aether
elementally innovative

September 5, 2022

Ref. No.: **AIL/SE/45/2022-23**

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001, MH. Scrip Code: **543534**	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051, MH. Symbol: **AETHER**

Dear Madam / Sir,

Subject: Annual Report for the Fiscal Year 2021-22, Notice of the Annual General Meeting to be held on Tuesday, September 27, 2022

The 10th Annual General Meeting of the Company is scheduled to be held on Tuesday, September 27, 2022 at 11:30 Hrs. (IST) through Video Conference / Other Audio Video Means.

In accordance with Regulation 30 and 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Annual Report for the Fiscal Year 2021-22, including the Notice of the 10th Annual General Meeting (includes e-voting instructions) of Aether Industries Limited is attached herewith.

The above documents are being dispatched electronically to the Members whose e-mail id is registered with the Company / Registrar & Share Transfer Agent / Depositories.

Above documents are also available on web-site of the Company, accessible at:
https://aether.co.in/investor-relations/#general-meetings-and-annual-reports

We request you to kindly take the information on your records.

Thank you.

For Aether Industries Limited

Chitrarth Rajan Parghi
Company Secretary & Compliance Officer

AETHER INDUSTRIES LIMITED SURAT

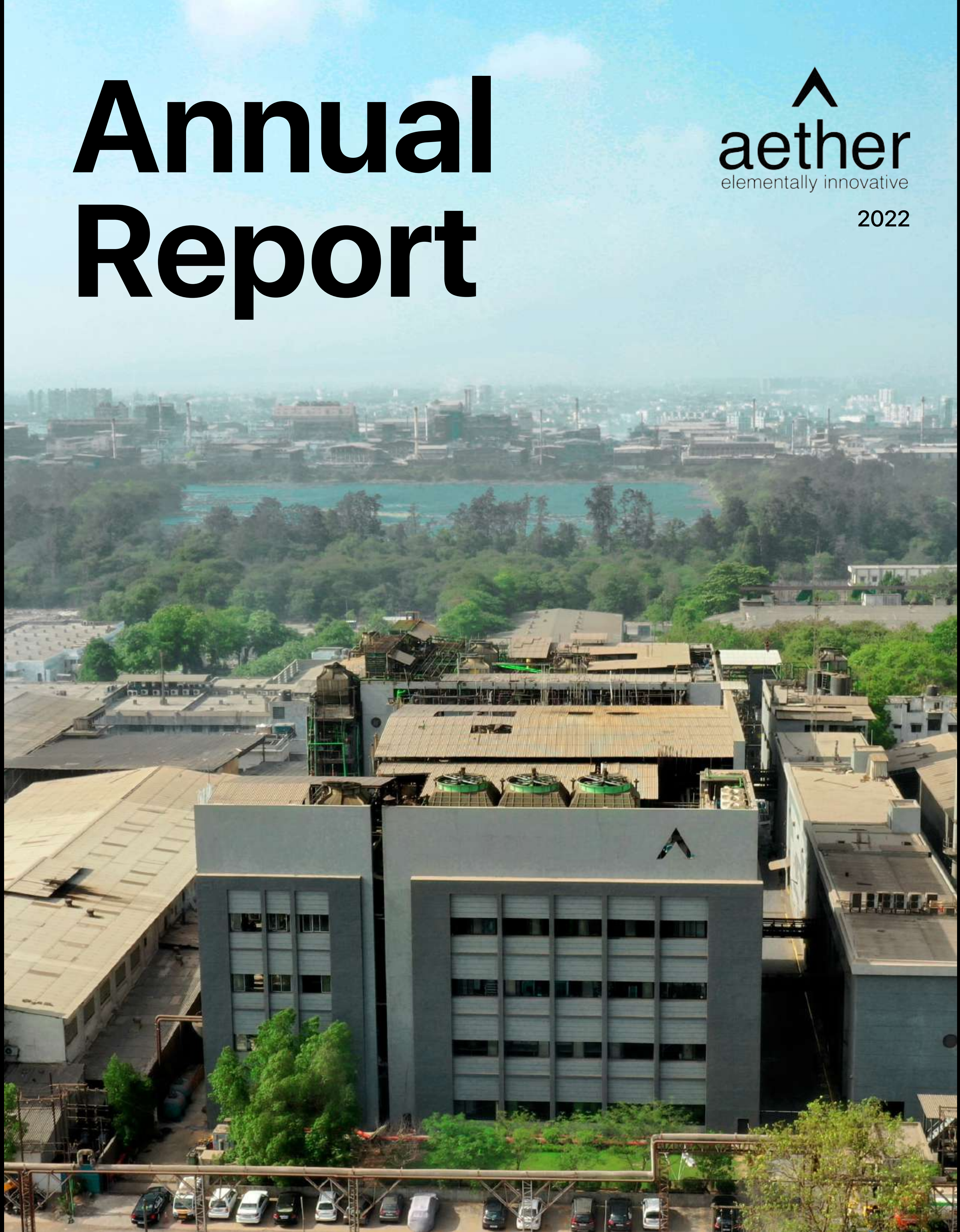
CHITRARTH RAJAN PARGHI
Digitally signed by CHITRARTH RAJAN PARGHI
Date: 2022.09.05 17:36:46 +05'30'

Aether Industries Limited
Registered Office: Plot No. 8203, GIDC Sachin, Surat-394230, Gujarat, India.
Phone: +91-261-6603000 || **Email:** accounts@aether.co.in || **Web:** www.aether.co.in || **CIN:** L24100GJ2013PLC073434
Factory: Plot No. 8203, Beside Shakti Distillery, Near Rajkamal Chokdi, Road No. 8, Sachin GIDC, Sachin, Surat-394230, Gujarat, India.

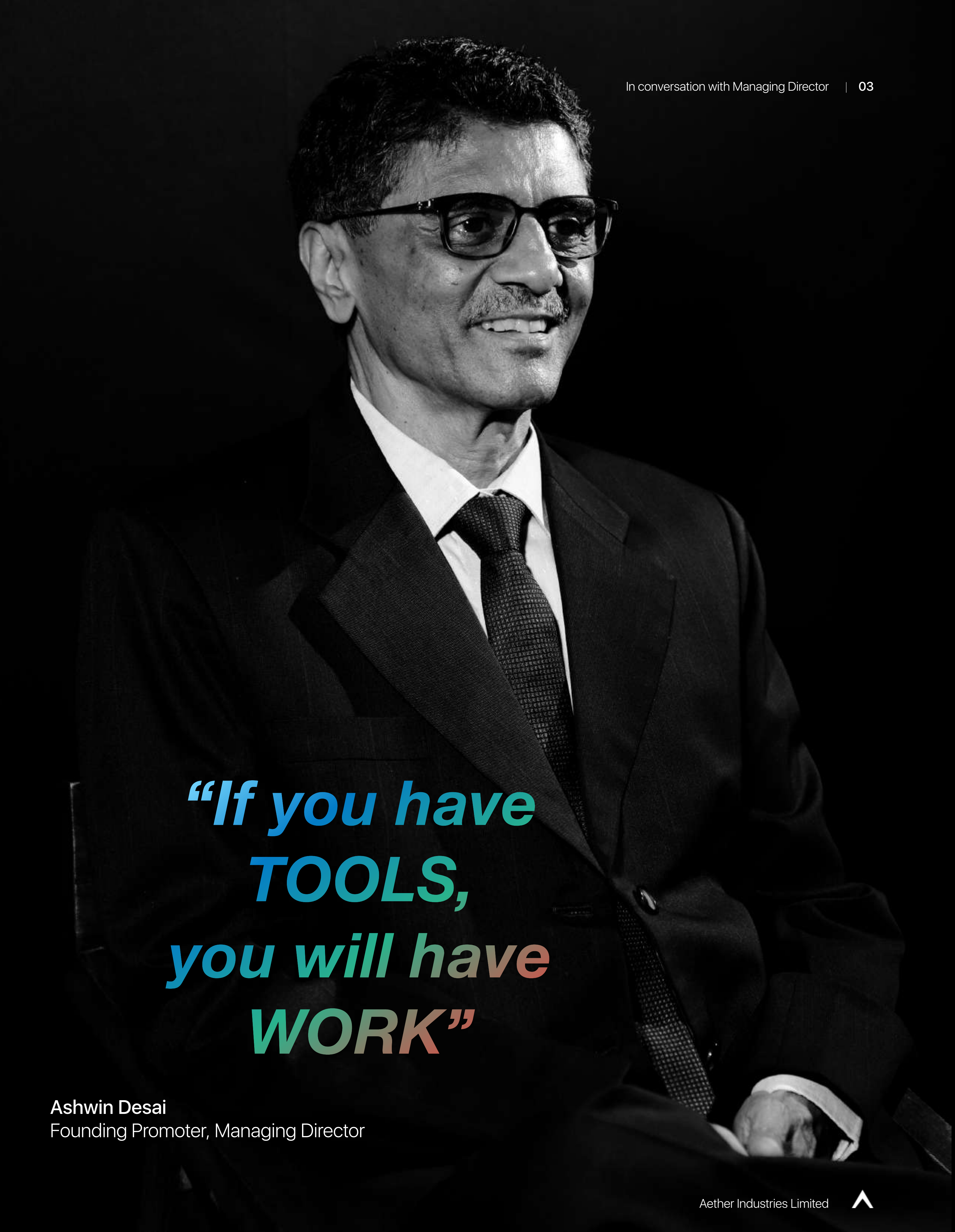
Annual Report

aether
elementally innovative

2022



Contents



Ashwin Desai
Founding Promoter, Managing Director

In conversation with Managing Director

It gives me immense pleasure in presenting the Annual Report of Aether Industries Limited for Fiscal Year 2022. The year has been very eventful for the Company and first and foremost, I would like to thank all our investors for supporting and overwhelming us in our journey towards Initial Public Offering (IPO). The confidence shown by whole spectrum of investors has humbled us and made us more determined to work with purpose.

The word "Aether" is a combination of the below mentioned 4 elements:

We represent the element water by being creative and evaluating the infinite realm of possibilities.
We represent the element earth by being productive and growing in a unique way.
We represent the element air by being active, flexible and communicative.
We represent the element fire by being passionate and energetic.

Further, the word "Aether" signifies "Infinite" and we believe that the sky is the limit for our aspiration to succeed.

We are comparatively a young company of 9 years, with our inception in Fiscal Year 2013 when we started from zero level. We established our Research & Development (R&D) Laboratory and ultra-modern Pilot Plant at our first site (Manufacturing Facility 1, at Hojiwala, Surat). The team has been built up continuously from the date of inception. Our first focus was to develop products for our Production Unit. Simultaneously, we started doing contract R&D work for domestic and international companies. Consequently, our first production unit was started in the last quarter of Fiscal Year 2017 at Sachin GIDC, Surat (Manufacturing Facility 2). Since then we have gradually expanded.

Today, we have ultra-modern R&D centre and world class Pilot Plant at our Manufacturing Facility Site 1 and our Production Plant at our Manufacturing Facility Site 2, which are fully operational. The new production facility work is in progress at our Manufacturing Facility Site 3, which is just diagonally opposite to our Manufacturing Facility Site 2 and we look forward to make it operational by end of Calendar Year 2022.

In a span of just few years, we are proud to have more than 700 Aetherians (the employees' strength) and it has been blissful and fruitful journey for all of us.

Aether is committed to and focuses on producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technology core competencies. Our Research & Development expenses (revenue and capital) accounted to 6.50% of our total revenue of Fiscal Year 2022, which gives us a core strength to build a very strong base and approach to our future growth. Our products find application in the pharmaceutical, agrochemical, material science, coating, high performance photography, additive, and oil and gas segments of the chemical industry.

In a short span of commercial launch, we diversified and built up three business models - Large Scale Manufacturing, Contract Research and Manufacturing Services (CRAMS) and Contract / Exclusive Manufacturing, wherein all three business models have been contributing to the revenue generation for the Company.

"The internally developed Solvent Recovery Plant (SRP) was one of my dream projects! The SRP's success increased our bottom lines and added to the Company's growth"

Our unique business model gives us exposure to a wide range of domestic and international customers, which in turn increase our business potential tremendously. We offer, to our customers, products from 1 kg to 100s kg to MT to 100-1000s MT scale of production. This is a unique capability of our Company.

We have been launching on an average 3 to 5 products year on year from Fiscal Year 2017 and we are dealing in 25 products by end of March 31, 2022. There are numerous products in the pipeline of R&D and we will be launching 5 new products in our upcoming Greenfield Project (Site 3) in Fiscal Year 2023 and the R&D and pilot plant validation work for the same is done already. Of the current 25 manufacturing scale products, we are the only manufacturers in India for most of them and world leaders in 4 of them.

During the Fiscal Year 2022, the entire industry in chemicals has faced lots of tremors taking into account the increase in the prices of raw materials and utilities, which were due to the increased prices of coals, crude oil and various other things. But, we were lucky enough to pass on the increased prices of raw materials to a greater extent to our customers, which has helped us maintain our margins. Though, the increase in utility costs, not being part of our contracts with the customers, could not be passed, which surely affected our margins but not to that extent that our growth could be hampered.

In the Fiscal Year 2021, around February 2021, we had inaugurated our in-house Solvent Recovery Plant (SRP), which is a continuous distillation plant and this was my dream project. This SRP really helped us to increase our bottom lines in Fiscal Year 2022 as we were able to save a great deal of energy costs and better our yields.

Starting off the commercial production in Fiscal Year 2017 (last quarter - December 2016) with Indian customers, we have grown our presence to 17 more countries with multinational customers. We are expanding and adding new customers as we are expanding our business, which has grown at a CAGR of 52% from FY18 to FY22.

Today, with our three business models, we are catering to various industries in particular - pharmaceuticals, agrochemicals, material science, high performance photography, oil & gas, coatings and more.

We see a great deal of prospects for our current products as well the future products along with the CRAMS business, which is an all together a great revenue generating business model.

With the products, the business models, the segments we operate in, the facilities which we have and the future prospects, we see a great deal of potential of growth for our Company and we assure our investors a good future returns on their investments.

I would like to thank each and every stakeholders beginning from our Board of Directors, Employees, Shareholders, Bankers, Government Departments, Society at large and all who are directly or indirectly connected with us and / or with whom we are working with.

"It is currently a golden age for the Indian speciality chemical industry"

Dr. Aman Desai
Promoter, Whole-time Director

Small talk with Dr. Aman Desai

Dear All,

What a year it has been for Aether! We began and almost completed the transformation of our R&D facility into a brand-new world class R&D Centre. We tripled our Pilot Plant capacity and expanded to one of the largest pilot plants in the world. We started the civil construction in our New Greenfield Manufacturing Facility (Site 3).

Inspite of global shortages of raw materials and the final stage of the COVID19 pandemic, we sustained our growth story, and showed a robust performance for both top and bottom lines. We added new products into manufacturing; these were advanced intermediates and speciality chemicals launched for the first time in India. We built a robust pipeline of products in R&D, catering to both our Large Scale Manufacturing and Contract Research and Manufacturing Services (CRAMS) business models. Our CRAMS business increased significantly, adding new products and new customers; these are global multi-national innovators across the industry spectrum. A few products transitioned from the CRAMS to the exclusive / contract manufacturing business model bucket. We continue to focus on our [8 x 8] matrix of core chemistry and technology competencies, and continue to refine this matrix, retiring some competencies, and adding new complex, modern, and cutting edge competencies.

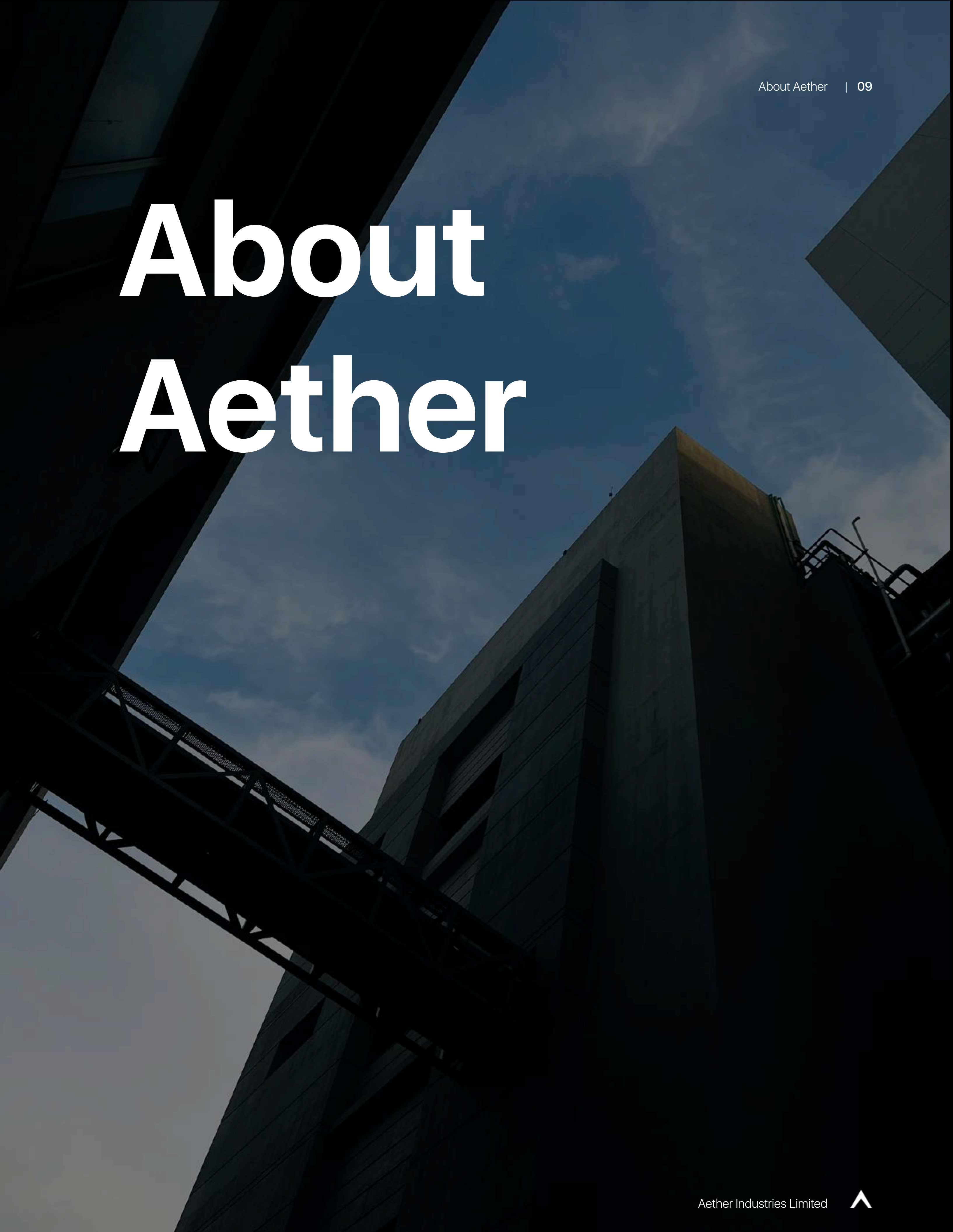
The Aether team also increased significantly across the board, while retaining the overall average age of the company at 32! Our Global Technology and Business Development (the SMPs) team firmly entrenched themselves in the micro and macro vision of the company, and contributed extensively across all areas.

Last but certainly not the least, we became a Public Limited Company, through our successful Initial Public Offer (IPO) launch in June 2022! We continue to be humbled and inspired by the overwhelming response to our IPO at a time when the overall stock market was undergoing a rough patch. It strengthens our resolve to work even harder and innovate endlessly across all Company processes to deliver the maximum returns for all our stakeholders and investors.

The next Fiscal Year will bring aggressive growth in all the above mentioned aspects of our Company. We are launching 5 new products, advanced intermediates in pharmaceuticals segment, in our upcoming Greenfield Manufacturing Facility (Site 3); these products will be manufactured by us for the first time in India. And especially as the world opens up in a post-pandemic era, I expect a tremendous influx of opportunities in the CRAMS space, leading to more products being commercialised and transferred into the Contractual / Exclusive Manufacturing business model. We will strengthen our strategic partnerships with the highest technical echelons of our CRAMS customers, participating in the entire lifecycle of their pipeline and launch molecules, which will bring sustainable, long term, and committed opportunities for Aether. All in all, a year for the books has passed, and a tremendous number of things to look forward to! As I have repeatedly mentioned, it is currently a golden age for the Indian speciality chemical industry, and for companies like Aether that are differentiated, focusing on core competencies, and constructing modern infrastructure across R&D, pilot plant, and production, there is an absolute ocean of opportunities!

A heartfelt thank you to all our stakeholders, all the absolutely wonderful Aetherians, all our investors, and all those who are directly or indirectly involved with Aether!

About Aether



Introduction

Aether Industries Limited, based out of Surat (Gujarat, India), focuses on producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technology core competencies. Our products find application in the pharmaceutical, agrochemical, material science, coating, high performance photography, additive, and oil and gas segments of the chemical industry.

Our business was started in Fiscal Year 2013 with a vision to create a niche in the global chemical industry with a creative approach towards chemistry, technology and systems that would lead to sustainable growth. In the first phase of our development through Fiscal Year 2017, we focused on building our team and infrastructure and on our R&D centred around building our core competencies. Our revenue generation operations commenced with our second phase in Fiscal Year 2018. We are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 60% between Fiscal Year 2018 and Fiscal Year 2021.

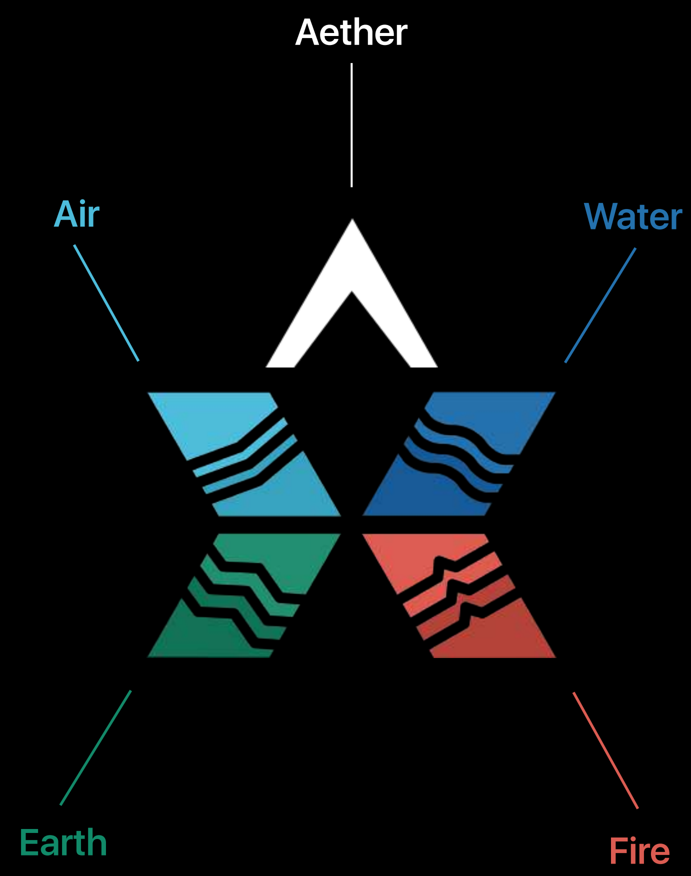
The foundation of our Company is our in-house research and development capabilities. Our chemistry and technology core competencies and all of our products have been developed by our own R&D team, scaled up in our **Pilot Plant**, and launched into production employing in-house design and engineering.

Production capacity of more than 6000 MT is available in our state-of-art and DCS automated manufacturing facilities. Aether is also a leading CRAMS (Contract Research and Manufacturing Services) provider and Contract / Exclusive Manufacturing services provider, built upon technology intensive and state-of-art R&D and Pilot Plant facilities. All of our R&D, Pilot Plant, CRAMS, and Large Scale Manufacturing facilities are capable of switching between batch and continuous process technology.

Our products are advanced intermediates and speciality chemicals that occupy a position in the chemical industry value chain between commodity chemicals and final actives and formulations with our products more closely aligned to the higher value range, further away from the commodities and closer towards the final active part of the value chain. According to Frost & Sullivan, the Company is known to have strong market positioning in complex intermediates where global competition is intense. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Our sales of our advanced intermediates and speciality chemicals products are predominantly conducted on a business-to-business basis both in India and internationally. A majority of our products are exported internationally, and we export products to 18 countries, including Italy, Spain, Germany, the United States and other parts of the world.

The Elements



Ancient Science.

"Aether" is the material that the universe is made of

Sanskrit

Sanskrit - "Aether" means "Akasha". Akasha is the basis and essence of all things in the material world; the first material element created from the astral world.

Greek

Greek - "Aether" means "pure, fresh air" or "clear sky", imagined in greek mythology to be the pure essence where the gods lived and which they breathed.

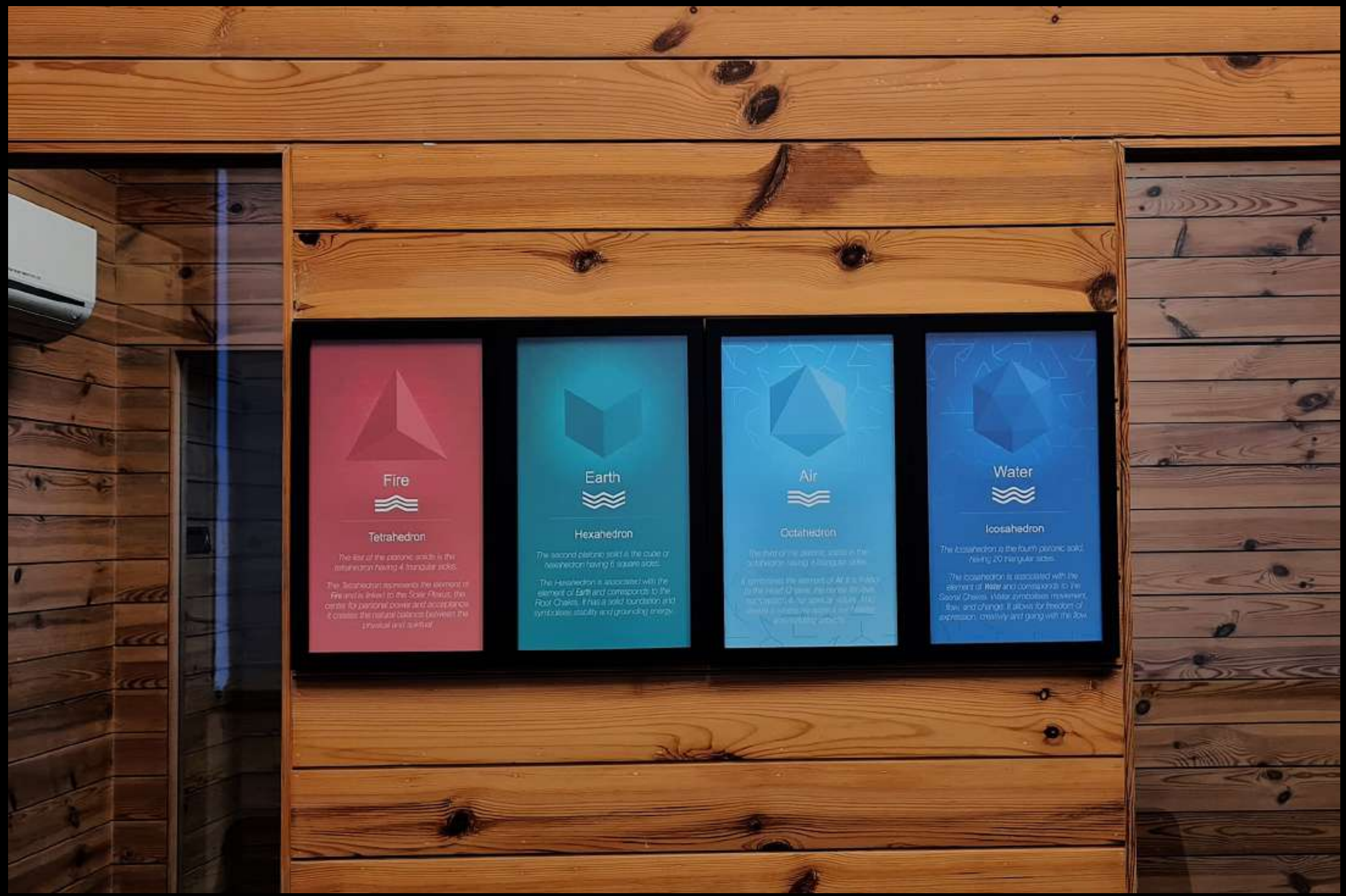
Vision

To carve a niche in the world of chemicals with a creative approach to chemistry, technology, and systems which will bring quantum and sustainable growth for us, our team members and our stakeholders

Mission

Aether is in existence to manufacture great products that fall under our core chemistry and technology competencies, whilst taking the utmost care for safety, health, and environment.

We continuously innovate in a way our competitors cannot, we control the primary technologies behind the products we manufacture, and we participate only in the markets where we can make a significant contribution.



Evolution

2013 - 2017

Evolution (Contd.)

2013

Aether Incorporated
Naming and registration formalities completed, incorporation completed, Aether is born

2014

Developed AIRIS
Implementation of in-house developed web / mobile portal AIRIS SAP B-1 ERP System

Team Aether grows > 50

Commencement of R&D and Pilot Plant operations at Mfg. Facility 1

2015

Land Acquisition
Acquired land of 10,500 Sq. Mtrs. at Mfg. Facility 2 and commenced the construction of two production facilities

Team Aether grows > 100

2016

Commercialisation
Completed construction of two production facilities and started commercial production at Mfg. Facility 2

Started commercial production of signature product - 4MEP

Team Aether grows > 200

2017

Expansion QA/QC
Expansion of the QA / QC facility at Mfg. Facility 1

Team Aether grows > 300

Evolution

2018 - 2022

Evolution (Contd.)

2018

₹1,000 MM
Achieved revenue of ₹1,000 MM

Started commercial production of another signature product - OTBN

2019

₹2,000 MM
Achieved revenue of ₹2,000 MM

Added a warehouse at Plot No. 6714, GIDC Sachin, Surat
And Started commercial production of another signature product - MMBC

Team Aether grows > 400

2020

₹3,000 MM
Achieved revenue of ₹ 3,000 MM
Pilot plant expanded - Mfg. Facility 1
Added a unit for expansion of R&D and Pilot Plant at Mfg. Facility 1

DSIR Recognition
Received recognition from DSIR for R&D Facilities
Added a Warehouse at Plot No. 8206, GIDC Sachin, Surat.
Team Aether grows > 500

Commissioned SRP
Commenced the construction of Solvent Recovery Plant at Mfg. Facility 2
Implemented in-house developed web / mobile based safety / security system – AES

2021

Launched BFA
Started commercial production of another signature product - BFA
Added a warehouse at Plot No. 8208, GIDC Sachin, Surat

Land Acquisition
Acquired land of 5,250 Sq. Mtrs. for Proposed Greenfield Project from GIDC and started construction
Achieved revenue of ₹4,500 MM
Aether team grows > 700

2022

Scaling up
Acquisition of 4th site and start construction by Oct-22
Plan to launch new products over two fiscal years
Achieved revenue of ₹5,970 MM

Continue to add new core chemistry and technology competencies. Look at acquisitions in USA and Europe for R&D and manufacturing assets

Commenced the commissioning of the 16 MW Solar power plant.
Acquired land admeasuring 125,000 Sq Mtrs. (approx. 31 acres) at Panoli GIDC

(₹ MM)

Core Competencies

State-of-art and cutting-edge chemistries, technologies, and systems. Development and application of these core competencies is the overriding focus in all work at Aether. All our products and services feature an intricate marriage of chemistry, technology, and systems.

Chemistry

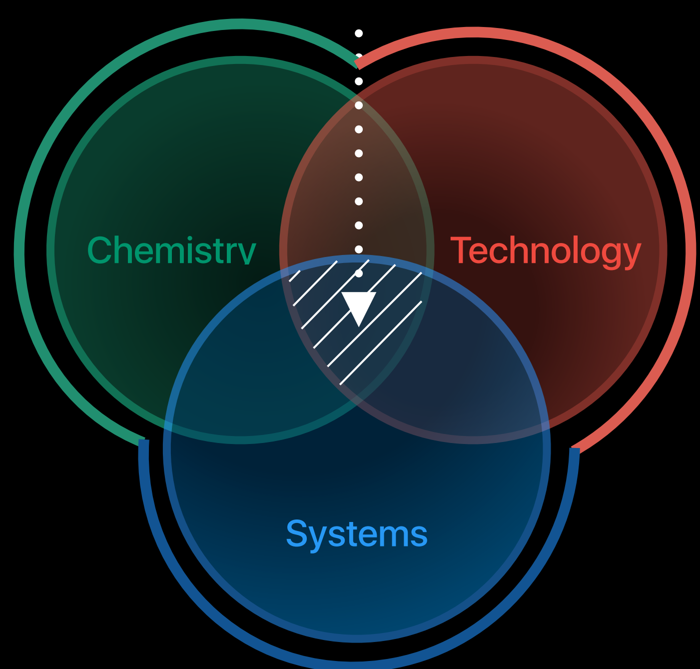
Grignard's and Organolithiations
Ethylene Oxide Chemistry
- Tandem Grignard / Ethylene Oxide
Isobutylene Chemistry
Hydrogenation
- Asymmetric Hydrogenation
Heterogeneous Catalysis
Exothermic Chemistry
Cross Coupling Chemistry
Olefin Metathesis / Polymerisation

Technology

Continuous Reaction

Batch Reaction
High Pressure Reaction
Fixed Bed Reaction

Cryogenic Reaction
High Vacuum Distillation
Wiped Film Distillation
Process Automation



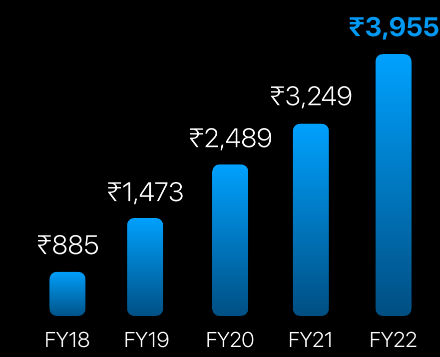
8x8 Matrix

Systems

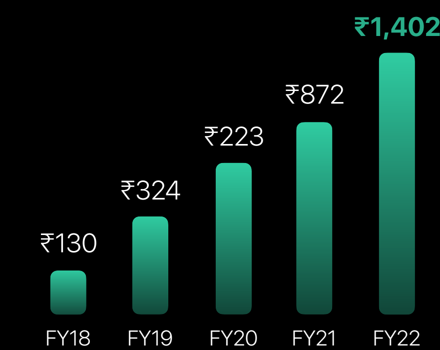
SAP, AIRIS, AES
Multiple Certifications
Distributed Control Systems (DCS) Automation

Business Models

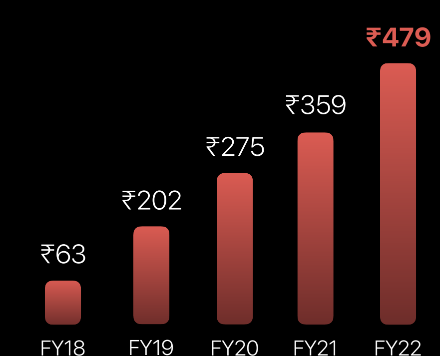
67.03%
Large Scale Manufacturing



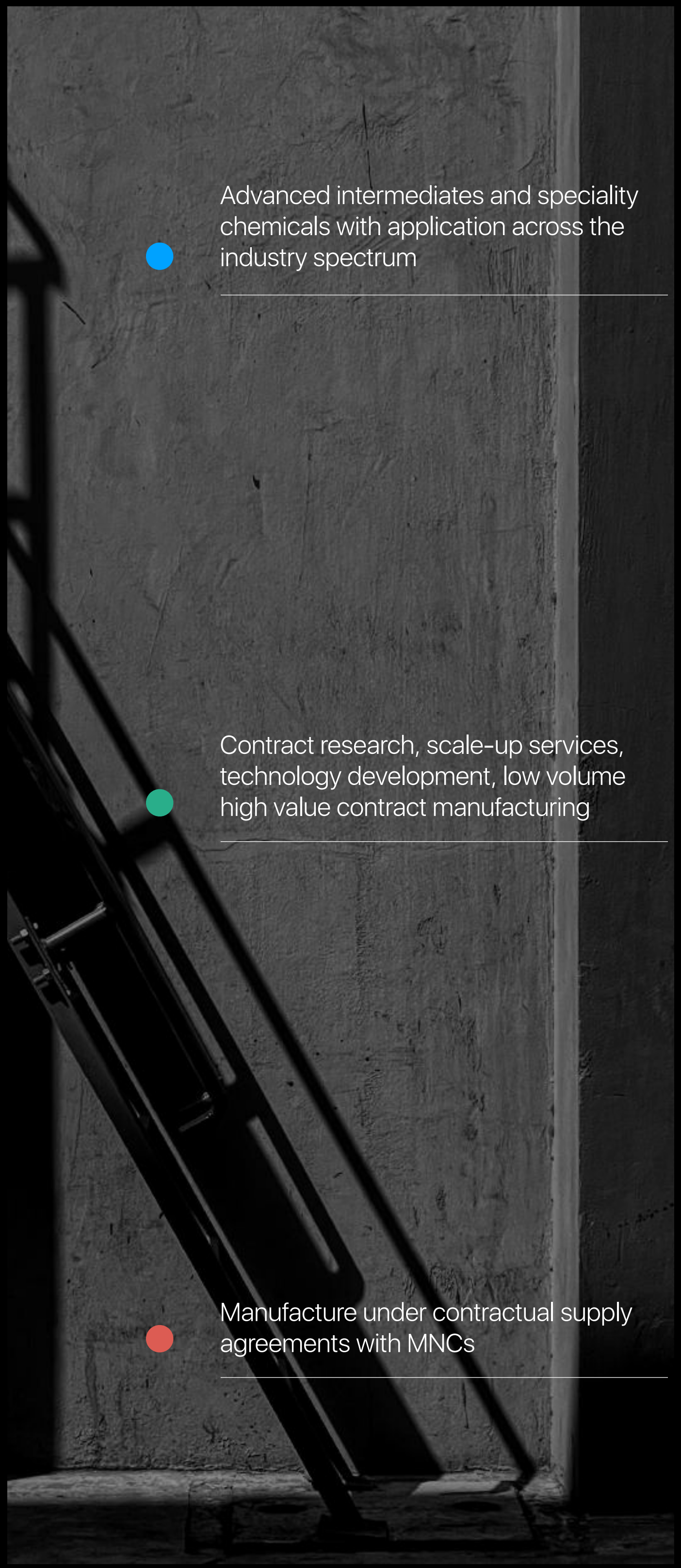
23.77%
Contract Research and Manufacturing Services - CRAMS



8.12%
Contract Exclusive / Manufacturing



(₹ MM)



The Board

Ashwin Desai
Founding Promoter, Managing Director,
Decades of experience in
Specialty Chemical Industry

Dr. Aman Desai
Promoter, Whole-time Director
10+ years experience in
Specialty Chemical Industry

Rohan Desai
Promoter, Whole-time Director
Extensive experience in
Specialty Chemical Industry

Purnima Desai
Promoter, Whole-time Director
Multiple decades experience in
Specialty Chemical Industry

Kamalvijay Tulsian
Chairman, Non-Executive Director
Decades of experience in
Textile and Chemical Industry

Jeevan Lal Nagori
Non-Executive Independent Director
34 years experience in
Chemical Industry

The Board (Contd.)

Leja Hattiangadi
Non-Executive Independent Director
Decades of experience in Engineering
Contracting / Chemical Industry

Dr. Amol Kulkarni
Non-Executive Independent Director
Experience 34 years as a Scientist

Ishita Manjrekar
Non-Executive Director
Experience in Chemical Industry

Arun Kanodiya
Non-Executive Independent Director
15+ years of experience in Chartered
Accountancy and Finance

Jitendra Vakharia
Non-Executive Independent Director
Decades of experience in Chemical and
Textile Industry

Rajkumar Borana
Non-Executive Independent Director
Extensive experience in Textile Industry

SMP and KMP

Senior Management Personnel and Key Management Personnel

Dr. James Ringer
Business Development Leader (Americas)

Bachelor's in Science - Purdue University (USA) and PhD in Organic Chemistry - University of Wisconsin (USA). Multiple decades of experience in the chemical industry. In past, worked at The Dow Chemical Company or its subsidiaries, for more than 30 years, as Director R&D, R&D Director II, and Leader R&D Director. Inventor / co-inventor on 22 patents granted in USA and published worldwide.

Raymond Roach
Business Development Leader (Americas)

Bachelor's in Science and Master's in Chemical Engineering from the University of Pittsburgh (USA). Multiple decades of experience in the chemical industry. In past, worked at The Dow Chemical Company (USA). The inventor / co-inventor on 7 patents granted in USA and published worldwide.

Dr. Norbert Flüggen
Business Development Leader (Europe)

Diploma in Physics and a Doctorate of Natural Sciences (PhD) degree from the University of Hannover (Germany). Multiple decades of experience in the chemical industry. In past, worked at with ALTANA, AG, Germany.

Faiz Nagariya
Chief Financial Officer

Responsible for managing the financial functions of our Company. A Fellow Chartered Accountant (FCA) from the Institute of Chartered Accountants of India. Also holds a bachelor's degree in Commerce, from University of Mumbai. Has over 25 year of experience working with various industries.

SMP and KMP (Contd.)

Amongst our Senior Management Personnel (SMP) is our Global Technology and Business Development Team, which comprises of Dr. James (Jim) Ringer, Mr. Raymond (Ray) Roach, and Dr. Norbert Flüggen. These are veterans of the chemical industry, true techno-commercial leaders who have spent more than 3 decades at the top techno-commercial positions of various giant multinational companies, prior to joining Aether.

They bring tremendous experience, wisdom, knowledge, and network to the Company. They participate in both the micro and macro platforms of the Company, from project leadership and research / technology guidance to the R&D, pilot plant, and production teams, to aggressive business development in USA and Europe for the CRAMS / exclusive manufacturing business models by customer meetings and trade show representations, and finally to the macro vision, future strategy of the company, as well as very preliminary discussions on strategic M&A activities in USA and Europe.

They are located in the USA and Europe, which are amongst the top regions of Aether revenues and business development. These SMP add tremendous value to Aether and represent a massive differentiating factor for Aether as compared to other speciality chemical companies in India.

"Techno-commercial leaders, massive differentiation for Aether"

Corporate Information

Key Managerial Personnel

Chief Financial Officer
CA Faiz A. Nagariya

Company Secretary & Compliance Officer
CS Chitrarth R. Parghi

Statutory Auditor

Birju S. Shah & Associates
113, International Business Centre,
Nr. Big Bazar, Piplod, Dumas Road,
Surat-395007, Gujarat, India

Cost Auditor

Ashvin Ambaliya & Associates
B/29, Danev Ashish Society,
Nr. Dhanmora Chikuwadi Road, Katargam,
Surat-395007, Gujarat, India

Secretarial Auditor

Dhiren R. Dave & Company
B-103, International Commerce Centre,
Nr. Kadiwala School, Ring Road,
Surat-395002, Gujarat, India

Registered Office and Site 2

Aether Industries Limited
Plot No. 8203, GIDC Sachin,
Surat-394230, Gujarat, India
Phone: +91-261-6603000
Email: info@aether.co.in
Web: www.aether.co.in
CIN: L24100GJ2013PLC073434

Site 1

Aether Industries Limited
Plot No. B-21/7 SUSML,
Road No. 3, Hojiwala Industrial Estate,
Sachin, Surat 394230, Gujarat, India
Phone: +91-261-6603000
Email: info@aether.co.in
Web: www.aether.co.in
CIN: L24100GJ2013PLC073434

Registrar & Share Transfer Agent

Link Intime India Private Limited
C 101, 1st Floor, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai 400083, Maharashtra, India
Phone: +91 22 4918 6200
Email: rnt.helpdesk@linkintime.co.in
Web: www.linkintime.co.in

Financial Highlights

Revenue Growth manufacturing, we have reached revenue of over ₹5,970 MM in Fiscal Year 2022. We have built our business organically and have demonstrated consistent growth in terms of revenues and profitability. We are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 52.92% between Fiscal Year 2018 and Fiscal Year 2022. Our revenue from operations have increased at a CAGR of 52.72% from ₹1,085 MM in Fiscal Year 2018 to ₹5,900 MM in Fiscal Year 2022. Our revenue from exports (including deemed exports) have grown at CAGR of 76.72% from ₹391 MM in Fiscal Year 2018 to ₹3,811 MM in Fiscal Year 2022.

The Cost of Goods Sold has also reduced from 50.84% in Fiscal Year 2021 to 48.25% in Fiscal Year 2022, clearly indicating the de-bottlenecking being done in various products by the Company.

Overall, the expenses as percentage of total revenue has reduced to 75.47% in Fiscal Year 2022 as against 79.33% in Fiscal Year 2021, showing an overall financial control by the Company on various expenses.

Our Debts have been reducing year on year and hence the finance cost as a percentage of revenues has been reducing considerably, this is also a result of the low rates of interest that we enjoy from our bankers for the borrowings.

EBITDA and PAT margins have shown consistent growth year on year, thereby increasing the Net Worth of the Company. The EBITDA margins grew from 25.59% in Fiscal Year 2022 with a great leap to 29.33% in Fiscal Year 2022, which along with the revenue growth has shown a considerable increase in the PAT margins from 15.66% in Fiscal Year 2021 to 18.22% in Fiscal Year 2022.

The Earnings Per Share (EPS) of the Company is also growing year on year.

Financial Growth

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Income				
Revenue from operations	₹ 5,900.47	₹ 4,498.16	₹ 3,018.06	₹ 2,011.80
Other Income	₹ 69.74	₹ 39.73	₹ 19.75	₹ 20.97
Total income	**₹ 5,970.21**	**₹ 4,537.89**	**₹ 3,037.81**	**₹ 2,032.77**
Expenses				
Cost of materials consumed operation and incidental cost	₹ 3,585.21	₹ 2,249.16	₹ 1,729.90	₹ 1,142.51
Changes in inventories of finished goods and work-in-progress	-₹ 704.88	₹ 57.72	-₹ 168.35	-₹ 46.76
Employee benefits expense	₹ 270.44	₹ 221.13	₹ 133.76	₹ 109.46
Finance costs	₹ 131.21	₹ 113.15	₹ 93.76	₹ 106.00
Depreciation and amortisation expense	₹ 154.87	₹ 110.11	₹ 78.48	₹ 64.07
Other expenses	₹ 1,068.63	₹ 848.56	₹ 605.19	₹ 331.52
Total expenses	**₹ 4,505.48**	**₹ 3,599.83**	**₹ 2,472.74**	**₹ 1,706.80**
Profit before tax	**₹ 1,464.73**	**₹ 938.06**	**₹ 565.07**	**₹ 325.97**
Tax expense:				
Current tax	₹ 338.73	₹ 201.00	₹ 121.92	₹ 70.34
Deferred tax	₹ 36.72	₹ 25.87	₹ 43.59	₹ 22.28
Total Tax Expenses	**₹ 375.44**	**₹ 226.87**	**₹ 165.51**	**₹ 92.62**
Profit for the period (A)	**₹ 1,089.29**	**₹ 711.19**	**₹ 399.56**	**₹ 233.35**
Other comprehensive (loss)/income				
Items that will not be reclassified subsequently to profit or loss				
I. Remeasurements of defined benefit liability / (asset)	-₹ 1.98	-₹ 0.86	-₹ 3.16	-₹ 0.96
ii. Income tax relating to remeasurements of defined benefit liability / (asset)	₹ 0.50	₹ 0.22	₹ 0.92	₹ 0.21
Total others (B)	**-₹ 1.48**	**-₹ 0.64**	**-₹ 2.24**	**-₹ 0.75**
Total comprehensive income for the period (A+ B)	**₹ 1,087.81**	**₹ 710.55**	**₹ 397.32**	**₹ 232.60**
Earnings per equity share [nominal value of ₹ 10]				
Basic	₹9.67	₹7.36	₹4.24	₹2.48
Diluted	₹9.67	₹7.36	₹4.24	₹2.48

Key Performance Indicators

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
EBITDA (₹ In MM)	₹1,681.07	₹1,121.59	₹717.56	₹475.07
EBITDA Margin (%)	28.49%	24.93%	23.78%	23.61%
PAT (₹ In MM)	₹1,089.29	₹711.19	₹399.56	₹233.35
PAT Margin (%)	18.25%	15.67%	13.15%	11.48%
ROCE (%)	23.96%	28.50%	26.07%	25.16%
Debt-Equity Ratio (Times)	0.74	1.19	2.18	3.27
Return on Net Worth (%)	28.16%	40.79%	51.04%	60.54%

Notes:

1. EBITDA is calculated as profit before tax + depreciation and amortisation expense + finance costs - other income
2. EBITDA Margin is calculated as EBITDA divided by revenue from operations
3. PAT is the Profit for the period
4. PAT Margin is calculated as profit for the period/year divided by total income
5. ROCE is calculated as earnings before interest and taxes divided by Capital Employed
6. Debt-Equity Ratio is calculated as Debt divided by total equity
7. Return on Net Worth is calculated as profit for the period/year divided by Net Worth

(₹ MM)

Some people create "the" company, others just run their business!

Rohan Desai
Promoter, Whole-time Director

Talking casually with Rohan Desai

It's been a busy year for the entire Aether Family. After much deliberation among the Promoter Family and within the Company, we decided to move through with the Initial Public Offer (IPO).

Aether Industries uses a very distinctive strategy to choose its products. Specifically, we look for products that falls in the center of three circles, formed by the junction of chemistry, technology, and systems.

We have developed products that are not only manufactured for the first time in India but also imported into India, which are worth of hundreds of millions of rupees from China (before Aether manufactured them) in India. By developing the products ourselves, we have provided a fierce competition to Chinese manufacturers of speciality chemicals. In order to support the "Make In India" programme of the Indian Government, we conceptualised the CHINA +1 concept very well.

The most crucial factors that allowed us to compete with Chinese manufacturers are our ability to supply small to large orders in a short period of time to our clients (who had to previously wait months for their products from China), ease of communication in terms of both language and payment terms, easy access to our manufacturing facilities for audits and other purposes, and most importantly, the relaxation of customs formalities.

Aether's evolution has been an interesting one, where between 2013 and 2016, during the Concept to Create period, we established our R&D Unit, developing goods for the first time in India, extended the Aether team to 200 employees by the end of 2016, and broke ground on the Manufacturing Facility 2.

Aether's commercial manufacturing and sales began during the Create to Build (2017–2021) period, during which time revenues increased from ₹1,000 MM to ₹4,500 MM, our products were distributed to about 16+ countries, and the team at Aether increased to plus 600.

Build to Scale (2022 onwards), wherein a large plot of land in Panoli GIDC, Gujarat was purchased for future expansions and a new plot of land was acquired to build our Greenfield Manufacturing Facility 3, saw an increase in income of ₹6,000 MM and team Aether grew to 700 plus.

Although the Fiscal Year 2022 had been busy, as was already indicated, we continued our success narrative and look forward to continuing it so that the investors who have supported our Company can be pleased with their investments.

In closing, I want to express my gratitude to all of the parties involved, including but not limited to our Board of Directors, our Team Members, Shareholders, Customers, Vendors & Suppliers, Bankers, Auditors, all Government Departments, and everyone else who has a direct or indirect connection to Aether.

Snapshots

Financial Snapshot

	Fiscal Year 2022	Fiscal Year 2021
Total Revenue	₹5,970	₹4,538
EBITDA	₹1,751	₹1,161
	29.33%	25.59%
PAT	₹1,089	₹711
	18.22%	15.66%

"We are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 52.9% between Fiscal Year 2018 and Fiscal Year 2022. We are expanding the business to continue the growth in sustainable manner.

The increase in revenues has helped us earn better and better EBITDA margins, which have grown from mere 21.69% in Fiscal Year 2018 to 29.33% in Fiscal Year 2022 and we would continue the growth trend.

Increase in revenues and EBITDA has allowed us to capitalise on increased PAT margins. PAT margins have increased from mere 7.11% in Fiscal Year 2018 to 18.22% in Fiscal Year 2022 and would continue the growth trend."

- Faiz Nagariya (Chief Financial Officer)

Financial Capital

In a short period of 9 years of incorporation and 6 years into commercial manufacturing, we have reached revenue of over ₹ 5,970 MM in Fiscal Year 2022. We have built our business organically and have demonstrated consistent growth in terms of revenues and profitability. We are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 52.92% between Fiscal Year 2018 and Fiscal Year 2022. Our revenue from operations have increased at a CAGR of 52.72% from ₹ 1,085 MM in Fiscal Year 2018 to ₹ 5,900 MM in Fiscal Year 2022. Our revenue from exports (including deemed exports) have grown at CAGR of 76.72% from ₹ 391 MM in Fiscal Year 2018 to ₹ 3,811 MM in Fiscal Year 2022.

Though in Fiscal Year 2022, COVID19's third wave hit the entire world, we were least affected and as in the first and second waves, we were not closed for a single day and our operations continued to be on for 24 hours, daily, with all shifts running.

Our growth was led by the growth in our all the three Business Models - Large Scale Manufacturing, Contract Research and Manufacturing Services (CRAMS) and Contract / Exclusive Manufacturing. Moreover, the pie chart of the various segments that we cater to like pharmaceuticals, agrochemicals, material science, high performance photography, coatings, oil & gas has been more promising then the last few years, thereby showing an increasing trend in various segments and showing that we are not dependent on any one segments.

Our dependence on products has also been reducing and much more promising as we have launched various new products and the old products have also shown their prominence in the markets. This also proves that we are not dependent on any one product as we have numerous products and many more products in the pipeline for years to come.

We have been able to increase our revenues, thereby increasing our EBITDA, EBITDA Margins, PAT and PAT Margins in the Fiscal Year 2022 and expect to continue to increase our revenues and sustain with the EBITDA Margin and PAT Margin.

₹ 5,970
Total Revenu in MM

₹ 1,751
EBITDA in MM

29.33%
EBITDA Margin

₹ 1,089
PAT in MM

18.22%
PAT Margin

₹ 3,869
Net Worth in MM

Manufacturing Capital

Putting the steel on the ground

Aether has always believed in putting the steel on the ground and that is evident from the expansion and CAPEX plans that we are undertaking year on year. From Fiscal Year 2016, we have continuously been adding capacities by doing CAPEX year on year and we will continue to expand our facilities in future as well.

Utilizing capacities, optimally

In the Fiscal Year 2022, we have utilised 78.84% of our total available capacities and thus, this along with new products being launched, called in for new facilities. For which, we started the Greenfield Project work at our Site 3, which is located at Plot No. 8202/1, GIDC, Sachin, Surat - 394230 just diagonally opposite to our existing Manufacturing Facility 3 (Plot No. 8203, GIDC, Sachin, Surat - 394230). With this facility, we will adding approximately 3500 MT to 4000 MT per annum, when this facility will be ready an operational from December 2022.

We will want to utilise our available and unutilised capacities in such a way that we are able to bring in new products, new customers and new territories in the world open for us.

Expanding R&D and Pilot Plant

Along with expansion of our manufacturing plants, we are continuously investing in the expansion of our R&D and Pilot Plant as well. The R&D has been and will always be the base and core for Aether as all the products that we are manufacturing and selling are all developed in our in-house R&D and we would want to continue the developments of many more products to cater to the world.

₹2,377
Gross Block (Tangible + Intangible) in MM

₹1,010
CAPEX in MM

2
Manufacturing Units

1
Greenfield Project expansion ongoing

Human Capital

At Aether, employees are considered an integral part of the Company and the most important part of the overall growth that the Company has witnessed in all these years, since its inception in 2013. The evolution of Human Capital in Aether is remarkable and the growth of the Company is also witnessed with the growth in the employees of the Company.

Developing the leaders, within

The Promoters of the Company have given such an environment to the employees, whereby the development is happening at all the levels in the Human Capital, where by the Company's focus is always been to give more chances to the internal people to grown at various levels in various departments, rather than bringing in expertise from outside. This is making the people to feel more comfortable and they are showing their commitment towards the Company, thereby keeping the attrition rate to the lowest in the Industry.

PMS and Increments / Promotion System

The performance monitoring will be done on Quarterly Basis and Performance appraisal will be done on Annual Basis.

The Criteria of performance assessment will be on the following basis:

- Goals / KRAs – it must be noted here that Goals are applicable only to the Commercial team while KRA are applicable to both Commercial & Technical teams.
- Individual Performance
- 360 Degree Performance Evaluation Score (Appraisal by Senior, Subordinates, Peers, and Support Staff)
- Business Performance of the Company; and
- Any other relevant factor, including but not limited to the need to retain and motivate the team members and reasonable forecast of the business.

Honesty is the best policy where Ethical Values are on top

Ethical values are always welcome at Aether as Honesty is always given the utmost value at Aether. At Aether, we give equal opportunities to all types of employees and there is no discrimination based on age, sex, religion, caste, cadre or any other type. We have working hours and holiday policies, which make us the most wanted Employer to work at.

Promote employee health and quality of life

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.

Intellectual Capital

Research & Development

Aether has always believed in Research & Development and R&D has always been the core and base of Aether's growth story. Annual expenditure toward R&D (both revenue and capital) is significant at Aether, thereby confronting to the research oriented products / services. The R&D has allowed our Company to bring out products for the first time in India, which are not manufactured by any other players Moreover, in some products, we are the world leaders and the same is only possible due to the extensive R&D done by us.

Foundation of the Company

The foundation of our Company is our in-house research and development capabilities. According to Frost & Sullivan, our strategic investments in R&D have been critical to our success and a differentiating factor for us to attain leading market positions for certain products. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Based on the technical expertise we have developed over the years, we are able to carry out innovative processes at global scale, which, according to Frost & Sullivan, is difficult to replicate, and creates significant barriers for new entrants. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Chemistry and technology core competencies

Our chemistry and technology core competencies and all of our products have been developed by our own R&D team, scaled up in our Pilot Plant, and launched into production with in-house design and engineering. According to Frost & Sullivan, our in-house development (without the support from any clients for R&D) showcases our innovation and research strength, and our expertise in a large range of chemistries and technologies has allowed us to support a number of end use industries. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Examples of our chemistry core competencies include Grignards, Organolithium and other organometallic chemistry, Ethylene Oxide and Isobutylene chemistry, Hydrogenation, Catalysis (homogeneous / heterogeneous), Cross coupling chemistry and Metathesis/ Polymerization chemistry.

₹393
R&D Expense in MM

6.58%
R&D Expense of total Revenue

164
R&D Team

9
Trademarks

Intellectual Capital

According to the F&S Report based on Frost & Sullivan Primary Research & Analysis, for the competency of tandem Grignard and ethylene oxide chemistry, we have been a pioneer in Indian specialty chemicals markets, given that there are currently only four Indian companies in tandem Grignard and six Indian companies in ethylene oxide. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Examples of our technology core competencies include continuous reaction technology, high pressure reaction technology, fixed bed reaction technology, DCS process automation and high vacuum distillation technology (wiped film/short path). We are one of the few companies in the specialty chemicals sector who has deployed continuous reaction technology as a core technology competency at all stages (R&D, Pilot Plant and large scale manufacturing). (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Our R&D Facilities are dedicated to the development of our pipeline and next generation products as well as to our CRAMS customers As of March 31, 2022, we had a specialised R&D team of 164 scientists and engineers including 92 scientists (with PhDs or Master of Science degrees) and 72 chemical engineers Our R&D laboratories are fitted with modern synthesis equipment including fume hoods, lab scale continuous and flow reactors and advanced separation equipment. In addition, our R&D labs are supplemented with modern analytical method development ("ADL") and quality control (QC) laboratories equipped with the entire suite of equipment necessary for modern organic chemistry research. We also have a state-of-art Pilot Plant, which is a vital link between R&D and large scale production. Our Pilot Plant has a dual functionality; it functions to generate critical scale-up data in the transition from R&D to production to help eliminate issues at full production scale; and it also functions as a stand-alone manufacturing facility for low volume, high value products for our CRAMS customers According to F&S based on Frost & Sullivan Primary Research & Analysis, we have one of the largest pilot plants in the world with 106 reactors installed, for both batch as well as continuous reaction technology. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Trade Marks

Aether has various Trademarks to its name in India as well as USA and the details of these are as under:-

Name of the IPR/ registration/ license	Issuing authority	Whether registered/ /applied for/ unregistered	Registration ID
TM for Logo (Aether, elementally innovative)	US Patent & trademark Office	Registered	5010605
Logo (Arrow)	Trade Marks Registry, Government of India	Registered	4358229
TM for Word (Aether)	Trade Marks Registry, Government of India	Registered	2490771
TM for Logo (Aether, elementally innovative)-(Old)	Trade Marks Registry, Government of India	Registered	2870377
Logo (Logo)	Trade Marks Registry, Government of India	Registered	4358227
TM for Logo (Arrow)	Trade Marks Registry, Government of India	Registered	4358230
TM for Logo (Aether word)	Trade Marks Registry, Government of India	Registered	4358224
TM for Word (elementally innovative	Trade Marks Registry, Government of India	Registered	4358225
TM for Word (elementally innovative	Trade Marks Registry, Government of India	Registered	4358225

Social Capital

₹12
CSR Spent in MM

12
Activities undertaken

Corporate Social Responsibility

We have constituted a Corporate Social Responsibility ("CSR") Committee of our Board of Directors (the "CSR Committee") and have adopted and implemented a CSR Policy on June 20, 2018 and revised on November 18, 2021, pursuant to which we carry out our CSR activities. Our CSR initiatives are focused on education and skill development and healthcare for our staff and local community. For example, we make contributions towards educational fees for all our workers and staff. We engage in community welfare through our associated Aether Foundation, to assist with the needs of our staff and local community including education for kids, opening of schools in remote places medical assistance, blood donations and eye checking camps.

Firefighting and safety system

In addition, we have installed comprehensive safety equipment including firefighting and safety systems including 700 m^3 fire hydrant water storage, 271 m3 main electrical pump and diesel pump, automated foam monitors and water sprinklers, and Pulse Position Modulation (PPM) detection for gas and solvent leakage. Our plant wide DCS automation system allows us to control our safety systems and processes. We have also taken the initiative of combining the fire hydrant water resources of 3 other neighbouring chemical companies to create a combined fire hydrant water reserve of over 2,000 m3 capacity, available for the use of all participating companies.

ESG

The Company started the sustainability reporting for ESG and as on March 31, 2022 the same was under preparation. The final report would be available in Fiscal Year 2023 and will be put up on the website of the Company.

"On a hunt for carbon free world, with a vision to change the environment"

ESG focus and commitments are aligned with our broader goals, giving a significant competitive advantage in our business

Growth Story

We are a **speciality chemical manufacturer** in India focused on producing advanced intermediates and speciality chemicals involving **complex and differentiated** chemistry and technology core competencies. Our business was **started in 2013** with a vision to create a niche in the global chemical industry with a creative approach towards chemistry, technology and systems that would lead to sustainable growth.

We believe that maintaining a high standard of quality for our products is critical to our brand and continued growth. In the **short period of 9 years of incorporation** and **less than 6 years into commercial manufacturing**, we have reached revenue of over ₹5,970 MM in Fiscal Year 2022. We have built our business organically and have demonstrated consistent growth in terms of revenues and profitability.

Our manufacturing infrastructure, advanced technologies and automation are key growth drivers for our intermediates and speciality chemicals business. We have two sites at Sachin in Surat. Our Manufacturing Facility 1 is an approximately 3,500 square meters facility including our R&D Facilities, our analytical sciences, our Pilot Plant, our CRAMS facility and our hydrogenation facility. Our Manufacturing Facility 2 of approximately 10,500 square meters, acts as a large scale manufacturing facility which has an installed capacity per annum of 6,096 MT (SRP Plant: 13,140 MT) distributed among three intermediate buildings that host 16 production streams, as of March 31, 2022.

We export our products to more than 18 countries. Some of the key geographies to which we export our products include Italy, Spain, Germany and the United States. During the Fiscal Year 2022, Fiscal Year 2021, Fiscal Year 2020 and Fiscal Year 2019, our sales from exports (excluding deemed exports), as a percentage of our revenue from operations were 47.11%, 50.65%, 42.94% and 45.64% respectively.

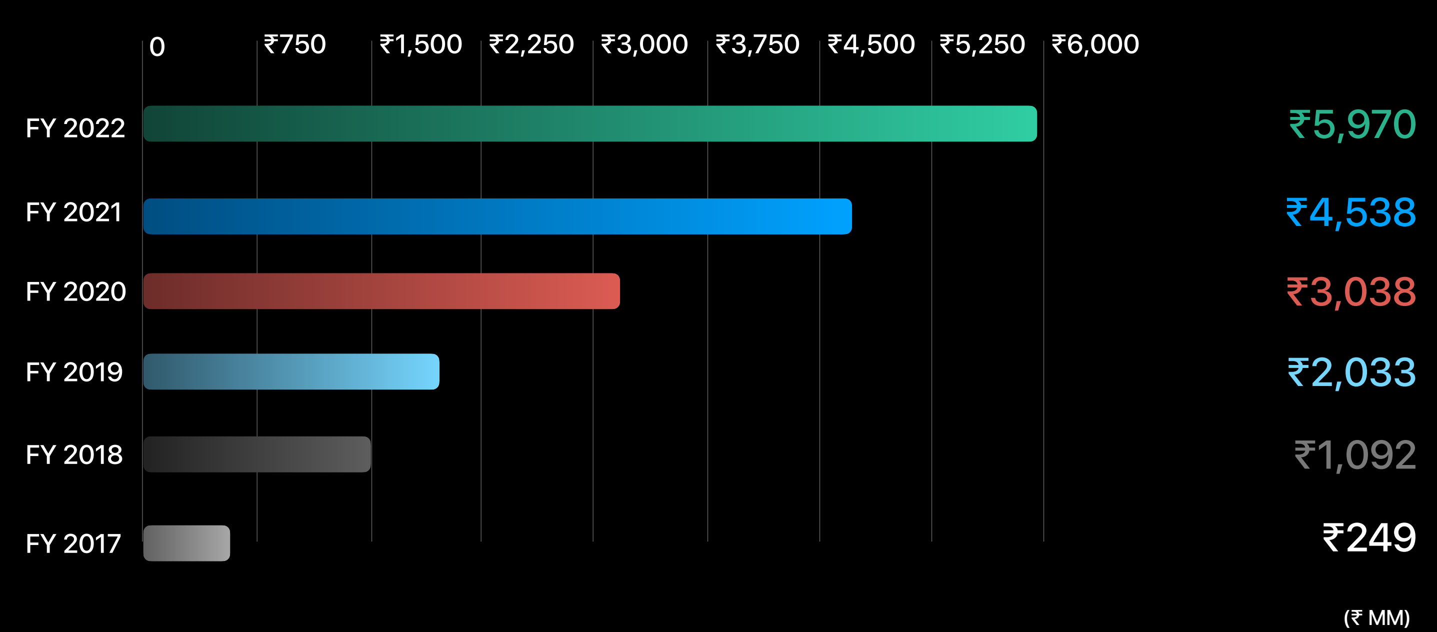
From 2013, when we started the business with R&D, we started recruiting people, not as per their qualifications alone but with their instinct to learn and earn to grow with Aether. We selected people for our R&D, who can adopt to the systems that we designed and work towards the chemistries and technologies to help us develop the products for the first time in India. Other teams were also selected basis the criteria of they being a perfect fit to our organizational goals vis a vis their personal and professional goals. With **just promoters** starting off the business in 2013 and by end of March 31, 2022, Aether is 719 people strong and still growing. ESOPs have been granted to eligible employees by the Company in this Fiscal Year 2022.

Revenue Growth

Our products are advanced intermediates and speciality chemicals that occupy a position in the chemical industry value chain between commodity chemicals and final actives and formulations with our products more closely aligned to the higher value range, further away from the commodities and closer towards the final active part of the value chain. According to Frost & Sullivan, the Company is known to have strong market positioning in complex intermediates where global competition is intense. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

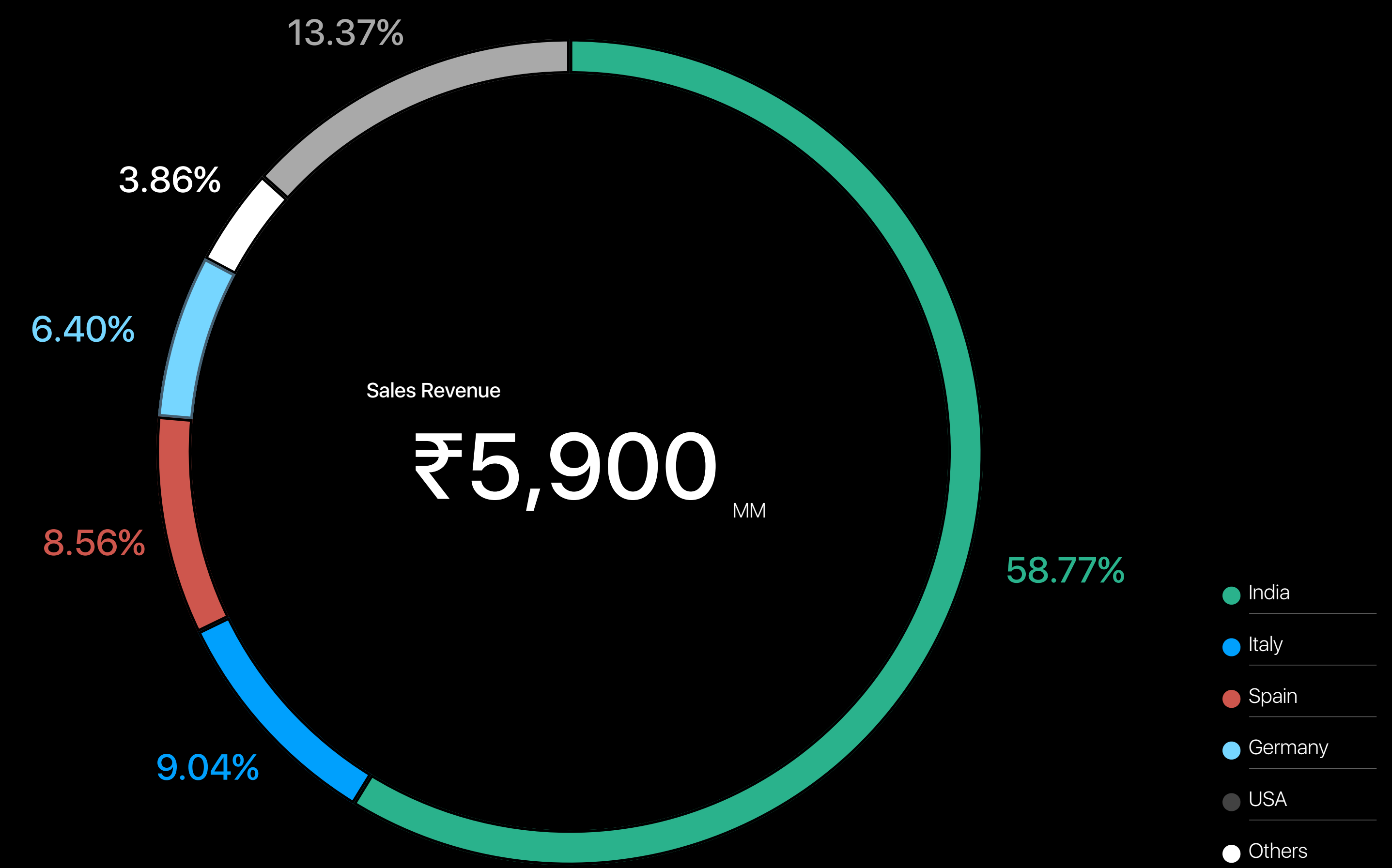
In addition to producing quality products and fulfilling orders and projects on-time, our approach, staff and corporate culture are attractive to customers, which have led to revenue growth for the Company, and which include:

- we offer our customers a one-stop-shop approach for the entire supply chain starting from paper research, contract research and lab process development (delivery of samples, gram scale, kg scale), pilot plant scale up and supply of customer sampling quantities, clinical and field trial quantities, and application testing quantities (100s kg scale to MT quantities), and finally commercial scale manufacturing and production quantities (100-1000s MT);
- we have skilled expertise and manpower in necessary scientific and engineering disciplines;
- we have "start-up" corporate culture that is ambitious and dynamic, and the average age of our staff is 31 years as of March 31, 2022;
- our core team and highest management is technical in nature, and experts in the areas of organic chemistry and chemical engineering;
- we focus on transparent communication and clean payment terms (LCs and PDCs); and
- we emphasize safe processes and inherently safe manufacturing, and sound QEHS principles



Geographical Presence

We are focused on producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technology core competencies. Our products have applications across a wide spectrum of uses in the pharmaceutical, agrochemicals, material science, coatings, high performance photography, additives and oil & gas industries. As of March 31, 2022, our product portfolio comprised over 25 products which were marketed to 34 global customers in 18 countries and to 154 domestic customers Our sales of our advanced intermediates and speciality chemicals products are predominantly conducted on a business-to-business basis both in India and internationally. A majority of our products are exported internationally, and we supply products to 18 countries, including India, Italy, Spain, Germany, the United States and other parts of the world. In the Fiscal Year 2017, when we had launched our commercial manufacturing and sales, we were supplying our products to 7 countries (including India), which has grown to 18 countries (including India) by Fiscal Year 2022, wherein we have added new geographies, year on year, depicting our growth and penetration in various countries.

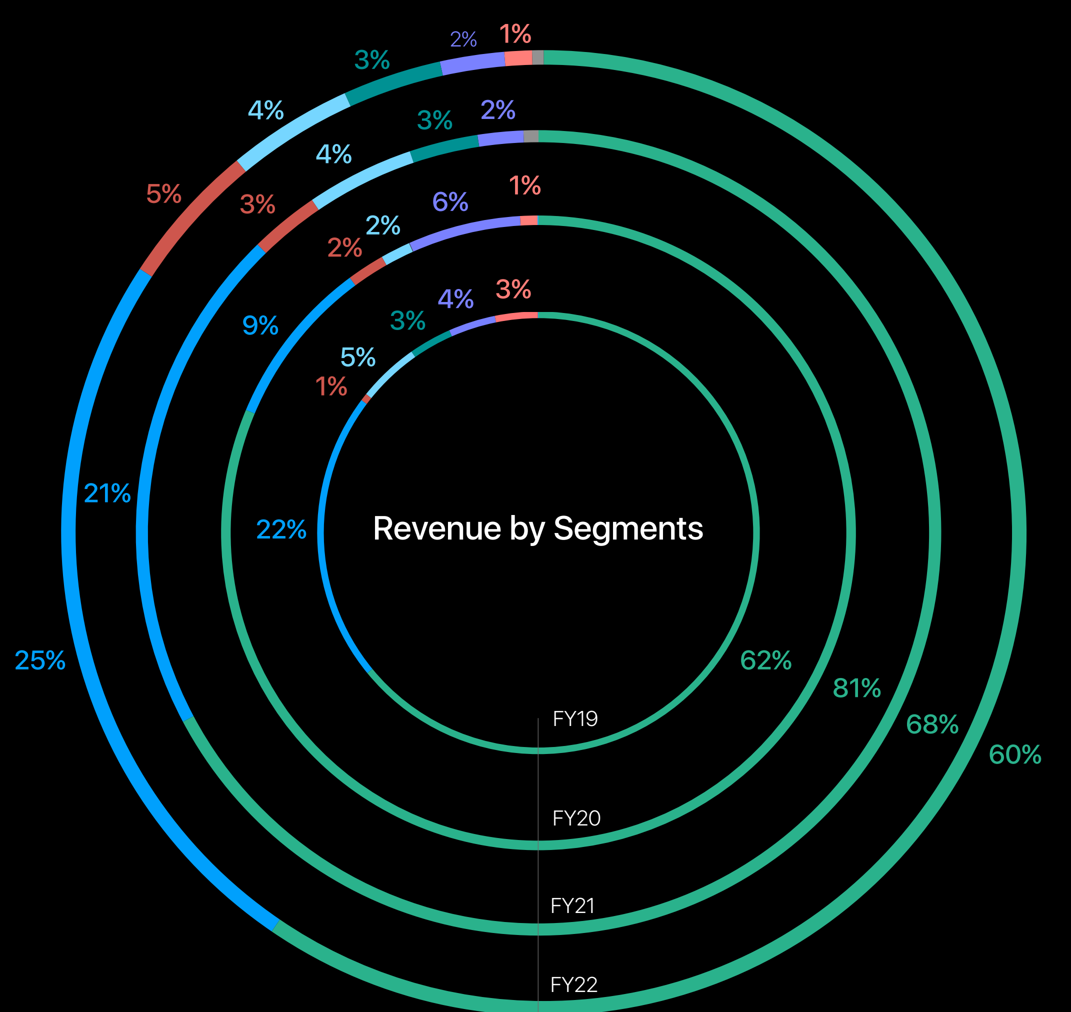


Others include Netherlands, Mexico, Taiwan, China, Switzerland, Japan, Belgium, Hungary, Israel, France, Romania, Sweden and UK

Business Segments

(₹ MM)

Particulars	FY 2022	FY 2021	FY 2020	FY 2019
Pharmaceuticals	₹ 3,513	₹ 3,042	₹ 2,455	₹ 1,253
Agrochemicals	₹ 1,456	₹ 927	₹ 258	₹ 447
High Perf. Photo	₹ 284	₹ 126	₹ 58	₹ 12
Material Science	₹ 248	₹ 196	₹ 46	₹ 95
Coatings	₹ 195	₹ 125	₹ 1	₹ 66
Miscellaneous / Multiple	₹ 127	₹ 83	₹ 173	₹ 73
Oil & Gas	₹ 54	₹ 0	₹ 27	₹ 66
Food Additives	₹ 23	₹ 1	₹ 2	₹ 1
Total	₹ 5,900	₹ 4,498	₹ 3,018	₹ 2,012



Research and Development

The foundation of our Company is our in-house research and development capabilities. According to Frost & Sullivan, our strategic investments in R&D have been critical to our success and a differentiating factor for us to attain leading market positions for certain products. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Based on the technical expertise we have developed over the years, we are able to carry out innovative processes at global scale, which, according to Frost & Sullivan, is difficult to replicate, and creates significant barriers for new entrants. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Our chemistry and technology core competencies and all of our products have been developed by our own R&D team, scaled up in our Pilot Plant, and launched into production with in-house design and engineering. According to Frost & Sullivan, our in-house development (without the support from any clients for R&D) showcases our innovation and research strength, and our expertise in a large range of chemistries and technologies has allowed us to support a number of end use industries. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

The foundation of our Company is our in-house research and development capabilities. Our chemistry and technology core competencies and all of our products have been developed by our own R&D team, scaled up in our Pilot Plant, and launched into production employing in-house design and engineering. We have dedicated in-house R&D Facilities and Pilot Plant at our Manufacturing Facility 1 at Sachin in Surat, Gujarat. Our R&D Facilities are dedicated to the development of our pipeline and next generation products as well as to our CRAMS customers As of March 31, 2022, we had a specialised R&D team of 164 scientists and engineers including 92 scientists (with PhDs or Master of Science degrees) and 72 chemical engineers Our R&D Facilities are equipped with laboratories engaged in process development, process innovation and technology development, which assists us in pursuing efficiencies from the initial conceptualisation up to commercialisation of a product. According to Frost & Sullivan, our strategic investments in R&D have been critical to our success and a differentiating factor for us to attain leading market positions for certain products. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Focus on R&D

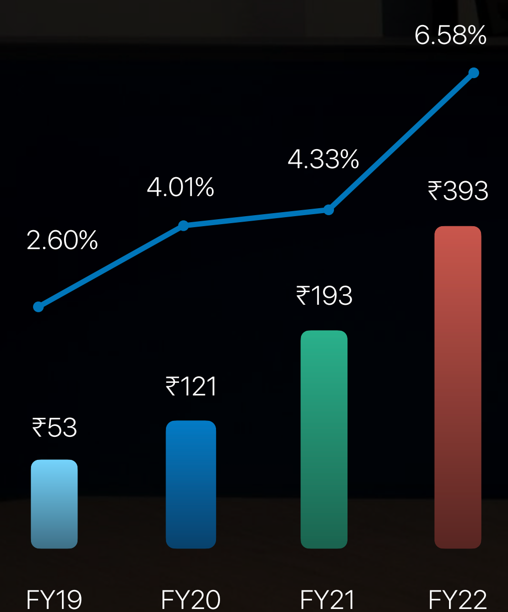
R&D has been critical to success and a differentiating factor vis-à-vis competitors

Experts at helm of R&D / CRAMS

MARCH-22	MARCH-21
164 Highly qualified employees, including	**130** Highly qualified employees, including
92 Scientists with PhD / M.Sc. and B.Sc.	**65** Scientists with PhD / M.Sc. and B.Sc.
72 Engineers	**65** Engineers

Consistently rising R&D expenditure

(₹ MM)



Focus on R&D (Contd.)

Why Aether?

The True Story

[8 x 8] Matrix of chemistry / technology competencies developed in-house, from scratch, which caters to various segments of chemical industry

Market Leading Products

Largest manufacturer of 4 products in the world and only manufacturer of 7 products in India, by volume (CY2020)

R&D Driven Approach

Deep rooted R&D-led product development team comprising 164 highly qualified people including 92 scientists (with PhDs or M. Sc. / B. Sc. degrees) and 72 engineers (MARCH-22)

Rich Infrastructure

Extensive and expanding R&D, pilot plant (3x, one of the largest in the world), and manufacturing (2 new greenfield projects, all fully DCS automated) capabilities

Growth Engines

Successfully launched 3 business models in 5 years into commercialisation:

1. Large scale manufacturing
2. CRAMS
3. Contract / Exclusive manufacturing

Unique Team

Techno-commercial excellence in promoter group, expert global technology and BD team, average age of 700+ staff is 31 years (March-22)

1st Time in India

Most of our advanced intermediates and specialty chemicals manufactured for the first time in India

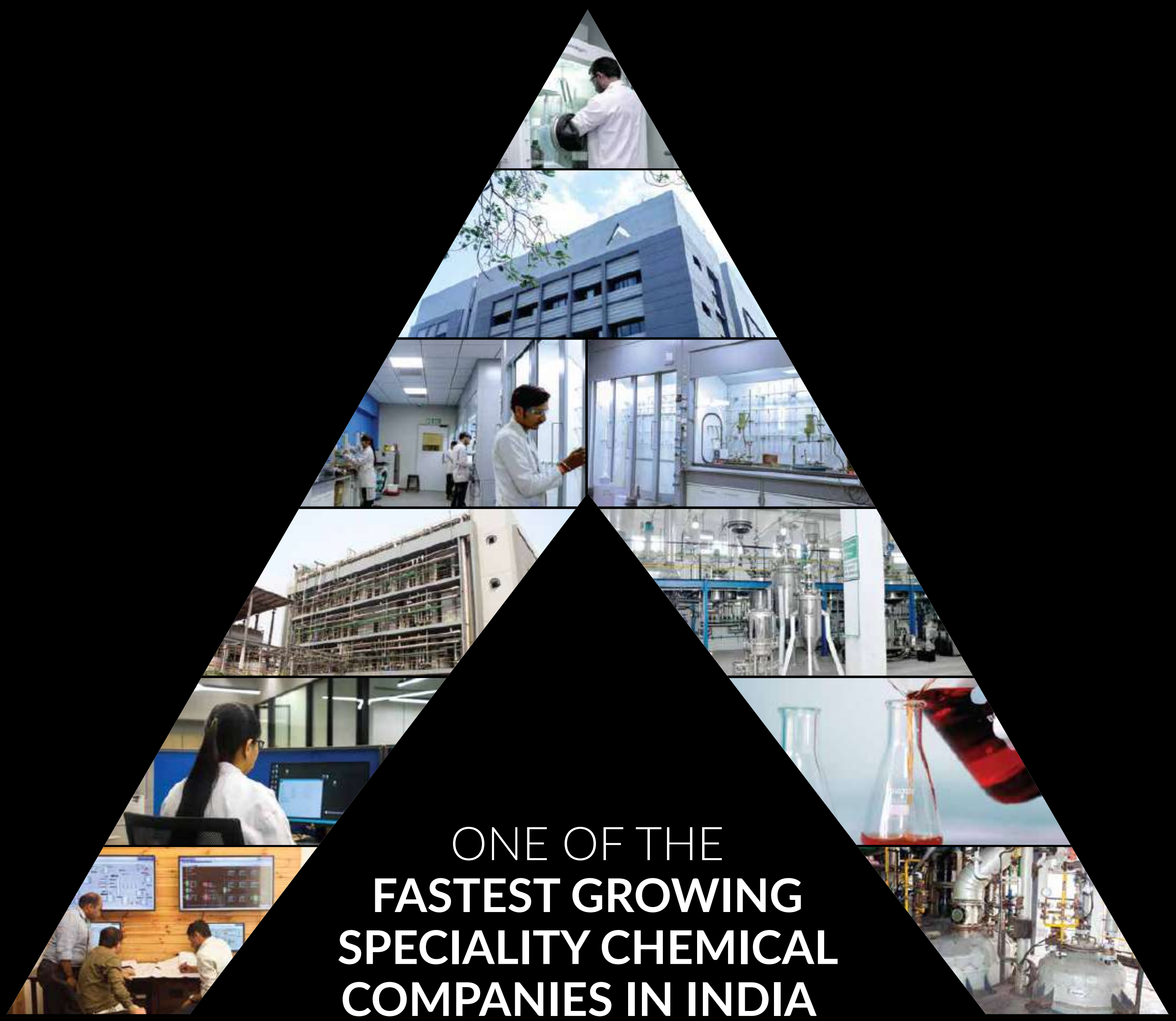
Marquee Customers

180+ International and domestic customers, customer base includes top innovator MNC companies across industry spectrum

One of the Fastest Growing

We are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 52.92% between Fiscal Year 2018 and Fiscal Year 2022

Why Aether? (Contd.)

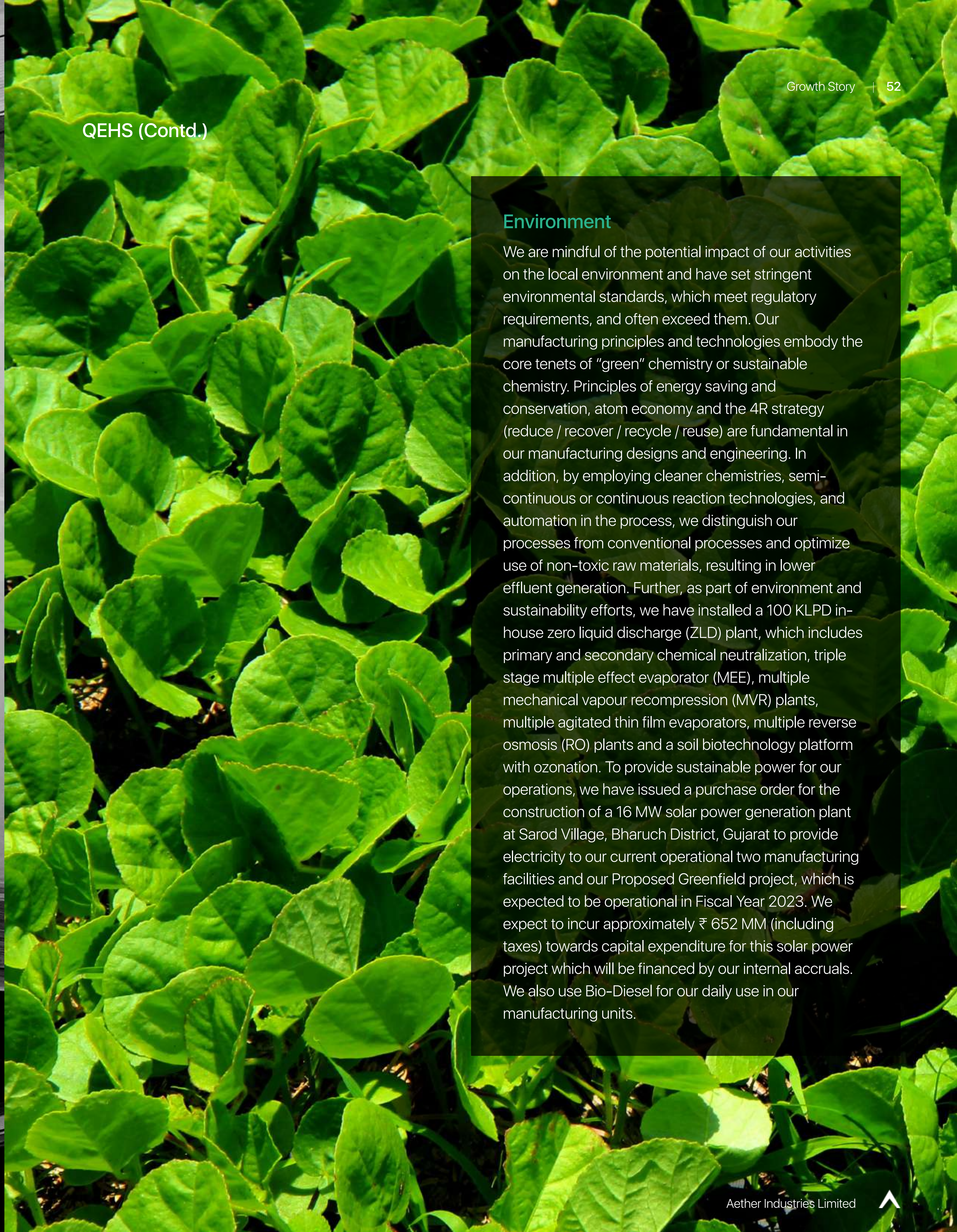


Quality, Environment, Health and Safety (QEHS)

Quality

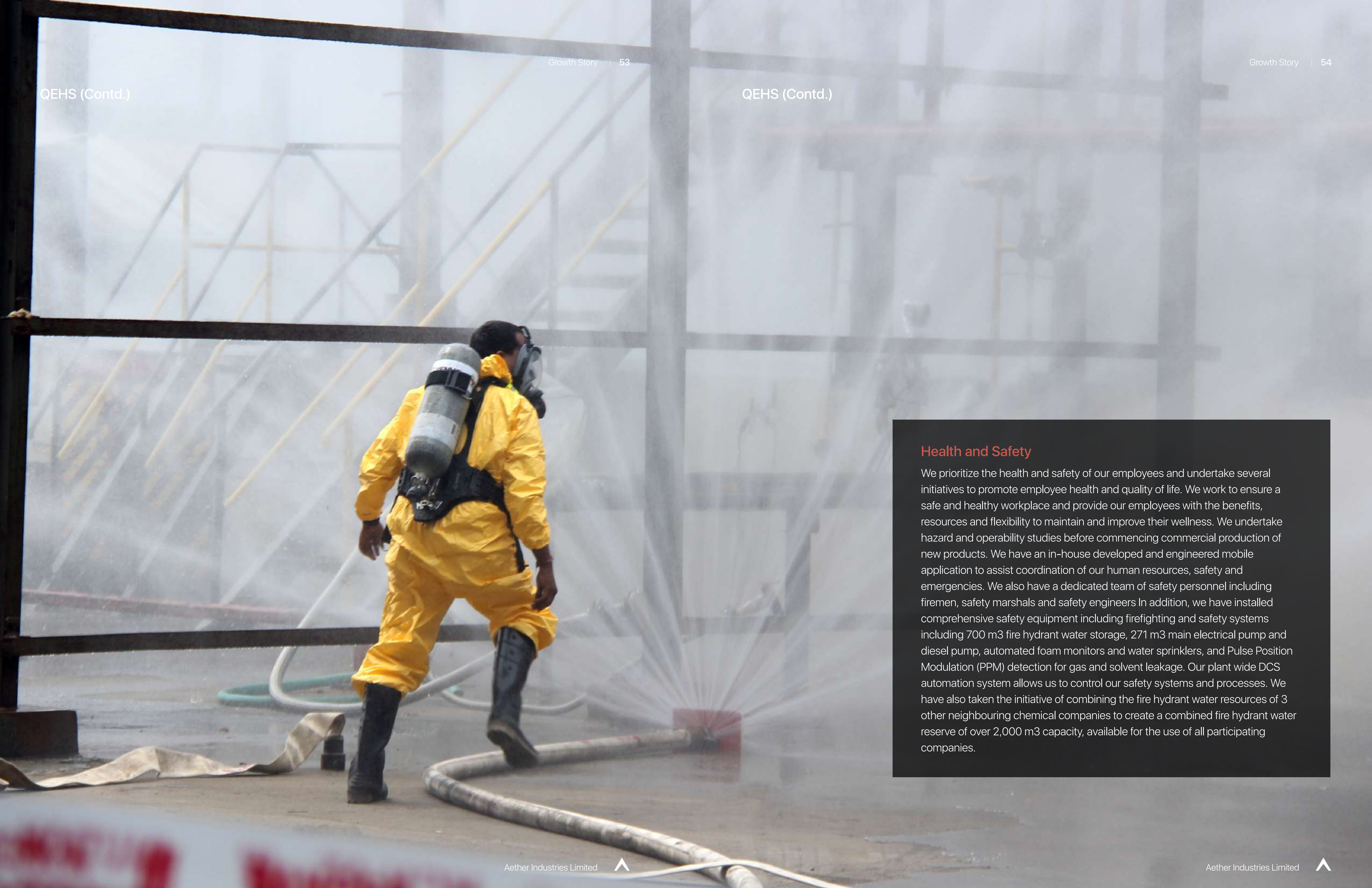
We believe that maintaining a high standard of quality for our products is critical to our brand and continued growth. Across our manufacturing facilities, we have put in place quality systems that cover all areas of our business processes from manufacturing, supply chain to product delivery to ensure consistent quality, efficacy and safety of products. Our products adhere to global quality standards. Our products go through various quality checks at various stages including random sampling check and quality check internally. Many of our key customers have audited and approved our facilities and manufacturing processes in the past, which ensures that the regulator and our customers are able to confirm the continuance of quality of our facility and processes. In the past three fiscal years, our facilities were audited 57 times by 43 customers or their external consultants. In addition, our facilities have received certificate of ISO 14001 for Environment and ISO 45001 for Occupational Safety and ISO 27000 certification. As of March 31, 2022, we had an environmental team of 43 employees (constituting 5.98% of our workforce) and a safety team of 30 employees (constituting 4.17% of our workforce).

QEHS (Contd.)



Environment

We are mindful of the potential impact of our activities on the local environment and have set stringent environmental standards, which meet regulatory requirements, and often exceed them. Our manufacturing principles and technologies embody the core tenets of "green" chemistry or sustainable chemistry. Principles of energy saving and conservation, atom economy and the 4R strategy (reduce / recover / recycle / reuse) are fundamental in our manufacturing designs and engineering. In addition, by employing cleaner chemistries, semi-continuous or continuous reaction technologies, and automation in the process, we distinguish our processes from conventional processes and optimize use of non-toxic raw materials, resulting in lower effluent generation. Further, as part of environment and sustainability efforts, we have installed a 100 KLPD in-house zero liquid discharge (ZLD) plant, which includes primary and secondary chemical neutralization, triple stage multiple effect evaporator (MEE), multiple mechanical vapour recompression (MVR) plants, multiple agitated thin film evaporators, multiple reverse osmosis (RO) plants and a soil biotechnology platform with ozonation. To provide sustainable power for our operations, we have issued a purchase order for the construction of a 16 MW solar power generation plant at Sarod Village, Bharuch District, Gujarat to provide electricity to our current operational two manufacturing facilities and our Proposed Greenfield project, which is expected to be operational in Fiscal Year 2023. We expect to incur approximately ₹ 652 MM (including taxes) towards capital expenditure for this solar power project which will be financed by our internal accruals. We also use Bio-Diesel for our daily use in our manufacturing units.



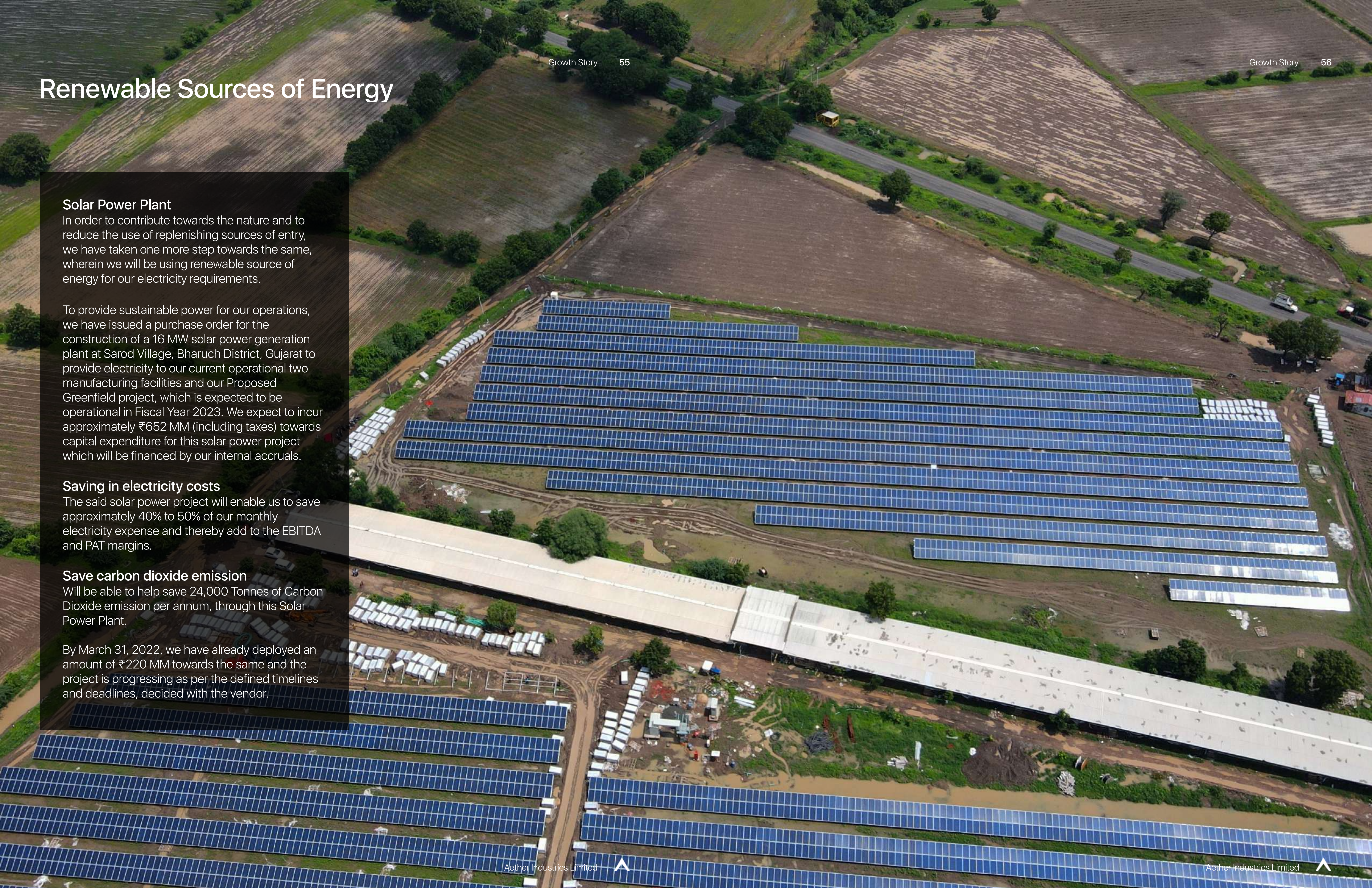
QEHS (Contd.)

QEHS (Contd.)

Health and Safety

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 undertake hazard and operability studies before commencing commercial production of new products. We have an in-house developed and engineered mobile application to assist coordination of our human resources, safety and emergencies. We also have a dedicated team of safety personnel including firemen, safety marshals and safety engineers In addition, we have installed comprehensive safety equipment including firefighting and safety systems including 700 m3 fire hydrant water storage, 271 m3 main electrical pump and diesel pump, automated foam monitors and water sprinklers, and Pulse Position Modulation (PPM) detection for gas and solvent leakage. Our plant wide DCS automation system allows us to control our safety systems and processes. We have also taken the initiative of combining the fire hydrant water resources of 3 other neighbouring chemical companies to create a combined fire hydrant water reserve of over 2,000 m3 capacity, available for the use of all participating companies.

Renewable Sources of Energy



Solar Power Plant

In order to contribute towards the nature and to reduce the use of replenishing sources of entry, we have taken one more step towards the same, wherein we will be using renewable source of energy for our electricity requirements.

To provide sustainable power for our operations, we have issued a purchase order for the construction of a 16 MW solar power generation plant at Sarod Village, Bharuch District, Gujarat to provide electricity to our current operational two manufacturing facilities and our Proposed Greenfield project, which is expected to be operational in Fiscal Year 2023. We expect to incur approximately ₹652 MM (including taxes) towards capital expenditure for this solar power project which will be financed by our internal accruals.

Saving in electricity costs

The said solar power project will enable us to save approximately 40% to 50% of our monthly electricity expense and thereby add to the EBITDA and PAT margins.

Save carbon dioxide emission

Will be able to help save 24,000 Tonnes of Carbon Dioxide emission per annum, through this Solar Power Plant.

By March 31, 2022, we have already deployed an amount of ₹220 MM towards the same and the project is progressing as per the defined timelines and deadlines, decided with the vendor.

Solar Power Plant at Sarod Village, Bharuch District, Gujarat
22.161335° N | 72.746040° E

CSR

Aether has constituted a corporate social responsibility ("CSR") committee of our Board of Directors (the "CSR Committee") and have adopted and implemented a CSR policy on June 20, 2018 and revised on November 18, 2021, pursuant to which we carry out our CSR activities. Our CSR initiatives are focused on education, skill development, disaster managements and healthcare for our staff and local community. Aether emphasises on the disadvantaged and underprivileged sectors of society, the economy, and the environment by promising to work for the ecosystem in equal measure for the upliftment of the needy through 'Aether Foundation'. Aether Foundation engages in community welfare to assists the needs of our staff and local community including education for kids, opening of schools in remote places medical assistance, blood donations and eye checking camps. Henceforth, In Fiscal Year 2022, Aether Foundation has invested ₹12.19 MM (Fiscal Year 2021: ₹6.53 MM) on account of our CSR activities.

Disaster Management

During the peak of the second wave of the CoVID-19 at the beginning of the financial year, the Company had provided the support for provisioning the medical oxygen and oxygen concentrators for approx. 100+ needy patients of the two organisations, incl. one a Government public hospital.

Education infrastructure

During the year under review, Company had provided educational support viz. construction of hostel premise and school premises in the Dang and the Tapi District of Gujarat.

At Kalamkui, Tapi District, support for providing a school building was provided for higher standards accommodating 100+ pupils in the new classrooms.

In Dang District of Gujarat, Company supported for construction of the additional classrooms in schools, which will accommodate more than 250 students. That will help to provide higher standards at the door-steps of the tribal students and will help to eliminate the drop-out ratio.

Easy commute of the blood

The Company contributed to the noble initiative of the blood-bank and supported to own them a vehicle which will be helpful to the blood-bank for quick transit of the blood to the hospital and their dependency on other vehicle will eliminate which will reduce transit time of the blood to reach to needy and can save life of human being.

Construction of Vocational Training Center

In the comparatively remote area of Khargone District of M.P., Company provided support for building a Vocational Training Center whereby, nearby students can avail training / coaching for various vocational courses practically. That will be beneficiary to approx. 100+ students of nearby area.

Contribution for Hostel

Company extended its support for hostel construction for female students in Surat. The contribution will be benefitted to four female students with other amenities in the hostel.

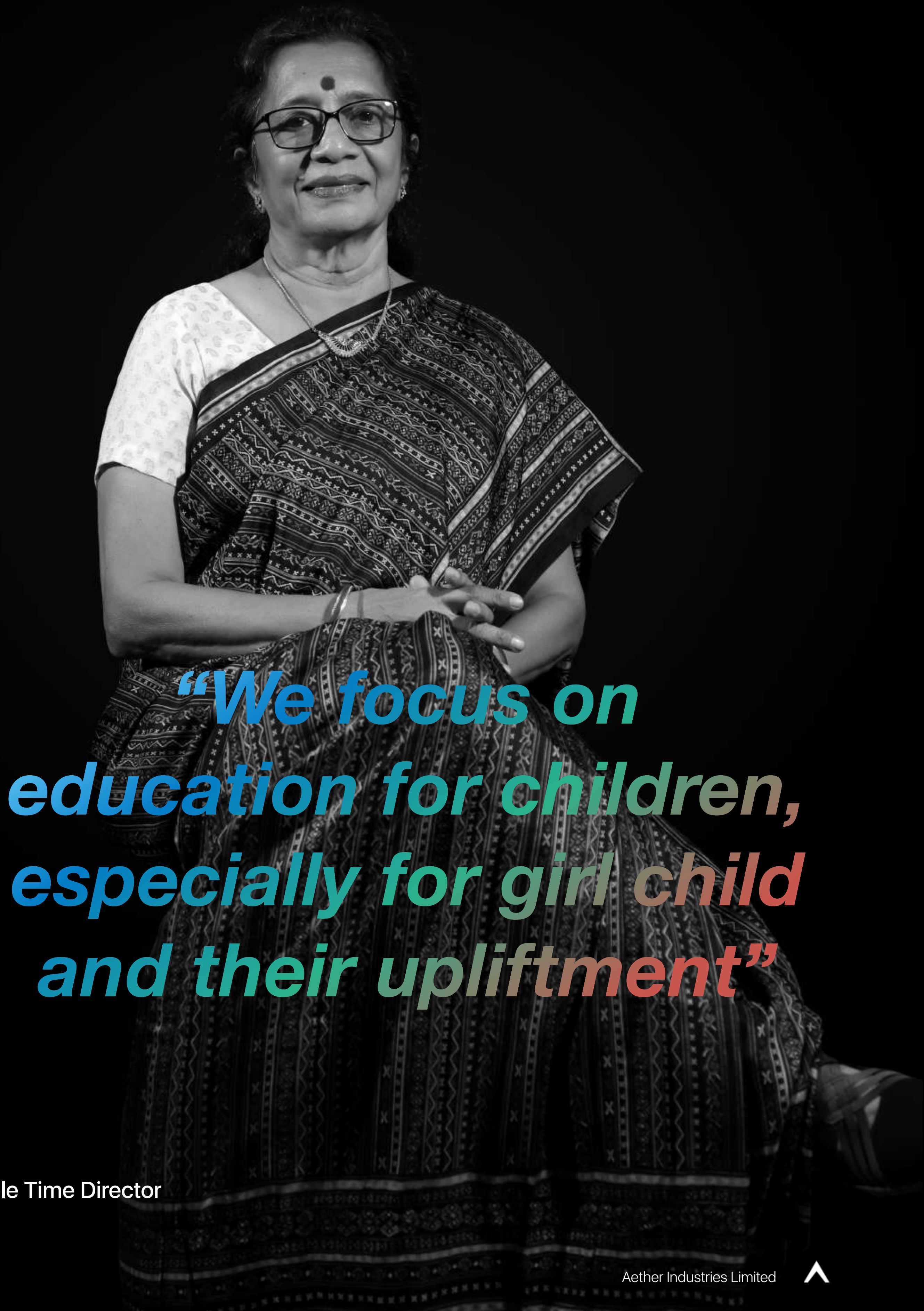
Eye check-up camp

Company participated in organizing an eye check-up camp in Sachin area, the principal area of operations of the Company. Free of cost eye check-up for people of Sachin area was conducted. Company provided allied support for the camp and approx. 250+ residents of the nearby area were benefitted through the camp.

CSR (Contd.)

Extended the classroom facility for students and provided better infrastructure support

Hostel for accommodating students, enhancing existing accommodation facility, eliminated daily travel in the remote area.



"We focus on education for children, especially for girl child and their upliftment"

Purnima Desai
Promoter, Whole Time Director

CSR (Contd.)

Vinay Mandir Gram Bharti School Kalamkui, Tapi, Gujarat
Inauguration Date - January 18, 2022
21.1475989° N | 73.2936931° E

The only school in the proximity of 2 kms.

Surat Raktadan Kendra & Research Center
Surat, Gujarat

Provision of vehicle for quick and easy transit of the blood to the needy.

Environmental Social Governance (ESG)

In Our pursuit of a more sustainable future that meets the needs of a greener planet and its people, Aether proactively published our first Environment Social Governance (ESG) report this year, articulating the Company's journey to sustainable development. Our report is in alignment with the GRI Standards, 2021 version and we have also mapped our sustainability performance against Sustainable Development Goals (SDGs).

In alignment to the requirements of GRI, we undertook a materiality analysis through a multi-stakeholder survey and 10 topics material to our business operations were identified and reported on in the sustainability report.

Energy Management

Through our energy saving initiatives, we have saved 264.08 GJ of energy this FY. The energy intensity for FY 2021-22 is 1.01 GJ / Employee.

Emissions

We are taking steps to mitigate GHG emissions through adoption of energy efficiency initiatives and switching to renewable energy. Our Scope 2 emissions for FY 2021-22 was 880.64 tCO2/GJ. We aim to capture our Scope 1 and 3 emissions in subsequent years.

Water Management

We use the water supplied by Gujarat Industrial Development Corporation (GIDC) for our manufacturing plant at Surat and have an ETP within our facility with a capacity if 100KL per day. Effluent at ETP is regularly sampled and three audits are conducted per year to assess the quality of the effluent. We have adopted a Zero-Liquid Discharge policy and hence we are not discharging any waste-water outside the Company. Our water consumption for FY 2021-22 stands at 163,284 KL.

Waste Management

Our operations involve a range of activities which results in generation of waste belonging to both, hazardous and non-hazardous categories. We have a complete waste management SOP (SOP-ET-020 - Handling, Storage & Waste Disposal and SOP-HR-003 - Housekeeping) in place to address our waste management compliances.

Diversity and Inclusion

We believe in the notion that diversity in the organization leads to pay-offs as people from diverse backgrounds bring unique abilities and talents which adds value to organisation. The intent is to ensure that there is no discrimination in compensation, training and employee benefits; based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with any political, religious or union organization or majority/minority group.

ESG (Contd.)

Employee Engagement

We are committed to instilling a culture of excellence, integrity, accountability and transparency among our employees. We believe in growing together. To bring the best in our people, we offer an array of benefits to our permanent employees that includes gratuity, bonuses, parental insurance, provident fund, leave encashment, term life plan, personal accident and health insurance coverage.

Human Rights

We are fully committed to abide by the principles of Human Rights across our operations and this reflects in our dealing with our different stakeholders All suppliers and contractors who undertake to provide services enter into a comprehensive formal agreement, which contains stipulations and conditions requiring them to abide by various applicable labour statutes in respect of their employees or workers A training on human rights have also been provided to all security personnel at Aether.

Occupational Health and Safety

Our safety culture is guided by a robust health and safety framework encompassing all activities across the organisation. Safety training is routinely imparted in all our units and we try to build a culture of safety through training and retraining of our workforce. The injury rate for FY 2021 was 3.04%.

Product Quality and Safety

We have a Good Manufacturing Practices (GMP) manual which describes all the process of review and safety mandates for products. Our operations are certified with Indian GMP. There have been no incidents of non-compliance concerning product and service information and labelling as well as marketing communications in the reporting year.

Community Development

We adopt a strategic approach while designing the community development programmes that are part of our Corporate Social Responsibility (CSR) approach. These programmes are designed to achieve long-term goals while contributing towards the achievement of UN Sustainable Development Goals. The programmes are developed to cater to strategic focus areas, such as education, relief under disaster management, facilities to senior citizens healthcare. These focus areas are carefully chosen to address the core developmental gaps in the society.

We invite you to read our complete sustainability report to get a more comprehensive understanding of our ESG initiatives in the organization.

Click here to read the Sustainability Report at: https://aether.co.in/wp-content/uploads/2022/09/Sustainability-Report-FY-2021-22.pdf.

Statutory Reports

Board's Report

To,
The Members,
Aether Industries Limited.

The Board of Aether Industries Limited take pleasure in presenting the 10th Board Report of the Company, together with the Standalone Audited Statement of Accounts and the Auditors' Report of the Company for the Financial Year ended March 31, 2022.

Financial Summary and Highlights

Financial performance of the Company for the Financial Year ended March 31, 2022 is summarized as below

(₹ MM)

Particulars	March 31, 2022	March 31, 2021
Income from Business Operations	₹ 5,900.47	₹ 4,498.16
Add : Other Income	₹ 69.74	₹ 39.73
Total Income	**₹ 5,970.21**	**₹ 4,537.89**
Profit / loss before Finance Cost, Tax, Depreciation and Amortisation	**₹ 1,750.81**	**₹ 1,161.32**
Less: Finance Cost	₹ 131.21	₹ 113.15
Less: Depreciation	₹ 154.87	₹ 110.11
Profit before Tax	**₹ 1,464.73**	**₹ 938.06**
Less: Tax	₹ 375.44	₹ 226.87
Profit after Tax	**₹ 1,089.29**	**₹ 711.19**
Earnings per Equity Share :		
Basic and Diluted (per Equity Share)	₹ 9.67	₹ 7.36

Business operations and affairs of the Company

The Fiscal Year 2022, begun with smooth flow in operations as compared to the last year which was impacted due to the outbreak of CoVID-19 in the whole world. The Company was able to operate at efficient level and maintained the annual growth rate, this year as well. The Company added some new facilities and products, which helped the Company to grow even further.

The Management at the operational level, with the extensive support of the employees, made it possible to achieve the organizational activities at the desired levels / targets and the cumulative efforts turned the budgets into achievements.

The Revenue from Operations in current Fiscal Year were reported at ₹5,900.47 MM, compared to ₹4,498.16 MM in the previous Fiscal Year, thereby showing a growth of 31.2%. Further, EBITDA, in the current Fiscal Year reported at ₹1,750.81 MM, compared to ₹1,161.32 MM in the previous Fiscal Year, registered a growth of 50.8% year on year. The Net Profit of the Company in the current Fiscal Year was ₹ 1,089.29 MM, which accounted for an increase of 53.2% against the previous Fiscal Year's Net Profit of ₹711.19 MM.

Board's Report (Contd.)

Dividend
Considering various requirements for more CAPEX towards infrastructure and scale-up, along with other business expansions, the Board has not recommended any dividend this year.

Environment, Social & Governance
Sustainability - the symbiotic essence between the nature and biodiversity and also amongst the past, present and the future - has been the core thought around everything that we do, individually and also collectively.

The CoVID-19 pandemic pressed the reset button of our planet, impacting every one of its inhabitants. While technological advances accelerate, it is worth noting the fact that peoples' expectations from life have changed. Safety, good health and socio-economic security have become predominant in that order. The Company has strived to behave responsibly in that manner and has aligned the practices which are taking care of all the above factors.

With the motive of keeping ESG in line with the business operations, the Company, during the period under review took the sustainability performance test conducted by EcoVadis and secured seventy-five percentile in it, with Silver Medal rating. There are only 25% companies in the world with this rating.

Also, the Company became a member of Global Compact Network (India), part of the United Nations Global Compact, to create responsible business values.

Reserves
For the Fiscal Year 2022, the Company has transferred ₹1,089.29 MM to the General Reserves.

Insurance
The Company has taken adequate insurance to cover the risks to its employees, properties (land and buildings), plants, equipment, other assets and third parties. The Company has also in-place the Directors & Officers Insurance Policy.

Change in Nature of the Business
During the Fiscal Year under review, Company pursued the existing stream of business operations without introducing any new business venture. Business activity of the Company remained unchanged throughout the Fiscal Year.

Details of revision of Financial Statement or Annual Report
No revision of the Financial Statements or Annual Report has been made during Financial Year ended March 31, 2022 neither in any of the preceding three Fiscal Years.

Accounting treatment
The Company was adhering to the Generally Accepted Accounting Principles as per the Indian GAAP. However, with effect from April 2018, the Company resorted to adhering to the Indian Accounting Standards (Ind AS) for going ahead with the IPO. Hence, from this Fiscal Year 2022 onwards, the Company has adopted the Indian Accounting Standards (Ind-AS).

Subsidiary, Associate and Joint Venture entities
The Company does not have any Subsidiary, Associate or Joint Venture entities.

Management Discussion and Analysis Report
The Management Discussion and Analysis Report for the Fiscal Year under review is included in the Annual Report.

Board's Report (Contd.)

Business Responsibility Report
The Business Responsibility Report in terms of Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Fiscal Year under review is attached herewith.

Material changes and commitments during after the end of the Fiscal Year
There have been no material changes and commitments, which have occurred between the end of the Fiscal Year to which the Financial Statements relate and the date of this Report, which affect the financial position of the Company.

The Company had filed the Draft Red Herring Prospectus (DRHP) with SEBI for the Initial Public Offering (IPO) of its Equity Shares. During the Fiscal Year under review, the Company received the in-principal approval from the BSE Limited and the National Stock Exchange of India Limited.

Share Capital Structure
During the year under review, the Company has increased its Authorised Share Capital.

The Company raised the Authorised Share Capital by ₹1000 MM. Authorised Share Capital at the end of the Fiscal Year stood at ₹ 1400 MM, bifurcated as mentioned here under:

Authorized Capital:
₹1,40,00,00,000/- (Rupees One Thousand Four Hundred Million only), comprised of 14,00,00,000 (Fourteen Million) Equity Shares of ₹10/- each.

The Company's issued share capital structure was as mentioned here under:

Issued, Subscribed and Paid-up Capital:
₹1,12,69,13,970/- (Rupees One Hundred Twelve Crores Sixty-Nine Lakh Thirteen Thousand Nine Hundred Seventy only), comprised of 11,26,91,397 (Eleven Crores Twenty-Six Lakh Ninety-One Thousand Three Hundred Ninety Seven) Equity Shares of ₹10/- each.

All the shares of the Company are in dematerialisation form.

During the Fiscal Year under review, at two instances, the issued share capital of the Company was increased, as mentioned here under:

- **Raising Capital through Private Placement**
  The Company raised ₹1,03,17,96,720/- (Rupees One Hundred Three Crores Seventeen Lakhs Ninety Six Thousand Seven Hundred Twenty only), through private placement by allotting 16,07,160 (Sixteen Lakhs Seven Thousand One Hundred Sixty) Equity Shares of face value of ₹ 10/- each at a premium of ₹632/- each. 6,22,085 Equity Shares (0.55% holding))issued to IIFL Special Opportunities Fund - Series 9 and 6,37,640 Equity Shares issued to White Oak Group (3,18,820 Equity Shares, being 0.57% holding to India Acorn Fund Ltd, Mauritius and 3,18,820 Equity Shares to Ashoka India Equity Investment Trust Plc, London).

- **Capitalisation of Reserves**
  Company allotted Bonus shares from Free Reserves and Security Premium in the ratio of 10:1 (10 Equity Shares for 1 Equity Share) to the existing shareholders, total of 10,09,85,670 (Ten Crores Nine Lakhs Eighty Five Thousand Six Hundred Seventy) Equity Shares of ₹10 each, amounting to ₹1,00,98,56,700 (Rupees One Hundred Crores Ninety-Eight Lakhs Fifty-Six Thousand Seven Hundred only).

Board's Report (Contd.)

Credit rating of the Company

The Company with its continuous outstanding performance, has secured more better credit ratings. In the current Fiscal Year, once again, the Company has maintained the excellent upward trend and the credit rating of the Company is CRISIL A- for long term ratings and CRISIL A2+ for short term ratings, appraised by M/s. CRISIL Ratings Limited.

The rating was opted on credit exposure of ₹275 Cr. (enhanced from previous exposure of ₹203.17 Cr. for the Fiscal Year 2021). Company's continuous outstanding performance at optimum level made this achievable consecutively in this Fiscal Year as well.

Transfer of amounts to Investor Education and Protection Fund

The Company does not have any funds lying unpaid or unclaimed for a period of seven Years Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund.

Board and its Committees

The Board of the Company met at regular intervals as specified under the norms under the Companies Act, 2013 for discussing and reviewing various Board and other strategic matters For more details, kindly refer the Corporate Governance Report. Total 12 Board Meetings were convened during the Fiscal Year under review.

Business transactions were all well-arranged throughout the Fiscal Year under review and accordingly Board Meetings were planned-out well with optimum participation.

Board of Directors and Key Managerial Personnel

The Board of the Company is duly constituted, comprising adequate number of Executive, Non-Executive, Women Directors and Independent Directors At the beginning of the Fiscal Year, there were nine Directors on the Board of the Company. However, taking into consideration the requirements with respect to SEBI ICDR Regulations, 2018 and SEBI LODR Regulations, 2015, numerous changes in the Board took place in the Fiscal Year under review.
Following changes took place in the Board and Key Managerial Personnel during the period :

Name	Date	Nature of event
Mr. Rakesh Malik	September 4, 2021	Resigned as a Director
Mr. Rohan Ashwin Desai	September 30, 2021	Resigned as a Chief Financial Officer
Mr. Ashwin Jayantilal Desai	October 1, 2021	Re-appointed as a Managing Director
Ms. Purnima Ashwin Desai	October 1, 2021	Appointed as a Whole-time Director
Mr. Rohan Ashwin Desai	October 1, 2021	Appointed as a Whole-time Director
Dr. Aman Ashwinbhai Desai	October 1, 2021	Appointed as a Whole-time Director
Ms. Leja Satish Hattiangadi	October 1, 2021	Appointed as an Independent Director
Mr. Faiz Arif Nagariya	October 1, 2021	Appointed as Chief Financial Officer
Mr. Jitendra Popatlal Vakharia	November 17, 2021	Appointed as an Add. Independent Director
Dr. Amol Arvindrao Kulkarni	November 17, 2021	Appointed as an Add. Independent Director
Mr. Rajkumar Mangilal Borana	November 17, 2021	Appointed as an Add. Independent Director

Board's Report (Contd.)

Mr. Ashwin Jayantilal Desai, Managing Director of the Company has attained the age of seventy years and Special Resolution was passed in the Annual General Meeting held on September 18, 2021 for his continuous employment.

Corporate Social Responsibility

During the Fiscal Year under review, the Company fulfilled its CSR obligation of ₹12.19 MM. Details of CSR activities in accordance with Section 135 read with Schedule VII of the Companies Act, 2013, is provided in Annexure along with details of the CSR Committee composition.

The Annual Report on CSR is annexed as **Annexure-B** to this Report.

The CSR Policy of the Company is available on the website of the Company at: https://aether.co.in/wp-content/uploads/2022/08/CSR-Policy.pdf

Directors retirement by rotation

According to the provisions of Section 152(6) of the Companies Act, 2013 and as per terms framed under the Articles of Association of the Company, Mr. Rohan Ashwin Desai and Mr. Kamalvijay Ramchandra Tulsian will be retiring by rotation at the forthcoming Annual General Meeting and being eligible, to offer themselves for reappointment. The Board recommends their re-appointment.

Declaration by Independent Directors

The Board of Directors of the Company hereby confirm that all the Independent Directors have been duly appointed by the Company and they have given the declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

The Board's evaluation

The Board evaluated the effectiveness of its functioning and that of the Committees and of Individual Directors by seeking their inputs on various aspects of the Board / the Committee governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and the Committee meetings. The Chairman of the Board had one-on-one meeting with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meeting with the Executive and Non-Executive Directors These meetings were intended to obtain Directors' inputs on effectiveness of the Board / the Committee processes. The Board considered and discussed the inputs received from the Directors Further, the Independent Directors at their meeting, reviewed the performance of the Board, Chairman of the Board and of Non-Executive Directors The Policy can be accessed at: https://aether.co.in/wp-content/uploads/2022/08/Board-Evaluation-Policy.pdf

Familiarization program for Independent Directors

In the reporting Fiscal Year, a familiarization program was hosted by the Company for its Independent Directors Detail of such program is hosted on the website of the Company, accessible at: https://aether.co.in/wp-content/uploads/2022/07/Familiarisation%20program%20of%20ID.pdf

Board's Report (Contd.)

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirm that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Fiscal Year and of the profit and loss of the Company for that period;
c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
d. The Directors had prepared the annual accounts on a going concern basis; and
e. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

Internal Financial Control System (IFCS) of the Company has been set out upon considering following measures:

1. That IFCS are commensurate with the size and nature of its operations.
2. All legal and statutory compliances are ensured on a monthly basis. Non-compliance, if any, is seriously taken by the management and corrective actions are taken immediately. Any amendment is regularly updated by internal as well as external agencies in the system.
3. Approval of all transactions is ensured through a pre-approved Delegation of Authority Schedule which is reviewed periodically by the Management.
4. The Company follows a robust internal audit process. Transaction audits are conducted regularly to ensure accuracy of financial reporting, safeguard and protection of all the assets. Verification of Fixed Asset is done on an annual basis. The audit reports for the above audits are compiled and submitted to the Board of Directors for review and necessary action.

Company has tried to put the best in class IFCS for the optimum output.

Deposits

The Company has not accepted any deposit from general public within the meaning of Section 73 of the Companies Act, 2013 and Rules framed thereunder.

Loans, Guarantees and Investments

During the year under review, the Company has not made / given / advanced any Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013.

Related Party Transactions

All the Related Party Transactions that were entered into during the Fiscal Year were in the ordinary course of business and at arm's length price There are no materially significant Related Party Transactions made by the Company with Promoters (incl. Promoter Group individuals), Directors, Key Managerial Personnel, Group

Board's Report (Contd.)

Companies or any such designated persons, which are covered under purview of Material Related Party Transactions.

Particulars of such transactions with related parties are duly noted on accounts forming part of the Financial Statements.

Further details of transaction entered with the related parties as defined under Section 2(76) and Section 188 of the Companies Act, 2013, taking into consideration the SEBI LODR Regulations, 2015, are attached herewith as **Annexure-A** for your kind perusal and information.

Energy conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

Information on conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are mentioned here under :

a. Conservation of Energy

- the steps taken or impact on conservation of energy:
  The Company is taking all the efforts to save electricity and other resources to conserve energy and utilise the same optimally.
  Strict adherence is cultivated in all the members in the Company to save electricity and other resources.
  The Company through the Purchase Power Agreement, using the capacity of 1.2 MW electricity generated through the solar, installed close to the end of the Fiscal Year, as a result of it, total 4.85 Lakh unit of electricity was saved out with that. Further, additional 100 TR Brine Chiller for the new utility, additional 75HP Cooling Tower and DP 60 air compressor were installed.
  The Company has installed Variable Frequency Devices (VFDs) along with Distributed Control System (DCS), dedicated automated dedicated energy meters in various high-power consuming equipment to optimize the usage.

- The steps taken by the company for utilizing alternate sources of energy:
  The Company has entered into a Purchase Power Agreement to avail the benefit in the form of rebate from the electricity consumed for the manufacturing facility. The service provider will produce the electricity through solar power plant installed and that will lead to redemption in the electricity bills.

- The capital investment on energy conservation equipment (Solar Power):
  The Company has, for the Solar Captive Power Agreement, invested ₹220 MM, up to March 31, 2022. The total project cost is approximately ₹650 MM, which will be completed in the next Fiscal Year 2023.

b. Technology Absorption

- The efforts made towards technology absorption:
  The Company has developed its own technologies for the development of various products and services, which it is selling / imparting to its various customers, all over the world.

The Company has installed in-house Solvent Recovery Plant ('SRP') for recovering the materials from mixed solvents generated and the recovered materials are again usable for the manufacturing process. That has led to eliminate dependency of the outside job-work for recovery from solvents as a cost-effective measure through reduction in job work charges, which were exorbitant till the last Fiscal Year.

Board's Report (Contd.)

c. Foreign Exchange Earnings and Outgo

The Foreign Exchange earned and the Foreign Exchange outgo during the Fiscal Year 2022:

Earning: ₹2,568.17 MM
Outgo: ₹1,059.97 MM

Annual Return

The web-link of Annual Return as in Form No. MGT-7 is https://aether.co.in/investor-relations/, for your kind perusal and information.

Risk Management

A formal, enterprise wide approach to Risk Management is being adopted by the Company and key risks are being managed within a unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and to make use of these in the decision making. Key business risks and their mitigation are considered in the annual / strategic business plans and in periodic management reviews. The risk management process in our multi-business, multi-site operations, over the period of time have been embedded into the Company's business systems and processes, such that Company's response to risk remain current and dynamic as per conditions.

The Company has also formed a Risk Management Committee, details of which are mentioned in the Corporate Governance Report as **Annexure-F.**

Vigil Mechanism

The Company has established a Vigil Mechanism cum Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy has a systematic mechanism for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Policy.

Once again in this Fiscal Year under review as well, no such instances have been reported under unethical and prohibited context. Vigil Mechanism cum Whistle Blower Policy is placed on the website of the Company, accessible at: https://aether.co.in/wp-content/uploads/2022/08/Whistle-Blower-Policy-Vigil-Mechanism.pdf.

Regulatory action

During the reporting period, an Order dated February 3, 2022, was passed by the Ministry of Corporate Affairs, for the application filed by the Company for condonation of delay in filing of the Special Resolution dated January 12, 2016 for issue of Preference Shares in accordance with Section 42 and 55 of the Companies Act, 2013. No monetary penalty or punishment was levied therein. Apart from it, no such significant and material orders were passed by any Regulators, Courts or Tribunals that could impact the going concern status and operations of the Company in future.

Statutory Auditors and their Report

Statutory Auditors for the Fiscal Year 2021-22 were M/s. Birju S. Shah & Associates, Chartered Accountants, Surat, who were appointed in the 9th Annual General Meeting held on September 18, 2021 for four years, till the conclusion of the Annual General Meeting for the Fiscal Year 2025.

Alike the previous Fiscal Year, no such observations (including any qualification, reservation, adverse remark or

Board's Report (Contd.)

disclaimer) are stated by the Auditors in their Audit Report that may call for any explanation from the Directors. Further, notes to accounts referred to in the Auditor's Report are self-explanatory in nature.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules framed thereunder, M/s. Dhiren R. Dave & Company, Company Secretary in practise was appointed as the Secretarial Auditor of the Company for the Fiscal Year 2022. They undertook the Secretarial Audit activity with utmost depth and integrity. All the conducts of the Company were found in line with the stipulated norms and the compliance system was found in-line with the laws and no instance of any material misconduct found in the audit.

The Secretarial Audit Report for the Fiscal Year ended March 31, 2022 is annexed herewith as **Annexure-C**. The Report does not contain any qualification, reservations, adverse remarks or disclaimer.

Cost Audit

Maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is maintained by the Company and accordingly such accounts and records are made and maintained. For the Fiscal Year under review, M/s. Ashvin Ambaliya & Associates, Cost Accountants undertook the Cost Audit of the Company and they have been re-appointed by the Board on recommendation of the Audit Committee for the Fiscal Year 2023 and their remuneration is included in the Notice of the forthcoming Annual General Meeting of the Company, seeking ratification by the Members.

The Cost Auditor has confirmed that their appointment is within the purview of Section 143 of the Companies Act, 2013 and they confirm that they are free from any disqualification.

Internal Audit

The Board appointed Ms. Ishita H. Rathod, Cost Accountant as the Internal Auditor of the Company as per Section 138 of the Companies Act, 2013 to conduct the Internal Audit of the Company, for Fiscal Year under review.

Employee Stock Option Scheme

Pursuant to the Resolutions of the Board of Directors dated November 18, 2021 and Shareholders' Resolution dated November 18, 2021, Company has instituted Aether Industries Limited Employees Stock Option Plan Scheme 2021 (hereinafter "ESOS Scheme 2021"). The ESOS Scheme 2021 is in-compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. However, the same is placed before the Members of the Company for their ratification as per the mentioned norms.

The Company has introduced the Aether Industries Limited Employees Stock Option Scheme 2021 (AIL ESOS 2021) primarily with a view to attract, retain, incentivise and motivate the existing employees of the Company. The AIL ESOS 2021 contemplates grant of options to the eligible employees, as may be determined in due compliance of SEBI SBEB Regulations and provisions of the AIL ESOS 2021. After vesting of options, the Eligible Employees earn a right (but not an obligation) to exercise the vested options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee (Committee) of the Company shall administer AIL ESOS 2021. All questions of interpretation of the AIL ESOS 2021 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in AIL ESOS 2021. Details of it are mentioned in the **Annexure-D**.

Board's Report (Contd.)

Reporting of frauds by Auditors

There is no qualification, reservation or any adverse remarks made by M/s. Birju S. Shah & Associates, Statutory Auditors in their Audit Report, M/s. Dhiren R. Dave & Company, Secretarial Auditors in their Secretarial Audit Report, M/s. Ashvin Ambaliya & Associates, Cost Auditors in their Cost Audit Report and Ms. Ishita H. Rathod, Internal Auditor in her Internal Audit Report.

Apart from it, no such instance of fraud committed to Company by its employees or officers, have been reported to the Audit Committee under Section 143(12) of the Companies Act, 2013.

Remuneration detail of employees

Pursuant to the Rule 5(1) of Companies (Appointment and Remuneration) Rules, 2014, statement regarding top ten employees in terms of remuneration drawn and other details of the employees as prescribed has to be provided in the Board Report. Currently, there are no employee who draw the remuneration above the limit prescribed therein hence, no details are provided therefor. Other details regarding the same is attached as **Annexure-E.**

Corporate Insolvency Resolution process initiated under the Insolvency and Bankruptcy Code, 2016

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The same is mentioned in the Corporate Governance Report.

Secretarial Standards

The Company has duly complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and the General Meetings of the Company (SS-1 and SS-2) from time to time.

Human Resources and Industrial Relations

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of managers and other employees. Objective appraisal systems based on Key Result Areas (KRAs) are in place for various employees and the system is always being implemented towards unbiased appraisal system.

The Company is committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development. This is a part of our Corporate HR function and is a critical pillar to support the organization's growth.

The Company has aligned and collaborated R&D activities with many institutions and Universities of India. Company has associated with National Chemical Laboratory (NCL, Pune), Institute of Chemical Technology (ICT, erstwhile UDCT, Mumbai), Uka Tarsadia University (UTU, Bardoli) and Sardar Vallabhbhai National Institute of Technology (SVNIT, Surat).

The Company has its owned sponsored PhD programs which are ongoing for getting PhD research and degree done for its R&D team with above named Institutes.

Board's Report (Contd.)

Environment, Health and Safety Protection

Company's Health and Safety Policy commits to comply with applicable legal and other requirements concerned to occupational Health, Safety and Environment matters The Company has due system for environmental issues, health and safety issues concerned with the employees and the same is reviewed at regular intervals.

The Company started the sustainability reporting for ESG and as on March 31, 2022 the same was under preparation.

The final report would be available in Fiscal Year 2023 and put up on the website of the Company.

Appreciation and Acknowledgement

The Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The Board places on record its appreciation for the support and co-operation, your company has been receiving from its Suppliers, Retailers, Dealers & Distributors and others associated with the Company. The Directors also take this opportunity to thank all Clients, Vendors, Banks, Regulatory Authorities, Government and every Stakeholders for their continuous support.

For and behalf of Board of Directors

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole Time Director DIN: 00038379

Place: Surat | Date: July 25, 2022

Form No. AOC-2

ANNEXURE - A

Form for disclosure of Particulars of Contracts / Arrangements entered into by the Company with Related Parties during the Fiscal Year ended on March 31, 2022

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Details of Contracts / Arrangements or Transactions not at arm's length basis : None

Details of Contracts / Arrangements or Transactions at arm's length basis : Following Related Party Transactions were conducted at arm's length basis and in the ordinary course of business of the Company during the year under review.

	Party with which contract is entered into	Nature of Relationship	Nature of Transaction	Duration	Value of Transaction (₹ in MM) p.a.	Date of approval of Board
1.	Kamalvijay Ramchandra Tulsian (HUF)	Karta of Director's HUF	Rental Charges for rented Property	Every month	₹ 2.40	05.06.2021
2.	Ms. Pramiladevi Kamalvijay Tulsian	Spouse of the Director	Rental Charges for rented Property	Every month	₹ 2.40	05.06.2021

For and behalf of Board of Directors

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole Time Director DIN: 00038379

Place: Surat | Date: July 25, 2022

Annual Report on CSR Activities for the Fiscal Year 2022

ANNEXURE - B

1. Brief outline on CSR Policy of the Company

The Company throws the light and focus on the underprivileged and marginalized area of the society, economy and the environment. It is always in the back-drop of the philosophy of the Company that what the Company has achieved so far, the Company shall pay-back the same to the society or the environment, as all are inter-related to each other and one cannot exist without any of the above.

Accordingly, Company through 'Aether Foundation' and / or with any other such Organisations, strives to reach to the needy for their betterment and upliftment.

The Company has duly formed the Policy for identification of such area and other aspects where the Company can serve to the needy. Primarily, the Company is more driven towards educational supports to the rural students.

2. Composition of the CSR Committee

Name of the Director	Designation / Nature of Directorship	No. of Committee Meetings	
		Held during the year	Attended during the year
Ms. Purnima Ashwin Desai	Chairperson / Executive	3	3
Mr. Kamalvijay Ramchandra Tulsian	Member / Non-Executive	3	3
Mr. Jeevan Lal Nagori	Member / Independent	N/A	N/A
Ms. Leja Satish Hattiangadi	Member / Independent	N/A	N/A
Mr. Jitendra Popatlal Vakharia	Member / Independent	N/A	N/A

3. Details of URL for disclosure of composition of the CSR Committee, CSR Policy and CSR projects on the website of the Company: www.aether.co.in
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable: Not applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: None
6. Average net profit of the Company as per Section 135(5): ₹607.85 MM
7. Two percent of average net profit of the Company as per Section 135(5) : ₹12.16 MM

   Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
   Amount required to be set off for the financial year : Nil
   Total CSR obligation for the financial year : ₹12.16 MM

Board's Report (Contd.)

8. a. CSR amount spent or unspent for the financial year

Total Amount spent for the Fiscal Year (in ₹)	Amount Unspent (₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
1,21,92,300	-	-	-	-	-

b. Details of CSR amount spent against ongoing projects for the financial year : None

c. Details of CSR amount spent against other than ongoing projects for the financial year

	Name of the Project	Item as per Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount (₹ in lakhs)	Mode of implementation Through Implementing agency
				State	District		Name / CSR Reg.No.
1.	Medical oxygen in Civil Hospital during CoVID-19	Disaster management	Yes	Gujarat	Surat	02.50	Rogi Kalyan Samiti, New Civil Hospital, Surat (CSR00014308)
2.	Education infrastructure	Promoting education	No	Gujarat	Tapi	31.75	Aether Foundation (CSR00002740)
3.	Health support	Promoting and preventive healthcare	No	Rajasthan	Udaipur	05.00	Kajorimal Basantilal Nagori Charitable Trust (CSR00010916)
4.	Medical oxygen and oxygen concentrators during CoVID-19	Disaster management	Yes	Gujarat	Surat	10.00	Surat Manav Seva Sangh (CSR00012702)
5.	School building construction in tribal area	Promoting education	No	Gujarat	The Dangs	24.00	Aether Foundation (CSR00002740)
6.	Vehicle for easy commuting / transit of blood to the patient	Promoting and preventive health care	Yes	Gujarat	Surat	06.00	Surat Raktadan Kendra & Research Center (CSR00008499)

Board's Report (Contd.)

	Name of the Project	Item as per Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount (₹ in lakhs)	Mode of implementation Through Implementing agency
				State	District		Name / CSR Reg.No.
7.	Constructing Vocational Training Center	Promoting special education	No	M.P.	Khargone	10.00	Nimar Abhyudaya Rural Management & Development Association (CSR00009745)
8.	Support of orphanage by providing basic necessities	Support of orphanage	No	Gujarat	Tapi	01.00	Aether Foundation (CSR00002740)
9.	Hostel accommodation of female student	Setting up hostel for women	Yes	Gujarat	Surat	05.00	Aether Foundation (CSR00002740)
10.	School building construction	Promoting education	Yes	Gujarat	The Dangs	16.00	Aether Foundation (CSR00002740)
11.	Eye check-up camp	Promoting health care	Yes	Gujarat	Surat	0.67	Aether Foundation (CSR00002740)
12.	Support to cancer research initiative	Promoting health care	Yes	Gujarat	Surat	10.00	Shree Mahavir Health and Medical Relief Society (CSR00006704)

d. Amount spent in Administrative Overheads: None

e. Amount spent on Impact Assessment, if applicable : None

f. Total amount spent for the Fiscal Year (8b+8c+8d+8e): ₹1,21,92,300

g. Excess amount for set off, if any : None

9. a. Details of Unspent CSR amount for the preceding three financial years

	Preceding Fiscal Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting FY (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding FY (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	FY 2020-21	None	None	N.A.	N.A.	N.A.	None
2.	FY 2019-20	None	None	N.A.	N.A.	N.A.	None
3.	FY 2018-19	None	None	N.A.	N.A.	N.A.	None

Board's Report (Contd.)

9. (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** None
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: None
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): None

For and behalf of Board of Directors

Ashwin Desai - Managing Director	DIN: 00038386
Rohan Desai - Whole Time Director	DIN: 00038379
Purnima Desai - Chairperson CSR Committee	DIN: 00038399

Place: Surat | Date: July 25, 2022

Form No. MR-3

ANNEXURE - C

Secretarial Audit Report for the Financial Year ended on March 31, 2022

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9(1) of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,
The Members of
Aether Industries Limited
Plot No. 8203,
GIDC Sachin, Surat-394230

CIN: **U24100GJ2013PLC073434**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aether Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information and representation provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not Applicable
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not Applicable
b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - Not Applicable
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - Not Applicable
e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable
f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

Board's Report (Contd.)

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - There are no events occurred during the year which attracts provisions of these regulations hence not applicable and
h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; There are no events occurred during the year which attracts provisions of these regulations hence not applicable
i. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 - Not Applicable

- Other as mentioned below:
- The Factories Act, 1948
- The Industrial Disputes Act, 1947
- The payment of Wages Act, 1936
- The minimum Wages Act, 1948
- Employee State Insurance Act, 1948
- The Employees Provident Fund and Miscellaneous Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Maternity Benefit Act, 1961
- The Child Labour (Prohibition and Regulation) Act, 1986
- The Industrial Employment (Standing Orders) Act, 1946
- The Employees Compensation Act, 1923
- The Apprentices Act, 1961
- The Equal Remuneration Act, 1976
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- The Environment (Protection) Act, 1986 (read with The Environment (Protection) Rules, 1986
- The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008
- The Water (Prevention and Control of Pollution) Act, 1974 (read with Water (Prevention and Control of Pollution) Rules, 1975
- The Air (Prevention and Control of Pollution) Act, 1981 (read with Air (Prevention and Control of Pollution) Rules, 1982

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

2. We further report that,
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate Notices were being given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

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

Board's Report (Contd.)

4. We further report that during the audit period, the Company has taken following steps having a major bearing on the its affairs:

- Company has filed Draft Red Herring Prospectus (DRHP) dated 28.12.2021 on December 29, 2021 with SEBI.
- In-principal approval from BSE Limited and National Stock Exchange of India Limited received on January 18, 2022 and on January 19, 2022 respectively for Initial Public Offer of Equity shares aggregating up to ₹757 Crores and Offer for sale upto 27,51,000 equity shares.

This Report is to be read with our letter dated July 25, 2022 which is annexed and forms an integral part of this Report.

For Dhiren R. Dave & Co.
Company Secretaries | PR No.: 2144/2022 | UIN: P1996GJ002900

Pinal Kandarp Shukla - Partner
Membership No.: 28554 | CP No.: 10265 | UDIN: A028554D000680634

Place: Surat | Date: July 25, 2022

Board's Report (Contd.)

To,
The Members of
Aether Industries Limited
Plot No. 8203,
GIDC Sachin, Surat-394230

Our Report of even date is to be read along with this letter.

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

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

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

For Dhiren R. Dave & Co.
Company Secretaries | PR No.: 2144/2022 | UIN: P1996GJ002900

Pinal Kandarp Shukla - Partner
Membership No.: 28554 | CP No.: 10265 | UDIN: A028554D000680634

Place: Surat | Date: July 25, 2022

Details of AIL ESOS 2021

ANNEXURE - D

1. **Any material changes in the Scheme and whether the scheme is in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021:** There are no material changes in the scheme. The scheme was formulated in-line with the requirement and was issued prior to the listing of the Company and hence, the scheme is placed before the Members for their ratification in line with the Regulation. The same is proposed in the Notice of the forthcoming Annual General Meeting of the Company.

2. **Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.** Kindly refer 'Annexure III - Statement of Changes in Equity' of the standalone financial statements.

3. **Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time:** ₹9.67.

4. **Details related to ESOS**

A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including:	The Company proposes to introduce the AIL ESOS 2021 primarily with a view to attract, retain, incentivise and motivate the existing employees of the Company, new employees joining the Company, that would lead to higher corporate growth. The AIL ESOS 2021 contemplates grant of options to the eligible employees, as may be determined in due compliance of SEBI SBEB Regulations and provisions of the AIL ESOS 2021. After vesting of options, the Eligible Employees earn a right (but not an obligation) to exercise the vested options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.
	The Nomination and Remuneration Committee (Committee) of the Company shall administer AIL ESOS 2021. All questions of interpretation of the AIL ESOS 2021 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in AIL ESOS 2021.
Date of Shareholders' approval	November 18, 2021. The scheme was approved vide the Special Resolution passed on November 18, 2021 and further it is placed before the Members for the ratification.
Total number of options approved under ESOS	11,00,000 Options
Vesting requirements	Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 7 (seven) years from the date of grant of options as may be determined by the Committee.
Exercise price or pricing formula	The exercise price per option shall be at the price determined by the Board/Committee and in no case less than face value of the equity shares.
Maximum term of options granted	7 years
Source of shares (primary, secondary or combination)	Primary, the shares exercised will be listed on the Stock Exchanges.

Board's Report (Contd.)

Variation in terms of options	N.A.
Method used to account for ESOS	Fair Value Method
Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	N.A.
Option movement during the year (for each ESOS)	
Number of options outstanding at the beginning of the period	None
Number of options granted during the year	1,81,122
Number of options forfeited / lapsed during the year	6,291
Number of options vested during the year	None
Number of options exercised during the year	None
Number of shares arising as a result of exercise of options	None
Money realized by exercise of options (₹), if scheme is implemented directly by the Company	None
Loan repaid by the Trust during the year from exercise price received	N.A.
Number of options outstanding at the end of the year	1,74,831
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	₹321 per Shares
Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	
• Senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ;	1. Mr. Faiz Arif Nagariya, Chief Financial Officer, 7,787 Options at ₹321 each 2. Mr. Chitrarth Rajan Parghi, Company Secretary, 975 Options at ₹321 each

Board's Report (Contd.)

• Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	None
• Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	
• the weighted-average values of share price and exercise price,	₹321 per Share,
• the expected volatility	41.64%, 40.62%, 41.21%, 40.77%, 41.31%, 41.35% and 41.89% each in on every exercise date in year 2022, 2023, 2024, 2025, 2026, 2027 and 2028.
• the expected dividends,	Considered 0%
• the risk-free interest rate and any other inputs to the model;	5.72%, 5.96%, 6.19%, 6.29% 6.36%, 6.37% and 6.48% each in on every exercise date in year 2022, 2023, 2024, 2025, 2026, 2027 and 2028
• the method used and the assumptions made to incorporate the effects of expected early exercise	Black-Scholes-Merton model are: 1. The price of underlying instrument follows geometric Brownian motion with constant drift and volatility, and price changes are log normally distributed. 2. It is possible to short sell the underlying stock. 3. There are no arbitrage opportunities. 4. Trading in stock is continuous. 5. There are no transaction costs or taxes. 6. It is possible to buy and sell any amount, even fractional, of the stock (securities are perfectly divisible). 7. It is possible to borrow and lend cash at a constant risk-free interest rate.
• the method used and the assumptions made to incorporate the effects of expected early exercise	The volatility input, measured in % per year, is how much you generally expect the underlying Security to move during option. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rate of return on the stock over a period of time.

Board's Report (Contd.)

- whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.

The stock price of the Company is the price as on date of grant as per valuation report. (as the options were granted prior to the date of listing.) The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity approximately equal to the expected life of the options based on the zero-coupon yield curve for government securities. Expected dividend yield is dividend per share dividend by market price per share.

Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.

For and behalf of Board of Directors

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole Time Director DIN: 00038379

Place: Surat | Date: July 25, 2022

Disclosure under Section 197 (12) of the Companies Act, 2013

ANNEXURE - E

1. The ratio of remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each director, for the financial year

Name of the Director drawing remuneration	Total Remuneration (₹)	Ratio	% Increase in Remuneration
Mr. Ashwin Jayantilal Desai	₹13.00 MM	58.23:1	90.33 %
Ms. Purnima Ashwin Desai	₹13.00 MM	58.23:1	90.33 %
Mr. Rohan Ashwin Desai	₹13.00 MM	58.23:1	90.33 %
Dr. Aman Ashwinbhai Desai	₹19.50 MM	87.35:1	144.97%

2. The percentage increase in remuneration of CFO, CS in the Fiscal Year: CFO : 19 % | CS : 17 %
3. The percentage increase in the median remuneration of employees in the Fiscal Year: 17 %
4. The number of permanent employees on the rolls of Company as on March 31, 2022: 719 Employees
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and explanation if there are any exceptional circumstances for increase in the managerial remuneration: The average increase in salary of employees was 17%, There is no exceptional reason for increase in the managerial remuneration.It is affirmed that, the remuneration paid is in adherence with the remuneration Policy applicable to Directors, Key Managerial Personnel and other employees.

For and behalf of Board of Directors

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole Time Director DIN: 00038379

Place: Surat | Date: July 25, 2022

Corporate Governance Report

ANNEXURE - F

Corporate Governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfil its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders in this case would include everyone ranging from the Board of Directors, management, shareholders to customers, employees and society at large. The management of the Company hence assumes the role of a trustee for all the others.

The Equity Shares of the Company are listed and admitted to dealings on BSE Limited and the National Stock Exchange of India Limited with effect from June 3, 2022. Pursuant to the provisions of Regulation 34 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, a report on Corporate Governance for the financial year ended March 31, 2022 is furnished herewith.

1. Company's philosophy on Corporate Governance

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 ('Listing Regulations'), and the report contains the details of Corporate Governance systems and processes at Aether Industries Limited. Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders We consider stakeholders as partners in our success, and we remain committed to maximising stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. We believe that any business conduct can be ethical only when it rests on the core values. The Company believes that all its actions must serve the underlying goal of enhancing the overall stakeholder value over a sustained period of time.

2. Board of Directors

Size and composition of the Board

The Company believes that an active, well informed and independent Board of Directors is vital to achieve the apex standard of Corporate Governance. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected.

The Board of Directors of the Company comprises of an optimal combination of Executive, Non-Executive and Independent Directors so as to preserve and maintain the independence of the Board. As on March 31, 2022, the Board of Directors comprises of 12 Directors, of which 6 are Independent Directors, 2 are Non-Executive Women Directors, 4 Executive Directors including, 1 Managing Director.

The composition of the Board of Directors as on March 31, 2022, their attendance at Board Meetings held during the year and the last Annual General Meeting, the number of Directorships and Committee Chairmanship / Memberships held by them in other Companies is given below :

Board's Report (Contd.)

Name of the Director	Inter-se Relationship amongst Directors	Total attendance in the Board Meetings	Whether presented in the previous AGM
Mr. Ashwin Jayantilal Desai, Managing Director (Executive Promoter)	Spouse of Ms. Purnima Ashwin Desai, Father of Mr. Rohan Ashwin Desai Father of Dr. Aman Ashwinbhai Desai Father-in-law of Ms. Ishita Surendra Manjrekar	11	Yes
Ms. Purnima Ashwin Desai, Whole-time Director (Executive Promoter)	Spouse of Mr. Ashwin Jayantilal Desai Mother of Mr. Rohan Ashwin Desai Mother of Dr. Aman Ashwinbhai Desai Mother-in-law of Ms. Ishita Surendra Manjrekar	11	Yes
Mr. Rohan Ashwin Desai, Whole-time Director (Executive Promoter)	Son of Mr. Ashwin Jayantilal Desai Son of Ms. Purnima Ashwin Desai Brother of Dr. Aman Ashwinbhai Desai Son-in-law of Mr. Kamalvijay Ramchandra Tulsian	11	Yes
Dr. Aman Ashwinbhai Desai, Whole-time Director (Executive Promoter)	Son of Mr. Ashwin Jayantilal Desai Son of Ms. Purnima Ashwin Desai, Brother of Mr. Rohan Ashwin Desai Spouse of Ms. Ishita Surendra Manjrekar	12	Yes
Mr. Kamalvijay Tulsian, Chairman Non-Executive Non-Independent Director (Non-Executive Non-Independent) (Holding 11,690 Equity Shares of the Company)	Father-in-law of Mr. Rohan Ashwin Desai	10	No
Ms. Ishita Surendra Manjrekar, Non-Executive Non-Independent Director (Non-Executive Non-Independent)	Spouse of Dr. Aman Ashwinbhai Desai Daughter-in-law of Mr. Ashwin Jayantilal Desai Daughter-in-law of Ms. Purnima Ashwin Desai	10	No
Mr. Arun Brijmohan Kanodiya, Non-Executive Independent Director (Non-Executive Independent)	N.A.	12	Yes
Mr. Jeevan Lal Nagori, Non-Executive Independent Director (Non-Executive Independent)	N.A.	6	No
Ms. Leja Satish Hattiangadi, Non-Executive Independent Director (Non-Executive Independent)	N.A.	5	N.A.
Mr. Jitendra Popatlal Vakharia, Non-Executive Independent Director (Non-Executive Independent)	N.A.	3	N.A.

Board's Report (Contd.)

Name of the Director	Inter-se Relationship amongst Directors	Total attendance in the Board Meetings	Whether presented in the previous AGM
Dr. Amol Arvindrao Kulkarni, Non-Executive Independent Director (Non-Executive Independent)	N.A.	4	N.A.
Mr. Rajkumar Mangilal Borana, Non-Executive Independent Director (Non-Executive Independent)	N.A.	3	N.A.

Name of the Director	No. of Directorship (incl. AIL)	No. of membership in Committees (incl. AIL) as a		Name of the listed entity in which directorship is held including AIL and category of Director
		Chairperson	Member	
Mr. Ashwin Jayantilal Desai	3	0	1	Aether Industries Limited as Managing Director
Ms. Purnima Ashwin Desai	2	1	1	Aether Industries Limited as Whole-time Director
Mr. Rohan Ashwin Desai	2	1	2	Aether Industries Limited as Whole-time Director
Dr. Aman Ashwinbhai Desai	1	1	1	Aether Industries Limited as Whole-time Director
Mr. Kamalvijay Ramchandra Tulsian	5	1	3	Aether Industries Limited as Chairman Non-Executive Non-Independent Director
Ms. Ishita Surendra Manjrekar	5	0	1	Aether Industries Limited as Non-Executive Non-Independent Director
Mr. Arun Brijmohan Kanodiya	1	2	3	Aether Industries Limited as Non-Executive Independent Director
Mr. Jeevan Lal Nagori	4	0	2	Aether Industries Limited as Non-Executive Independent Director
Ms. Leja Satish Hattiangadi	3	4	6	Aether Industries Limited, Artson Engineering Limited and Alkyl Amines Chemicals Limited as Non-Executive Independent Director
Mr. Jitendra Popatlal Vakharia	4	0	1	Aether Industries Limited as Non-Executive Independent Director
Dr. Amol Arvindrao Kulkarni	1	0	2	Aether Industries Limited as Non-Executive Independent Director
Mr. Rajkumar Mangilal Borana	4	0	1	Aether Industries Limited as Non-Executive Independent Director R&B Denims Limited as Managing Director

Board's Report (Contd.)

Board Meetings

During the year under review, total 12 Board Meetings were conducted on

1. June 5, 2021	2. September 4, 2021	3. September 20, 2021	4. November 17, 2021
5. November 18, 2021	6. November 20, 2021	7. November 27, 2021	8. December 4, 2021
9. December 6, 2021	10. December 28, 2021	11. February 19, 2022	12. March 11, 2022

Familiarisation Program for Independent Directors

The Company has a familiarisation program for the Independent Directors with regard to their roles, rights and responsibilities in the Company and provides detail regarding the nature of the industry in which the Company operates, the business models of the Company etc. which aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarized with their roles, rights and responsibilities. The details of the familiarization program for Independent Directors are available on the Company's website at: https://aether.co.in/wp-content/uploads/2022/08/Familiarisation-Program-for-Independent-Directors.pdf

Skills / Expertise / Competence of the Board of Directors

The Board has identified certain skills / expertise / competence as required to be possessed by the Board of Directors to ensure effective functioning of the business(es) and sectors of the Company. The mapping of these skills / expertise / competence among the Directors is as given herewith:

Skills / Expertise / Competence	Name of the Director
Science & Technology	Mr. Ashwin Jayantilal Desai Dr. Aman Ashwinbhai Desai Ms. Ishita Surendra Manjrekar Ms. Leja Satish Hattiangadi and Dr. Amol Arvindrao Kulkarni
Commercial	Mr. Ashwin Jayantilal Desai Ms. Purnima Ashwin Desai Mr. Rohan Ashwin Desai Dr. Aman Ashwinbhai Desai Mr. Jeevan Lal Nagori and Mr. Jitendra Popatlal Vakharia
Finance	Ms. Purnima Ashwin Desai Mr. Rohan Ashwin Desai and Mr. Jeevan Lal Nagori Mr. Arun Brijmohan Kanodiya
Sales, Marketing, Strategic Procurement and Human Resource	Mr. Rohan Ashwin Desai and Mr. Jeevan Lal Nagori
Management / Administration	Ms. Purnima Ashwin Desai Mr. Kamalvijay Ramchandra Tulsian and Mr. Rajkumar Mangilal Borana
Domain Industry	Mr. Ashwin Jayantilal Desai and Mr. Jeevan Lal Nagori
Legal / Corporate Governance	Mr. Jeevan Lal Nagori and Mr. Arun Brijmohan Kanodiya

Board's Report (Contd.)

The Board of Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 and Section 149 of the Companies Act, 2013 and that they are independent of the management.

3.Audit Committee

Terms of Reference for the Audit Committee:
The Audit Committee shall be responsible for, among other things, as may be required by the Stock Exchange(s) from time to time, the following :

A. Powers of Audit Committee

The Audit Committee shall have powers, including the following:
- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice;
- to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

B. The role of the Audit Committee shall include the following:

2. oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;

2. recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;

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

4. formulation of a policy on related party transactions, which shall include materiality of related party transactions;

5. reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

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

- Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Modified opinion(s) in the draft audit report;

8. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

Board's Report (Contd.)

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

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

10. approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed. Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.;

11. scrutiny of inter-corporate loans and investments;

12. valuation of undertakings or assets of the Company, wherever it is necessary;

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

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

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

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

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

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

19. recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

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

21. reviewing the functioning of the whistle blower mechanism;

22. monitoring the end use of funds raised through public offers and related matters;

23. overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

24. approval of appointment of chief financial officer (i.e., the Whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

Board's Report (Contd.)

25. reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;

26. carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time;

27. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;

28. Such roles as may be prescribed under the Companies Act, SEBI Listing Regulations and other applicable provisions and review :

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor;
- Statement of deviations in terms of the SEBI Listing Regulations:

1. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and

2. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

The Company has reconstituted the Audit Committee w. e. f. November 18, 2021, comprising of below mentioned members:

Name of the Director	Position held in the Committee	Category of the Director	Number of Meetings attended
Mr. Arun Brijmohan Kanodiya	Chairman	Independent Director	5
Ms. Purnima Ashwin Desai	Member	Whole-time Director	1
Mr. Jeevan Lal Nagori	Member	Independent Director	2

Mr. Ashwin Jayantilal Desai was Member of the Audit Committee till November 18, 2021 and had attended 3 Meetings of the Audit Committee.

During the year under review, total 5 Audit Committee Meeting were held, as mentioned below :

1. June 5, 2021
2. September 4, 2021
3. November 18, 2021
4. December 6, 2021
5. February 19, 2022

Board's Report (Contd.)

4. Nomination & Remuneration Committee

Terms of Reference for the Nomination & Remuneration Committee:
The Nomination & Remuneration Committee shall be responsible for, among other things, as may be required by the stock exchange(s) from time to time, the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors of the Company (the "Board" or "Board of Directors") a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees ("Remuneration Policy");
The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
- the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

2. Formulation of criteria for evaluation of independent directors and the Board;

3. Devising a Policy on Board diversity;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent director);

5. Analysing, monitoring and reviewing various human resource and compensation matters;

6. Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

7. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

8. Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;

9. Reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

10. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable;

11. Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

- the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.

Board's Report (Contd.)

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

- use the services of an external agencies, if required;
- consider candidates from a wide range of backgrounds, having due regard to diversity; and
- consider the time commitments of the candidates

13. Perform such other activities as may be delegated by the Board or specified / provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

The Company has re-constituted the Nomination & Remuneration Committee w.e.f. November 18, 2021, comprising of below mentioned members:

Name of the Director	Position held in the Committee	Category of the Director	Number of Meetings attended
Mr. Arun Brijmohan Kanodiya	Chairman	Independent Director	5
Mr. Kamalvijay Ramchandra Tulsian	Member	Non-Executive Director	1
Dr. Amol Arvindrao Kulkarni	Member	Independent Director	None

During the year under review, total 5 Nomination & Remuneration Committee Meeting were held, as mentioned below:

1. June 5, 2021
2. September 4, 2021
3. November 17, 2021
4. November 18, 2021
5. November 20, 2021

Mr. Ashwin Jayantilal Desai, Ms. Ishita Surendra Manjrekar and Mr. Jeevan Lal Nagori were Member of the Nomination & Remuneration Committee till November 18, 2021 and had attended 4, 2 and 1 Meetings respectively of the Nomination & Remuneration Committee.

Performance evaluation of the Board
A formal evaluation of the performance of the Board, its Committees and Individual Directors was carried out for Fiscal Year 2021-22. The evaluation was carried out using individual questionnaires covering, amongst others, contribution to areas impacting Company's performance, preparedness on the issues to be discussed, meaningful and constructive, contribution and inputs in Board and committee meetings. In addition to the above the Executive Directors were evaluated based on annual targets, financial and operational controls, risk management, business strategies succession planning, core governance and compliance management.

Board's Report (Contd.)

5.CSR Committee

Terms of Reference for the CSR Committee:

The CSR Committee shall be responsible for, among other things, as follows:

- formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;
- identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
- review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;
- delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and
- exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act

The Company has re-constituted the CSR Committee w.e.f. November 18, 2021, comprising of below mentioned members:

Name of the Director	Position held in the Committee	Category of the Director	Number of Meetings attended
Ms. Purnima Ashwin Desai	Chairperson	Whole-time Director	3
Mr. Kamalvijay Ramchandra Tulsian	Member	Non-Executive Director	3
Mr. Jeevan Lal Nagori	Member	Independent Director	None
Ms. Leja Satish Hattiangadi	Member	Independent Director	None
Mr. Jitendra Popatlal Vakharia	Member	Independent Director	None

During the year under review, total 3 CSR Committee Meeting were held, as mentioned below:

1. June 5, 2021
2. September 4, 2021
3. November 18, 2021

Mr. Rohan Ashwin Desai, Dr. Aman Ashwinbhai Desai and Mr. Arun Brijmohan Kanodiya were Member of the CSR Committee till November 18, 2021 and had attended 3, 2 and 3 Meetings respectively of the CSR Committee.

Board's Report (Contd.)

6. Stakeholders' Relationship Committee

Terms of Reference for the Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

1. To specifically look into various aspects of interests of shareholders, debentures holders and other security holders;
2. Resolving the grievances of the security holders of the listed entity including complaints related to transfer of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer / transmission of shares and debentures, non-receipt of annual report or balance sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
3. Review of measures taken for effective exercise of voting rights by shareholders;
4. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
5. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;

7. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
8. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
9. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

The Company has formed Stakeholder Relationship Committee on November 18, 2021, comprising of below mentioned members:

Name of the Director	Position held in the Committee	Category of the Director
Mr. Kamalvijay Ramchandra Tulsian	Chairperson	Non-Executive Director
Mr. Rohan Ashwin Desai	Member	Whole-time Director
Mr. Ishita Surendra Manjrekar	Member	Non-Executive Director
Ms. Leja Satish Hattiangadi	Member	Independent Director

Board's Report (Contd.)

Mr. Chitrarth Rajan Parghi, Company Secretary is designated as Compliance Officer of the Company.

No complaint was received from the Stakeholder throughout the year under review and no Stakeholder Relationship Committee Meeting was held during the year under review.

No Stakeholders' Relationship Committee Meeting was held during the year under review.

7. Risk Management Committee

Terms of Reference for the Risk Management Committee

The Risk Management Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

1. To formulate a detailed risk management policy which shall include:

- A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- Measures for risk mitigation including systems and processes for internal control of identified risks.
- Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Company has formed Risk Management Committee on November 18, 2021, comprising of below mentioned members:

Name of the Director	Position held in the Committee	Category of the Director
Mr. Ashwin Jayantilal Desai	Member	Managing Director
Mr. Rohan Ashwin Desai	Member	Whole-time Director
Dr. Aman Ashwinbhai Desai	Chairperson	Whole-time Director
Mr. Kamalvijay Ramchandra Tulsian	Member	Non-Executive Director
Mr. Arun Brijmohan Kanodiya	Member	Independent Director

No Risk Management Committee Meeting was held during the year under review.

Board's Report (Contd.)

8. IPO Committee

The Company had proposed to raise the funds through the Initial Public Offer, in this regard the Company had constituted the IPO Committee on November 18, 2021 with several authorities and powers by the Board.

The IPO Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

1. to decide, negotiate and finalise the pricing, the terms of the issue of the Equity Shares and all other related matters regarding the Pre-IPO Placement, if any, including the execution of the relevant documents with the investors, in consultation with the book running lead managers appointed in relation to the Offer ("BRLMs");

2. to decide in consultation with the BRLMs the actual size of the Offer and taking on record the number of equity shares, having face value of ₹ 10 per equity share (the "Equity Shares"), and/or reservation on a competitive basis, and/or any rounding off in the event of any oversubscription and/or any discount to be offered to retail individual bidders or eligible employees participating in the Offer and all the terms and conditions of the Offer, including without limitation timing, opening and closing dates of the Offer, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, and to accept any amendments, modifications, variations or alterations thereto;

3. to appoint, instruct and enter into agreements with the BRLMs, and in consultation with BRLMs appoint and enter into agreements with intermediaries, co-managers, underwriters, syndicate members, brokers, escrow collection bankers, auditors, independent chartered accountants, refund bankers, registrar, grading agency, monitoring agency, industry expert, legal counsels, depositories, custodians, credit rating agencies, printers, advertising agency(ies), and any other agencies or persons (including any successors or replacements thereof) whose appointment is required in relation to the Offer and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letters and offer agreement with the BRLMs, and the underwriting agreement with the underwriters, and to terminate agreements or arrangements with such intermediaries;

4. to make any alteration, addition or variation in relation to the Offer, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, deciding the exact Offer structure and the exact component of issue of Equity Shares;

5. to finalise, settle, approve, adopt and arrange for submission of the draft red herring prospectus ("DRHP"), the red herring prospectus ("RHP"), the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, clarifications, reply to observations, addenda or corrigenda thereto, to appropriate government and regulatory authorities, respective stock exchanges where the Equity Shares are proposed to be listed ("Stock Exchanges"), the Registrar of Companies, Gujarat at Ahmedabad ("Registrar of Companies"), institutions or bodies;

6. to invite the existing shareholders of the Company to participate in the Offer to offer for sale the Equity Shares held by them at the same price as in the Offer;

7. To take all actions as may be necessary and authorised in connection with the offer for sale and to approve and take on record the approval of the selling shareholder(s) for offering their Equity Shares in the offer for sale and the transfer of Equity Shares in the offer for sale;

8. to issue advertisements in such newspapers and other media as it may deem fit and proper, in consultation with the relevant intermediaries appointed for the Offer in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), Companies Act, 2013, as amended and other applicable laws;

9. to decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, and on permitting existing shareholders to sell any Equity Shares held by them;

10. to open separate escrow accounts as the escrow account to receive application monies from anchor investors/ underwriters in respect of the bid amounts and a bank account as the refund account for handling refunds in relation to the Offer and in respect of which a refund, if any will be made;

11. to open account with the bankers to the Offer to receive application monies in relation to the Offer in terms of Section 40(3) of the Companies Act, 2013, as amended;

12. to do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection, with power to authorise one or more officers of the Company to execute all or any such documents;

13. to negotiate, finalise, sign, execute and deliver or arrange the delivery of the offer agreement, syndicate agreement, cash escrow and sponsor bank agreement, underwriting agreement, agreements with the registrar to the Offer, monitoring agency and the advertising agency(ies) and all other agreements, documents, deeds, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, monitoring agency, legal counsel, auditors, Stock Exchanges, BRLMs and other agencies/ intermediaries in connection with Offer with the power to authorize one or more officers of the Company to execute all or any of the aforesaid documents;

14. to make any applications, seek clarifications, obtain approvals and seek exemptions, if necessary, from the Stock Exchange, the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), Registrar of Companies and such other statutory and governmental authorities in connection with the Offer, as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions as may be required, and wherever necessary, incorporate such modifications / amendments as may be required in the DRHP, RHP and the Prospectus;

15. to make any applications, seek clarifications, obtain approvals and seek exemptions, if necessary, from the Stock Exchange, the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), Registrar of Companies and such other statutory and governmental authorities in connection with the Offer, as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions as may be required, and wherever necessary, incorporate such modifications / amendments as may be required in the DRHP, RHP and the Prospectus;

16. to make any applications, seek clarifications, obtain approvals and seek exemptions, if necessary, from the Stock Exchange, the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), Registrar of Companies and such other statutory and governmental authorities in connection with the Offer, as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions as may be required, and wherever necessary, incorporate such modifications / amendments as may be required in the DRHP, RHP and the Prospectus;

Board's Report (Contd.)

Board's Report (Contd.)

17. to issue receipts/allotment advice/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforementioned documents;
18. to approve the code of conduct, suitable insider trading policy, whistle blower/vigil mechanism policy, risk management policy and other corporate governance requirements considered necessary by the Board or the IPO Committee or as required under applicable law;
19. to seek, if required, the consent and waivers of the parties with whom the Company has entered into various commercial and other agreements such as Company's lenders, joint venture partners, all concerned governmental and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Offer in accordance with the applicable laws;
20. to determine the price at which the Equity Shares are offered, issued, allocated, transferred and/or allotted to investors in the Offer in accordance with applicable regulations in consultation with the BRLMs and/or any other advisors, and determine the discount, if any, proposed to be offered to eligible categories of investors;
21. to settle all questions, difficulties or doubts that may arise in relation to the Offer, as it may in its absolute discretion deem fit;
22. to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Offer;
23. to authorize and approve the incurring of expenditure and payment of fees, commissions, brokerage and remuneration in connection with the Offer;
24. to withdraw the DRHP or RHP or to decide not to proceed with the Offer at any stage, in consultation with the BRLMs and in accordance with the SEBI ICDR Regulations and applicable laws;
25. to determine the utilization of proceeds of the fresh issue, if applicable and accept and appropriate proceeds of such fresh issue in accordance with the Applicable Laws;
26. to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies and the relevant Stock Exchange(s) where the Equity Shares are to be listed; and to authorize and empower officers of the Company (each, an "Authorized Officer(s)"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the Stock Exchange(s), the registrar's agreement and memorandum of understanding, the depositories' agreements, the offer agreement with the BRLMs (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLMs and syndicate members, the cash escrow and sponsor bank agreement, confirmation of allocation notes, allotment advice, placement agents, registrar to the Offer, bankers to the Company, managers, underwriters, escrow agents, accountants, auditors, legal counsel, depositories, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Offer, if any, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the BRLMs and to do or cause to be done any and all such acts or

Board's Report (Contd.)

things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing.

The Company has formed IPO Committee on November 18, 2021, comprising of below mentioned members

Name of the Director	Position held in the Committee	Category of the Director	Number of Meetings attended
Mr. Rohan Ashwin Desai	Chairperson	Whole-time Director	1
Dr. Aman Ashwinbhai Desai	Member	Whole-time Director	1
Mr. Arun Brijmohan Kanodiya	Member	Independent Director	1
Dr. Amol Arvindrao Kulkarni	Member	Independent Director	None

During the year under review, 1 IPO Committee Meeting was held on December 16, 2021.

9. Remuneration of Directors

Pecuniary relationship or transactions:
During the year under review, there was no pecuniary relationship or transactions between the Company and any of its Non-Executive Directors apart from sitting fees and reimbursement of expenses incurred by them to attend the meetings of the Company.

Related Party Transactions are mentioned in Note 40 in the Financial Statements.

Criteria for making payments to Non-Executive Directors:
Due approval from the Audit Committee was obtained from the aforesaid transaction mentioned in Note 40, taking into consideration the requirement of availing the industrial premises on rental basis from related parties.

Remuneration:
Apart from the sitting fee, no other remuneration was paid to the Non-Executive Directors The Board in their Meeting held on September 4, 2021, revised the sitting fee from Sitting fee ₹15,000 to ₹50,000 for attending the Board Meeting and ₹15,000 for attending Committee Meetings.

Details of the sitting fees paid to the Non-Executive Directors are as below:

Name of the Director	Category of the Director	Sitting fee (₹ in MM)
Mr. Kamalvijay Ramchandra Tulsian	Chairman Non-Executive Director	₹0.48
Ms. Ishita Surendra Manjrekar	Non-Executive Non-Independent Director	₹0.38
Mr. Arun Brijmohan Kanodiya	Non-Executive Independent Director	₹0.65
Mr. Jeevan Lal Nagori	Non-Executive Independent Director	₹0.27
Ms. Leja Satish Hattiangadi	Non-Executive Independent Director	₹0.25
Mr. Jitendra Popatlal Vakharia	Non-Executive Independent Director	₹0.15
Mr. Rajkumar Mangilal Borana	Non-Executive Independent Director	₹0.15
Dr. Amol Arvindrao Kulkarni	Non-Executive Independent Director	₹0.20

Board's Report (Contd.)

Name of the Director	Category of the Director	Remuneration (₹ in MM)
Mr. Ashwin Jayantilal Desai	Managing Director	₹13.00
Ms. Purnima Ashwin Desai	Whole-time Director	₹13.00
Mr. Rohan Ashwin Desai	Whole-time Director	₹13.00
Dr. Aman Ashwinbhai Desai	Whole-time Director	₹19.50

The above Remuneration of Executive Directors is comprised only of basic pay (incl. annual Bonus in line with the Payment of the Bonus Act), and does comprise of any other benefit, bonuses, stock options, pension, performance linked incentives in aforesaid amount.

10. General Body Meeting

Particulars of the General Meetings of the Company are as below

Day, Date and Time and Venue	No. of Directors present	Special Resolution passed
Annual General Meeting held on Monday, September 30, 2019, at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. at 15:00 Hrs.	5	None
Annual General Meeting held on Wednesday, September 30, 2020, at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. at 11:30 Hrs.	5	None
Annual General Meeting held on Saturday, September 18, 2021 at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. at 11:30 Hrs.	5	Approval for continuous tenure of appointment of Mr. Ashwin Jayantilal Desai, upon attaining the age of 70 years
		Re-appointment of Mr. Ashwin Jayantilal Desai for another term of 5 years as Managing Director of the Company
		Appointment of Ms. Purnima Ashwin Desai as Whole-time Director for a term of 5 years
		Appointment of Mr. Rohan Ashwin Desai as Whole-time Director for a term of 5 years
		Appointment of Dr. Aman Ashwinbhai Desai as Whole-time Director for a term of 5 years
		Enhancing the borrowing limit to ₹ 500 Cr.
		Approval for the cancellation of the unissued Authorised Preference Share Capital and to increase the Authorised Equity Share Capital
		Approval for the Bonus Issue
Extra Ordinary General Meeting held on Thursday, November 18, 2021 at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. at 17:30 Hrs.	12	Approval for adoption of the revised set of Articles of Association as per 'Table-F' Format
		Approval of the Employee Stock Option Scheme 2021

Board's Report (Contd.)

Day, Date and Time and Venue	No. of Directors present	Special Resolution passed
Extra Ordinary General Meeting held on Saturday, November 20, 2021 at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. at 17:30 Hrs.	6	Approval of the Draft Offer Letter for Issue of Equity Shares
		Approval for issue of Equity Shares by way of Preferential Issue
Extra Ordinary General Meeting held on Saturday, December 4, 2021 at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. at 17:30 Hrs.	6	Approval for increase in NRI / OCI Investment limits
		Approval for raising capital through Initial Public Offer
Extra Ordinary General Meeting held on Friday, March 11, 2022 at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. at 17:30 Hrs.	6	Approval of the Draft Offer Letter for Issue of Equity Shares
		Approval for issue of Equity Shares by way of Preferential Issue

No Resolution was passed through Postal Ballot.

11. Means of Communication

As the Company was an unlisted entity during the reporting period. Statutory communications to Board Members / Shareholders were made through e-mail and / or physical hand-delivery.

12. General Shareholder information

General Information and correspondences
Aether Industries Limited
Corporate Identification Number: U24100GJ2013PLC073434
Reg. Office: Plot No. 8203, GIDC Sachin, Surat-394230, GJ.

Phone: 0261-6603000 / 3360
Fax: 0261-6603329
E-mail: compliance@aether.co.in

Hojiwala Site - R&D Unit

Plot No. B-21/5 and Plot No. B-21/7, Hojiwala Industrial Estate, Surat-394230, GJ.

Sachin GIDC Site

Plot No. 8203, GIDC Sachin, Surat-394230, GJ. (Manufacturing Unit)
Plot No. 8202/1, GIDC Sachin, Surat-394230, GJ. (Manufacturing Unit - under construction)
Plot No. 6714, Plot No. 8206/A and Plot No. 8208/1 & 2-P, GIDC Sachin, Surat-394230, GJ. (Warehouses)

Annual General Meeting
Date: Tuesday, September 27, 2022
Time: 11:30 Hrs.
Mode: Video Conference ("VC") / Other Audio Visual Means ("OAVM")

Financial Calendar
The Company follows the financial calendar from April 1 to March 31.

Board's Report (Contd.)

Name and Address of the Stock-Exchanges where the securities are listed
Securities of the Company are listed with BSE Limited and National Stock Exchange of India Limited with effect from June 3, 2022 and the annual listing fees of stock exchanges have been duly paid by the Company.

BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001, MH.

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051, MH.

Stock code
BSE Scrip Code: 543534
NSE Scrip Symbol: AETHER
ISIN of the Security: INE0BWX01014

Registrar & Share Transfer Agent
M/s. LinkIntime India Private Limited
C-101, 247 Park, LBS Marg,
Vikhroli (W), Mumbai-400083, MH.
Phone: 022-49186000
Fax: 022-49186060
Email: demat@linkintime.co.in / rnt.helpdesk@linkintime.co.in

Share Transfer System
According to the SEBI Listing Regulations, 2015, no shares can be transferred unless they are held in dematerialized mode. All the shares of the Company are in dematerialised form only and no shares are held in physical form.

Distribution of shareholding

Shareholding of Nominal Value of	Shareholders		Shareholders (Value)	
	No. of shareholders	% of shareholders	₹	% of shareholding
Less than 50,000	01	03.70%	₹46,750	00.00%
50,000 - 5,00,000	15	55.56%	₹34,27,600	00.30%
5,00,001 - 1,00,00,000	04	14.81%	₹1,36,97,250	01.22%
1,00,00,001 - 10,00,00,000	02	07.41%	₹8,94,20,980	07.94%
Above 10,00,00,000	05	18.52%	₹1,02,03,21,390	90.54%

Dematerialisation of Shares and Liquidity
Company's entire shareholding is held in demat mode and fully liquid for transferability.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities
As on March 31, 2022, your company has not faced any foreign exchange loss and the risk management is done internally through various measures.

Board's Report (Contd.)

Credit Rating
During the year under review, the Company obtained credit rating from M/s. CRISIL Ratings Limited, as below:

Long Term Rating	CRISIL A- (reaffirmed)
Short Term Rating	CRISIL A2+ (reaffirmed)

13. Other information

Related Party Transactions
None of the materially significant related party transactions were in conflict of interest with the Company.

Declaration of compliance by the Company
The Company has complied with the requirements of the Ministry of Corporate Affairs, Stock Exchanges, SEBI and other statutory authorities. No penalty or strictures were imposed on the Company by these authorities.

Establishment of Vigil Mechanism, Whistle Blower Policy
The Company has established a Vigil Mechanism cum Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy has a systematic mechanism for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Policy. None of the Directors nor any employees were denied access to the Chairman of the Audit Committee.

Once again in this year as well, no such instances have been reported under unethical and prohibited context. Vigil Mechanism Policy is placed on the website of the Company, accessible at:https://aether.co.in/wp-content/uploads/2022/08/Whistle-Blower-Policy-Vigil-Mechanism.pdf

Details of compliance with mandatory requirements and adoption of the non-mandatory Requirements
The Company is in-line with the mandatory requirements to the extent applicable for the year under review.

Web-links
Your Company does not have any major quantum of investment in any entity and hence, no 'Policy for determining Material Subsidiary' has been formed.
Web-link for Policy on dealing with Related Parties is accessible at: https://aether.co.in/wp-content/uploads/2022/08/RPT-Policy.pdf

Certificate from Practicing Company Secretary pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI Listing Regulations, 2015
The Company has obtained a certificate from M/s. Dhiren R. Dave & Company, Practicing Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority.

Fees to the Auditor
The same is mentioned in the Notes to the Accounts. During the year under review, ₹00.60 MM was paid to the

Board's Report (Contd.)

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Members to note that there were no such instances reported in the Company during the period under review. All the male and female workforce in the Company works with due respect to each other.

No Loans and advances are made to Firms / Companies by the Company or its Subsidiary in which Directors are interested.

The Dividend Distribution Policy is accessible at: https://aether.co.in/wp-content/uploads/2022/08/Dividend-Distribution-Policy.pdf

The Company was an unlisted entity for the year under review. However, Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations, 2015 in best possible manner.

The Company has followed the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with relevant rules thereunder for the preparation of Financial Statements. The Significant Accounting Policies which are consistently applied have been set out in the notes to the financial statements.

In terms of the provisions of Regulation 17(8) of the SEBI Listing Regulations, 2015, Mr. Ashwin Jayantilal Desai, Managing Director and Mr. Faiz Arif Nagariya, Chief Financial Officer have issued a certificate, certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs The said certificate is enclosed as Annexure to this report and forms part of this Report.

Certificate from M/s. Dhiren R. Dave & Company, Company Secretary in practice, regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of the Regulations, forms a part of this Report.

In accordance with Schedule V of the Regulations with the stock exchanges, all the Directors and Senior Management Personnel have, respectively, affirmed compliance with the Code of Conduct as approved and adopted by the Board.

For and behalf of Board of Directors

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole Time Director DIN: 00038379

Place: Surat | Date: July 25, 2022

Board's Report (Contd.)

Certificate of Company Secretary on Corporate Governance

To,
The Members of
Aether Industries Limited
Plot No. 8203,
GIDC Sachin, Surat-394230

CIN: **U24100GJ2013PLC073434**

We, have examined the compliance of conditions of Corporate Governance by M/s. Aether Industries Limited (the Company) for the year ended March 31, 2022, as per Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Dhiren R. Dave & Co.
Company Secretaries | PR No.: 2144/2022 | UIN: P1996GJ002900

Pinal Kandarp Shukla - Partner
Membership No.: 28554 | CP No.: 10265 | UDIN: A028554D000680700

Place: Surat | Date: July 25, 2022

Board's Report (Contd.)

Certificate of Non-Disqualification of Directors

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

To,
The Members of
Aether Industries Limited
Plot No. 8203,
GIDC Sachin, Surat-394230

CIN: **U24100GJ2013PLC073434**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Aether Industries Limited, having CIN: U24100GJ2013PLC073434 and having its registered office at Plot No. 8203, GIDC Sachin, Surat-394230, Gujarat (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Name of Director / DIN	Date of Appointment	Name of Director / DIN	Date of Appointment
Ashwin Jayantilal Desai (00038386)	23.01.2013	Jeevan Lal Nagori (00017939)	01.03.2018
Purnima Ashwin Desai (00038399)	23.01.2013	Arun Brijmohan Kanodiya (0344900)	01.03.2018
Rohan Ashwin Desai (00038379)	23.01.2013	Leja Satish Hattiangadi (00198720)	01.10.2021
Aman Ashwinbhai Desai (00043633)	25.08.2014	Jitendra Popatlal Vakharia (00191088)	17.11.2021
Kamalvijay Ramchandra Tulsian (00190840)	22.05.2018	Amol Arvindrao Kulkarni (09311097)	17.11.2021
Ishita Surendra Manjrekar (06731016)	20.06.2018	Rajkumar Mangilal Borana (01091166)	17.11.2021

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

For Dhiren R. Dave & Co.
Company Secretaries | PR No.: 2144/2022 | UIN: P1996GJ002900

Pinal Kandarp Shukla - Partner
Membership No.: 28554 | CP No.: 10265 | UDIN: A028554D000680744

Place: Surat | Date: July 25, 2022

Board's Report (Contd.)

Certificate of Managing Director and CFO

(Pursuant to Regulation 17(8) and Part B of Schedule II of
the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Aether Industries Limited
Plot No. 8203,
GIDC Sachin, Surat-394230

CIN: **U24100GJ2013PLC073434**

We hereby certify to the best of our knowledge and belief that:

A. We have reviewed the financial statements including the cash flow statement (standalone and consolidated) for the financial year ended March 31, 2022 and that these statements:
- do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
- together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's Code of Business Conduct.

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

D. We further certify that there have been no significant changes in internal control during the aforesaid period, the Company has complied with new accounting standard, Ind-AS, there have been no instance of significant fraud of which, we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

For and behalf of Board of Directors

Ashwin Desai - Managing Director DIN: 00038386

Faiz Nagariya - Chief Financial Officer PAN: ADBPN8514G

Place: Surat | Date: July 25, 2022

Business Responsibility Report

This Business Responsibility Report is pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 which mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report. In compliance with the requirement, the complete Business Responsibility report is given below. This Report describes the initiatives taken by the Company on Business Responsibilities vis-à-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Ministry of Corporate Affairs.

Section A: General information about the Company

1.	Corporate Identity Number (CIN)	U24100GJ2013PLC073434
2.	Name of the Company	Aether Industries Limited
3.	Registered address	Plot No. 8203, GIDC Sachin, Surat-394230, GJ.
4.	Website	www.aether.co.in
5.	E-mail id	compliance@aether.co.in
6.	Financial Year reported	April 1, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of chemicals (NIC: 2011)
8.	List three key products / services that the Company manufactures / provides	• 4-(2-Methoxyethyl) Phenol • Thiophene-2-Ethanol • Bifenthrin Alcohol
9.	Total number of locations where business activity is undertaken by the Company	2
	Number of International Locations (Provide details of major 5)	
•	Number of International Locations (Provide details of major 5)	None
•	Number of National Locations	Two
10.	Markets served by the Company	Domestic and International

Section B: Financial details of the Company

Particulars	As on March 31, 2022
1. Paid up Capital	₹1,126.91 MM
2. Total Revenue	₹5,970.21 MM
3. Total profit after taxes	₹1,089.29 MM
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹12.19, being 1.12% of the profit after tax
5. List of activities in which expenditure in 4 above has been incurred	Majority of the CSR spend is towards education and health-care. Kindly refer Annual Report on CSR as Annexure-B of the Board Report.

Business Responsibility Report (Contd.)

Section C: Other details

1.	Does the Company have any Subsidiary Company / Companies?	No
2.	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	N.A.
3.	Do any other Entity / Entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director / Directors responsible for BR

a. Details of the Director / Directors responsible for implementation of the BR Policy / Policies

Particulars	Details
1. DIN (if applicable)	00038379
2. Name	Mr. Rohan Ashwin Desai
3. Designation	Whole-time Director

b. Details of the BR head

Particulars	Details
1. DIN (if applicable)	00043633
2. Name	Dr. Aman Ashwinbhai Desai
3. Designation	Whole-time Director
4. Telephone number	0261-6603360
5. E-mail id	compliance@aether.co.in

2. Principle-wise (as per NVGs) BR Policy / Policies

Principles (P) covered under the Business Responsibility Report.

Description of Principles	Name of the Policies
P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	• Code of Conduct • Human Resource Policy • Code of conduct for the Board and KMP • Code of Insider Trading

Business Responsibility Report (Contd.)

Description of Principles	Name of the Policies
P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	• Occupational Health, Safety and Environment Policy
P3 Businesses should promote the wellbeing of all employees.	• Occupational Health, Safety and Environment Policy • Recruitment Policy • Prevention of Sexual Harassment at Work Place Policy • Gift-disbursement Policy • Leave Policy • Medical Policy • Travel Policy • Maternity Benefit Policy
P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	• CSR Policy • Whistle-blower Policy • Prevention of Sexual Harassment at Work Place Policy • Award from EcoVadis • Membership of UN Global Compact
P5 Businesses should respect and promote human rights.	• Human Resource Policy • Code of Conduct
P6 Businesses should respect and promote human rights.	• CSR Policy
P7 Business should respect, protect, and make efforts to restore the environment.	• Code of Conduct • Risk Management & Assessment Policy
P8 Businesses should support inclusive growth and equitable development.	• CSR Policy
P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.	• ISO 9001:2015 • ISO 14001:2015 • ISO 45001:2018 • GMP

a. Details of the compliance (Reply in Y-Yes / N-No)

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Do you have a Policy / Policies for Nine Principles of BR?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2. Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Does the policy conform to any National / International standards? If yes, specify. The Company has developed Policies for its significant operations in conformance with the international standards such as ISO 9001, ISO 14001, ISO 45001, GMP.	Y	Y	Y	Y	Y	Y	Y	Y	Y

Business Responsibility Report (Contd.)

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4. Has the Policy been approved by the Board? Is yes, has it been signed by MD / Owner / CEO / appropriate Board of Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5. Does the Company have a specified Committee of the Board / Director / Official to oversee the implementation of the Policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Indicate the link for the Policy to be viewed online? Statutory Policies are accessible at: https://aether.co.in/investor-relations/. Other Policies are internally available with concerned Department.	Y	Y	Y	Y	Y	Y	Y	Y	Y
7. Has the Policy been formally communicated to all the relevant internal and external stakeholders? * The Policies are communicated with internal / external stakeholders wherever, required.	Y	Y	Y	Y	Y	Y	Y	Y	Y
8. Does the company have in-house structure to implement the Policy / Policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Does the Company have a grievance redressal mechanism related to the Policy / Policies to address stakeholders' grievances related to the Policy / Policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10. Has the Company carried out independent audit evaluation of the working of this Policy by an internal or external Agency? Such Policies are timely reviewed by external Agencies for ISO Audit and Sustainability Audit.	Y	Y	Y	Y	Y	Y	Y	Y	Y

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. The company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2. The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3. The company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4. It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

Business Responsibility Report (Contd.)

Governance related to BR

a. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company;** Once in a year

b. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently it is published?** Yes, the Company has for the very first time has published the Sustainability Report (covering Environmental Social and Governance aspect).

The same can be viewed at: https://aether.co.in/investor-relations/

Section E : Principle-wise performance

	Description	Response
	Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability.	
1.	Does the Policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	No, it covers all the applicable concerns.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	None
	Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability through out their life cycle.	
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Our manufacturing is enabled in a way to avoid best possible by-products and we have internal Solvent Recovery Plant (SRP) with Zero Liquid Discharge Plant (ZLDP). Our all products are reasonably sensitive to environment and we have taken requisite steps to mitigate any risk thereto.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? Reduction during usage by consumers(energy, water) has been achieved since the previous year?	The Company believes that optimizing production efficiency delivers value to customers and minimize environmental impact, therefore driving the Company towards the goal of long-term sustainability. Our solvent recovery outside had been decreased due to in-house Solvent Recovery Plant (SRP). Your Company through the Purchase Power Agreement, using the capacity of

Business Responsibility Report (Contd.)

		1.2 MW electricity generated through the solar, installed close to the end of the financial year, as a result of it, total 4.85 Lakh unit of electricity was saved out with that.
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The Company acknowledge show significantly its supply chain can impact the environment and society at large. In order to ensure sustainability across the entire value chain, the Company has made responsible sourcing an integral part of its sustainability strategy. Several principles have been adopted and responsible forest management practices are promoted to reap benefits like long-term availability of raw materials for the operations. These efforts lead to absorption of atmospheric carbon, probably much more than what is emitted by the Company's operations.
4.	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	There are numerous long-term Purchase Order executed with local producers. Further, there are numerous services and raw-materials are obtained by the Company from local suppliers, in near surrounding.
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Companies one of the business is chemical manufacturing and it forms waste. The Company has its own Solvent Recovery Plant (SRP) with Zero Liquid Discharge Plant (ZLDP) that helps to recycle wastes and can be used again in manufacturing process above 90%.
	Principle 3: Businesses should promote the well-being of all employees	
1.	Please indicate the total number of employees.	719
2.	Please indicate the total number of employees hired on temporary/ contractual/casual basis.	150
3.	Please indicate the Number of permanent women employees.	23
4.	Please indicate the Number of permanent employees with disabilities.	None
5.	Do you have an employee association that is recognized by management?	No
6.	What percentage of your permanent employees is members of this recognized employee association?	N.A.
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	There were no instances of any child labor, forced / involuntary labor, discriminatory employment during the review period.

Business Responsibility Report (Contd.)

Principle 3: Businesses should promote the well-being of all employees		
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	Training relating to safety and skill is extended to all the departments of the Company. Individual employees based on their performance are identified and trained through various mock-drills, safety-seminars and sessions.
Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.		
1.	Has the Company mapped its internal and external stakeholders?	Yes, our stakeholders include our employees, our suppliers and dealers, customers, government regulators and local communities, etc.
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	Yes
3.	Are there any special initiatives taken by the company to engage with	Yes, we have conducted our formal stakeholder

Principle 5: Businesses should respect and promote human rights		
1.	Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	Currently, the Company does not have any specific Human Rights Policy though, there are other Policies of the Company fulfil the specific requirement of it. The Company, within its sphere of influence, promotes the awareness and realization of human rights across its value chain. To this extent, the Company extends its initiatives to promote human rights to external stakeholders including suppliers and contractors.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	In the reporting period, no violations or complaints surfaced were discovered where any of our operations or suppliers might be found to have significant risk of child labour or forced or compulsory labour.
Principle 6: Business should respect, protect and make efforts to restore the environment		
1.	Does the Policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures/ Suppliers/ Contractors / NGOs/ others	The Company is committed towards environmental protection. The Company encourages its subsidiaries, suppliers and contractors to employ environment friendly measures in their day to day operations. Company has received the Report on the Sustainability from independent third-party agency. Further, Company has obtained Silver rating from EcoVadis and also opted the membership of UN Global Compact.

Business Responsibility Report (Contd.)

2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?	Company's business operations are in line with concerning the environment and it strives more to achieve better on the subject.
3.	Does the company identify and assess potential environmental risks?	Yes, the Company identifies and assesses potential environmental risks for its existing and new products.
4.	Does the company have any project related to clean development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The chemistry used by the Company are opted and executed in a lesser environmental foot-prints. The system and technologies are engaged in a way to perform in a clean development.
5.	Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.	The Company undertakes various energy efficiency measures at its manufacturing locations which include, the execution of the Purchase Power Agreement for alternate energy and other installations.
6.	Are the emissions / waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?	The Company is committed to minimizing its waste as well as emissions. It has initiated various measures across the manufacturing locations to waste minimization and reuse. Also, the Company continues to invest in reducing air emission levels through adoption of cleaner technologies. All these measures ensure that the emissions / waste generated by the Company are within the permissible limits by CPCB / SPCB.
7.	Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	During the year under review, there were no non-compliances with environmental laws and / or regulations identified and the Company did not pay any fines towards any case pending from previous years no show cause / legal notices received from CPCB / SPCB during the year.
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.		
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Chemexcil
2.	Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Company works with trade associations from time to time for advancement or improvement of public good.

Business Responsibility Report (Contd.)

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives / projects in pursuit of the Policy related to Principle 8? If yes details thereof.	The Company has been proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of health, education, rural development and livelihood interventions etc. Accordingly, over the years, its programs have diversified to women empowerment, along with modern health care and education. The Company has a Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act 2013 and rules made thereunder. The contents of the CSR Policy are disclosed on the website of the Company.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other Organization?	Apart from CSR, some donations and charities were done for the needy, including the sponsorship for sports directly.
3. Have you done any impact assessment of your initiative?	Internal assessment of CSR activities were undertaken.
4. What is your Company's direct contribution to community development projects- Amount in ₹ (in MM) and the details of the projects undertaken?	Company spends the amount by way of contributions / donations to various Trust / institutions for community development, for projects and amounts, refer Annexure on Annual Report of CSR of Board Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	The CSR Team regularly interact with the local communities to assess the impact of community development projects undertaken by the Company to ensure that the objectives and benefits of these projects are being met.

Business Responsibility Report (Contd.)

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

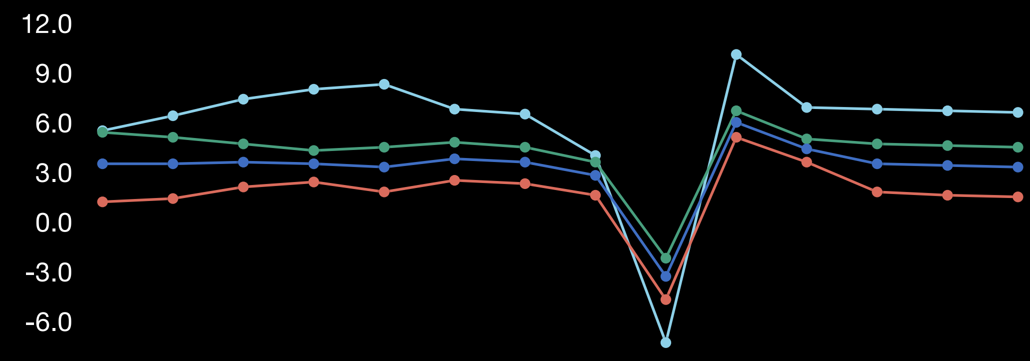
1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?	No customer / consumer complaint cases are received during the year except, routine business complaints, being not material.
2. Does the company display product information on the product label, over and above what is mandated as per local laws?	The Company proactively displays product information on the label as per applicable national and international laws as applicable.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year?	There is no any such case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti competitive behavior during the last five years and no case pending as on end of financial year.
4. Did your Company carry out any consumer survey / consumer satisfaction trends?	The Company is focused on delivering value to its customers and, therefore, customer satisfaction surveys are carried out on informal basis. This provides valuable feedback for the Company for providing the best possible service to customers and to continuously improve in its engagement with customers.

Industry Overview

Global macroeconomic overview

Global gross domestic product (GDP) growth

The global economy is going through the most robust post-recession recovery in 80 years in 2021, a year and a half since the onset of the COVID-19 pandemic. Global economic growth is expected to regain its momentum as pandemic control and vaccination is underway. According to the F&S Report, IMF expects the global economy to grow at 6.0% in calendar year 2021 and 4.4% in calendar year 2022, with emerging markets and developing economies growing at 6.7% in 2021 and 5.0% in 2022.



	2012	2014	2016	2018	2020	2022F	2024F
Emerging Markets & Developing Economies	3500	3500	3500	3500	3500	3500	3500
World	3500	3500	3500	3500	3500	3500	3500
Advanced Economics	3500	3500	3500	3500	3500	3500	3500
India	3500	3500	3500	3500	3500	3500	3500

The above cash flow statement has been prepared under the 'Indirect Method' set out in Ind AS 7 - on Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.

Macroeconomic Overview of India

Gross domestic product (GDP) growth in India

From calendar years 2012 to 2016, market-friendly policies safeguarded India from the subdued global economy; and improved macroeconomic fundamentals and robust capital inflow strengthened India's economic growth from 5.5% in 2012 to 8.2% in 2016. However, in 2017, real GDP in India declined to 6.8% from 8.2% in 2016 due to the external vulnerabilities such as global slowdown, the impact of demonetization and the transitory effect of goods and services tax (GST)

Industry Overview (Contd.)

implementation. The economic growth of India slipped further in 2019 as a result of the lingering effect of demonetization and the other political reforms. Growth has remained relatively slow due to the prolonged on-going stress among non-bank financial institutions (NBFIs), obstructing the overall credit provision of the financial system. The already slow Indian economy has been derailed from its growth track in 2020 as a result of a national shutdown imposed in March 2020 to halt the spread of COVID-19. India's real GDP contracted to 7.3% in calendar 2020.

However, the medium-term outlook of India's real GDP is expected to improve and record a growth rate of approximately 6.6% by calendar year 2025, on account of the strong macroeconomic fundamentals including moderate inflation, the implementation of key structural reforms and the improved fiscal and monetary policies.

Real GDP Value, at constant price (₹ 000'Bn) and Growth %, India, 2008 to 2025F

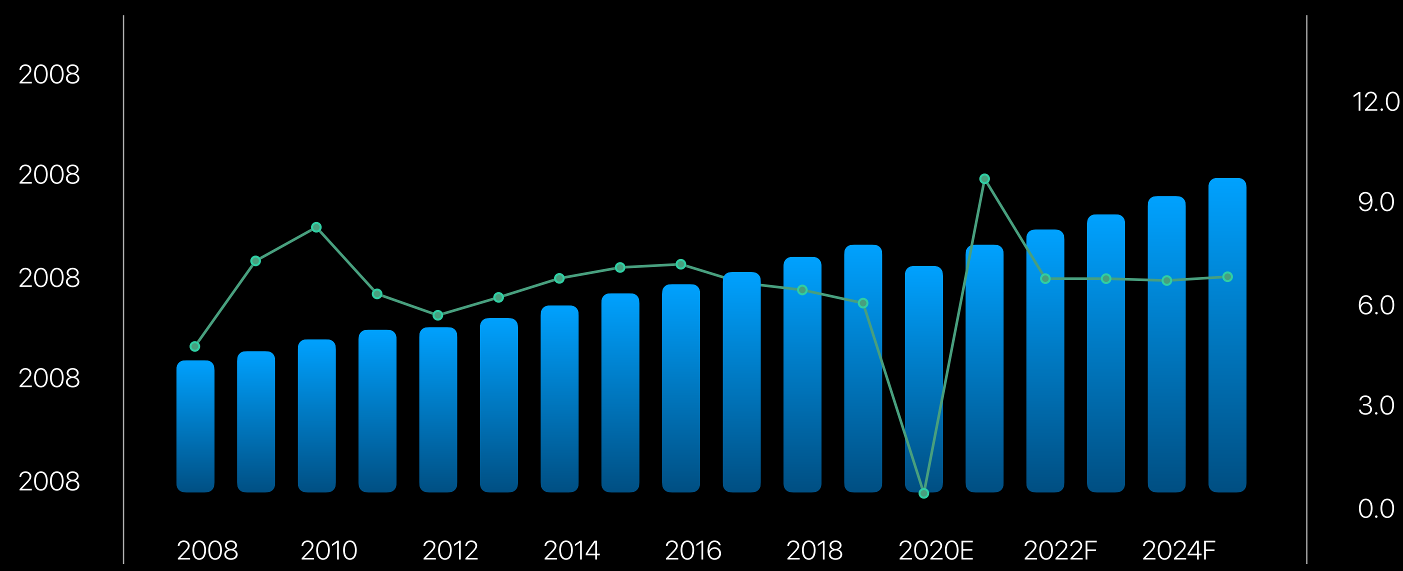
GDP Growth (%)	3500	3500	3500	3500	3500	3500	3500	3500
GDP	3500	3500	3500	3500	3500	3500	3500	3500

GDP per capita in India

According to the F&S Report, the GDP per capita at constant prices in India in 2020 witnessed its lowest growth rate since 1990 at -8.87%.However, with the economy getting back on track slowly, the GDP per capita growth is expected to increase to approximately 6.1% in 2025.

GDP per Capita Value, at constant price (₹'000) and Growth %, India, 2008 to 2025F

Industry Overview (Contd.)



GDP Growth (%)	3500	3500	3500	3500	3500	3500	3500	3500
GDP	3500	3500	3500	3500	3500	3500	3500	3500

Source: World Economic Outlook, International Monetary Fund Estimates-April 2021, Frost & Sullivan; Outlook for 2021 and onwards is based on IMF data published in April 2020. Covid-19 impact not registered in the outlook 2021 onwards (Prospectus of Aether Industries Limited)

Overview of the global chemicals industry

Value of the global chemical industry

In calendar year 2020, the global chemicals market was valued at approximately US$5,027 billion, with China accounting for a substantial market share (39%), followed by the European Union (15%) and the United States (13%). In calendar year 2020, India accounted for an approximately 4% market share in the global chemicals market. According to the F&S Report, the global chemicals market is expected to grow at a CAGR of 6.2% CAGR from US$5,027 billion in calendar year 2020 to reach US$6,780 billion by calendar year 2025. According to the F&S Report, from calendar years 2020 to 2025, the Asia Pacific (APAC) chemicals market is expected to grow at the fastest rate of 7-8%, while the chemicals markets in Western Europe, North America, and Japan are expected to grow at a slower rate of 3-4% since they are relatively mature.

Global specialty chemicals market

Value of the global specialty chemicals market

Specialty chemicals are low-volume and high-value products which are sold on the basis of their quality or utility. Thus, they may be used primarily as additives or to provide a specific attribute to the end products. The focus is on value addition to the end products and the properties or technical specifications of the specialty chemicals.Rapid industrialisation in India and China is expected to drive demand for specialty chemicals. Asia Pacific (APAC) dominated the global specialty chemicals market in calendar year 2020 with a 42% market share, owing to its huge customer base, increasing industrial production and robust growth of the construction sector in the region. APAC is followed by Europe and North America, with a 24.1% and 21.0% market share in calendar year 2020, respectively.

Industry Overview (Contd.)

Global specialty chemicals market by segments

Specialty chemicals industry can be categorised into a mix of end-use driven segments and application-driven segments. The various segments across specialty chemicals industry differ in competitive intensity, margin profiles, defensibility against raw material cost movements and growth.

Value of global specialty chemicals market in 2015, 2020 and 2025F (US$ billion)

CAGR	Agro chemicals & fertilizers	Pharmaceutical API	Dyes and Pigments	Paints & Coatings Additives	Home Care Ingredients
2015-20	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %
2020-25F	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %

Personal Care Ingredients	Textile Chemicals	Water Treatment Chemicals	Construction / Infratech Chemicals	Flavours & Fragrances Ingredients	Total
5.4 %	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %
5.4 %	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %

Source: F&S Report; Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

According to the F&S Report, in calendar year 2020, the global specialty chemicals industry was valued at US$847 billion. Pharmaceutical API and agrochemicals & fertilizers made up the largest two segments of the industry, accounting for approximately 25% and 24% of the global specialty chemicals industry in calendar year 2020.
In APAC, with a high population base and majority of countries being underdeveloped or developing nations, there is high rate of construction activities resulting in higher demand for construction chemicals and paints & coatings additives. Embracing modern practices in the fields, agrochemicals segment has seen tremendous growth particularly in respect of pesticides and fertilizer consumption. The consumption of pesticides in APAC recorded the fastest growth rate on a global basis and reached a projected volume of approximately 797.5 kilo tons (KT) in 2020. According to the F&S Report, in 2020, China, India and Japan represent the largest agrochemicals markets in the Asian continent. In 2020, China is leading the agrochemicals market with its developing agricultural sector along with the need for its growing population. Globally, China is not only the largest producer but also the largest consumer of fertilisers

Key industry trends in the next five years

Green chemicals

With an increasing awareness of the ill-effects of certain chemicals on humans and the environment, there is a growing trend in the chemicals industry to shift towards what is known as “green” chemicals or more accurately sustainable chemistry. Green chemicals are products which are bio-degradable and provide higher performance and functionality while being more environmentally benign throughout its entire life-cycle, including its design, manufacture, use, and ultimate disposal.

The demand for green chemicals is particularly high from the textile industry which is one of the major end-users of chemicals. The evolution of green chemistry in the chemical industry will be a critical trend fuelling the growth of the green chemicals market. According to the F&S Report, the value of the global green chemicals market is expected to grow at a CAGR of 10.5% from US$27 billion in 2020 to reach approximately US$40 to 50 billion by 2025.

Industry Overview (Contd.)

Shift of manufacturing activities from China to India

As a result of the COVID-19 pandemic, many global companies are considering reducing the dependence of their manufacturing activities on China. Many companies are no longer considering China as their first preferred location for setting up factories. Taking advantage of this situation, the Indian Government has taken policy initiatives to attract companies looking to shift their manufacturing base to India in the post COVID-19 scenario. Global manufacturers have initiated talks with Indian firms to explore the possibility of shifting a part of their supply chains from China to India as they seek to diversify their operations geographically.

The tightening of environmental protection norms in China since January 2015 has resulted in an increase in operating costs, closures and relocations of certain manufacturing facilities. With rising labour costs and the recent trade tension between China and the United States, Chinese exports have reduced in recent Years All of these factors resulted in a shift of key raw materials purchases by global companies from China to India. In addition, Indian companies, which have been heavily reliant on sourcing from China, are now starting to adopt local sourcing. In summary, the increase of local sourcing by Indian companies and the shift of manufacturing activities by global companies from China to India are expected to boost the manufacturing sector in India, including the chemicals manufacturing segment.

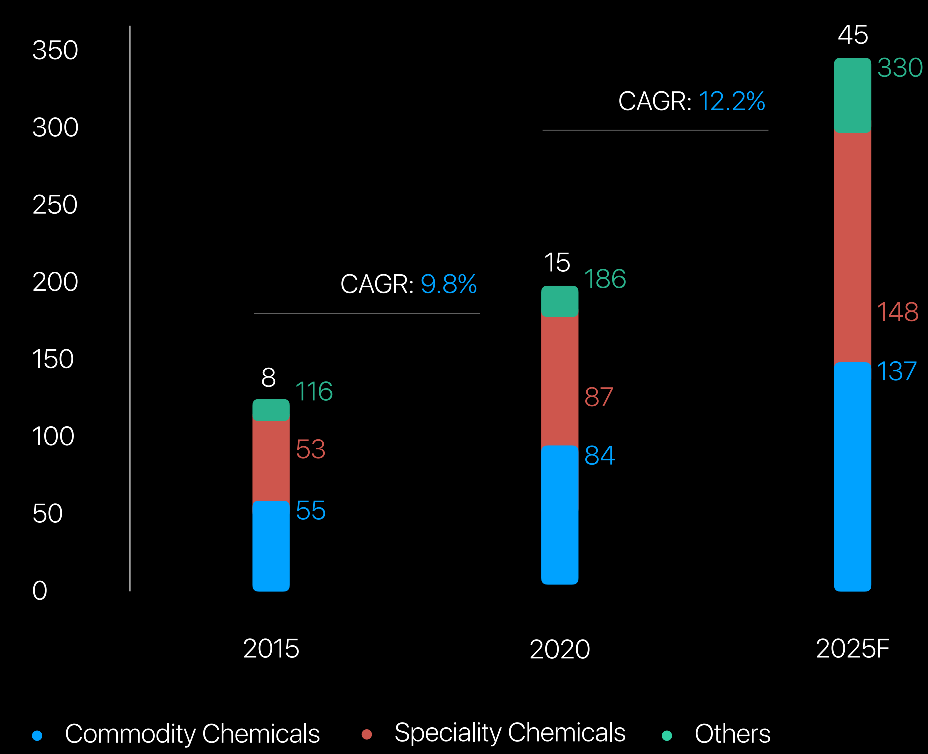
Overview of the chemicals industry in India

Value of the Indian chemicals industry

According to the F&S Report, in calendar year 2020, the Indian chemicals industry was valued at US$186 billion, representing approximately 4% of the value of the global chemicals industry. According to the F&S Report, the value of the Indian chemicals industry is expected to grow at a CAGR of 12.2% from US$186 billion in 2020 to US$330 billion in 2025. According to the F&S Report, in Fiscal Year 2020, the Indian chemical industry contributed approximately 6.6% of the national gross domestic product and accounted for 15-17% of value of the India's manufacturing sector.

Industry Overview (Contd.)

Indian Chemicals Market, 2015, 2020 and 2025F (US$ billion)



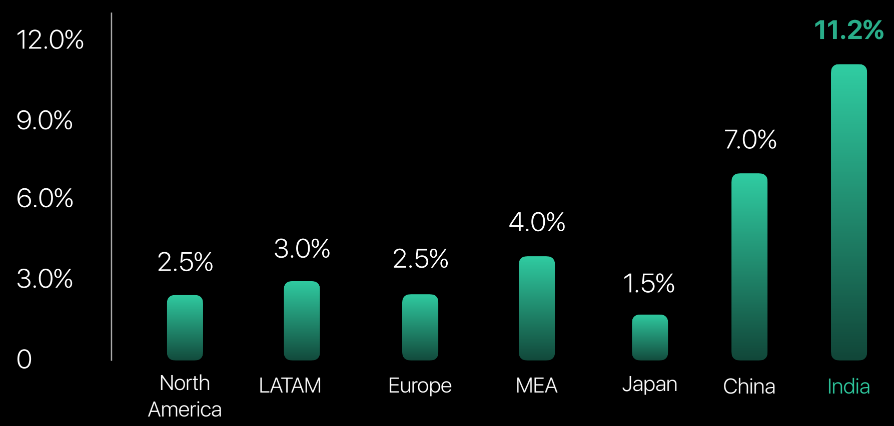
Source: F&S Report; Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)
Note: Indian chemical industry generally showcases Agrochemicals & Fertilizers and Pharmaceuticals API outside of Specialty chemicals. In the above graph the specialty chemicals section, however, is inclusive of the 2 categories to maintain consistency with the Global section. Agrochemical & Fertilizer and Pharmaceuticals API contribute to more than 55% of the specialty chemical space in India.

The value of the commodity chemicals segment and the specialty chemicals segment accounted for approximately 46% and 47% of the Indian chemicals industry, respectively. The growth rate of the Indian specialty chemicals segment in 2015-2020 was higher than the growth rate of the Indian commodity chemicals (10.4% vs. 8.7%). From 2020 to 2015, the Indian specialty chemicals segment is expected to grow at a CAGR of 11.2%.

Industry Overview (Contd.)

Y - Y	Commodity Chemicals	Specialty Chemicals
2015-20	8.7 %	10.4 %
2020-25F	10.3 %	11.2 %

Region-wise Specialty Chemicals Growth, 2020-25, %



Source: F&S Report; Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Indian specialty chemicals market by segments

Similar to the global specialty chemicals industry, the Indian specialty chemicals industry can be categorised into a mix of end-use driven segments and application-driven segments.

- Agrochemicals and Fertilizers: Agrochemicals include organic fertilizers, liming and acidifying agents (which are designed to change the pH), soil conditioners, insecticides and pesticides, fungicides, herbicides, and other chemicals like crop-growth regulators Fertilizers are mainly inorganic compounds of nitrogen like urea or ammonium nitrate, compounds of phosphorous and potassium.
- Dyes and Pigments: These are inclusive of Reactive Dyes, Disperse Dyes, Acid Direct Dyes, Azo Dyes, Sulphur Dyes, Solvent Dyes, Vat Dyes, Food Colorants, Organic Pigments, Optical Whitening agents, Inorganic Pigments, Pigment emulsions among others
- Construction/Infratech Chemicals: These are inclusive of concrete admixtures (plasticizers, accelerators, retarders, air entertainers), waterproofing (bitumen, PVC, silicon, SBR and others), protective coatings (epoxy, PUR, PE, alkyl, acrylic and others), concrete repair mortar (cement based and plaster based), plasters, base coats among others
- Paints and Coatings Additives: These are made up of insulating paint additives, powder coating additives, catalysts, wetting agents, levelers, clarifier, coupling agents, deflocculants, thinners, thickeners, anti-caking agents and other chemicals.
- Water Treatment Chemicals: These are made up of PH neutralizers, algaecides, anti-foams (including insoluble oils, silicones, alcohols, stearates and glycols), biocides, boiler water chemicals, coagulants and flocculants, corrosion inhibitors, disinfectants, defoamers among others
- Textile Chemicals: These are inclusive of coating & sizing agents, colorants & auxiliaries, finishing agents, surfactants, de-sizing agents, bleaching agents, leather chemicals among others
- Flavors and Fragrances: Essential Oils (orange, corn mint, eucalyptus, pepper mint, lemon), Oleoresins (paprika, black pepper, turmeric, ginger, others), Aroma chemicals (esters, alcohol, aldehyde, phenol, others), others
- Home & Personal Care Ingredients: These are inclusive of formaldehyde, glycerols, titanium dioxide, isopropyls, alcohols, dimethicone, sodium lauryl sulphate, parabens, tocopherols benzones, oleochemicals, surfactants, polymers, botanical extracts among others.

Industry Overview (Contd.)

High barriers to entry in the Indian Specialty chemicals industry

There are high barriers to entry in the Indian chemicals industry, primarily due to the following factors

a. Involvement of complex chemistries in the manufacturing of products: The production process of specialty chemicals is complex and requires high level of technical knowledge and R&D capabilities. Companies need to invest substantially in facilities (such as research and development centres) as well as technical knowledge and training, creating barrier to entry for new entrants.

b. Rigorous product approval standard: Specialty chemicals products are subject to very sensitive and rigorous product approval systems with stringent impurity specifications. Intermediates that are used for API drugs are subject to an even more stringent quality and manufacturing process requirements. Typically, approval of any such product takes a few Years The costs and time involved create high barriers to entry to new entrants in the industry.

c. Long-term relationship between suppliers and customers: Suppliers of specialty chemicals usually enjoy long-term relationship with customers This is partially due to the high costs involved in switching to new supplier Customers typically select suppliers after carefully reviewing them and tend to develop long-term relationships with them as well as limit the number of such supplier.

d. Other factors contributing to the high barriers to entry for specialty chemicals companies, API and drug intermediates manufacturers include stringent quality requirement (specifically those for human consumption), lengthy and costly registration process, high level of product customization, differentiated business models, among others

Key trends in the Indian chemicals industry

Increase in capital expenditure by Indian chemicals companies

Traditionally, low-cost labour and readily available raw material provided an edge to the Indian manufacturing companies. Increasingly, though, specialty chemicals companies are focusing beyond these traditional cost advantages. Product development capabilities have become progressively more important and are the key differentiator among various companies in the industry.

The Indian chemicals industry has increased its capital expenditure over the past decade in order to be well equipped to capture future opportunities. According to the F&S Report, ₹ 95 billion was spent in Fiscal Year 2020 by the 30 leading chemical companies in India on capital expenditure, as compared to ₹ 39 billion in Fiscal Year 2010. In calendar year 2018, India's chemicals sector attributed 23.3% of its profit after tax to capital expenditure, whereas China's chemicals sector attributed 32.6 %. All other countries in the world attributed less than one-fifth of its profit after tax to capital expenditure in calendar year 2018. Capital expenditures are spent for capacity augmentation and/or product development by these leading chemicals companies.

Industry Overview (Contd.)

Increase in R&D by specialty chemicals companies

Aggregate research and development (R&D) expenditure incurred by the 30 key leading global chemical companies has grown at a CAGR of 16% over Fiscal Year 2010 to Fiscal Year 2019, while their revenue has grown at a CAGR of 11% over the same period. In terms of absolute amount, ₹4.5 billion was spent by these companies on R&D in Fiscal Year 2019, as compared to ₹1.1 billion in Fiscal Year 2010. R&D expense as a percentage of revenue has remained stable in the range of 0.4-0.5% for these companies from Fiscal Year 2015 to Fiscal Year 2019. India's share in the aggregate R&D spending incurred over the globe by chemical companies has grown from 2.7% in calendar year 2008 to 3.3% in calendar year 2018.

Increase in R&D by Indian pharmaceutical companies

The Indian pharmaceutical industry, world's third largest in terms of volume and thirteen largest in terms of value, is also spending on R&D to keep up with the momentum. According to the F&S Report, on average, the Indian pharmaceutical companies tend to spend less than 11% of their annual turnover on R&D. Indian companies recognize the need of R&D spend and shall ramp up their expenditure on development and research to propel their growth and have strong positioning in market. Frost & Sullivan expects that more new product lines will be developed by Indian pharmaceutical companies with their increased R&D spend. In order to support these new product lines, the demand for purchase of raw materials and intermediates by these companies is expected to increase, providing a boost to the specialty chemicals industry.

The rise of green chemicals

The concept of green chemicals in India is evolving. The rising pollution and harm caused to water bodies owing to emission of harmful chemical effluents into water is leading to rise in concern of sustainability. The companies in India are still in the process of incorporating this new concept from raw materials to manufacturing activities. Major challenge to the adoption of these environmental friendly chemicals by service providers and consumers is the high initial cost of such products. However, even though green chemicals cost more at the initial stage, their usage over a period of time has shown a reduction in price by approximately 18-20%.

Indian Government bodies such as the Department of Science and Technology, the Ministry of Chemicals and Fertilizers, and the Department of Pharmaceuticals, are beginning to establish various green chemistry initiatives and in some cases to partner with SMEs to partially fund investments in green technology. Generic drug pharma and active pharmaceutical ingredients (API) manufacturers in India exhibit significant interest and some advances in using GC principles. At the same time, majority (65%) of Indian companies rely on treatment and disposal of wastewater instead of source reduction and one in five (20%) does not use any GC metrics. According to the F&S Report, generic drug pharma is more advanced in adopting GC principles than API manufacturers. Regulatory risk and time pressures to deliver drugs were reported as the two most significant barriers for greater adoption of GC in India, while cost savings and environmental regulations were cited as the top two drivers.

Make in India initiative

On May 12, 2020, the Government announced the Aatmanirbhar Bharat Abhiyan which combined relief, policy reforms and fiscal and monetary measures to help businesses and individuals to cope with the situation created by the pandemic and help transform India into a self-reliant economy. This campaign is especially expected to benefit the specialty chemicals sector, with several players hoping to position themselves as an alternative to China as the coronavirus crisis prompts companies to diversify their supply chains.

In particular, the Government announced a production linked incentive (PLI) scheme for the promotion and manufacturing of pharmaceutical raw materials in India. The government's move is aimed to boost domestic manufacturing and cut

Industry Overview (Contd.)

dependence on imports of critical Active Pharmaceutical Ingredients (APIs). Further, the government has also decided to develop three mega bulk drug parks in partnership with states. These schemes will likely appeal more to the smaller players and should foster more investments. The Government is also in the process of launching a production-linked incentive (PLI) for the chemical sector to increase self-reliance in the country. This move is to reduce country's dependency on imports of basic chemicals. The PLI scheme will help the sector to identify import-dependent chemicals and work towards producing them within the country.

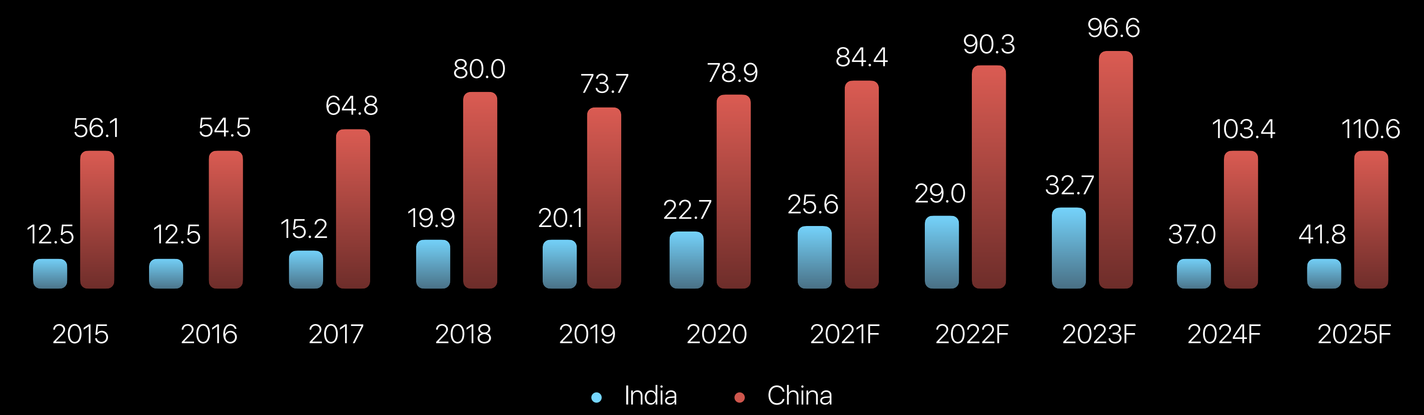
Specialty chemical companies will look at import substitution along with export opportunities to further drive their business.

India's exports and imports of chemicals

Chemicals exports trend – India and China

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 in 2015, which have led to shutdown of a number of chemical plants. According to the F&S Report, 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. As a result of stringent environmental norms, the Chinese chemical companies are witnessing a rise in capital expenditure and operational costs, making them less competitive in the export market.

Several global players prefer a "China + 1 offshore strategy", with manufacturing capacities shifting to cost efficient markets with strong technology capabilities like India. Stringent environmental regulations and increased cost of labor have already stifled growth in China. The pandemic has compounded the situation further as companies across the world are looking for alternate supply solutions. Japan's announcement to offer incentives to companies shifting base from China to India further proves the strong desires for certain countries to reduce dependence on China and develop local supply chains. Joint ventures or technology transfers will drive the knowledge wave for the Indian industry, given stronger IP protection rights. The spill over impact of China's declining competitiveness has set the stage for India to intensify its effort to capture larger market share.



Source: World Bank, F&S Report (Prospectus of Aether Industries Limited)
Note: The forecasted data is not published by World Bank; it has been calculated considering the same CAGRs for both the countries. The actual CAGR for India and China respectively for the period 2015-2019 stood at around 13% and 7%; as World Bank does not forecast the export trends, the same CAGR (13% for India and 7% for China) has been considered for the forecast period 2020-2025.

Industry Overview (Contd.)

India's exports of specialty chemicals

Indian specialty chemicals industry has been growing over the Years In the past decade, there has been appreciable growth in the revenues and profits of the speciality chemical companies, both in domestic as well as exports segment.

China has imposed stringent environmental regulations in recent Years Coupled with the trade tension between the United States and China and the COVID-19 pandemic, purchasers of chemicals are considering to diversify their supply chains. Such factors are prompting purchasing managers in the United States, Europe, and Japan to give India another look as a source of raw materials for their chemical products. An important factor in favour of Indian companies is their growing competitiveness vis-à-vis producers from other countries. India has some inherent growth drivers including a huge local demand base, significant exports with room to expand, and significant imports with scope for domestic substitution.

Moreover, India's federal government has positioned itself as ready to support the shift from China to India in a range of industries. It has launched PLI scheme to push for indigenous manufacturing of pharmaceutical raw materials and active ingredients. Following these reforms and Indian company's proactiveness the growth in exports in expected to increase gradually.

The beside chart sets forth the revenue generated by exports of specialty chemicals by key specialty companies in India in Fiscal Year 2016 and Fiscal Year 2021:

Low Cost and Availability of Skilled Labour in India to support Specialty chemical exports

Labour represents one of the main costs of manufacturing goods. According to the F&S Report, importers have watched China's labour costs soar in recent decades, often growing by 10-15% annually. China's minimum wages, which ranged from approximately US$140 to US$346 in calendar year 2019, are set at the provincial level. India's minimum wages similarly vary across states and range from approximately US$66 to US$202 in calendar year 2019. Rising labour costs coupled with imposition of tariffs by the United States on Chinese goods in recent years, India's case as a cost-effective manufacturing alternative is strengthened. Frost & Sullivan expects that importers of labour-intensive products, such as specialty chemicals, are in the best position to realize cost savings by moving to India.

Source: ASEAN Briefings; F&S Report

Overview of the global and Indian CRAMS industry

Overview of the global CRAMS industry

Contract Research and Manufacturing Services (CRAMS) refers to outsourcing services or products to low-cost providers like India and China which maintains quality, world class standards and meets international regulatory norms like the USFDA, Australian-TGA, UKMCA, and EMEA. Pharmaceutical Industries have been traditionally outsourcing APIs (Active Pharmaceutical Ingredients), intermediates and Formulations (Finished Dosage Forms).

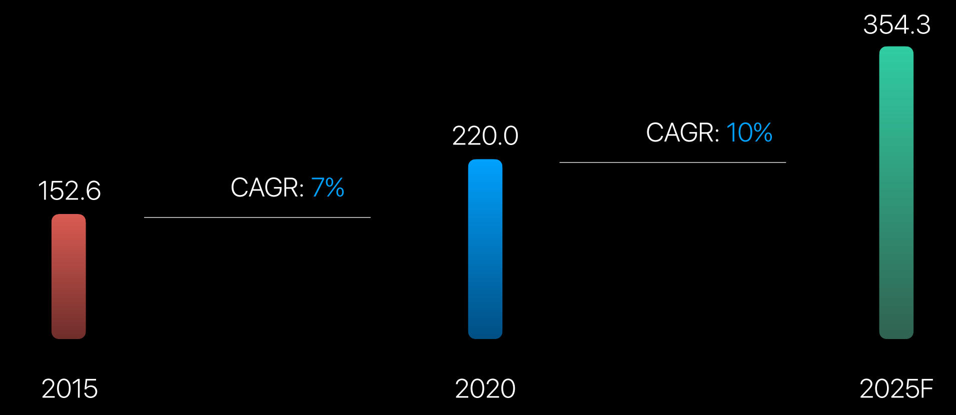
Value of the global CRAMS industry

According to the F&S Report, the global market for Contract Research and Manufacturing Services (CRAMS) was valued at US$220 billion in calendar year 2020; for global specialty chemicals contract manufacturing. CRAMS is used for contract synthesis of agrochemical technical grades or active ingredients, intermediates and specialty chemical products along with other fine chemicals like active pharmaceutical ingredients, etc.

Industry Overview (Contd.)

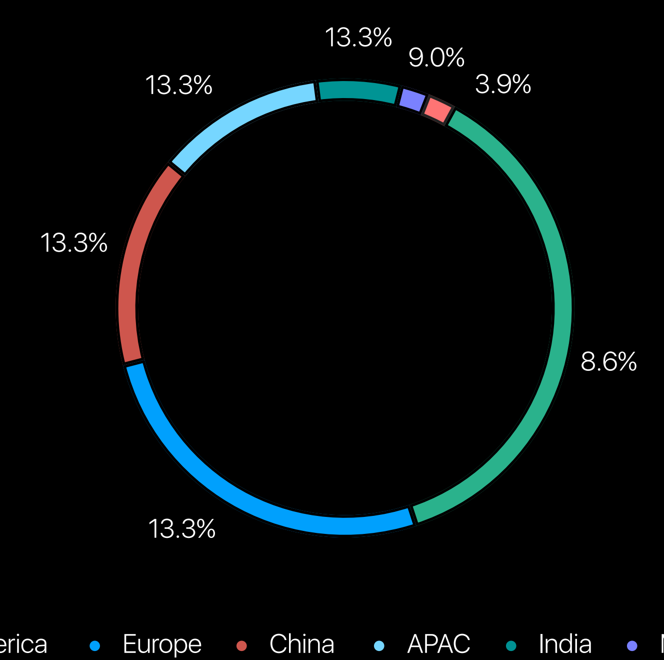
According to the F&S Report, global CRAMS market had grown at a CAGR of 7% from calendar year 2015 to calendar year 2020. According to the F&S Report, this market is anticipated to grow at a CAGR of 10% from calendar year 2020 to calendar year 2025.

Global CRAMS market (in US$ billion)



Source: Frost & Sullivan Research & Analysis (Prospectus of Aether Industries Limited)

Export by Indian Speciality Chemicals (in ₹ MM) export share in FY21 included in rectangle



Source: Frost & Sullivan Research & Analysis (Prospectus of Aether Industries Limited)

Industry Overview (Contd.)

According to the F&S Report, in calendar year 2020, the India market accounted for almost approximately 5% of the global CRAMS market, which totalled US$10.1 billion. In calendar year 2020, the Chinese market and the Japanese market for CRAMS accounted for approximately 15% and 8-9% of global market (by value terms), respectively. North America and the European Union countries accounted for more than 60% market share in the global CRAMS/CSM segment in 2020.

Developing countries such as India, China, Mexico, and Brazil are witnessing significant improvements in their healthcare infrastructure and technological innovations in their drug development processes. As a result, several pharmaceutical companies from developed countries are outsourcing the research and manufacturing operations to the vendors in such countries. The availability of labour at a comparatively lower price is one of the critical reasons for the growing popularity of outsourcing these processes. Moreover, the rising number of US FDA-approved manufacturing plants in developing countries also encourages outsourcing. These factors will augment the growth of the pharmaceutical CRAM market during the forecast period.

Global CRAMS market players

According to the F&S Report, three quarter of global contract research and manufacturing services market is concentrated in North America, Europe and China. Major CRAMS players involved in the fine chemicals business are – Quintiles, Covance, Catalent, Paraxel, Lonza, Charles River Lab, Patheon and others.

The Indian CRAMS industry

India is amongst the preferred destinations for outsourcing of research as well as manufacturing activities. New age CRAMS providers are able to cater to not just the pharmaceutical clients, but also biotech, agrochemicals, nutrition, animal health, consumer goods and others This has opened up wider growth opportunities for the sector. With the right scale, capacities, systems and infrastructure, integrated service providers are well placed to capture a larger share of the innovator manufacturing opportunities. Indian CRAMS companies hold a competitive edge across the global pharmaceutical industry in being the most preferred partners for drug development and manufacturing. Owing to a wide-ranging product mix consisting of high-end research services, biologics, and complex technology services, all offered at a low cost, CRAMS industry has witnessed tremendous growth in the Indian subcontinent.

The country has a big pool of qualified scientists available at lower cost, which makes the contract research organization (CRO) a reality in India. The average annual costs of employing a scientist in India is as low as US$ 30,000, as compared to US$180,000 in the United States. It is, therefore, feasible for Indian companies to employ scientists at an economical rate to get the process done at a quite reasonable expenditure.

India, therefore, presents a strong case for outsourcing research and manufacturing activities by global companies. Whilst contract manufacturing is expected to garner a larger share of revenues in the Indian CRAM market in the range of over 50-60%, the country is also witnessing a simultaneous contribution from the contract research services capturing rest of the CRAMS services.

Value of the Indian CRAMS industry

India is a frontrunner in the number of FDA-approved manufacturing sites outside the United States and a leader in the bulk drug manufacturing market dominated by generics and bio-similar. As a result, according to the F&S Report, the Indian CRAMS market is expected to grow at a CAGR of approximately 12% from US$ 10.1 billion in calendar year 2020 to US$ 18.1 billion in calendar year 2025.India CRAMS market (US$ MM).

According to the F&S Report, the Indian CRAMS market share of the global CRAMS market is expected to grow over the years with India having a market share of more than 5% of the global CRAMS market by 2025.

Industry Overview (Contd.)

India CRAMS market positioning in Global Market

	Global Market	India Market	India as a % of Global
2020	US$ 220.0 Bn	US$ 10.1 Bn	4.6%
2025F	US$ 354.3 Bn	US$ 18.1 Bn	5.1%

Growth drivers of the Indian CRAMS industry

Frost & Sullivan expects the growth of the Indian CRAMS industry to be driven by the following major factors:

- **Lower set up costs**
  With a lower capital expenditure in the range of 25-50% for setting a facility, India is a big attraction for global pharmaceutical companies to collaborate with local CRAMS players.
- **Abundant and widespread talent pool**
  Abundant pool of professionals in the area of drug development and research chemistry, owing to an enormous base of pharmacists and chemistry post-graduates, is an added attraction.
- **Quantum of USFDA approved manufacturing sites**
  The availability of a total of over 300 USFDA approved manufacturing sites will be able to support the growth of the Indian CRAM industry.
- **Intellectual property treaties**
  Indian government is doing its part to help CRAMS development by signing intellectual property treaties. In June 2019, India accepted the three important classification treaties of the World Intellectual Property Organization that are designed to ease the search for trademarks and industrial designs, thereby helping brand owners and designers in their efforts to obtain protection for their own work.
- **Patent Drug Expiry**
  According to the F&S Report, it is estimated that approximately US$252 billion worth of drug sales are likely to get off patent from calendar year 2020 to 2026. Some of the Indian companies are now well placed to capture this opportunity. With on-going developments, India has started focusing on self-reliance at a large-scale. This presents a large opportunity for Indian generic companies.

Overview of the global pharmaceutical API intermediates

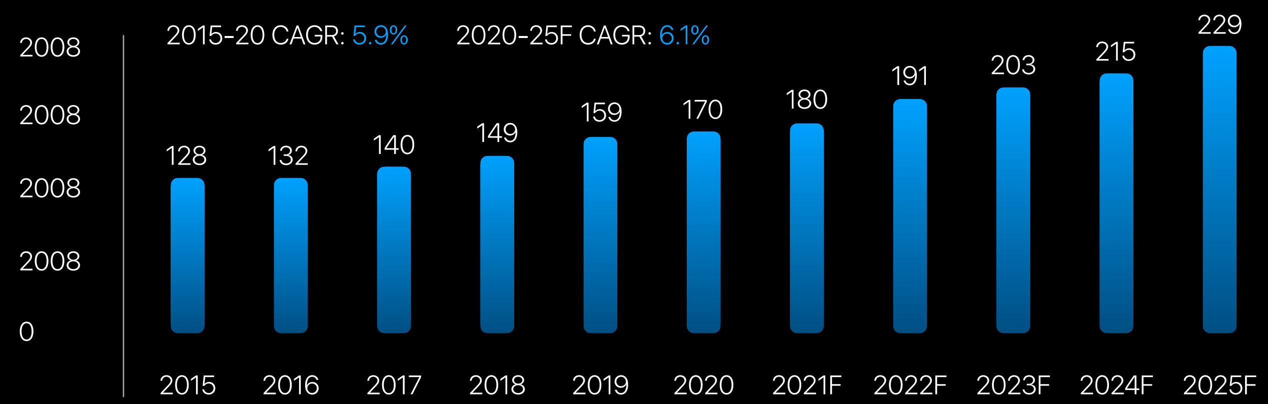
According to the F&S Report, three quarter of global contract research and manufacturing services market is concentrated in North America, Europe and China. Major CRAMS players involved in the fine chemicals business are – Quintiles, Covance, Catalent, Paraxel, Lonza, Charles River Lab, Patheon and others

Value of global API industry

According to the F&S Report, Active Pharmaceutical Ingredients (APIs) are substances or a mixture of substances intended to be used in the manufacture of a drug (medicinal) product and that, when used in the production of a drug, becomes an active ingredient of the drug or product. According to the F&S Report, the value of the global API market grew at a CAGR of 5.9% from US$ 128 billion in 2015 to US$ 170 billion in 2020, and is expected to grow at a CAGR of 6.1% from US$ 170 billion in 2020 to US$ 229 billion in 2025.

Industry Overview (Contd.)

Global API, Industry size (US$ billion), 2015-2025F



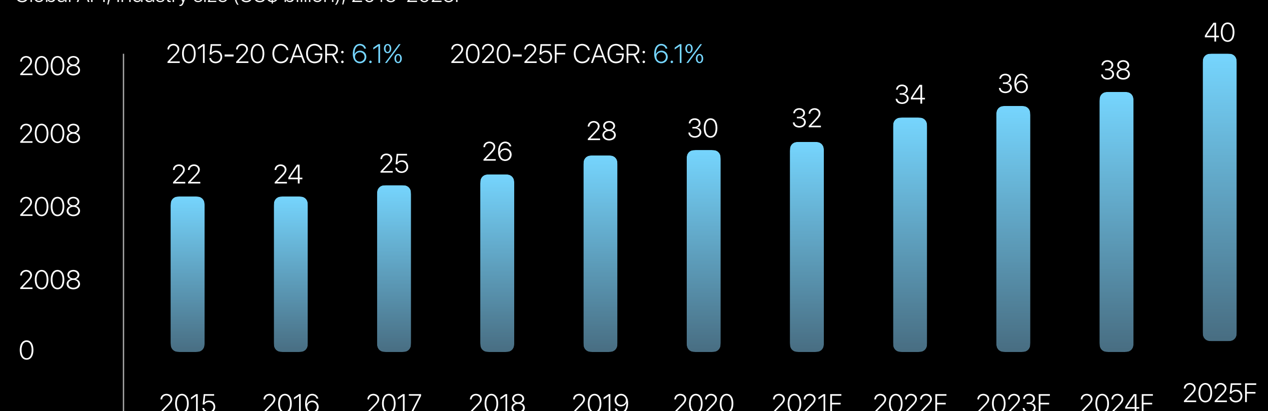
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

APIs can be categorized into synthetic APIs and Biological APIs. In 2020, synthetic APIs accounted for approximately 70% of the total global API market and biological APIs accounted for the remaining 30%. Complicated process, higher regulations, high investments have been some of the key reasons for lower share of biological APIs. Biological APIs segment is expected to grow at the higher CAGR during the forecast period, as biotech drugs are preferred due to their specificity in action, advancements in biotechnology, increase in the demand for monoclonal antibodies and their similarity with the natural biological compounds found in the human body.

Global API-KSM market

Key Starting Materials (KSMs) refer to intermediates used in the pharmaceutical industry. Intermediates refer to the substances that are semi-finished products and/or materials that are essential to make a product. KSMs form an essential part of the pharmaceutical value chain. KSMs are building blocks of the drug industry. High volume specialty intermediates constitute the basic synthetic building blocks for producing active ingredients, these intermediates include organic acids, esters, amines, nitriles, aldehydes, anhydrides, ketene and diketene derivatives, ketones and others The global market for speciality intermediates that go into pharmaceutical applications was valued at US$30 billion in calendar year 2020.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Industry Overview (Contd.)

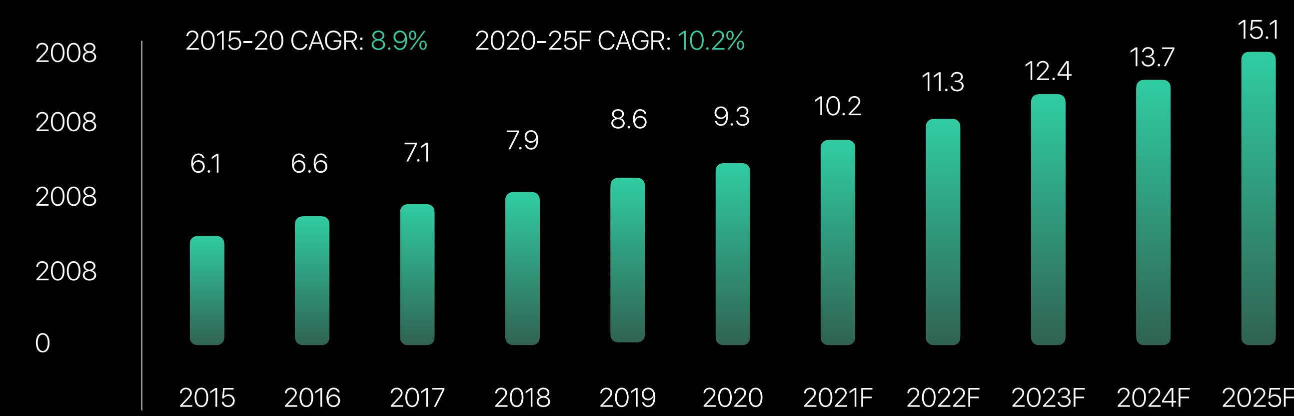
Overview of the Indian API industry

In 2019, the Indian pharmaceutical industry was the world's third largest in terms of volume and thirteenth largest in terms of value. The increasing incidence of chronic diseases, along with growing importance of generics are the key factors driving the growth of the Indian APIs market. Advancements in active pharmaceutical ingredient (API) manufacturing and growth of the biopharmaceutical sector is also driving the market growth.

Value of the Indian API industry

According to the F&S Report, the Indian API market grew at a CAGR of 9% from US$6.1 billion in 2015 to US$9.3 billion in 2020, and is expected to grow at a CAGR of 10.2% from US$9.3 billion in 2020 to 15.1 billion in 2025. In 2019, more than 30% of the APIs manufactured in India were exported to countries, such as the United States, United Kingdom and Japan, etc.

Global API, Industry size (US$ billion), 2015-2025F

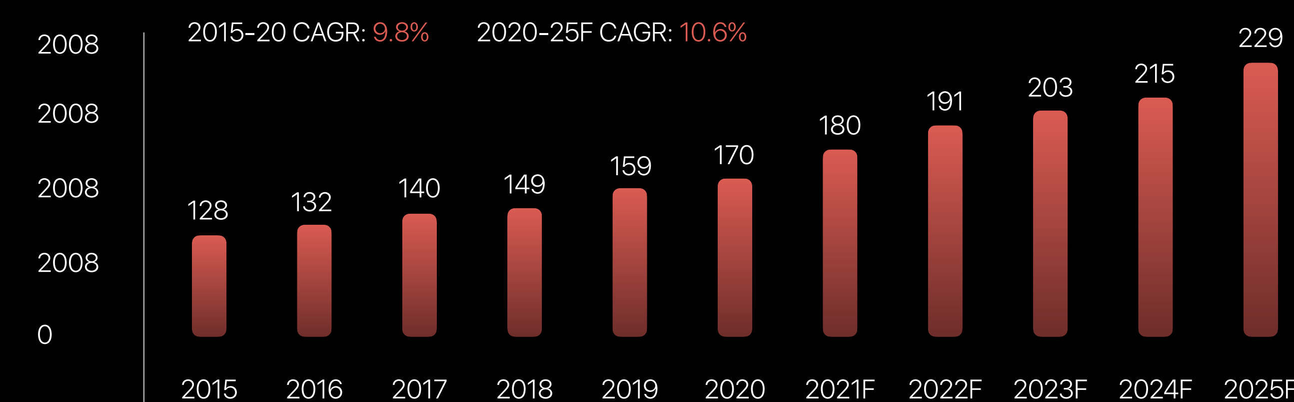


Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Indian API-KSM market

According to the F&S Report, the market for KSMs or pharmaceutical intermediates in India grew at a CAGR of 9.8% from US$3.0 billion in 2015 to US$4.8 billion in 2020, and is expected to increase at a CAGR of 10.6% from US$4.8 billion in 2020 to US$8.0 billion in 2025.

Indian API-KSM Market size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Industry Overview (Contd.)

Overview on selected APIs and related Intermediates

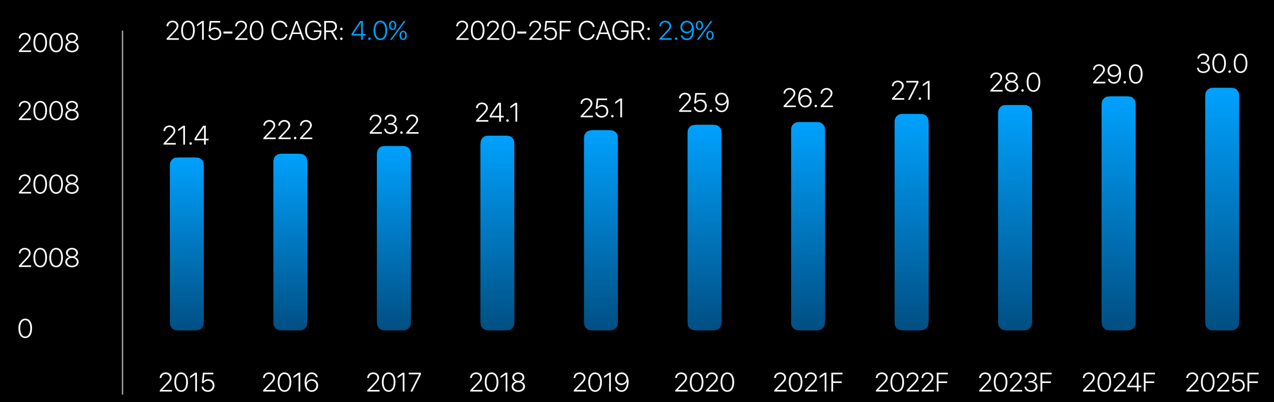
Overview of anti-hypertensive drugs market

Global anti-hypertensive drugs industry

According to the F&S Report, the global antihypertensive drugs market amounted to US$25.9 billion in calendar year 2020, and is expected to reach US$30 billion by 2025, registering a CAGR of 2.9% from 2020 to 2025.

The anti-hypertensive drugs are used to prevent heart failure, kidney failure and acute stroke induced by hypertension. Some of the major anti-hypertensive drugs include diuretics, angiotensin-converting enzyme (ACE) inhibitors, and angiotensin II receptor antagonists.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

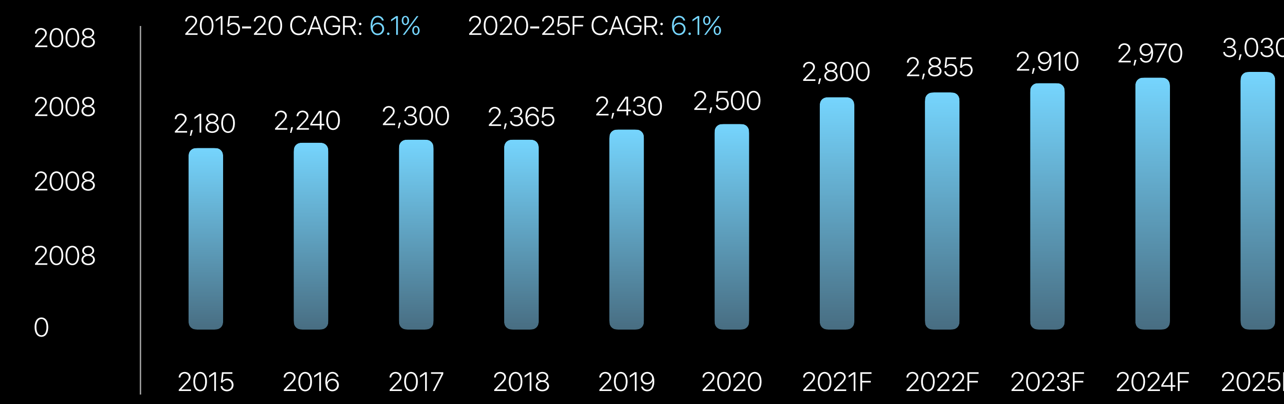
API – Metoprolol

Metoprolol is a beta-blocker that affects the heart and circulation (blood flow through arteries and veins). Metoprolol is used to treat angina (chest pain) and hypertension (high blood pressure). Metoprolol is also used to lower risk of death or needing to be hospitalized for heart failure. Metoprolol injection is used during the early phase of a heart attack to lower the risk of death. Metoprolol is a selective beta-1 blocker commonly employed as the succinate and tartrate derivatives, depending on whether the formulation is designed to be of immediate release or extended release. To this date, it is one of the preferred beta-blockers in general clinical guidelines and it is widely prescribed in the Netherlands, New Zealand, and the United States.

The volume of the global metoprolol industry grew at a CAGR of 2.8% from 2,180 metric tons in 2015 to 2,500 metric tons in 2020, and is expected to grow at a CAGR of 3.9% from 2,500 metric tons in 2020 to 3,030 metric tons in 2025.

Industry Overview (Contd.)

Global API, Industry size (US$ billion), 2015-2025F



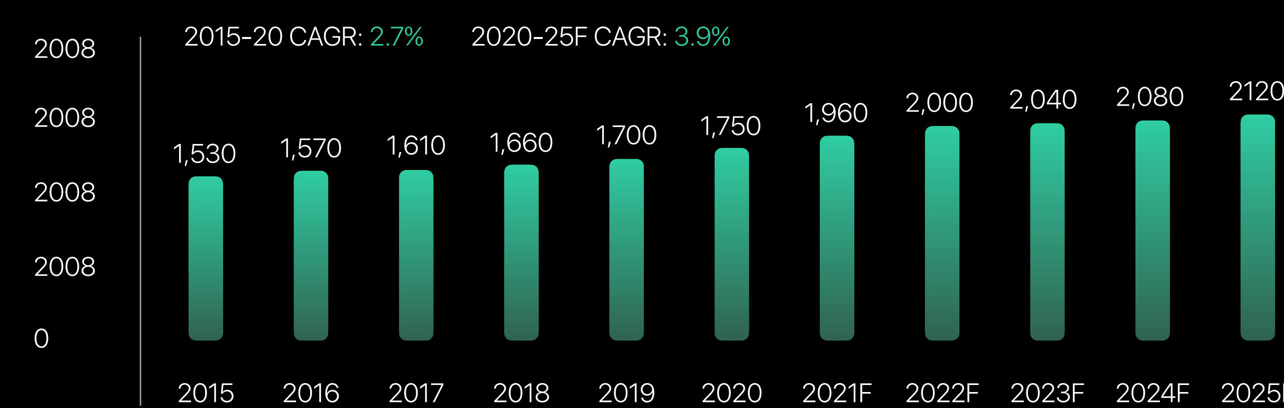
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

4MEP - Intermediate Requirement of Metoprolol

4-(2-Methoxyethyl) phenol ("4MEP") is one of the key intermediates used in production of Metoprolol. Approximately 0.7 metric tons of 4-(2-Methoxy ethyl) phenol is required to manufacture 1.0 MM tonne of Metoprolol derivatives. Other than to produce Metoprolol, there is no other key end application for 4MEP

The volume of the global 4MEP industry grew at a CAGR of 2.7% from 1,530 metric tons in 2015 to 1,750 metric tons in 2020, and is expected to grow at a CAGR of 3.9% from 1,750 metric tons in 2020 to 2,120 metric tons in 2025.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited), 4MEP market is arrived at using consumption of approximately 0.7 consumption in kilograms per kilograms ("kg/kg") for metoprolol

Industry Overview (Contd.)

Aether Industries Limited employs Grignard chemistry, ethylene oxide chemistry, and isobutylene chemistry as the core chemistry competencies and continuous reaction technology and fractional distillation technology as the core technology competencies for this product.

The other major global manufacturers of 4MEP include Otsuka Chemicals from Japan, Apeloa Pharma from China and other Chinese players.

Anti-hypertensive drugs – Sartans

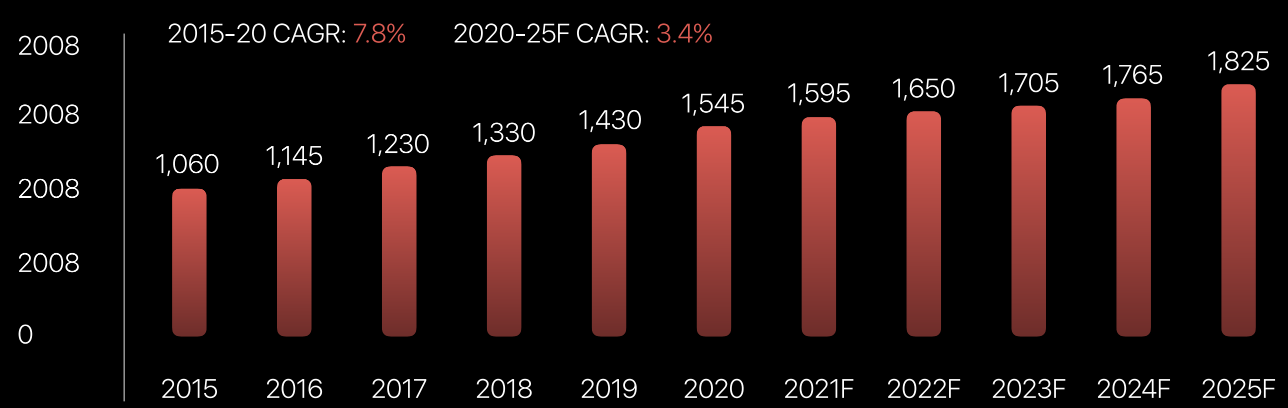
Sartans are the latest generation of anti-hypertensive drugs, which have good anti-hypertensive effect and drug tolerance, less adverse reactions, and have protective effect on target organs. Sartans have less reactions on internal organs and therefore, its use is increasing consistently. According to the F&S Report, there are currently more than 1 billion patients with hypertension in the world. Long term-treatment drives the demand for Sartans and intermediates. Due to the shortage of key intermediates, the tightening of environmental protection and the incident of Sartan impurities, the supply of Sartan products is in short supply recently and the price continues to rise.

Sartans can be divided into five categories: Valsartan, Irbesartan, Telmisartan, Losartan and Others The global market for Sartans is expected to grow by approximately 3.2% from US$15.6 billion in 2019 to US$16.1 billion in 2020, according to the F&S Report. Frost & Sullivan expects that the market size of Sartans to grow at a CAGR of 1.4% from 2020 to reach US$16.7 billion in 2025.

API – Valsartan

Valsartan is the generic name for N-(1-oxopentyl)-N-[[2′-(1H-tetrazol-5- yl)[1 ,1′-biphenyl]-4-yl]methyl]-L-valine. Valsartan is used to treat high blood pressure and heart failure. Valsartan belongs to a class of drugs called angiotensin receptor blockers (ARBs). It works by relaxing blood vessels so that blood can flow more easily. Lowering high blood pressure helps prevent strokes, heart attacks, and kidney problems.

Indian API-KSM Market size (US$ billion), 2015-2025F



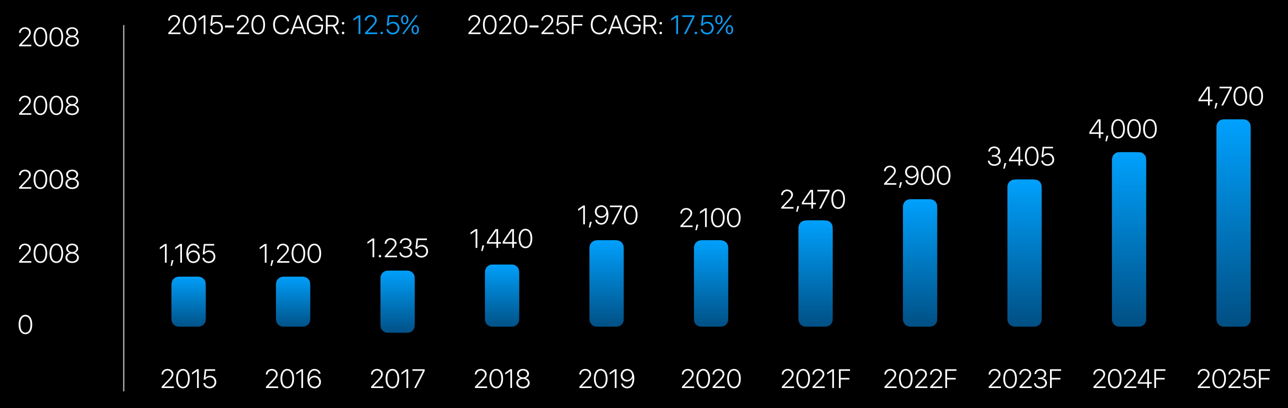
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Industry Overview (Contd.)

API – Losartan

Losartan is a medication that is used to treat high blood pressure. Losartan is widely used in slowing down long-term kidney damage due to type II diabetes. With growing prevalence of hypertension, stroke and diabetic nephropathy across the world, the Losartan market is expected to grow at a CAGR of 17.5% from 2020 to 2025.

Global API, Industry size (US$ billion), 2015-2025F



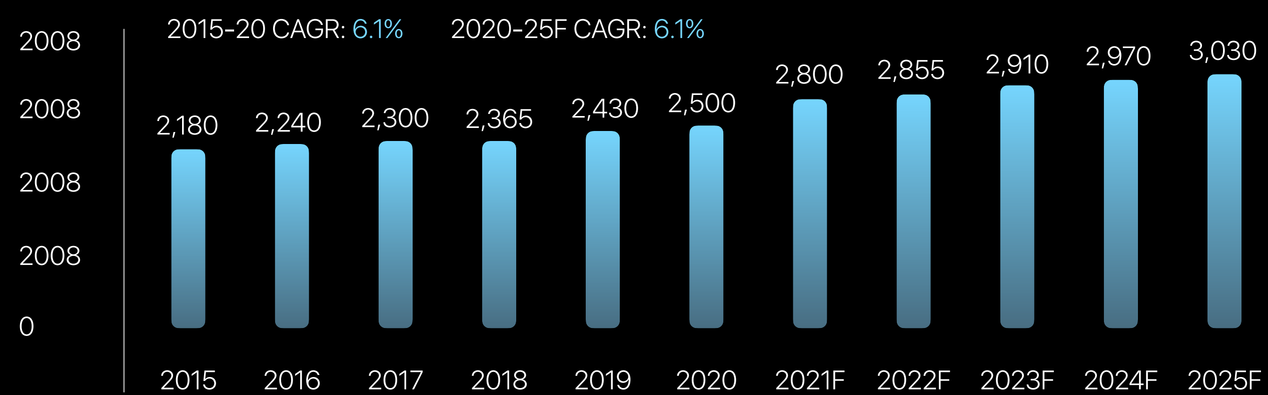
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

API – Olmesartan

Olmesartan is a medication used to treat high blood pressure, heart failure and diabetic kidney disease. Olmesartan was developed by Sankyo and Forest Laboratories. Olmesartan medoxomil was approved by the United States in April 2002 with the trade name "Benicar" and was approved by Europe in October 2002. Olmesartan has quick, strong and lasting antihypertensive effect with low dosage and few adverse reactions, especially dry cough.

Industry Overview (Contd.)

Global API, Industry size (US$ billion), 2015-2025F



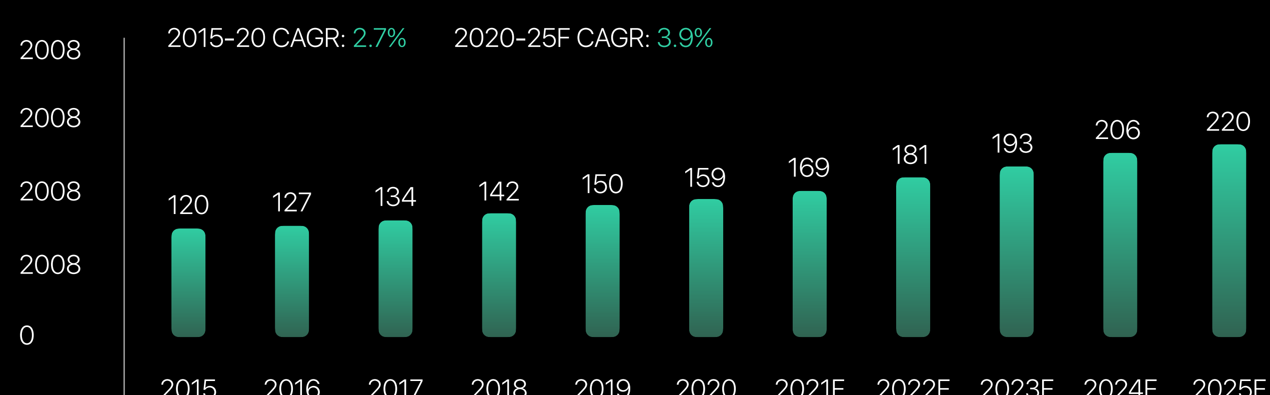
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

API – Telmisartan

Telmisartan is an angiotensin receptor blocker (ARB) used alone or in combination with other agents for therapy of hypertension, in cardiac attack and in stroke management. Other agents such as hydrochlorothiazide and amlodipine are often used along with Telmisartan.

The rise in marketing approvals for generic versions of telmisartan, increase in sedentary lifestyle, and surge in incidences of chronic diseases such as diabetes and kidney disease, are expected to drive the growth of the Telmisartan market.

Global API, Industry size (US$ billion), 2015-2025F



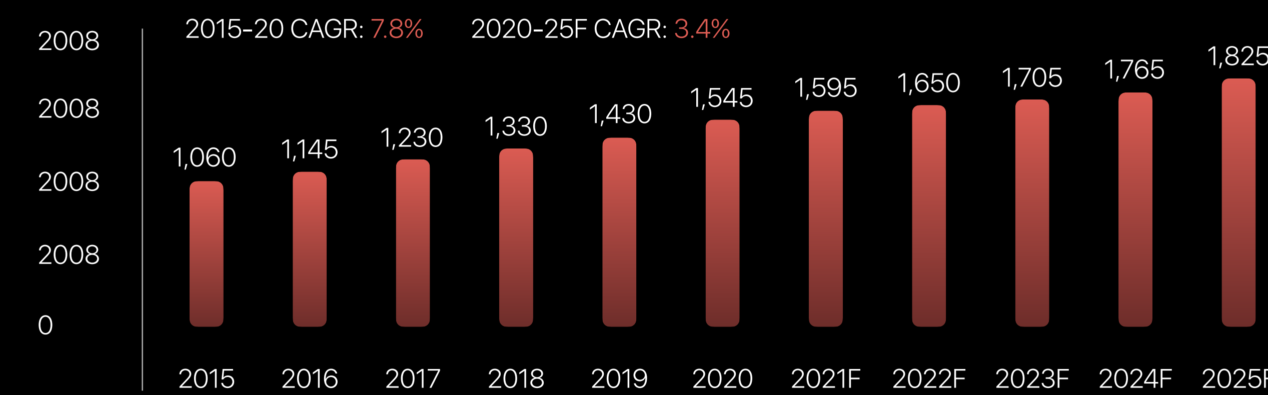
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

API – Candesartan

Candesartan is an angiotensin receptor blocker used mainly for the treatment of high blood pressure and congestive heart failure. Candesartan has an additive hypertensive effect when combined with a diuretic, such as chlorthalidone. Angiotensin receptor blockers such as candesartan and valsartan have been demonstrated in randomised controlled trials to reduce heart failure hospitalisations and cardiovascular deaths for chronic heart failure patients.

Industry Overview (Contd.)

Indian API-KSM Market size (US$ billion), 2015-2025F

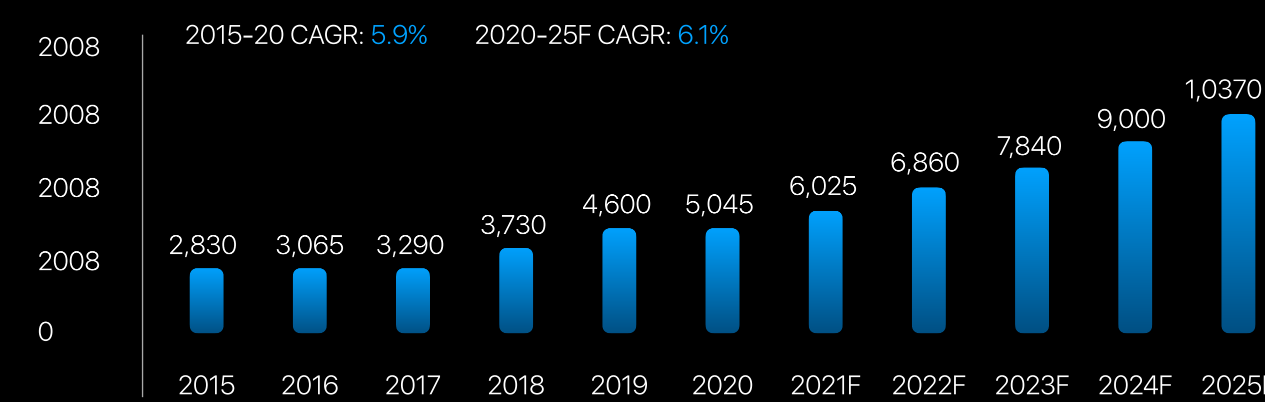


Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

OTBN – Intermediate requirement for multiple sartans

Ortho Tolyl Benz Nitrile / 4'-Methyl-2-Cyanobiphynyl ("OTBN") is a key intermediate for manufacturing of variety of Sartan drugs as blood pressure lowering agent. Some companies undertake bromination of OTBN to convert into Bromo OTBN for application in Sartan series of drugs. According to the F&S Report, the volume of the global OTBN market grew at a CAGR of 12.3% from 2,830 metric tons in 2015 to 5,045 metric tons in 2020, and is expected to grow at a CAGR of 15.5% from 5,045 metric tons in 2020 to 10,370 metric tons in 2025.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis; OTBN market is arrived at using its consumption of approximately 1.18 kg/kg for Losartan, approximately 0.83 kg/kg for Telmisartan, approximately 0.85 kg/kg for Irbesartan, approximately 1.15 kg/kg each for Candesartan, Valsartan, Olmesarta, Azilsartan

Aether has deployed Grignard chemistry and coupling chemistry as the core chemistry competencies and continuous reaction technology and fractional distillation technology as the core technology competencies for this product. The Company has improved the Grignard reaction and also established a continuous recovery and recycle process for the THF solvent, to increase the yield of production and to improve the overall process economics.

Industry Overview (Contd.)

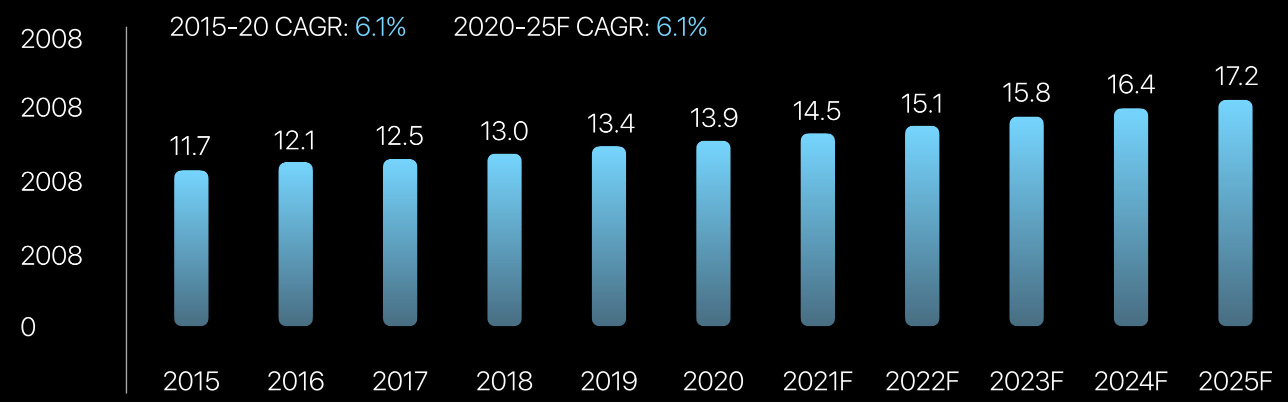
Most of the OTBN is being manufactured in China. According to the F&S Report, total production volume of China in 2021 was approximately 4,500 metric tons. Key manufacturers include, among others, Tianyu Pharmaceutical Co., Ltd, Yancheng Donggang. In 2019, the Chinese government implemented strict safety laws resulting in cessation of production activities of many small manufacturers. The prices of OTBN had increased substantially in 2019 but had stabilized in 2020.

Overview of the global antipsychotic drugs market

Psychosis is a disorder where the person may face serious distortion of behaviour, thought, perception and recognition of reality. The patients may experience hallucinations and delusions along with having wrong evaluation and misperception of other people, facts or situations. Psychosis is not a condition but rather gets triggered due to other conditions such as stress, traumatic experiences or physical conditions namely brain tumour, Parkinson's disease or due to alcohol or drug misuse. According to the F&S Report, the Global Antipsychotic Drugs Market was valued at US$13.9 billion in 2020 and is expected to grow at 4.3% over the forecast period till 2025.

Antipsychotic drugs also known as neuroleptics or major tranquilizers are used primarily for treating psychosis. Such drugs help in blocking the dopamine receptors in the brain's dopaminergic pathways, thus repressing the dopamine's effect that is linked directly to psychotic experiences. These drugs are used to treat common psychotic disorders including bipolar disorder, delusions, hallucinations, schizophrenia and others

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

API- Quetiapine

Quetiapine is an atypical antipsychotic used for the treatment of schizophrenia. It may be used as part of a treatment program to treat bipolar disorder and schizophrenia in children and teenagers. Quetiapine is in a class of medications called atypical antipsychotics. It works by changing the activity of certain natural substances in the brain. The volume of the global

Industry Overview (Contd.)

quetiapine market grew at a CAGR of 0.8% from 342 metric tons in 2015 to 356 metric tons in 2020, and is expected to grow at a CAGR of 2.1% from 356 metric tons in 2020 to 395 metric tons in 2025.

According to the F&S Report, it is estimated that over 1.25% of the global population as of 2019 suffers from psychosis and related disorder This translates into a potential market of about 7.5 MM people as target consumers for antipsychotic drugs. The market holds immense growth promise for future years as the patient pool of psychotic conditions is rising at an alarming rate across the globe. The introduction of newer antipsychotic compounds and the vast funds poured in for research and development activities are also expected to have a significant positive impact on the overall development of the market in the near future.

Global API, Industry size (US$ billion), 2015-2025F

Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

HEEP - Intermediate Requirement of Quetiapine

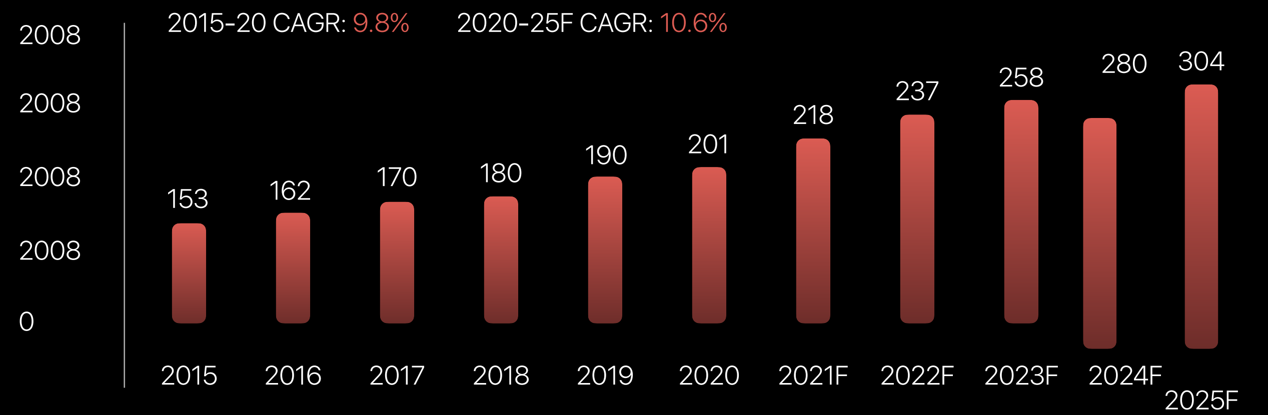
2-(2-piperazin-1-ylethoxy)-ethanol is one of the key intermediates used in production of quetiapine and its salts. In the production process, 6.14 kilograms (equivalent to 35.24 molecular weight) of 2-(2-piperazin-1-ylethoxy)-ethanol [CAS: 13349-82-1 synonym to 1-(2-(2-Hydroxy Ethoxy)Ethyl Piperazine ("HEEP")) is added to produce 5.7 kilograms (12.91 molecular weight, 91.85%) of quetiapine fumarate. This gives a stoichiometry of nearly 1.08 kilograms of 1-(2-(2-Hydroxy Ethoxy)Ethyl Piperazine for production of 1 kilograms of quetiapine.

Overview of the global antihistamine drugs market

Antihistamines are a class of drugs that inhibit the action of histamine by attacking the specific cell receptors meant for histamines. Histamine is an immune substance released by body's immune system when attacked by allergens or due to intake of histamine-deficient food. Some food items also trigger their excessive production which creates immune response. Histamine attaches to specific receptors of body cells which results in symptoms such as running nose, watery eyes, pain, itching, redness, and wheezing. Antihistamines are used to relieve the symptoms of seasonal allergies, motion sickness, nausea, cold and cough, anxiety.

Industry Overview (Contd.)

Indian API-KSM Market size (US$ billion), 2015-2025F

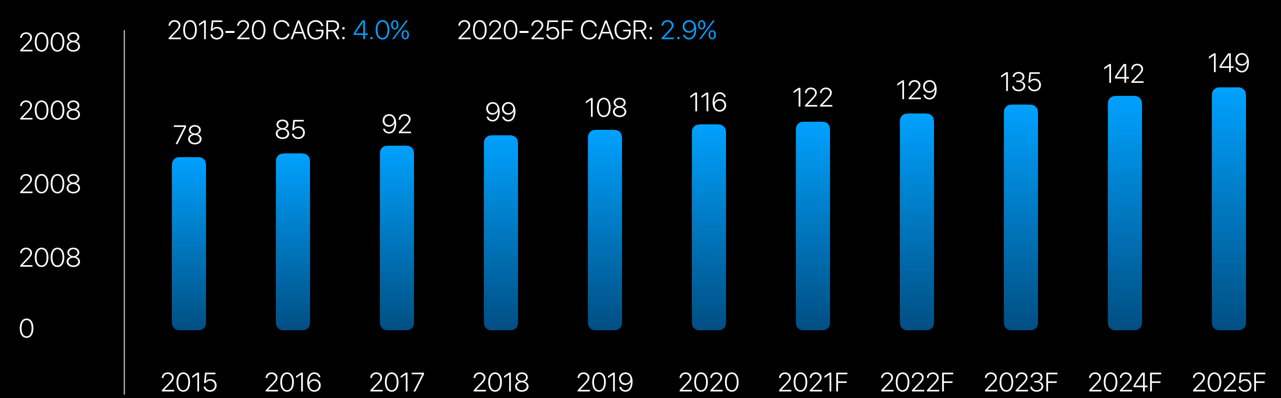


Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

API- Hydroxyzine

Hydroxyzine is used in adults and children to relieve itching caused by allergic skin reactions. It is also used alone or with other medications in adults and children to relieve anxiety and tension. Hydroxyzine is also used along with other medications in adults and children as a sedative before and after general anaesthesia for surgery. Hydroxyzine is in a class of medications called antihistamines. It works by blocking the action of histamine a substance in the body that causes allergic symptoms. It also works by decreasing activity in the brain.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

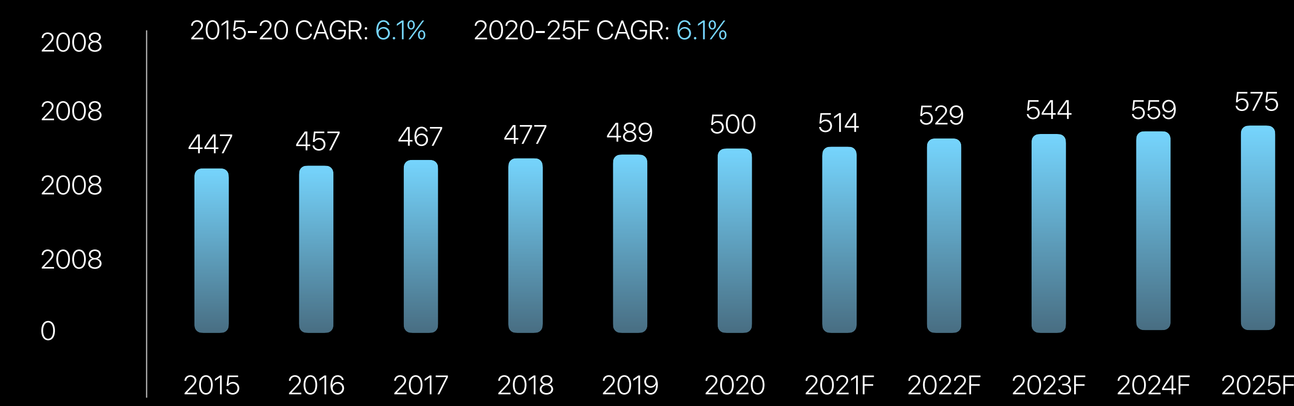
Industry Overview (Contd.)

HEEP - Intermediate requirement of hydroxyzine

1-[2-(2-Hydroxyethoxy) Ethyl] Piperazine ("HEEP") is used in chemical synthesis for manufacturing API such as Quetiapine and Hydroxyzine.

According to the F&S Report, the volume global HEEP market grew at a CAGR of 2.3% from 447 metric tons in 2015 to 500 metric tons in 2020, and is expected to grow at a CAGR of 2.8% from 500 metric tons in 2020 to 575 metric tons in 2025.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report; Frost & Sullivan Primary Research & Analysis; HEEP market is arrived at using its consumption of approximately 1.08kg/kg for Quetiapine and approximately 1kg/kg for Hydroxyzine

The global HEEP market is dominated by Indian companies with three major intermediate manufacturers operating in the market. Aether Industries Limited is the largest manufacturer of HEEP in India and globally.

Aether Industries Limited deploys ethylene oxide chemistry as the chemistry core competency and continuous reaction technology as the technology core competency for this product, utilizing in-house continuous dry HCL gas generation plant.

Other Indian manufacturers of HEEP include Allchem Lifescience Ltd. And Ami Organics Limited. Amongst all three Indian manufacturers of HEEP, Aether Industries Limited is the only manufacturer that is back-integrated into the manufacture of HEEP's key raw material viz. 2-CEE. Apart from Indian players, there are Chinese players operating in the market with a total production volume of 150 to 180 metric tons annually. These Chinese companies include, among others, Suzhou Jingye Medicine & Chemical Co., Ltd., Zhejiang Supor Pharmaceuticals Co., Ltd.

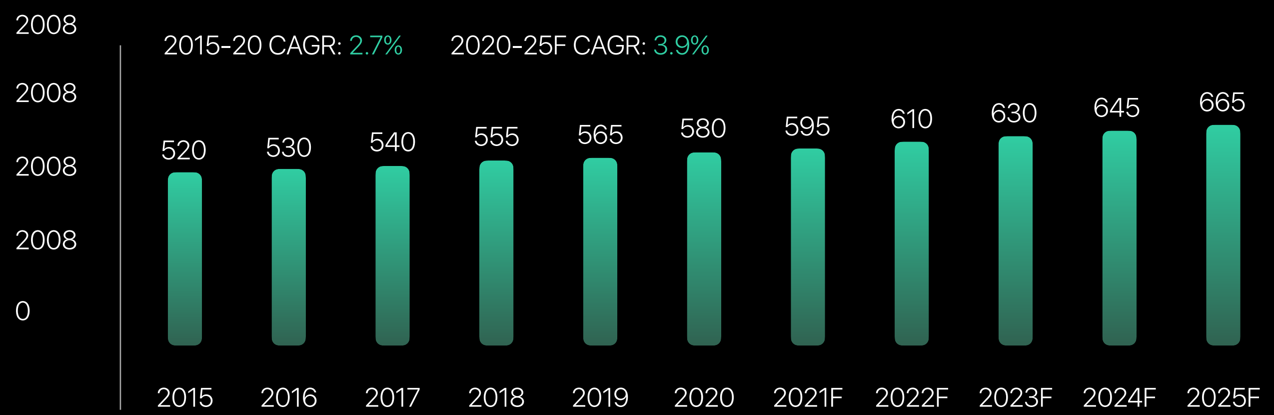
2-CEE- Raw material for HEEP

2-(2-Chloroethoxy)ethanol ("2-CEE") is a raw material used for manufacturing of HEEP. It is one of the most important components for manufacturing of HEEP. 2-CEE is used in the synthesis of o-nitrophenylbromoacetaldehyde bis-2-(2-chloroethoxy)-ethyl acetal, in production of HEEP to be used for quetiapine (an antipsychotic drug), hydroxyzine, 2-(2-azidoethoxy)ethanol, among others The typical stoichiometry of conversion of 2-CEE to HEEP is nearly 1.05.

Industry Overview (Contd.)

The volume of the global 2-CEE market grew at a CAGR of 2.2% from 520 metric tons in 2015 to 580 metric tons in 2020, and is expected to grow at a CAGR of 2.8% from 580 metric tons in 2020 to 665 metric tons in 2025. The global market for 2-CEE was around 580 metric tons in 2020 registering a historic growth of around 2.2% between 2015-2020.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis; 2-CEE market is arrived at using its consumption of approximately 1.05kg/kg for HEEP

The global 2-CEE market is dominated by Indian and Chinese players. According to the F&S Report, Aether Industries Limited is the largest manufacturer of this product in the world in calendar year 2020, based on production volume, and the only manufacturer of this product in India. Aether Industries Limited's production volume of 2-CEE increased from 42 metric tons in calendar year 2017 to 275 metric tons in calendar year 2020, representing a CAGR of 86.5%. In calendar year 2020, Aether Industries Limited accounted for approximately 47% of the global 2-CEE market. According to the F&S Report based on Frost & Sullivan Primary Research, the global market shares of other major manufacturers of 2-CEE (other than Aether Industries Limited) in calendar year 2020 are set forth below:

Name of company	Production range	Global market share percentage
Chinese Players (fragmented Supplier Base)	300-310 MT	52% to 53%

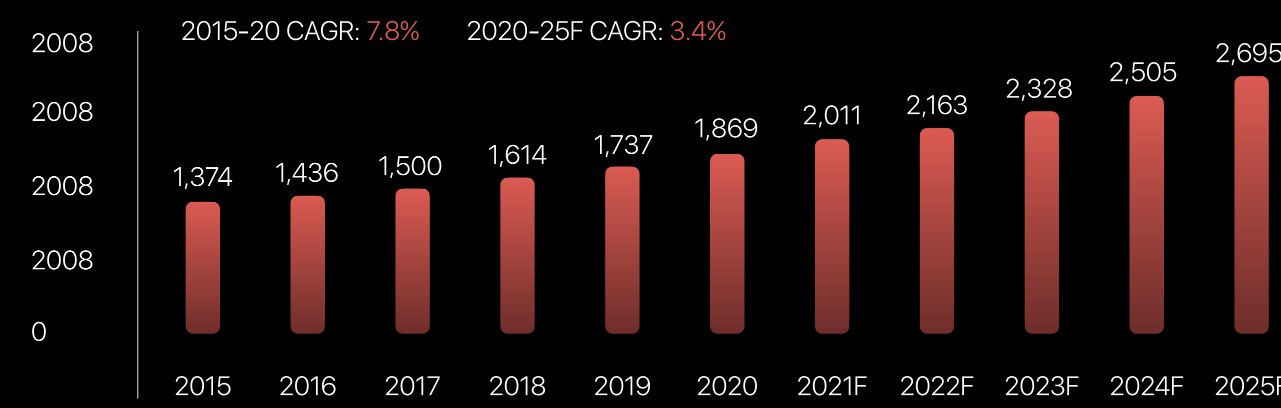
Aether Industries Limited currently supplies to other HEEP manufacturers in India, such as Ami Organics and Allchem. The rest of the global 2-CEE market is contributed by Chinese players (including, among others, Jingye Medicine & Chemical Co., Ltd.).

Overview of the global antiplatelet drugs market

Antiplatelet drugs, often called platelet agglutination inhibitor, is a class of therapeutics that helps in reducing or preventing the blood coagulation by limiting the activity of platelets to stick or bind together. Clotting of blood is physiological action of the body which helps in controlling external bleeding during the time of injuries. But this tendency of blood clotting may not be useful when there are no injuries or cuts. Hence antiplatelet drug agents are therapeutically used to stop clotting when not required.

Industry Overview (Contd.)

Indian API-KSM Market size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

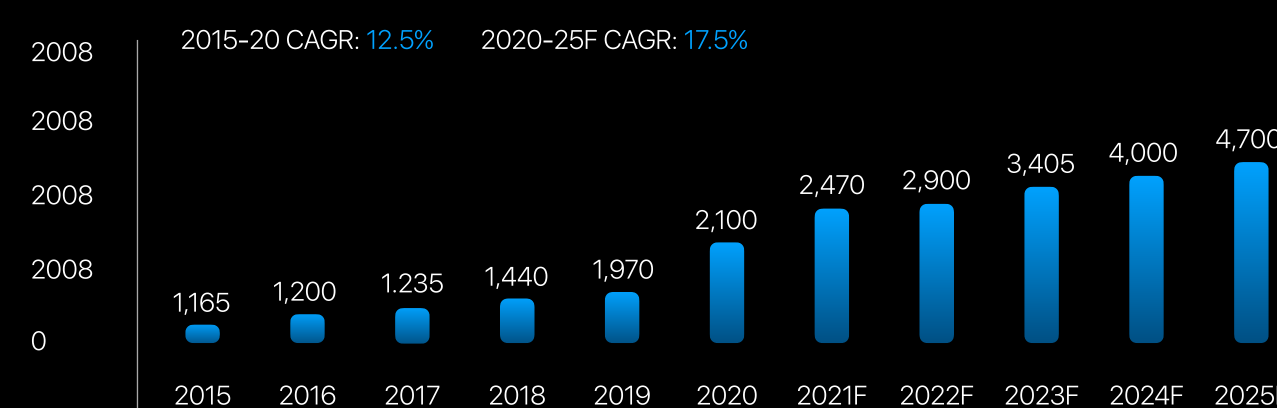
API – Clopidogrel

Clopidogrel is an antiplatelet medicine. It prevents platelets (a type of blood cell) from sticking together and forming a dangerous blood clot. Taking clopidogrel helps prevent blood clots. This reduces the risk of having a heart attack or stroke.

The primary factor for the increased demand for clopidogrel is the mounting population across the world who are suffering from cardiovascular diseases and related problems.

The volume of the global clopidogrel industry grew at a CAGR of 12.8% from 90 metric tons in 2015 to 1,150 metric tons in 2020, and is expected to grow at a CAGR of 66.5% from 1,150 metric tons in 2020 to 2,100 metric tons in 2025.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

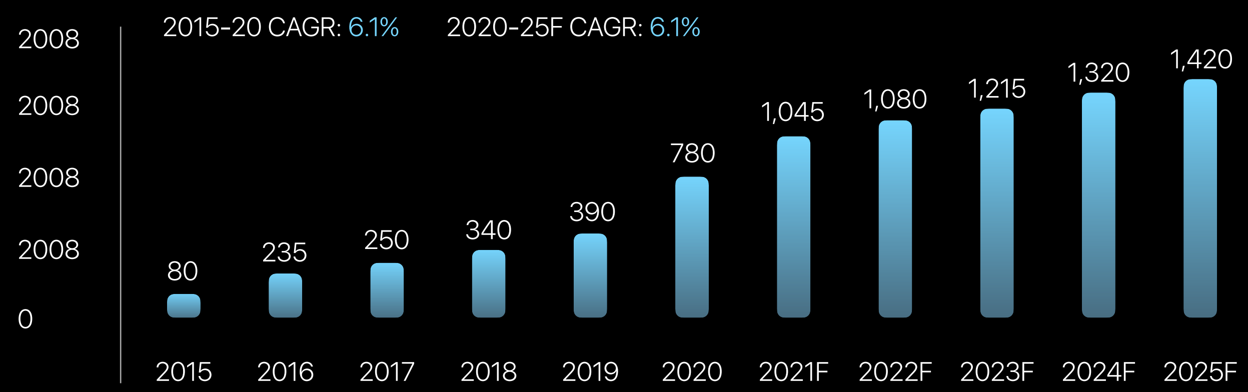
Industry Overview (Contd.)

T2E - Intermediate requirement of clopidogrel

Thiophene-2-Ethanol ("T2E") is one of the key intermediates for manufacturing of clopidogrel. In the production process, 115 kilogram of T2E is added to produce 180 kilogram (12.91 molecular weight, 91.85%) of clopidogrel. This gives a stoichiometry of nearly 0.65 kilogram of T2E for production of 1.0 kilogram of clopidogrel.

According to the F&S Report, the volume of the global T2E industry grew at a CAGR of 57.7% from 80 metric tons in 2015 to 780 metric tons in 2020, and is expected to grow at a CAGR of 12.7% from 780 metric tons in 2020 to 1,420 metric tons in 2025.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited); T2E is arrived at using its consumption of approximately 0.65kg/kg each for Clopidogrel and Ticlopidine

According to the F&S Report, Aether Industries Limited is the biggest manufacturer of T2E in the world in 2020, in terms of production volume, and the only manufacturer of this product in India. Aether Industries Limited's production volume of T2E grew at a CAGR of 75.7% from 72 metric tons in 2017 to 392 metric tons in 2020. For calendar year 2020, Aether Industries Limited accounted for nearly 50% of the global T2E market, according to the F&S Report. According to the F&S Report based on Frost & Sullivan Primary Research, the global market shares of other major manufacturers of T2E (other than Aether Industries Limited) in calendar year 2020 are set forth below:

Name of company	Production range	Global market share percentage
Chinese Players (fragmented Supplier Base)	300-310 MT	52% to 53%

For the twelve months ended December 31, 2021, Aether Industries Limited produced 453 metric tons of T2E. The company has deployed Grignard chemistry and ethylene oxide chemistry as the chemistry core competencies and continuous reaction technology and fractional distillation technology as the core technology competencies for this product. Apart Aether Industries in India , Chinese companies are the other major manufacturers of this intermediate. In particular, Zhejiang Liaoyuan Pharmaceutical Co., Ltd. Is one of the key manufacturers located in China.

Industry Overview (Contd.)

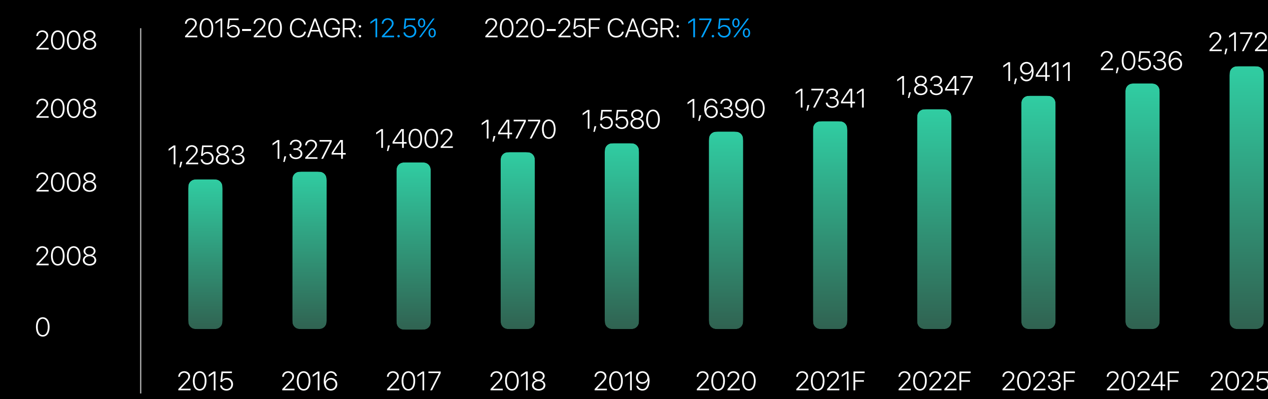
Overview of the global NSAID industry

Non-steroidal anti-inflammatory drugs (NSAIDs) is a class of powerful analgesics, distinguished by their non-steroidal chemical structure. These drugs are frequently prescribed to reduce pain caused due to inflammation. These are considered as the first line of treatment in pain management due to three basic properties: analgesic, antipyretic, and anti-inflammatory.

Value of the global NSAID industry

According to the F&S Report, the value of the global NSAID industry grew at a CAGR of 5.2% from US$12.6 billion in 2015 to US$16.4 billion in 2020, and is expected to grow at a CAGR of 5.8% from US$16.4 billion in 2020 to US$21.7 billion in 2025.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

API – Dexketoprofen

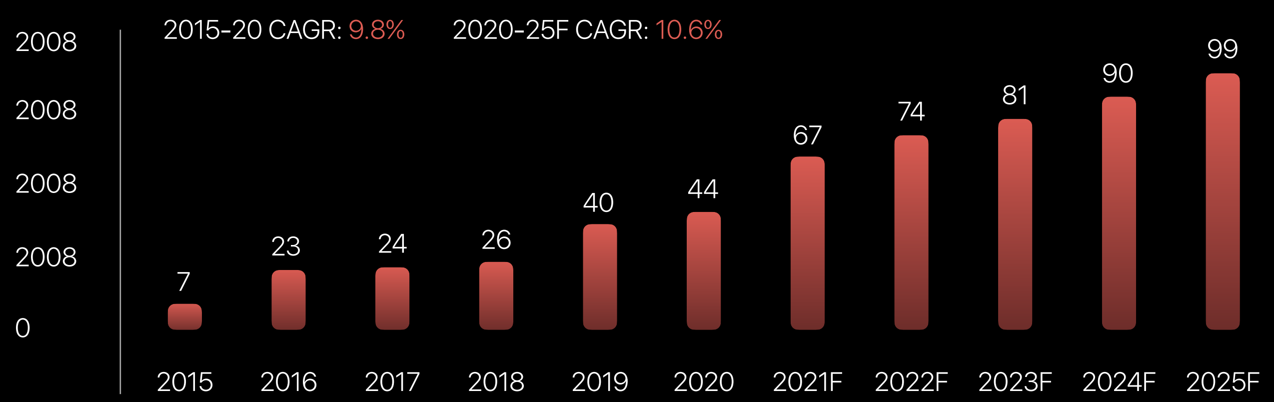
Dexketoprofen is one of the key non-steroidal anti-inflammatory drugs (NSAIDs). It is an anti-inflammatory painkiller. Dexketoprofen is used to treat short-term painful conditions such as muscular sprains and strains, period (menstrual) pain, and toothache.

Dexketoprofen works by blocking the effect of natural chemicals called cyclo-oxygenase (COX) enzymes. These enzymes help to make other chemicals in the body called prostaglandins. Some prostaglandins are produced at sites of injury or damage, and cause pain and inflammation. By blocking the effect of COX enzymes, fewer prostaglandins are produced, which means the pain is eased.

With increased population, better access to medical & dental cares, the overall market for NSAIDs, and hence the overall market for dexketoprofen, is expected to grow. According to the F&S Report, the volume of the global dexketoprofen industry grew at a CAGR of 45.5% from 7 metric tons in 2015 to 44 metric tons in 2020, and is expected to grow at a CAGR of 17.5% from 44 metric tons in 2020 to 99 metric tons in 2025.

Industry Overview (Contd.)

Indian API-KSM Market size (US$ billion), 2015-2025F



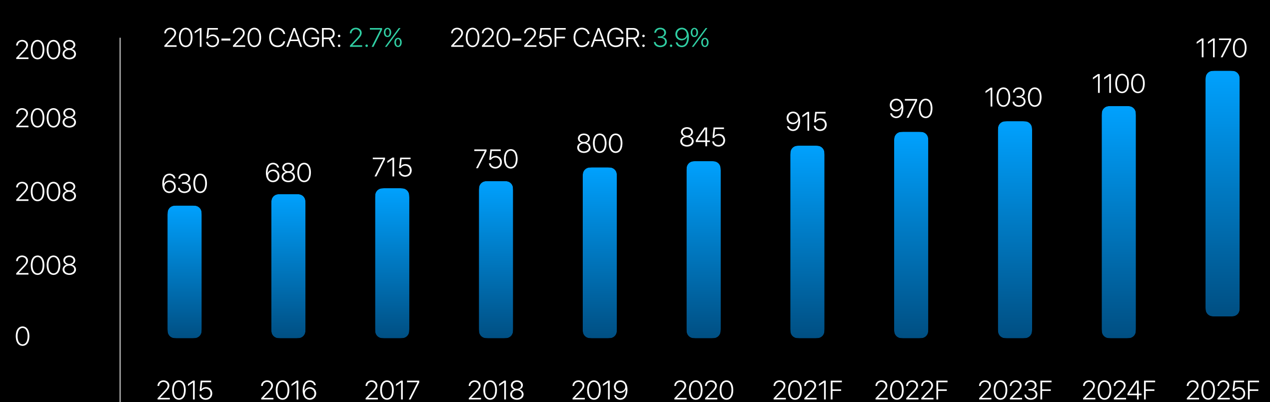
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

NODG - Intermediate requirement for dexketoprofen

N-Octyl-D-Glucamine / 1-Deoxy-1-(Octylamino)-D-Glucitol ("NODG") is one of the key intermediates for manufacture of dexketoprofen and naproxen. The stoichiometry is 0.99 kg of NODG for production of 1.0 kg of dexketoprofen.

According to the F&S Report, the volume of the global NODG market grew at a CAGR of 6.0% from 630 metric tons in 2015 to 845 metric tons in 2020, and is expected to grow at a CAGR of 6.7% from 845 metric tons in 2020 to 1,170 metric tons in 2025.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited); NODG market is arrived at using its consumption of approximately 0.2 kg/kg for Naproxen and approximately 0.99 kg/kg for Dexketoprofen

Industry Overview (Contd.)

According to the F&S Report, Aether Industries Limited is the largest manufacturer of NODG globally in 2020, in terms of production volume, and is the only manufacturer of this product in India. Aether Industries Limited's production volume of NODG grew at a CAGR of 50.4% from 114 metric tons in 2017 to 396 metric tons in 2020. In calendar year 2020, Aether Industries Limited accounted for approximately 47% of the global NODG market, according to the F&S Report. According to the F&S Report based on Frost & Sullivan Primary Research, the global market shares of other major manufacturers of NODG (other than Aether Industries Limited) in calendar year 2020 are set forth below:

Name of company	Production range	Global market share percentage
Chinese Players (fragmented Supplier Base)	300-310 MT	52% to 53%

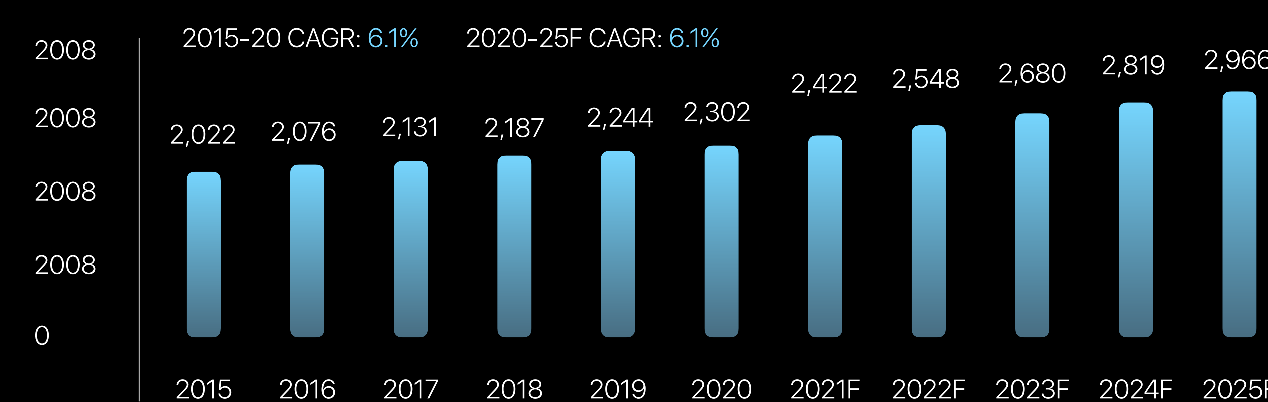
Source: F&S Report: Frost & Sullivan Primary Research & Analysis

For the twelve months ended December 31, 2021, Aether Industries Limited produced 406 metric tons of NODG. The company has superior hydrogenation and high-pressure chemistry core competencies which helps the company to have edge over other companies in this product. Apart from Aether Industries Limited , Chinese companies are the other major manufacturers of this intermediate. Some of the key Chinese manufacturers include Suzhou Jingye Medicine & Chemical Co., Ltd., and Suzhou Tianma Chemical Co. Limited.

API – Naproxen

Naproxen is an over-the-counter (OTC) as well as a prescription drug. Naproxen belongs to heterogeneous set of compounds known to be non-steroidal anti-inflammatory drug (NSAID), which are used as analgesics, anti-inflammatory, and anti-pyretic. Naproxen is used in low to moderate pain management and also used for fever reduction.

Global API, Industry size (US$ billion), 2015-2025F



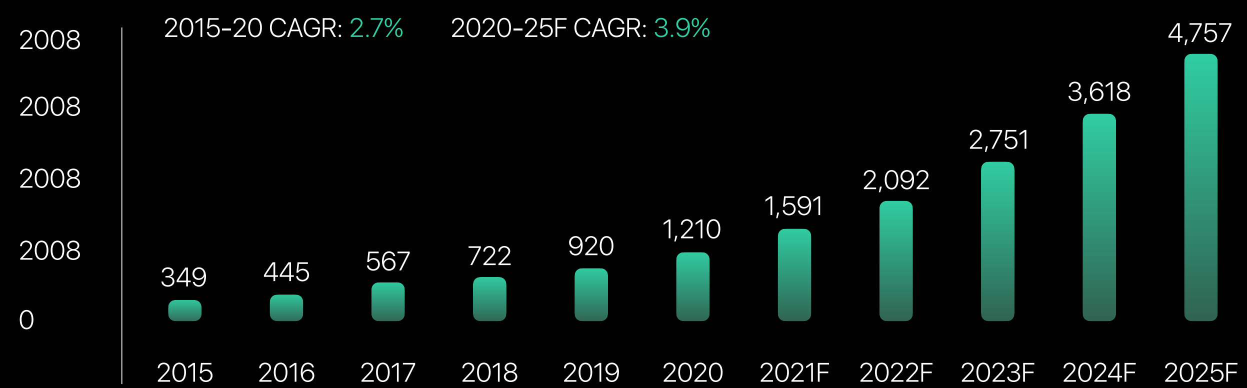
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

NODG - Intermediate requirement of Naproxen

NODG is one of the key intermediates for manufacture of Dexketoprofen and Naproxen. The Stoichiometry is 0.2 kg of NODG for production of 1 kg of Naproxen

Industry Overview (Contd.)

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Overview of the India agrochemicals industry

Value of the Indian crop protection chemicals market (domestic consumption)

According to the India Brand Equity Foundation report 2019 and the F&S Report, India was ranked fourth globally in the production of agrochemicals (crop protection chemicals/ pesticides) in 2019, followed by the United States, Japan and China. According to the F&S Report, the value of the Indian crop protection chemicals domestic market (defined as the crop protection chemicals consumed in India to meet domestic demand) grew at a CAGR of 3.9% from US$1.8 billion in 2015 to US$2.16 billion in 2020, and is expected to grow at a CAGR of 4.00% from US$2.2 billion in 2020 to US$2.66 billion in 2025.

Value of Indian crop protection chemicals domestic market (in US$ billion)

Overview of Agrochemicals Active Ingredients

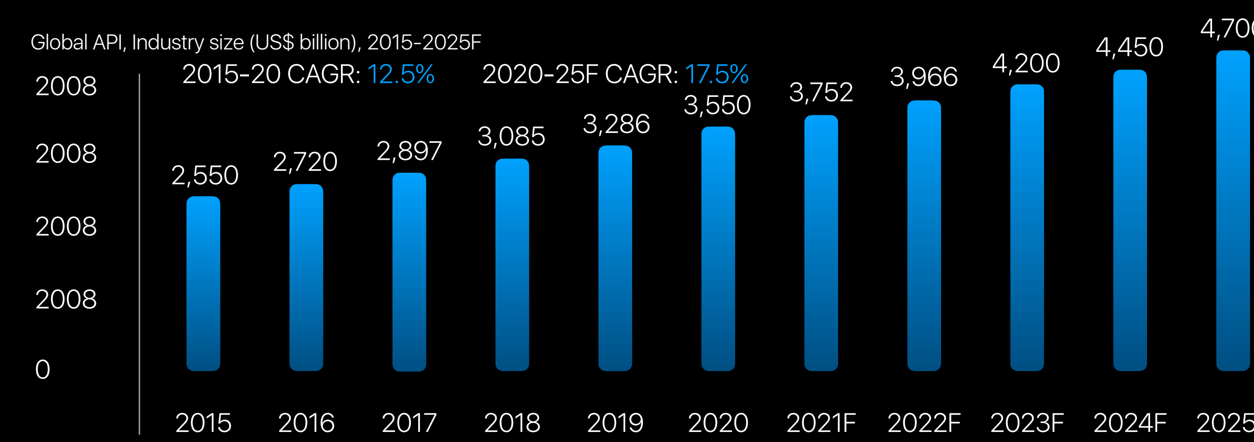
Methoxyfenozide

Methoxyfenozide is a new specific benzoyl hydrazide insecticide for insect growth regulation. Methoxyfenozide belongs to the moult accelerating compounds (MAC) class. The MAC products are relatively slow in action,

Industry Overview (Contd.)

however they possess good residual activity and, since they are active on specific pests such as beet army-worm, they offer potential in mixture use and in IPM programmes. Methoxyfenozide is mainly used in vegetables and farmland to control lepidopteran pests on vegetables (melons and fruit), apples, corn, cotton, grapes, kiwi, walnuts, flowers, beets, tea and field crops (rice, sorghum and soybean).

Global API, Industry size (US$ billion), 2015-2025F



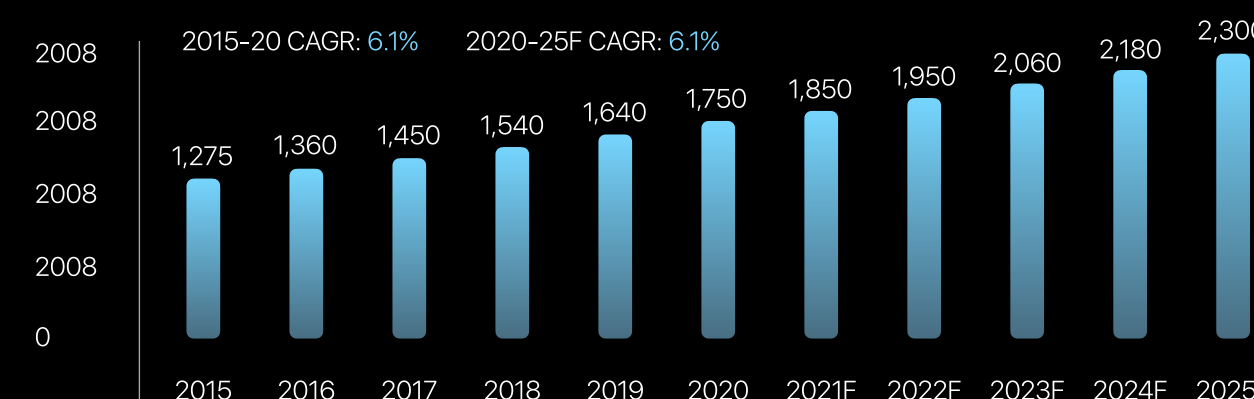
Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Intermediate Requirement – MMBC

3-methoxy-2-methoxybenzoyl chloride ("MMBC") is a key intermediate for manufacturing methoxyfenozide. Nearly 500 kilograms of MMBC is required for producing 1,000 kilograms of methoxyfenozide.

The global market of MMBC was around 1,750 metric tons in 2020 and is expected to grow at nearly 5.6% during 2020-25.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis; MMBC market is arrived at using its consumption of approximately 0.5 kg/kg for Methoxyfenozide

Industry Overview (Contd.)

The key global manufacturers of MMBC include WeylChem US, Aether Industries, Jiangsu Kefeite Biochemistry Technology Ltd By Share Ltd.

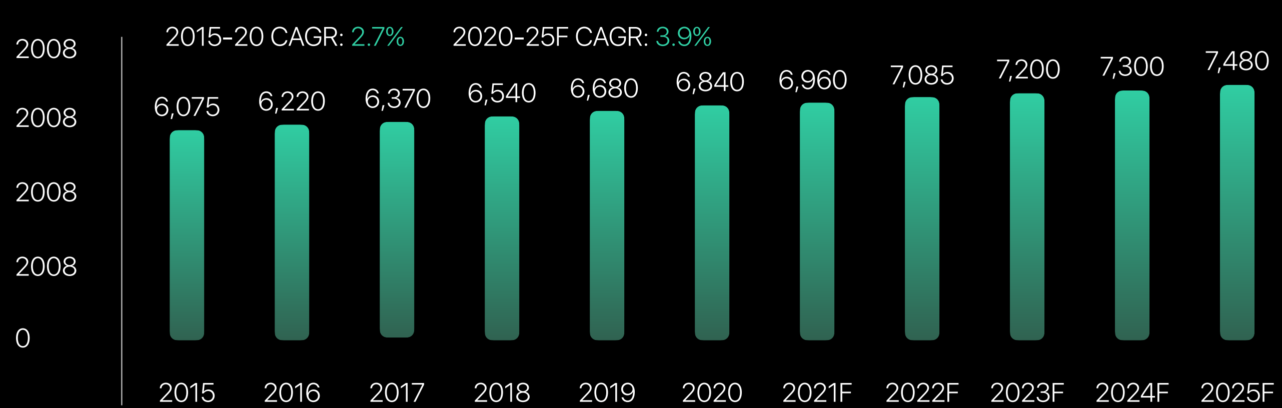
WeylChem US produced close to 1,150 metric tons of MMBC in 2020, accounting for approximately 66% of the global market. Aether Industries Limited deploys Grignard chemistry and carbon dioxide coupling chemistry as the chemistry core competencies and continuous reaction technology and high vacuum fractional distillation technology as the technology core competencies for this product. The remaining key players in the global MMBC market are Chinese manufacturers which in aggregate accounted for approximately 20% of the global market in 2020.

Bifenthrin

Bifenthrin belongs to the broad-spectrum pyrethroid that benefits from activity against certain mite species. Originally launched in 1986 under the brand name Talstar, bifenthrin is now FMC's most commercially significant insecticide. This novel pyrethroid is used to control a broad range of insect pests including whitefly, insect larvae and mites. The initial focus was on cotton, however fruit & vegetable usage has now overtaken cotton. The product is also applied in a broad range of other crops, including soybean, maize, rice and oilseed rape. In addition to crop outlets, bifenthrin also finds significant usage in a range of non-crop markets, including lawn and home & garden to control a variety of insect pests, as well as usage in the termite control sector.

The global market for Bifenthrin was around 6,840 metric tons in 2020. Bifenthrin from FMC experienced strong growth in the early 2000s, mainly due to new registrations, mixture formulations and growth in non-crop sectors, including termite control. This led to a growth of nearly 2.4% historically till 2020. However, increasing generic competition slowed value growth and the growth in the product is expected to be around 1.8% in near future.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

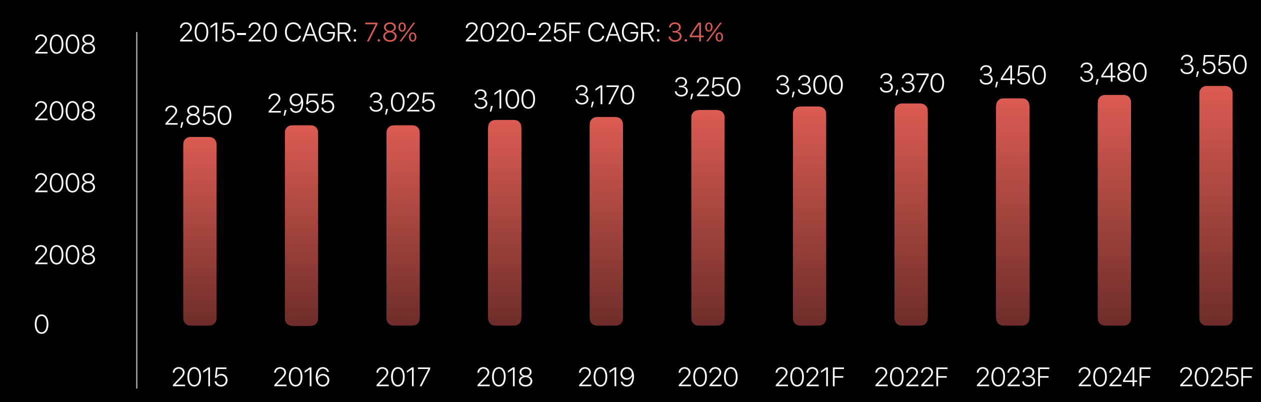
Industry Overview (Contd.)

BFA- Intermediate Requirement – BFA

Bifenthrin Alcohol (BFA) is the key intermediate for manufacturing of bifenthrin. Nearly 475 kilograms of BFA is required to produce 1,000 kilograms of bifenthrin.

The global market of the intermediate was around 3,250 metric tons in 2020 and is expected to grow at 1.8% during 2020-25

Indian API-KSM Market size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited); Bifenthrin market is arrived at using its consumption of approximately 0.48 kg/kg for Bifenthrin

Aether Industries Limited is the only manufacturer of Bifenthrin Alcohol in India. Aether Industries Limited started commercial production of BFA in August 2021 and currently has a production capacity of 480 metric tons per annum. The company deploys Grignard chemistry and coupling chemistry as the key chemistry competencies and continuous reaction technology and high vacuum fractional distillation technology as the key technology competencies for this product.

Globally, the market is crowded with Chinese players providing the intermediate like Changzhou Booming Crop Science Co., Hefeng Agro Co. Ltd., Jiangsu Chunjiangruntian Agrochemical Co., Ltd., Jiangsu Huifeng Agrochemical Co., Ltd and more. Chinese players are major suppliers for India Agrochemical companies. India imported nearly 1,100 metric tons of bifenthrin alcohol in 2020-21. In calendar year 2020, the Chinese players produced 2,750-2,790 MT of BFA, accounting for approximately 85% to 86% of the global market share for BFA, while other global players produced 460-500 MT of BFA, accounting for the remaining 14% to 15%.

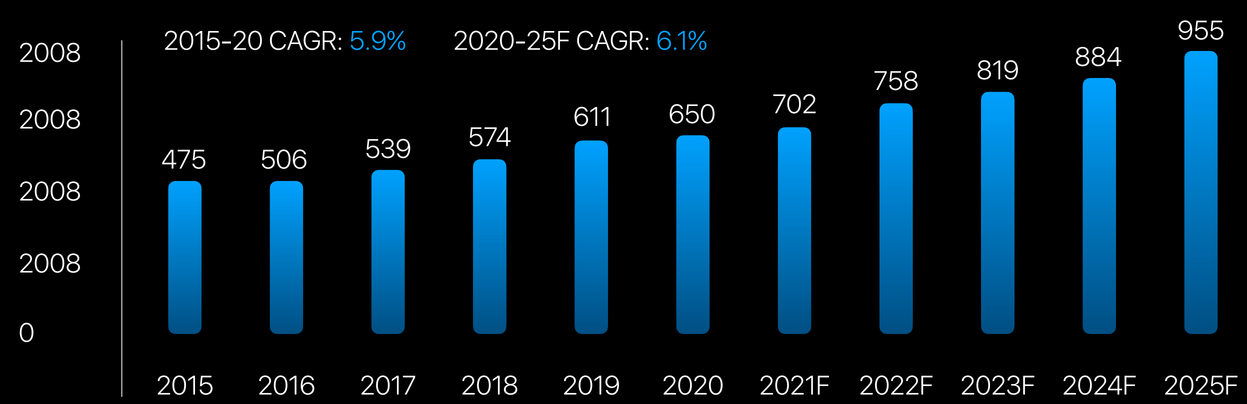
Industry Overview (Contd.)

Overview of Delta-Valerolactone

δ-Valerolactone ("DVL"), a lactone, is a versatile intermediate with a variety of applications. It is used as a chemical intermediate in production of polyester DVL is used in the synthesis of an acid chloride which is subsequently utilised as a building block in active ingredients. Δ-valerolactone is used as an intermediate in the production of coatings, dispersants and as a comonomer for polymerization with ε-caprolactone, which is responsible for the lowering of the melting point of the resulting copolymer or oligomer. Additionally, δ-valerolactone is used for the preparation of the homopolymer poly-δ-valerolactone.

Due to its good application, flexibility, lower biological toxicity, easy polymerization and ability to increase the viscosity of coatings and other characteristics, delta-valerolactone is widely used in polyesters, polyurethanes, special solvents, and coatings.

Global API, Industry size (US$ billion), 2015-2025F



Source: F&S Report: Frost & Sullivan Primary Research & Analysis (Prospectus of Aether Industries Limited)

Globally, BASF is the largest manufacturer accounting for nearly 65% - 70% of the market in 2019, according to the F&S Report.

According to the F&S Report, Aether Industries Limited is the only manufacturer of DVL in India.

Aether Industries Limited deploys heterogeneous catalysis as the chemistry core competency and continuous reaction technology, fixed bed reaction technology, gas phase reaction technology, and high vacuum fractional distillation as the technology core competencies for this product.

Apart from BASF and Aether Industries Limited, other manufacturers of DVL are mainly Chinese companies. One of the leading Chinese manufacturers is Changzhou Jintan Hengxin Chemical Co., Ltd. (aka. Changzhou Jintan Hengxin Institute of Chemistry), which produces approximately 50 to 60 metric tons of DVL on an annual basis, according to the F&S Report.

Industry Overview (Contd.)

Management Discussions / Analysis Report

Summary of the primary business of the Company

We are a speciality chemical manufacturer in India producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technology core competencies. Our business started in 2013, with a vision to create a niche in the global chemical industry. In our first phase through Fiscal Year 2017, we focused on building our team and infrastructure and on our R&D centred around building our core competencies. Revenue generation commenced with our second phase in Fiscal Year 2018. We are one of the fastest growing specialty chemical companies in India, growing at CAGR of ~49.53% between Fiscal Year 2018 and Fiscal Year 2021. (Source: F&S Report, Prospectus of Aether Industries Limited).

Summary of Industry

From CY2020 to CY2025, the speciality chemical market is expected to grow globally by CAGR of 6.2% and in India by CAGR of 5.2% (Source: F&S Report, Prospectus of Aether Industries Limited). This growth is expected to be led by sustained demand in end-use customer segments for our intermediate and speciality chemical products, which are experiencing consumption-led growth in India and key global markets. For example, from CY2020 to CY2025, agrochemicals and fertilisers speciality chemical segment in India is forecasted to grow from $32.9 billion to $53.3 billion, and the pharmaceuticals speciality chemical segment from $16.6 billion to $28.5 billion respectively (Source: F&S Report, Prospectus of Aether Industries Limited).

Overview

We are a speciality chemical manufacturer in India focused on producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry and technology core competencies. Our business was started in 2013 with a vision to create a niche in the global chemical industry with a creative approach towards chemistry, technology and systems that would lead to sustainable growth. In the first phase of our development through Fiscal Year 2017, we focused on building our team and infrastructure and on our R&D centred around building our core competencies. Our revenue generation operations commenced with our second phase in Fiscal Year 2018. We are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 49.53% between Fiscal Year 2019 and Fiscal Year 2021. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

We are focused on the core competencies model of chemistry and technology. According to Frost & Sullivan, chemical companies usually have a single or a couple of chemistry competencies for their entire product portfolio; however, we have eight chemistry competencies to use for our wide array of products, which enables us to cater to niche and advanced intermediate requirements of a wider range of end-products and applications. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). All these competencies have been developed in-house, which is one of the core strengths of our R&D team. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). We have three business models under which we operate: (i) large scale manufacturing of our own intermediates and speciality chemicals; (ii) contract research and manufacturing services ("CRAMS") and (iii) contract/exclusive manufacturing. In the view of Frost & Sullivan, we are among the few Indian specialty chemical companies to have successfully launched these three separate business models in just 5 years into commercial manufacturing. (Source: F&S Report, May 2022). We have a nuanced criteria for choosing our products based on their chemical complexity, niche applications, limited competition, scalability and commercial potential.

Using these criteria, we developed, and continue to develop, advanced intermediates and speciality chemicals products having applications in the pharmaceutical, agrochemicals, material science, coatings, high performance photography, additives and oil & gas segments of the chemicals industry.

Management Discussions / Analysis Report (Contd.)

We are amongst the few companies globally, focused on the core competencies model of chemistry and technology. According to Frost & Sullivan, chemical companies usually have a single or a couple of chemistry competencies for their entire product portfolio; however, we have eight chemistry competencies to use for our wide array of products, which enables us to cater to niche and advanced intermediate requirements of a wider range of end-products and applications. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). All these competencies have been developed in-house, which is one of the core strengths of our R&D team. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). We have three business models under which we operate: (i) large scale manufacturing of our own intermediates and speciality chemicals, (ii) contract research and manufacturing services ("CRAMS"), and (iii) contract/exclusive manufacturing. In the view of Frost & Sullivan, we are among the few Indian specialty chemical companies to have successfully launched these three separate business models in just 5 years into commercial manufacturing. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). We have a nuanced criterion for choosing our products based on their chemical complexity, niche applications, limited competition, scalability and commercial potential. Using these criteria, we developed, and continue to develop, advanced intermediates and speciality chemicals products having applications in the pharmaceutical, agrochemicals, material science, coatings, high performance photography, additives and oil & gas segments of the chemicals industries.

As of March 31, 2022, our product portfolio comprised over 25 products. According to Frost & Sullivan, in CY2020, we were the sole manufacturer in India of 4MEP, MMBC, T2E, OTBN, NODG, DVL and Bifenthrin Alcohol. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). According to the F&S Report based on Frost & Sullivan Primary Research & Analysis, in 2020, we were (i) the biggest manufacturer of 4MEP globally in terms of production volume and the only manufacturer of this product in India, (ii) the largest manufacturer of HEEP in India and globally in terms of production volume, (iii) the largest manufacturer of NODG globally in terms of production volume and the only manufacturer of this product in India and (iv) the biggest manufacturer of T2E globally in terms of production volume and the only manufacturer of this product in India. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

We specialize in products based on an intricate marriage of complex chemistry and technology core competencies. Examples of our chemistry core competencies include Grignards, organolithium and other organometallic chemistry, ethylene oxide and isobutylene chemistry, hydrogenation, catalysis (homogeneous /heterogeneous), cross coupling chemistry and metathesis/polymerization chemistry. Examples of our technology core competencies include continuous reaction technology, high pressure reaction technology, fixed bed reaction technology, distributed control system ("DCS") process automation and high vacuum distillation technology (wiped film/short path). By our focus on core competencies, we have developed a chemistry and technology oriented sales vision, as compared to a product and industry oriented sales vision.

Our products are advanced intermediates and speciality chemicals that occupy a position in the chemical industry value chain between commodity chemicals and final actives and formulations with our products more closely aligned to the higher value range, further away from the commodities and closer towards the final active part of the value chain. According to Frost & Sullivan, the Company is known to have strong market positioning in complex intermediates where global competition is intense. (Source: F&S Report, May 2022). The average selling price of all our products in Fiscal Year 2021 was ₹1,440.85 per kg. In the view of Frost & Sullivan, we have been focused on developing high value products, which has resulted in the average selling price of all our products to grow by a CAGR of 6.8% between Fiscal Year 2016 and Fiscal Year 2021. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Our products find application in a number of therapeutic segments in the pharmaceuticals industry including hypertension, anti-platelet, anti-psychotic, anti-histamine and non-steroidal anti-inflammatory drugs ("NSAIDs").

Management Discussions / Analysis Report (Contd.)

Our products also find application in various other industries like agrochemicals, material science, coatings, high performance photography, additives and oil & gas. Most of our advanced intermediates and speciality chemicals product portfolio was developed for the first time in India and constitute 100% import substitution, thus furthering the "Make in India" or "Atma-Nirbharta" campaigns of the Government of India. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). For example, 4MEP, T2E, MMBC, NODG, BFA, OTBN and DVL were 100% imported into India from China four years ago and now we are selling these products to Chinese customers

Our sales of our advanced intermediates and speciality chemicals products are predominantly conducted on a business-to-business basis both in India and internationally. A majority of our products are exported internationally, and we export products to 18 countries, including Italy, Spain, Germany, the United States and other parts of the world. Our revenue from exports (including deemed exports) have grown at CAGR of 76.7% from ₹390.70 MM in Fiscal Year 2018 to ₹3,810.88 MM in Fiscal Year 2022.

The foundation of our Company is our in-house research and development capabilities. Our chemistry and technology core competencies and all of our products have been developed by our own R&D team, scaled up in our Pilot Plant, and launched into production employing in-house design and engineering. We have dedicated in-house R&D Facilities and Pilot Plant at our Manufacturing Facility 1 at Sachin in Surat, Gujarat. Our R&D Facilities are dedicated to the development of our pipeline and next generation products as well as to our CRAMS customers As of March 31, 2022, we had a specialized R&D team of 164 scientists and engineers including 92 scientists (with PhDs or Master of Science degrees) and 72 chemical engineers Our R&D Facilities are equipped with laboratories engaged in process development, process innovation and technology development, which assists us in pursuing efficiencies from the initial conceptualization up to commercialization of a product. According to Frost & Sullivan, our strategic investments in R&D have been critical to our success and a differentiating factor for us to attain leading market positions for certain products. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

We have a state-of-art Pilot Plant, which is a vital link between R&D and large scale production. According to F&S based on Frost & Sullivan Primary Research & Analysis, we have one of the largest pilot plants in the world with 106 reactors installed, for both batch as well as continuous reaction technology. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Our Pilot Plant has a dual functionality; it functions to generate critical scale-up data in the transition from R&D to production to help eliminate issues at full production scale; and it also functions as a stand-alone manufacturing facility for low volume, high value products for our CRAMS customers Our Pilot Plant encompasses a wide range of reactor and downstream equipment, in both continuous and batch regimes, across the entire range of scale-up volumes, metallurgy, and process parameters and is automated through DCS process automation. A unique section in our Pilot Plant is the continuous reaction and flow technology plant, housing pilot scale equipment for continuous and flow reactors and continuous downstream equipment.

We have two sites at Sachin in Surat (Gujarat, India). Our Manufacturing Facility 1 is an approximately 3,500 square meters facility including our R&D Facilities, our analytical sciences laboratories, our Pilot Plant, our CRAMS facility and our hydrogenation facility. Our Manufacturing Facility 2 spans approximately 10,500 square meters and acts as a large scale manufacturing facility with an installed capacity of 6,096 MT per annum (for our solvent recovery plant ("SRP Plant"): 13,140 MT) distributed among three buildings that host 16 production streams (and one SRP Plant Stream), as of December 31, 2021. Our capacity utilization was 77.47% (for our SRP Plant: 77.64%) in the nine months ended December 31, 2021 and 73.75% (for our SRP Plant: 72.99%) in Fiscal Year 2021, as certified by Dr. Pankaj Jayantilal Gandhi, Chartered Engineer. See "-Manufacturing and R&D Facilities" below. Each facility is equipped to function independently, with its own quality department, effluent treatment plant and warehouse. Both facilities are automated with DCS process automation, and built to the high standards of technology, engineering and automation. Both the facilities are in close proximity to the

Management Discussions / Analysis Report (Contd.)

Hazira Port and JNPT Port, which helps us save freight costs for our exports.

Our operations at Manufacturing Facility 2 have ISO 9001: 2015, ISO 14001:2015, ISO 45001:2018, ISMS 27001:2013 and Indian GMP certification. In August 2021, we commenced construction of a new manufacturing facility (Manufacturing Facility 3) at Sachin, and we are in discussions with relevant authorities for acquiring land for the fourth manufacturing facility (Manufacturing Facility 4) at Sachin. Both these new Manufacturing Facilities (3 and 4) will be within a short distance from our Manufacturing Facility 2.

In addition to R&D and manufacturing of own products (our first business model), we engage in contract research and manufacturing services (CRAMS, our second business model), which are the research and technology services that customers outsource to us and include contract research, pilot scale-up services, contract manufacturing, FTE services, technology development and process development and optimisation. Our CRAMS customers work jointly with our scientists and engineers, and we execute their projects in our R&D Facilities, analytical sciences laboratories, and our Pilot Plant. Molecules developed in our CRAMS business for our customers have the potential to convert into regular commercial supplies and become large scale manufacturing products for our Company. The CRAMS business model also enables our dialogue and discussions with the top technical teams and leadership (CTOs), technical directors and technical vice presidents) of our customers, opening up future contract manufacturing opportunities. (Source: F&S Report, May 2022).

Summary of Contingent Liabilities

Contingent liabilities as on March 31, 2022

Particulars	As of March 31, 2022
Bank Guarantees Issued for:	
Customs	₹ 8.89
Gujarat Gas Ltd.	₹ 15.35
DGVCL	₹ 23.70
Total Margin for above items	₹ 11.45
Raw Material LC	-
Raw Material FLC (in US $ MM)	$ 2.94
Total Margin for above items	₹ 17.20
Income Tax Demands:	
AY 2017-18 (PY 2016-17)	₹ 0.22
AY 2018-19 (PY 2017-18)	₹ 0.93
AY 2020-21 (PY 2019-20)	₹ 19.82

Note :

1. All the contingent liabilities are not 100% secured through cash margins placed with banks. The banks require 15% margin money on bank guarantees and 15% margin money on LC facilities.
2. The Income Tax Demands are under appeal by the Company and the outcome of the same is not known and hence the demand amount has been considered as contingent liability.

Summary of Related Party Transactions

Related party transactions with related parties

Nature of Transactions	FY 2022	FY 2021
Rent Paid	9.60	8.75
Interest Paid	0.00	1.00
Loans Accepted	23.50	15.00
Managerial Remuneration	58.50	29.58
Purchase of Consumables	0.08	0.32
Purchase of Material for Building & Structure	9.88	4.56
ETP Expenses	49.01	32.37
Salary	10.52	4.55
CSR Activities	7.85	4.61

Note :

1. For details of the related party transactions and as reported in the Financial Statements, please see the section entitled "Financial Information".

Management Discussions / Analysis Report (Contd.)

Issue of Equity Shares for consideration other than cash
Except for the bonus allotment made on November 17, 2021, our Company has not issued any Equity Shares, for consideration other than cash.

Split / Consolidation of Equity Shares
Our Company has not undertaken a split or consolidation of the Equity Shares.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI
Our Company has not made any application under Regulation 300(1)(c) of the SEBI ICDR Regulations for seeking exemption from complying with any provisions of securities laws.

Our Market Opportunity
Growth in Speciality Chemical Market
From CY 2020 to CY 2025, the global chemicals market is expected to grow at a CAGR of 6.2% and the India Speciality chemical market at a CAGR of 11.2%, according to Frost & Sullivan. The following table sets forth the size in CY2020 of the global chemical market, global speciality chemical market and the Indian speciality chemical market and the expected growth in these markets forecast for CY 2025.

Market	CY2020	CY2025	CAGR (2020-25)
Global Chemical Market	$5,027 billion	$6,780 billion	6.2%
Global Speciality chemical Market	$847 billion	$1,090 billion	5.2%
India Speciality Chemical Market	$87 billion	$148 billion	11.2%

(Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Factors driving the growth in India Speciality Chemicals market
The following factors are driving growth in the India Speciality Chemicals market

1. **Growth in End Use Segments**
According to Frost & Sullivan, the speciality chemicals industry in India is driven by both domestic consumption and exports. The following table sets forth the size in CY2020 of the segments of the Indian speciality chemical market and the expected growth in these segments forecast for CY 2025.

India Speciality Chemical Segments	2020	2025 (forecast)
		(US$ billions)
Agrochemicals & Fertilizers	32.9	53.3
Pharmaceuticals (API)	16.6	28.5
DGVCL	8.7	14.9
Paints & Coatings Additives	6.4	10.7
Home Care Ingredients	3.8	6.5
Personal Care Ingredients	1.3	2.2
Textile Chemicals	2.2	3.5
Water Treatment Chemicals	2.1	3.1
Flavours & Fragrances Ingredients	2.0	3.7
Construction/Infratech Chemicals	1.2	1.9
Others	9.9	19.5
Total	87.0	148.0

(Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Management Discussions / Analysis Report (Contd.)

2. **Supply chain de-risking driven by China downturn**
China's chemicals market has seen a downturn in recent years due to various factors:

- Stringent environmental norms: The tightening of environmental protection norms in China since January 2015 resulting in increase in operating costs, closure and relocation of manufacturing facilities. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

- Rising cost of labour: The labour cost (hourly cost of compensation) in China was lower than that of India till 2007. However, over 2005-2015, the average labour cost in China increased nearly 19-20% CAGR, against 4-5% CAGR in India. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

While these may not be permanent trends, these will involve significant costs of production for Chinese companies, enabling India to significantly strengthen its position in the global supply chain and position itself as a viable alternative for global players seeking a de-risked supply chain while containing sourcing costs. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). In the view of Frost & Sullivan, the recent downturn observed in China's speciality chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

3. **Accelerated R&D and capital expenditure**
According to Frost & Sullivan, India's R&D capabilities and the long-term relationships that the domestic Indian chemical companies have forged with their customers are key to the growth of Indian chemical companies. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). The sector is witnessing accelerated capital expenditure and investment in R&D to build product development capabilities In the view of Frost & Sullivan, increased R&D allows these companies to step up their position in the speciality chemicals manufacturing value chain to become 'proprietary chemical producers'. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).For Fiscal Year 2018 to Fiscal Year 2020, the aggregate capital expenditure of the Indian speciality chemicals considered by Frost & Sullivan in its F&S Report, was 1.5 times greater than their expenditure during Fiscal Year 2016 to Fiscal Year 2018.

(Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Frost & Sullivan reports that these companies had made capital expenditure for capacity augmentation and/or product development based on their end-user industries. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

4. **GoI support and "Make in India" campaign**
The GoI is providing support through production linked incentive ("PLI") scheme and other schemes and competitive tax rates. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Further, the "Make in India" campaign is also expected to add impetus to the emergence of India as a manufacturing hub for the chemicals industry in the medium term. Through incentives, subsidies and grants under this campaign, Indian companies could gain further ground as companies would want to reduce dependence on China after the COVID-19 pandemic and shift their supply chains. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

5. **Availability of feedstock**
The GoI has encouraged companies to set up capacities in petroleum, chemicals, and petroleum investment regions (PCPIR) by demarcating special zones to aggregate feedstock demand. PCPIRs are expected to boost chemicals manufacturing, to the extent that it is sufficient to meet domestic as well as export demand. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Management Discussions / Analysis Report (Contd.)

6. Improved safety, health and environment compliance and "Green chemistry"

India like China also faces threat from environmental concerns and tighter norms. Over the years, Indian chemicals players have invested in safety health & environment (SH&E) to ensure plant sustainability. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Further, the concept of Green Chemistry in India is evolving. The rising pollution and harm caused to water bodies owing to emission of harmful chemical effluents into water is leading to rise in concern of sustainability. The pharmaceutical industry was among the first to embrace Green Chemistry for its significant potential to reduce costs and risks. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Our Strengths

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

Differentiated portfolio of market-leading products

The table below sets forth 8 of our products, their application, our market position globally and in India, product launch year

Product	Industry Application	Company Global Market Position (1)	Company India Market Position (1)	Launch Month / Year
4-(2-Methoxyethyl) Phenol (4MEP)	Metoprolol Succinate / Metoprolol Tatrate	Largest manufacturer in the world (with 28% market share in CY2020)	Only manufacturer in India	December 2016
3-Methoxy-2-Methylbenzoyl Chloride (MMBC) (2)	Methoxyfenozide	Second largest manufacturer in the world (with 14% market share in CY2020)	Only manufacturer in India	September 2019
Thiophene-2-Ethanol (T2E)	Clopidogrel, Ticlopidine APIs	Largest manufacturer in the world (with nearly 50% market share in CY2020)	Only manufacturer in India	May 2017
Ortho Tolyl Benzo Nitrile / 4'-Methyl-2-Cyanobiphynyl (OTBN)	Valsartan, Telmisartan, Olmesartan, Losartan, Candisartan APIs	Market share of 8% in CY2020	Only manufacturer in India	December 2018
N-Octyl-D-Glucamine / 1-Deoxy-1-(Octylamino)-D-Glucitol (NODG)	Naproxen, Dexketoprofen APIs	Largest manufacturer in the world (with 46% market share in CY2020)	Only manufacturer in India	July 2015
1-2-(2Hydroxyethoxy) Ethyl Piperazine (HEEP)	Quetiapine, Hydroxyzine APIs	Largest manufacturer in the world (with 34% market share in CY2020)	One of three major manufacturers, only manufacturer in India to be back-integrated into key raw material	May 2018
Delta-Valerolactone (DVL)	Coating additive, speciality monomer, electronic chemical	Second largest manufacturer in the world (with 13% market share in CY 2020)	Only manufacturer in India	September 2016
Bifenthrin Alcohol	Bifenthrin	Negligible	Only manufacturer in India	August 2021

Management Discussions / Analysis Report (Contd.)

Note :

1. Market share by volumes as of CY 2020. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).
2. MMBC is manufactured for our customer as part of our contract/exclusive manufacturing business model.

Focus on R&D to leverage our core competencies of chemistry and technology

The foundation of our Company is our in-house research and development capabilities. According to Frost & Sullivan, our strategic investments in R&D have been critical to our success and a differentiating factor for us to attain leading market positions for certain products. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Based on the technical expertise we have developed over the years, we are able to carry out innovative processes at global scale, which, according to Frost & Sullivan, is difficult to replicate, and creates significant barriers for new entrants. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Our chemistry and technology core competencies and all of our products have been developed by our own R&D team, scaled up in our Pilot Plant, and launched into production with in-house design and engineering. According to Frost & Sullivan, our in-house development (without the support from any clients for R&D) showcases our innovation and research strength, and our expertise in a large range of chemistries and technologies has allowed us to support a number of end use industries. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Examples of our chemistry core competencies include Grignards, organolithium and other organometallic chemistry, ethylene oxide and isobutylene chemistry, hydrogenation, catalysis (homogeneous /heterogeneous), cross coupling chemistry and metathesis/ polymerization chemistry. According to the F&S Report based on Frost & Sullivan Primary Research & Analysis, for the competency of tandem Grignard and ethylene oxide chemistry, we have been a pioneer in Indian specialty chemicals markets, given that there are currently only four Indian companies in tandem Grignard and six Indian companies in ethylene oxide. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Examples of our technology core competencies include continuous reaction technology, high pressure reaction technology, fixed bed reaction technology, DCS process automation and high vacuum distillation technology (wiped film/short path). We are one of the few companies in the specialty chemicals sector who has deployed continuous reaction technology as a core technology competency at all stages (R&D, Pilot Plant and large scale manufacturing). (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Long standing relationships with a diversified customer base

Our customers include over 160 multinational, global, regional and local companies. As of March 31, 2022, our product portfolio was sold to 34 global customers in 18 countries and to 154 domestic customers

Our customer engagements are dependent on us delivering quality products consistently. Our potential customers may require considerable amounts of time to approve us as suppliers to ensure that all their quality controls are met and that we meet all their requirements across a variety of jurisdictions and multiple regulators Due to the resources involved in engaging with new suppliers, customers are less inclined to pursue alternate supply sources. This provides us with an advantage over new entrants that would need to make significant investments and endure a long gestation period with potential customers in order to effectively compete.

Management Discussions / Analysis Report (Contd.)

In fact, in the past three fiscal years, our facilities were audited 57 times by 43 customers or their external consultants. Additionally, our CRAMS business model also enables our dialogue and discussions with the top technical teams and leadership (Chief Technology Officers ("CTOs"), technical directors and technical vice presidents) of our customers, leading to additional projects and products across our three business models.

In addition to producing quality products and fulfilling orders and projects on-time, our approach, staff and corporate culture are attractive to customers For example,

- we offer our customers a one-stop-shop approach for the entire supply chain starting from paper research, contract research and lab process development (delivery of samples, gram scale, kg scale), pilot plant scale up and supply of customer sampling quantities, clinical and field trial quantities, and application testing quantities (100s kg scale to MT quantities), and finally commercial scale manufacturing and production quantities (100-1000s MT);
- we have skilled expertise and manpower in necessary scientific and engineering disciplines;
- we have "start-up" corporate culture that is ambitious and dynamic, and the average age of our staff is 31 years as of March 31, 2022;
- our core team and highest management is technical in nature, and experts in the areas of organic chemistry and chemical engineering;
- we focus on transparent communication and clean payment terms (LCs and PDCs); and
- we emphasize safe processes and inherently safe manufacturing, and sound QEHS principles.

Synergistic Business Models focused on Large Scale Manufacturing, CRAMS and Contract Manufacturing

We have three business models under which we operate: (i) large scale manufacturing of our own intermediates and speciality chemicals; (ii) CRAMS (contract research and manufacturing services) and (iii) contract / exclusive manufacturing. According to F&S, we are among the few Indian specialty chemical companies to have successfully launched these three separate business models in just 5 years into commercial manufacturing.(Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

These business models benefit from, and have synergies with, each other. For example, our customers to which we sell our own intermediates and speciality chemicals are also target customers for our CRAMS and contract manufacturing business models. Our CRAMS business allows us to work with innovative companies on cutting-edge new products with enhances our own R&D skill sets to develop our own products. Further, increasing our production through our contract manufacturing business allows us to benefit from larger scale production and negotiating better prices with our suppliers.

Automated manufacturing facilities utilizing advanced technologies and systems

Our manufacturing infrastructure, advanced technologies and automation are key growth drivers for our intermediates and speciality chemicals business. According to Frost & Sullivan, we have innovated the manufacturing process or product recipe for most of our products, thus making us leaders in many of our products. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). We have two sites at Sachin in Surat. Our Manufacturing Facility 1 is an approximately 3,500 square meters facility including our R&D Facilities, our analytical sciences laboratories, our Pilot Plant, our CRAMS facility and our hydrogenation facility. Our Manufacturing Facility 2 spans approximately 10,500 square meters and acts as a large scale manufacturing facility with an installed capacity of 6,096 MT per annum (SRP Plant: 13,140 MT) distributed among three buildings that host 16 production streams (and one SRP Plant Stream), as of March 31, 2022. Each of our facilities is equipped to function independently, with its own quality department, effluent treatment plant and warehouse. In addition, both the facilities are in close proximity to the Hazira Port and JNPT Port, which helps us save freight costs for our exports.

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In August 2021, we commenced construction of a new manufacturing facility (Manufacturing Facility 3) at Sachin, which will be within a short distance from our Manufacturing Facility 2.

Our facilities employ advanced technologies and systems such as

- Continuous Reaction Technology;
- Advanced Batch Reaction Technology;
- High Pressure Reaction Technology;
- Fixed Bed Reaction Technology (Liquid / Gas Phase);
- Cryogenic Reaction Technology;
- Distillation Technology (wiped film and short path); and
- Distillation Technology (high vacuum and fractional).

Additionally, our manufacturing facilities utilize DCS (distributed control system) for process automation. Our Pilot Plant and CRAMS operations use a Siemens PCS7 DCS and our manufacturing facilities use a Yokogawa Centum VP DCS. The automation brings reliability, reproducibility of product quality, reduces overhead costs, and brings inherent safety by mitigating exposure to human error and industrial accidents. We have procured various certifications for our operations such as ISO 9001: 2015, ISO 14001:2015, ISO 45001:2018, ISMS 27001:2013 and Indian GMP.

Contract Research and Manufacturing Services (CRAMS)

Our CRAMS business are the services that our customers outsource to us and include:

- Contract research;
- Pilot scale-up services;
- Contract manufacturing;
- Full time equivalent (FTE) services;
- Technology development; and
- Process development and optimisation

We have a state-of-art Pilot Plant, which gives us a competitive advantage in attracting CRAMS customers Our Pilot Plant has a dual functionality; it functions to generate critical scale-up data in the transition from R&D to production to help eliminate issues at full production scale; and it also functions as a stand-alone manufacturing facility for low volume, high value products for our CRAMS customers Our Pilot Plant encompasses a wide range of reactors and downstream equipment, in both continuous and batch regimes, across the entire range of scale-up volumes, metallurgy, and process parameters and is automated through DCS process automation.

Our CRAMS customers work jointly with our scientists and engineers, and we execute their projects in our R&D Facilities, analytical sciences laboratories, and our Pilot Plant. Molecules developed in our CRAMS business for our customers have the potential to convert into regular commercial supplies and become large scale manufacturing products for our Company. In addition, our CRAMS business model also enables our dialogue and discussions with the top technical teams and leadership (Chief Technology Officers ("CTOs"), technical directors and technical vice presidents) of our customers, opening up future contract manufacturing opportunities. (Source: F&S Report, May 2022).

Contract Manufacturing / Exclusive Manufacturing

We also manufacture our customers' products under a contractual supply agreement based model. These customer contracts are both short-term and long-term and involve both exclusive and non-exclusive arrangements.

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Focus on Quality, Environment, Health and Safety (QEHS)

Our business is focused on sustainability by emphasizing on quality, environment, health and safety.
We believe that maintaining a high standard of quality for our products is critical to our brand and continued growth. Across our manufacturing facilities, we have put in place quality systems that cover all areas of our business processes from manufacturing, supply chain to product delivery to ensure consistent quality, efficacy and safety of products. Our products adhere to global quality standards. Our products go through various quality checks at various stages including random sampling check and quality check internally. Many of our key customers have audited and approved our facilities and manufacturing processes in the past, which ensures that the regulator and our customers are able to confirm the continuance of quality of our facility and processes. In the past three fiscal years, our facilities were audited 57 times by 43 customers or their external consultants. In addition, our facilities have received certificate of ISO 14001 for Environment and ISO 45001 for Occupational Safety and ISO 27000 certification. As of March 31, 2022, we had an environmental team of 43 employees (constituting 5.98% of our workforce) and a safety team of 30 employees (constituting 4.17% of our workforce).

We are mindful of the potential impact of our activities on the local environment and have set stringent environmental standards, which meet regulatory requirements, and often exceed them. Our manufacturing principles and technologies embody the core tenets of "green" chemistry or sustainable chemistry. Principles of energy saving and conservation, atom economy and the 4R strategy (reduce / recover / recycle / reuse) are fundamental in our manufacturing designs and engineering. In addition, by employing cleaner chemistries, semi-continuous or continuous reaction technologies, and automation in the process, we distinguish our processes from conventional processes and optimize use of non-toxic raw materials, resulting in lower effluent generation. Further, as part of environment and sustainability efforts, we have installed a 100 KLPD in-house zero liquid discharge (ZLD) plant, which includes primary and secondary chemical neutralization, triple stage multiple effect evaporator (MEE), multiple mechanical vapor recompression (MVR) plants, multiple agitated thin film evaporators, multiple reverse osmosis (RO) plants and a soil biotechnology platform with ozonation.

To provide sustainable power for our operations, we have issued a purchase order for the construction of a 16 MW solar power generation plant at Sarod Village, Bharuch District, Gujarat to provide electricity to our current operational two manufacturing facilities and our Proposed Greenfield project, which is expected to be operational in Fiscal Year 2023. We expect to incur approximately ₹651.59 MM (including taxes) towards capital expenditure for this solar power project which will be financed by our internal accruals.

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 undertake hazard and operability studies before commencing commercial production of new products. We have an in-house developed and engineered mobile application to assist coordination of our human resources, safety and emergencies. We also have a dedicated team of safety personnel including firemen, safety marshals and safety engineers In addition, we have installed comprehensive safety equipment including firefighting and safety systems including 700 m3 fire hydrant water storage, 271 m3 main electrical pump and diesel pump, automated foam monitors and water sprinklers, and Pulse Position Modulation (PPM) detection for gas and solvent leakage. Our plant wide DCS automation system allows us to control our safety systems and processes. We have also taken the initiative of combining the fire hydrant water resources of 3 other neighbouring chemical companies to create a combined fire hydrant water reserve of over 2,000 m3 capacity, available for the use of all participating companies.

Strong and consistent financial performance

In the short period of 9 years of incorporation and 6 years into commercial manufacturing, we have reached revenue of over ₹5,970 MM in Fiscal Year 2022. We have built our business organically and have demonstrated consistent growth in terms of revenues and profitability. We are one of the fastest growing specialty chemical companies in India, growing at a CAGR of nearly 52.9% between Fiscal Year 2018 and Fiscal Year 2022. Our revenue from operations have increased at a CAGR of 52.7% from ₹ 1,084.63 MM in Fiscal Year 2018 to ₹5,900.47 MM in Fiscal Year 2022. Our revenue from exports (including deemed exports) have grown at CAGR of 76.7% from ₹390.70 MM in Fiscal Year 2018 to ₹3,810.88 MM in Fiscal Year 2022.

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In the Fiscal Year 2022, our EBITDA was ₹1,750.81 MM (Fiscal Year 2021: ₹1,161.32 MM), while our EBITDA margins in the Fiscal Year 2022 were 29.3% (Fiscal Year 2021: 25.6%). In Fiscal Year 2022, our profit after tax was ₹1,089.29 MM (Fiscal Year 2021: ₹711.19 MM), while our profit after tax margins were 18.2% (Fiscal Year 2021: 15.7%).

During the year ended of March 31, 2022, our ROCE was 24.0 (March 31, 2021: 28.5%), and our ROE was 28.2% (March 31, 2021: 40.8%).

Experienced Promoters and Senior Management with extensive domain knowledge

We are led by our Promoters comprising our Managing Director, Ashwin Jayantilal Desai, and our Executive Directors Purnima Ashwin Desai, Rohan Ashwin Desai and Dr. Aman Ashvin Desai, who have a combined experience of over 125 years in the chemical industry. Each of our Promoters is a career-technocrat and is actively involved in the critical aspects of our business, including R&D, process and plant engineering, finance and marketing. All four Promoters are involved in the day-to-day management of the Company.
Additionally benefit from the industry experience of Kamalvijay Ramchandra Tulsian, Non-Executive Director, Chairman of our Board, bringing experience in the chemicals business; Jeevan Lal Nagori, Non-Executive Independent Director, bringing experience in the pharmaceutical business; Arun Brijmohan Kanodiya (qualified Chartered Accountant), Non-Executive Independent Director; Leja Satish Hattiangadi, Non-Executive Independent Director, bringing experience in project implementation; Ishita Surendra Manjrekar, Non-Executive Director bringing extensive knowledge about construction and related chemical industries; Dr. Amol Arvindrao Kulkarni, Non-Executive Independent Director, bringing extensive knowledge about continuous reaction technologies; Rajkumar Mangilal Borana, Non-Executive Independent Director; and Jitendra Popatlal Vakharia, Non-Executive Independent Director, bringing their experience in textile industry and chemical industry, respectively.

Our senior management team is also experienced in the chemicals industry. The majority of our management team have spent more than 5 years each with our Company. Our senior management personnel include career-technocrats such as Dr. James Ringer, Raymond Paul Roach and Dr. Norbert Flüggen.

We believe that the experience, depth and diversity of our directors, management team and our Promoters have enabled our Company to be recognized as a leading speciality chemical manufacturer in India. Their industry experience enables us to anticipate and address market trends, manage and grow our operations, maintain and leverage customer relationships and respond to changes in customer preferences.

Our Strategies

Our key business strategies are set forth below.

Leverage our strong position in the speciality chemicals industry to capitalize on industry opportunities

From CY 2020 to CY 2025, the global chemicals market is expected to grow at a CAGR of 6.2% and the India Speciality chemical market at a CAGR of 11.2 %, according to Frost & Sullivan. This growth is expected to be led by sustained demand in the end-use customer segments for our intermediate and speciality chemical products or business, which are experiencing consumption-led growth in India and key global markets. For example, according to Frost & Sullivan, the agrochemicals and fertilizers speciality chemical segment in India is forecasted to grow from $32.9 billion in CY2020 to $53.3 billion in CY2025 and the pharmaceuticals speciality chemical segment in India is forecasted to grow from $16.6 billion to $28.5 billion in CY2025. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

China's speciality 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: F&S Report, May 2022, Prospectus of Aether Industries Limited).

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The tightening of the environmental norms has resulted in increase in operating costs, closure and relocation of manufacturing facilities along with rising labor costs. While these may not be permanent trends, these will involve significant costs of production for Chinese companies, enabling India to significantly strengthen its position in the global supply chain and position itself as a viable alternative for global players seeking a de-risked supply chain while retaining sourcing costs. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). In the view of Frost & Sullivan, the recent downturn observed in China's speciality chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

Due to our market leadership position in a number of speciality chemical product areas, we are well positioned to capitalize on these market opportunities. According to Frost & Sullivan, our revenue for our key products has grown much faster than the industry highlighting that we are able to take away market share from our competitors, which are mostly in China. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). We benefit from our established relationships with multinational, regional and local customers In particular, we propose to introduce new products with varied applications across industries. We aim to achieve this by leveraging our existing R&D capabilities, as well as by evaluating strategic acquisition opportunities. We also intend to capitalize on the growing demand for our products by expanding our manufacturing capacities and strengthening our sales and distribution network in existing markets and gaining access to newer markets. For example, we are committed to recruitment of advisers and consultants with a global pedigree, we have speaking engagements at international events & exhibitions, and we are increasing our local representative presence in major markets. Further, we aim to focus on high growth sectors and emerging trends in the speciality chemicals and our customers' end user industries. In this regard, we are witnessing significant opportunities to work with our customers to support them with new emerging trends in their industries. We also are looking to connect with existing and potential customers where we can support them with our CRAMS and contract / exclusive business models.

Expand Manufacturing, R&D and Pilot Plant Capacities

To cater to the growing demand from our existing customers and to meet requirements of new customers, we intend to, and are in the process of, expanding our manufacturing capacities for existing products including 4MEP and BFA. We also intend to add manufacturing capacities for our new product line (discussed above) that we are in the process of developing and commercializing.

To achieve these expanded capacities, in August 2021, we commenced construction of a new manufacturing facility at a third site near our existing manufacturing facilities in Sachin. This new facility is proposed to host four streams for production of new speciality chemicals and intermediates, which have applications in pharmaceutical, agrochemicals and material sciences. Further, for future expansion of our business, in March 2022, we secured additional leasehold lands admeasuring approximately 125,000 square meters at the Panoli GIDC Estate of Ankleshwar region of Gujarat state, which is approximately 54 kms from our current manufacturing facilities in Sachin.

In addition, we look to build strategic alliances with innovator companies across end-user industries. We expect that projects that may begin as CRAMS projects will lead to strategic associations for commercial large-scale manufacturing of products and possibly introducing additional manufacturing capacity.

We also expanded the capacity of our R&D laboratories by adding an additional 30 fume hoods. These additional fume hoods will be divided into four organic synthesis labs in a separate floor in our R&D Facilities. The new labs will be fully equipped including laboratory furniture and air-conditioned HVAC systems. In addition, our R&D Facilities are also undergoing a complete architectural and interior design overhaul and will be transformed into a world-class R&D center with library, scientist lounges, cafeteria, coffee house for scientists, modern offices and conference rooms, gymnasium, and outdoor meeting areas. As part of our R&D expansion plans, we are looking to recruit an additional 55-70 R&D scientists (with a focus on staff with a PhD or Master's degree).

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In addition, we expanded our Pilot Plant by installing additional trains of pilot scale equipment which will triple our current capacity. The expanded pilot plant will be equipped with state-of-art reaction technology both in batch and continuous regimes, world-class instrumentation, engineering, and safety systems, and will be automated on DCS process automation. In the pilot plant expansion, we are installing new equipment including 26 reactors ranging from 250 L reactor volume to 4000 L reactor volume. Best-in-class utility (total 16 equipment) are being installed to support the pilot plant reaction processes. True DCS platform of Siemens PCS7 (German make) will be deployed in a "hot" redundant configuration. The entire new pilot plant will be protected by a comprehensive fire hydrant system, replete with fire curtains, water sprinklers, and foam monitors, and supported by a 271 m3 main electrical / diesel pump system and water reservoir of 700 m3 capacity.

Continue to strengthen our presence in India and expand our sales and distribution network in international markets

As of March 31, 2022, our product portfolio catered to 34 global customers in 18 countries and to 154 domestic customers We enjoy relationships in excess of 5 years with seven out of our top ten customers in the nine months ended December 31, 2021. We believe that the long-standing relationships that we have enjoyed with our customers over the years and the repeat and increased orders received from them are an indicator of our position as a preferred source as compared to our competition which is mostly located in China. In addition, we have an international sales and marketing team and business development team that is dedicated to taking new orders, quoting rates and aids in understanding the requirements of our customers Our team consists of veterans of chemical industry, namely Raymond Paul Roach (Business Development Leader – Americas); Dr. James Ringer (Business Development Leader – Americas); and Dr. Norbert Flüggen (Business Development Leader – Europe). Our new business development and marketing / sales is conducted with physical presence in 3 different continents (Asia / India by HQ, Europe / Germany by Dr. Norbert Flüggen, North America / USA by Dr. James Ringer and Raymond Paul Roach).

We intend to focus on increasing our wallet share with existing customers We have built long-standing relationship with our customers through various strategic endeavors, which we intend to leverage by selling baskets of products to the same customers In addition, we intend to continue to leverage our existing sales and marketing network, diversified product portfolio and our industry standing to establish relationships with new multinational, regional and local customers

We are expanding globally to serve our existing direct end-use customers as well as to secure new direct end-use customers and expand the reach of our products in new markets. We intend to achieve this by having dedicated sales and marketing teams whose primary focus will be on business development in international markets and in certain focus geographies, such as North America, South America and Europe. Our focus also will be to increase the number of stock points that we have globally and strengthen our sales team in India, North America, South America and Europe to ensure that we are able to deliver products to our customers in a timely manner.

Continue to focus on contract manufacturing / exclusive manufacturing by developing innovative processes and value engineering

We look to convert R&D (CRAMS) opportunities provided by our clients into large-scale contract manufacturing projects. We believe that by offering value engineering, developing innovative processes and undertaking our core competency chemistries in our contract manufacturing / exclusive manufacturing operations allows us to enter into long-term contracts with customers that provide assured product off-take and better margins, thereby helping improve our profitability. We aim at differentiating our operations from other CRAMS companies by developing in-house innovative processes, which we believe provides us with a better leverage in terms of pricing with the customers Accordingly, we intend to continue developing in-house innovative processes for new complex chemistries, such as, glove box chemistries, Nobel prize winning metathesis chemistry and organo-silicon chemistry. We also continuously explore which of our existing products or processes are best suited for further innovation.

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Further, we seek to continue to explore opportunities to enhance our existing customer relationships by undertaking CRAMS for new molecules. We believe our focus on value engineering by extending our process and chemistry expertise to enter into new value chains and replace the lower value products with higher value products in the same chemistry will enable us to service more of our customers' needs and increase our revenues from existing customers By leveraging the long-standing relationships and repeat orders from our customers, we intend to capitalize on the significant cross-selling opportunities that higher value products offer. Further, we intend to focus on early-stage process innovation and development that we believe will enable us to capitalize on the complete lifecycle of these products and give us the opportunity to be the initial suppliers for such customized speciality chemicals and strengthen our relationships with multinational corporations.

Growth through strategic acquisitions and alliances

We will look for strategic acquisition targets in the United States and the EU for R&D and manufacturing assets that are in line with our existing or desired competencies. We also will look for opportunities to acquire businesses to add additional chemistry or technology competencies (for example, photochemistry) or to add business segments where we are currently not present (for example, cytotoxic compounds, advanced silicone products or active pharmaceutical ingredients and formulations). We are focused on identifying acquisition targets that will benefit from our management expertise, our core competencies and the scale of our operations.

Our Products and Services

We organize our business based on three business models: (i) large scale manufacturing of our own speciality chemicals and intermediates, (ii) CRAMS (contract research and manufacturing services) and (iii) contract manufacturing/exclusive manufacturing.

Speciality Chemicals and Intermediates

We specialize in speciality chemicals and advanced intermediates products based on an intricate marriage of complex chemistry and technology core competencies. Examples of our chemistry core competencies include Grignards, organolithium and other organometallic chemistry, ethylene oxide and isobutylene chemistry, hydrogenation, catalysis (homogeneous /heterogeneous), cross coupling chemistry and metathesis/polymerization chemistry. Examples of our technology core competencies include continuous reaction technology, high pressure reaction technology, fixed bed reaction technology, DCS process automation and high vacuum distillation technology (wiped film/short path). By our focus on core competencies, we have developed a chemistry and technology oriented sales vision, as compared to a product and industry oriented sales vision. Our focus on core competencies also helps us mitigate risk because our business strategy and R&D are not targeted to any specific product, customer, region, or industry.

Our product selection process is very simple and straightforward. We look for products which fall into our core competencies of chemistry, technology and systems, and select the product which falls into our sweet spot. We then apply certain refinements to narrow down our product selection process, which are: (i) the product should be infrastructure oriented product, falling into a speciality chemical field with minimum of 4-synthetic step sequence, (ii) the product should not be actively manufactured by any company in India, (iii) the product should generate adequate revenue at maturity and (iv) we should be able to attain market leading position at product maturity. If product passes all these parameters, then we select that product for R&D, scale it up in our Pilot Plant, validate it and then produce it for commercialization.
As of March 31, 2022, our product portfolio comprised over 25 products, which have been developed and commercialized using these criteria in the 9 year period since we started our Company. Our products are advanced intermediates and speciality chemicals, which occupy a position in the chemical industry value chain between commodity chemicals and final actives and formulations. They find application in a number of therapeutic segments in the pharmaceuticals industry including hypertension, anti-platelet, anti-psychotic, anti-histamine and non-steroidal anti-inflammatory drugs ('NSAIDs"). Our products also find application in various other industries like agrochemicals, material science, coatings, high performance photography, additives and oil & gas.

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Customer Segments

The table set forth below provides customer segment split of revenue from operations and as a percentage of revenue from operations in Fiscal Year 2022 and Fiscal Year 2021:

Customer Segment	FY 2022		FY 2021	
	₹ MM	% of revenue	₹ MM	% of revenue
Pharmaceuticals	₹ 3513.26	59.5%	₹ 3,041.90	68%
Agrochemicals	₹ 1456.19	24.7%	₹ 926.50	21%
High Performance Photo	₹ 283.77	4.8%	₹ 125.80	3%
Material Science	₹ 248.20	4.2%	₹ 195.90	4%
Coatings	₹ 195.31	3.3%	₹ 124.80	3%
Oil & Gas	₹ 54.12	0.9%	₹ 0.00	0%
Food Additives	₹ 22.96	0.4%	₹ 0.60	0%
Other / Multiple Use	₹ 126.66	2.1%	₹ 82.66	2%
Total	₹ 5900.47	100.0%	₹ 4,498.16	100%

Contract Research and Manufacturing Services(CRAMS)

Our CRAMS business are the services that our customers outsource to us and include:

- Contract research;
- Pilot scale-up services;
- Contract manufacturing;
- Full time equivalent (FTE) services, where one or more of our employees work full time on the project;
- Technology development; and
- Process development and optimisation.

Our CRAMS customers work jointly with our scientists and engineers, and we execute their projects in our R&D Facilities, analytical sciences laboratories, and our Pilot Plant. Molecules developed in our CRAMS business for our customers have the potential to convert into regular commercial supplies and become large scale manufacturing products for our Company.

Contract Manufacturing / Exclusive Manufacturing

We also manufacture our customers products under a contractual supply agreement based model. These customer contracts are both short-term and long-term and involve both exclusive and non-exclusive arrangements. In the Fiscal Year 2022 and Fiscal Year 2021, revenues from our contract manufacturing business constituted 23.77% and 19.38%, respectively, of our revenues from operations.

Our Customers

Our customers include more than 160 multinational, global, regional and local companies. As of March 31, 2022, we sold our products to 34 global customers in 18 countries and to 154 domestic customers Our customers include a rich collection of leading domestic and international multinational companies.

We have a number of supply contracts with customers of three to five year duration which are linked to a formula based pricing structure. Our supply contracts with customers entered into by the Company may be terminated at the end of their terms or on the basis of the notice provided by the customer to us. Such terminations, however, is done on mutual discussion between the Company and the Customers Notwithstanding, the termination of supply contracts could adversely affect our business, financial condition and results of operations.

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For other customers, we 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. 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 more than 18 countries. Some of the key geographies to which we export our products include Italy, Spain, Germany and the United States. During the Fiscal Year 2022 and Fiscal Year 2021, our sales from exports (excluding deemed exports), as a percentage of our revenue from operations were 47.11% and 50.65%, 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.

Geographic Split of Revenue from Operations

The table set forth below provides geographic split of revenue from operations and as a percentage of revenue from operations in the Fiscal Year 2022 and Fiscal Year 2021.

Geography	Fiscal Year 2022		Fiscal Year 2021	
	₹ MM	% of revenue	₹ MM	% of revenue
India (domestic sales)	₹ 2,084.84	35.3%	₹ 1,981.54	44.1%
India (deemed exports)	₹ 1,031.36	17.5%	₹ 238.37	5.3%
India (SEZ sales)	₹ 351.72	6.0%	₹ 380.84	8.5%
Italy	₹ 533.57	9.0%	₹ 725.30	16.1%
Spain	₹ 504.96	8.6%	₹ 389.57	8.7%
Germany	₹ 377.45	6.4%	₹ 237.27	5.3%
Rest of Europe	₹ 371.70	6.3%	₹ 131.27	2.9%
United States	₹ 227.81	3.9%	₹ 211.68	4.7%
Taiwan	₹ 90.37	1.5%	₹ 64.92	1.4%
Mexico	₹ 140.70	2.4%	₹ 47.80	1.1%
China	₹ 90.17	1.5%	₹ 28.73	0.6%
Japan	₹ 71.26	1.2%	₹ 37.79	0.8%
Rest of the world	₹ 24.56	0.4%	₹ 23.08	0.5%
Total	**₹ 5,900.47**	**100.0%**	**₹ 4,498.16**	**100.0%**

Note :
"Deemed Exports" refer to those transactions in which the goods supplied do not leave the country, and the payment for such supplies is received either in Indian rupees or in free foreign exchange.

Automation

Our manufacturing facilities utilize DCS that use geographically distributed control loops throughout our facilities to control our systems and processes to increase their safety, cost-effectiveness and reliability. Our Pilot Plant and CRAMS operations use a Siemens PCS7 DCS and our manufacturing facilities use a Yokogawa Centum VP DCS.

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Manufacturing Process

We have designed and developed our facilities based on a chemistry and technology model, and each product is assigned to a particular stream. This design gives us flexibility to move from one product to another without any gestation period and with the least amount of cost. The plant design is flexible to run multiple streams across our intermediate product buildings for our key products to limit contagion risk, and consistently meet the demand of these products. All our manufacturing units are multipurpose plants with multiple streams catering to the wide range of products that we have. There are no dedicated plants or streams, and the same stream can be utilized for multiple products providing the flexibility to adjust the production mix quickly as demand changes. Each product is a result of various chemistries and processes applied as per the desired results.

Our products can be broadly classified under six different chemistry bifurcations

- Tandem Grignard / ethylene oxide chemistry;
- Other Grignard / coupling chemistry;
- Hydrogenation / catalysis chemistry;
- Continuous reaction technology based chemistries;
- Fixed bed technology based chemistries; and
- Hazardous gas chemistry.

The raw materials are charged continuously/ batch-wise in reactors of suitable capacity and design based on the type of reaction. Other technical parameters such as temperature, pressure and reaction time are maintained based on the type of reaction to be carried out.

When the reaction is complete, the product is analyzed and subjected to further processing, which includes filtration, continuous/ batch distillations, purification processes to get the required quality product. The product is ultimately tested to ensure it meets the applicable specifications before it is supplied to the customer.

Research & Development (R&D)

The foundation of our Company is our in-house research and development. According to Frost & Sullivan, our strategic investments in R&D have been critical to our success and a differentiating factor for us to attain leading market positions for certain products. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Based on the technical expertise that we have developed over the years, we are able to carry out innovative processes at global scale, which, according to Frost & Sullivan, is difficult to replicate, and creates significant barriers for new entrants. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited).

We have dedicated in-house R&D Facilities and a Pilot Plant located at our Manufacturing Facility 1 in Sachin. Our chemistry and technology core competencies and all of our products have been developed by our own R&D team, scaled up in our Pilot Plant, and launched into production with in-house design and engineering. According to Frost & Sullivan, our in-house development (without the support from any clients for R&D) showcases our innovation and research strength. (Source: F&S Report, May 2022, Prospectus of Aether Industries Limited). Examples of our chemistry core competencies include Grignards, organolithium and other organometallic chemistry, ethylene oxide and isobutylene chemistry, hydrogenation, catalysis (homogeneous /heterogeneous), cross coupling chemistry and metathesis/polymerization chemistry. Examples of our technology core competencies include continuous reaction technology, high pressure reaction technology, fixed bed reaction technology, DCS process automation and high vacuum distillation technology (wiped film/short path).

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Our R&D Facilities are dedicated to the development of our pipeline and next generation products as well as to our CRAMS customers As of March 31, 2022, we had a specialized R&D team of 164 scientists and engineers including 92 scientists (with PhDs or Master of Science degrees) and 72 chemical engineers With a view to further strengthen our R&D capabilities, we continuously recruit and appoint scientists of varied experience and expertise at our R&D laboratory with an objective to successfully implement our strategy of early identification of development and manufacturing opportunities.

Our R&D laboratories are fitted with modern synthesis equipment including fume hoods, lab scale continuous and flow reactors and advanced separation equipment. In addition, our R&D labs are supplemented with modern analytical method development (ADL) and quality control (QC) laboratories equipped with the entire suite of equipment necessary for modern organic chemistry research (including Liquid Chromatography Mass Spectrometry, Gas Chromatography Mass Spectrometry, Gas Chromatography, High Pressure Liquid Chromatography, Differential Scanning Calorimetry/Thermal Stability Unit, and others).

Our R&D Facilities are equipped with laboratories engaged in process development, process innovation, new chemical screening and engineering, which assists us in pursuing efficiencies from the initial conceptualization up to commercialization of a product. Our R&D team has successfully carried out multi-step synthesis and scale-up for several new molecules in the area of speciality chemicals and intermediates, and as a result, expanded our commercialized product portfolio.

Another aspect of our R&D activities is our association and collaboration with many universities and institutions of India. We have been associated with National Chemical Laboratory (NCL, Pune), Institute of Chemical Technology (ICT, erstwhile UDCT, Mumbai), Uka Tarsadia University (UTU, Bardoli), and Sardar Vallabhbhai National Institute of Technology (SVNIT, Surat).

We have our own sponsored PhD programs which are ongoing for getting PhD research and degree done for our R&D team with Institute of Chemical Technology (ICT, erstwhile UDCT, Mumbai), National Chemical Laboratory (NCL, Pune), Uka Tarsadia University (Bardoli), and Sardar Vallabhbhai National Institute of Technology (SVNIT, Surat).

University (Bardoli), and Sardar Vallabhbhai National Institute of Technology (SVNIT, Surat).
Our R&D Facilities are recognized by DSIR (Department of Scientific & Industrial Research), New Delhi for in-house R&D work.

Pilot Plant

We have a state-of-art Pilot Plant, which is a vital link between R&D and large scale production. Our Pilot Plant has a dual functionality; it functions to generate critical scale-up data in the transition from R&D to production to help eliminate issues at full production scale; and it also functions as a stand-alone manufacturing facility for low volume, high value products for our CRAMS customers Our Pilot Plant encompasses a wide range of reactor and downstream equipment, in both continuous and batch regimes, across the entire range of scale-up volumes, metallurgy, and process parameters and is automated through DCS process automation.

Upcoming projects

We acquired a third site of 1.3 acres near our existing manufacturing facilities in Sachin, where in August 2021, we commenced construction of a new third facility that is proposed to host four streams for production of new speciality

Management Discussions / Analysis Report (Contd.)

chemicals and intermediates, which have applications in pharmaceuticals, agrochemicals and material science.

Raw Materials

The raw materials we use in our manufacturing process are primarily sourced from third party suppliers globally and in India. During the Fiscal Year 2022, our cost of good sold (cost of materials consumed and changes in inventories of finished goods and work-in-progress) amounted to ₹2,880.33 MM (Fiscal Year 2021: ₹2,306.88 MM), and our cost of materials consumed as a percentage of our revenue from operations was 48.82% (Fiscal Year 2021: 51.28%). Our raw materials include crude oil derivatives such as phenol and other commodities such as hydrogen, ethylene oxide and Isobutylene gas. Other important raw materials include chlorobenzonitrile, methanol, toluene, methylene dichloride tetrahydrofuran, dichlorotoluene and thiophene, amongst others.

Our reliance from China has been as follows:

Fiscal Year 2021: 16.29% of overall purchases (Fiscal Year 2021: 32.48%)

The prices of our raw materials are based on, or linked to, the international prices of such raw material and the variations are typically passed on to the customer. 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 prices of our key raw materials globally have been volatile and increases in the prices of these materials have an impact on our cost of production.

Inventory Management

Our finished products are stored on-site at our manufacturing facilities. The raw materials are stored at our warehouses located at the nearby warehousing sites procured by the Company on leased premises and the ready to use raw material for use in production are stored at on-site warehouses. We typically keep at least five months of inventory of raw materials, work in progress and recoveries at our facilities to mitigate the risk of raw material price movements; we typically maintain 15 days of inventory in Work-in-Progress (Semi Finished Goods); and we maintain a low level of inventory of Finished Goods due to the demand from various customers based on which the products are manufactured. We usually manufacture Finished Goods as per the orders received, and hence our Finished Goods are not in inventory for more than a week.. We maintain a lead-time material requirement planning system and utilize our ERP software to manage our levels of inventory on a real-time basis.

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. We also have an exclusive distributor in the Andhra Pradesh region of India. We have a sales and marketing team and business development team that is dedicated to taking new orders, quoting rates and aids in understanding the requirements of the customers Our team consists of veterans of chemical industry, namely Raymond Paul Roach (Business Development Leader – Americas); Dr. James Ringer (Business Development Leader – Americas); and Dr. Norbert Flüggen (Business Development Leader – Europe).

We also regularly take part in trade shows and exhibitions, such as CPHI in India, Europe, Japan, China and USA; Chemical Outsourcing in USA and Chemspec in India and Europe. Moreover, members of our sales team have been invited as speakers at various industry forums.

Management Discussions / Analysis Report (Contd.)

We also expanded the capacity of our R&D laboratories by adding an additional 30 fume hoods. These additional fume hoods will be divided into four organic synthesis labs in a separate floor in our current R&D Facilities. These new labs will be fully equipped including laboratory furniture and air-conditioned HVAC systems. In addition, our R&D Facilities are also undergoing a complete architectural and interior design overhaul and will be transformed into a world-class R&D center with library, scientist lounges, cafeteria, coffee house for scientists, modern offices and conference rooms, gymnasium, and outdoor meeting areas. As part of our R&D expansion plans, we are looking to recruit an additional 55-70 R&D scientists (with a focus on staff with a PhD or Master's degree).

In addition, we expanded our Pilot Plant by installing additional trains of pilot scale equipment which will triple our current capacity. The expanded pilot plant will be equipped with state-of-art reaction technology both in batch and continuous regimes, world-class instrumentation, engineering, and safety systems, and will be automated on DCS process automation.

The information on our proposed expansion plans is indicative and remain subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. We are in the process of obtaining various consents, approvals and acknowledgements from regulatory authorities that are routine in nature in relation to our third proposed facility.

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Management Discussions / Analysis Report (Contd.)

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We also regularly take part in trade shows and exhibitions, such as CPHI in India, Europe, Japan, China and USA; Chemical Outsourcing in USA and Chemspec in India and Europe. Moreover, members of our sales team have been invited as speakers at various industry forums.

In order to serve our existing direct end-use customers as well as to secure new direct end-use customers and expand the reach of our products to new markets, we are expanding globally. We intend to achieve this by having dedicated teams whose primary focus will be on business development in international markets and in certain focus geographies, such as Europe and the Americas.

Our focus will be to increase the number of stock points we have globally and strengthen our sales team in India, the Americas and Europe to ensure that we are able to deliver products to our customers in a timely manner.

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, infrastructure services to support our business requirements and 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 plants.

We have recently been certified as an ISO 27001:2013 which has a key focus on Information Security Management Systems. Our information security objective is to safeguard the data and give our customer confidences on their intellectual property (IP), for which we have implemented a data facility for managing data and its security, access restriction systems and other sophisticated systems.

We are committed to safeguarding confidentiality. We ensure that integrity and availability of all physical and electronic information assets of facilities where we operate to ensure that legal, regulatory, and operational requirements are fulfilled.

We believe we have a robust disaster recovery, business continuation and backup policy. We use a VMware Virtualisation System in redundant mode with centralised storage and thin client systems . We have employed a firewall in redundant mode. All users connect to our systems only through VPN access. For data security, we use a RDP System (Remote Desktop) with thin client.

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 implements the processes specified in the framework.

Management Discussions / Analysis Report (Contd.)

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. We maintain an insurance policy that insures against material damage to buildings, facilities and machinery, furniture, fixtures, fittings, stocks, and machinery breakdown. We also maintain a cargo insurance policy that insures consignments of goods by sea, air and by courier until delivery to the customer's warehouse and inland movement of bulk cargo in road tanker In addition, we maintain a commercial general liability insurance that covers liability in claims for bodily injury (and medical payments), property damage, personal and advertising injury. Further, we have a cyber insurance policy to cover against certain IT and system risks. We have also obtained a COVID-19 insurance policy for our employees to cover pre- and post-hospitalization expenses and emergency road ambulance expenses. We also have a directors' and officers' policy for our directors and senior management.

Competition

The speciality chemicals industry presents significant entry barriers, including customer validation and approvals, expectation from customers for process innovation and cost reduction, high quality standards and stringent specifications. 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 primarily from international manufacturers especially Chinese 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.

Human Resources

We place importance on developing our human resources. As of March 31, 2022, we had 719 employees (excluding trainees) and 150 contract workers and trainees. A combination of full-time employees and contract personnel gives us flexibility to run our business efficiently. In Fiscal Year 2022, Fiscal Year 2021, Fiscal Year 2020 and Fiscal Year 2019, our attrition rates were 1.54% 1.54%, 2.50% and 1.72%, respectively. As of March 31, 2022, the average age of our workforce was 31 Years

As of March 31, 2022, we employed 92 scientists with either a PhD or Master of Science degree (which constituted 12.8% of our workforce) and 72 chemical engineers (which constituted 10.0% of our workforce). The following table sets forth the number of our employees as of March 31, 2022

Departments / Teams	No. of Employees March 31, 2022
Management and administration	4
Human Resource (HR) & Admin	27
Computer Information System (CIS)	10
Finance & Accounts	10
Logistics & EXIM	3
Procurement	2
Sales	2
Stores / Warehouse	58
Quality Control / Analytical Lab / Quality Assurance (CQ/ADL/QA)	38

Departments / Teams	No. of Employees March 31, 2022
Research & Development (R&D)	60
Control & Instrumentation (C&I)	21
Environment Health & Safety (EHS)	30
Effluent Treatment (ETP)	43
Maintenance	101
Electrical	22
Production	276
Process & Project	10
Creative Team	2
Total	719

Management Discussions / Analysis Report (Contd.)

Our employees are not part of any union. We have not experienced any material work stoppages due to labour 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 our 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 impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect our business, results of operations and financial condition." on page 33.

Intellectual Property

We have applied for a trademark registration for our corporate logo under class 1 and Class 5 of the Trademark Act, 1999, and Trade Rules, 2002, before the Registrar of Trademarks. The application has been made in the name of the Company. The table below sets forth our trademarks applications as of the date of this Prospectus.

Aether Industries Limited

Status of Trademark Application

Country	Trademark	Class	Status
India	aether	1	TM Approved
India	aether	5	TM Approved
India	elementally innovative	1	TM Approved
India	elementally innovative	5	TM Approved
India	Aether, with logo and elementally innovative	1	® Approved
India	Aether, with logo and elementally innovative	5	® Approved
India	Logo of Aether	1	TM Approved
India	Logo of Aether	5	TM Approved
USA	Aether, with logo and elementally innovative	International – 01	TM Approved

We also have registered the domain names aether.co.in, which is renewable periodically.

We also rely on a combination of trade secret, and copyright law and contractual restrictions to protect our intellectual property. We do not own any patents. We have agreements with our employees and consultants which include confidentiality provisions and provisions on ownership of intellectual property developed during employment or specific assignments, as applicable.

Our Company has received the following key awards, accreditation and recognition:

Management Discussions / Analysis Report (Contd.)

Year	CAGR (2020-25)
2015	Awarded with ISO 9001:2015 (Manufacturing Facility 1 – Hojiwala Unit)
2017	Awarded with ISO 9001:2015
2017	Awarded with GMP – (ICH Q7 Revision 1)
2018	Awarded with ISO 14001:2015
2021	Awarded with ISO 27001:2013
2021	Awarded with ISO 45001:2018
2022	Silver rating from EcoVadis (Sustainability Rating)
2022	Membership to UN Global Compact (Network India)

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 materials and government regulations and policies.

Raw materials price fluctuations and availability - Our cost of goods sold (which is the aggregate of our cost of materials consumed and changes in inventories of finished goods and work-in-progress) makes up a large portion of our operating expenses. During the Fiscal Year 2022, our cost of goods sold (cost of materials consumed and changes in inventories of finished goods and work-in-progress) amounted to ₹ 2,880.33 MM (Fiscal Year 2021: ₹2,306.88 MM), which represented 48.8%, (Fiscal Year 2021: 51.3%) of our revenue from operations. We source raw materials primarily from third-party suppliers, including through imports. Our raw materials include crude oil derivatives, such as phenol, and other commodities, such as hydrogen, ethylene oxide and Isobutylene gas. Other important raw materials include chlorobenzonitrile methanol, toluene, methylene dichloride tetrahydrofuran, dichlorotoluene and thiophene, amongst others 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 periods or in the open market. The prices of our key raw materials globally have been volatile and any increases in the prices of these materials have an impact on our costs of production.

The prices of our raw materials are generally based on, or linked to, the international prices of such raw materials and the variations are typically passed on to the customer. As a result, while our revenues may fluctuate as a result of volatility in crude oil prices, our profitability is less significantly affected. In Fiscal 2021, our cost of materials as a percentage of total revenue decreased, primarily due to (i) our improved utilization of raw materials resulting in better yields on finished products and (ii) benefits from economies of scale due to our ability to source raw materials at better per unit pricing given our larger volume of purchases. However, we cannot assure you that the prices of our raw materials would not increase in the future or that our pricing model will enable us to avoid all effects from fluctuations in crude oil prices.

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Management Discussions / Analysis Report (Contd.)

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 the Fiscal Year 2022, 47.1% (Fiscal Year 2021: 50.7%), of our revenue from operations were attributed to exports (excluding Deemed Exports). In the Fiscal Year 2022, our net foreign currency denominated sales (sales in foreign currency less expenses related to sales in foreign currency, excluding Deemed Exports) amounted to ₹2,779.53 MM (Fiscal Year 2021: ₹2,278.25 MM). For the Fiscal Year 2022, 31.4%, (Fiscal Year 2021: 47.5%), of our raw materials were imported. The decrease in raw material imports in the Fiscal Year 2022 can be primarily attributed to a decrease in purchases of two imported raw materials (Para Chlorotoluene and 2, Chrlorobenzonitrile) as there was a reduction in production of OTBN (FG) for which such raw materials are used. In addition, we were able to purchase (i) other key raw materials (e.g., 2 Fluoroanilene and 4 Fluoroanilene) in sufficient quantities for expected production needs through Fiscal Year 2022, so additional procurements in the second half of Fiscal Year 2022 were not required, and (ii) the raw material, N-Octylamine, through domestic suppliers. Exchange rate fluctuations also affect our ability to service our debt obligations denominated in foreign currencies, such as our Packing Credit Loans in Foreign Currencies. We do not enter into any hedging activities for our foreign currency positions. Accordingly, we are affected by fluctuations in exchange rates among the U.S. Dollar, Indian Rupee and other currencies. In the Fiscal Year 2022, we recorded gain of ₹ 18.37 MM (Fiscal Year 2021: ₹18.32 MM), due to these fluctuations in foreign currency.

Capital expenditure - We require substantial capital to maintain our existing facilities, as well as to acquire new sites, to expand our existing facilities and to construct new facilities. In the nine Fiscal Year 2022, we incurred capital expenditure of ₹1,010.13 MM (Fiscal Year 2021: ₹800.62 MM). A significant amount of our capital expenditure was aimed at constructing manufacturing and other facilities, increasing our manufacturing capacities and diversifying our product base.

As of March 31, 2021, we are operating at two sites in India. Our Manufacturing Facility 1 is a 3,500 square meter facility for our R&D activities, our analytical sciences, our Pilot Plant, our CRAMS facility and our hydrogenation facility. Our Manufacturing Facility 2, admeasuring 10,500 square meters, acts as a large-scale manufacturing facility with installed production capacity of 6,096 MTPA and includes a solvent recovery plant with installed capacity of 13,140 MTPA, distributed among three advanced intermediates/specialty chemicals production buildings that host 16 production streams as of December 31, 2021. During Fiscal Year 2021, we acquired a new site (Site – 3), admeasuring 5,250 square meters, which has a potential production capacity of 3,500 MTPA. We began construction activities for Proposed Greenfield Project on this new site (Site – 3) in August 2021. We also intend to purchase a fourth site (Site – 4) of approximately more than 8,000 square meters in the near future and begin construction of a Proposed Greenfield Project on this new site (Site – 4) by October 2022. We also commenced expansion of our R&D centre and our pilot plant, which we expect to complete by the end of June 2022.

Dependence of demand from pharmaceutical and agrochemical industries - As of March 31, 2022, we had over twenty-five (25) commercial products including twenty (21) pharmaceutical, one (1) coating and three (3) agrochemical intermediates and specialty chemicals. Our products find applications across a number of therapeutic segments in the pharmaceuticals industry, including hypertension, anti-platelet, anti-psychotic, anti-histamine and non-steroidal anti-inflammatory drugs ("NSAIDs"). We also have products across other customer segments, such as agrochemicals, material science, coatings, multiple-use, high performance photography, food additives and oil and gas. In the Fiscal Year 2022, revenues from our pharmaceutical products were ₹3,513.26 MM (Fiscal Year 2021: ₹3,041.90 MM), which represented 59.5% (Fiscal Year 2021: 67.6%) of our operating revenue; and revenues from agrochemical products were ₹1,456.19 MM (Fiscal Year 2021: ₹ 926.50 MM), which represented 24.7% (Fiscal Year 2021: 20.6%), of our revenue from operations.. Consequently, our revenues are dependent on the pharmaceutical and agrochemical industries that use our products as an input.

Management Discussions / Analysis Report (Contd.)

Reliance on major customers and relatively few products - Our customer base currently comprises a host of multinational and domestic companies. Of our revenue from operations in the Fiscal Year 2022, our largest customer contributed approximately 12.1% (Fiscal Year 2021: 19.4%); our top 10 customers contributed to approximately 56.4% (Fiscal Year 2021: 56.2%); and our top 20 customers contributed 73.3% (Fiscal Year 2021: 73.5%). We have long-term relationships and ongoing active engagements with many of our customers This clearly shows that our reliance on our major customer has reduced and we are able to cater to large number of customers.

In the Fiscal Year 2022, our top five specialty chemical products (4MEP, MMBC, T2E, OTBN and NODG) represented 56.0% (Fiscal Year 2021: 71.9%) of our gross revenues from operations, respectively. This shows a positive trend, wherein our reliance on few products is reducing year on year.

We have a number of supply contracts with customers of one-to-five-year duration, mostly with multinational clients and mainly for our CRAMS and contract manufacturing businesses.

Competition - Our products are used in end-user industries, such as pharmaceuticals, agrochemicals, amongst other industries. The broad-spectrum application of our products in the chemical industry is for advanced intermediates and significantly higher value specialty chemicals, which we believe is a unique position in the Indian chemical industry.

Moreover, whatever new products that we are developing in our R&D Facility are also such products which will be the first of its kind in India and we would be dominating the Indian market with the new products as well.

Costs of power and fuel - Power and fuel are critical for the continued operations of our manufacturing facilities. For the Fiscal Year 2022,, our electricity charges accounted for 3.6% (Fiscal Year 2021: 2.9%) of our revenue from operations, and our power and fuel costs (comprised of gas expenses, steam charges and diesel expenses) accounted for 5.2% (Fiscal Year 2021: 3.1%) of our revenue from operations. From Fiscal Year 2021 to Fiscal 2022, (i) our steam charges had increased from ₹83.40 MM in Fiscal Year 2021 to ₹164.73 MM in Fiscal Year 2022 and (ii) electricity expenses had increased from ₹129.64 MM in Fiscal Year 2021 to ₹ 214.84 MM in Fiscal Year 2022, primarily due to increases in coal prices and crude oil prices, along with an overall increase in our production activities. Our electricity charges, as a percentage of revenue from operations, and our power and fuel costs, a percentage of revenue from operations, were higher in the Fiscal Year 2022, when compared to the last Fiscal Year 2021, primarily due to (i) the commissioning of our new mechanical vapour recompression (MVR) plant in May 2021 and our new solvent recovery (SRP) plant in February 2021, (ii) an overall increase in our production activities, including the stabilization of new products (i.e., BFA, TACH, CNQ, HEP, BPCP) that were launched in the Fiscal Year 2022, and (iii) a general increase in coal, oil and gas prices.

Non-GAAP Financial Measures - In addition to our results determined in accordance with Ind AS, we believe the following non-GAAP measures are useful to our Company and our investors as a means of assessing and evaluating our performance in comparison to prior periods. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes: EBITDA, EBITDA Margin, PAT Margin, ROE, Capital Employed, ROCE, Debt, Net Debt, Debt-Equity Ratio, Net Debt-EBITDA Ratio, Net Worth, Return on Net Worth, Net Asset Value per Equity Share, Pre-Tax Operating Profit, Net Tangible Assets, Monetary Assets and % of Monetary Assets to Net Tangible Assets. We believe that non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

Management Discussions / Analysis Report (Contd.)

Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information are not recognized under Ind AS and do not have standardized meanings prescribed by Ind AS. In addition, non-GAAP financial measures used by us may differ from similarly titled non-GAAP measures used by other companies. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by Ind AS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with Ind AS. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of non-GAAP financial measures to their most directly comparable Ind AS financial measures included below and to not rely on any single financial measure to evaluate our business.

(₹ in MM)

Particulars	As at, or for the year ended, March 31, 2022	2021
EBITDA[1]	₹ 1,681.07	₹ 1,121.59
EBITDA Margin[2]	28.5%	24.9%
PAT Margin[3]	18.3%	15.7%
ROE[4]	28.2%	40.8%
Capital Employed[5]	₹ 6,369.36	₹ 3,548.80
ROCE[6]	24.0%	28.5%
Debt[7]	₹ 2,850.75	₹ 2,082.00
Net Debt[8]	₹ 2,730.48	₹ 2,730.48
Debt-Equity Ratio[9]	0.74	1.19
Net Debt-EBITDA Ratio[10]	2.17	2.43
Net Tangible Assets[11]	₹ 3,653.17	₹ 1,645.99
Monetary Assets[12]	₹ 33.39	₹ 35.14
% of Monetary Assets to Net Tangible Assets[13]	0.9%	2.1%
Net Worth[14]	₹ 3,868.88	₹ 1,743.33
Return on Net Worth[15]	28.2%	40.8%
Pre-Tax Operating Profit[16]	₹ 1,526.20	₹ 1,011.48
Net Asset Value per Equity Share[17]	₹ 34.33	₹ 15.69

Note :

1. EBITDA is calculated as the sum of (i) profit before tax and prior period items for the period/year, (ii) depreciation and amortization expenses, and (iii) finance costs less (iv) other income.
2. EBITDA Margin is calculated as EBITDA divided by revenue from operations.
3. PAT Margin is calculated as profit for the period/year divided by total income.
4. ROE is calculated as profit for the period/year divided by total equity.
5. Capital Employed is calculated as total equity, plus non-current borrowings, plus current borrowings, less current investments, less cash & cash equivalents, less bank balances other than cash & cash equivalents.

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Note :

6. ROCE is calculated as earnings before interest and taxes divided by Capital Employed.
7. Debt is calculated as the sum of current borrowings and non-current borrowings.
8. Net Debt is calculated as total liabilities less cash & cash equivalents and bank balances.
9. Debt-Equity Ratio is calculated as Debt divided by total equity.
10. Net Debt-EBITDA Ratio is calculated as Net Debt divided by EBITDA.
11. Net Tangible Assets is calculated as the sum of all the assets of our Company excluding, right of use assets and other intangible assets as reduced by total liabilities of our Company.
12. Monetary Assets is calculated as cash and cash equivalents and bank balances and excluding bank deposits with remaining maturity of more than twelve months and fixed deposits held as margin money.
13. Percentage of Monetary Assets to Net Tangible Assets is calculated as Monetary Assets divided by Net Tangible Assets, expressed as a percentage.
14. Net Worth is calculated as the aggregate value of the paid-up share capital and all reserves created out of the profits (inclusive of net gain consequent to fair valuation of certain assets on transition to Ind AS) and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
15. Return on Net Worth is calculated as profit for the period/year divided by Net Worth.
16. Pre-Tax Operating Profit is calculated as profit before tax and prior period items for the period/year, excluding other income, finance costs and other comprehensive income.
17. Net Asset Value per Equity Share is calculated as Net Worth divided by the weighted average number of equity shares for the period/year as adjusted for bonus issue. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year/period adjusted by the number of equity shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/period.

EBITDA, EBITDA Margin, PAT Margin and ROE -

The following table sets forth our EBITDA, EBITDA Margin, PAT Margin and ROE, in each of the Fiscal Year 2022 and Fiscal Year 2021.

(₹ in MM)

	For the Fiscal Year ended March 31,	
Particulars	2022	2021
Total income (A)	₹ 5,970.21	₹ 4,537.89
Revenue from operations (B)	₹ 5,900.47	₹ 4,498.16
Profit before tax and prior period items (C)	₹ 1,464.73	₹ 938.06
Add: Finance costs (D)	₹ 131.21	₹ 113.15
Add: Depreciation and amortization expenses (E)	₹ 154.87	₹ 110.11
Less: Other income (F)	₹ 69.74	₹ 39.73
EBITDA (G=C+D+E-F)	**₹ 1,681.07**	**₹ 1,121.59**
EBITDA Margin (H=G/B)	**28.5%**	**24.9%**
Profit for the period (I)	**₹ 1,089.29**	**₹ 711.19**
Total equity (J)	₹ 3,868.88	₹ 1,743.33
PAT Margin (I/A)	**18.2%**	**15.7%**
Return on Equity - ROE (I/J)	**28.2%**	**40.8%**

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Capital Employed and Return on Capital Employed (ROCE) -

The following table sets forth our Capital Employed and Return on Capital Employed (ROCE), including a reconciliation of ROCE to our profits/losses before tax and prior period items in each of the Fiscal Year 2022 and Fiscal Year 2021.

(₹ in MM)

	For the Fiscal Year ended March 31,	
Particulars	2022	2021
Profit before tax and prior period items (A)	₹ 1,464.73	₹ 938.06
Add: Finance costs (B)	₹ 131.21	₹ 113.15
Less: Other income (C)	₹ 69.74	₹ 39.73
EBIT (D=A+B-C)	₹ 1,525.20	₹ 1,011.48
Total equity (E)	₹ 3,868.88	₹ 1,743.33
Non-current borrowings (F)	₹ 1,218.13	₹ 1,037.87
Current borrowings (G)	₹ 1,632.62	₹ 1,044.13
Current investments (H)	₹ 170.11	₹ 220.90
Cash & cash equivalents (I)	₹ 33.39	₹ 35.14
Bank balance other than cash & cash equivalents (J)	₹ 146.77	₹ 20.49
Capital Employed (K=E+F+G-H-I-J)	₹ 6,369.36	₹ 3,548.80
ROCE (L=D/K)	24.0%	28.5%

Debt, Net Debt, Debt-Equity Ratio and Net Debt-EBITDA Ratio -

The following table sets forth our Debt, Net Debt, Debt-Equity Ratio and Net Debt-EBITDA Ratio as at March 31, 2022 and March 31, 2021.

(₹ in MM)

	As at March 31,	
Particulars	2022	2021
Non-current borrowings (A)	₹ 1,218.13	₹ 1,037.87
Current borrowings (B)	₹ 1,632.62	₹ 1,044.13
Debt (C=A+B)	₹ 2,850.75	₹ 2,082.00
Total equity (D)	₹ 3,868.88	₹ 1,743.33
Debt-Equity Ratio (E=C/D)	0.74	1.19
Total liabilities (G)	₹ 3,829.37	₹ 2,786.11
Less: cash and cash equivalents and bank balances (H)	₹ 180.16	₹ 55.63
Net Debt (I=G-H)	₹ 3,649.21	₹ 2,730.48
EBITDA (J)	₹ 1,681.07	₹ 1,121.59
Net Debt-EBITDA Ratio (K=I/J)	2.17	2.43

Net Tangible Assets, Monetary Assets, % of Monetary Assets to Net Tangible Assets, Net Worth, Return on Net Worth, Pre-Tax Operating Profit and Net Asset Value per Equity Share -

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Our Company's Net Tangible Assets, Monetary Assets, % of Monetary Assets to Net Tangible Assets, Net Worth, Return on Net Worth, Pre-Tax Operating Profit and Net Asset Value per Equity Share, including a reconciliation to our Financial Statements as at, and for, the fiscal years ended March 31, 2022 and 2021 are set forth below :

(₹ in MM)

	As at March 31,	
Particulars	2022	2021
Total assets (A)	₹ 7,698.25	₹ 4,529.44
Less: Other intangible assets (B)	₹ 4.49	₹ 5.61
Less: Right of use assets (C)	₹ 211.21	₹ 91.74
Less: Total liabilities (D)	₹ 3,829.37	₹ 2,786.11
Net Tangible Assets (F=A-B-C-D)	₹ 3,653.17	₹ 1,645.99
Cash and cash equivalents and bank balances (G)	₹ 180.16	₹ 55.63
Less: Bank deposits with remaining maturity of more than 12 months (H)	₹ 0.00	₹ 0.00
Less: Fixed deposits held as margin money (I)	₹ 146.77	₹ 20.49
Monetary Assets (J=G-H-I)	₹ 33.39	₹ 35.14
% of Monetary Assets to Net Tangible Assets (K=(J/F)*100)) (in %)	0.91%	2.13%
Net Worth (L=(1+2+3+4+5))	₹ 3,868.89	₹ 1,743.33
Issued subscribed and fully paid-up equity share capital (1)	₹ 1,126.91	₹ 100.99
General reserve (2)	₹ 0.00	₹ 0.00
Securities premium reserve (3)	₹ 1,015.73	₹ 234.62
Retained earnings (4)	₹ 1,720.29	₹ 1,407.72
Employees share options reserve (5)	₹ 5.96	₹ 0.00
Profit for the year/period (M)	₹ 1,089.29	₹ 711.19
Return on Net Worth (N=M/L) (in %)	28.2%	40.8%
Profit before tax and prior period items (O)	₹ 1,464.73	₹ 938.06
Less: Other income (P)	₹ 69.74	₹ 39.73
Add: Finance costs (Q)	₹ 131.21	₹ 113.15
Pre-Tax Operating Profit (R=O-P+Q)	₹ 1,526.20	₹ 1,011.48
Number of equity shares outstanding at the end of the period / year, after adjustment of bonus issue (S) (number in MM)	112.69	111.08
Effect of dilutive potential equity shares	-	-
Number of equity shares outstanding at the end of the period / year, after adjustment of bonus issue (T) (number in MM)	112.69	111.08
Net Asset Value per Equity Share (basic) (U=L/S) (in ₹)	₹ 34.33	₹ 15.69
Net Asset Value per Equity Share (diluted) (V=L/T) (in ₹)	₹ 34.33	₹ 15.69

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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 manufactured are done under our three business models, namely (i) Large-Scale Manufacturing of Specialty Chemicals, (ii) Contract Manufacturing, and (iii) Contract Research and Manufacturing Services ("CRAMS"). Such sales of products can be divided into (i) local sales, (ii) export sales (including sales to SEZ units within India), (iii) deemed exports (representing sales to Indian companies under an advance authorization license) and (iv) export sales under our CRAMS business model.

b. Sale of services are done under our CRAMS business model. Such sales can be divided into services provided to (i) overseas customers and (ii) customers in India.

Other income - Other income primarily comprises interest income, income from foreign exchange fluctuation, MEIS Duty Credit, exports duty drawback, interest accrued on loans to employees, interest on income tax refund, 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; (ii) the cost of packing materials; (iii) the cost of stores and spares; and (iv) the cost of other materials. Our raw materials include crude oil derivatives such as phenol and other commodities such as hydrogen, ethylene oxide and Isobutylene gas. Other important raw materials include chlorobenzonitrile methanol, toluene, methylene dichloride tetrahydrofuran, dichlorotoluene and thiophene, amongst others

b. Changes in inventories of finished goods and work-in-progress: Expenses accounted for pursuant to an (increase)/ decrease in inventories of work-in-progress.

c. Employee benefit expenses: Employee benefit expenses comprises salaries, wages and bonus, contribution to provident and other funds, gratuity, staff welfare expenses, leave encashment expenses, employee medical insurance expenses, value of discount in ESOPs and other employee related expenses.

d. Finance costs: Finance costs comprises interest expenses on term loan, cash credit, Packing Credit Loan in Foreign Currency (PCFC), bill discounting, Stand by Letter of Credit (SLC), car loans and other unsecured loans.

e. Depreciation and amortization expenses: Depreciation and amortization expenses comprises depreciation of tangible assets including our plant and machinery, building, factory equipment, computer equipment, office and other equipment, furniture and fixture, amongst others; and amortization of intangible assets including computer software and others; and amortization of leasehold land.

f. Other expenses: Other expenses comprise primarily of (a) manufacturing expenses, such as gas expenses, steam charges, diesel expenses, water, fees paid to third party workers for solvent recovery services (classified as 'job work charges' in our Financial Statements), effluent disposal, and fees paid to contract works (classified as 'manpower supply expenses' in our Financial Statements), amongst others; (b) administrative and general expenses, such as rents, salaries to directors, repairs and maintenance expenses, electricity expenses, legal and professional charges, amongst others; (c) selling and distribution expenses, such as freight and selling expenses and commissions paid to selling agents, amongst others; and (d) other expenses, such as loan processing fees and other documentation charges and bank charges, amongst others

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a. Other expenses: Other expenses comprise primarily of (a) manufacturing expenses, such as gas expenses, steam charges, diesel expenses, water, fees paid to third party workers for solvent recovery services (classified as 'job work charges' in our Financial Statements), effluent disposal, and fees paid to contract works (classified as 'manpower supply expenses' in our Financial Statements), amongst others; (b) administrative and general expenses, such as rents, salaries to directors, repairs and maintenance expenses, electricity expenses, legal and professional charges, amongst others; (c) selling and distribution expenses, such as freight and selling expenses and commissions paid to selling agents, amongst others; and (d) other expenses, such as loan processing fees and other documentation charges and bank charges, amongst others

Operating Segment and Business Models -

Our Company is exclusively engaged in the business of manufacturing of organic chemicals. As such, in accordance with Ind AS, our Company's business is considered to constitute one single primary segment.

Geographic information -

The geographic information analyses our revenues by our country of domicile and other countries for the periods/years indicated. In presenting geographic information, revenue has been based on the location of the customers

(₹ in MM)

Sales Value	FY Year 2022	For FY 2021
India (including deemed exports)	₹ 3,120.95	₹ 2,219.91
Rest of the World (including exports to SEZ)	₹ 2,779.52	₹ 2,278.25
Total	**₹ 5,900.47**	**₹ 4,498.16**

The following table sets out the total carrying amount of assets as at March 31, 2022 and March 31, 2021, broken down by location of the assets.

(₹ in MM)

Non-current assets*	As at March 31, 2022	As at March 31, 2021
India	₹ 962.10	₹ 607.14
Rest of the World	₹ 672.71	₹ 475.26
Total	₹ 1,634.80	₹ 1,082.40

* segment assets represent trade receivables

Business models -

We have three broad business models within our primary operating segment, which are (a) Large-Scale Manufacturing of Specialty Chemicals, (b) Contract Manufacturing, and (c) Contract Research and Manufacturing Services ("CRAMS"), and our geographical segments: The following table sets out our revenue for each of the periods/fiscal years mentioned, broken down by our three (3) business models.

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(₹ in MM)

Particulars	Fiscal Year 2022	Fiscal Year 2021
Revenue :		
Large-Scale Manufacturing of Specialty Chemicals	₹ 3,955.03	₹ 3,249.18
Contract Manufacturing	₹ 1,402.39	₹ 871.57
CRAMS	₹ 479.05	₹ 359.04
Others1	₹ 64.00	₹ 18.37
Total Revenue from Operations	₹ 5,900.47	₹ 4,498.16

"Others" represents sale of wastage material, as well as packing material and certain raw material no longer required in our production activities.

Results of Operations -

The following table sets forth our income statement data, the components of which are expressed as a percentage of total income for the periods indicated, for our operations for Fiscal Year 2022 and Fiscal Year 2021.

(₹ in MM)

	For the year ended March 31,			
Particulars	2022		2021	
	(₹ in MM)	% of Total Income	(₹ in MM)	% of Total Income
Income				
Revenue from operations	₹ 5,900.47	98.83	₹ 4,498.16	99.12
Other income	₹ 69.74	1.17	₹ 39.73	0.88
Total income	₹ 5,970.21	100.00	₹ 4,537.89	100.00
Expenses				
Cost of materials consumed	₹ 3,585.21	60.05	₹ 2,249.16	49.56
Changes in inventories of finished goods and work-in-progress	-₹ 704.88	-11.81	₹ 57.72	1.27
Employee benefits expense	₹ 270.44	4.53	₹ 221.13	4.87
Finance costs	₹ 131.21	2.20	₹ 113.15	2.49
Depreciation and amortization expenses	₹ 154.87	2.59	₹ 110.11	2.43
Other expenses	₹ 1,068.63	17.90	₹ 848.56	18.70
Total expenses	₹ 4,505.48	75.47	₹ 3,599.83	79.33
Profit before tax	₹ 1,464.73	24.53	₹ 938.06	20.67
Tax Expenses				
Current tax	₹ 338.73	5.67	₹ 201.00	4.43
Deferred tax	₹ 36.72	0.62	₹ 25.87	0.57
Total tax expenses	₹ 375.44	6.29	₹ 226.86	5.00
Profit for the year	₹ 1,089.29	18.25	₹ 711.20	15.67

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Results of operations for the Fiscal 2022 compared with Fiscal 2021

(₹ in MM)

Particulars	FY ended March 31, 2022	FY ended March 31, 2021	Change (%)
Income			
Revenue from operations	₹ 5,900.47	₹ 4,498.16	31.18%
Other income	₹ 69.74	₹ 39.73	75.53%
Total revenue	**₹ 5,970.21**	**₹ 4,537.89**	**31.56%**
Expenses			
Cost of materials consumed	₹ 3,585.21	₹ 2,249.16	59.40%
Changes in inventories of finished goods and work-in-progress	-₹ 704.88	₹ 57.72	-1,321.21%
Employee benefits expenses	₹ 270.44	₹ 221.13	22.30%
Finance costs	₹ 131.21	₹ 113.15	15.96%
Depreciation and amortization expenses	₹ 154.87	₹ 110.11	40.65%
Other expenses	₹ 1,068.63	₹ 848.56	25.93%
Total expenses	**₹ 4,505.48**	**₹ 3,599.83**	**25.16%**
Profit before tax	**₹ 1,464.73**	**₹ 938.06**	**56.14%**
Tax expenses:			
Current tax	₹ 338.73	₹ 201.00	68.52%
Deferred tax	₹ 36.72	₹ 25.87	41.94%
Total tax expenses	**₹ 375.44**	**₹ 226.87**	**65.49%**
Profit for the year	**₹ 1,089.29**	**₹ 711.19**	**53.16%**

Revenue from operations

Set forth below is a table showing our revenue from operations, sales volume (in MT) and average selling price (in ₹ per KG) for Fiscal Year 2022 and Fiscal Year 2021, broken down by product line :

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(₹ in MM)

Product	For the year ended March 31, 2022			
	Revenue	% of revenue from operations	Qty. (KG in MM)	Average selling price (₹ per KG)
4MEP	₹ 1,650.33	27.97%	1.05	₹ 1,566.02
MMBC	₹ 588.49	9.97%	0.21	₹ 2,786.42
T2E	₹ 668.10	11.32%	0.38	₹ 1,759.05
OTBN	₹ 243.51	4.13%	0.20	₹ 1,193.22
CRAMS	₹ 479.05	8.12%		
Others	₹ 2,270.99	38.49%	2.15	₹ 1,056.27
Total	**₹ 5,900.47**	**100.00%**	**3.99**	**₹ 1,478.77**

(₹ in MM)

Product	For the year ended March 31, 2021			
	Revenue	% of revenue from operations	Qty. (KG in MM)	Average selling price (₹ per KG)
4MEP	₹ 944.35	20.99%	0.61	₹ 1,543.34
MMBC	₹ 694.76	15.45%	0.24	₹ 2,894.83
T2E	₹ 682.15	15.17%	0.42	₹ 1,624.14
OTBN	₹ 620.76	13.80%	0.40	₹ 1,551.80
CRAMS	₹ 359.04	7.98%		
Others	₹ 1,197.10	26.61%	1.45	₹ 825.62
Total	**₹ 4,498.16**	**100.00%**	**3.12**	**₹ 1,440.85**

Our revenue from operations increased by 31.2% from ₹4,498.16 MM in Fiscal Year 2021 to ₹5,900.47 MM in Fiscal Year 2022. This increase can be primarily attributed to revenue generated from our sales of products under our Large-Scale Manufacturing of Specialty Chemicals business, which increased by ₹705.84 MM, or 21.7%, from ₹3,249.18 MM in Fiscal Year 2021 to ₹ 3,955.02 MM in Fiscal Year 2022, primarily due to an increase in total volume of products sold. Revenue generated from sales of products under our Contract Manufacturing business increased significantly by ₹530.82 MM, or 60.9%, from ₹871.57 MM in Fiscal Year 2021 to ₹1,402.39 MM in Fiscal Year 2022.

In terms of our top products, the increase in revenue generated from sales of products is principally due to (i) a 74.8% increase in revenue from the sales of 4MEP, our top product, from ₹944.35 MM in Fiscal Year 2021 to ₹1,650.33 MM in Fiscal Year 2022, which was the result of a 72.1% increase in sales volume and a 1.5% increase in the average selling price of such product, and (ii) a 33.4% increase in revenue from CRAMS from ₹ 359.04 MM in Fiscal Year 2021 to ₹479.05 MM in Fiscal Year 2022.

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These increases were partially offset by (i) a 15.3% decrease in revenue from the sales of MMBC from ₹694.76 MM in Fiscal Year 2021 to ₹588.49 MM in Fiscal Year 2022, which was the result of a 3.7% decrease in the average selling price and 12.5% reduction in the volume for such product, (ii) a 2.1% decrease in revenue from the sales of T2E from ₹682.15 MM in Fiscal Year 2021 to ₹668.10 MM in Fiscal Year 2022, which was the result of 11.9% decrease in the volume of such product. The average selling price of T2E, though increased by 8.3% and (iii) reduction in the revenue from OTBN, which has been the phenomena due to reduction in prices of this product all over the world. Moreover, the other products have shown an increasing trend in volume and average selling price in Fiscal Year 2022, compared to Fiscal Year 2021, which has also helped us achieve growth in revenue from operations.

Other Income

Our other income increased by 75.5% from ₹39.73 MM in Fiscal Year 2021 to ₹69.74 MM in Fiscal Year 2022. Such increase was primarily due to (i) an increase in income resulted from foreign exchange fluctuations from ₹18.32 MM in Fiscal Year 2021 to ₹18.37 MM in Fiscal Year 2022, which was mainly the result of an appreciation of the Indian Rupee against foreign currencies and foreign exchange management by the Company;(ii) an increase in Merchandise Exports from India Scheme (MEIS) duty credit given us by the Government from ₹15.42 MM in Fiscal Year 2021 to ₹21.65 MM in Fiscal Year 2022 as a result of our increased exports and (iii) Interest Subsidy on term loan which amounted to ₹15.00 MM in Fiscal Year 2022.

Cost of Materials Consumed

Our cost of materials consumed increased by 59.4% from ₹2,249.16 MM in Fiscal Year 2021 to ₹3,585.21 MM in Fiscal Year 2022, primarily due to an increase in the volume of products manufactured.

Change in inventories of finished goods and work-in-progress

Our opening stock of (i) finished goods was ₹115.06 MM as at April 1, 2021, while it was ₹181.28 MM as at April 1, 2020 and (ii) work-in-progress was ₹156.31 MM as at April 1, 2021, while it was ₹147.81 MM as at April 1, 2020.

Our closing stock of (i) finished goods was ₹ 549.57 MM as at March 31, 2022, while it was ₹115.06 MM as at March 31, 2021 and (ii) work-in-progress was ₹426.68 MM as at March 31, 2022, while it was ₹156.31 MM as at March 31, 2021.

The reduction in our change in inventories of finished goods and work-in-progress to ₹704.88 MM in Fiscal Year 2022 from ₹57.72 MM in Fiscal Year 2021 was primarily a result of a increase in closing stock of finished goods and work-in-progress by ₹434.51 MM and ₹ 270.37 MM as at March 31, 2022, respectively.

Finance Costs

Our finance costs increased by 15.96% from ₹113.15 MM in Fiscal Year 2021 to 131.21 MM in Fiscal Year 2022, primarily due to an increase in interest expenses as we took on additional debt, such as term loans and cash credit, which was partially offset by a decrease in interest rates in Fiscal Year 2022.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased by 40.65% from ₹110.11 MM in Fiscal Year 2021 to ₹154.87 MM in Fiscal Year 2022, primarily due to an increase in depreciation on plant and machinery installed in our new manufacturing unit/ plant constructed on our second manufacturing facility (Manufacturing Facility-2), which is in line with the increased operations.

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Other expenses

Our other expenses increased by 25.9% from ₹848.56 MM in Fiscal 2021 to ₹1,068.63 MM in Fiscal Year 2022, generally in line with the increase in our production volume and operations of the Company. Specifically, the increase was mainly driven by increases in (i) power and fuel expenses, in particular steam charges, and electricity expenses in relation to our new manufacturing unit/plant constructed on our second manufacturing site (Manufacturing Facility – 2) during Fiscal 2021 and available to operation for the entire year in Fiscal 2022,(ii) fees paid to contract workers due to our increased production, (iii) salaries to directors, and (iv) repairs and maintenance expenses for plant and machinery.

Profit before tax

As a result of the foregoing, we recorded an increase of 56.1% in our profit before tax, which amounted to ₹1,464.73 MM in Fiscal Year 2022, as compared to ₹938.06 MM in Fiscal Year 2021.

Tax expenses

Our tax expenses (current and deferred) increased by 65.5% from ₹226.87 MM in Fiscal Year 2021 to ₹375.44 MM in Fiscal Year 2022. Our effective tax rate in Fiscal Year 2022 and Fiscal Year 2021 was 25.63% and 24.19%, respectively.

Profit for the period

As a result of the foregoing, we recorded an increase of 53.2% in our profit for the year from ₹711.19 MM in Fiscal Year 2021 to ₹1,089.29 MM in Fiscal Year 2022.

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. 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 and optimization of operating working capital. For the Fiscal Year 2022 and Fiscal Year 2021, 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, borrowings from Promoters and a fund raising by way of issuance of redeemable cumulative preference shares.

For the expansion projects 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.

The Company has also filed its Draft Red Herring Prospectus (DRHP) with SEBI on December 29, 2021, in order to raise funds through IPO for various requirements like Paying off all the Debts of the Banks, Funding the Project at upcoming Greenfield Project at Site 3, Working Capital Requirements and various other General Corporate Purposes.

Liquidity

Our liquidity requirements arise principally from our operating activities, capital expenditures for construction of new facilities and undertaking of new projects, the repayment of borrowings and debt service obligations. Historically, our principal sources of funding have included cash from operations, short-term 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.

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Cash Flows

The following table summarizes our cash flows for the Fiscal Year 2022 and Fiscal Year 2021: (₹ in MM)

Particulars	As on March 31, 2022	As on March 31, 2021
Net Cash generated from Operating Activities	-₹ 54.42	₹ 231.96
Net Cash (Used in) Investing Activities	-₹ 1,509.41	-₹ 765.93
Net Cash from/(Used in) Financing Activities	₹ 1,688.37	₹ 553.60
Net Increase / (Decrease) in Cash and Cash Equivalents	₹ 124.54	₹ 19.63
Cash and Cash Equivalents at the beginning of the year	₹ 55.63	₹ 36.00
Cash and Cash Equivalents at the end of the year	₹ 180.17	₹ 55.63

Cash flows generated from operating activities

We had negative ₹54.42 MM net cash from operating activities during the Fiscal Year 2022. While our net profit before tax was ₹1,464.73 MM, we had an operating profit before working capital changes of ₹1,735.62 MM, primarily due to adjustments for depreciation and amortization expenses of ₹154.87 MM and finance costs of ₹131.21 MM, which were partially offset by net unrealized foreign exchange gain, interest income and income from mutual funds amounting to ₹7.28 MM, ₹4.68 MM and ₹3.23 MM, respectively. Our adjustments for working capital changes for the Fiscal Year 2022 primarily consisted of increases in trade receivables of -₹552.40 MM, inventories of -₹780.16 MM and other current assets of -₹358.90 MM, which were partially offset by a decrease in current investments of ₹50.79 MM and an increase in trade payables of ₹220.81 MM. Our cash generated from operating activities was ₹284.03 MM, adjusted by tax paid (net of refund) of -₹338.45 MM.

We generated ₹231.96 MM net cash from operating activities during Fiscal Year 2021. While our net profit before tax was ₹938.06 MM, we had an operating profit before working capital changes of ₹1,161.22 MM, primarily due to adjustments for depreciation and amortization expenses of ₹110.11 MM and finance costs of ₹113.15 MM, which were partially offset by interest income of ₹1.00 MM. Our adjustments for working capital changes for Fiscal Year 2021 primarily consisted of increases in trade receivables of -₹468.46 MM, current investments of -₹220.77 MM and inventories of -₹127.89 MM, which were partially offset by increases in trade payables of ₹97.45 MM and other current liabilities of ₹26.03 MM. Our cash generated from operating activities was ₹431.97 MM, adjusted by tax paid (net of refund) of -₹200.01 MM.

Cash flows used in investing activities

Net cash used in investing activities was ₹1,509.41 MM in Fiscal Year 2022, primarily on account of ₹527.66 MM used for purchase of fixed assets principally for Manufacturing Facility – 1 and Manufacturing Facility – 2 for various requirements of capital expenditure to be done for the plant at Manufacturing Facility – 2, expansion of R&D and Pilot Plant at Manufacturing Facility – 1, and ₹898.66 MM used for capital work in progress and capital advance.

Net cash used in investing activities was ₹765.93 MM in Fiscal Year 2021, primarily on account of ₹969.95 MM used for purchase of fixed assets principally for the third manufacturing facility constructed on our second site (Manufacturing Facility – 2), which was partially offset by capital work in progress and capital advance of ₹196.75 MM.

Management Discussions / Analysis Report (Contd.)

Cash flows generated from / (used in) financing activities

Net cash used in financing activities in the Fiscal Year 2022 amounted to ₹1,688.37 MM, which primarily consisted of proceeds from long-term borrowings in the amount of ₹267.63 MM and interest paid in the amount of -₹131.21 MM, proceeds from working capital facilities in the amount of ₹177.62 MM, proceeds of other financial liabilities in the amount ₹1 9.03 MM and proceeds from the preferential allotment of Equity Shares of ₹1,031.80 MM.

Net cash generated from financing activities in Fiscal Year 2021 amounted to ₹553.60 MM, which primarily consisted of proceeds from long-term borrowings in the amount of ₹432.18 MM and net proceeds from working capital facilities in the amount of ₹194.06 MM, partially offset by interest paid in the amount ₹113.15 MM.

Capital and Other Commitments

As of March 31, 2022 and March 31, 2021, the estimated amount of contracts remaining to be executed on capital account not provided for was ₹ 426.64 MM and ₹ 12.42 MM, respectively.

Capital Expenditure

Capital expenditures consist primarily of investments in new manufacturing facilities and equipment. We also make investments at our manufacturing facilities to add new technologies, modernise facilities and expand our product lines. Capital expenditure will vary from year to year depending upon a number of factors, including the need to replace equipment and the timing of certain projects, such as investment in new technologies. In the Fiscal Year 2022, we incurred capital expenditure of ₹1,010.13 MM (Fiscal Year 2021: ₹800.62 MM). A significant amount of our capital expenditure was aimed at constructing manufacturing and other facilities, increasing our manufacturing capacities and diversifying our product base, along with the construction of the Greenfield Project at site 3.

Contingent Liabilities

Contingent liabilities, to the extent not provided for, as of March 31, 2022 and March 31, 2021, as determined in accordance with Ind AS 37, are described below.

Contingent liabilities	Currency	As of March 31, 2022		As of March 31, 2021	
		Amount (₹ in MM)	Margin (₹ in MM)	Amount (₹ in MM)	Margin (₹ in MM)
Bank guarantees issued for customs, Gujarat Gas Ltd. and DGVCL	₹ (in MM)	₹ 47.93	₹ 11.45	₹ 36.57	₹ 10.37
Bank guarantees issued for raw material LC	₹ (in MM)	₹ 0.00		₹ 0.00	
Bank guarantees issued for raw material FLC	US$ (in MM)	₹ 2.94	₹ 13.10	₹ 0.82	₹ 10.12
Income Tax Demands*	₹ (in MM)	₹ 20.96	-	₹ 1.14	-

Management Discussions / Analysis Report (Contd.)

*The Income Tax Demands are under appeal by the Company and the outcome of the same is not known and hence the demand amount has been considered as contingent liability.

Note :
All the contingent liabilities are not 100% secured through cash margins placed with banks. The banks require 15% margin money on bank guarantees and 15% margin money on LC facilities.

Financial Indebtedness

The following table sets forth secured and unsecured debt position as of March 31, 2022 and March 31, 2021.

(₹ in MM)

Indebtedness	As of March 31, 2022	As of March 31, 2021
Short Term		
Secured Borrowings, comprising of	₹ 1,183.42	₹ 918.43
Loans repayable on demand	₹ 890.16	₹ 712.54
Bank term loans	₹ 292.30	₹ 205.01
Bank vehicle loans	₹ 0.96	₹ 0.88
Unsecured Borrowing	₹ 449.20	₹ 125.70
Loans from Banks	₹ 300.00	₹ 0.00
Loans from Promoters	₹ 149.20	₹ 125.70
Long Term		
Secured Borrowings, comprising of	₹ 1,218.13	₹ 1,037.87
Bank term loans	₹ 1,217.07	₹ 1,035.85
Bank vehicle loans	₹ 1.06	₹ 2.02
Total Indebtedness	₹ 2,850.75	₹ 2,082.00

Credit Risk

Credit risk is the risk of financial loss to our Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

Our credit risk on cash and cash equivalents is limited, since we maintain deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies. Our credit risk, therefore, principally arises from our Company's trade receivables from customers Such credit risk is mainly influenced by the individual characteristics of each customer of our Company. However, our management also considers factors that may influence the credit risk of our customer base, including the risk of default associated with the industry and country in which our customers operate in.

During the Fiscal 2022 and Fiscal 2021, based on our management's estimates, we did not make any provision on expected credit loss on our trade receivables and other financial assets.

Management Discussions / Analysis Report (Contd.)

Liquidity Risk

Liquidity risk is the risk that our Company will be unable or encounter difficulty to meet financial liabilities obligations through cash settlement or by delivering other financial assets.

Our treasury department is responsible for liquidation and funding requirements and liquidity policies and procedures are also overseen by our management. Our Company's approach in managing liquidity is to ensure that we have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, and without incurring unacceptable losses or putting our Company's reputation at risk. Our principal sources of liquidity are cash and cash equivalents and cash flow generated from our operations.

The table below sets out an analysis of working capital and current ratio as at March 31, 2022 and March 31, 2021:

(₹ in MM)

Particulars	As of March 31, 2022	As of March 31, 2021
Total Current Assets (A)	₹ 4,097.90	₹ 2,335.28
Total Current Liabilities (B)	₹ 2,421.75	₹ 1,619.06
Working Capital (A-B)	₹ 1,676.15	₹ 716.22
Current Ratio	₹ 1.69	₹ 1.44

The table below sets out exposure to financial liabilities based on the contractual maturity as at the reporting date:

(₹ in MM)

Particulars	Carrying value	Less than 1 Year	More than 1 Year	Total
As at March 31, 2022				
Borrowings	₹ 2,850.75	₹ 1,632.62	₹ 1,218.13	₹ 2,850.75
Trade payables	₹ 698.54	₹ 697.58	₹ 0.96	₹ 698.54
Lease Liabilities	₹ 56.54	₹ 5.85	₹ 50.69	₹ 56.54
Other liabilities	₹ 63.46	₹ 63.46	-	₹ 63.46
As at March 31, 2021				
Borrowings	₹ 2,082.00	₹ 1,044.13	₹ 1,037.87	₹ 2,082.00
Trade payables	₹ 477.73	₹ 477.62	₹ 0.11	₹ 477.73
Lease Liabilities	₹ 30.67	₹ 3.56	₹ 27.11	₹ 30.67
Other liabilities	₹ 44.43	₹ 44.43	-	₹ 44.43

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. Similarly, a portion of our expenses, including cost of raw materials or imported equipment, are denominated in currencies other than Indian Rupees. We do not enter into any hedging activities for our foreign currency positions.

Management Discussions / Analysis Report (Contd.)

The table below sets out an analysis of unhedged foreign currency exposure:

Particulars	For the year ended March 31, 2022 Foreign currency (in MM)	For the year ended March 31, 2022 Equivalent amount in rupees (₹ in MM)	For the year ended March 31, 2021 Foreign currency (in MM)	For the year ended March 31, 2021 Equivalent amount in rupees (₹ in MM)
a. Financial Assets				
Trade Receivables	$ 8.88	₹ 672.71	$ 6.51	₹ 475.26
Balance with banks – in EEFC accounts	$ 0.85	₹ 32.40	$ 0.47	₹ 33.96
b. Financial Liabilities				
Trade Payables	$ 0.53	₹ 40.16	$ 0.98	₹ 72.14
c. Currency wise net exposure				
Financial Assets – Financial Liabilities	$ 9.20	₹ 664.94	$ 6.00	₹ 437.08

Particulars	Impact on profit before tax / pre- tax equity As at March 31, 2022	Impact on profit before tax / pre- tax equity As at March 31, 2021
Increase by 50 basis points	-₹ 12.00	-₹ 9.77
Decrease by 50 basis points	₹ 12.00	₹ 9.77

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 three fiscal Years

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.

The exposure of the borrowings (long term and short term) to interest rate changes at the end of the reporting period are as follows:

Management Discussions / Analysis Report (Contd.)

Sensitivity analysis

Particulars	As at March 31, 2022	As at March 31, 2021
Variable rate borrowings	₹ 2,399.52	₹ 1,953.40
Variable rate borrowings	₹ 151.22	₹ 128.60
Total Borrowings	₹ 2,550.74	₹ 2,082.00

Capital management

The Company's capital comprises equity share capital, surplus in the statement of profit and loss and other equity attributable to equity holders.

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below:

Particulars	As at March 31, 2022	As at March 31, 2021
Total liabilities	₹ 3,829.37	₹ 2,786.11
Less: cash and cash equivalents and bank balances	₹ 180.16	₹ 55.63
Net debt	₹ 3,649.21	₹ 2,730.48
Total Equity	₹ 3,868.88	₹ 1,743.33
Debt-equity ratio	0.94	1.57

Related Party Transactions

We enter into various transactions with related parties. For further information see Financial Statements - Note 40.

Significant Economic Changes

Other than as described above, to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Unusual or Infrequent Events of Transactions

Except as described in this Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Financial Reports

The Ind AS Standalone Audited Financial Statements ("Financial Statements") comprise of the Audited Statement of Assets and Liabilities as at March 31, 2022 and as at March 31, 2021, the related Audited Ind AS Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year ended March 31, 2022 and March 31, 2021 respectively and the Significant Accounting Policies and Other Financial Information.

These Financial Statements have been prepared as required under the SEBI ICDR Regulations prepared in terms of the requirements of: (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act"); (b) relevant provisions of the SEBI ICDR Regulations; and (c) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). The Financial Reports show the affairs of the Company on the date of the Balance Sheet and its profit or loss for the period ended on that date. The Financial Reports are audited by the Statutory Auditors in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs) .

The Statutory Auditor is independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder.

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

The Company's management is responsible for preparation of these Financial Statements that give a true and fair view of the state of affairs, profit, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

To,
The Members,
Aether Industries Limited
Surat

I. Audit Report on the Financial Statements

1. Opinion

A. We have audited the accompanying Standalone Ind AS Financial Statements of AETHER INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

B. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters We have determined the matters described below to be the key audit matters to be communicated in our report.

4. Information Other than the Standalone Financial Statements and Auditor's Report thereon

A. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

5. Management's Responsibility for the Financial Statements

A. The Company's management is responsible for preparation of these Financial Statements that give a true and fair view of the state of affairs, profit, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report (Contd.)

6. Auditor's Responsibilities for the Audit of the Financial Statements

A. Our objectives are to obtain reasonable assurance about whether the 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 Standards of Auditing issued by the Institute of Chartered Accountants of India ("ICAI"), 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

C. Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in

- planning the scope of our audit work and in evaluating the results of our work; and
- to evaluate the effect of any identified misstatements in the Financial Statements.

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

E. We also provide those charged with governance with a statement that we have complied with relevant ethical

Independent Auditor's Report (Contd.)

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

II. Report on Other Legal and Regulatory Requirements

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

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

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

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

D. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

E. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

- The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements;
- The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Independent Auditor's Report (Contd.)

III. Other Matters

1. Opening balance with respect to the financial information for the year ended March 31, 2022, included in these Financial Statements, are based on audited Financial Statements for the year ended March 31, 2021, which has been approved by the Company's Board of Directors on December 6, 2021.

Our opinion is not modified in respect of this matter.

IV. Basis of Accounting and Restriction on Distribution and Use

The financial statements are prepared solely to assist Aether Industries Limited to meet the requirements of preparation of Financial Statements in connection with its initial public offer also, along with annual reporting of financial information.

For Birju S. Shah & Associates
Chartered Accountants | ICAI Firm Reg. No.: 131554W

Birju S. Shah - Proprietor
Membership No.: 107086 | UDIN: **22107086AKZYYJ3096**

Place: Surat | Date: June 16, 2022

Annexure - A to the Auditors' Report

The Annexure referred to in our report to the members of AETHER INDUSTRIES LIMITED for the year ended March 31, 2022.

On the basis of the information and explanation given to us during the course of our audit, we report that:

1. A. (a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment; Yes, all the Capital Assets have been properly recorded containing details of quantity, situation and all other relevant particulars from which particular Asset can be identified.

   A. (b) Whether the company is maintaining proper records showing full particulars of intangible assets; Yes, the company is following proper harmonized system to record its Fixed Assets which demonstrate full particulars of the Assets.

   B. Whether these Property, Plant and Equipment have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt within the books of account;
   Yes, all the capitalized Assets are physically verified by the management.

   C. Whether the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the company, If not, provide the details thereof in the format below;
   Yes, the Company has leasehold titles of the Plot No. 8203, GIDC Sachin, Surat in its name.

   D. Whether the Company has revalued its Property, Plant and Equipment (including Right of Use Assets) or intangible assets or both during the year and, if so, whether the revaluation is based on the valuation by a Registered valuer; specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets; No, there is no any kind of revaluation in respect of Property, Plant and Equipment (including Right of Use Assets) or intangible assets or both, during the year.

   E. Whether any proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under, if so, whether the Company has appropriately disclosed the details in its financial statements; No, there is no any kind of such proceedings under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and rules made there under, if so, have been initiated or are pending against the Company till the audit period.

Independent Auditor's Report (Contd.)

2. A. Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether, in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate; whether any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and if so, whether they have been properly dealt with in the books of account ; Yes, inventory (Including but not limited to Raw Material, Semi-Finished and Finished Goods) has been properly verified by the management at reasonable intervals. No any material discrepancies have been noticed during the course of audit.

   B. Whether during any point of time of the year, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details; Yes, the Company has been sanctioned working capital limit exceeding rupees five crores and quarterly returns and statements are in conformity with the books of accounts of the Company.

3. Whether during the year, the Company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, if so. During the audit period, the Company has not made any investment in, provided any guarantee or security or granted, secured or unsecured, to companies, firms, LLP or any other parties. The Company has a policy to give short term loans to the employees and proper documentation as well as policy of the Company has been followed.

   A. Whether during the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity [not applicable to companies whose principal business is to give loans], if so, indicate-

   (a) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates; This particular clause is not applicable to the Company for the audit period.

   (b) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates; This particular clause is not applicable to the Company for the audit period.

   B. Whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest; This particular clause is not applicable to the Company for the audit period.

   C. In respect of loans and advances in the nature of loans whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; In respect of loans provided to the employees of the Company, a proper schedule of the repayment of loans has been stipulated and

Independent Auditor's Report (Contd.)

and repayment or receipts are regular.

   D. If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest; This particular clause is not applicable to the Company for the audit period.

   E. Whether any loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties, if so, specify the aggregate amount of such dues renewed or extended or settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year [not applicable to companies whose principal business is to give loans]; This particular clause is not applicable to the Company for the audit period.

   F. Whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of Section 2 of the Companies Act, 2013; This particular clause is not applicable to the Company for the audit period.

4. In respect of loans, investments, guarantees, and security, whether provisions of Sections 185 and 186 of the Companies Act have been complied with, if not, provide the details thereof; Yes, the provisions of Section 185 and 186 have been duly complied with.

5. In respect of deposits accepted by the company or amounts which are deemed to be deposits, whether the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made there under, where applicable, have been complied with, if not, the nature of such contraventions be stated; if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not; This particular clause is not applicable to the Company for the audit period.

6. Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act and whether such accounts and records have been so made and maintained; Yes, the Company has maintained proper cost records within the premises.

7. A. Whether the company iState Insurance, Income-tax, Sales-tax, Service tax, duty of customs, duty of excise, Value Added Tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated; Yes, all the statutory dues including GST, PF, ESI, Income Tax, custom duty, excise duty, VAT etc. have been deposited at regular intervals during the audit period.

Independent Auditor's Report (Contd.)

B. Where statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned (a mere representation to the concerned Department shall not be treated as a dispute); There are appeals pending in income tax for the Fiscal Years 2016-17, 2017-18 and 2019-20. The disputed demand of ₹2,16,940/- for A.Y. 2017-18, ₹9,27,870/- for A.Y. 2018-19 and ₹1,98,19,620/- for AY 2020-21 are outstanding.

8. Whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), if so, whether the previously unrecorded income has been properly recorded in the books of account during the year; No such instances have been found.

9. A. Whether the company has defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender, if yes, the period and the amount of default to be reported as per the format below:

Nature of borrowing, including debt securities	Name of lender*	Amount not paid on due date	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
NA	NA	-	-	-	-

*lender wise details to be provided in case of defaults to banks, financial institutions and Government

B. Whether the company is a declared wilful defaulter by any bank or financial institution or other lender; No

C. Whether term loans were applied for the purpose for which the loans were obtained; if not, the amount of loan so diverted and the purpose for which it is used may be reported; Yes, disbursed amount of sanctioned for term loans have been utilized for the purpose for which same has been sanctioned and obtained.

D. Whether funds raised on short term basis have been utilised for long term purposes, if yes, the nature and amount to be indicated; No.

E. Whether the Company has taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures, if so, details thereof with nature of such transactions and the amount in each case; No, the Company has not taken any fund for the stated purpose.

F. Whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, if so, give details thereof and also report if the company has defaulted in repayment of such loans raised; No, the Company has not taken any fund for the stated purpose.

10. A. Whether moneys raised by way of initial public offer or further public offer (including debt instruments) during the year were applied for the purposes for which those are raised, if not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; No, the Company has not raised any moneys by way of initial public offer or further public offer (Including debt instruments) during the year.

B. Whether the company has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and if so, whether the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised, if not, provide details in respect of amount involved and nature of non-compliance; The company has made preferential allotment or private placement of shares but not of convertible debentures (fully, partially or optionally convertible) during the year. The provision of Section 42 and Section 62 of the Companies Act, 2013 has been duly complied with.

11. A. Whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated; No any kind of such instances has been noticed during the course of audit.

B. Whether any report under sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government; No.

C. Whether the auditor has considered whistle-blower complaints, if any, received during the year by the company; No any kind of such instances has been noticed during the course of audit.

12. A. Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability; This particular clause is not applicable to the Company for the audit period.

B. Whether the Nidhi Company is maintaining ten percent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; This particular clause is not applicable to the Company for the audit period.

C. Whether there has been any default in payment of interest on deposits or repayment thereof for any period and if so, the details thereof; This particular clause is not applicable to the Company for the audit period.

13. Whether all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards; Yes, the provisions of Section 177 and 188 of the Companies Act, 2013 has been duly complied by the Company and has also been duly disclosed in the financial statements as required by Ind AS 24.

14. A. Whether the company has an internal audit system commensurate with the size and nature of its business; Yes. The Company has adequate internal audit system which commensurate with the size and nature of its business.

B. Whether the reports of the Internal Auditors for the period under audit were considered by the statutory auditor; Yes. The internal auditor's report has been duly considered for statutory audit.

Independent Auditor's Report (Contd.)

Independent Auditor's Report (Contd.)

15. Whether the company has entered into any non-cash transactions with Directors or persons connected with him and if so, whether the provisions of Section 192 of Companies Act have been complied with; The Company has not entered into any non-cash transactions with any Directors or persons connected with them.

16. A. Whether the company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and if so, whether the registration has been obtained; This particular clause is not applicable to the Company for the audit period.

B. Whether the company has conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934; This particular clause is not applicable to the Company for the audit period.

C. Whether the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfil the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfil such criteria; This particular clause is not applicable to the Company for the audit period.

D. Whether the Group has more than one CIC as part of the Group, if yes, indicate the number of CICs which are part of the Group; This particular clause is not applicable to the Company for the audit period.

17. Whether the company has incurred cash losses in the financial year and in the immediately preceding financial year, if so, state the amount of cash losses; No, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

18. Whether there has been any resignation of the statutory auditors during the year, if so, whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors; No, there is no resignation of statutory auditors during the year.

19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date; Yes, as per the substantive analytical procedures, the Company is in position to meet its liability exist on the date of balance sheet and when they fall due within a period of one year from the date of balance sheet.

20. A. Whether, in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act; Yes, the Company has duly complied with the provisions of Section 135 of the companies act, 2013.

Independent Auditor's Report (Contd.)

B. Whether any amount remaining unspent under sub-section (5) of Section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the said Act; This particular clause is not applicable to the Company for the audit period.

21. Whether there have been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements, if yes, indicate the details of the companies and the paragraph numbers of the CARO Report containing the qualifications or adverse remarks. This particular clause is not applicable to the Company for the audit period.

For Birju S. Shah & Associates
Chartered Accountants | ICAI Firm Reg. No.: 131554W

Birju S. Shah - Proprietor
Membership No.: 107086 | UDIN: **22107086AKZYYJ3096**

Place: Surat | Date: June 16, 2022

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of AETHER INDUSTRIES LIMITED ("The Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies

Independent Auditor's Report (Contd.)

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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022; based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Birju S. Shah & Associates
Chartered Accountants | ICAI Firm Reg. No.: 131554W

Birju S. Shah - Proprietor
Membership No.: 107086 | UDIN: **22107086AKZYYJ3096**

Place: Surat | Date: June 16, 2022

Annexure I - Statement of Assets and Liabilities

(All amounts in Indian Rupees millions, unless otherwise stated)

Assets	Notes	As at March 31, 2022	As at March 31, 2021
Non-current assets			
Property, plant and equipment	3	₹ 2,355.28	₹ 2,064.98
Capital work-in-progress	4	₹ 577.42	₹ 1.98
Right-of-use assets	5	₹ 211.21	₹ 91.74
Other intangible assets	6	₹ 4.49	₹ 5.61
Financial assets			
I. Investments	7	₹ 2.09	₹ 2.09
II. Other financial assets	8	₹ 23.20	₹ 15.34
Other non-current assets	9	₹ 426.64	₹ 12.42
Total non-current assets		₹ 3,600.34	₹ 2,194.16
Current assets			
Inventories	10	₹ 1,627.44	₹ 847.28
Financial assets			
I. Investments	11	₹ 170.11	₹ 220.90
II. Trade receivables	12	₹ 1,634.80	₹ 1,082.40
III. Cash and cash equivalents	13	₹ 33.39	₹ 35.14
IV. Bank balances other than (iii) above	14	₹ 146.77	₹ 20.49
V. Loans	15	₹ 8.36	₹ 7.92
VI. Other financial assets	16	₹ 2.70	₹ 5.71
Other current assets	17	₹ 474.34	₹ 115.44
Total current assets		₹ 4,097.90	₹ 2,335.28
Total assets		₹ 7,698.25	₹ 4,529.44

Statement of Assets and Liabilities (Contd.)

Equity and Liabilities	Notes	As at March 31, 2022	As at March 31, 2021
Equity			
Equity share capital	18	₹ 1,126.91	₹ 100.99
Other equity	19	₹ 2,741.97	₹ 1,642.34
Total equity		₹ 3,868.88	₹ 1,743.33
Liabilities			
Non-current liabilities			
Financial liabilities			
I. Borrowings	20	₹ 1,218.13	₹ 1,037.87
II. Lease Liabilities	21	₹ 50.69	₹ 27.11
Deferred tax liabilities (net)	36 (d)	₹ 138.79	₹ 102.07
Total non-current liabilities		₹ 1,407.61	₹ 1,167.05
Current liabilities			
Financial liabilities			
I. Borrowings	22	₹ 1,632.62	₹ 1,044.13
II. Lease Liabilities	23	₹ 5.85	₹ 3.56
III. Trade Payables	24		
A. total outstanding dues of micro enterprises and small enterprises		₹ 211.19	₹ 89.35
B. total outstanding dues of creditors other than micro enterprises and small enterprises		₹ 487.35	₹ 388.38
IV. Other financial liabilities	25	₹ 63.46	₹ 44.43
Other current liabilities	26	₹ 14.67	₹ 41.51
Provisions	27	-	-
Current tax liabilities (net)	36 (c)	₹ 6.61	₹ 7.70
Total current liabilities		₹ 2,421.75	₹ 1,619.06
Total liabilities		₹ 3,829.37	₹ 2,786.11
Total equity and liabilities		₹ 7,698.25	₹ 4,529.44

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information appearing in Annexure V and Annexure VI as per our report attached.

For Birju S. Shah & Associates
Chartered Accountants | Firm Registration No: 131554W

Birju S. Shah - Proprietor
Membership No: 107086 | Place: Surat
Date: June 16, 2022 | ICAI UDIN: 22107086AKZYYJ3096

For and on behalf of the Board of Directors of
Aether Industries Limited | CIN: U24100GJ2013PLC073434

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole-time Director DIN: 00038379

Faiz Nagariya - Chief Financial Officer PAN: ADBPN8514G

Chitrarth Parghi - Company Secretary Mem. No.: A54033

Place: Surat | Date: June 16, 2022

Annexure II - Statement of Profit and Loss

(All amounts in Indian Rupees millions, unless otherwise stated)

Statement of Profit and Loss	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	28	₹ 5,900.47	₹ 4,498.16
Other Income	29	₹ 69.74	₹ 39.73
Total Income		₹ 5,970.21	₹ 4,537.89
Expenses			
Cost of materials consumed	30	₹ 3,585.21	₹ 2,249.16
Changes in inventories of finished goods and work-in-progress	31	-₹ 704.88	₹ 57.72
Employee benefits expense	32	₹ 270.44	₹ 221.13
Finance costs	33	₹ 131.21	₹ 113.15
Depreciation and amortisation expense	34	₹ 154.87	₹ 110.11
Other expenses	35	₹ 1,068.63	₹ 848.56
Total expenses		₹ 4,505.48	₹ 3,599.83
Profit before tax		₹ 1,464.73	₹ 938.06
Tax expense	36		
Current tax		₹ 338.73	₹ 201.00
Deferred tax		₹ 36.72	₹ 25.87
Total Tax Expenses		₹ 375.44	₹ 226.87
Profit for the period (A)		₹ 1,089.29	₹ 711.19
Other comprehensive (loss) / income			
Items that will not be reclassified subsequently to profit or loss			
I. Remeasurements of defined benefit liability / (asset)		-₹ 1.98	-₹ 0.86
II. Income tax relating to remeasurements of defined benefit liability / (asset)		₹ 0.50	₹ 0.22
Other comprehensive (loss) / income (B)		-₹ 1.48	-₹ 0.64
Total comprehensive income for the period (A+B)		₹ 1,087.81	₹ 710.55
Earnings per equity share			
[nominal value of ₹10]			
Basic	37	₹ 9.67	₹ 7.36
Diluted		₹ 9.67	₹ 7.36

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information appearing in Annexure V and Annexure VI as per our report attached.

For Birju S. Shah & Associates
Chartered Accountants | Firm Registration No: 131554W

Birju S. Shah - Proprietor
Membership No: 107086 | Place: Surat
Date: June 16, 2022 | ICAI UDIN: 22107086AKZYYJ3096

For and on behalf of the Board of Directors of Aether Industries Limited

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole-time Director DIN: 00038379

Faiz Nagariya - Chief Financial Officer PAN: ADBPN8514G

Chitrarth Parghi - Company Secretary Mem. No.: A54033

Place: Surat | Date: June 16, 2022

Annexure III - Statement of Changes in Equity

(All amounts in Indian Rupees millions, unless otherwise stated)

(A) Equity Share Capital	As at March 31, 2022		As at March 31, 2021	
Particulars	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the reporting period	1,00,98,567	₹ 100.99	85,60,200	₹ 85.60
Changes in equity share capital during the period	10,25,92,830	₹ 1,025.93	15,38,367	₹ 15.38
Balance at the end of the reporting period	11,26,91,397	₹ 1,126.91	1,00,98,567	₹ 100.99

For any subsequent event changes relating to the share capital, refer note number 51(a)

(B) Other Equity	Reserves and surplus			Total other equity
Particulars	Employee Share Option Reserve	Securities premium	Retained earnings	
Balance at April 1, 2020	-	-	₹ 697.17	₹ 697.17
Total comprehensive income for the year ended March 31, 2021				
Profit for the period	-	-	₹ 711.19	₹ 711.19
– Remeasurements of defined benefit liability / (asset)	-	-	-₹ 0.64	-₹ 0.64
Total comprehensive income	₹ 0.00	₹ 0.00	₹ 710.55	₹ 710.55
Other movements for the year ended March 31, 2021				
Share premium on conversion of preference shares		₹ 234.62		₹ 234.62
Balance at March 31, 2021	₹ 0.00	₹ 234.62	₹ 1,407.72	₹ 1,642.34
Balance at April 1, 2021	₹ 0.00	₹ 234.62	₹ 1,407.72	₹ 1,642.34
Total comprehensive income for the year ended March 31, 2022				
Profit for the period			₹ 1,089.29	₹ 1,089.29
Other comprehensive income (net of tax)				
– Remeasurements of defined benefit liability / (asset)			-₹ 1.48	-₹ 1.48
Other movements for the period March 31, 2022				
Utilized for the issue of Bonus Shares (Bonus Equity Shares issued in the Ratio 1:10)		-₹ 234.62	-₹ 775.24	-₹ 1,009.86
Preferential Allotment of Shares (16,07,160 Equity Shares of ₹ 10 each at a Premium of ₹ 632 per share)		₹ 1,015.73		₹ 1,015.73
Shares based payment options outstanding	₹ 5.96			₹ 5.96
Total movements	₹ 5.96	₹ 781.11	₹ 312.57	₹ 1,099.64
Balance at March 31, 2022	₹ 5.96	₹ 1,015.73	₹ 1,720.29	₹ 2,741.98

Statement of Changes in Equity (Contd.)

Nature and purpose of reserves

i) **Retained earnings**

Retained earnings comprises of undistributed earnings after taxes

ii) **Securities premium**

Securities premium account is used to record the premium on issue of shares

iii) **Employee share option**

Employee share options pending to be exercised are recorded here

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information appearing in Annexure V and Annexure VI as per our report attached.

As per our report of even date attached:

For Birju S. Shah & Associates
Chartered Accountants | Firm Registration No: 131554W

Birju S. Shah - Proprietor
Membership No: 107086 | Place: Surat
Date: June 16, 2022 | ICAI UDIN: 22107086AKZYYJ3096

For and on behalf of the Board of Directors of Aether Industries Limited

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole-time Director DIN: 00038379

Faiz Nagariya - Chief Financial Officer PAN: ADBPN8514G

Chitrarth Parghi - Company Secretary Mem. No.: A54033

Place: Surat | Date: June 16, 2022

Annexure IV - Statement of Cash Flows

(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
A. Cash flow from operating activities		
Profit before tax	₹ 1,464.73	₹ 938.06
Adjustments to reconcile profit before tax to net cash flows:		
Net unrealised foreign exchange (gain)/loss	-₹ 7.28	₹ 0.90
Finance costs	₹ 131.21	₹ 113.15
Interest income	-₹ 4.68	-₹ 1.00
Income from Mutual Funds	-₹ 3.23	-
Depreciation and amortisation expenses	₹ 154.87	₹ 110.11
Operating profit before working capital changes	₹ 1,735.62	₹ 1,161.22
Movement in working capital		
(Increase) / Decrease in trade receivables	-₹ 552.40	-₹ 468.46
(Increase) / Decrease in current investments	₹ 50.79	-₹ 220.77
(Increase) / Decrease in inventories	-₹ 780.16	-₹ 127.89
(Increase)/Decrease in other current assets	-₹ 358.90	-₹ 33.61
(Increase) / Decrease in other financial assets	-₹ 5.29	-₹ 1.09
Increase / (Decrease) in trade payables	₹ 220.81	₹ 97.45
Increase / (Decrease) in provisions other than income tax	-	-₹ 0.91
Increase / (Decrease) in other current liabilities	-₹ 26.45	₹ 26.03
Cash generated from operations	₹ 284.03	₹ 431.97
Net income tax (paid)	-₹ 338.45	-₹ 200.01
Net cash from operating activities (A)	-₹ 54.42	₹ 231.96
B. Cash flows from investing activities		
Purchase of property, plant and equipment	-₹ 527.66	-₹ 969.95
Proceeds on sale/maturity of financial assets	-	-
Capital work in progress and capital advance	-₹ 989.66	₹ 196.75
Dividend from current investments	₹ 7.90	₹ 1.00
Proceeds from disposal of property, plant and equipment	-	₹ 6.27
Loans (Financial assets)	-	-
Net cash used in investing activities (B)	-₹ 1,509.41	-₹ 765.93

Statement of Cash Flows (Contd.)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
C. Cash flows from financing activities		
Proceeds / (Repayment) from long-term borrowings	₹ 267.63	₹ 432.18
Proceeds / (Repayment) of borrowings (Unsecured)	₹ 323.50	₹ 15.10
Proceeds / (repayment) from working capital facilities (net)	₹ 177.62	₹ 194.06
Proceeds / (repayment) from/(of) short term borrowings	-	-
Preferential allotment of Shares	₹ 1,031.80	-
Proceeds / (repayment) of Other Financial liabilities	₹ 19.03	₹ 25.41
Interest paid	-₹ 131.21	-₹ 113.15
Net cash used in financing activities (C)	₹ 1,688.37	₹ 553.60
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	₹ 124.54	₹ 19.63
Effect of exchange differences on account of foreign currency Cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period / year	₹ 55.63	₹ 36.00
Cash and cash equivalents at the end of the period / year	₹ 180.16	₹ 55.63
Notes : 1. Cash and cash equivalents include		
Cash on hand	₹ 0.98	₹ 0.39
Balances with bank		
– Current accounts	₹ 0.01	₹ 0.15
– EEFC accounts	₹ 32.40	₹ 34.60
Other bank balances	₹ 146.77	₹ 20.49
	₹ 180.16	₹ 55.63

The above cash flow statement has been prepared under the 'Indirect Method' set out in Ind AS 7 - on Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.

Statement of Cash Flows (Contd.)

Significant non-cash movement in investing and financing activities

	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Conversion of Preference Shares to Equity Shares	-	-₹ 250.00
Foreign exchange fluctuations	₹ 0.08	-₹ 14.23
Acquisition of Right-of-use assets with corresponding impact to lease liabilities	₹ 130.02	₹ 15.46

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information appearing in Annexure V and Annexure VI as per our report attached.

As per our report of even date attached:

For Birju S. Shah & Associates
Chartered Accountants | Firm Registration No: 131554W

Birju S. Shah - Proprietor
Membership No: 107086 | Place: Surat
Date: June 16, 2022 | ICAI UDIN: 22107086AKZYYJ3096

For and on behalf of the Board of Directors of Aether Industries Limited

Ashwin Desai - Managing Director DIN: 00038386

Rohan Desai - Whole-time Director DIN: 00038379

Faiz Nagariya - Chief Financial Officer PAN: ADBPN8514G

Chitrarth Parghi - Company Secretary Mem. No.: A54033

Place: Surat | Date: June 16, 2022

Annexure V - Significant accounting policies

(All amounts in Indian Rupees millions, unless otherwise stated)

1. Reporting Entity

Aether Industries Limited (Aether) was incorporated on January 23, 2013 as a Public Limited Company under the Companies Act, 1956. It is engaged in the business of Specialty Chemicals and Intermediates. The products of the Company find application in various sectors like Pharmaceuticals, Agrochemicals, Specialty, Electronic Chemicals, Material Sciences, High Performance Photography etc. The CIN of the Company is U24100GJ2013PLC073434.

Between the year 2013 and early year 2015, the Promoters acquired a leased premise at GIDC Industrial Estate, Hojiwala, Sachin, Surat and established their Laboratory, Research & Development and Pilot Plant facilities. The Promoters realized at the conceptual stage itself that Specialty Chemicals is essentially a "Research & Knowledge" driven Industry, and identification of the 'Chemistries' and 'Technologies' before constructing the main plant, through Laboratory/R&D/Pilot facilities was a necessary pre-requisite. The period up to 2015 was hence utilized for installing Lab/R&D/Pilot Plants, developing several products/processes (up to Pilot stage), showcasing the Company's capabilities through various International Exhibitions/Conferences etc., effecting trial samples/ supplies, facing rigorous audits from prospective International Buyers etc.

After meeting with a fair degree of success and acceptance from the targeted buyers, the Company acquired about 10,500 Sq. Mtrs. of land at the GIDC Industrial Estate, Sachin, Surat in February 2015 for setting up its main plant. The plant stood commissioned as per schedule, and the first stream went into operations in October 2016 / November 2016. Meanwhile, certain modifications/up-gradations/automations were carried out during implementation.
The Company was able to carry on with the success with which they started of with the first Project which was ready by November 2016, by way of achieving total revenues of ₹248.60 MM in Fiscal Year 2017, ₹1,091.90 MM in Fiscal Year 2018, ₹2,032.77 MM in Fiscal Year 2019, ₹3,037.81 MM in Fiscal Year 2020 and ₹4,537.89 MM in Fiscal Year 2021.
The Company, because of its continuous growth and increasing demands for the products, along with the necessity to launch new products for various applications, is once again planning for yet another expansion. For the said new expansion, the Company has procured a Plot of Land in GIDC Industrial Estate, admeasuring 5,250 Sq. Mtrs. and the same is located diagonally opposite to the current location of the Company. The new plot acquired by the Company is 8202/1 and the current one is 8203.

The Company achieved Sales Turnover of ₹5,900.47 MM and Total Revenue of ₹5,970.21 MM in Fiscal Year 2022 with an EBITDA Margin of 29.3%.

Production capacity of 6096 MTPA (March 31, 2021: 6096 MTPA) is available in our state-of-art and DCS automated manufacturing facilities. Aether is also a leading CRAMS (Contract Research and Manufacturing Services) provider, built upon technology intensive and state-of-art R&D and Pilot Plant facilities. All of our R&D, Pilot, CRAMS, and Large Scale Manufacturing facilities are capable of switching between batch and continuous process technology.

Aether is based on a core competency model of cutting-edge chemistry and technology competencies.
Aether's business models include Large Scale Manufacturing of Speciality Chemicals, Contract Manufacturing and Contract Research And Manufacturing Services (CRAMS).

2. Summary of Significant Accounting Policies

The Ind AS Financial Statements comprise of the Audited Statement of Assets and Liabilities as at March 31, 2022 and as at March 31, 2021, the related Audited Ind AS Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year ended March 31, 2022 and March 31, 2021 respectively and the Significant Accounting Policies and Other Financial Information.These Financial Statements have been prepared as required under the SEBI ICDR Regulations prepared in terms of the requirements of: (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act"); (b) relevant provisions of the SEBI ICDR Regulations; and (c) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Significant accounting policies (Contd.)

2.1 Basis of preparation and presentation of financial statements

Compliance with Ind AS

The Standalone Financial Statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

Effective April 1, 2018, the Company has adopted all the Ind AS and the adoption has been carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, with April 1, 2018 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, which was the previous GAAP.

A. Basis of Preparation

(i) The Audited Ind AS Statement of Assets and Liabilities of the Company as at March 31, 2022 and March 31, 2021 respectively and the Audited Ind AS Statement of Profit and Loss, Audited Ind AS Statement of Changes in Equity and Audited Ind AS Statement of Cash Flows for the year ended March 31, 2022 and March 31, 2021 respectively (hereinafter collectively referred to as "Ind AS Financial Information") have been prepared as per the Ind AS as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

(ii) The audited financial statements of the Company as at and for the year ended March 31, 2022 prepared in accordance with recognition and measurement principles under Indian Accounting Standard ('Ind AS') 34 "Interim Financial Reporting", specified under Section 133 of the Act and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 16, 2022.

(iii) The audited Ind AS financial statements as at and for the year ended March 31, 2022 and March 31, 2021 using recognition and measurement principles of Ind AS, on its first time adoption of Ind AS as on the transition date April 1, 2018, and has included such adjusted financial information as comparative financial information in the financial statements for the year ended March 31, 2022 and March 31, 2021. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows (Refer Annexure VI, Note: 47).

The Board of Directors approved the Financial Statements as per the Ind AS, for the year ended on March 31, 2022 along with Financial Statements for the year ended March 31, 2021 and authorised to issue the same vide resolution passed in the Board Meeting held on June 16, 2022.

B. Basis of measurement

C. The Financial Statements have been prepared on historical cost basis considering the applicable provisions of Companies Act 2013. The exceptions to the same are :

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset) / liability that are measured at fair value of plan assets less present value of define benefit obligations.

C. Current and non-current classification of assets and liabilities

The Assets and Liabilities and the Statement of Profit and Loss, including related notes, are prepared and presented as per the requirements of Schedule III (Division II) to the Companies Act, 2013. All assets and liabilities have been classified and disclosed as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III. Based on the nature of products and the time between the acquisition of assets for processing and their realization into cash and cash equivalents, the Company has ascertained its operating cycle as twelve

Significant accounting policies (Contd.)

months for the purpose of current - non current classification of assets and liabilities.

D. Functional and presentation currency

The functional and presentation currency in these Financial Statements is ₹ (INR) and all amounts are rounded to nearest MM, up to 2 decimal places, unless otherwise stated.

E. Use of judgements, estimates and assumptions

The preparation of Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and the disclosure of the contingent liabilities on the date of the preparation of Financial Statements. Such estimates are on a reasonable and prudent basis considering all available information, however due to uncertainties about these judgements, estimates and assumptions, the actual results could differ from those estimates. Information about each of these estimates and judgements is included in relevant notes. Any revision to accounting estimates is recognised prospectively in current and future periods.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following notes:

Note Nos. 42 & 43-classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment, assumptions and estimation uncertainties are provided here, whereas the quantitative break-ups for the same are provided in the notes mentioned below:

- Note 3 and Note 6: Useful life of depreciable assets, Property, Plant and Equipment and Other Intangible Assets.
- Note 38: Recognition of contingencies, key assumptions about the likelihood and magnitude of outflow of resources.
- Note 36: Recognition of tax expenses including deferred tax.
- Note 45: Defined benefit obligation, key actuarial assumptions.
- Note 12: Impairment of trade receivables.
- Note 10: Valuation of Inventories.

Going concern assumptions

These Financial Statements have been prepared on a going concern basis. The management has, given the significant uncertainties arising out of the various situations, assessed the cash flow projections and available liquidity for a period of at least twelve months from the date of this Financial Statements. Based on this evaluation, management believes that the Company will be able to continue as a "going concern" in the foreseeable future and for a period of at least twelve months from the date of these Financial Statements based on the following :

- Expected future operating cash flows based on business projections, and
- Available credit facilities with its bankers

Based on the above factors, the management has concluded that the "going concern" assumption is appropriate. Accordingly, the Financial Statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets and classification of liabilities that might result, should the Company be unable to continue as a going concern.

Reclassification

The Company reclassifies comparative amounts, unless impracticable and whenever the Company changes the presentation or classification of items in its financial statements materially. No such material reclassification has been made during the year.

2.2 Property, Plant And Equipment

Recognition and measurement

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised

Significant accounting policies (Contd.)

as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes purchase price (after deducting trade discount / rebate), non-refundable import duties and taxes, cost of replacing the component parts, borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Spare parts procured along with the Plant and Equipment or subsequently having value of ₹50,000 or more individually which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are de-recognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is de-recognised on disposal or when no future economic benefits are expected from use. Any profit or loss arising on the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The cost of the day-to-day servicing the property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment is de-recognised upon the disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income / expenses in the statement of Profit and Loss.

Depreciation

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with Ind AS 105 and the date that the asset is de-recognised.

The management has estimated the useful life of the Tangible Assets as mentioned below

ASSET CLASS	Years
Factory Building	30
Other Building	10
Plant & Machinery	20
Plant & Machinery (Pipelines)	15
Office Equipment	5
Factory Equipment	10
Computer Equipment (Servers & Networks)	6
Computer Equipment (Others)	3
Other Equipment	10
Furniture & Fixtures	10
Vehicle Equipment	8

Significant accounting policies (Contd.)

Impairments of non-financial assets
The Company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount, Impairment losses are recognised in the statement of Profit and Loss.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.3 Intangible Assets

Recognition and measurement
Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

Expenditure on Research activities is recognised in the statement of Profit and Loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and to use or sell the asset.

Intangible assets which comprise of the development expenditure incurred on new product and expenditure incurred on acquisition of user licenses for computer software are recorded at their acquisition price.

Subsequent measurement
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation
The useful lives of intangible sets are assessed as either finite of indefinite.

Intangible assets i. e., computer software is amortized on a straight-line basis over the period of expected future benefits commencing from the date the asset is available for its use.

The management has estimated the useful life of the Intangible Assets as mentioned below:

ASSET CLASS	Years
Software & Licenses	6
Trade Marks	4
Other Assets	4

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Significant accounting policies (Contd.)

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

2.4 Financial Assets

A. Fair Value assessment
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined in such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value..

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

B. Subsequent Measurement
For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

C. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financials asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financials assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

D. Financial assets at fair value through OCI ('FVTOCI')

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). Statement of Profit and Loss.

Significant accounting policies (Contd.)

However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the

E. Financial assets at fair value through profit or loss ('FVTPL')

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit and Loss.

F. De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

G. Impairment of Financial Assets

The Company assesses impairment based on expected credit loss ('ECL') model on the following:

- Financial assets that are measured at amortised cost; and
- Financial assets measured at FVTOCI

ECL is measured through a loss allowance on a following basis:

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

2.5 Financial Liabilities

The Company's financial liabilities include trade payable.

A. Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss.

The management has estimated the useful life of the Intangible Assets as mentioned below:

B. Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:

a. Financial Liabilities classified at Amortised Cost

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

b. Financial Liabilities classified at Fair value through Profit and Loss (FVTPL)

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial

Significant accounting policies (Contd.)

liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

Exports benefits are accounted for in the year of exports based on the eligibility and when there is certainty of receiving the same.

C. De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

D. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Other incomes, other than interest and dividend are recognized when the same are due to be received and right to receive such other income is established.

2.6 Share Capital and Share Premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

2.7 Dividend Distribution to equity shareholders

The Company recognizes a liability to make cash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

2.8 Cash Flows and Cash and Cash Equivalents

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant Ind AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

2.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Significant accounting policies (Contd.)

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

2.10 Revenue Recognition and Other Income

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.

Revenue from sale of goods is recognized, when the control is transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Interest income or expense is recognised using the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

2.11 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

the Company has the right to operate the asset; or
the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

2.11 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

the Company has the right to operate the asset; or
the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

2.11 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this

Significant accounting policies (Contd.)

- may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

the Company has the right to operate the asset; or
the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets re determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Significant accounting policies (Contd.)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is change in future lease payments arising from a change in an index or rate, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of Profit and Loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leasehold land is amortised over the period of lease being 79 years remaining as on the date of purchase.

Short-term leases and leases of low-value assets The Company has elected not to recognise right-of-use assets and lease liability for the short-term leases that have lease term of 12 months of less and leases of low-value assets. The Company recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

2.12 Income Taxes

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- Taxable temporary differences arising on the initial recognition of goodwill.

Significant accounting policies (Contd.)

- Temporary differences related to investments in subsidiaries, associates, and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses (including unabsorbed depreciation) can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) credit is recognised 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. 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.

2.13 Current versus Non-Current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b. A liability is current when :
- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

d. The operating cycle is the time between the acquisition of assets for processing and their realization in cash

Significant accounting policies (Contd.)

d. and cash equivalents.

2.14 Employee benefits

(i) Short term employee benefits
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Un-discounted value of benefits such as salaries, incentives, allowances and bonus are recognized in the period in which the employee renders the related service.

(ii) Long term benefits

Defined Contribution Plans
The Company contributes to the employee's approved provident fund scheme. The Company's contribution paid/ payable under the scheme is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related services.

Defined Benefit Plans
Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation model made at the end of the Financial Year. The Gratuity Liability is funded by the Company by maintaining the funds with a separate Asset Management Company, i. e., LIC of India. Contributions to such fund is charged to Profit and Loss Account. Actuarial Valuation of the Gratuity is done at the end of the Financial Year and accounted for accordingly.

2.15 Trade Receivables

Trade Receivables are stated after writing off debts considered as bad. Adequate provision is made for debts considered as doubtful.

2.16 Inventories

(i) Raw Materials, Work in Progress, Finished Goods, Packing Materials, Stores, Spares and Consumables are carried at the lower of cost and net realisable value.

(ii) In determining the cost of Raw Materials, Packing Materials, Stores, Spares and Consumables, FIFO Method is used. Cost of Inventory comprises of all

(ii) costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

(iii) Cost of Finished Goods includes the cost of Raw Materials, Packing Materials, an appropriate share of fixed and variable production overheads, indirect taxes as applicable and other costs incurred in bringing the inventories to their present location and condition.

(iv) Cost of Stock in Trade procured for specific projects is assigned by specific identification of individual costs of each item.

2.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes substantial period of time to

get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowings of the funds.

2.18 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements and stock split in equity shares issued during the year and excluding treasury shares. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares and stock split, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS is adjustment to the figures used in the determination of basic EPS to consider:

Significant accounting policies (Contd.)

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company have been identified as being the Chief Operating Decision Maker by the management of the Company.

2.20 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monitory assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monitory items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the Statement of Profit and Loss.

2.21 Government grants and subsidies

Grants / subsidies that compensate the Company for expenses incurred are recognised in the Statement of Profit and Loss as other operating income on a systematic basis in the periods in which such expenses are recognised.

Export Incentives
Export incentives under various schemes notified by the government are recognised when no significant uncertainties as to the amount of consideration that would be derived and that the Company will comply with the conditions associated with the grant and ultimate collection exist.

2.22 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Financial Statements is required to be disclosed.

However, the Ministry of Corporate Affairs ("MCA") amended Schedule III of the Companies Act, 2013, through a notification dated March 24, 2021. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company has evaluated and given the effect of the amendments on its Financial Statements.

Annexure VI - Notes to the financial information

(All amounts in Indian Rupees millions, unless otherwise stated)

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

3. Property, plant and equipment

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2021	Additions	Disposals during the period	As at March 31, 2022	As at April 1, 2021	Charge for the period	Disposals during the period	As at March 31, 2022	As at April 1, 2021	As at March 31, 2022
Factory building	₹ 281.78	₹ 50.61	-	₹ 332.39	₹ 28.29	₹ 9.64	-	₹ 37.93	₹ 253.49	₹ 294.47
Other building	₹ 21.11	-	-	₹ 21.11	₹ 8.53	₹ 2.00	-	₹ 10.53	₹ 12.58	₹ 10.58
Plant and machinery	₹ 1,744.06	₹ 324.22	-	₹ 2,068.28	₹ 173.01	₹ 94.55	-	₹ 267.56	₹ 1,571.05	₹ 1,800.72
Office equipment	₹ 17.41	₹ 6.53	-	₹ 23.94	₹ 7.06	₹ 3.67	-	₹ 10.73	₹ 10.35	₹ 13.21
Factory equipment (electric)	₹ 174.62	₹ 33.41	-	₹ 208.03	₹ 28.97	₹ 18.27	-	₹ 47.24	₹ 145.65	₹ 160.79
Computer equipment	₹ 34.03	₹ 4.67	-	₹ 38.70	₹ 23.38	₹ 4.87	-	₹ 28.25	₹ 10.65	₹ 10.45
Other equipment	₹ 62.94	₹ 8.06	-	₹ 71.00	₹ 21.93	₹ 6.34	-	₹ 28.27	₹ 41.01	₹ 42.73
Furniture and fixtures	₹ 21.68	₹ 3.52	-	₹ 25.20	₹ 6.42	₹ 2.25	-	₹ 8.67	₹ 15.26	₹ 16.52
Vehicle equipment	₹ 6.23	₹ 1.72	-	₹ 7.95	₹ 1.29	₹ 0.85	-	₹ 2.14	₹ 4.94	₹ 5.81
Total	**₹ 2,363.86**	**₹ 432.73**	**-**	**₹ 2,796.59**	**₹ 298.88**	**₹ 142.43**	**-**	**₹ 441.31**	**₹ 2,064.98**	**₹ 2,355.28**

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2020	Additions	Disposals during the period	As at March 31, 2021	As at April 1, 2020	Charge for the period	Disposals during the period	As at March 31, 2021	As at April 1, 2020	As at March 31, 2021
Factory building	₹ 217.42	₹ 64.36	-	₹ 281.78	₹ 20.00	₹ 8.29	-	₹ 28.29	₹ 197.42	₹ 253.49
Other building	₹ 21.11	-	-	₹ 21.11	₹ 6.52	₹ 2.01	-	₹ 8.53	₹ 14.59	₹ 12.58
Plant and machinery	₹ 960.16	₹ 790.69	-₹ 6.79	₹ 1,744.06	₹ 105.95	₹ 67.58	-₹ 0.52	₹ 173.01	₹ 854.21	₹ 1,571.05
Office equipment	₹ 12.34	₹ 5.07	-	₹ 17.41	₹ 4.60	₹ 2.46	-	₹ 7.06	₹ 7.74	₹ 10.35
Factory equipment (electric)	₹ 87.57	₹ 87.05	-	₹ 174.62	₹ 17.59	₹ 11.38	-	₹ 28.97	₹ 69.98	₹ 145.65
Computer equipment	₹ 27.17	₹ 6.86	-	₹ 34.03	₹ 20.23	₹ 3.15	-	₹ 23.38	₹ 6.94	₹ 10.65
Other equipment	₹ 52.79	₹ 10.15	-	₹ 62.94	₹ 16.40	₹ 5.53	-	₹ 21.93	₹ 36.39	₹ 41.01
Furniture and fixtures	₹ 17.75	₹ 3.93	-	₹ 21.68	₹ 4.64	₹ 1.78	-	₹ 6.42	₹ 13.11	₹ 15.26
Vehicle equipment	₹ 6.15	₹ 0.08	-	₹ 6.23	₹ 0.56	₹ 0.73	-	₹ 1.29	₹ 5.59	₹ 4.94
Total	**₹ 1,402.46**	**₹ 968.19**	**-₹ 6.79**	**₹ 2,363.86**	**₹ 196.49**	**₹ 102.91**	**-₹ 0.52**	**₹ 298.88**	**₹ 1,205.97**	**₹ 2,064.98**

Title deeds of immovable Properties not held in name of the Company

Descriptions	As at March 31, 2022 & 2021
Title deeds held in the name of	Aether Industries Limited
Whether title deed holder is a Promoter, Director or relative of Promoter / Director or employee of Promoter / Director.	N.A.

Refer Note No. 20 and Note No. 22 for information on property, plant and equipment pledged as securities by the Company.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

4. Capital work-in-progress

Particulars	As at April 1, 2021	Additions	Capitalised during the period	As at March 31, 2022
Capital work-in-progress	₹ 1.98	₹ 1,010.13	-₹ 434.69	₹ 577.42
Total	₹ 1.98	₹ 1,010.13	-₹ 434.69	₹ 577.42

Particulars	As at April 1, 2020	Additions	Capitalised during the period	As at March 31, 2021
Capital work-in-progress	₹ 172.27	₹ 800.62	-₹ 970.91	₹ 1.98
Total	₹ 172.27	₹ 800.62	-₹ 970.91	₹ 1.98

Additional disclosures as per Schedule -III requirement

Amount in CWIP for a period of	Projects in Progress		Projects in Progress	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less than 1 Year	₹ 575.44	₹ 1.62	-	-
1-2 Years	₹ 1.98	₹ 0.36	-	-
2-3 Years	-	₹ 0.00	-	-
More than 3 Years	-	₹ 0.00	-	-
Total	₹ 577.42	₹ 1.98	-	-

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

5. Right-of-use assets

Particulars	Gross Block				Amortisation				Net Block	
	As at April 1, 2021	Additions	Disposals during the period	As at March 31, 2022	As at April 1, 2021	Charge for the period	Disposals during the period	As at March 31, 2022	As at April 1, 2021	As at March 31, 2022
Leasehold land	₹ 68.19	₹ 94.15	-	₹ 162.34	₹ 5.17	₹ 1.51	-	₹ 6.68	₹ 63.02	₹ 155.66
Properties (Land & Building)	₹ 38.47	₹ 35.87	-	₹ 74.34	₹ 9.75	₹ 9.04	-	₹ 18.79	₹ 28.72	₹ 55.55
Total	**₹ 106.66**	**₹ 130.02**	**-**	**₹ 236.68**	**₹ 14.92**	**₹ 10.55**	**-**	**₹ 25.47**	**₹ 91.74**	**₹ 211.21**

Particulars	Gross Block				Amortisation				Net Block	
	As at April 1, 2020	Additions	Disposals during the period	As at March 31, 2021	As at April 1, 2020	Charge for the period	Disposals during the period	As at March 31, 2021	As at April 1, 2020	As at March 31, 2021
Leasehold land	₹ 68.19	-	-	₹ 68.19	₹ 4.31	₹ 0.86	-	₹ 5.17	₹ 63.88	₹ 63.02
Properties (Land & Building)	₹ 23.01	₹ 15.46	-	₹ 38.47	₹ 5.31	₹ 4.44	-	₹ 9.75	₹ 17.70	₹ 28.72
Total	**₹ 91.20**	**₹ 15.46**	**-**	**₹ 106.66**	**₹ 9.62**	**₹ 5.30**	**-**	**₹ 14.92**	**₹ 81.58**	**₹ 91.74**

6. Other intangibles assets

Particulars	Gross Block				Amortisation				Net Block	
	As at April 1, 2021	Additions	Deletions during the period	As at March 31, 2022	As at April 1, 2021	Charge for the period	Deletions during the period	As at March 31, 2022	As at April 1, 2021	As at March 31, 2022
Computer Software	₹ 11.35	₹ 0.59	-	₹ 11.94	₹ 5.89	₹ 1.83	-	₹ 7.72	₹ 5.46	₹ 4.21
Others	₹ 1.45	₹ 0.19	-	₹ 1.64	₹ 1.30	₹ 0.06	-	₹ 1.36	₹ 0.15	₹ 0.28
Total	**₹ 12.80**	**₹ 0.78**	**-**	**₹ 13.58**	**₹ 7.19**	**₹ 1.90**	**-**	**₹ 9.09**	**₹ 5.61**	**₹ 4.49**

Particulars	Gross Block				Amortisation				Net Block	
	As at April 1, 2020	Additions	Deletions during the period	As at March 31, 2021	As at April 1, 2020	Charge for the period	Deletions during the period	As at March 31, 2021	As at April 1, 2020	As at March 31, 2021
Computer Software	₹ 9.59	₹ 1.76	-	₹ 11.35	₹ 4.30	₹ 1.59	-	₹ 5.89	₹ 5.29	₹ 5.46
Others	₹ 1.45	-	-	₹ 1.45	₹ 0.99	₹ 0.31	-	₹ 1.30	₹ 0.46	₹ 0.15
Total	**₹ 11.04**	**₹ 1.76**	**-**	**₹ 12.80**	**₹ 5.29**	**₹ 1.90**	**-**	**₹ 7.19**	**₹ 5.75**	**₹ 5.61**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

7. Investments

Unquoted equity shares	As at March 31, 2022	As at March 31, 2021
3 (March 31, 2021: 3) equity shares of Sachin Industrial Co. Op. Society Limited, of ₹500 each fully paid-up	₹ 0.00	₹ 0.00
1,16,851 (March 31, 2021: 1,16,851) equity shares of Globe Enviro Care Limited, of ₹10 each fully paid-up	₹ 2.09	₹ 2.09
Total	**₹ 2.09**	**₹ 2.09**
Aggregate value of unquoted investments	₹ 2.09	₹ 2.09
Aggregate amount of impairment in value of investments	-	-

8. Others financial assets

(Unsecured, considered good)	As at March 31, 2022	As at March 31, 2021
Security deposits	₹ 23.20	₹ 15.34
Total	**₹ 23.20**	**₹ 15.34**

9. Other non-current assets

(Unsecured, considered good)	As at March 31, 2022	As at March 31, 2021
Capital advances	₹ 426.64	₹ 12.42
Total	**₹ 426.64**	**₹ 12.42**

10.Inventories

	As at March 31, 2022	As at March 31, 2021
Raw material	₹ 450.01	₹ 392.82
Work in progress	₹ 426.68	₹ 156.31
Finished goods	₹ 549.57	₹ 115.06
Stores and spares	₹ 52.77	₹ 48.54
Others :		
Packing materials	₹ 15.41	₹ 10.80
Research and development materials	₹ 133.01	₹ 123.75
Total	**₹ 1,627.44**	**₹ 847.28**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Notes

1. Raw Materials, Work in Progress, Finished Goods, Packing Materials, Stores, Spares and Consumables are carried at the lower of cost and net realisable value.
2. In determining the cost of Raw Materials, Packing Materials, Stores, Spares and Consumables, FIFO Method is used. Cost of Inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
3. Cost of Finished Goods includes the cost of Raw Materials, Packing Materials, an appropriate share of fixed and variable production overheads, indirect taxes as applicable and other costs incurred in bringing the inventories to their present location and condition.
4. Cost of Stock in Trade procured for specific projects is assigned by specific identification of individual costs of each item.
5. Inventories are pledge / hypothecated as primary security with the bankers (lenders) against the Working Capital Facilities availed by the Company.

11. Investments

Investment in mutual funds - Quoted	As at March 31, 2022	As at March 31, 2021
28 (March 31, 2021: 28) SBI Magnum Insta Cash Funds	₹ 0.14	₹ 0.13
50,731.956 (March 31, 2021: 68,545) Nippon India Money Market Fund	₹ 169.97	₹ 220.77
Total	**₹ 170.11**	**₹ 220.90**
(a) Aggregate book value of quoted investments	₹ 170.11	₹ 220.90
(b) Aggregate market value of quoted investments	₹ 170.11	₹ 220.90

12.Trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade Receivables considered good - Secured	₹ 116.19	₹ 31.73
Trade Receivables considered good - Unsecured	₹ 1,518.62	₹ 1,049.78
Trade Receivables which have significant increase in credit risk	-	₹ 0.89
Trade Receivables - credit impaired	-	-
	₹ 1,634.80	₹ 1,082.40
Less: Allowance for doubtful receivables	-	-
Total trade receivables	**₹ 1,634.80**	**₹ 1,082.40**
The above amount includes :		
Receivable from related parties	-	-
Receivable from other than related parties	₹ 1,634.80	₹ 1,082.40
Total	**₹ 1,634.80**	**₹ 1,082.40**

The average credit period on sales of goods is 90 days. Payment terms vary from Advance Payments, LC for 60 to 90 Days, DA for 60 to 90 Days and open credits for 60 to 90 Days. No interest is charged on outstanding trade receivables.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

As at March 31, 2022	Outstanding for following periods from due date of Payment					
	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
• Undisputed Trade Receivables - considered good	₹ 1,628.99	₹ 3.61	₹ 2.20	-	-	₹ 1,634.80
• Undisputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
• Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
• Disputed Trade Receivables - considered good	-	-	-	-	-	-
• Disputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
• Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total trade receivables	**₹ 1,628.99**	**₹ 3.61**	**₹ 2.20**	**-**	**-**	**₹ 1,634.80**

As at March 31, 2021	Outstanding for following periods from due date of Payment					
	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
• Undisputed Trade Receivables - considered good	₹ 1,081.51	-	-	-	-	₹ 1,081.51
• Undisputed Trade Receivables - which have significant increase in Credit risk	-	₹ 0.31	₹ 0.57	₹ 0.01	-	₹ 0.89
• Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
• Disputed Trade Receivables - considered good	-	-	-	-	-	-
• Disputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
• Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total trade receivables	**₹ 1,081.51**	**₹ 0.31**	**₹ 0.57**	**₹ 0.01**	**-**	**₹ 1082.40**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

13. Cash and cash equivalents	As at March 31, 2022	As at March 31, 2021
Cash in hand	₹ 0.98	₹ 0.39
Balances with banks		
Current accounts	₹ 0.01	₹ 0.15
EEFC accounts	₹ 32.40	₹ 34.60
	₹ 33.39	**₹ 35.14**

14. Bank balances other than cash and cash equivalents	As at March 31, 2022	As at March 31, 2021
Other bank balances		
Margin Money - Fixed Deposits	₹ 25.05	₹ 20.49
Others - Fixed Deposits	₹ 121.72	-
(with maturity of more than 3 months but less than 12 months)		
	₹ 146.77	**₹ 20.49**

15. Loans	As at March 31, 2022	As at March 31, 2021
Loans to employees*	₹ 8.36	₹ 7.92
Breakup of security details		
Loans, considered good - secured	-	-
Loans, considered good - unsecured	₹ 8.36	₹ 7.92
Loans, considered doubtful / credit impaired	-	-
Total	**₹ 8.36**	**₹ 7.92**
Less: Loss allowance	-	-
Total loans receivables	**₹ 8.36**	**₹ 7.92**

*Loans to employees do not include any loan given to promoters, directors, KMPs and any other related parties.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

16. Other financial assets

(Unsecured, considered good)	As at March 31, 2022	As at March 31, 2021
Security deposit	-	₹ 3.60
Interest receivable (from fixed deposits with banks)	₹ 0.36	₹ 0.36
Interest receivable	-	-
Gratuity asset (Refer note 45 for further disclosures)	₹ 2.34	₹ 1.75
Foreign exchange fluctuation	-	-
Total	₹ 2.70	₹ 5.71

17. Other current assets

(Unsecured, considered good)	As at March 31, 2022	As at March 31, 2021
Advances recoverable in cash	₹ 231.72	₹ 4.43
Balances with government authorities	₹ 172.43	₹ 98.78
Prepaid expenses	₹ 18.79	₹ 12.23
Other advances	₹ 51.39	-
Total	₹ 474.34	₹ 115.44

18. Share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
14,00,00,000 (March 31, 2021: 1,50,00,000) equity shares of ₹10 each.	₹ 1,400.00	₹ 150.00
0 (March 31, 2021: 2,50,00,000) preference shares of ₹10 each	-	₹ 250.00
Total	₹ 1,400.00	₹ 400.00
Issued, subscribed and paid up:		
Equity share capital		
11,26,91,397 (March 31, 2021: 1,00,98,567) equity shares of ₹10 each fully paid-up	₹ 1,126.91	₹ 100.99
Total	₹ 1,126.91	₹ 100.99

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Reconciliation of number of shares outstanding at the beginning and end of the year

Equity share	As at March 31, 2022	As at March 31, 2021
	Number of shares	Number of shares
Outstanding at the beginning of the year	10,098,567	85,60,200
Add: Issued during the year	10,25,92,830	15,38,367
Outstanding at the end of the year	11,26,91,397	1,00,98,567

* Number of shares is presented as absolute number.

Terms / Rights attached to each classes of shares

Rights, preferences and restrictions attached to equity shares

Equity shares

As to dividend	The Shareholders are entitled to receive dividend in proportion to the amount of paid up equity shares held by them. The Company has not declared any dividend during the year.
As to repayment of capital	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder
As to voting	The Company has one class of shares referred to as equity shares having par value of ₹10. Each holder of the equity share is entitled to one vote per share.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Shareholders holding more than 5% shares in the Company is set out below

Equity shares of ₹10 each fully paid	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Number of shares %	Number of shares	Number of shares %
Purnima Ashwin Desai	34,877,403	30.95%	5,150,269	51.00%
Ashwin Jayantilal Desai	6,720,417	5.96%	908,771	9.00%
Rohan Ashwin Desai	2,221,681	1.97%	2,009,613	19.90%
Aman Ashwin Desai	110,000	0.10%	1,300,912	12.88%
Aman Desai (HUF)	-	-	713,802	7.07%
AJD Family Trust	13,560,206	12.03%	-	-
PAD Family Trust	13,560,206	12.03%	-	-
RAD Family Trust	20,017,162	17.76%	-	-
AAD Business Trust	20,017,162	17.76%	-	-

Promotors Shareholding in the Company is set out below :

Equity shares of ₹10 each fully paid	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Number of shares %	Number of shares	Number of shares %
Purnima Ashwin Desai	34,877,403	30.95%	5,150,269	51.00%
Ashwin Jayantilal Desai	6,720,417	5.96%	908,771	9.00%
Rohan Ashwin Desai	2,221,681	1.97%	2,009,613	19.90%
Aman Ashwin Desai	110,000	0.10%	1,300,912	12.88%
Aman Desai (HUF)	-	-	713,802	7.07%
Payal Rohan Desai	-	-	10,000	0.10%
Ishita Surendra Manjrekar	-	-	5,000	0.05%
Rohan Desai (HUF)	-	-	100	0.00%
Ashwin Jayantilal Desai (HUF)	-	-	100	0.00%
AJD Family Trust	13,560,206	12.03%	-	-
PAD Family Trust	13,560,206	12.03%	-	-
RAD Family Trust	20,017,162	17.76%	-	-
AAD Business Trust	20,017,162	17.76%	-	-

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

19. Other equity

Reserves and surplus	As at March 31, 2022	As at March 31, 2021
A. Retained earnings	₹ 1,720.29	₹ 1,407.72
B. Securities Premium	₹ 1,015.73	₹ 234.62
C. Employee Share Option Reserve	₹ 5.96	-
Total	**₹ 2,741.97**	**₹ 1,642.34**
A. Retained earnings		
Opening balance	₹ 1,407.72	₹ 697.17
Profit for the period / year	₹ 1,089.29	₹ 711.19
Less: Utilized for the issue of Bonus Shares (Bonus Equity Shares issued in the Ratio 1:10)	-₹ 775.24	-
Other comprehensive (loss)/ income		
- Remeasurements of defined benefit liability / (asset) (net of tax)	-₹ 1.48	-₹ 0.64
Closing balance	**₹ 1,720.29**	**₹ 1,407.72**
B. Securities Premium		
Opening balance	₹ 234.62	-
Add: Share Premium on conversion of Preference Shares into equity shares	-	₹ 234.62
Less: Utilized for the issue of Bonus Shares (Bonus Equity Shares issued in the Ratio 1:10)	-₹ 234.62	-
Add: Preferential Allotment of Shares (16,07,160 Equity Shares of ₹ 10 each at a Premium of ₹ 632 per share)	₹ 1,015.73	-
Closing balance	**₹ 1,015.73**	**₹ 234.62**
C. Employee Share Option Reserve		
Opening balance	-	-
Add: Additions during the year	₹ 5.96	-
Less: Transferred to Securities Premium on exercise of stock options	-	-
Closing balance	**₹ 5.96**	**-**
Grant Total	**₹ 2,741.97**	**₹ 1,642.34**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

20. Borrowings

Unsecured – measured at fair value through profit or loss account (FVTPL)	As at March 31, 2022	As at March 31, 2021
Compulsorily Convertible Preference Shares	-	-
(Refer to the Note No. 1 below)		
Secured		
Rupee Term Loans from Banks		
HDFC Bank Term Loan - Old	₹ 388.19	₹ 507.34
HDFC Bank Term Loan - New	₹ 472.79	-
HDFC Bank Term Loan - ECGLS	₹ 182.29	₹ 244.79
SBI Term Loan	₹ 137.05	₹ 228.55
SBI Term Loan - New	₹ 36.74	₹ 55.17
Rupee Vehicle Loans from Banks		
HDFC Bank Car Loan	₹ 1.06	₹ 2.02
Others (Unsecured)		
From related parties (Directors & Promoters)	-	-
Total	**₹ 1,218.13**	**₹ 1,037.87**

1. 25,000,000 Compulsorily Convertible Preference Shares were issued on 25.01.2016 @ ₹10/- per share. At the time of issuance of these Preference Shares, there was a condition attached that these Preference Shares will be converted to Equity Shares anytime, after the completion of 4 years from the date of issue of such Preference Shares. There was fixed dividend of 8% attached at the time of issuance of the Preference Shares but later on the same was waived off by the Preference Shareholders at their own discretion. On 06.02.2021, all the 25,000,000 Preference Shares were converted to Equity Shares in the ratio of 1:16.251 i.e. for every 16.251 Preference Shares, the Shareholders received 1 Equity Share. The Company has followed the due compliance with regulatory authorities.
2. Reconciliation of Preference Shares

Preference Share Capital	Amount (₹)
Balance as at 31 March 2021	-
Changes during the period	-
Balance as at 31 March 2022	-
Balance as at 31 March 2020	**₹ 250.00**
Changes during the year: Converted to Equity Shares	(₹ 250.00)
Balance as at 31 March 2021	-

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

3. Details of Shareholders of Preference Shares

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No of shares	% holding in the class	No of shares	% holding in the class
Preference Shares of ₹10 each fully paid				
a) Rohan Ashwin Desai	-	-	-	-
b) Aman Desai (HUF)	-	-	-	-
c) Ashwin Jayantilal Desai	-	-	-	-

4. Terms of Repayment, Nature of Security in case of Secured Loans :

Nature of Security	Rate of Interest as on March 31, 2022	Terms of Repayment	Principal outstanding as at March 31, 2022	Principal outstanding as at March 31, 2021
1. HDFC Car Loan (Hypothecation of Car)	9.55% p. a.	60 instalments from April 05, 2019	₹ 2.02	₹ 2.90
2. SBI Term Loan	8.50% p. a.	28 Quarterly Instalments of ₹22.85 MM each	₹ 228.45	₹ 319.95
3. SBI Term Loan New	8.50% p. a.	25 Quarterly Instalments of ₹4.60 MM each	₹ 55.14	₹ 73.57
4. HDFC Bank Term Loan	7.20% p. a.	20 Quarterly Instalments of ₹30.00 MM each	₹ 508.19	₹ 597.34
5. HDFC Bank Term Loan - ECGLS	6.90% p. a.	48 Monthly Instalments of ₹5.21 MM each	₹ 244.79	₹ 250.00
6. HDFC Bank Term Loan - New	6.25% p. a.	20 Quarterly Instalments of ₹23.64 MM each	₹ 472.79	-

Notes

All the above term loans, except the Car Loan, are secured by way of:

- Hypothecation of movable and immovable assets of the Company as first pari passu charge
- Personal Guarantees of all Promoters
- Personal Properties of Promoters as Collateral Security

5. Borrowings mentioned in the above Note 20, along with Note 22, amounting to ₹2,699.52 MM were paid off subsequent to the Balance Sheet date, out of the IPO Proceeds.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

21. Lease liabilities

	As at March 31, 2022	As at March 31, 2021
Lease liabilities	₹ 50.69	₹ 27.11
Total	**₹ 50.69**	**₹ 27.11**

22. Borrowings

	As at March 31, 2022	As at March 31, 2021
Working capital loan (Refer note 1)		
Secured	₹ 890.16	₹ 712.54
Current maturities of long term debt		
Secured		
Term loans from banks	₹ 292.30	₹ 205.01
Vehicle loans from banks	₹ 0.96	₹ 0.88
Unsecured		
Working Capital Limits with HDFC Bank	₹ 300.00	-
From related parties (Directors & Promoters)	₹ 149.20	₹ 125.70
Total	**₹ 1,632.62**	**₹ 1,044.13**

1. The primary security for working capital loan is outstanding receivables and inventories. The collateral security provided is residential property of directors cum promotors located at 40, Jaldarshan Society, Umra, Surat along with factory premise at 8203, Road No-8, GIDC, Sachin, Surat - 394230 and premises at 8202/1, Road No-8, GIDC, Sachin, Surat - 394230. The charge is also created against two (40, Jaldarshan and 8203, GIDC) of these properties with ROC with SBI and HDFC banks.
2. For details of terms of repayment and security for current maturities, refer note of non-current borrowings.
3. Break-up of the Working capital loan :

Particulars	As at March 31, 2022	As at March 31, 2021
Working Capital Limits with SBI	₹ 142.64	₹ 197.82
Working Capital Limits with HDFC	₹ 742.71	₹ 509.71
Closing balance	**₹ 885.35**	**₹ 707.53**
Foreign exchange valuation impact on PCFC loans	₹ 4.81	₹ 5.00
Foreign exchange valuation impact on Bill Discountings	-	-
Net outstanding	**₹ 890.16**	**₹ 712.54**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

4. Borrowings mentioned in the above note 22, along with note 20, amounting to ₹2,699.52 MM were paid off subsequent to the Balance Sheet date, out of the IPO Proceeds.

23. Lease liabilities

	As at March 31, 2022	As at March 31, 2021
Lease liabilities	₹ 5.85	₹ 3.56
Total	**₹ 5.85**	**₹ 3.56**

24. Trade payables

	As at March 31, 2022	As at March 31, 2021
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 39)	₹ 211.19	₹ 89.35
Total outstanding dues of creditors other than Micro Enterprises and Small	₹ 487.35	₹ 388.38
Total	**₹ 698.54**	**₹ 477.73**

Notes

1. Refer Note 40 for related party disclosure.
2. Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 90 days.

Particulars	Outstanding for following periods from due date of Payment					
As at March 31, 2022	Unbilled Dues	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
i. MSME	-	₹ 211.19	-	-	-	₹ 211.19
ii. Others	-	₹ 486.39	₹ 0.89	₹ 0.07	-	₹ 487.35
iii. Disputed dues - MSME	-	-		-	-	-
iv. Disputed dues - Others	-	-	-	-	-	-
Total	-	**₹ 697.58**	**₹ 0.89**	**₹ 0.07**	-	**₹ 698.54**

Particulars	Outstanding for following periods from due date of Payment					
As at March 31, 2021	Unbilled Dues	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
i. MSME	-	₹ 89.35	-	-	-	₹ 89.35
ii. Others	-	₹ 388.27	₹ 0.11	-	-	₹ 388.38
iii. Disputed dues - MSME	-	-		-	-	-
iv. Disputed dues - Others	-	-	-	-	-	-
Total	-	**₹ 477.62**	**₹ 0.11**	-	-	**₹ 477.73**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

25. Other financial liabilities

	As at March 31, 2022	As at March 31, 2021
Employee related payable		
Salary and other benefits	₹ 19.41	₹ 14.84
Bonus payable	₹ 9.94	₹ 7.60
Other payables	₹ 1.65	₹ 0.13
Bills payable	₹ 0.22	₹ 12.10
Creditor for expenses	₹ 32.25	₹ 9.76
Total	₹ 63.46	₹ 44.43

26. Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Advance received from customers	₹ 4.28	₹ 34.47
Statutory dues payables	₹ 10.39	₹ 7.04
Total	₹ 14.67	₹ 41.51

27. Provisions

	As at March 31, 2022	As at March 31, 2021
Gratuity (Refer note 45 for further disclosures)	-	-
Total	-	-

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

28. Revenue from operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products		
Manufactured goods		
Local sales	₹ 2,087.12	₹ 1,985.69
Export sales	₹ 2,305.27	₹ 1,919.21
Deemed exports	₹ 1,031.36	₹ 238.37
Export sales - CRAMS	₹ 289.53	₹ 182.41
Domestic sales - CRAMS	₹ 4.73	-
Sale of services		
Export services	₹ 184.73	₹ 176.63
Domestic services	-	-
Total revenue from operations	₹ 5,902.73	₹ 4,502.31
Less : Rebate and discount	**-₹ 2.26**	**-₹ 4.15**
Total	₹ 5,900.47	₹ 4,498.16

Refer note no. 46 for further disclosures

29. Other income

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest		
Interest on fixed deposits	₹ 4.64	₹ 1.00
Interest accrued on loans to employees	₹ 1.29	₹ 0.85
Interest on deposits	₹ 0.03	₹ 0.03
Others		
Foreign exchange fluctuation	₹ 18.37	₹ 18.32
Duty drawback - exports	₹ 5.14	₹ 2.92
MEIS duty credit	₹ 21.65	₹ 15.42
Income from mutual funds	₹ 3.22	-
Income accrued from mutual funds	-	₹ 0.79
Profit on sale of assets	-	₹ 0.02
Interest subsidy (term loan)	₹ 15.00	-
Misc. income	₹ 0.38	₹ 0.38
Total	₹ 69.74	₹ 39.73

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Subsidies from the Government

Subsidies from the Government are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the subsidies will be received or when actually will be received by the Company. Subsidies from the Government are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the subsidies are intended to compensate. Subsidies from the Government that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they are received.

30. Cost of materials consumed	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw Materials		
Opening	₹ 392.82	₹ 199.72
Add: Purchase	₹ 3,407.18	₹ 2,238.03
Add: Custom duty and clearing forwarding charges	₹ 71.80	₹ 87.21
Less: Discount on Purchase of Raw Material	-₹ 29.36	-
Total	₹ 3,842.44	₹ 2,524.96
Closing	₹ 450.01	₹ 392.82
Raw Material Consumption	**₹ 3,392.43**	**₹ 2,132.14**
Packing Materials		
Opening	₹ 10.80	₹ 6.59
Purchase	₹ 63.48	₹ 32.16
Total	₹ 74.28	₹ 38.75
Closing	₹ 15.41	₹ 10.80
Packing Material Consumption	**₹ 58.87**	**₹ 27.95**
Stores & Spares		
Opening	₹ 48.54	₹ 26.47
Purchase	₹ 126.01	₹ 65.26
Total	₹ 174.55	₹ 91.73
Closing	₹ 52.77	₹ 48.54
Stores & Spares Consumption	**₹ 121.78**	**₹ 43.19**
Other Material		
Opening	₹ 123.75	₹ 157.52
Purchase	₹ 21.39	₹ 12.11
Total	₹ 145.14	₹ 169.63
Closing	₹ 133.01	₹ 123.75
Other Material Consumption	**₹ 12.13**	**₹ 45.88**
Total cost of materials consumed	**₹ 3,585.21**	**₹ 2,249.16**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

31. Changes in inventories of finished goods and work-in-progress	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening inventories		
Finished goods	₹ 115.06	₹ 181.28
Work-in-progress	₹ 156.31	₹ 147.81
Total (A)	₹ 271.37	₹ 329.09
Closing inventories		
Finished goods	₹ 549.57	₹ 115.06
Work-in-progress	₹ 426.68	₹ 156.31
Total (B)	₹ 976.25	₹ 271.37
Total (A-B)	**-₹ 704.88**	**₹ 57.72**

32. Employee benefits expense	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	₹ 212.52	₹ 164.60
Contribution to gratuity	₹ 5.08	₹ 3.69
Contribution to provident fund	₹ 10.30	₹ 8.28
Contribution to provident fund - Admin Charges	₹ 0.46	₹ 0.34
Staff welfare expenses	₹ 23.73	₹ 18.84
Leave encashment expenses	₹ 5.14	₹ 2.85
Employee medical insurance expenses	₹ 2.37	₹ 1.91
ESOPs (Employee Benefit)	₹ 5.96	-
Other employee related expenses	₹ 4.89	₹ 20.62
Total	**₹ 270.44**	**₹ 221.13**

33. Finance costs	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on term loan	₹ 76.13	₹ 67.18
Interest on term loan - ECGLS	₹ 16.05	₹ 1.61
Interest on cash credit	₹ 6.16	₹ 10.58
Interest on PCFC	₹ 11.03	₹ 10.90
Interest on bill discounting	₹ 4.79	₹ 6.55
Interest on SLC	₹ 0.32	₹ 0.11
Interest on car loan	₹ 0.24	₹ 0.32
Interest on unsecured loans	-	₹ 1.00
Bank charges	₹ 11.83	₹ 12.18
Interest on financial liabilities at amortized cost	₹ 4.67	₹ 2.72
Total	**₹ 131.21**	**₹ 113.15**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

34. Depreciation and amortisation expense

	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (refer note 3)	₹ 142.43	₹ 102.91
Amortisation of right-of-use asset (refer note 5)	₹ 10.55	₹ 5.30
Amortisation of intangible assets (refer note 6)	₹ 1.90	₹ 1.90
Total	₹ 154.87	₹ 110.11

35. Other expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Manufacturing service cost expenses		
Power and fuel	₹ 303.82	₹ 138.91
Water charges	₹ 7.85	₹ 3.80
Other manufacturing costs	₹ 224.34	₹ 347.71
Administrative and general expenses		
Telephone and postage	₹ 2.34	₹ 3.05
Printing and stationery	₹ 1.20	₹ 0.75
Rent	₹ 1.23	₹ 7.32
Rates and taxes	₹ 5.93	₹ 8.40
Payment to statutory auditors (Refer note below)	₹ 0.60	₹ 0.45
Directors' sitting fees	₹ 2.52	₹ 0.33
Managerial remuneration	₹ 58.50	₹ 30.52
Repairs and maintenance expenses	₹ 38.86	₹ 33.67
Electricity expenses	₹ 214.84	₹ 129.64
Travelling expenses	₹ 2.63	₹ 2.66
Legal and professional expenses	₹ 28.78	₹ 17.74
Insurance expenses	₹ 21.32	₹ 13.21
Vehicle running expenses	₹ 5.94	₹ 6.16
Other administrative and general expenses	₹ 16.48	₹ 20.22
Selling and distribution expenses	₹ 108.47	₹ 64.09
Research and development expenses	₹ 1.33	₹ 8.24
Other expenses	₹ 21.66	₹ 11.69
Total	₹ 1,068.63	₹ 848.56

(a) Payment to auditors

Statutory audit fee	₹ 0.60	₹ 0.45
Total	₹ 0.60	₹ 0.45

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

36. Taxes

a. Statement of profit or loss

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax :		
Current income tax charge	₹ 338.73	₹ 201.00
Deferred tax	₹ 36.72	₹ 25.87
Income tax expense reported in the statement of profit or loss	₹ 375.44	₹ 226.87

b. Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax		
Remeasurements gains and losses on post employment benefits	-₹ 0.50	-₹ 0.22
Income tax recognised in OCI	**(₹ 0.50)**	**(₹ 0.22)**

c. Balance sheet

Current tax assets	As at March 31, 2022	As at March 31, 2021
Non- current tax assets	-	-
Current tax assets	-	-
Total tax assets	**-**	**-**

Current tax liabilities	As at March 31, 2022	As at March 31, 2021
Income tax (net of advance tax)	₹ 6.61	₹ 7.70
Total current tax liabilities	**₹ 6.61**	**₹ 7.70**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

d. Deferred tax liabilities / (assets)

Particulars	As at March 31, 2022	As at March 31, 2021
Excess of depreciation/amortisation on property plant and equipment under income tax act	₹ 139.50	₹ 102.58
Fair valuation of Mutual funds	-	-₹ 0.20
Fair valuation of Security deposits	₹ 0.01	-₹ 0.01
Amortization of processing fees on loan	-₹ 0.18	-₹ 0.18
Provision for employee benefits	-₹ 0.78	₹ 0.45
Leases	₹ 0.25	-₹ 0.57
Net deferred tax liability / (asset)	**₹ 138.79**	**₹ 102.07**

e. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Accounting profit before tax	₹ 1,464.73	₹ 938.06
Tax rate	25.17%	25.17%
Tax as per IT Act on above	₹ 368.64	₹ 236.09
Tax expenses (P&L)		
• Current tax	₹ 338.73	₹ 201.00
• Deferred tax	₹ 36.72	₹ 25.87
• Taxation in respect of earlier years		
	₹ 375.44	₹ 226.87
Tax expenses (OCI)	-₹ 0.50	-₹ 0.22
Difference	-₹ 6.30	₹ 9.44
Tax reconciliation		
Adjustments :		
Effect of permanent adjustments	-	-₹ 9.13
• Impact as a result of Tax Rate Change	-	-
• Impact as a result of Capital Gains	₹ 0.15	-
• Others	₹ 6.15	-₹ 0.31
	-	-

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

f. Movement in temporary differences :

Particulars	April 1, 2021	Recognised in profit or loss the period / year	ecognised in OCI during the period/ year	March 31, 2022
Deferred tax liabilities (DTL)				
Excess of depreciation/amortisation on property plant and equipment under income tax	₹ 102.58	₹ 36.92	-	₹ 139.50
Fair valuation of Mutual funds	-₹ 0.20	₹ 0.20	-	-
Fair valuation of Security deposits	-₹ 0.01	₹ 0.02	-	₹ 0.01
Amortization of processing fees on loan	-₹ 0.18	-		-₹ 0.18
Provision for employee benefits	₹ 0.45	-₹ 0.73	-₹ 0.50	-₹ 0.78
Leases	-₹ 0.57	₹ 0.82	-	₹ 0.25
Net deferred tax liability / (asset)	**₹ 102.07**	**₹ 37.22**	**-₹ 0.50**	**₹ 138.79**

Particulars	April 1, 2020	Recognised in profit or loss the period / year	ecognised in OCI during the period/ year	March 31, 2021
Deferred tax liabilities (DTL)				
Excess of depreciation/amortisation on property plant and equipment under income tax	₹ 76.32	₹ 26.26	-	₹ 102.58
Fair valuation of Mutual funds	-	-₹ 0.20	-	-₹ 0.20
Fair valuation of Security deposits	-₹ 0.01	-	-	-₹ 0.01
Amortization of processing fees on loan	₹ 1.02	-₹ 1.20		-₹ 0.18
Provision for employee benefits	-₹ 0.22	₹ 0.89	-₹ 0.22	₹ 0.45
Leases	-₹ 0.69	₹ 0.12	-	-₹ 0.57
Net deferred tax liability / (asset)	**₹ 76.42**	**₹ 25.87**	**-₹ 0.22**	**₹ 102.07**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

37. Earnings Per Share

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profits attributable to equity shareholders	₹ 1,089.29	₹ 711.19
Basic Earnings Per Share		
Profit for basic earning per share of ₹10 each		
Profit for the period / year (in ₹)	₹ 1,089.29	₹ 711.19
Weighted average number of equity shares outstanding during the period / year	112,691,397	96,665,734
Basic EPS (₹)	**₹ 9.67**	**₹ 7.36**
Diluted Earnings Per Share		
Profit for diluted earning per share of ₹10 each		
Profit for the period / year (in ₹)	₹ 1,089.29	₹ 711.19
Weighted average number of equity shares outstanding during the period / year	112,691,397	96,665,734
Diluted EPS (₹)	**₹ 9.67**	**₹ 7.36**

Weighted average number of equity shares for Basic Earnings Per Share	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning and at the end of the period*	10,098,567	94,162,200
Issued during the period	102,592,830	2,503,534
Weighted average number of equity shares outstanding during the period / year	**112,691,397**	**96,665,734**

Weighted average number of equity shares for Diluted Earnings Per Share	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning and at the end of the period*	10,098,567	94,162,200
Issued during the period	102,592,830	2,503,534
Weighted average number of equity shares outstanding during the period / year	**112,691,397**	**96,665,734**

38. Contingent liabilities, contingent assets and commitments

Contingent liabilities	Currency	As at March 31, 2022	As at March 31, 2021
Bank Guarantees Issued for :			
Customs	₹ (in MM)	₹ 8.89	₹ 8.89
Gujarat Gas Ltd.	₹ (in MM)	₹ 15.35	₹ 6.43
DGVCL	₹ (in MM)	₹ 23.70	₹ 21.25
Total Margin for above items	₹ (in MM)	₹ 11.45	₹ 10.37

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

38. Contingent liabilities, contingent assets and commitments

Contingent liabilities	Currency	As at March 31, 2022	As at March 31, 2021
Raw Material LC	₹(in MM)	-	-
Raw Material FLC	US$(in MM)	$ 2.94	$ 0.82
Total Margin for above items	₹(in MM)	₹ 13.10	₹ 10.12
Income Tax Demand :			
AY 2017-18 (PY: 2016-17)	₹(in MM)	₹ 0.22	₹ 0.22
AY 2018-19 (PY: 2017-18)	₹(in MM)	₹ 0.93	₹ 0.93
AY 2020-21 (PY: 2019-20)	₹(in MM)	₹ 19.82	-

- All the Contingent Liabilities listed above, which are outstanding as on current Balance Sheet date are not 100% secured through cash margins placed with the banks. Company is enjoying Bank Guarantee and LC Limit facilities from the banks, which require 15% Margin Money on Bank Guarantees and 15% Margin Money on LC Facilities.
- The Income Tax Demands are under appeal by the Company and the outcome of the same is not known and hence the demand amount has been considered as contingent liability.

39. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	As at March 31, 2022	As at March 31, 2021
	-	-
Principal amount remaining unpaid to any supplier as at the end of the period/year		
Trade Payables	₹ 211.19	₹ 89.35
Capital creditors	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the period/year	-	-
Trade Payables	-	-
Capital creditors	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006	-	-
The amount of payment made to Micro and Small supplier beyond the appointed day during each accounting year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.		
The amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

40. Related Party Disclosures

A. List of Related Parties and description of relationship

1. Entities where directors are interested

Ashwin Jayantilal Desai (Managing Director)
Aether Foundation
Globe Enviro Care Limited

Purnima Ashwin Desai (Whole Time Director)
Aether Foundation

Rohan Ashwin Desai (Whole Time Director)
Aether Foundation

Kamalvijay Ramchandra Tulsian (Director)
J R Dyeing and Printing Mills Ltd.
Gujarat Enviro-Protection and Infrastructure Pvt. Ltd.
Navbharat Silk Mills Pvt. Ltd.
Pandesara Infrastructure Ltd.
Surat Mega Textiles Processing Park Association

Jeevanlal Nagori (Director)
Tonira Pharma Ltd.
Avik Pharmaceuticals Ltd.
Ajanma Holdings Pvt. Ltd.
IPCA Traditional Remedies Pvt. Ltd.
Transrail Lighting Ltd.

Ishita Surendra Manjrekar (Director)
Sunanda Speciality Coatings Pvt. Ltd.
Sunworks Chemicals Pvt. Ltd.
Sunanda Global Outreach Foundation
Sunanda Smile Foundation

2. Key Management Personnel (KMP)

Ashwin Jayantilal Desai
Managing Director

Purnima Ashwin Desai
Whole-time Director

Rohan Ashwin Desai
Whole-time Director

Aman Ashwin Desai
Whole-time Director

Faiz Arif Nagariya
Chief Financial Officer

Chitrarth Rajan Parghi
Company Secretary & Compliance Officer

3. Relative of Key Management Personnel

Payal Rohan Desai
Spouse of Rohan Ashwin Desai

Kamalvijay Ramchandra HUF
HUF of Director - Kamalvijay Ramchandra Tulsian

Pramilaben Kamalvijay Tulsian
Spouse of Kamalvijay Ramchandra Tulsian

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

B. Related party transaction

	For the year ended March 31, 2022			For the year ended March 31, 2021		
Nature of Transaction	Promoters and their relatives	Companies Controlled by Directors / Relatives	Total	Promoters and their relatives	Companies Controlled by Directors / Relatives	Total
Rent Paid	₹ 9.60	-	₹ 9.60	₹ 8.75	-	₹ 8.75
Interest Paid	-	-	-	₹ 1.00	-	₹ 1.00
Loan accepted	₹ 23.50	-	₹ 23.50	₹ 15.01	-	₹ 15.01
Managerial Remuneration	₹ 58.50	-	₹ 58.50	₹ 29.58	-	₹ 29.58
Purchase of Consumables	-	₹ 0.08	₹ 0.08	-	₹ 0.32	₹ 0.32
Purchase of Material for Building & Structure	-	₹ 9.88	₹ 9.88	-	₹ 4.56	₹ 4.56
ETP Expenses	-	₹ 49.01	₹ 49.01	-	₹ 32.37	₹ 32.37
CSR Activities	-	₹ 7.85	₹ 7.85	-	₹ 4.61	₹ 4.61
Salary	₹ 10.52	-	₹ 10.52	₹ 4.55	-	₹ 4.55
Total	**₹ 102.12**	**₹ 66.81**	**₹ 168.93**	**₹ 58.89**	**₹ 41.86**	**₹ 100.75**

C. Balances outstanding at the end of the period / year

	As at March 31, 2022	As at March 31, 2021
Rent payable	₹ 1.27	₹ 0.29
Interest payable	-	₹ 0.10
Managerial remuneration payable	₹ 2.36	₹ 3.22
Unsecured loans received	₹ 149.20	₹ 125.70
Salary Payable	₹ 0.31	₹ 0.25

During the above periods, the Company did not enter into any material transactions (as defined in the Company's policy on related party transactions) with related parties. All other transactions of the Company with the related parties were in the ordinary course of business and at an arm's length.

D. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year

	As at March 31, 2022	As at March 31, 2021
Rent Paid		
Purnima Desai	-	₹ 1.35
Payal Desai	₹ 1.80	₹ 1.80
Ashwin Desai	₹ 1.80	₹ 0.90
Rohan Desai	₹ 1.20	₹ 0.50
Kamalvijay Ramchandra HUF	₹ 2.40	₹ 2.40
Pramilaben Kamalvijay Tulsian	₹ 2.40	₹ 1.80
Total	**₹ 9.60**	**₹ 8.75**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

D. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type	As at March 31, 2022	As at March 31, 2021
Managerial Remuneration		
Ashwin Desai	₹ 13.00	₹ 6.83
Purnima Desai	₹ 13.00	₹ 6.83
Rohan Desai	₹ 13.00	₹ 7.96
Aman Desai	₹ 19.50	₹ 7.96
Total	**₹ 58.50**	**₹ 29.58**
Transactions with Companies Controlled by Directors / Relatives		
Sunanda Speciality Coatings Pvt. Ltd. (Consumables)	₹ 0.08	₹ 0.32
Sunanda Speciality Coatings Pvt. Ltd. (Material for Building & Structure)	₹ 9.88	₹ 4.56
Globe Enviro Care Limited (ETP Expenses)	₹ 49.01	₹ 32.37
Aether Foundation (CSR Expenses)	₹ 7.85	₹ 4.61
Total	**₹ 66.81**	**₹ 41.86**
Loans Accepted		
Ashwin Jayantilal Desai	₹ 14.50	₹ 1.98
Purnima Ashwin Desai	-	₹ 1.60
Rohan Ashwin Desai	₹ 3.90	₹ 5.84
Aman Ashwin Desai	₹ 3.50	₹ 4.49
Aman Ashwin Desai (HUF)	-₹ 26.29	-
Payal Rohan Desai	₹ 1.60	₹ 1.10
Ishita Manjrekar	₹ 26.29	-
Total	**₹ 23.50**	**₹ 15.01**
Salary Paid		
Payal Rohan Desai	₹ 6.50	₹ 4.55
Faiz Arif Nagariya	₹ 3.45	-
Chitrarth Rajan Parghi	₹ 0.57	-
Total	**₹ 10.52**	**₹ 4.55**

41. Section 35 (2AB) of Income Tax Act, 1961 Disclosure

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salary, Wages & PF		
Salary Expense	₹ 34.04	₹ 16.98
Overtime Wages	₹ 1.57	₹ 0.34
Employer's Contribution to PF	₹ 1.78	₹ 1.04
Employee Medical Insurance Expenses		
Employer's Contribution to ESI	₹ 0.49	₹ 0.15

Approval for registration of in- house R&D unit by Department of Science and Industrial Research (DSIR) was received vide letter dated November 24, 2020. As the above note is for the discloser of requirements of Section 35(2AB) of the Income Tax Act, 1961, we have not considered Depreciation here. The Section 35(2AB) was not applicable as on 30 September 2020, hence the information is not provided for the previous comparative period

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

41. Section 35 (2AB) of Income Tax Act, 1961 Disclosure	For the year ended March 31, 2022	For the year ended March 31, 2021
Leave Encashment Expenses		
Leave Encashment Expenses	₹ 0.76	₹ 0.46
Other Employee Related Expenses		
Bonus	₹ 4.86	₹ 1.95
Managerial Remuneration		
Salaries to Directors	₹ 6.00	₹ 5.25
Bonus to Directors	₹ 0.68	₹ 0.44
Consumption of Material		
R&D Material	₹ 12.54	₹ 10.37
Power & Fuel		
Diesel Expenses	₹ 10.09	₹ 19.49
Repairs & Maintenance		
Plant & Machinery	₹ 2.07	₹ 1.68
Buildings	₹ 1.34	₹ 0.31
Others	₹ 1.15	₹ 0.07
Electricity Expenses		
Electricity Expenses	₹ 18.82	₹ 21.47
Vehicle Running Expenses		
Petrol & Other Expenses	₹ 0.49	₹ 0.28
Vehicle Repairing Expenses	₹ 0.16	₹ 0.20
Vehicle Hiring Charges	₹ 2.10	₹ 1.40
Rent, Rates & Taxes		
Rent	₹ 4.80	₹ 4.20
Other Administrative & General Expenses		
Security Expenses	₹ 1.51	₹ 1.58
Total Revenue Expenditure (A)	**₹ 105.27**	**₹ 87.66**
Capital Expenditure		
Buildings	₹ 29.87	₹ 3.05
Computers	₹ 1.19	₹ 0.49
Factory Equipment (Electric)	₹ 7.19	₹ 4.91
Furniture & Fixtures	₹ 0.08	₹ 0.02
Other Equipment (Lab)	₹ 3.97	₹ 2.57
Office Equipment	₹ 1.05	₹ 0.19
Plant & Machinery	₹ 88.16	₹ 67.19
Computer Software	₹ 0.22	₹ 0.40
CWIP	₹ 155.61	₹ 0.56
Total Capital Expenditure (B)	**₹ 287.34**	**₹ 79.38**
Total Expenditure (A) + (B)	**₹ 392.60**	**₹ 167.04**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

42. Financial risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies. The board regularly meets to decide its risk management activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is also assisted by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Company has exposure to the following risks arising from financial instruments:

- credit risk - see note (a) below
- liquidity risk - see note (b) below
- market risk - see note (c) below

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess impairment loss or gain. The Company uses a matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and Company's historical experience for customers;

- The company has not made any provision on expected credit loss on trade receivables and other financials assets, based on the management estimates.

(ii) Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department within the Finance Department is responsible for liquidity and funding. In addition policies and procedures relating to such risks are overseen by the management.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from the operations.

Particulars	As at March 31, 2022	As at March 31, 2021
Total current assets (A)	₹ 4,097.90	₹ 2,335.28
Total current liabilities (B)	₹ 2,421.75	₹ 1,619.06
Working capital (A-B)	**₹ 1,676.15**	**₹ 716.22**
Current Ratio	**₹ 1.69**	**₹ 1.44**

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

As at March 31, 2022				
		Contractual cash flows		
Nature of Transaction	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	₹ 2,850.75	₹ 1,632.62	₹ 1,218.13	₹ 2,850.75
Trade payables	₹ 698.54	₹ 697.58	₹ 0.96	₹ 698.54
Lease liabilities	₹ 56.54	₹ 5.85	₹ 50.69	₹ 56.54
Other liabilities	₹ 63.46	₹ 63.46	-	₹ 63.46

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

As at March 31, 2021				
		Contractual cash flows		
Nature of Transaction	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	₹ 2,082.00	₹ 1,044.13	₹ 1,037.87	₹ 2,082.00
Trade payables	₹ 477.73	₹ 477.62	₹ 0.11	₹ 477.73
Lease liabilities	₹ 30.67	₹ 3.56	₹ 27.11	₹ 30.67
Other liabilities	₹ 44.43	₹ 44.43	-	₹ 44.43

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

C. Market risk

Market risk is the risk that changes with market prices – such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

1. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in its functional currency (₹) and in other foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency.

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

	As at March 31, 2022		As at March 31, 2021	
Financial assets	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
Trade receivables	$ 8.88	₹ 672.71	$ 6.51	₹ 475.26
Balance with banks - in EEFC accounts	$ 0.85	₹ 32.40	$ 0.47	₹ 33.96
Total	**$ 9.73**	**₹ 705.10**	**$ 6.98**	**₹ 509.22**

Notes : Amounts seen as (0.00) are below the disclosure threshold of the Company.

	As at March 31, 2022		As at March 31, 2021	
Financial liabilities	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
Trade payable	$ 0.53	₹ 40.16	$ 0.98	₹ 72.14
Total	**$ 0.53**	**₹ 40.16**	**$ 0.98**	**₹ 72.14**

Notes : Amounts seen as (0.00) are below the disclosure threshold of the Company.

	As at March 31, 2022		As at March 31, 2021	
Currency wise net exposure (assets -liabilities)	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD	$ 9.20	₹ 664.94	$ 6.00	₹ 437.08
Total	**$ 9.20**	**₹ 664.94**	**$ 6.00**	**₹ 437.08**

Notes : Amounts seen as (0.00) are below the disclosure threshold of the Company.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Sensitivity analysis	Impact on profit/equity (1% strengthening)	
	March 31, 2022	March 31, 2022
USD	₹ 6.65	₹ 4.37
Total	**₹ 6.65**	**₹ 4.37**

Notes : Amounts seen as (0.00) are below the disclosure threshold of the Company.

Sensitivity analysis	Impact on profit/equity (1% strengthening)	
	March 31, 2022	March 31, 2022
USD	-₹ 6.65	-₹ 4.37
Total	**-₹ 6.65**	**-₹ 4.37**

Notes : Amounts seen as (0.00) are below the disclosure threshold of the Company

Significant accounting policies (Contd.)
(All amounts in Indian Rupees millions, unless otherwise stated)

2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection of appropriate type of borrowings and by negotiation with the banker.

The exposure of the borrowings (long term and short term) to interest rate changes at the end of the reporting period are as follows:

	March 31, 2022	March 31, 2021
Variable rate borrowings	₹ 2,399.52	₹ 1,953.40
Fixed rate borrowings	₹ 151.22	₹ 128.60
Total borrowings	**₹ 2,550.75**	**₹ 2,082.00**

Sensitivity analysis	ıpact on profit before tax / pre-tax equi	
	March 31, 2022	March 31, 2021
Increase by 50 basis points	-₹ 12.00	-₹ 9.77
Decrease by 50 basis points	₹ 12.00	₹ 9.77

43. Capital management

The Company's capital comprises equity share capital, surplus in the statement of profit and loss and other equity attributable to equity holder

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below :

	As at March 31, 2022	As at March 31, 2021
Total liabilities	₹ 3,829.37	₹ 2,786.11
Less: cash and cash	₹ 180.16	₹ 55.63
Net debt	₹ 3,649.21	₹ 2,730.48
Total equity	₹ 3.868.88	₹ 1,743.33
Debt-equity ratio	**0.94**	**1.57**

Significant accounting policies (Contd.)
(All amounts in Indian Rupees millions, unless otherwise stated)

44. Fair value measurements

a. Categories of financial instruments — As at March 31, 2022

Category	Carrying amount	Fair Values			
		FVTPL Level 1	FVTPL Level 3	FVTOCI Level 3	Amortised Cost Level 2
Financial assets					
Trade receivables	₹ 1,634.80	-	-	-	₹ 1,634.80
Cash and cash equivalents	₹ 33.39	-	-	-	₹ 33.39
Other bank balances	₹ 146.77	-	-	-	₹ 146.77
Investment in mutual funds - Quoted	₹ 170.11	₹ 170.11	-	-	-
Investments in equity shares - Unquoted	₹ 2.09	-	-	₹ 2.09	-
Loans	₹ 8.36	-	-	-	₹ 8.36
Other financial assets	₹ 25.90	-	-	-	₹ 25.90
Total financial assets	**₹ 2,021.42**	**₹ 170.11**	**-**	**₹ 2.09**	**₹ 1,849.22**
Financial liabilities					
Borrowings	₹ 2,850.75	-	-	-	₹ 2,850.75
Trade payables	₹ 698.54	-	-	-	₹ 698.54
Other financial liabilities	₹ 120.00	-	-	-	₹ 120.00
Total financial liabilities	**₹ 3,669.29**	**-**	**-**	**-**	**₹ 3,669.29**

a. Categories of financial instruments — As at March 31, 2021

Category	Carrying amount	Fair Values			
		FVTPL Level 1	FVTPL Level 3	FVTOCI Level 3	Amortised Cost Level 2
Financial assets					
Trade receivables	₹ 1,082.40	-	-	-	₹ 1,082.40
Cash and cash equivalents	₹ 35.14	-	-	-	₹ 35.14
Other bank balances	₹ 20.49	-	-	-	₹ 20.49
Investment in mutual funds - Quoted	₹ 220.90	₹ 220.90	-	-	-
Investments in equity shares - Unquoted	₹ 2.09	-	-	₹ 2.09	-
Loans	₹ 7.92	-	-	-	₹ 7.92
Other financial assets	₹ 21.05	-	-	-	₹ 21.05
Total financial assets	**₹ 1,389.99**	**₹ 220.90**	**-**	**₹ 2.09**	**₹ 1,167.00**
Financial liabilities					
Borrowings	₹ 2,082.00	-	-	-	₹ 2,082.00
Trade payables	₹ 477.73	-	-	-	₹ 477.73
Other financial liabilities	₹ 75.10	-	-	-	₹ 75.10
Total financial liabilities	**₹ 2,634.83**	**-**	**-**	**-**	**₹ 2,634.83**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

b. Fair value hierarchy

As per Ind AS 107 "Financial Instrument: Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. As illustrated above, all financial instruments of the company which are carried at amortized cost approximates the fair value (except for which the fair values are mentioned). Investments in Mutual Funds which are designated at FVTPL & investment in shares which are classified as FVTOCI are at fair value.

45. Details of employee benefits as required by Ind-AS 19 - "Employee benefits are as under"

I. **Defined contribution plan - Provident fund and other funds**

The company has recognised following amounts in the profit & loss account for the year/ period:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Provident fund		
Employer's Contribution	₹ 10.30	₹ 8.27
Administration charges	₹ 0.46	₹ 0.34
Employer's Contribution to ESI (Employee State Insurance)	₹ 2.37	₹ 1.91
Total	₹ 13.12	₹ 10.52

II. **Defined benefit plan**

1. The defined benefit plan comprises gratuity, which is funded.
2. Actuarial gains and losses in respect of defined benefit plans are recognised in the Other Comprehensive Income (OCI).

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in balance sheet for the plan.
Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Present Value of Benefit Obligation at the Beginning of the Period	₹ 17.43	**₹ 11.74**
Interest cost	₹ 1.19	₹ 0.80
Current service cost	₹ 5.20	₹ 3.69
Benefits paid	-₹ 0.67	-₹ 0.48
Actuarial (Gains)/Losses on Obligations		
- Due to Change in Demographic Assumptions	₹ 0.01	-
- Due to Change in Financial Assumptions	-₹ 1.53	₹ 0.05
- Due to Experience	₹ 3.50	₹ 1.62
Present value of obligation at the end of the period / year	₹ 25.12	₹ 17.43

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Changes in the fair value of plan assets are as follows

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets at the beginning of the period / year	₹ 19.18	₹ 11.69
Interest income	₹ 1.31	₹ 0.80
Contributions	₹ 7.65	₹ 6.36
Mortality charges and taxes	-	-
Benefits paid	-₹ 0.67	-₹ 0.48
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	₹ 0.81
Fair value of Plan assets at end of the period / year	₹ 27.46	₹ 19.18

Net interest cost for current period

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Present Value of Benefit Obligation at the Beginning of the Period	₹ 17.43	₹ 11.74
Fair Value of Plan Assets at the Beginning of the Period	-₹ 19.18	-₹ 11.69
Net Liability/(Asset) at the Beginning	-₹ 1.75	₹ 0.05
Interest Cost	₹ 1.19	₹ 0.80
Interest Income	-₹ 1.31	-₹ 0.80
Net Interest Cost for Current Period	-₹ 0.12	₹ 0.00

Net employee benefit expense on account of gratuity recognised in employee benefit expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	₹ 5.20	₹ 3.69
Net interest (Income)/ Expense	-₹ 0.12	-
Net benefit expense	₹ 5.08	₹ 3.69

Amount recognised in the statement of other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Re-measurement for the year - obligation (gain) / loss	₹ 1.98	₹ 1.67
Re-measurement for the year - plan assets (gain) / loss	-	-₹ 0.81
Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income	₹ 1.98	₹ 0.86

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Net Defined Benefit Liability/(Asset) for the period / year

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Defined Benefit Obligation	₹ 25.12	₹ 17.43
Fair value of plan assets	₹ 27.46	₹ 19.18
Closing net defined benefit liability/(asset)	-₹ 2.34	-₹ 1.75

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current	-₹ 2.34	-₹ 1.75
Non-Current	-	-

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below

Assumptions	As at March 31, 2022	As at March 31, 2021
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Discount rate	6.82%	6.84%
Rate of increase in compensation levels	8.00%	8.00%
Expected rate of return on plan assets	6.82%	6.84%
Withdrawal rate #		
- Age up to 30 years	5.00%	5.00%
- Age 31 - 40 years	5.00%	5.00%
- Age 41 - 50 years	5.00%	5.00%
- Age above 50 years	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption as at December 31, 2021 & March 31, 2021 is as shown below

Assumptions	As at March 31, 2022		As at March 31, 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in				
rate of discounting	-₹ 3.09	₹ 3.79	-₹ 2.24	₹ 2.77
rate of salary increase	₹ 3.64	-₹ 3.08	₹ 2.68	-₹ 2.23
rate of employee turnover	-₹ 0.41	₹ 0.46	-₹ 0.41	₹ 0.47

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Expected future benefit payments.
The following benefit payments, for each of the next five years and the aggregate five years thereafter, are expected to be paid

Duration of defined benefit payments	March 31, 2022	March 31, 2021
1st Following Year	₹ 0.90	₹ 0.44
2nd Following Year	₹ 1.00	₹ 0.64
3rd Following Year	₹ 1.16	₹ 0.73
4th Following Year	₹ 1.23	₹ 0.84
5th Following Year	₹ 1.35	₹ 0.88
Sum of Years 6 to 10	₹ 7.35	₹ 4.89
Sum of Years 11 and above	₹ 75.50	₹ 50.53

46. Revenue from contracts with customers

a. Reconciliation of revenue recognised with the contracted price is as follows	For the year ended March 31, 2022	For the year ended March 31, 2021
Gross Sales (Contracted Price)	₹ 5,902.73	₹ 4,502.31
Reductions towards variable consideration (Discount & Delayed Delivery Charges)	-₹ 2.26	-₹ 4.15
Revenue recognised	**₹ 5,900.47**	**₹ 4,498.16**

The Company derives its revenue from contracts with customers for the transfer of goods and services at a point in time and over the period in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108.

b. External revenue by Product Line	For the year ended March 31, 2022	For the year ended March 31, 2021
4'-Methyl-2-Cyanobiphenyl (OTBN)	₹ 243.51	₹ 620.76
4-(2-Methoxyethyl) Phenol (4MEP)	₹ 1,650.33	₹ 944.35
Thiophene-2-Ethanol (T2E)	₹ 668.10	₹ 682.15
1-Deoxy-1-(Octylamino)-D-Glucitol (NODG)	₹ 219.18	₹ 289.86
3-Methoxy-2-Methyllenzoyl Chloride (MMBC)	₹ 588.49	₹ 694.76
1-[2-(2-Hydroxyethoxy)Ethyl]Piperazine (HEEP)	₹ 225.03	₹ 182.43
2-Methoxy-6-Chlorotoluene (MCT)	₹ 190.75	₹ 176.80
Bifenthrin Alcohol (BFA)	₹ 623.15	-
Other Products	₹ 1,012.87	₹ 548.01
Revenue from products (Recognised at point in time) (A)	**₹ 5,421.42**	**₹ 4,139.12**
Service name		
CRAMS	₹ 479.05	₹ 359.04
Revenue from services (Recognised over the period) (B)	**₹ 479.05**	**₹ 359.04**
Grand Total (A) + (B)	**₹ 5,900.47**	**₹ 4,498.16**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

c. Revenue by Business Classification

	For the year ended March 31, 2022	For the year ended March 31, 2021
Large Scale Manufacturing	₹ 3,955.02	₹ 3,249.18
Contract Manufacturing	₹ 1,402.39	₹ 871.57
Contract Manufacturing and Manufacturing Services (CRAMS)	₹ 479.05	₹ 359.04
Total revenue	**₹ 5,900.47**	**₹ 4,498.16**

d. Revenue by Geographies / Regions

	For the year ended March 31, 2022	For the year ended March 31, 2021
India (including Deemed Exports)	₹ 3,116.22	₹ 2,219.91
India (SEZ)	₹ 351.72	₹ 380.84
Spain	₹ 504.96	₹ 389.57
Italy	₹ 533.57	₹ 725.30
USA	₹ 227.81	₹ 211.68
Germany	₹ 377.45	₹ 237.27
Belgium	₹ 65.17	₹ 43.84
China	₹ 90.17	₹ 28.73
Mexico	₹ 140.70	₹ 47.80
Switzerland	₹ 80.01	₹ 8.70
Israel	₹ 24.56	₹ 23.08
Taiwan	₹ 90.37	₹ 64.92
Netherlands	₹ 142.88	₹ 46.25
Japan	₹ 71.26	₹ 37.79
Romania	₹ 20.50	₹ 16.13
Others - Europe	₹ 63.15	₹ 16.35
Total revenue	**₹ 5,900.47**	**₹ 4,498.16**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

47. Explanation of transition to Ind AS

These Ind AS financial statements, for the year ended March 31, 2022 are the first financial statements prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2021, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 ("IGAAP" or "Previous GAAP")

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2022 together with comparative period data as at and for the year ending on March 31, 2021 as described in the Basis of Preparation and Summary of Significant Accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2018 being the Company's date of transition to Ind AS.

The financial statements for the years ended March 31, 2022 were prepared in accordance with Ind AS complying with the requirements of SEBI Circular dated March 31, 2016 and Guidance Note on Reports in Company Prospectuses issued by ICAI. For all the years the Company has adopted the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on the transition date, i.e. April 1, 2018.

This note explains exemptions availed by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2022.

A. Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has elected to apply the following exemptions :

1. Deemed cost : Property, plant and equipment and intangible assets

   The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

2. Designation of previously recognised financial instruments

   Financial assets and financial liabilities are classified at fair value based on facts and circumstances as at the date of transition to Ind AS. Financial assets and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 1, 2018 and not from the date of initial recognition.

3. Leases

   Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. According to Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

B. Exceptions applied

1. Estimates

   The estimates at April 1, 2018 being the transition date and at March 31, 2022 are consistent with those made for the same dates in accordance with Indian GAAP. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at April 1, 2018 , the date of transition to Ind AS and as of March 31, 2022.

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

2. De-recognition of financial assets and liabilities
   Ind AS 101, requires first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements of Ind AS 109, retrospectively from a date of the Company's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transaction was obtained at the time of initial accounting of transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from date of transition to Ind AS.

3. Classification and measurement of financial assets
   Ind AS 101 requires an entity to assess classification and measurement of financial assets, on the basis of the facts and circumstances that exist at the transition date to Ind AS.

C. Explanation of transition to Ind AS

An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes that accompany the tables. The reconciliations include -

i. Reconciliation of equity as at March 31, 2021
ii. Reconciliation of total comprehensive income for the period ended March 31, 2021 ;

There are no material adjustments to the cash flow statements.

D. Statement of reconciliation of total equity and profit and loss as per previous GAAP and Ind AS

Reconciliation of total equity as at March 31, 2021:

Particulars	Note	March 31,2021
Equity as per Indian GAAP		₹ 1,744.71
Adjustments to retained earnings		
Leases	c	-₹ 7.14
Fair valuation of security deposit	b	-
Investment in mutual funds	c	₹ 0.82
Reclassification of preference shares into borrowings	d	-
Provision of gratuity	e	₹ 1.75
Transaction cost on borrowings	f	₹ 2.67
Deferred tax impact	g	₹ 0.52
Total of Ind AS adjustment to retained earnings		-₹ 1.38
Equity as per Ind AS		₹ 1,743.33

Reconciliation of total comprehensive income for the period ended March 31, 2021 :

Particulars	Note	March 31,2021
Net profit as per Indian GAAP		**₹ 710.22**
Adjustments to net profit		
Leases	c	-₹ 2.04
Fair valuation of security deposit	b	₹ 0.00
Investment in mutual funds	a	₹ 0.79
Provision of gratuity	d,e	₹ 2.66
Transaction cost on borrowings	g	-₹ 0.83
Deferred tax impact	h	₹ 0.39
Total of Ind AS adjustments to net profit		**₹ 0.98**
Net Profit as per Ind AS		₹ 711.20
Adjustments to other comprehensive income		
Actuarial gains and losses (net of tax)	d	-₹ 0.86
Deferred tax impact on investments	h	₹ 0.22
Total of Ind AS adjustments to other comprehensive income		-₹ 0.64
Total comprehensive income as per Ind AS		**₹ 710.55**

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Notes to the reconciliations

a. Investment in mutual funds - Under Indian GAAP, long-term investments are valued at cost less provision for other than temporary diminution in the value of such investments. Under Ind AS, investment in mutual funds are classified as 'Fair value through profit and loss' are measured at fair value at each reporting date. The subsequent changes in the fair value of such investments are recognised in statement of profit and loss.

b. Interest-free security deposits (Assets) - Under Indian GAAP, security deposits are recorded at transaction value. Under Ind AS, security deposits given to lessors for leased premises have been fair valued and the difference between the fair value and the transaction value have been presented as a part of right-of-use assets. Right-of-use assets has been depreciated in the statement of profit and loss over the lease term. Interest income on security deposit is recorded using effective interest rate method.

c. Leases - Under Indian GAAP, leases are required to be classify leases as finance lease and operating lease. Operating lease expenses are recognised on a straight-line basis over the lease term. Under Ind AS, a single lessee accounting model is prescribed and requires a lessee to recognize assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payment. Right-of-use asset is depreciated in the statement of profit and loss over the lease term. Interest expenditure on lease liabilities is recorded using effective interest rate method.

d. Employee benefit expenses - actuarial gains and losses and return on plan assets - Under India GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in statement of profit and loss. Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes I the effect of asset, if any, with respect to post employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

e. Prior period adjustments - Under Indian GAAP, prior period items are included in determination of profit or loss of the period in which the item is discovered and are separately disclosed in the statement of profit and loss. Under Ind AS, material prior period items are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented by restating the opening balance sheet. Under Indian GAAP, the Company did not take actuarial valuation of gratuity provision and its corresponding impact. However while restatement of financial information, impact of actuarial valuation of gratuity provision has been considered.

f. Liability - Preference shares - Under Indian GAAP, preference shares forms part of share capital. Under Ind AS, these preference shares are classified as borrowings (liability) and are subsequently measured at fair value profit or loss account (FVTPL).

g. Borrowings - Under Indian GAAP, transaction costs incurred in connection with borrowings are recognised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition of financial liability and charged to profit or loss using the effective interest method.

h. Income tax - Under Indian GAAP, deferred taxes are recognised using income statement approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the income tax rates enacted or substantively enacted at reporting date. Further under Ind AS, income tax is recognised in the same statement in which underlying item is recorded.

Significant accounting policies (Contd.)
(All amounts in Indian Rupees millions, unless otherwise stated)

48. Leases

a. For Right- of-use assets schedule-please refer note 5

b. Lease liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current	₹ 5.85	₹ 3.56
Non Current	₹ 50.69	₹ 27.11
Total	**₹ 56.54**	**₹ 30.67**

c. Interest expenses on lease

Particulars	As at March 31, 2022	As at March 31, 2021
Interest on lease liabilities	₹ 4.67	₹ 2.72

d. Expenses on short term leases / low value assets

Particulars	As at March 31, 2022	As at March 31, 2021
Short-term lease	₹ 1.23	₹ 7.08
Low value assets	₹ 0.00	₹ 0.24

e. Amounts recognised in the statement of cash flow

Particulars	As at March 31, 2022	As at March 31, 2021
Total cash outflow for leases	₹ 10.01	₹ 3.27

f. Maturity analysis – contractual un-discounted cash flows

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	₹ 14.19	₹ 9.80
One to five years	₹ 57.75	₹ 46.51
More than five years	₹ 5.40	₹ 10.20
Total un-discounted lease liabilities	₹ 77.35	₹ 66.51

g. Other notes The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2018 is 9.50%.
Operating lease payable as per previous GAAP as at transition date is considered for calculation of lease liabilities under Ind AS 116.

49. Operating Segment

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sales Value		
India	₹ 3,467.93	₹ 2,219.91
Rest of the World	₹ 2,432.54	₹ 2,278.25
	₹ 5,900.47	₹ 4,498.16
Carrying amount of assets*		
India	₹ 962.10	₹ 607.14
Rest of the World	₹ 672.71	₹ 475.26
	₹ 1,634.80	₹ 1,082.40
Additions to property, plant and equipment, right of use assets and intangible assets		
India	₹ 563.53	₹ 985.42
Total	₹ 563.53	₹ 985.42

*Segment assets represent trade receivables

Significant accounting policies (Contd.)
(All amounts in Indian Rupees millions, unless otherwise stated)

Information about major customers (External Customers)

The following is the transactions by the Company with external customers individually contributing 10% or more of revenue from operations:

- For the period ended March 31, 2022, revenue from operations of one customer of the Company represented approximately 12.10% of revenue from operations.
- For the year ended March 31, 2021, revenue from operations of one customer of the Company represented approximately 19.38% of revenue from operations.

50. Corporate Social Responsibility

As per the provisions of Section 135 of Companies Act 2013, the Company was required to spend ₹12.19 MM (March 31, 2021: ₹6.53 MM). being 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy on the activities specified in Schedule VII of the Act. However, the Company has spent ₹12.19 MM (March 31, 2021: ₹6.53 MM) towards Corporate Social Responsibility activities. Below are the details of the amount spent during the year :

Particulars	CSR	As at March 31, 2022	As at March 31, 2022
1. Aether Foundation	Promoting education in tribal and rural area	₹ 7.84	₹ 4.36
2. Friends of Tribal Society	Promoting education in rural area	₹ 0.00	₹ 0.66
3. Rogi Kalyan Samiti New Civil Hospital	Disaster management, including relief, rehabilitation and reconstruction activities (CoVID-19)	₹ 0.25	₹ 0.00
4. Kajorimal Basantilal Nagori Trust	Promoting education in rural area	₹ 0.50	₹ 0.00
5. Surat Manav Seva Sangh	Disaster management, including relief, rehabilitation and reconstruction activities (CoVID-19)	₹ 1.00	₹ 0.00
6. Disable Welfare Trust of India	Provision of aid / facilities to senior citizens	₹ 0.00	₹ 0.10
7. Shree Jagannath Vruddhashram Trust	Provision of aid / facilities to senior citizens	₹ 0.00	₹ 0.20
8. Laado Sansthan	Contribution of various facilities for skill development for females	₹ 0.00	₹ 0.01
9. Sachin Vibhag Kelvani Mandal	Promoting education support	₹ 0.00	₹ 1.00
10. Provision of food to the needy during lock-down (CoVID-19)	Disaster management	₹ 0.00	₹ 0.20
11. Surat Raktadan Kendra and Research Centre	Preventive health-care measure	₹ 0.60	₹ 0.00

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	CSR	As at March 31, 2022	As at March 31, 2021
12. Nimar Abhyudaya Rural Management & Development Association	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	₹ 1.00	₹ 0.00
13. Shree Mahavir Health and Medical Relief Society	Preventive health-care measure	₹ 1.00	₹ 0.00
Total		**₹ 12.19**	**₹ 6.53**

51. Events subsequent to March 31, 2022

a. The Company has issued new 20,24,921 Equity Shares of ₹10 each @ ₹642 per share (₹632 per share being the Share Premium) on May 5, 2021 during the Pre-IPO stage.

b. The Company has issued new 97,66,355 Equity Shares of ₹10 each @ ₹642 per share (₹632 per share being the Share Premium) on May 31, 2021 as fresh Issue of Shares being part of the Initial Public Offer (IPO), and 1,11,370 Equity Shares reserved for the eligible employees under the ESOS.

For Birju S. Shah & Associates
Chartered Accountants | Firm Registration No: 131554W

Birju S. Shah - Proprietor
Membership No: 107086 | Place: Surat
Date: June 16, 2022 | ICAI UDIN: 22107086AKZYYJ3096

For and on behalf of the Board of Directors of
Aether Industries Limited | CIN: U24100GJ2013PLC073434

Ashwin Desai - Managing Director DIN: 00038386
Rohan Desai - Whole-time Director DIN: 00038379
Faiz Nagariya - Chief Financial Officer PAN: ADBPN8514G
Chitrarth Parghi - Company Secretary Mem. No.: A54033

Place: Surat | Date: June 16, 2022

52. Ratios as per the Schedule III requirements

a. Current Ratio = Current Assets divided by Current Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current Assets	₹ 4,097.90	₹ 2,335.28
Current Liabilities	₹ 2,421.75	₹ 1,619.06
Current Ratio (Times)	**1.69**	**1.44**
% Change from previous period / year	17.32%	

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

b. Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings

Particulars	As at March 31, 2022	As at March 31, 2022
Total Debt	₹ 2,850.75	₹ 2,082.00
Total Equity	₹ 3,868.88	₹ 1,743.33
Debt Equity Ratio (Times)	**0.74**	**1.19**
% Change from previous period / year	-38.30%	

c. Debt Service Coverage Ratio (DSCR) = Earnings available for debt services divided by Total interest and principal repayments

Particulars	As at March 31, 2022	As at March 31, 2022
Profit for the year	₹ 1,089.29	₹ 711.19
Add: Non cash operating expenses and finance cost	-	-
Depreciation and amortisation expense	₹ 154.87	₹ 110.11
Finance costs	₹ 131.21	₹ 113.15
Earnings available for debt services	₹ 1,375.37	₹ 934.45
Interest cost on borrowings	₹ 114.71	₹ 97.25
Principal repayments (including certain prepayments)	₹ 142.35	₹ 110.60
Total Interest and principal repayments	₹ 257.06	₹ 207.85
Debt Service Coverage Ratio (Times)	**5.35**	**4.50**
% Change from previous period / year	19.01%	

d. Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided

Particulars	As at March 31, 2022	As at March 31, 2022
Profit for the year	₹ 1,089.29	₹ 711.19
Total Equity	₹ 3,868.88	₹ 1,743.33
Return on Equity Ratio (%)	**28.16%**	**40.79%**
% Change from previous period / year	-30.98%	

e. Inventory Turnover Ratio = Closing Inventory divided by Cost of Material Consumed plus Changes in Inventory in to 365/366

Particulars	As at March 31, 2022	As at March 31, 2021
Cost of materials consumed	₹ 2,880.33	₹ 2,306.88
Closing Inventory	₹ 1,627.44	₹ 847.28
Inventory Turnover Ratio (Days)	**206.23**	**134.06**
% Change from previous period / year	53.84%	

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

f. Trade receivables turnover ratio = Credit Sales divided by Closing Trade Receivables in to 365/366

Particulars	As at March 31, 2022	As at March 31, 2022
Credit Sales	₹ 5,900.47	₹ 4,498.16
Closing Trade Receivables	₹ 1,634.80	₹ 1,082.40
Trade Receivables Ratio (Days)	**101.13**	**63.77**
% Change from previous period / year	58.59%	

g. Trade payables turnover ratio = Closing trade payables divided by Cost of Materials Consumed in to 365/366

Particulars	As at March 31, 2022	As at March 31, 2022
Cost of materials consumed	₹ 2,880.33	₹ 2,306.88
Closing Trade Payables	₹ 698.54	₹ 477.73
Trade Payables Turnover Ratio (Days)	**88.52**	**75.59**
% Change from previous period / year	17.11%	

h. Net capital Turnover Ratio =Revenue from Operations divided by Net Working capital whereas net working capital = current assets - current liabilities

Particulars	As at March 31, 2022	As at March 31, 2022
Revenue from operations	₹ 5,900.47	₹ 4,498.16
Net Working Capital	₹ 1,676.15	₹ 716.22
Net Capital Turnover Ratio (Times)	**3.52**	**6.28**
% Change from previous period / year	-43.95%	

i. Net profit ratio = Net profit after tax divided by Revenue from operations.

Particulars	As at March 31, 2022	As at March 31, 2022
Profit for the year	₹ 1,089.29	₹ 711.19
Revenue from operations	₹ 5,900.47	₹ 4,498.16
Ratio (Times)	**0.18**	**0.16**
% Change from previous period / year	16.76%	

Significant accounting policies (Contd.)

(All amounts in Indian Rupees millions, unless otherwise stated)

j. Return on Capital employed- Pre cash (ROCE)=Earnings before interest and taxes (EBIT) divided by Capital Employed- pre cash

Particulars	As at March 31, 2022	As at March 31, 2022
Profit/(Loss) before tax (A)	₹ 1,464.73	₹ 938.06
Finance Costs* (B)	₹ 131.21	₹ 113.15
Other income* (C)	₹ 69.74	₹ 39.73
EBIT (D) = (A)+(B)-(C)	₹ 1,526.20	₹ 1,011.48
Capital Employed- Pre Cash (K)=(E)+(F)+(G)-(H)-(I)-(J)	₹ 6,369.36	₹ 3,548.80
Total Equity (E)	₹ 3,868.88	₹ 1,743.33
Non-Current Borrowings (F)	₹ 1,218.13	₹ 1,037.87
Current Borrowings (G)	₹ 1,632.62	₹ 1,044.13
Current Investments (H)	₹ 170.11	₹ 220.90
Cash and Cash equivalents (I)	₹ 33.39	₹ 35.14
Bank balances other than cash and cash equivalents (J)	₹ 146.77	₹ 20.49
Ratio (D)/(K) (%)	**23.96%**	**28.50%**
% Change from previous period / year	-15.93%	

Notice of AGM

Notice is hereby given that the Tenth Annual General Meeting (Meeting No. AGM-2022/23) of the Aether Industries Limited will be held on Tuesday, September 27, 2022, through Video Conference / Other Audio-Video Means at 11:30 Hrs. (IST) to transact the following businesses:

Ordinary Businesses

Following Business transactions be considered as 'Ordinary Business'

1. To receive, consider and adopt the audited standalone Financial Statements of the Company for the Financial Year ended March 31, 2022, and the Report of the Board and the Auditors thereon.
2. To appoint a Director in place of Mr. Kamalvijay Ramchandra Tulsian (DIN: 00190840), who retires by rotation and being eligible, offers himself for re-appointment as Non-executive Non-independent Director.
3. To appoint a Director in place of Mr. Rohan Ashwin Desai (DIN: 00038379), who retires by rotation and being eligible, offers himself for re-appointment as Whole-time Director.

Special Businesses

Following Business transactions be considered as 'Special Business

4. To ratify the remuneration payable to the Cost Auditor for the FY 2022-23

To consider and, if thought fit, to pass the following Resolution as an 'Ordinary Resolution'

"RESOLVED THAT pursuant to the Section 148(3) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the annual remuneration of ₹80,000/- (Rupees Eighty Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses for the Financial Year 2022-23, as recommended by the Audit Committee and approved by the Board of Directors of the Company, to be paid to M/s. Ashvin Ambaliya & Associates, Cost and Accountants, (Firm Registration No.: 002176) for conducting cost audit of the applicable products be and is hereby ratified and confirmed."

5. To re-appoint Mr. Arun Brijmohan Kanodiya (DIN: 03449000) as Independent Director

To consider and, if thought fit, to pass the following Resolution as an 'Special Resolution'

"RESOLVED THAT, pursuant to the provisions of Sections 149, 152, and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Act and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded to re-appoint Mr. Arun Brijmohan Kanodiya (DIN: 03449000), as an Independent Director of the Company for second and final term of 5 (five) years commencing from March 1, 2023 upto February 29, 2028 at the prevailing terms of appointment."

6. To re-appoint Mr. Jeevan Lal Nagori (DIN: 00017939) as Independent Director

To consider and, if thought fit, to pass the following Resolution as an 'Special Resolution'

"RESOLVED THAT, pursuant to the provisions of Sections 149, 152, and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Act and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded to re-appoint Mr. Jeevan Lal Nagori (DIN: 00017939), as an Independent Director of the Company for second and final term of 5 (five) years commencing from March 1, 2023 upto February 29, 2028 at the prevailing terms of appointment."

7. To increase the limits under Section 186 of the Companies Act, 2013

To consider and, if thought fit, to pass the following Resolution as an 'Special Resolution'

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013, read with The Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force), if any, consent of the shareholders of the

Notice of AGM (Contd.)

Company be and is hereby accorded to (a) give any loan to any person(s) or other body corporate(s); (b) give any guarantee or provide security in connection with a loan to any person(s) or other body corporate(s); and (c) acquire by way of subscription, purchase or otherwise, securities of any other body corporate from time to time in one or more tranches as the Board of Directors as in their absolute discretion deem beneficial and in the best interest of the Company, for an amount not exceeding ₹1,000 Cr. (Rupees One Thousand Crore only) outstanding at any time, notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013."

8. To ratify 'Aether Industries Limited Employee Stock Option Scheme 2021 (AIL ESOS 2021)'

To consider and, if thought fit, to pass the following Resolution as the 'Special Resolution'

"RESOLVED THAT in furtherance of the Special Resolution passed in the Extra Ordinary General Meeting held on November 18, 2021, pursuant to the provisions of Section 62 (1)(b) of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, of the Act, and pursuant to the applicable Regulations of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations,2021 as amended and in accordance with the provisions of Articles of Association of the Company and any other applicable laws for the time being in force and subject to such other consents, permissions, sanctions and approvals as may be necessary and which may be agreed by the Board of Directors of the Company (hereinafter referred as 'Board' which term shall be deemed to include any Committee),consent of the Shareholders of the Company be and is hereby accorded to ratify the 'Aether Industries Limited Employee Stock Option Scheme 2021 (AIL ESOS 2021) within the meaning of Regulation 12 of the SEBI (Share Based Employee Benefits and Sweat Equity)Regulations, 2021, and consent of the members be and is hereby also accorded to create, offer and grant from time to time, in one or more tranches, not exceeding 11,00,000 (Eleven Lakh) Employee Stock Options, to the eligible employees, exercisable into not more than 11,00,000 (Eleven Lakh) Equity shares of face value of ₹ 10 (Rupee Ten) each fully paid-up, on such terms and in such manner as the Board may decide from time to time in accordance with the provisions of the applicable laws and the provisions of AIL ESOS 2021."

"RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari-passu in all respects with the existing Equity Shares of the Company."

9. To consider and approve the modification in 'Aether Industries Limited Employee Stock Option Scheme 2021 (AIL ESOS 2021)'

To consider and, if thought fit, to pass the following Resolution as the 'Special Resolution'

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013, ("Act") and the Companies (Share Capital and Debentures) Rules, 2014, and other applicable provisions, if any, of the Act and in accordance with the provisions of Articles of Association of the Company and the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including any modifications thereof or supplements thereto ("SEBI SBEB and Sweat Equity Regulations, 2021"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("SEBI Listing Regulations"), and any other applicable laws for the time being in force and subject to such other consents, permissions, sanctions and approvals as may be necessary which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any Committee(s) thereof, including the nomination and Remuneration Committee), consent of the Members of the Company be and is hereby accorded to amend / modify the provision of the existing 'Aether Industries Limited Employee Stock Option Scheme 2021' (AIL ESOS 2021) consequent to the notification of SEBI SBEB and Sweat Equity Regulations, 2021 as earlier adopted by the Shareholders by Special Resolution dated November 18, 2021."

Notice of AGM (Contd.)

"RESOLVED FURTHER THAT the proposed amendment / modification in the 'Aether Industries Limited Employee Stock Option Scheme 2021' (AIL ESOS 2021)' as required under the applicable provisions are mentioned in the Explanatory Statement annexed herewith the Notice."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorize to delegate all the powers and authority herein for the above to the nomination & Remuneration Committee to do all such acts, deeds and things herein."

By order of the Board

Chitrarth Rajan Parghi
Company Secretary & Compliance Officer

Place : **Surat**
Date : **September 5, 2022**

Registered Office:
Aether Industries Limited
Plot No. 8203, GIDC Sachin, Surat-394230, GJ.
CIN: **L24100GJ2013PLC073434**

Notes :

1. In view of the continuing CoVID-19 pandemic, the Ministry of Corporate Affairs, vide its General Circular Nos. 14/2020, 17/2020, 22/2020, 33/2020, 39/2020, 10/2021, 20/2021, 21/2021 and 02/2022 dated 8th April, 2020, 13th April, 2020, 15th June, 2020, 28th September, 2020, 31st December, 2020, 23rd June, 2021, 8th December, 2021, 14th December, 2021 and 5th May, 2022 respectively and Securities and Exchange Board of India, vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, read with Circular number SEBI/HO/DDHS/P/CIR/2022/0063 dated 13th May, 2022 allowed the Companies to conduct the AGM through Video Conferencing (VC) / Other Audio Visual Means (OAVM) whose AGMs are due in year 2022. The procedure for participating in the meeting through VC/OAVM is explained in the notes below and is also available on the website of the Company at www.aether.co.in and at the website of Stock Exchanges BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com. For the purpose of proceedings, the AGM will be deemed to be convened at Registered Office of the Company at Plot No. 8203, GIDC Sachin, Surat-394230, GJ. and Members are requested to join the Meeting through their places through VC mode.

   Since the Annual General Meeting (AGM) is being held through Video Conferencing (VC) / Other Audio Visual Means (OAVM), physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence, the Proxy Form, Attendance Slip and route map of the AGM venue are not annexed to this Notice. However, a member may appoint a representative as per applicable provisions of the Companies Act, 2013 to attend and / or vote.

3. The Financial Statements (including Report of Board of Directors, Auditor's Report or other documents required to be attached herewith), including the Notice of the Annual General Meeting are being sent only in electronic mode to Members whose e-mail address is registered with the Company / Registrar & Share Transfer Agent or Depository Participants (DP). Printed copies of Annual Report (including the Notice) are not being sent to members in view of the circular.

5. Members may note that the Notice of the Annual General Meeting and the Annual Report for the Fiscal Year 2021-22 will also be available on the website of the Company at www.aether.co.in, which can be downloaded.

7. The electronic copies of the documents that are referred to this Notice but not attached to it will be made available for inspection. For inspection, members can send e-mail on compliance@aether.co.in with their Depository Participant and Client ID or Folio number. Electronic copies of Register of Directors and Key Managerial Personnel and their shareholding maintained under Companies Act, 2013 will be available for inspection by sending request on the above given e-mail.

9. The voting rights of the Equity Shareholders shall be in the same proportion to the paid-up share capital of the Company.

Notice of AGM (Contd.)

10. The members desiring any information relating to the accounts or having any questions, are requested to write to the Company on compliance@aether.co.in at least seven days before the date of the Annual General Meeting (AGM) so as to enable the Management to keep the responses ready and expeditiously provide them at the AGM, as required.

11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

12. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to at-least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

13. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013 and the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC / OAVM and cast their votes through e-voting.

E-voting instructions for Shareholders

The voting period begins on September 24, 2022 from 09:00 Hrs. and ends on September 26, 2022 at 17:00 Hrs. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Access through Depositories e-Voting system in case of individual shareholders holding shares in demat mode

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below

Notice of AGM (Contd.)

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	1. Users who have opted for CDSL Myeasi facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to the e-voting are https://web.cdslindia.com/ myeasi/home login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.
	2. After successful login, the Myeasi user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual Meeting & voting during the Meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL, so that the user can visit the e-Voting service providers' website directly.
	3. If the user is not registered for Myeasi, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration
	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a e-Voting link available on www.cdslindia.com home page or click
	5. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the eVoting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers
Individual Shareholders holding securities in demat mode with NSDL Depository	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e Voting services. Click on "Access to e Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e Voting period or joining virtual meeting & voting during the Meeting.
	2. If the user is not registered for IDeAS e Services, option to register is available at https:/ eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at: https://eservices.nsdl.com SecureWeb/IdeasDirectReg.jsp
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your 16 (sixteen) digit demat account number hold with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual Meeting & voting during the Meeting of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual Meeting & voting during the Meeting.

Notice of AGM (Contd.)

Important Note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at above mentioned websites.

Help-desk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

Login type	Help-desk details
Individual Shareholders holding securities in Demat mode with CDSL	CDSL Helpdesk: E-mail: helpdesk.evoting@cdslindia.com Toll-free No.: 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	NSDL Helpdesk: E-mail: evoting@nsdl.co.in Toll-free No.: 1800 1020 990 and 1800 22 44 30

Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode

Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1. The shareholders should log on to the e-voting website www.evotingindia.com.

2. Click on "Shareholders" module.

3. Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

Notice of AGM (Contd.)

4. Next enter the Image Verification as displayed and Click on Login.

5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6. If you are a first-time user follow the steps given below :

	For Physical shareholders and other than individual shareholders holding shares in Demat
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company / RTA or contact Company / RTA.
Dividend Bank Details OR Date of Birth (DoB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

7. After entering these details appropriately, click on "SUBMIT" tab.

8. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

9. For shareholders holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.

10. Click on the EVSN for the relevant 'Aether Industries Limited' on which you choose to vote.

11. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

12. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

13. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

15. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

Notice of AGM (Contd.)

16. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

17. Additional Facility for Non-Individual Shareholders and Custodians (For Remote Voting only):

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non-Individual shareholders are required mandatory to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz. compliance@aether.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

Instructions for Shareholders attending the AGM through VC/OAVM & e-voting during Meeting are as under

1. The procedure for attending Meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.

2. The link for VC/OAVM to attend Meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

4. Shareholders are encouraged to join the Meeting through Laptops / Tablets for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views / ask questions during the Meeting may register themselves as a speaker by sending their request in advance at least seven days prior to Meeting mentioning their name, demat account number / Folio number, Email id, Mobile number at compliance@aether.co.in. The shareholders who do not wish to speak

Notice of AGM (Contd.)

during the AGM but have queries may send their queries in advance seven days prior to Meeting mentioning their Name, Demat account number / Folio number, Email id, Mobile number at compliance@aether.co.in. These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the Meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC / OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-Voting during the Meeting is available only to the shareholders attending the Meeting.

Process for those Shareholders whose Email / Mobile no. are not registered with the Company / Depositories

1. For Physical shareholders: Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company / RTA email id.

3. For Demat shareholders: Please update your Email id & Mobile no. with your respective Depository Participant (DP).

5. For Individual Demat shareholders: Please update your Email id & Mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual Meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.
All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

1. M/s. Dhiren R. Dave & Company, Company Secretaries has been appointed as the Scrutiniser to scrutinise the remote e-voting and the voting process at the AGM in a fair and transparent manner.

2. The Scrutiniser will within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.

3. The results will be declared at or after the AGM. The results declared along with the Scrutiniser's Report will be placed at: https://aether.co.in/investor-relations/, the website of the Company and on www.evotingindia.com the website of CDSL within two days of passing of the Resolutions at the AGM and also will be communicated to the BSE Ltd. and the National Stock Exchange of India Ltd.

4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

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Additional information pursuant to the SS-2 on General Meetings and Regulation 33(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Mr. Kamalvijay Ramchandra Tulsian	Mr. Rohan Ashwin Desai	Mr. Arun Brijmohan Kanodiya	Mr. Jeevan Lal Nagori
Age	71 Years	42 Years	51 Years	62 Years
Date of first appointment in the Board	May 22, 2018	January 23, 2013	March 1, 2018	March 1, 2018
Director Identification Number (DIN)	00190840	00038379	03449000	00017939
Qualification	Diploma Engineer (Electric & Mechanical) from Maharaja Sayajirao University, Vadodara.	Bachelor of Commerce from Veer Narmad South Gujarat University, Surat.	Fellow Chartered Accountant-ICAI, Bachelor of Commerce from University of Delhi.	Fellow Chartered Accountant-ICAI, Bachelor of Commerce from University of Udaipur.
Brief Resume	Kamalvijay Ramchandra Tulsian is the Chairperson and Non-Executive Director of our Company. He has more than three decades of experience in the textile and chemical industry.	Rohan Ashwin Desai is a Promoter and Whole-time Director of our Company. He has extensive experience in the speciality chemical industry of almost two decades and looks after the entire commercial portfolio (including sales, finance, strategic procurements, human resources and systems) of our Company.	Arun Brijmohan Kanodiya is a Non-Executive Independent Director of our Company. He is practicing as Chartered Accountant. He has more than 25 years of well-versed experience in taxation, commercial laws, etc.	Jeevan Lal Nagori is a Non-Executive Independent Director of our Company. He has experience in chartered accountancy. He was previously associated with IPCA Laboratories Limited for 34 years, as the President of Project. He has strong industry domain knowledge and experience in technical as well as commercial side.

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Experience in specific functional areas	Management / Administration	Commercial, Financial, Sales, Marketing, Human Resource, Strategic Procurement and Human Resource	Legal / Corporate Governance	Commercial, Financial, Sales, Marketing, Strategic Procurement, Domain industry, Legal / Corporate Governance
Disclosure of relationships between Directors inter-se	Father-in-law of Mr. Rohan Ashwin Desai	Son of Mr. Ashwin Jayantilal Desai and Ms. Purnima Ashwin Desai, Brother of Dr. Aman Ashwinbhai Desai and Son-in-law of Mr. Kamalvijay Ramchandra Tulsian	N.A.	N.A.
Skills and capabilities required for the role of Independent Director and the manner in which the proposed person meets such requirements	N.A.	N.A.	The role and capabilities as required in the case of an Independent Director are well defined in the Policy on nomination, appointment, and removal of Directors. Further, the Board has a defined list of core skills / expertise / competencies, in the context of its business and sector for it to function effectively. The Nomination and Remuneration Committee of the Board has evaluated the profile of Mr. Arun Brijmohan Kanodiya and he possess the relevant skill and capabilities to discharge the role of Independent Director.	The role and capabilities as required in the case of an Independent Director are well defined in the Policy on nomination, appointment, and removal of Directors. Further, the Board has a defined list of core skills / expertise / competencies, in the context of its business and sector for it to function effectively. The Nomination and Remuneration Committee of the Board has evaluated the profile of Mr. Jeevan Lal Nagori and he possess the relevant skill and capabilities to discharge the role of Independent Director.

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Names of listed entities in which the person also holds the directorship and the membership of Committees of the Board	None	None	None	None
Number of shares held	11,690	22,21,681	None	None

None of the above Director is debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other Authority.

Explanatory Statement

Explanatory Statements under Section 102 of the Companies Act, 2013 for Item No. 4, 5, 6, 7, 8 and 9 being Special Businesses to be transacted are as below :

Item No. 4

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Cost Auditor of ₹ 80,000/- (Rupees Eighty Thousand only) for the Fiscal Year 2022-23, as recommended by the Audit Committee and approved by the Board in their Meeting held on July 25, 2022, is proposed before the Members to be ratified. The Auditor had certified that they are eligible for appointment as Cost Auditors in terms of Section 141 read with Section 148 of the Companies Act, 2013.

On the recommendation of the Audit Committee, the Board considered and approved appointment of the Cost Auditors, M/s. Ashvin Ambaliya & Associates, Cost and Management Accountants, (Firm Registration No.: 002176), for conducting the cost audit of the applicable products at a remuneration of ₹80,000 (Rupees Eighty Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses for the Fiscal Year 2022-23.

The Board seeks ratification of the aforesaid remuneration by the Members by way of passing an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said Resolution.

Item No. 5

Mr. Arun Brijmohan Kanodiya, was appointed as an Independent Director on March 1, 2018, for a period of 5 years till February 28, 2023, and he is eligible for re-appointment for the second term

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on July 25, 2022, recommended the re-appointment of Mr. Arun Brijmohan Kanodiya, for the term of second term of 5 (five) years i.e. from March 1, 2023, for a period of upto February 29, 2028, subject to the approval of the Members.

The profile and specific areas of expertise of Mr. Arun Brijmohan Kanodiya is provided as above separately to this Notice.

Mr. Arun Brijmohan Kanodiya has given his declaration to the Board that he continues to meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 ('the Act') and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and is not restrained from acting as a Director under any order passed by the SEBI or any such authority and is eligible to be appointed as a Director in terms of Section 164 of the Act. He has also given his consent for such re-appointment. In the opinion of the Board, Mr. Arun Brijmohan Kanodiya is a person of integrity, possesses the relevant expertise / experience, and fulfils the conditions specified in the Act and the Listing Regulations for appointment as an Independent Director and he is independent of the management. In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, he has confirmed that he is not aware of any

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circumstance or situation that exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

Given his experience, the Board considers it desirable and in the interest of the Company to continue Mr. Arun Brijmohan Kanodiya on the Board of the Company and accordingly the Board recommends his re-appointment as an Independent Director for a second term of 5 (five) years, as proposed for approval by the Members as a Special Resolution.

The terms of appointment are placed on the website, accessible at: https://aether.co.in/wp-content/uploads/2022/08/Terms-of-Appointment-of-Independent-Directors.pdf
Except for Mr. Arun Brijmohan Kanodiya and / or his relatives, no other Directors, Key Managerial Personnel, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Item No. 6

Mr. Jeevan Lal Nagori, was appointed as an Independent Director on March 1, 2018, for a period of 5 years till February 28, 2023, and he is eligible for re-appointment for the second term.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on July 25, 2022, recommended the re-appointment of Mr. Jeevan Lal Nagori, for the term of second term of 5 (five) years i.e. from March 1, 2023, for a period of upto February 29, 2028, subject to the approval of the Members.

The profile and specific areas of expertise of Mr. Jeevan Lal Nagori is provided as above separately to this Notice.
Mr. Jeevan Lal Nagori has given his declaration to the Board that he continues to meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 ('the Act') and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and is not restrained from acting as a Director under any order passed by the SEBI or any such authority and is eligible to be appointed as a Director in terms of Section 164 of the Act. He has also given his consent for such re-appointment. In the opinion of the Board, Mr. Jeevan Lal Nagori is a person of integrity, possesses the relevant expertise / experience, and fulfils the conditions specified in the Act and the Listing Regulations for appointment as an Independent Director and he is independent of the management. In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, he has confirmed that he is not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

Given his experience, the Board considers it desirable and in the interest of the Company to continue Mr. Jeevan Lal Nagori on the Board of the Company and accordingly the Board recommends his re-appointment as an Independent Director for a second term of 5 (five) years, as proposed for approval by the Members as a Special Resolution.

The terms of appointment are placed on the website, accessible at: https://aether.co.in/wp-content/uploads/2022/08/Terms-of-Appointment-of-Independent-Directors.pdf

Except for Mr. Jeevan Lal Nagori and / or his relatives, no other Directors, Key Managerial Personnel, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Item No. 7

In order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the same by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate as and when required.

Members may note that pursuant to Section 186 of the Companies Act, 2013, the Company can give loan or give any guarantee or provide security in connection with a loan to any other body corporate or person and acquire securities of any other body corporate, in excess of 60% of its paid up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more, with

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approval of Members by special Resolution passed at the Annual General Meeting. In view of the aforesaid, it is proposed to take approval under Section 186 of the Companies Act,
2013, by way of Special Resolution, up to a limit of ₹ 1,000 Crore, as proposed in the Notice.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned with or interested, financially or otherwise in the Resolution. The above proposal is in the interest of the Company and the Board recommends the Resolution as set out for approval by the Members of the Company.

Item No. 8

The shareholders at the Extra-Ordinary General Meeting of the Company held on November 18, 2021 approved the said AIL ESOS 2021 prior to the Initial Public Offer (IPO) for grant of options to the employees not exceeding 11,00,000 (Eleven Lakh), in one or more tranches, exercisable into not more than 11,00,000 (Eleven Lakh) Shares of face value of ₹10 (Rupee Ten) each fully paid-up, with each such Option conferring a right upon the eligible employee to apply for one share of the Company, in accordance with the terms and conditions as may be decided under the AIL ESOS 2021.

The Nomination and Remuneration Committee at its Meeting held on November 20, 2021 had granted 1,81,122 options to eligible employees under AIL ESOS 2021, prior to the Initial Public Offer (IPO) of the Shares.

On August 13, 2021, the SEBI (Share Based Employee Benefit) Regulations, 2014 was repealed and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SEBI SBEB and Sweat Equity Regulations 2021) was introduced.

In that accordance, Regulation 12 of SEBI SBEB and Sweat Equity Regulations 2021, no company shall make any fresh grant which involves allotment or transfer of shares to its employees under any scheme formulated prior to its IPO and prior to the listing of its equity shares (pre-IPO scheme) unless such pre-IPO scheme is ratified by the shareholders subsequent to the IPO.

Shares of the Company was listed on the BSE Limited and National Stock Exchange of India Limited from June 3, 2022 and hence, the AIL ESOS 2021 is required to be ratified by the Shareholders vide passing the Special Resolution.

None of the Directors or Key Managerial personnel of the Company or their relatives are concerned or interested, in the Resolution except to the extent of granted Options under the Scheme.
Glimpse of the Scheme is given as below :

1. Brief description of the scheme:
   The Company proposes to introduce the AIL ESOS 2021 primarily with a view to attract, retain, incentivise and motivate the existing specified senior management employees of the Company, new employees joining the Company and its Director(s), whether Whole-time or otherwise, that would lead to higher corporate growth. The AIL ESOS 2021 contemplates grant of options to the eligible employees (including Whole-time Directors), as may be determined in due compliance of SEBI SBEB Regulations and provisions of the AIL ESOS 2021. After vesting of options, the Eligible Employees earn a right (but not an obligation) to exercise the vested options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

   The Nomination and Remuneration Committee (Committee) of the Company shall administer AIL ESOS 2021. All questions of interpretation of the AIL ESOS 2021 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in AIL ESOS 2021.

2. Total number of options to be granted :
   The total number of options granted under AIL ESOS 2021 shall not exceed 11,00,000 number of options convertible into equivalent number of equity shares of ₹10 each fully paid-up equity share capital of the Company.

   Options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the employees/ Director(s), whether Whole-time or otherwise, would be available for being

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re-granted at a future date. The Committee is authorised to re-grant such lapsed / cancelled options as per the AIL ESOS 2021.

Further, the SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. In this regard, the Committee shall adjust the number and price of the options granted in such a manner that the total value of the options granted under AIL ESOS 2021 remain the same after any such corporate action. Accordingly, if any additional options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 11,00,000 (Eleven lakhs) shall be deemed to be increased to the extent of such additional options issued.

3. Identification of classes of employees entitled to participate in AIL ESOS 2021

i. an employee as designated by the Company, who is exclusively working in India or outside India; or

ii. a director of the Company, whether a Whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or

iii. an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the Company, but does not include-

a. an employee who is a promoter or a person belonging to the promoter group.
Director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company.

b. an employee who is a Promoter or a person belonging to the Promoter Group.
Director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company.

Further, eligibility criteria may be determined and approved from time to time by the Nomination and Remuneration Committee for granting Options to above classes of employees.

4. Requirements of vesting and period of vesting:
Options granted under this Scheme would vest based on continuation of employment and subject to individual performance parameters or any other criteria as may be decided by the Committee and specified in the Grant Letter.

Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 7 (seven) years from the date of grant of options as may be determined by the Committee.

5. Maximum period within which the options shall be vested:
Options granted on any date shall vest not later than a maximum of 7 (Seven) years from the date of grant of options as may be determined by the Committee.

6. Exercise price or pricing formula:
The exercise price per option shall be at the price determined by the Board / Committee and in no case less than face value of the equity shares.

7. Exercise period and the process of exercise:
The Exercise period would commence from the date of vesting and will expire on completion 7 (seven) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time and as set out in the Grant Letter.

The vested options shall be exercisable by the employees by a written application to the Company expressing their desire to exercise such options in such manner and in such format and in such numbers as may be prescribed by the Committee from time to time and payment of exercise price. The options shall lapse, if not exercised within the specified exercise period.

8. Appraisal process for determining the eligibility of employees under AIL ESOS 2021:
The appraisal process for determining the eligibility shall be decided from time to time by the Committee.

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The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance and such other parameters as may be decided by the Committee from time to time.

9. Maximum number of options to be issued per employee and in aggregate:
The number of options that may be granted to any specific employee of the Company under AIL ESOS 2021, in any financial year and in aggregate under the AIL ESOS 2021 shall not exceed 11,00,000 employee stock options.

10. Maximum quantum of benefits to be provided per employee under the AIL ESOS 2021:
The maximum benefits underlying the options issued to an eligible employee shall depend upon the market price / fair market value of the shares as on date of the exercise of options.

11. Implementation or administration of the AIL ESOS 2021:
The AIL ESOS 2021 shall be implemented and administered directly by the Company without forming or involving any trust.

12. Source of acquisition of shares under the AIL ESOS 2021:
The Scheme involves issue of new shares against exercise of options. There is no involvement of trust and therefore, there will not be any secondary acquisition.

13. Amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc:
The AIL ESOS 2021 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, provision of any loan to a Trust under the Scheme does not arise.

14. Maximum percentage of secondary acquisition:
The AIL ESOS 2021 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, the scheme does not envisage any secondary acquisition.

15. Accounting and Disclosure Policies:
The Company shall follow the Indian Accounting Standards (Ind AS) or any relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein.

16. Method of option valuation:
The Company shall adopt 'fair value method' for valuation of options as prescribed under Ind AS or under any relevant accounting standard notified by appropriate authorities from time to time.

17. Period of lock-in:
The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in period from the date of allotment of such Shares under the AIL ESOS 2021.

18. Terms and conditions for buy-back:
The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in period from the date of allotment of such Shares under the AIL ESOS 2021.

a. permissible sources of financing for buy-back;

c. any minimum financial thresholds to be maintained by the Company as per its last financial statements; and

c. limits upon quantum of specified securities that the Company may buy-back in a financial year.

Explanation: Specified securities means as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

Item No. 9

The shareholders at the Extra-Ordinary General Meeting of the Company held on November 18, 2021 approved the said AIL ESOS 2021 prior to the Initial Public Offer (IPO) for grant of options to the employees not exceeding 11,00,000 (Eleven Lakh), in one or more tranches, exercisable into not

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more than 11,00,000 (Eleven Lakh) Shares of face value of ₹10 (Rupee Ten) each fully paid-up, with each such Option conferring a right upon the eligible employee to apply for one share of the Company, in accordance with the terms and conditions as may be decided under the AIL ESOS 2021.

The objective behind the AIL ESOS 2021 is to attract, retain and motivate employee resource of the Company. The earlier approved scheme tenure was 7 (seven) years from the date of grant of options. However, in the best interest of the Company and its employees, the said tenure is proposed to extend to 15 (fifteen) years from the date of grant of options.

The main rationale behind the proposed modification is to attract and retain the employee resource with the longer benefit in the Company and creating employee as a wealth asset vide granting long term options to them.

Accordingly, it is proposed to alter the Clause No. 4, 5 and 7 of the AIL ESOS 2021, as below:

Clause No. 4 Requirements of vesting and period of vesting	Proposed Clause No. 4 Requirements of vesting and period of vesting
Options granted under this Scheme would vest based on continuation of employment and subject to individual performance parameters or any other criteria as may be decided by the Committee and specified in the Grant Letter. Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 15 (fifteen) years from the date of grant of options as may be determined by the Committee.	Options granted under this Scheme would vest based on continuation of employment and subject to individual performance parameters or any other criteria as may be decided by the Committee and specified in the Grant Letter. Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 15 (fifteen) years from the date of grant of options as may be determined by the Committee.

Present Clause No. 5 Maximum period within which the options shall be vested	Proposed Clause No. 5 Maximum period within which the options shall be vested
Options granted on any date shall vest not later than a maximum of 7 (Seven) years from the date of grant of options as may be determined by the Committee.	Options granted on any date shall vest not later than a maximum of 15 (fifteen) years from the date of grant of options as may be determined by the Committee.

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Present Clause No. 7 Exercise period and the process of exercise	Proposed Clause No. 7 Exercise period and the process of exercise
The Exercise period would commence from the date of vesting and will expire on completion 7 (seven) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time and as set out in the Grant Letter.	The Exercise period would commence from the date of vesting and will expire on completion 15 (fifteen) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time and as set out in the Grant Letter.

The Board or the Nomination & Remuneration Committee of the Company at their discretion, may grant options to any employee as they consider fit based on the formed criteria in accordance with the approved modified Clauses for the vesting period not more than 15 (fifteen) years from the date of grant of options.

The Beneficiaries to the above modification / alteration will be the employee(s) to whom the options may be granted in future. Currently, options granted so far have vesting period lasting upto 7 (seven) years hence, the proposed alteration / modification will not have any impact to such grantees.

All other terms and conditions of the AIL ESOS 2021 will remain unchanged except, the proposed alteration / modification.

By order of the Board

Chitrarth Rajan Parghi
Company Secretary & Compliance Officer

Place : **Surat**
Date : **September 5, 2022**

Registered Office:
Aether Industries Limited
Plot No. 8203, GIDC Sachin, Surat-394230, GJ.
CIN: **L24100GJ2013PLC073434**

Designed by Aether

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