713.77	414.40	49.90	3,078.27	1,030.14	150.64	29.35	1,151.43	1,926.84	1,683.63
R & D Assets	85.15	38.40	-	123.55	18.72	4.61	-	23.33	100.22	66.43
Furniture and Fixtures	34.62	7.86	0.34	42.14	23.25	3.85	0.34	26.76	15.38	11.37
Vehicles	29.67	5.22	1.24	33.65	19.23	2.60	0.99	20.84	12.81	10.44
Total (i)	3,320.99	530.21	54.97	3,796.23	1,175.63	184.80	31.77	1,328.66	2,467.57	2,145.35
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	21.06	0.40	-	21.46	0.50	0.90
Technical Knowhow	1.38	-	-	1.38	1.38	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	6.19	6.19	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	9.66	9.66	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	1.24	0.82	-	-	0.82	0.42	0.42
Total (ii)	40.81	-	-	40.81	39.49	0.40	-	39.89	0.92	1.32
TOTAL (i+ii)	3,361.80	530.21	54.97	3,837.04	1,215.12	185.20	31.77	1,368.55	2,468.49	2,146.67
(iii) Capital Work-in-Progress									1,417.64	794.57

2. NON-CURRENT INVESTMENTS:

(Rs. in Crs)

Name of the Company	No. of Shares/ Units	As at 301st March, 2021	No. of Shares/ Units	As at 301st March, 2020
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Ganesh Polychem Ltd*	30,98,257	12.61	NIL	NIL
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	2,87,550	0.13	2,87,550	0.13
Dilesh Roadlines Private Limited	4,64,550	3.25	4,64,550	2.56
U.K.I.P. Co-Op. Soc. Limited	80	0.00	80	0.00
Aarti Ventures Limited	9,17,000	7.40	1,90,000	2.52
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	1,25,000	8.82	1,25,000	8.98
Invatech	1,00,000	1.10	1,00,000	1.14
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	853	0.07	853	0.07
Bewakoof Brands Private Limited	4,033	4.51	4,033	5.15
Valiant Organic Limited	35,963	12.84	35,963	4.23
Polygomma Industries Private Limited	5,33,358	2.82	5,33,358	0.00
Numbermask Digital Private Limited	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	28,796	0.00	28,796	0.00
Aarti Biotech Limited	4,21,700	0.12	4,21,700	0.12
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	3,80,640	0.22	3,80,640	0.22
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		54.55		**25.77**
Investments - (Unquoted) Convtertible Pref. Shares				
Deltecs Infotech Private Limited	7,50,000	0.26	7,50,000	0.26
Valiant Oraganics Limited	5,014	0.03	11,814	0.04
		0.29		**0.30**
Investments - (Unquoted) in Warrant Certificate				
Deltecs Infotech Private Limited	93	0.00	93	0.00
		0.00		**0.00**
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		3.67		**3.67**
Investments - (Unquoted) in Unsecured Convertible Debentures				
Bewakoof Brands Private Limited	869	5.00		
Aarti Ventures Limited	-	-	7,27,000	7.27
		5.00		**7.27**
TOTAL		**63.52**		**37.01**

* During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021

(Rs. in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
3. OTHER NON-CURRENT ASSETS:		
Capital Advances	92.10	171.91
Other Deposits	47.10	42.10
Advance Tax and Tax Deducted at Source (Net of Provisions)	180.87	190.48
TOTAL	**320.07**	**404.49**
4. INVENTORIES:		
Raw Materials and Components	278.80	251.84
Work-in-progress	240.40	208.44
Finished Goods	277.53	285.55
Stock-in-trade	28.21	0.85
Stores and spares	91.02	70.77
Fuel	13.90	14.53
Packing Materials	5.81	3.70
TOTAL	**935.68**	**835.68**
5. TRADE RECEIVABLES:		
Unsecured, considered good	793.73	753.44
TOTAL	**793.73**	**753.44**
6. CASH AND CASH EQUIVALENTS:		
Cash on hand	1.46	0.60
Bank balance in Current Accounts	23.25	66.47
Bank balance in Deposit Accounts	332.52	177.89
Earmarked Balances (Unpaid Dividend Accounts)	2.05	2.33
Cash Equivalants investment in highly Liquid Funds/Bonds	53.04	NIL
TOTAL	**412.32**	**247.29**
7. OTHER CURRENT FINANCIAL ASSETS:		
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	171.45	118.53
Loans Given to:		
i) Employees	8.57	8.06
ii) Others	7.46	9.07
TOTAL	**187.48**	**135.66**
8. OTHER CURRENT ASSETS:		
Others Receivables	10.42	8.98
Prepaid Expenses	22.22	13.50
Subsidy Receivable	5.75	10.32
TOTAL	**38.39**	**32.80**

9 EQUITY SHARE CAPITAL:

(Rs. in Crs)

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
Authorised Share Capital				
Equity Shares of ` 5/- each	23,01,50,320	115.08	23,01,50,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ` 5/- each fully paid up	17,42,34,474	87.12	17,42,34,474	87.12
TOTAL		**87.12**		**87.12**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2021:

Particulars	No. of Shares outstanding	
	As at 31st March, 2021	As at 31st March, 2020
Equity Shares at the beginning of the year	17,42,34,474	8,66,68,647
Add: Shares issued during the year	NIL	8,75,65,827
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	**17,42,34,474**	**17,42,34,474**

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	77,09,004	4.42	1,38,28,976	7.94

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

Particulars	Financial Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
No. of Equity Shares outstanding	17,42,34,474	17,42,34,474	8,66,68,647	8,13,00,000	8,21,20,383

(Refer Note No. 9.4)

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year 2019-20 8,71,17,237 shares are issued as Bonus Shares in the ratio of 1:1 equity share of Rs. 5 each.

[b] During the year 2018-19 53,68,647 shares were issued issued through Qualified Instituions Placement (QIP) at the issued price of Rs. 1397/- per equity share (including Rs. 1,392/- towards share premium) to Qualified Institutional Buyers.

[c] During the year 2017-18 820,383 shares were brought back at a premium of Rs. 1,195/-.

[d] During the year 2016-17 1,200,000 shares were brought back at a premium of Rs. 795/-.

10. OTHER EQUITY:

(Rs. in Crs)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
a.	**Capital Reserves**		
	Opening Balance	13.89	13.89
	Addition:		
	Deduction:	0.56	NIL
	Closing Balance	**13.33**	**13.89**
b.	**Capital Redemption Reserve**		
	Opening Balance	0.72	2.28
	Addition:		
	Deduction:		
	Issue of Bonus Shares	NIL	1.56
	Closing Balance	**0.72**	**0.72**
c.	**Securities Premium Account**		
	Opening Balance	697.49	740.09
	Addition:	0.21	-
	Deduction:		
	QIP Expenses		0.60
	Issue of Bonus Shares	NIL	42.00
	Closing Balance	**697.70**	**697.49**
d.	**Debenture Redemption Reserve**		
	Opening Balance	80.00	120.00
	Addition: Transferred from Profit & Loss Account	-	-
	Deduction:		
	Transferred to General Reserve	80.00	40.00
	Closing Balance	**NIL**	**80.00**
e.	**RBI Reserve U/s 45 (IC)**		
	Opening Balance	3.70	3.70
	Addition	-	-
	Deduction	-	NIL
	Closing Balance	**3.70**	**3.70**
f.	**General Reserve**		
	Opening Balance	213.65	119.00
	Addition:		
	Transferred from Debenture Redumption Reserve	80.00	40.00
	Transferred from Profit & Loss Account	52.66	54.65
	Deduction:	-	-
	Closing Balance	**346.31**	**213.65**
g.	**Profit and Loss Account**		
	Opening balance	1,931.18	1,579.85
	Addition:		
	Net Profit/(Loss) for the year	523.47	536.08
	Deduction:		
	Final Dividend Paid on Equity Shares	20.51	108.24
	Interim Dividend paid on Equity Share for the year	26.14	
	Tax on Dividend	-	21.87
	Foreign Exchange Differnce on Translation	1.85	1.85
	Intergroup Dividend	(1.55)	(1.86)
	Transferred to Reserves	52.66	54.65
	Closing Balance	**2,355.07**	**1,931.18**
h.	**Other Reserves**		
	Revaluation Reserve	0.51	0.51
	Forfeiture Reserve	1.85	1.85
	Closing Balance	**2.36**	**2.36**
i.	**Other Comprehensive Income**		
	Opening Balance	-51.34	6.05
	OCI for the year	47.94	(57.39)
	Closing Balance	**-3.41**	**-51.34**
	TOTAL	**3,415.78**	**2,891.65**

11. NON-CURRENT BORROWINGS:

(Rs. in Crs)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current	Non-Current	Current
<u>Secured</u>				
(a) Non Convertible Debentures (NCDs)	-	-	0.45	80.00
(b) ECB/Term loans from Banks/Financial Institutions	1,265.09	350.39	578.31	202.57
(c) Vehicle Loans from Banks/Financial Institutions	2.96	1.33	2.08	1.08
TOTAL	**1,268.05**	**351.72**	**580.84**	**283.65**

(Rs. in Crs)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
12.	**OTHER NON CURRENT LIABILITIES:**		
	Long Term Advances for Exports received from Customer	211.29	529.69
	Lease Liabilities Account	13.12	21.20
	TOTAL	**224.41**	**550.89**

13. DEFERRED TAX LIABILITIES (NET):

Deferred Tax Liabilities	211.01	193.01
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	23.00	- 21.30
Deferred Tax Assets		
Items allowed for tax purpose on payment	(0.07)	(3.31)
Deferred Tax Liabilities (Net)	**233.94**	**211.01**

(Rs. in Crs)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
14.	**SHORT-TERM BORROWINGS:**		
	Secured		
	Working Capital Loan From Banks	1,146.51	1,205.07
	Total	**1,146.51**	**1,205.07**
	Unsecured		
	From Banks	76.09	23.20
	From Other	1.47	1.40
	Total	**77.56**	**24.60**
	TOTAL	**1,224.07**	**1,229.67**

15. OTHER CURRENT LIABILITIES:

Current maturities of Long-Term Debt	350.39	286.32
Current maturities of Vehicle Loan	1.33	1.11
Long Term Advance for Exports Received From Customer Current Portion	190.01	-
Lease Liabilities Account (current)	4.61	-
Interest accrued but not due on borrowings	0.27	7.57
Unpaid Dividends	2.05	2.33
Other Current Liabilities & Taxes	10.96	4.31
TOTAL	**559.62**	**301.63**

16. SHORT-TERM PROVISIONS:

Provision for		
Employees' Benefits	38.72	38.78
Others	1.40	1.13
TOTAL	**40.12**	**39.91**

(Rs. in Crs)

	Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
17.	**REVENUE FROM OPERATIONS:**		
	Sale of Products	4,822.40	4,539.63
	Other Operating Revenues	200.88	81.06
	GROSS REVENUE OPERATIONS	**5,023.28**	**4,620.69**
	Less: GST Collected	517.18	434.38
	NET REVENUE OPERATIONS	**4,506.10**	**4,186.31**
17.1	**OTHER OPERATING REVENUES:**		
	Fertilizers Subsidy Received	20.24	12.29
	Export Benefits/Incentives	21.86	58.73
	Scrap Sales	11.53	9.65
	Contract Shortfall Fees	147.24	-
	Vat Refund Received	-	0.38
	TOTAL	**200.88**	**81.06**
18.	**OTHER INCOME:**		
	Dividend Received	0.02	0.07
	Profit on Sale of Assets/Investment	0.34	8.49
	Lease Rent Income	-	0.08
	Other Income	0.34	0.19
	TOTAL	**0.70**	**8.84**
19.	**COST OF MATERIALS CONSUMED:**		
	Consumption of Raw Materials	1,610.48	1,481.64
	Consumption of Packing Materials	42.53	38.01
	Consumption of Fuel	172.87	170.58
	Consumption of Stores & Spares	111.68	90.69
	TOTAL	**1,937.57**	**1,780.92**

(Rs. in Crs)

	Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
20.	**CHANGE IN INVENTORY:**		
	Opening Stock		
	Finished Goods	286.40	281.53
	Work-in-Progress	208.44	214.07
	Total (A)	**494.84**	**495.60**
	Closing Stock		
	Finished Goods	302.77	286.40
	Work-in-Progress	245.33	208.44
	Total (B)	**548.10**	**494.84**
	TOTAL (A-B)	**-53.25**	**0.76**

21. EMPLOYEE BENEFITS:

Salaries, Wages & Bonus	313.05	266.83
Contribution to PF and other Funds	26.99	19.73
Workmen & Staff Welfare Expenses	31.33	18.66
TOTAL	**371.38**	**305.22**

22. FINANCE COST:

Interest on NCD's	2.55	10.36
Other Interest Expenses	74.16	104.99
Other Borrowing Costs	9.66	9.43
TOTAL	**86.37**	**124.78**

(Rs. in Crs)

	Particulars	For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
23.	**OTHER EXPENSES:**		
	Manufacturing Expenses:		
	Freight, Cartage & Transport	118.54	118.40
	Power	131.37	114.09
	Water Charges	13.99	12.64
	Processing Charges	59.47	45.28
	Other Manufacturing Expenses	160.40	129.94
	Repairs & Maintenance	114.51	111.78
	Insurance Charges	10.95	6.13
	Research & Development Expenses	55.10	27.01
	Factory Administrative Expenses	70.06	47.64
	Total (A)	**734.39**	**612.91**
	Office Administrative Expenses:		
	Rent, Rates and Taxes	1.30	2.61
	Travelling and Conveyance	3.47	7.51
	Auditor's Remuneration	0.47	0.48
	Legal & Professional Charges	18.51	12.85
	Postage, Telegraph & Telephone/Printing & Stationery Expenses	1.18	1.65
	Other Administrative Expenses	14.28	11.93
	Total (B)	**39.22**	**37.04**
	Selling & Distribution Expenses:		
	Advertisement & Sales Promotion	3.75	6.05
	Export Freight Expenses	85.57	62.63
	Freight and Forwarding Expenses	116.21	91.27
	Commission	15.53	10.18
	Export Insurance Charges	1.95	1.92
	Sample Testing & Analysis Charges	1.44	1.16
	Lease Rent Paid	10.97	10.97
	Other Expenses	0.17	0.09
	Sales Tax & Other Dues Paid	0.06	0.13
	Sundry Balance Written Off/(Back)	0.87	1.95
	Total (C)	**236.52**	**186.35**
	Non-Operating Expenses:		
	Donations and CSR Expenses	14.50	11.14
	Total (D)	**14.50**	**11.14**
	TOTAL (A+B+C+D)	**1,024.63**	**847.44**

24. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2021	For the Year Ended 31st March, 2020
Net Profit after Tax	(Rs in Crs)	**535.22**	546.76
Profit attributable to Minority Interest	(Rs in Crs)	**-11.75**	-10.68
Share of Profit/(Loss) of Associates	(Rs in Crs)	**NIL**	NIL
Net Profit After Consolidation avaliable for Equity Shareholders	(Rs in Crs)	**523.47**	536.08
No. of Equity Shares	(Nos.)	17,42,34,474	17,42,34,474
Basic & Diluted EPS	(Rs)	**30.04**	30.77
Nominal Value of Equity Share	(Rs)	**5.00**	5.00

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

Partly paid shares are inculed as fully paid equivalents according to the fraction paid up.

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

25. CONTINGENT LIABILITIES AND COMMITMENTS:
(to the extent not provided for)

(Rs. in Crs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	**68.10**	67.65
(b) Letters of Credit, Bank Guarantees & Bills Discounted	**250.90**	296.80
	319.00	364.45
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	**120.02**	327.94
	120.02	327.94
TOTAL	**439.02**	692.39

26. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

I Following is the Joint Control Entity of the Company

1. Ganesh Polychem Limited**

II Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private Limited

III Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

1. Shri Rajendra V. Gogri	Director
2. Shri Rashesh C. Gogri	Director
3. Shri Parimal H. Desai	Director
4. Shri Manoj M. Chheda	Director
5. Shri Kirit R. Mehta	Director
6. Smt. Hetal Gogri Gala	Director
7. Shri Renil R. Gogri	Director
8. Shri Narendra J. Salvi	Director
9. Shri Chetan Gandhi	Chief Financial Officer
10. Shri Raj Sarraf	Company Secretary

The following transactions were carried out during the year with the related parties in the ordinary course of business

(A) Details relating to parties referred to in items I above. (Rs. in Crs)

Sr. No.	Description of Transaction	Year	Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	**CY**	63.84
		PY	78.30
2	Purchases of Raw Materials/Finished Goods	**CY**	15.36
		PY	21.18
3	Other Manufacturing Expenses	**CY**	-
		PY	0.74
4	Rent paid	**CY**	-
		PY	0.02
5	Sale of Fixed Assets	**CY**	-
		PY	20.06
6	Outstanding items pertaining to the related parties at the balance -	**CY**	53.33
	- sheet date Receivable/(Payable)	PY	29.68

(B) Details relating to persons referred to in item II above*

	Particulars	Financial Year 2020-21	Financial Year 2019-20
a.	Remuneration including perquisites #	**8.46**	6.29
b.	Commission to Directors/KMPs	**18.95**	19.10
c.	Sitting Fees	**-**	0.01
d.	Rent paid	**1.07**	1.07
e.	Travelling Expenses	**0.02**	0.53
f.	Telephone Expenses	**0.02**	0.05
	TOTAL	**28.52**	27.05

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

\# Value of Perquisites includes non Cash Perquisites of Rs. 0.03 Crs (previous year Rs. 0.02 Crs).

** During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021

27. SEGMENT REPORTING:

(Rs. in Crs)

Sr. No.	Particulars	Financial Year 2020-21	Financial Year 2019-20
(A)	**Primary Segments: Business Segments**		
1	**Segment Revenue:**		
	a) Speciality Chemicals	4,151.40	3,864.95
	b) Pharmaceuticals	871.88	755.74
	Total Revenue (Gross)	5,023.28	4,620.69
	Less: GST Tax Collected	517.18	434.38
	Total Revenue (Net)	4,506.10	4,186.31
2	**Segment Results Profit/(Loss):**		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	752.75	814.11
	b) Pharmaceuticals	204.58	137.46
	Total (A)	957.33	951.57
	Less: Interest	86.37	124.78
	Other Unallocable Expenditure (Net)	206.41	150.61
	Total (B)	292.78	275.39
	Total Profit before Tax (A-B)	664.55	676.18
3	**Segment Assets:**		
	a) Speciality Chemicals	5,638.60	4,766.25
	b) Pharmaceuticals	1,192.99	958.60
	c) Unallocated Capital	397.77	360.37
	TOTAL	7,229.36	6,085.22
	Segment Liabilities:		
	a) Speciality Chemicals	1,237.30	1,139.96
	b) Pharmaceuticals	163.19	97.64
	c) Unallocated Capital	233.94	211.01
	TOTAL	1,634.43	1,448.61
(B)	**Secondary Segments: Geographical Segments**		
	a) India	2,835.73	2,655.17
	b) Out of India	2,187.55	1,965.52
	TOTAL	5,023.28	4,620.69

Note:

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

28. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Name of Enterprise	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)
Parent				
Aarti Industries Limited	97.40%	3,411.74	98.10%	513.50
Subsidiaries				
Alchemie (Europe) Limited	-0.02%	-0.70	-0.02%	-0.08
Aarti USA Inc.	-0.03%	-1.17	0.00%	0.01
Aarti Corporate Services Limited	0.90%	31.49	0.00%	-0.01
Ganesh Polychem Limited*	2.75%	96.28	4.49%	23.50
Innovative Envirocare Jhagadia Limited	0.00%	0.17	0.00%	-
Nascent Chemical Industries Limited	0.02%	0.77	0.08%	0.43
Shanti Intermediates Private Limited	0.01%	0.36	0.01%	0.07
Aarti Polychem Private Limited	0.00%	-0.01	0.00%	-
Aarti Organics Limited	0.01%	0.23	0.00%	-
Aarti Bharuch Limited	0.01%	0.23	0.00%	-
Aarti Pharmachem Limited	0.01%	0.23	0.00%	-
Aarti Spechem Limited	0.01%	0.23	0.00%	-
Non Controlling Interest in all Subsidiaries	0.35%	12.24	-2.24%	-11.75
Inter Company Elimination & Consolidation Adjustment	-1.40%	-49.19	-0.42%	-2.20
TOTAL	**100.00%**	**3,502.90**	**100.00%**	**523.47**

*During the March 2021 quarter a subsidiary viz Ganesh Polychem Limited ceased to be a subsidiary and became a jointly controlled entity w.e.f. March 17, 2021.

29. FAIR VALUE MEASUREMENTS:

Financial instuments by category

(Rs. in Crs)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Carrying Amount	**Level 1**	**Level 2**	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	**35.11**	**-**	**-**	22.14	-	-
Trade Receivables	**793.73**	**-**	**-**	753.44	-	-
Cash and Cash Equivalents	**412.32**	**-**	**-**	247.29	-	-
Other Financial Assets	**326.68**	**-**	**-**	349.67	-	-
At FVTOCI						
Investments	**28.41**	**12.84**	**15.57**	14.87	4.23	10.64
Financial Liabilities						
At Amortised Cost						
Borrowings	**2,843.84**	**-**	**-**	2,097.94	-	-
Trade Payables	**576.33**	**-**	**-**	345.16	-	-
Other Non-current Liabilities	**224.41**	**-**	**-**	550.89	-	-
Other Current Financial Liabilities	**207.90**	**-**	**-**	14.20	-	-

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

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

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

30. CAPITAL MANAGEMENT:

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

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

(Rs. in Crs)

Particulars	**31st March 2021**	31st March 2020
Gross Debts	**2,843.84**	2,094.16
Less: Cash and Marketable Securities	**-412.32**	-247.29
Net Debt (A)	**2,431.52**	1,846.87
Total Equity (B)	**3,515.14**	3,073.39
Net Gearing ratio (A/B)	**0.69**	0.60

<u>**Dividends**</u> (Rs. in Crs)

Particulars	**31st March 2021**	31st March 2020
(i) Equity shares Final dividend for the year ended 31st March 2020 of Rs 1 per fully paid share & Interim Dividend for 2020-21 @ Rs 2.50 per Share paid during the year 2020-21	**43.56**	104.54
(ii) Dividends not recognised at the end of the reporting period In addition to the above dividends, since year end the directors have recommended the payment of dividend of Rs. 3 (31st March 2020 Rs. 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	**52.27**	17.42

31. FINANCIAL RISK MANAGEMENT:

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

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

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).
Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.
The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

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

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

II. Liquidity risk

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

(a) Liquidity risk management

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

As at 31st March 2021

Maturities of non-derivative financial liabilities

(Rs. in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	576.33	-	-	576.33
Other financial liabilities	1,823.81	1,492.46	-	3,316.27
Total	**2,400.14**	**1,492.46**	**-**	**3,892.60**

As at 31st March 2020

Maturities of non-derivative financial liabilities

(Rs. in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	345.16	-	-	345.16
Other financial liabilities	1,571.21	1,131.73	-	2,702.94
Total	**1,916.37**	**1,131.73**	**-**	**3,048.10**

III. Market risk

Foreign currency risk

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

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

32. **The figures of previous year have been regrouped and rearranged wherever necessary.**

As per our report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

sd/-	sd/-	sd/-
Milind Bhave	**Rajendra V. Gogri**	**Rashesh C. Gogri**
Partner	Chairman and	Vice Chairman and
M.No. 047973	Managing Director	Managing Director
	DIN: 00061003	DIN: 00066291
	sd/-	sd/-
	Chetan Gandhi	**Raj Sarraf**
Place: Mumbai	Chief Financial Officer	Company Secretary
Date: May 18, 2021	ICAI M.No. 111481	ICSI M.No. A15526

Independent Auditor's Report

To the Members of
Aarti Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Aarti Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of Profit and Loss, (the consolidated statement of changes in equity) and the consolidated cash flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2020, of consolidated profit/loss, (consolidated changes in equity) and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Due to COVID-19 lockdown throughout the country since last week of March 2020, we have adopted alternative methodologies solutions in performing our audit procedures. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
1	Accuracy, Completeness and disclosure with reference to IND AS-16 of Property, Plant and Equipments (Including CapEx) Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and multiple IT systems used for maintaining Fixed Asset Register (FAR), tracking and monitoring CapEx requires more attention to ensure reasonable accurateness and completeness of financial reporting in respect of Property, Plant and Equipments. Further, technical complexities requires management to assess and make estimates/ judgments about capitalisation, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed Group'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. b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalisation of asset as Property, Plant and Equipment. c) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
	Refer note 1 to financial statements	d) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013. e) We have carried out physical verification on sample basis in respect of Property, Plant and Equipment. f) We have verified the capitalisation of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23
2.	Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2 Inventories constitutes material component of financial statement. Correctness, completeness, and valuation are critical for reflecting true and fair financial results of operations. Further due to continuous nature of plant operations and the raw materials which are basically chemicals, management has to exercise its judgment in assessing stage of the product and its valuation. Refer note 4 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed the Group's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2. b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory. d) We have carried out physical verification of Inventory on test check basis. e) We have verified consistency in respect of valuation process and methodology followed
3.	Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts The contracts entered into covers a span of 10 to 20 years. Estimated supplies which will happen over the period of contract at a later stage after the reporting date requires management to exercise its judgment. Based on the judgment the carrying value of the advance received, its fair presentation is critical Refer note 13 to financial statements	The Company has entered into long term contracts for exports of materials. Under these contracts the Company has received advances to expedite establishment of production facilities. Our audit approach consisted substantive testing as follows: a) We have reviewed the terms of contracts entered into by the Company. b) The classification, presentation of the said advances received under these contracts was tested. c) The fairness of value reflected in financial statement was verified and tested. d) Disclosure notes pertaining to said advances in financial statement was reviewed.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Other Matters

We did not audit the financial statements / financial information of 12 subsidiaries, and, whose financial statements / financial information reflect total assets of ₹ 374.04 crores as at March 31, 2020, total revenues of ₹ 369.08 crores and net cash flows amounting to ₹ 13.92 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, 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, jointly controlled entities and associates, 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 by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

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

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates, and jointly controlled entities– Refer Note 26 to the Consolidated Financial Statements.

   ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

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

Milind Bhave
Partner
M. No. 047973
UDIN :20047973AAAABU4561

Place: Mumbai
Date: May 25, 2020

Annexure A to the Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting Under Clause Financial Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("The Act")

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group"), its associates and jointly controlled entities incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's, its associates' and jointly controlled entities', incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 subsidiary, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/ standalone financial statements of twelve subsidiaries, of which ten are incorporated in India and two are incorporated outside India, is based on the corresponding reports of the auditors of such companies.

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

Milind Bhave
Partner
M. No. 047973
UDIN :20047973AAAABU4561

Place: Mumbai
Date: May 25, 2020

AARTI INDUSTRIES

Consolidated Balance Sheet

as at 31st March, 2020

(₹ in Crs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	2,467.57	2,145.35
Capital Work-in-Progress	1	1,417.64	794.57
Goodwill	1	0.42	0.42
Other Intangible Assets	1	0.50	0.90
Financial Assets:			
Investments	2	37.01	33.16
Other Non-Current Assets	3	404.49	306.43
Total Non-Current Assets		**4,327.63**	**3,280.83**
Current Assets			
Inventories	4	835.68	771.79
Financial Assets:			
Trade Receivables	5	753.44	776.04
Cash and Cash Equivalents	6	247.29	804.20
Others Current Financial Assets	7	135.66	190.66
Other Current Assets	8	32.80	34.42
Total Current Assets		**2,004.87**	**2,577.11**
Total Assets		**6,332.50**	**5,857.94**
Equity and Liabilities			
Equity			
Equity Share Capital	9	87.12	43.33
Equity Share Capital pending allotment upon scheme of Arrangement	10	NIL	0.22
Other Equity	11	2,891.65	2,587.22
Non Controlling Interest		94.62	83.95
Total Equity		**3,073.39**	**2,714.72**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	580.84	814.80
Other Non-Current Liabilities	13	550.89	203.24
Deferred Tax Liabilities (Net)	14	211.01	193.01
Total Non-Current Liabilities		**1,342.74**	**1,211.05**
Current Liabilities:			
Financial Liabilities			
Borrowings	15	1,229.67	1,290.83
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		345.16	279.28
Other Current Liabilities	16	301.63	319.64
Provisions	17	39.91	42.42
Total Current Liabilities		**1,916.37**	**1,932.17**
Total Liabilities		**3,259.11**	**3,143.22**
Total Equity and Liabilities		**6,332.50**	**5,857.94**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our report of even date

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

Milind Bhave
Partner
M.No.047973

Place: Mumbai
Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Rashesh C. Gogri
Vice Chairman and Managing Director
DIN:00066291

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Consolidated Statement of Profit and Loss
for the year ended 31st March, 2020

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
REVENUE			
Gross Revenue from Operations	18	4,620.69	4,705.51
Less: GST Collected		434.38	537.95
Net Revenue from Operations		4,186.31	4,167.56
Other Income	19	8.84	2.10
Total Revenue		**4,195.15**	**4,169.66**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	1,780.92	2,032.56
Purchases of Stock-in-Trade		274.65	183.47
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	0.75	(59.40)
Employee Benefits Expenses	22	305.22	242.82
Finance Costs	23	124.78	182.54
Depreciation and Amortisation Expenses	1	185.21	162.68
Other Expenses	24	847.44	803.02
Total Expenses		**3,518.44**	**3,547.69**
PROFIT BEFORE TAX		**676.18**	**621.97**
TAX EXPENSES			
Current Year Tax		118.13	136.65
Earlier Year Tax		0.38	(2.05)
MAT Credit Entitlement		(7.09)	(38.79)
Deferred Tax		18.00	21.99
Total Tax Expenses		**129.42**	**117.80**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**546.76**	**504.17**
Profit attributable to Non Controlling Interest		(10.68)	(12.44)
Share of Profit/(Loss) of Associates		NIL	NIL
PROFIT/(LOSS) FOR THE PERIOD		**536.08**	**491.73**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifying Items		(57.39)	5.26
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**478.69**	**496.99**
EARNINGS PER EQUITY SHARE (EPS) (in ₹)			
Basic/Diluted		30.77	60.39
Basic/Diluted after considering issue of bonus equity shares		30.77	30.20
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our report of even date

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

Milind Bhave
Partner
M.No.047973

Place: Mumbai

Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and Managing Director
DIN:00066291

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Consolidated Cash Flow Statement

for the year ended 31st March, 2020

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
A.	Cash Flow from Operating Activities:		
	Net Profit before Tax and Exceptional/Extraordinary Items	676.18	621.97
	Adjustments for:		
	Finance Costs	124.78	182.54
	Depreciation	185.21	162.68
	Consolidated Adjustments	(1.85)	0.67
	Loss on Sale of Assets	NIL	0.00
		984.32	**967.86**
	Profit on Sale of Investments/Assets	(8.49)	(1.69)
	Dividend Received from other Investments	(0.07)	(0.01)
	Lease Rent Received	(0.08)	(0.07)
	Operating Profit before Working Capital Changes	**975.68**	**966.09**
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(4.69)	(153.61)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	358.81	128.79
	(Increase)/Decrease in Inventories	(63.90)	(74.33)
	Cash Generated from Operations	**1,265.90**	**866.94**
	Direct Taxes Paid	(163.84)	(130.74)
	Net Cash Flow from Operating Activities (A)	**1,102.06**	**736.20**
B.	Cash Flow from Investing Activities:		
	Addition to Property, Plant & Equipment/Capital WIP	(1,153.29)	(793.61)
	Sale/Written off of Property, Plant & Equipment	27.79	2.60
	(Increase)/Decrease in Other Investments	(2.59)	(6.07)
	Dividend Received from Other Investments	0.07	0.01
	Profit on Sale of Investments	3.88	0.00
	Lease Rent Received	0.08	0.07
	Net Cash Flow from Investing Activities (B)	**(1,124.06)**	**(797.00)**
C.	Cash Flow from Financing Activities:		
	Proceeds of Long-Term Borrowings	74.10	241.65
	Repayment of Long-Term Borrowings	(316.09)	(201.94)
	Proceeds/(Repayment) of Other Borrowings	(61.16)	278.35
	Increase in Equity through QIP Allotment (Net of Expenses)	(0.60)	741.40
	Finance Costs	(124.78)	(182.54)
	Dividend Paid	(106.38)	(43.99)
	Net Cash Flow from Financing Activities (C)	**(534.91)**	**832.93**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(556.91)	772.13
	Cash and Cash Equivalents (Opening Balance)	804.20	32.09
	Cash and Cash Equivalents (Opening Balance of Demerged Co.)	NIL	(0.02)
	Cash and Cash Equivalents (Closing Balance)	247.29	804.20

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.

(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

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

Milind Bhave
Partner
M.No.047973
Place: Mumbai
Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and Managing Director
DIN:00066291

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Statement of Changes in Equity

for the year ended 31st March, 2020

A. EQUITY SHARE CAPITAL

	(₹ in Crs)
As at 1st April, 2018	**40.65**
Changes in equity share capital during the year 2018-19	2.68
As at 31st March, 2019	**43.33**
Changes in equity share capital during the year 2019-20	43.79
As at 31st March, 2020	**87.12**

B. OTHER EQUITY

(₹ in Crs)

	Other Equity										
	Reserves and Surplus										
Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redumption Reserve	General Reserve	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings	Other Com-prehensive Income	Total Other Equity
Balance as at 1st April, 2018	**13.76**	**2.28**	**1.37**	**120.00**	**66.54**	**1.85**	**0.52**	**3.46**	**1,302.32**	**25.68**	**1,537.78**
Transfer to Other Reserves from Retained Earnings	-	-	-	-	49.50	-	-	0.24	(49.74)	-	NIL
Persuant to the Scheme of Arrangement	0.13	-	-	-	2.96	-	-	-	(111.91)	(24.50)	(133.32)
Dividend Paid	-	-	-	-	-	-	-	-	(47.38)	-	(47.38)
Tax on Dividend	-	-	-	-	-	-	-	-	(9.23)	-	(9.23)
Intergroup Dividend	-	-	-	-	-	-	-	-	3.39	-	3.39
Upon QIP Proceeds (net of Expenses)	-	-	738.72	-	-	-	-	-	-	-	738.72
Other Adjustment	-	-	-	-	-	-	(0.01)	-	-	-	(0.01)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	0.67	-	0.67
Profit for the Period	-	-	-	-	-	-	-	-	491.73	-	491.73
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	4.87	4.87
As at 31st March, 2019	**13.89**	**2.28**	**740.09**	**120.00**	**119.00**	**1.85**	**0.51**	**3.70**	**1,579.85**	**6.05**	**2,587.22**
Transfer to Other Reserves from Retained Earnings	-	-	-	(40.00)	94.65	-	-	-	(54.65)	-	NIL
Upon Bonus Shares issued	-	(1.56)	(42.00)	-	-	-	-	-	-	-	(43.56)
Dividend Paid	-	-	-	-	-	-	-	-	(108.24)	-	(108.24)
Tax on Dividend	-	-	-	-	-	-	-	-	(21.87)	-	(21.87)
Intergroup Dividend	-	-	-	-	-	-	-	-	1.86	-	1.86
Upon QIP Proceeds (net of Expenses)	-	-	(0.60)	-	-	-	-	-	-	-	(0.60)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(1.85)	-	(1.85)
Profit for the Period	-	-	-	-	-	-	-	-	536.08	-	536.08
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(57.39)	(57.39)
Balance as at 31st March, 2020	**13.89**	**0.72**	**697.49**	**80.00**	**213.65**	**1.85**	**0.51**	**3.70**	**1,931.18**	**(51.34)**	**2,891.65**

As per our report of even date

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

Milind Bhave
Partner
M.No.047973
Place: Mumbai
Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and Managing Director
DIN:00066291

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Corporate Information and Significant Accounting Policies:

Corporate Information

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Holding Company") and subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2020.

The principal activities of the Group, and its subsidiaries consists of manufacturing and dealing in Speciality Chemicals and Pharmaceuticals.

Significant Accounting Policies

(a) Background:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:		
(i) Aarti Corporate Services Limited	India	100.00%
(ii) Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited)	India	50.49%
(iii) Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
(iv) Innovative Envirocare Jhagadia Limited	India	100.00%
(v) Ganesh Polychem Limited	India	50.24%
(vi) Aarti Polychem Private Limited	India	100.00%
(vii) Aarti Organics Limited	India	100.00%
(viii) Aarti Bharuch Limited	India	100.00%
(ix) Aarti Pharmachem Limited	India	100.00%
(x) Aarti Spechem Limited	India	100.00%
Foreign Subsidiary:		
(xi) Alchemie (Europe) Limited	United Kingdom	88.89%
(xii) Aarti USA Inc.	USA	100.00%

(b) Basis of Prepration and Presentation:

Significant Accounting policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide to better understanding of the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) {Amendment} Rules, 2016.

(c) Principles of Consolidation :

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March, 2020.

(iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates, prevailing at the end of the year. In case of Fixed Assets, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

(v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard (Ind AS) 28 "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

(d) Revenue Recognition:

(i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.

(iv) Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(e) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(2) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits avalied,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.

(3) Depreciation/Amortization

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

Particulars	Depreciation/Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19 years
(iii) Residential Quarters	Over a period of 30 years
(iv) Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 year
(vii) Furniture and Fixtures	Over a period of 10 years
(viii) Vehicles	Over a period of 7 years

(B) Product/Process Development Expenses are amortized over the estimated useful life of the product.

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

(f) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(g) Investments:

(i) Investments in subsidiaries and associates are measured at cost.

(ii) Other investments are measured at fair value through Other Comprehensive Income.

(h) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares	At cost on Weighted Average basis.
(ii) Work-in-Process	At cost plus appropriate allocation of overheads.
(iii) Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

Corporate Information and Significant Accounting Policies:

(i) Retirement Benefits:
Employee benefits are charged off in the year in which the employee has rendered services.

(j) Foreign Currency Transactions:
Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are approriately dealt in the financial statements in accordance with the appicables accounting standards.

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

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

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

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

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

(l) Deferred Revenue Expenditure:
Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(m) Income Taxes:
Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(n) Borrowing Costs:
Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

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

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

(p) Cash and Cash Equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertilbe to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unresticted for withdrawals and usages.

1. Property, Plant and Equipment

(₹ in Crs)

F.Y. 2019-20	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2019	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 1st April, 2019	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2020	Balance as at 31st March, 2020	Balance as at 31st March, 2019
(i) Tangible Assets										
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42	3.42
Lease Hold Land	159.95	4.78	0.77	163.96	7.75	2.03	-	9.78	154.18	152.20
Lease Assets Right to Used	NIL	25.35	-	25.35	NIL	5.11	-	5.11	20.24	NIL
Residential Flat	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.00
Buildings	294.15	34.20	2.72	325.63	76.28	15.96	1.09	91.15	234.48	217.87
Plant and Equipment	2,713.77	414.40	49.90	3,078.27	1,030.14	150.64	29.35	1,151.43	1,926.84	1,683.63
R & D Assets	85.15	38.40	-	123.55	18.72	4.61	-	23.33	100.22	66.43
Furniture and Fixtures	34.62	7.86	0.34	42.14	23.25	3.85	0.34	26.76	15.38	11.37
Vehicles	29.67	5.22	1.24	33.65	19.23	2.60	0.99	20.84	12.81	10.44
Total (i)	**3,320.99**	**530.21**	**54.97**	**3,796.23**	**1,175.63**	**184.80**	**31.77**	**1,328.66**	**2,467.57**	**2,145.35**
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	21.06	0.40	-	21.46	0.50	0.90
Technical Knowhow	1.38	-	-	1.38	1.38	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	6.19	6.19	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	9.66	9.66	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	1.24	0.82	-	-	0.82	0.42	0.42
Total (ii)	**40.81**	**NIL**	**NIL**	**40.81**	**39.49**	**0.40**	**NIL**	**39.89**	**0.92**	**1.32**
Total (i+ii)	**3,361.80**	**530.21**	**54.97**	**3,837.04**	**1,215.12**	**185.20**	**31.77**	**1,368.55**	**2,468.49**	**2,146.67**
(iii) Capital Work-in-Progress									**1,417.64**	**794.57**

1. Property, Plant and Equipment

(₹ in Crs)

F.Y. 2018-19	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars	Balance as at 1st April, 2018	Addition/ Deduction persuant to the scheme of Arrangment	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2019	Balance as at 1st April, 2018	Addition/ Deduction persuant to the scheme of Arrangment	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2019	Balance as at 31st March, 2019	Balance as at 31st March, 2018
(i) Tangible Assets												
Free hold Land	3.68	-	-	-	3.68	0.26		-	-	0.26	3.42	3.42
Lease Hold Land	148.82	(1.98)	13.11	-	159.95	6.27	(0.36)	1.84	-	7.75	152.20	142.55
Residential Flat	0.00	-	-	-	0.00	0.00	-	-	-	0.00	0.00	0.00
Buildings	265.23	(9.82)	39.05	0.31	294.15	66.08	(3.93)	14.14	0.01	76.28	217.87	199.15
Plant and Equipment	2,518.13	(146.65)	343.22	0.93	2,713.77	937.71	(44.37)	137.12	0.32	1,030.14	1,683.63	1,580.42
R & D Assets	66.50	-	18.65	-	85.15	14.88	-	3.84	-	18.72	66.43	51.62
Furniture and Fixtures	31.37	(1.03)	4.28	-	34.62	20.91	(0.85)	3.19	-	23.25	11.37	10.46
Vehicles	26.15	(0.59)	4.11	-	29.67	17.59	(0.52)	2.16	-	19.23	10.44	8.56
Total (i)	**3,059.88**	**(160.07)**	**422.42**	**1.24**	**3,320.99**	**1,063.70**	**(50.03)**	**162.29**	**0.33**	**1,175.63**	**2,145.35**	**1,996.17**
(ii) Intangible Assets												
Process Development	21.96	-	-	-	21.96	20.66	-	0.40	-	21.06	0.90	1.30
Technical Knowhow	1.38	-	-	-	1.38	1.38	-	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	-	6.19	6.19	-	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	-	0.38	0.38	-	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	-	9.66	9.66	-	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	-	1.24	0.82	-	-	-	0.82	0.42	0.42
Total (ii)	**40.81**	**NIL**	**NIL**	**NIL**	**40.81**	**39.09**	**NIL**	**0.40**	**NIL**	**39.49**	**1.32**	**1.72**
Total (I+II)	**3,100.69**	**(160.07)**	**422.42**	**1.24**	**3,361.80**	**1,102.79**	**(50.03)**	**162.69**	**0.33**	**1,215.12**	**2,146.67**	**1,997.89**
(iii) Capital Work-in-Progress											**794.57**	**436.23**

Notes to the Financial Statements
for the year ended 31st March, 2020

2. Non-Current Investments:

(₹ in Crs)

Name of the Company	No. of Shares/ Units	As at 31st March, 2020	No. of Shares/ Units	As at 31st March, 2019
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	2.56	464,550	2.19
U.K.I.P. Co-Op. Soc. Limited	80	0.00	80	0.00
Aarti Ventures Limited	190,000	2.52	190,000	0.16
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	125,000	8.98	125,000	7.53
Invatech	1,00,000	1.14	NIL	NIL
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	853	0.07	858	0.01
Bewakoof Brands Private Limited	4,033	5.15	4,033	2.17
Valiant Organic Limited	35,963	4.23	NIL	NIL
Amarjyot Chemical Limited	NIL	NIL	56,258	4.25
Polygomma Industries Private Limited	533,358	0.00	533,358	4.54
Numbermask Digital Private Limited	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	28,796	0.00	28,796	0.00
Aarti Biotech Limited	421,700	0.12	421,700	0.11
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	380,640	0.22	380,640	0.20
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		25.77		**21.96**
Investments - (Unquoted) Convtertible Pref. Shares				
Deltecs Infotech Private Limited	750,000	0.26	750,000	0.26
Valiant Oraganics Limited	11,814	0.04	NIL	NIL
		0.30		**0.26**
Investments - (Unquoted) in Warrant Certificate				
Deltecs Infotech Private Limited	93	0.00	93	0.00
		0.00		**0.00**
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		3.67		**3.67**
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		**7.27**
Total		**37.01**		**33.16**

Notes to the Financial Statements
for the year ended 31st March, 2020

3. Other Non-Current Assets

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Advances	171.91	109.58
Other Deposits	42.10	37.07
Advance Tax and Tax Deducted at Source (Net of Provisions)	190.48	159.78
Total	**404.49**	**306.43**

4. Inventories

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials and Components	251.84	220.46
Work-in-progress	208.44	214.07
Finished Goods	285.55	280.28
Stock-in-trade	0.85	1.25
Stores and spares	70.77	40.21
Fuel	14.53	11.40
Packing Materials	3.70	4.11
Total	**835.68**	**771.79**

5. Trade Receivables

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good	753.44	776.04
Total	**753.44**	**776.04**

6. Cash and Cash Equivalents

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	0.60	0.45
Bank balance in Current Accounts	66.47	85.09
Bank balance in Deposit Accounts	177.89	496.39
Earmarked Balances (QIP Proceeds in Liquid Mutual Funds)	NIL	220.22
Earmarked Balances (Unpaid Dividend Accounts)	2.33	2.05
Total	**247.29**	**804.20**

7. Other Current Financial Assets

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	118.53	107.67
Loans Given to:		
i) Employees	8.06	7.69
ii) Others	9.07	75.30
Total	**135.66**	**190.66**

Notes to the Financial Statements
for the year ended 31st March, 2020

8. Other Current Assets

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Others Receivables	5.09	4.63
Prepaid Expenses	13.50	13.42
Subsidy Receivable	10.32	12.59
Insurance Claim Receivable	3.89	3.78
Total	**32.80**	**34.42**

9. Equity Share Capital

(₹ in Crs)

Particulars	No. of Shares	As at 31st March, 2020	No. of Shares	As at 31st March, 2019
Authorised Share Capital				
Equity Shares of ₹ 5/- each	230,150,320	115.08	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	174,234,474	87.12	86,668,647	43.33
Total		**87.12**		**43.33**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2020:

Particulars	No. of Shares outstanding	
	As at 31st March, 2020	As at 31st March, 2019
Equity Shares at the beginning of the year	86,668,647	81,300,000
Add: Shares issued during the year	87,565,827	5,368,647
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	**174,234,474**	**86,668,647**

9.2 Details of shareholders holding more than 5% shares

Name of the Shareholders	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	13,828,976	7.94	7,136,819	8.23

9.3 The details of Equity Shares outstanding during last 5 years

Particulars	Financial Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
No. of Equity Shares outstanding	174,234,474	86,668,647	81,300,000	82,120,383	83,320,383

(Refer Note No. 9.4)

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year 2019-20 8,71,17,237 shares are issued as Bonus Shares in the ratio of 1:1 equity share of ₹. 5 each

[b] During the year 2019-20, 448,590 Shares were alloted to the shareholders of Nascent Chemical Industries Limited pursuant to the terms of the Scheme of Arrangement approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench.

Notes to the Financial Statements
for the year ended 31st March, 2020

[c] During the year 2018-19 53,68,647 shares were issued issued through Qualified Instituions Placement (QIP) at the issued price of ₹ 1397/- per equity share (including ₹ 1,392/- towards share premium) to Qualified Institutional Buyers.

[d] During the year 2017-18 820,383 shares were brought back at a premium of ₹ 1,195/-.

[e] During the year 2016-17 1,200,000 shares were brought back at a premium of ₹ 795/-.

[f] During the year 2015-16 5,271,304 share of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagmation of Anushakti Chemicals & Drugs Limited, Anushakti Holdings Limited, Gogri and Sons Investments Private Limited, and Alchemie Leasing & Financing Private Limited into the Company.

10. Equity Share Capital Pending Allotment upon Scheme of Arrangement

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
448,590 Shares are to be issued and alloted to the shareholders of Nascent Chemical Industries Limited pursuant to the terms of the Scheme of Arrangement approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench.	NIL	0.22
Total	**NIL**	**0.22**

11. Other Equity

(₹ in Crs)

	Particulars	As at 31st March, 2020	As at 31st March, 2019
a.	**Capital Reserves**		
	Opening Balance	13.89	13.76
	Addition		
	Pursuant to the Scheme of Arrangement	NIL	0.13
	Deduction		
	Closing Balance	**13.89**	**13.89**
b.	**Capital Redemption Reserve**		
	Opening Balance	2.28	2.28
	Addition		
	Deduction: upon issue of Bonus Shares	1.56	NIL
	Closing Balance	**0.72**	**2.28**
c.	**Securities Premium Account**		
	Opening Balance	740.09	1.37
	Addition: Upon QIP Allotment	NIL	747.32
	Deduction: Upon QIP Expenses	0.60	8.60
	Deduction: Upon issue of Bonus Shares	42.00	NIL
	Closing Balance	**697.49**	**740.09**
d.	**Debenture Redemption Reserve**		
	Opening Balance	120.00	120.00
	Addition	NIL	NIL
	Deduction: Transferred to General Reseve	40.00	NIL
	Closing Balance	**80.00**	**120.00**
e.	**RBI Reserve U/s 45 (IC)**		
	Opening Balance	3.70	3.46
	Addition: Transferred from Profit & Loss Account	NIL	0.24
	Deduction	NIL	NIL
	Closing Balance	**3.70**	**3.70**

(₹ in Crs)

	Particulars	As at 31st March, 2020	As at 31st March, 2019
f.	**General Reserve**		
	Opening Balance	119.00	66.54
	Addition:		
	Pursuant to the Scheme of Arrangement	NIL	2.96
	Transferred from Debenture Redumption Reserve	40.00	NIL
	Transferred from Profit & Loss Account	54.65	49.50
	Deduction:	NIL	NIL
	Closing Balance	**213.65**	**119.00**
g.	**Profit and Loss Account**		
	Opening balance	1,579.85	1,302.32
	Addition:		
	Net Profit/(Loss) for the year	536.08	491.73
	Deduction:		
	Dividend Paid on Equity Shares	108.24	47.38
	Tax on Dividend	21.87	9.23
	Pursuant to the Scheme of Arrangement	NIL	111.91
	Foreign Exchange Differnce on Translation	1.85	(0.67)
	Intergroup Dividend	(1.86)	(3.39)
	Transferred to Reserves	54.65	49.74
	Closing Balance	**1,931.18**	**1,579.85**
h.	**Other Reserves**		
	Revaluation Reserve	0.51	0.51
	Forfeiture Reserve	1.85	1.85
	Closing Balance	**2.36**	**2.36**
i.	**Other Comprehensive Income**		
	Opening Balance	6.05	25.68
	Pursuant to the Scheme of Arrangement	NIL	(24.50)
	OCI for the year	(57.39)	4.87
	Closing Balance	**(51.34)**	**6.05**
	Total	**2,891.65**	**2,587.22**

12. Non-Current Borrowings

(₹ in Crs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	0.45	80.00	80.45	40.00
(b) ECB/Term loans from Banks/Financial Institutions	578.31	202.57	731.77	254.56
(c) Vehicle Loans from Banks/Financial Institutions	2.08	1.08	2.58	0.89
Total	**580.84**	**283.65**	**814.80**	**295.45**

13. Other Non Current Liabilities:

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Long Term Advances for Exports received from Customer	529.69	203.24
Lease Liabilities Account	21.20	NIL
Total	**550.89**	**203.24**

Notes to the Financial Statements

for the year ended 31st March, 2020

The Company has received advances of ₹ 529.69 Crs. (previous year ₹ 203.24 Crs.) for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee to the extent of ₹ 227.01 Crs. (previous year ₹ 138.30 Crs) in favour of the customer.

14. Deferred Tax Liabilities (Net)

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities	193.01	177.41
Difference between net book value of depreciable		(7.12)
capital assets as per books vis - a- vis written down		
value as per Tax Laws	21.30	24.92
Deferred Tax Assets		
Items allowed for tax purpose on payment	(3.31)	(2.20)
Deferred Tax Liabilities (Net)	**211.01**	**193.01**

15. Short-Term Borrowings

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
Working Capital Loan From Banks	1,205.07	1,220.29
	1,205.07	**1,220.29**
Unsecured		
From Banks	23.20	69.23
From Other	1.40	1.31
	24.60	**70.54**
Total	**1,229.67**	**1,290.83**

16. Other Current Liabilities

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of Long-Term Debt	286.32	294.56
Current maturities of Vehicle Loan	1.11	0.89
Interest accrued but not due on borrowings	7.57	11.31
Unpaid Dividends	2.33	2.05
Deposits	0.09	0.11
Sales Tax Deferred Liability	0.15	0.15
Other Current Liabilities & Taxes	4.07	10.57
Total	**301.63**	**319.64**

17. Short-Term Provisions

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for		
Employees' Benefits	38.78	41.31
Others	1.13	1.11
Total	**39.91**	**42.42**

18. Revenue From Operations

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Sale of Products	4,539.63	4,659.49
Other Operating Revenues (Refer Note No. 18.1)	81.06	46.02
Gross Revenue Operations	**4,620.69**	**4,705.51**
Less: GST Taxes Collected	434.38	537.95
Net Revenue Operations	**4,186.31**	**4,167.56**

18.1 Other Operating Revenues

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Fertilizers Subsidy Received	12.29	15.41
Export Benefits/Incentives	58.73	18.84
Scrap Sales	9.65	7.76
Other Operating Income	NIL	4.01
Vat Refund Received	0.38	NIL
Total	**81.06**	**46.02**

19. Other Income

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Dividend Received	0.07	0.01
Profit on Sale of Assets/Investment	8.49	1.69
Lease Rent Income	0.08	0.07
Other Income	0.19	0.33
Total	**8.84**	**2.10**

Notes to the Financial Statements
for the year ended 31st March, 2020

20. Cost of Materials Consumed

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Consumption of Raw Materials	1,481.64	1,723.56
Consumption of Packing Materials	38.01	41.50
Consumption of Fuel	170.58	187.22
Consumption of Stores & Spares	90.69	80.28
Total	**1,780.92**	**2,032.56**

21. Change in Inventory

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Opening Stock		
Finished Goods	281.53	248.15
Work-in-Progress	214.07	203.00
HPC Segment Opening Stock	NIL	(14.95)
Total (A)	**495.60**	**436.20**
Closing Stock		
Finished Goods	286.40	281.53
Work-in-Progress	208.44	214.07
Total (B)	**494.84**	**495.60**
Total (A-B)	**0.76**	**(59.40)**

22. Employee Benefits

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Salaries, Wages & Bonus	266.83	214.11
Contribution to PF and other Funds	19.73	11.78
Workmen & Staff Welfare Expenses	18.66	16.93
Total	**305.22**	**242.82**

23. Finance Cost

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Interest on NCD's	10.36	15.09
Other Interest Expenses	104.99	159.81
Other Borrowing Costs	9.43	7.64
Total	**124.78**	**182.54**

24. Other Expenses

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Manufacturing Expenses:		
Freight, Cartage & Transport	118.40	108.14
Power	114.09	102.84
Water Charges	12.64	11.82
Processing Charges	45.28	45.40
Other Manufacturing Expenses	129.94	116.08
Repairs & Maintenance	111.78	98.92
Insurance Charges	6.13	3.79
Research & Development Expenses	27.01	21.87
Factory Administrative Expenses	47.64	36.02
Total (A)	**612.91**	**544.88**
Office Administrative Expenses:		
Rent, Rates and Taxes	2.61	2.18
Travelling and Conveyance	7.51	7.07
Auditor's Remuneration (Refer Note No. 24.1)	0.48	0.41
Legal & Professional Charges	12.85	13.62
Postage, Telegraph & Telephone	0.77	0.87
Printing & Stationery Expenses	0.88	0.95
Other Administrative Expenses	11.93	10.77
Total (B)	**37.04**	**35.87**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	6.05	5.83
Export Freight Expenses	62.63	67.51
Freight and Forwarding Expenses	91.27	109.40
Commission	10.18	8.68
Export Insurance Charges	1.92	2.36
Sample Testing & Analysis Charges	1.16	1.39
Lease Rent Paid	10.97	10.83
Other Expenses	0.09	0.10
Bad Debts Written Off & Provision for Doubtful Debts	1.97	5.00
Sales Tax & Other Dues Paid	0.13	NIL
Sundry Balance Written Off/(Back)	(0.02)	0.55
Total (C)	**186.35**	**211.65**
Non-Operating Expenses:		
Donations and CSR Expenses	11.14	10.62
Total (D)	**11.14**	**10.62**
Total (A+B+C+D)	**847.44**	**803.02**

24.1 Auditor's Remuneration

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Audit Fees	0.37	0.34
Certification Charges	0.05	0.06
Out of Pocket Expenses	0.01	0.01
Total	**0.43**	**0.41**

Notes to the Financial Statements
for the year ended 31st March, 2020

25. Earning Per Share (EPS)

Particulars		For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Net Profit after Tax	(₹ in Crs)	546.76	504.17
Profit attributable to Minority Interest	(₹ in Crs)	(10.68)	(12.44)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation avaliable for Equity Shareholders	(₹ in Crs)	**536.08**	**491.73**
No. of Equity Shares	(Nos.)	174,234,474	86,668,647
Basic & Diluted EPS	(₹)	30.77	60.39
Basic/Diluted after considering issue of Bonus Equity Shares	(₹)	30.77	30.20
Nominal Value of Equity Share	(₹)	5.00	5.00

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

26. Contingent Liabilities and Commitments
(to the extent not provided for)

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	67.65	75.23
(b) Letters of Credit, Bank Guarantees & Bills Discounted	296.80	113.00
	364.45	**188.23**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	203.91	218.49
	203.91	**218.49**
Total	**568.36**	**406.72**

27. Related Party Disclosure under Accounting Standard (Ind AS: 24):

I Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private Limited

II Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

1.	Shri Rajendra V. Gogri	Director
2.	Shri Rashesh C. Gogri	Director
3.	Late.Shri Shantilal T. Shah	Director
4.	Shri Parimal H. Desai	Director
5.	Shri Manoj M. Chheda	Director
6.	Shri Kirit R. Mehta	Director
7.	Smt. Hetal Gogri Gala	Director
8.	Shri Renil R. Gogri	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Shri Raj Sarraf	Company Secretary

The following transactions were carried out during the year with the related parties in the ordinary course of business

(₹ in Crs)

(A)	Details relating to parties referred to in items I above.	Year	Other related Enterprises/Firms
1	Sales of Finished Goods/Sales Income	CY	78.30
		PY	39.65
2	Purchases of Raw Materials/Finished Goods	CY	21.18
		PY	14.97
3	Other Manufacturing Expenses	CY	0.74
		PY	4.15
4	Rent paid	CY	0.02
		PY	0.12
5	Sale of Fixed Assets	CY	20.06
		PY	-
6	Purchase of Fixed Assets	CY	-
		PY	11.10
7	Outstanding items pertaining to the related parties at the balance - - sheet date Receivable/(Payable)	CY	29.68
		PY	6.43

(B) Details relating to persons referred to in item II above*

(₹ in Crs)

	Particulars	Financial Year 2019-20	Financial Year 2018-19
a.	Remuneration including perquisites#	6.29	10.76
b.	Commission to Directors/KMPs	19.10	14.73
c.	Sitting Fees	0.01	0.03
d.	Rent paid	1.07	1.12
e.	Travelling Expenses	0.53	0.76
f.	Telephone Expenses	0.05	0.05
	Total	**27.05**	**27.45**

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

#Value of Perquisites includes non Cash Perquisites of ₹ 0.02 Crs (previous year ₹ 0.02 Crs).

Notes to the Financial Statements
for the year ended 31st March, 2020

28. Segment Reporting

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2019-20	Financial Year 2018-19
(A)	**Primary Segments: Business Segments**		
1	**Segment Revenue:**		
	a) Speciality Chemicals	3,864.95	3,979.70
	b) Pharmaceuticals	755.74	725.81
	Total Revenue (Gross)	**4,620.69**	**4,705.51**
	Less: GST Taxes Collected	434.38	537.95
	Total Revenue (Net)	**4,186.31**	**4,167.56**
2	**Segment Results Profit/(Loss):**		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	814.11	819.57
	b) Pharmaceuticals	137.46	112.68
	Total (A)	**951.57**	**932.25**
	Less: Interest	124.78	182.54
	Other Unallocable Expenditure (Net)	150.61	127.74
	Total (B)	**275.39**	**310.28**
	Total Profit before Tax (A-B)	**676.18**	**621.97**
3	**Segment Assets:**		
	a) Speciality Chemicals	4,766.25	3,759.66
	b) Pharmaceuticals	958.60	940.71
	c) Unallocated Capital	360.37	323.37
	Total	**6,085.22**	**5,023.74**
	Segment Liabilities:		
	a) Speciality Chemicals	1,139.96	719.29
	b) Pharmaceuticals	97.64	95.30
	c) Unallocated Capital	211.01	193.01
	Total	**1,448.61**	**1,007.60**
(B)	**Secondary Segments: Geographical Segments (Gross)**		
	a) India	2,655.17	2,728.63
	b) Out of India	1,965.52	1,976.88
	Total	**4,620.69**	**4,705.51**

Note:

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

29. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Particulars	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(₹ in Crs)	As % of Consolidated net assets	(₹ in Crs)
Parent				
Aarti Industries Limited	97.42%	2,901.82	97.63%	523.35
Subsidiaries				
Alchemie (Europe) Limited	0.05%	1.37	0.28%	1.48
Aarti USA Inc.	(0.04%)	(1.33)	0.04%	0.24
Aarti Corporate Services Limited	0.60%	17.84	0.00%	(0.01)
Ganesh Polychem Limited	5.41%	161.02	4.00%	21.45
Innovative Envirocare Jhagadia Limited	0.01%	0.18	0.00%	0.00
Nascent Chemical Industries Limited	0.04%	1.21	0.00%	(0.02)
Shanti Intermediates Private Limited	0.01%	0.28	(0.02%)	(0.12)
Aarti Polychem Private Limited	0.00%	0.00	0.00%	0.00
Aarti Organics Limited	0.01%	0.23	0.00%	(0.02)
Aarti Bharuch Limited	0.01%	0.23	0.00%	(0.02)
Aarti Pharmachem Limited	0.01%	0.23	0.00%	(0.02)
Aarti Spechem Limited	0.01%	0.23	0.00%	(0.02)
Non Controlling Interest in all Subsidiaries	(3.18%)	(94.62)	(1.99%)	(10.68)
Inter Company Elimination & Consolidation Adjustment	(0.33%)	(9.92)	0.09%	0.47
Total	**100.00%**	**2,978.77**	**100.00%**	**536.08**

30. Fair Value Measurements

Financial instruments by category

(₹ in Crs)

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	22.14	-	-	24.07	-	-
Trade Receivables	753.44	-	-	776.04	-	-
Cash and Cash Equivalents	247.29	-	-	804.20	-	-
Other Financial Assets	382.47	-	-	371.73	-	-
At FVTOCI						
Investments	14.87	4.23	10.64	9.09	-	9.09
Financial Liabilities						
At Amortised Cost						
Borrowings	1,810.51	-	-	2,105.63	-	-
Trade Payables	345.16	-	-	279.28	-	-
Other Non-current Liabilities	550.89	-	-	203.24	-	-
Other Current Financial Liabilities	341.54	-	-	362.06	-	-

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

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

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

Notes to the Financial Statements
for the year ended 31st March, 2020

31. CAPITAL MANAGEMENT:

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

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

(₹ in Crs)

Particulars	31st March 2020	31st March 2019
Gross Debts	2,094.16	2,401.08
Less: Cash and Marketable Securities	(247.29)	(804.20)
Net Debt (A)	**1,846.87**	**1,596.88**
Total Equity (B)	**3,073.39**	**2,714.71**
Net Gearing ratio (A/B)	**0.60**	**0.59**

Dividends

(₹ in Crs)

Particulars	31st March 2020	31st March 2019
(i) Equity shares		
Final dividend for the year ended 31st March 2019 of ₹ 7 per fully paid share & Interim Dividend for 2019-20 @ ₹ 2.50 per Share paid during the year 2019-20	104.54	44.25
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1 (31st March 2019 ₹ 7) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	17.42	60.98

32. Financial Risk Management

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

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

I. Credit Risk

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

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

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

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

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

II. Liquidity risk

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

(a) Liquidity risk management

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

As at 31st March 2020

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	345.16	-	-	345.16
Other financial liabilities	1,571.21	1,131.73	-	2,702.94
Total	**1,916.37**	**1,131.73**	**-**	**3,048.10**

As at 31st March 2019

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	279.28	-	-	279.28
Other financial liabilities	1,652.89	1,018.04	-	2,670.93
Total	**1,932.17**	**1,018.04**	**-**	**2,950.21**

III. Market risk

Foreign currency risk

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

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Notes to the Financial Statements
for the year ended 31st March, 2020

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

33. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date

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

Milind Bhave
Partner
M.No.047973

Place: Mumbai

Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and Managing Director
DIN:00066291

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Independent Auditor's Report

To the Members of
Aarti Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Aarti Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2019, of consolidated profit/loss, (consolidated changes in equity) and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
1	Accuracy, Completeness and disclosure with reference to IND AS-16 of Property, Plant and Equipments (Including CapEx) Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and multiple IT systems used for maintaining Fixed Asset Register (FAR), tracking and monitoring CapEx requires more attention to ensure reasonable accurateness and completeness of financial reporting in respect of Property, Plant and Equipments.	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed Group'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. b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
	Further, technical complexities requires management to assess and make estimates/judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results Refer note 1 to financial statements	c) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. d) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013. e) We have carried out physical verification on sample basis in respect of Property, Plant and Equipment. f) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23
2	Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2 Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations. Further due to continuous nature of plant operations and the raw materials which are basically chemicals, management has to exercise its judgment in assessing stage of the product and its valuation. Refer note 4 to financial statements	Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows: a) We assessed the Group's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2. b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory. d) We have carried out physical verification of Inventory on test check basis. e) We have verified consistency in respect of valuation process and methodology followed
3	Accuracy, Completeness and disclosure pertaining to the effect of composite scheme of arrangement with reference to Ind AS 103 The composite scheme of arrangement in respect of demerger of Home and Personal Care (HPC) undertaking from Aarti Industries Limited to Aarti Surfactants Limited and demerger of manufacturing undertaking of Nascent Chemical Industries Limited, step down subsidiary of Aarti Industries Limited, being transferred to Aarti Industries Limited was approved by honourable National Company Law Tribunal, Ahmedabad Bench vide its order dated June 10, 2019. The said scheme comes into effect from April 1, 2018.	Our audit approach consisted reviewing the composite scheme of arrangement followed by applying appropriate substantive tests as summarised below: a) In respect of HPC undertaking being transferred to Aarti Surfactants Limited, the assets, liabilities and operating revenues and expenses pertaining to said undertaking identified by the management were verified with the books of account b) Consistency in respect of allocation of general and administrative expenses to the HPC undertaking were checked c) Adjustments in the financial statement for carving out assets, liabilities, operating revenues and expenses (including allocated general and administrative expenses) were verified

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
	To give effect to the said scheme, ensuring accurate and complete identification of assets, liabilities and operating results of undertaking being transferred and of the undertaking being merged in the books of the company was utmost important for the true and fair presentation of financial statements along with appropriate disclosure notes.	d) Audit of Nascent Chemical Industries Limited has been conducted by other independent professional firm. We have reviewed audited financial statements together with disclosure notes of Nascent Chemical Industries Limited and the audit report issued by its auditor before giving effect to carving out of its manufacturing undertaking pursuant to the composite scheme of arrangement. e) We have obtained and reviewed audited segment financials for the manufacturing undertaking of Nascent Chemical Industries Limited and audited financials of Nascent Chemical Industries Limited after carving out its manufacturing undertaking pursuant to the said scheme f) Adjustments for incorporating the manufacturing undertaking of Nascent Chemical Industries Limited in the financial statements were verified g) Disclosures in financial statement after giving effect to the said scheme were reviewed for appropriateness in terms of Ind As 103
4	Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts The contracts entered into covers a span of 10 to 20 years. Estimated exports which will happen over the period of contract at a later stage requires management to exercise its judgment. Based on the judgment and the carrying value of the advances received, its fair presentation is critical. Refer note 13 to financial statements	The Company has entered into long term contracts for exports of materials. Under these contracts the Company has received advances to expedite establishment of production facilities. Our audit approach consisted substantive testing as follows: a) We have reviewed the terms of contracts entered into by the Company b) The classification, presentation of the said advances received under these contracts was tested c) The fairness of value reflected in financial statement was verified and tested c) Disclosure notes pertaining to said advances in financial statement was reviewed

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Other Matters

(a) The composite scheme of arrangement in respect of demerger of Home and Personal Care undertaking from Aarti Industries Limited to Aarti Surfactants Limited and demerger of manufacturing undertaking of Nascent Chemical Industries Limited, step down subsidiary of Aarti Industries Limited, being transferred to Aarti Industries Limited was approved by honourable National Company Law Tribunal, Ahmedabad Bench vide its order dated June 10, 2019. The said scheme comes into effect from April 1, 2018. The consolidated financial statements have been drawn giving effect to the composite scheme of arrangement.

(b) We did not audit the financial statements / financial information of 8 subsidiaries, and, whose financial statements / financial information reflect total assets of ₹ 229.65 crores as at March 31, 2019, total revenues of ₹ 157.70 crores and net cash flows amounting to ₹ 0.67 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, 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, jointly controlled entities and associates, 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 by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

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

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities– Refer Note 25 to the Consolidated Financial Statements.

   ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **Kirtane & Pandit LLP,**
Chartered Accountants
Firm's Registration No. 105215W/W100057

Milind Bhave
Partner
M. No. 047973
UDIN: 19047973AAAAEA8784

Place: Mumbai
Date: July 8, 2019

Annexure A to the Auditor's Report

March 31, 2019

Report on the Internal Financial Controls Over Financial Reporting Under Clause Financial Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("The Act")

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group"), its associates and jointly controlled entities incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's, its associates' and jointly controlled entities', incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiary, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/ standalone financial statements of eight subsidiaries, of which six are incorporated in India and two are incorporated outside India, is based on the corresponding reports of the auditors of such companies.

For **Kirtane & Pandit LLP,**
Chartered Accountants
Firm's Registration No. 105215W/W100057

Milind Bhave
Partner
M. No. 047973
UDIN: 19047973AAAAEA8784

Place: Mumbai
Date: July 8, 2019

Consolidated Balance Sheet

as at 31st March, 2019

(₹ in Crs)

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	2,145.35	1,996.17
Capital Work-in-Progress	1	794.57	436.23
Goodwill	1	0.42	0.42
Other Intangible Assets	1	0.90	1.30
Financial Assets			
Investments	2	33.16	47.22
Other Non-Current Assets	3	306.43	225.18
Total Non-Current Assets		**3,280.83**	**2,706.52**
Current Assets			
Inventories	4	771.79	747.30
Financial Assets:			
Trade Receivables	5	776.04	654.75
Cash and Cash Equivalents	6	804.20	32.10
Others Current Financial Assets	7	190.66	224.80
Other Current Assets	8	34.42	25.99
Total Current Assets		**2,577.11**	**1,684.94**
Total Assets		**5,857.94**	**4,391.46**
Equity and Liabilities			
Equity			
Equity Share Capital	9	43.33	40.65
Equity Share Capital pending allotment upon scheme of Arrangement	10	0.22	NIL
Other Equity	11	2,587.22	1,537.78
Non Controlling Interest		83.95	77.02
Total Equity		**2,714.72**	**1,655.45**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	814.80	908.27
Other Non-Current Liabilities	13	203.24	64.00
Deferred Tax Liabilities (Net)	14	193.01	177.41
Total Non-Current Liabilities		**1,211.05**	**1,149.68**
Current Liabilities			
Financial Liabilities			
Borrowings	15	1,290.83	1,012.48
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		279.28	357.49
Other Current Liabilities	16	319.64	185.32
Provisions	17	42.42	31.04
Total Current Liabilities		**1,932.17**	**1,586.33**
Total Liabilities		**3,143.22**	**2,736.01**
Total Equity and Libilities		**5,857.94**	**4,391.46**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhave
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Consolidated Statement of Profit and Loss
for the year ended 31st March, 2019

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Revenue			
Revenue from Operations	18	4,705.51	3,806.06
Other Income	19	2.10	7.77
Total Revenue		**4,707.61**	**3,813.83**
Expenses			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	2,570.51	2,169.96
Purchases of Stock-in-Trade		183.47	117.46
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	(59.40)	(105.89)
Employee Benefits Expense	22	242.82	190.14
Finance Costs	23	182.54	131.65
Depreciation and Amortisation Expenses	1	162.68	146.23
Other Expenses	24	803.02	735.27
Total Expenses		**4,085.64**	**3,384.82**
Profit Before Tax		**621.97**	**429.01**
Tax Expenses			
Current Year Tax		136.65	87.81
Earlier Year Tax		(2.05)	0.01
MAT Credit Entitlement		(38.79)	(26.91)
Deferred Tax		21.99	21.97
Total Tax Expenses		**117.80**	**82.88**
Profit After Tax Before Non Controlling Interest and Share of Profit/(Loss) of Associates		**504.17**	**346.13**
Profit attributable to Non Controlling Interest		(12.44)	(13.17)
Share of Profit/(Loss) of Associates		NIL	NIL
Profit/(Loss) for the period		**491.73**	**332.96**
Other Comprehensive Income			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifing Items		5.26	(2.94)
Total Comprehensive Income for the year		**496.99**	**330.02**
Earnings Per Equity Share (EPS) (in ₹)	25		
Basic/Diluted		60.39	40.95
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhave
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2019

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	621.97	429.01
	Adjustments for:		
	Finance Costs	182.54	131.65
	Depreciation and Amortisation Expenses	162.68	146.23
	Consolidated Adjustments	0.67	(3.26)
	Loss on Sale of Assets/Investments	NIL	0.39
		967.86	**704.02**
	Profit on Sale of Assets/Investments	(1.69)	(6.67)
	Dividend Income from other Investments	(0.01)	(0.06)
	Lease Rent income	(0.07)	(0.26)
	Operating Profit before Working Capital Changes	**966.09**	**697.03**
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(153.61)	(145.57)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	128.79	58.14
	(Increase)/Decrease in Inventories	(74.33)	(175.88)
	Cash Generated from Operations	**866.94**	**433.72**
	Direct Taxes Paid	(130.74)	(98.82)
	Net Cash Flow from Operating Activities (A)	**736.20**	**334.90**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipment/Capital WIP	(793.61)	(614.78)
	Sale/Written off of Property, Plant & Equipment	2.60	0.73
	(Increase)/Decrease in Other Investments	(6.07)	3.35
	Dividend Income from Other Investments	0.01	0.06
	Lease Rent Income	0.07	0.26
	Net Cash Flow from Investing Activities (B)	**(797.00)**	**(610.38)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	241.65	468.53
	Repayment of Long-Term Borrowings	(201.94)	(122.55)
	Proceeds/(Repayment) of Other Borrowings	278.35	173.19
	Increase in Equity through QIP Allotment (Net of Expenses)	741.40	NIL
	Reduction in Equity Share Capital due to Buy-back	NIL	(98.45)
	Finance Costs	(182.54)	(131.65)
	Dividend Paid	(43.99)	(10.00)
	Net Cash Flow from Financing Activities (C)	**832.93**	**279.07**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	772.13	3.59
	Cash and Cash Equivalents (Opening Balance)	32.09	28.50
	Cash and Cash Equivalents (Opening Balance of Demerged Co.)	(0.02)	NIL
	Cash and Cash Equivalents (Closing Balance)	**804.20**	**32.09**

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhave
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2019

A. Equity Share Capital

	(₹ in Crs)
As at 1st April, 2017	**41.06**
Changes in equity share capital during the year 2017-18	(0.41)
As at 31st March, 2018	**40.65**
Changes in equity share capital during the year 2018-19	2.68
As at 31st March, 2019	**43.33**

B. Other Equity

(₹ in Crs)

Particulars	Other Equity										
	Reserves and Surplus									Other Comprehensive Income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Debenture Redumption Reserve	General Reserve	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
Balance as at 1st April, 2017	**13.76**	**1.87**	**1.37**	**90.00**	**130.97**	**1.85**	**0.53**	**2.02**	**1,050.42**	**28.61**	**1,321.41**
Upon Buy-back of Shares	-	0.41	-	-	(98.44)	-	-	-	-	-	(98.03)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	34.01	-	-	1.44	(65.44)	-	NIL
Dividend Paid	-	-	-	-	-	-	-	-	(13.03)	-	(13.03)
Tax on Dividend	-	-	-	-	-	-	-	-	(2.40)	-	(2.40)
Intergroup Dividend	-	-	-	-	-	-	-	-	3.03	-	3.03
Other Adjustment	-	-	-	-	-	-	(0.01)	-	0.06	-	0.05
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(3.28)	-	(3.28)
Profit for the Period	-	-	-	-	-	-	-	-	332.96	-	332.96
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(2.94)	(2.94)
As at 31st March, 2018	**13.76**	**2.28**	**1.37**	**120.00**	**66.54**	**1.85**	**0.52**	**3.46**	**1,302.32**	**25.68**	**1,537.78**
Transfer to Other Reserves from Retained Earnings	-	-	-	-	49.50	-	-	0.24	(49.74)	-	NIL
Persuant to the Scheme of Arrangement	0.13	-	-	-	2.96	-	-	-	(111.91)	(24.50)	(133.32)
Dividend Paid	-	-	-	-	-	-	-	-	(47.38)	-	(47.38)
Tax on Dividend	-	-	-	-	-	-	-	-	(9.23)	-	(9.23)
Intergroup Dividend	-	-	-	-	-	-	-	-	3.39	-	3.39
Upon QIP Proceeds (net of Expenses)	-	-	738.72	-	-	-	-	-	-	-	738.72
Other Adjustment	-	-	-	-	-	-	(0.01)	-	-	-	(0.01)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	0.67	-	0.67
Profit for the Period	-	-	-	-	-	-	-	-	491.73	-	491.73
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	4.87	4.87
Balance as at 31st March, 2019	**13.89**	**2.28**	**740.09**	**120.00**	**119.00**	**1.85**	**0.51**	**3.70**	**1,579.85**	**6.05**	**2,587.22**

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhave
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Corporate Information and Significant Accounting Policies

Corporate Information

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Holding Company") and subsidaries (collectively referred to as "the Group") for the year ended 31st March 2019.

The principal activities of the Group, and its subsidiaries consists of manufacturing and dealing in Speciality Chemicals, Pharmaceuticals and Home & Personal Care intermediates.

Explanatory Note on the Composite Scheme of Arrangement

The Company had filed the Composite Scheme of Arrangement (Scheme) with NCLT, Ahmedabad Bench, with respect to the demerger of its Home & Personal Care Undertaking into Aarti Surfactant Limited and merger of manufacturing undertaking of its step down subsidiary Nascent Chemicals Industries Limited into itself. The said Scheme was approved by NCLT Ahmedabad vide its order dated 10th June, 2019. The Scheme had become effective from 1st April 2018 (Appointed Date). The financials of the Company for FY 2018-19 have been drawn after giving the effect of the Scheme. Hence to this extent, the financials for FY 2018-19 is not comparable with that of FY 2017-18.

Accounting of Home and Personal Care Undertaking of Aarti Industries Limited (Outgoing Business):

Pursuant to the Scheme, the net assets of ₹ 136.36 Crs. as of the Appointed date, in respect of the Outgoing Businesses had been transferred to Aarti Surfactants limited at Book Value and As Per the terms of the Scheme The Free Reserves of the Company has been proportionately debited to this extent.

Accounting for Merger of Manufacturing undertaking of Step down Subsidiary Nascent Chemical Industries limited (Incoming Business):

Pursuant to the Scheme of Arrangement, Net Assets of ₹ 11.12 Crs. as of the Appointed date, in respect of the Incoming Business has been merged into Aarti Industries limited. The Company had followed the Pooling of Interest method specified under Ind As 103 for accounting of Business combinations and as a result,

- The Assets and liabilities of incoming businesses are reflected at their respective carrying amounts.

- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

- The Excess of the Net Assets over the face Value of Equity Shares to be allotted in accordance with the Scheme has been credited to the applicable reserves and surpluses.

Significant Accounting Policies

(a) Background:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:		
(i) Aarti Corporate Services Limited	India	100.00%
(ii) Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited)	India	50.49%
(iii) Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
(iv) Innovative Envirocare Jhagadia Limited	India	100.00%
(v) Ganesh Polychem Limited	India	50.24%
(vi) Aarti Polychem Private Limited	India	100.00%
Foreign Subsidiary:		
(vii) Alchemie (Europe) Limited	United Kingdom	88.89%
(viii) Aarti USA Inc.	USA	100.00%

(b) Basis of Prepration and Presentation:

Significant Accounting policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide to better understanding of the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

(c) Principles of Consolidation :

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March, 2019.

(iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except PPE) and liabilities are converted at the rates, prevailing at the end of the year. In case of PPE, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

(v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard (Ind AS) 28 "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

(d) Revenue Recognition:

Ind AS 115 is effective from 1st April 2018 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, 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.

Revenue from contract with customer

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

(i) Sale of goods: Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.

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

(iii) Dividend income: Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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

(v) Subsidy received: Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(e) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(2) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits avalied,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.

(3) Depreciation/Amortization

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

Particulars	Depreciation/Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19-31 years
(iii) Residential Quarters	Over a period of 30 years
(iv) Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 years
(vii) Furniture and Fixtures	Over a period of 10 years
(viii) Vehicles	Over a period of 7 years

(B) Product/Process Development Expenses are amortized over the estimated useful life of the product.

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

(f) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(g) Investments:

(i) Investments in subsidiaries and associates are measured at cost

(ii) Other investments are measured at fair value through Other Comprehensive Income.

(h) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares	At cost on Weighted Average basis.
(ii) Work-in-Process	At cost plus appropriate allocation of overheads.
(iii) Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

(i) Retirement Benefits:

Employee benefits are charged off in the year in which the employee has rendered services.

(j) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are approriately dealt in the financial statements in accordance with the appicables accounting standards.

(k) Operating Lease:

Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

(l) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(m) Income Taxes:

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

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

Current income tax:

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

Deferred tax :

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) :

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

(n) Borrowing Costs:

Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(o) Provisions and Contingent Liabilities:

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

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

(p) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertilbe to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unresticted for withdrawals and usages.

1. Property, Plant and Equipment:

(₹ in Crs)

F.Y. 2018-19	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars	Balance as at 1st April, 2018	Addition/ Deduction persuant to the scheme of Arrangment	Additions/ Disposals)	Deduction/ Adjustment	**Balance as at 31st March, 2019**	Balance as at 1st April, 2018	Addition/ Deduction persuant to the scheme of Arrangment	Depreciation charge for the year	Deduction / Adjustment	**Balance as at 31st March, 2019**	**Balance as at 31st March, 2019**	Balance as at 31st March, 2018
(i) Tangible Assets												
Free hold Land	3.68	-	-	-	3.68	0.26		-	-	0.26	3.42	3.42
Lease Hold Land	148.82	(1.98)	13.11	-	159.95	6.27	(0.36)	1.84	-	7.75	152.20	142.55
Residential Flat	0.00	-	-	-	0.00	0.00	-	-	-	0.00	0.00	0.00
Buildings	265.23	(9.82)	39.05	0.31	294.15	66.08	(3.93)	14.14	0.01	76.28	217.87	199.15
Plant and Equipment	2,518.13	(146.65)	343.22	0.93	2,713.77	937.71	(44.37)	137.12	0.32	1,030.14	1,683.63	1,580.42
R & D Assets	66.50	-	18.65	-	85.15	14.88	-	3.84	-	18.72	66.43	51.62
Furniture and Fixtures	31.37	(1.03)	4.28	-	34.62	20.91	(0.85)	3.19	-	23.25	11.37	10.46
Vehicles	26.15	(0.59)	4.11	-	29.67	17.59	(0.52)	2.16	-	19.23	10.44	8.56
Total (i)	**3,059.88**	**(160.07)**	**422.42**	**1.24**	**3,320.99**	**1,063.70**	**(50.03)**	**162.29**	**0.33**	**1,175.63**	**2,145.35**	**1,996.17**
(ii) Intangible Assets												
Process Development	21.96	-	-	-	21.96	20.66	-	0.40	-	21.06	0.90	1.30
Technical Knowhow	1.38	-	-	-	1.38	1.38	-	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	-	6.19	6.19	-	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	-	0.38	0.38	-	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	-	9.66	9.66	-	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	-	1.24	0.82	-	-	-	0.82	0.42	0.42
Total (ii)	**40.81**	**NIL**	**NIL**	**NIL**	**40.81**	**39.09**	**NIL**	**0.40**	**NIL**	**39.49**	**1.32**	**1.72**
TOTAL (i+ii)	**3,100.69**	**(160.07)**	**422.42**	**1.24**	**3,361.80**	**1,102.79**	**(50.03)**	**162.69**	**0.33**	**1,215.12**	**2,146.67**	**1,997.89**
(iii) Capital Work-in-Progress											**794.57**	436.23

(₹ in Crs)

F.Y. 2017-18	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2017	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2018	Balance as at 1st April, 2017	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2018	Balance as at 31st March, 2018	Balance as at 31st March, 2017
(i) Tangible Assets										
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42	3.42
Lease Hold Land	115.55	33.27	-	148.82	3.92	2.35	-	6.27	142.55	111.63
Residential Flat	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
Buildings	220.97	44.27	0.01	265.23	53.69	12.39	-	66.08	199.15	167.28
Plant and Equipment	2,189.43	329.73	1.03	2,518.13	814.29	123.79	0.37	937.71	1,580.42	1,375.14
R & D Assets	33.32	33.18	-	66.50	11.91	2.97	-	14.88	51.62	21.41
Furniture and Fixtures	25.85	5.53	0.01	31.37	18.37	2.55	0.01	20.91	10.46	7.48
Vehicles	25.00	2.09	0.94	26.15	16.46	1.78	0.65	17.59	8.56	8.54
Total (i)	**2,613.80**	**448.07**	**1.99**	**3,059.88**	**918.90**	**145.83**	**1.03**	**1,063.70**	**1,996.17**	**1,694.90**
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	20.26	0.40	-	20.66	1.30	1.70
Technical Knowhow	1.38	-	-	1.38	1.38	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	6.19	6.19	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	9.66	9.66	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	1.24	0.82	-	-	0.82	0.42	0.42
Total (ii)	**40.81**	**NIL**	**NIL**	**40.81**	**38.69**	**0.40**	**NIL**	**39.09**	**1.72**	**2.12**
TOTAL (i+ii)	**2,654.61**	**448.07**	**1.99**	**3,100.69**	**957.59**	**146.23**	**1.03**	**1,102.79**	**1,997.89**	**1,697.02**
(iii) Capital Work-in-Progress									436.23	269.52

AARTI INDUSTRIES

2. Non-Current Investments:

(₹ in Crs)

Name of the Company	No. of Shares/ Units	As at 31st March, 2019	No. of Shares/ Units	As at 31st March, 2018
Trade Investments - (Quoted) in Equity Shares				
Aarti Drugs Limited*	NIL	NIL	491,790	24.88
		NIL		**24.88**
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	2.19	464,550	1.77
U.K.I.P. Co-Op. Society Limited	80	0.00	35	0.00
Aarti Ventures Limited	190,000	0.16	190,000	0.16
Tarapur Environment Protection Society	32,489	0.62	21,752	0.62
Derma Touch Inc.	125,000	7.53	125,000	1.34
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	858	0.01	858	0.13
Bewakoof Brands Private Limited	4,033	2.17	4,033	0.88
Amarjyot Chemicals Limited	56,258	4.25	56,258	1.10
Polygomma Industries Private Limited	533,358	4.54	533,358	4.54
Numbermask Digital Private Limited	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	28,796	0.00	28,796	0.02
Aarti Biotech Limited	421,700	0.11	421,700	0.11
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	380,640	0.20	380,640	0.18
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		21.96		**11.01**
Investments - (Unquoted) Convtertible Pref. Shares				
Deltecs Infotech Private Limited	750,000	0.26	750,000	0.26
		0.26		**0.26**
Investments - (Unquoted) in Warrant Certificate				
Deltecs Infotech Private Limited	93	0.00	93	0.00
		0.00		**0.00**
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.80
		3.67		**3.80**
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		**7.27**
Total		**33.16**		**47.22**

*Transferred to Aarti Surfactants Ltd. pursuant to the Scheme of Arrangement.

3. Other Non-Current Assets:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital Advances	109.58	59.06
Other Deposits	37.07	32.04
Advance Tax and Tax Deducted at Source (Net of Provisions)	159.78	134.08
Total	**306.43**	**225.18**

4. Inventories:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw Materials and Components	220.46	242.85
Work-in-progress	214.07	203.00
Finished Goods	280.28	206.44
Stock-in-trade	1.25	41.71
Stores and spares	40.21	19.43
Fuel	11.40	29.77
Packing Materials	4.11	4.09
Total	**771.79**	**747.30**

5. Trade Receivables:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured and considered good	776.04	654.75
Total	**776.04**	**654.75**

6. Cash and Cash Equivalents:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	0.45	0.54
Bank balance in Current Accounts	85.09	25.11
Bank balance in Deposit Accounts*	496.39	4.46
Cash Equivalants investment in highly Liquid Funds*	220.22	NIL
Earmarked Balances (Unpaid Dividend Accounts)	2.05	1.99
Total	**804.20**	**32.10**

*The above figures include the monies received from QIP, temporarily parked in bank deposits and highly liquid funds.

7. Other Current Financial Assets:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	107.67	209.15
Loans Given to		
Employees	7.69	7.68
Others*	75.30	7.97
Total	**190.66**	**224.80**

*The above figures include the net amount receivables from Aarti Surfactants Limited, created on account of transferred the total assets & liabilities as per the scheme of arrangement.

8. Other Current Assets:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Others Receivables	4.63	1.95
Prepaid Expenses	13.42	12.27
Subsidy Receivable	12.59	7.99
Insurance Claim Receivable	3.78	3.78
Total	**34.42**	**25.99**

9. Equity Share Capital:

(₹ in Crs)

Particulars	No. of Shares	As at 31st March, 2019	No. of Shares	As at 31st March, 2018
Authorised Share Capital				
Equity Shares of ₹ 5/- each	230,150,320	115.08	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	86,668,647	43.33	81,300,000	40.65
Total		**43.33**		**40.65**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2019:

Particulars	No. of Shares outstanding	
	As at 31st March, 2019	As at 31st March, 2018
Equity Shares at the beginning of the year	81,300,000	82,120,383
Add: Shares issued during the year	5,368,647	NIL
Less: Shares buy-back during the year	NIL	820,383
Equity Shares at the end of the year	86,668,647	81,300,000

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	7,136,819	8.23	6,530,886	8.03
Rashesh Chandrakant Gogri	3,834,404	4.42	5,334,404	6.56

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

Particulars	Financial Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
No. of Equity Shares outstanding	86,668,647	81,300,000	82,120,383	83,320,383	88,591,687

(Refer Note No. 9.4)

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year 2018-19, 53,68,647 shares were issued issued through Qualified Instituions Placement (QIP) at the issued price of ₹ 1397/- per equity share (including ₹ 1,392/- towards share premium) to Qualified Institutional Buyers

[b] During the year 2017-18, 820,383 shares were brought back at a premium of ₹ 1,195/-.

[c During the year 2016-17, 1,200,000 shares were brought back at a premium of ₹ 795/-.

[d] During the year 2015-16, 5,271,304 share of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagmation of Anushakti Chemicals & Drugs Limited, Anushakti Holdings Limited, Gogri and Sons Investments Private Limited, and Alchemie Leasing & Financing Private Limited into the Company.

10. Equity Share Capital Pending Allotment Upon Scheme of Arrangement:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
448,590 Shares are to be issued and alloted to the shareholders of Nascent Chemical Industries Limited pursuant to the terms of the Scheme of Arrangement approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench.	0.22	NIL
Total	**0.22**	**NIL**

11. Other Equity:

Particulars	As at 31st March, 2019	As at 31st March, 2018
		(₹ in Crs)
a. Capital Reserves		
Opening Balance	13.76	13.76
Addition:		
Persuant to the Scheme of Arrangement	0.13	NIL
Deduction:	NIL	NIL
Closing Balance	**13.89**	**13.76**
b. Capital Redemption Reserve		
Opening Balance	2.28	1.87
Addition:		
Upon Buy-back of Shares	NIL	0.41
Deduction	NIL	NIL
Closing Balance	**2.28**	**2.28**
c. Securities Premium Account		
Opening Balance	1.37	1.37
Addition: Upon QIP Allotment	747.32	NIL
Deduction: Upon QIP Expenses	8.60	NIL
Closing Balance	**740.09**	**1.37**
d. Debenture Redemption Reserve		
Opening Balance	120.00	90.00
Addition: Transferred from Profit & Loss Account	NIL	30.00
Deduction	NIL	NIL
Closing Balance	**120.00**	**120.00**
e. RBI Reserve U/s 45 (IC)		
Opening Balance	3.46	2.02
Addition: Transferred from Profit & Loss Account	0.24	1.44
Deduction:	NIL	NIL
Closing Balance	**3.70**	**3.46**
f. General Reserve		
Opening Balance	66.54	130.97
Addition:		
Pursuant to the Scheme of Arrangement	2.96	NIL
Transferred from Profit & Loss Account	49.50	34.01
Deduction: Upon Buy-back of Shares	NIL	98.44
Closing Balance	**119.00**	**66.54**
g. Profit and Loss Account		
Opening balance	1,302.32	1,050.42
Addition:		
Net Profit/(Loss) for the year	491.73	332.96
Deduction:		
Dividend Paid on Equity Shares	47.38	13.03
Tax on Dividend	9.23	2.40
Other Adjustments	NIL	(0.06)
Pursuant to the Scheme of Arrangement	111.91	NIL
Foreign Exchange Differnce on Translation	(0.67)	3.28
Intergroup Dividend	(3.39)	(3.03)
Transferred to Reserves	49.74	65.44
Closing Balance	**1,579.85**	**1,302.32**

(₹ in Crs)

	Particulars	As at 31st March, 2019	As at 31st March, 2018
h.	**Other Reserves**		
	Revaluation Reserve	0.51	0.52
	Forfeiture Reserve	1.85	1.85
	Closing Balance	**2.36**	**2.37**
i.	**Other Comprehensive Income**		
	Opening Balance	25.68	28.62
	Pursuant to the Scheme of Arrangement	(24.50)	NIL
	OCI for the year	4.87	(2.94)
	Closing Balance	**6.05**	**25.68**
	Total	**2,587.22**	**1,537.78**

12. Non-Current Borrowings:

(₹ in Crs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	80.45	40.00	120.45	40.00
(b) ECB/Term loans from Banks/Financial Institutions	731.77	254.56	787.18	121.91
(c) Vehicle Loans from Banks/Financial Institutions	2.58	0.89	0.64	0.36
Total	**814.80**	**295.45**	**908.27**	**162.27**

13. Other Non Current Liabilities:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Long Term Advance for Exports Received From Customer	203.24	64.00
Total	**203.24**	**64.00**

The Company has received advances of ₹ 203.24 Crs. (previous year ₹ 64.00 Crs.) for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee to the extent of ₹ 138.30 Crs. (previous year NIL) in favour of the customer.

14. Deferred Tax Liabilities (Net):

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Liabilities	177.41	155.44
Pursuant to the Scheme of Arrangement	(7.12)	NIL
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	24.92	24.06
Deferred Tax Assets		
Items allowed for tax purpose on payment	(2.20)	(2.09)
Deferred Tax Liabilities (Net)	**193.01**	**177.41**

15. Short-Term Borrowings:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured		
Working Capital Loan From Banks	1,220.29	871.28
	1,220.29	**871.28**
Unsecured		
From Banks	69.23	139.89
From Other	1.31	1.31
	70.54	**141.20**
Total	**1,290.83**	**1,012.48**

16. Other Current Liabilities:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current maturities of Long-Term Debt	294.56	161.91
Current maturities of Vehicle Loan	0.89	0.36
Interest accrued but not due on borrowings	11.31	15.15
Unpaid Dividends	2.05	1.99
Deposits	0.11	0.07
Sales Tax Deferred Liability	0.15	0.15
Other Current Liabilities & Taxes	10.57	5.69
Total	**319.64**	**185.32**

17. Short-Term Provisions:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Employees' Benefits	41.31	30.56
Others	1.11	0.48
Total	**42.42**	**31.04**

18. Revenue From Operations:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Sale of Products	4,659.49	3,753.77
Sale of Services	NIL	5.56
Other Operating Revenues (Refer Note No. 18.1)	46.02	46.73
Gross Revenue from Operations	**4,705.51**	**3,806.06**

18.1 Other Operating Revenues:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Fertilizers Subsidy Received	15.41	17.82
Export Benefits/Incentives	18.84	17.60
Scrap Sales	7.76	6.71
Other Operating Income	4.01	4.06
Vat Refund Received	NIL	0.54
Total	**46.02**	**46.73**

19. Other Income:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Dividend Income	0.01	0.06
Profit on Sale of Assets/Investment	1.69	6.67
Lease Rent Income	0.07	0.26
Other Income	0.33	0.78
Total	**2.10**	**7.77**

20. Cost of Materials Consumed:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Consumption of Raw Materials	2,261.51	1,889.09
Consumption of Packing Materials	41.50	40.39
Consumption of Fuel	187.22	171.04
Consumption of Stores & Spares	80.28	69.43
Total	**2,570.51**	**2,169.96**

21. Change In Inventory:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Opening Stock		
Finished Goods	248.15	182.89
Work-in-Progress	203.00	162.37
Less: HPC Segment Opening Stock	(14.95)	NIL
Total (A)	**436.20**	**345.26**
Closing Stock		
Finished Goods	281.53	248.15
Work-in-Progress	214.07	203.00
Total (B)	**495.60**	**451.15**
Total (A-B)	**(59.40)**	**(105.89)**

22. Employee Benefits:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Salaries, Wages & Bonus	214.11	171.36
Contribution to PF and other Funds	11.78	10.35
Workmen & Staff Welfare Expenses	16.93	8.43
Total	**242.82**	**190.14**

23. Finance Cost:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Interest on NCD's	15.09	19.77
Other Interest Expenses	159.81	104.80
Other Borrowing Costs	7.64	7.08
Total	**182.54**	**131.65**

24. Other Expenses:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Manufacturing Expenses:		
Freight, Cartage & Transport	108.14	104.52
Power	102.84	109.12
Water Charges	11.82	10.60
Processing Charges	45.40	35.04
Other Manufacturing Expenses	116.08	115.89
Repairs & Maintenance	98.92	78.33
Insurance Charges	3.79	3.00
Research & Development Expenses	21.87	15.07
Factory Administrative Expenses	36.02	28.21
Total (A)	**544.88**	**499.78**
Office Administrative Expenses:		
Rent, Rates and Taxes	2.18	2.07
Travelling and Conveyance	7.07	5.58
Auditor's Remuneration (Refer Note No. 24.1)	0.41	0.31
Legal & Professional Charges	13.62	14.43
Postage, Telegraph & Telephone	0.87	0.87
Printing & Stationery Expenses	0.95	0.99
Other Administrative Expenses	10.77	10.43
Total (B)	**35.87**	**34.69**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	5.83	5.36
Export Freight Expenses	67.51	59.61
Freight and Forwarding Expenses	109.40	102.53
Commission	8.68	8.03
Export Insurance Charges	2.36	2.00
Sample Testing & Analysis Charges	1.39	1.15
Lease Rent Paid	10.83	11.36
Provision for Doubtful Debts	2.11	1.00
Other Expenses	0.10	0.12
Bad Debts Written Off	2.89	NIL
Sales Tax & Other Dues Paid	NIL	0.43
Sundry Balance Written Off/(Back)	0.55	0.79
Total (C)	**211.65**	**192.39**
Non-Operating Expenses:		
Donations and CSR Expenses	10.62	8.02
Loss on Sale of Assets/Investment	NIL	0.39
Total (D)	**10.62**	**8.41**
TOTAL (A+B+C+D)	**803.02**	**735.27**

24.1. Auditor's Remuneration:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Audit Fees	0.34	0.27
Certification Charges	0.06	0.03
Out of Pocket Expenses	0.01	0.01
Total	**0.41**	**0.31**

25. Earning Per Share (EPS):

Particulars		For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Net Profit after Tax	(₹ in Crs)	504.17	346.13
Profit attributable to Non Controlling Interest	(₹ in Crs)	(12.44)	(13.17)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs)	491.73	332.96
No. of Equity Shares	(Nos.)	86,668,647	81,300,000
Basic & Diluted EPS	(₹)	60.39	40.95
Nominal Value of Equity Share	(₹)	5.00	5.00

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

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

26. Contingent Liabilities And Commitments: (to the extent not provided for)

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	75.23	89.76
(b) Letters of Credit, Bank Guarantees & Bills Discounted	113.00	69.89
	188.23	**159.65**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	218.49	43.16
	218.49	**43.16**
Total	**406.72**	**202.81**

27. Related Party Disclosure Under Accounting Standard (Ind AS: 24):

I Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private Limited

II Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

1.	Shri Rajendra V. Gogri	Director
2.	Shri Rashesh C. Gogri	Director
3.	Shri Shantilal T. Shah	Director
4.	Shri Parimal H. Desai	Director
5.	Shri Manoj M. Chheda	Director
6.	Shri Kirit R. Mehta	Director
7.	Smt. Hetal Gogri Gala	Director
8.	Shri Renil R. Gogri	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Shri Raj Sarraf	Company Secretary

The following transactions were carried out during the year with the related parties in the ordinary course of business

(A) Details relating to parties referred to in items I above.

(₹ in Crs)

Sr. No.	Description of Transaction	Year	Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	CY	39.65
		PY	30.96
2	Purchases of Raw Materials/Finished Goods	CY	14.97
		PY	11.31
3	Other Manufacturing Expenses	CY	4.15
		PY	2.81
4	Rent paid	CY	0.12
		PY	0.14
5	Other Income	CY	-
		PY	0.02
6	Purchase of Fixed Assets	CY	11.10
		PY	-
7	Dividend Income	CY	-
		PY	0.05
8	Outstanding items pertaining to the related parties at the balance - - sheet date Receivable/(Payable)	CY	6.43
		PY	13.01

(B) Details relating to persons referred to in item II above*

(₹ in Crs)

	Particulars	Financial Year 2018-19	Financial Year 2017-18
a.	Remuneration including perquisites #	10.76	9.91
b.	Commission to Directors	14.73	10.17
c.	Sitting Fees	0.03	0.02
d.	Rent paid	1.12	1.05
e.	Travelling Expenses	0.76	0.61
f.	Telephone Expenses	0.05	0.06
	Total	**27.45**	**21.82**

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

\# Value of Perquisites includes non Cash Perquisites of ₹ 0.02 Crs (previous year ₹ 0.02 Crs).

28. Segment Reporting:

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2018-19	Financial Year 2017-18
(A)	**Primary Segments: Business Segments**		
1	**Segment Revenue:**		
	a) Speciality Chemicals	3,979.70	2,985.49
	b) Pharmaceuticals	725.81	556.22
	c) Home & Personal Care Chemicals	NIL	264.35
	Total	**4,705.51**	**3,806.06**
2	**Segment Results Profit/(Loss):**		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	819.57	581.07
	b) Pharmaceuticals	112.68	79.20
	c) Home & Personal Care Chemicals	NIL	2.75
	Total (A)	**932.25**	**663.02**
	Less: Interest	182.54	131.65
	Other Unallocable Expenditure (Net)	127.74	102.36
	Total (B)	**310.28**	**234.01**
	Total Profit before Tax (A-B)	**621.97**	**429.01**
3	**Segment Assets:**		
	a) Speciality Chemicals	3,759.66	3,012.31
	b) Pharmaceuticals	940.71	808.23
	c) Home & Personal Care Chemicals	NIL	229.10
	d) Unallocated Capital	323.37	227.82
	Total	**5,023.74**	**4,277.46**
	Segment Liabilities:		
	a) Speciality Chemicals	719.29	441.62
	b) Pharmaceuticals	95.30	75.48
	c) Home & Personal Care Chemicals	NIL	56.75
	d) Unallocated Capital	193.01	177.41
	Total	**1,007.60**	**751.26**
(B)	**Secondary Segments: Geographical Segments**		
	a) India	2,728.63	2,115.08
	b) Out of India	1,976.88	1,690.98
	Total	**4,705.51**	**3,806.06**

Note:

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

29. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Name of Enterprise	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(₹ in Crs)	As % of Consolidated Profit or Loss	(₹ in Crs)
Parent				
Aarti Industries Limited	94.32%	2,560.63	97.87%	481.28
Subsidiaries				
Alchemie (Europe) Limited	0.05%	1.23	-0.12%	(0.60)
Aarti USA Inc.	-0.04%	(1.06)	-0.03%	(0.17)
Aarti Corporate Services Limited	0.71%	19.16	0.23%	1.13
Ganesh Polychem Limited	5.70%	154.71	5.08%	24.99
Innovative Envirocare Jhagadia Limited	0.01%	0.18	-0.02%	(0.10)
Nascent Chemical Industries Limited	0.04%	1.22	-0.03%	(0.13)
Shanti Intermediates Private Limited	0.01%	0.40	0.06%	0.29
Aarti Polychem Private Limited	0.00%	0.00	0.00%	0.00
Non Controlling Interest in all Subsidiaries	-3.09%	(83.95)	-2.53%	(12.44)
Inter Company Elimination & Consolidation Adjustment	2.29%	62.20	-0.51%	(2.52)
Total	**100.00%**	**2714.72**	**100.00%**	**491.73**

30. Fair Value Measurements:

Financial instuments by category

(₹ in Crs)

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	24.07	-	-	17.99	-	-
Trade Receivables	776.04	-	-	654.75	-	-
Cash and Cash Equivalents	804.20	-	-	32.09	-	-
Other Financial Assets	371.73	-	-	341.88	-	-
At FVTOCI						
Investments	9.09	-	9.09	29.23	24.88	4.35
Financial Liabilities						
At Amortised Cost						
Borrowings	2,105.63	-	-	1,920.75	-	-
Trade Payables	279.28	-	-	357.49	-	-
Other Non-current Liabilities	203.24			64.00		
Other Current Financial Liabilities	362.06	-	-	216.36	-	-

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

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

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

31. Capital Management:

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

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

(₹ in Crs)

Particulars	31st March 2019	31st March 2018
Gross Debts	2,401.08	2,083.02
Less: Cash and Marketable Securities	(804.20)	(56.97)
Net Debt (A)	**1,596.88**	**2,026.05**
Total Equity (B)	**2,714.72**	**1,655.42**
Net Gearing ratio (A/B)	**0.59**	**1.22**

Dividends

(₹ in Crs)

Particulars	31st March 2019	31st March 2018
(i) Equity shares		
Final dividend for the year ended 31st March 2018 of ₹ 1 per fully paid share & Interim Dividend for 2018-19 @ ₹ 4.00 per share paid	44.25	8.21
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 7 (31st March 2018 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	60.98	8.13

32. Financial Risk Management:

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

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

I. Credit Risk

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

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

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

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

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

II. Liquidity risk

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

(a) Liquidity risk management

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

As at 31st March 2019

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	279.28	-	-	279.28
Other financial liabilities	1,652.89	1,018.04	-	2,670.93
Total	**1,932.17**	**1,018.04**	**-**	**2,950.21**

As at 31st March 2018

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	357.49	-	-	357.49
Other financial liabilities	1,228.84	934.60	37.67	2,201.11
Total	**1,586.33**	**934.60**	**37.67**	**2,558.60**

III. Market risk

Foreign currency risk

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

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

33. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhave
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotments of Equity Shares pursuant to this Issue shall be made by our Company, in consultation with the GCBRLMs, to Eligible QIBs only, on a discretionary basis. The names of the Allottees and the percentage of post-Issue capital (assuming that the Equity Shares are Allotted to them pursuant to this Issue) that may be held by them, is set forth below:

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital held (%)*#
1	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MIDCAP FUND	0.16
2	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MANUFACTURING EQUITY FUND	0.10
3	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SPECIAL OPPORTUNITIES FUND	0.04
4	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FLEXI CAP FUND	0.94
5	EMERGING MARKETS LEADERS FUND I	0.02
6	MORGAN STANLEY INSTITUTIONAL FUND INC - EMERGING MARKETS LEADERS PORTFOLIO	0.22
7	MORGAN STANLEY INVESTMENT FUNDS EMERGING LEADERS EQUITY FUND	1.24
8	COPTHALL MAURITIUS INVESTMENT LIMITED - ODI ACCOUNT	0.11
9	INTEGRATED CORE STRATEGIES ASIA PTE LTD	0.07
10	SOCIETE GENERALE	0.25
11	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	0.02
12	BARON EMERGING MARKETS FUND	1.01
13	LPP I GLOBAL EQUITIES FUND	0.08
14	DESTINATIONS INTERNATIONAL EQUITY FUND, A SERIES OF BRINKER CAPITAL DESTINATIONS TRUST	0.06
15	BARON EMERGING MARKETS COLLECTIVE INVESTMENT FUND	0.02
16	BARON EMERGING MARKETS FUND LTD.	0.01
17	MULTIPARTNER SICAV - BARON EMERGING MARKETS EQUITY	Negligible
18	SBI LIFE INSURANCE COMPANY LTD	0.39
19	HDFC LIFE INSURANCE COMPANY LIMITED	1.18
20	KOTAK OFFSHORE	0.26
21	VALEO GLOBAL FUND	0.16
22	CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LTD	0.16
23	MAX LIFE INSURANCE COMPANY LIMITED	0.09
24	BNP PARIBAS ARBITRAGE - ODI	0.26
25	BARODA MULTI CAP FUND	0.12
26	BARODA LARGE AND MID CAP FUND	Negligible
27	EDELWEISS TOKIO LIFE INSURANCE COMPANY LIMITED- EQUITY MIDCAP FUND-SFIN ULIF001107/10/16ETLIMIDCAP147	0.02
28	KUBER INDIA FUND	0.16
29	NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA RETIREMENT FUND - WEALTH CREATION SCHEME	0.10
30	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	0.40

S. No.	Name of the proposed Allottee	Percentage of the post-Issue share capital held (%)*#
31	AMAZON MARKET NEUTRAL FUND	Negligible
32	TASMAN MARKET NEUTRAL FUND	0.01
33	REGAL TACTICAL OPPORTUNITIES FUND	0.02
34	REGAL INVESTMENT FUND	0.01
35	MORGAN STANLEY ASIA (SINGAPORE) PTE	0.10
36	ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	0.27

* *Based on the beneficiary position as on June 29, 2021 (adjusted for Equity Shares Allocated in the Issue).*

\# *The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, wherein their respective DP ID and Client ID has been considered.*

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Name: Mr. Rajendra Vallabhaji Gogri
Designation: Chairman and Managing Director
Date: June 30, 2021
Place: Mumbai

DECLARATION

We, the Board of Directors of our Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules made thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Name: Mr. Rajendra Vallabhaji Gogri
Designation: Chairman and Managing Director

I am authorised by the Fund Raising Committee of our Board, *vide* resolution dated June 24, 2021, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter(s) subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Name: Mr. Rajendra Vallabhaji Gogri
Designation: Chairman and Managing Director
Date: June 30, 2021
Place: Mumbai

AARTI INDUSTRIES LIMITED
CIN: L24110GJ1984PLC007301

REGISTERED OFFICE

Plot No. 801, 801/23, GIDC Estate Phase III,
Vapi, Gujarat- 396195, India
Telephone No. +91 026 0240 0059/0366;
Facsimile No: +91 026 0240 1322
Website: www.aarti-industries.com

CORPORATE OFFICE

71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S.
Marg, Mulund (West),
Mumbai - 400 080, Maharashtra, India
Telephone No. +91 22 6797 6666
Facsimile No: +91 22 2565 3185/3234
Website: www.aarti-industries.com

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Raj Sarraf, Company Secretary and Compliance Officer,
71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai,
Maharashtra - 400 080
Telephone No. +91 22 6797 6666
Email: investorrelations@aarti-industries.com

GLOBAL COORDINATORS & BOOK RUNNING LEAD MANAGERS

EDELWEISS FINANCIAL SERVICES LIMITED
6th floor, Edelweiss House,
Off C.S.T. Road, Kalina
Mumbai – 400 098,
Maharashtra, India

AMBIT PRIVATE LIMITED
Ambit House, 449 Senapati Bapat
Marg, Lower Parel,
Mumbai 400 013,
Maharashtra, India

KOTAK MAHINDRA CAPITAL COMPANY LIMITED
1st Floor, 27BKC, Plot No. C-27
"G" Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

LEGAL ADVISOR TO THIS ISSUE AS TO INDIAN LAW

J. Sagar Associates
Vakils House
18, Sprott Road, Ballard Estate
Mumbai 400 001
Maharashtra, India

INTERNATIONAL LEGAL COUNSEL TO THE GCBRLMS

Dentons US LLP
2000 McKinney Avenue
Suite 1900
Dallas, Texas 75201
United States

STATUTORY AUDITOR

M/s Kirtane & Pandit LLP, Chartered Accountants
H/16, Sarswat Colony, Sitladevi Temple Road,
Mahim, Mumbai – 400 016
Telephone No.: +91 22 2444 4119/15, 2446 9713
Facsimile No: +91 20 2544 7603
Email: kpcamumbai@kirtanepandit.com

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

<table>
<tr><td rowspan="2">AARTI INDUSTRIES LIMITED</td><td>APPLICATION FORM</td></tr>
<tr><td>Name of the Bidder ___________________

Form. No.______</td></tr>
<tr><td>(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)
Registered Office: Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
Corporate Office: 71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai - 400 080, Maharashtra, India
Website: www.aarti-industries.com | CIN: L24110GJ1984PLC007301
Telephone No.: +91 22 6797 6666 | Facsimile No.: +91 22 2565 3185/3234 | Email: investorrelations@aarti-industries.com</td><td>Date: ______</td></tr>
</table>

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 5 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE, AGGREGATING TO ₹[●] MILLION IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") BY AARTI INDUSTRIES LIMITED (THE "COMPANY") (AND SUCH ISSUE THE "ISSUE").

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; and (c) hold a valid and existing registration under the applicable laws in India (as applicable), are eligible to invest in the Issue and submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("Rule 144A") and referred to in the accompanying preliminary placement document dated June 24, 2021 (the "PPD")as a "U.S. QIB") pursuant to Section 4(a)(2) or another available exemption the registration requirements of the Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales occur. You should note and observe the solicitation and distribution restrictions contained in the section titled "Selling Restrictions" and the transfer restrictions contained in the section titled "Transfer Restrictions" in the PPD.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA NON-DEBT RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, FDI POLICY, AND RULE 6 OF THE FEMA NON-DEBT RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
AARTI INDUSTRIES LIMITED
Plot No. 801, 801/23, GIDC Estate Phase III,
Vapi, Gujarat- 396195, India

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Fund
SI- NBFC	Systemically Important Non-Banking Financial Companies	**OTH**	Others _____________ (Please specify)
**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*			

Dear Sirs,

On the basis of the serially numbered PPD and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws and that we are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoters of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoters or persons related to promoters of the Company, veto rights or right to appoint any nominee director on the Board. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Non-Debt Rules or a resident multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Non-Debt Rules by the Central Government on April 22, 2020. We confirm that we are not an FVCI. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Company in the format prescribed in terms of the PAS Rules (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Gujarat, at Ahmedabad (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company will disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations and other applicable laws.

We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in this Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the price and amount to be Allotted under each such scheme. We undertake that we will sign and/or submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals. We note that the Board is entitled, in consultation with Edelweiss Financial Services Limited, Ambit Private Limited and Kotak Mahindra Capital Company Limited (the "**GCBRLMs**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note ("**CAN**") and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and the Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form within the Issue Closing Date and such Application Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the GCBRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in the sections "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" sections of the PPD; and (ii) the terms, conditions and agreements mentioned herein, are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the GCBRLMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "*Risk Factors"* therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the GCBRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company in consultation with the GCBRLMs and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the GCBRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the Memorandum of Association and Articles of Association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are either (i) U.S. QIBs purchasing the Equity Shares pursuant to Section 4(a)(2) under the Securities Act, or (ii) located outside the United States and purchasing

Equity Shares in an offshore transaction in reliance on Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that once a duly filled Application Form is submitted, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We confirm that we are eligible to invest and hold the Equity Shares of our Company in accordance with the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the FDI Policy, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Non-Debt Rules.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
EMAIL ID			
LEGAL ENTITY IDENTIFIER			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO. ____________________		
FOR MF	SEBI MF REGISTRATION NO.____________________		
FOR AIFs***	SEBI AIF REGISTRATION NO. ____________________		
FOR VCFs***	SEBI VCF REGISTRATION NO. ____________________		
FOR SI-NBFC	RBI REGISTRATION DETAILS____________________		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. ____________________		

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the GCBRLMs.*

*** In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the GCBRLMs have relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS																										
Depository Name	National Securities Depository Limited									Central Depository Services (India) Limited																
Depository Participant Name																										
DP – ID	I	N																								
Beneficiary Account Number										(16-digit beneficiary A/c. No. to be mentioned above)																

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 1.00 pm (IST), June 30, 2021 (Wednesday)

BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	AARTI INDUSTRIES LIMITED - QIP ESCROW A/C	**Account Type**	Escrow Account
Name of Bank	Axis Bank Limited	**Address of the Branch of the Bank**	Ground Floor Neptune Uptown Building N S Road Mulund West Mumbai 400080, India
Account No.	921020021948400	**IFSC**	UTIB0000108
Phone Number	+91 9820937896	**Legal Entity Identifier of Company**	335800JBE5SD89NHB831

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Application Amount has been remitted for the Equity Shares applied for in the Issue will be considered.

The Application Amount should be transferred pursuant to the Application Form only by way of electronic fund transfers, towards the Escrow Account**.** Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. within the Issue Closing Date. All payments must be made in favor of "AARTI INDUSTRIES LIMITED -QIP ESCROW A/C". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES BID FOR		PRICE PER EQUITY SHARE (RUPEES)	
(In Figures)	(In Words)	(In Figures)	(In Words)

APPLICATION AMOUNT (RUPEES)	
(In Figures)	(In Words)

DETAILS OF CONTACT PERSON

Name: ____________________

Address: ____________________

____

Tel. No: ____________________ Fax No: ____________________

Email: ____________________

OTHER DETAILS	
PAN*	
Signature of Authorized Signatory *(may be either signed physically or digitally)***	

ENCLOSURES ATTACHED

- ☐ Copy of the PAN Card or PAN allotment letter
- ☐ FIRC
- ☐ Copy of the SEBI registration certificate as a Mutual Fund
- ☐ Copy of the SEBI registration certificate as an Eligible FPI
- ☐ Copy of the SEBI registration certificate as an AIF
- ☐ Copy of the SEBI registration certificate as a VCF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
- ☐ Copy of notification as a public financial institution
- ☐ Copy of the IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of power of attorney
- ☐ Others, please specify________________

**Please note that the Bidder should not submit the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

Note 2: The Application Form is liable to be rejected if any information provided is incomplete or inadequate.

The Application Form and the PPD sent to you and the Placement Document which will be sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.

Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. Our Company, in consultation with the GCBRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.