August 27, 2026

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

CODE –524208

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

Dear Sir/Madam,

Sub.: Notice of the 43rd AGM & Integrated Annual Report for the Financial Year 2025-26
Ref.: Regulation 34 of the SEBI (LODR) Regulations, 2015

Please find enclosed herewith the Integrated Annual Report of the Company for the Financial Year 2025-2026, along with the Notice of the 43rd Annual General Meeting (AGM) of the Company scheduled to be held on **Monday, September 21, 2026 at 11:00 a.m. IST** through Video Conferencing (VC) / Other Audio Visual Means (OAVM). The AGM will be held without the physical presence of the Shareholders at a common venue.

In accordance with the MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Integrated Annual Report is being sent through electronic mode to those Shareholders whose email addresses are registered with the Company / Depository Participants/ Registrar & Transfer Agent. Further, the Company has also initiated sending letters containing the weblink of the Integrated Annual Report for FY 2025-26 to the Shareholders whose e-mail addresses are not registered.

The Notice of 43rd AGM of the Company along with Integrated Annual Report for the Financial Year 2025-26 is available on the website of the Company at web link: https://d9bnjb3uan3b2.cloudfront.net/Integrated_Annual_Report_2025_26_c847afa307.pdf

Kindly take note of the same.

For AARTI INDUSTRIES LIMITED

RAJ KUMAR SARRAF
Digitally signed by RAJ KUMAR SARRAF
Date: 2026.08.27 18:21:54 +05'30'

RAJ SARRAF
COMPANY SECRETARY
ICSI M. NO. A15526
Encl.: as above.

Integrated Annual Report
2025-26

AARTI INDUSTRIES®

CHEMISTRY OF *Collaboration*

CHEMISTRY OF *Collaborations*

Chemistry is never the work of one element alone. It is the outcome of many strengths coming together with precision, purpose and possibility.

At Aarti Industries Limited (AIL), this idea goes beyond science. It shapes the way we think, partner and create value. Chemistry of Collaboration reflects our belief that meaningful progress is built when expertise meets trust, innovation meets execution, and shared ambition is sustained through long-term commitment.

This philosophy is reflected in our strategic collaborations.

Strategic collaborations are strengthening AIL's supply chain resilience and partnership-led growth of key specialty chemical. With Superform Chemistries Limited, through Augene Chemical Pvt. Ltd., we are advancing joint development and manufacturing. With Re Sustainability and Recycling Pvt. Ltd. (RESL), and Aarti Circularity Limited, Wholly owned subsidiary of the Company, we are connecting chemistry with circularity through plastic materials recycling facilities and advanced circular materials. These initiatives are supported by long-term sourcing contracts, backward integration, diversified procurement & strategic inventory planning and cost effective operations.

Each shared goal brings us closer to the future we are building.

At AIL, collaboration is more than a way of working. It is the chemistry through which science finds direction, partnerships find purpose and possibilities become lasting value.

Our long-term contracts tell the same story

A 15-year backward integration arrangement with a leading global chemical major.
A multi-year agrochemical intermediates supply agreement.

Each collaboration adds a new dimension.
Each partnership deepens our relevance.

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About the *report*

Reporting Period April 1, 2025 to March 31, 2026

Approach to Reporting

AIL is committed to transparent stakeholder communication and creating value for all our stakeholders in the short, medium, and long term. We present our Second Integrated Report, aligned with established global reporting standards. The report outlines our achievements, governance, and performance while emphasising sustainable practices and key indicators across six capitals. It highlights our commitment to addressing environmental and social challenges alongside financial metrics, ensuring transparency and connectivity in our operations.

Reporting Scope and Boundary

It details the Company's primary activities across all operating regions, business segments (comprising our core specialty chemicals value chains), and support functions. This Report covers sustainability performance of manufacturing plants, Vapi (Divisions: Acid (including Fertiliser and DMS), Amine, Alchemie, Organic, Nascent; Pilot Plant: Apple), Tarapur (Topaz), Jhagadia (Pearl, Ruby, Jade, Gold), Dahej (Neo, Diamond, Saffron), Kutch Site (Anushakti), Navi Mumbai (ARTC), and offices in Mumbai and Vadodara, along with all subsidiaries. 100% of our revenue contribution is covered by ESG reporting. We have excluded the project sites, constructions, commissioning activities and trading.

Reporting Frameworks

This report aligns with the applicable principles and guidelines of the:

- International Integrated Reporting Framework of the IFRS Foundation
- The Global Reporting Initiative (GRI) Standards
- United Nations Sustainable Development Goals (UN SDGs)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- The Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Business Responsibility and Sustainability Reporting (BRSR) Framework of the Securities and Exchange Board of India (SEBI)

Our Capitals

This integrated report employs the six capitals in accordance with the Frameworks mentioned above to provide a comprehensive understanding of the Company's functioning and value creation process.

Capitals

- Financial Capital
- Manufactured Capital
- Natural Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital

Stakeholders

At Aarti Industries Limited, we view stakeholders as key partners in creating long-term, sustainable value. Our approach to engagement emphasises meaningful and transparent relationships, which are essential for building business resilience and trust. By using structured channels and feedback mechanisms, we keep stakeholders informed and engaged, incorporating their input into our sustainability agenda and adaptability.

Our Materiality Approach

This report emphasises the key factors affecting value creation for stakeholders. We have categorised our material topics into Environment, Social, and Governance (ESG) for strategic planning following the double materiality approach. We evaluated risks and opportunities, identified key stakeholders, and maintained regular engagement with them to address their concerns.

Board of Director's Assurance

The Board of Directors of Aarti Industries Limited provide assurance that this Integrated Report for the financial year ended March 31, 2026, provides a fair, balanced and accurate representation of the Company's strategy, performance, governance approach and value creation journey. The Report has been prepared in accordance with the Integrated Reporting (IR) Framework, the reporting standards referred to in this document, and all applicable statutory and regulatory requirements.

The Board has reviewed the contents of this report and continues to remain committed to transparent communication, responsible governance and the creation of long-term value for all stakeholders. Any minor variations in figures, percentages, graphs or tables may arise due to rounding-off of values.

External Assurance

The contents of this report have been reviewed under the supervision of the management team and the Board of Directors to support reliability, completeness and transparency in reporting. The audit of the financial statements has been conducted by the Company's statutory auditor, Gokhale & Sathe, as presented on page no. 305 of this report. The non-financial information has been independently assured by TUV India Private Limited, and the assurance statements are available on page no. 298 of this report.

Forward-looking Statement

This report may contain certain statements that are forward-looking in nature. These statements relate to expectations, plans, estimates, projections, outlook, strategies and future developments, and are subject to known and unknown risks, uncertainties and other factors that may cause actual outcomes to differ materially from those expressed or implied. Such statements can generally be identified by words or phrases such as 'anticipate,' 'believe,' 'estimate,' 'expect,' 'intend,' 'may,' 'plan,' 'project,' 'should,' 'will' and similar expressions. These statements reflect the Company's views as on the date of this report.

Aarti Industries Limited does not undertake any obligation to update, revise or modify these forward-looking statements in light of subsequent developments, except as required by applicable laws and regulations.

Feedback

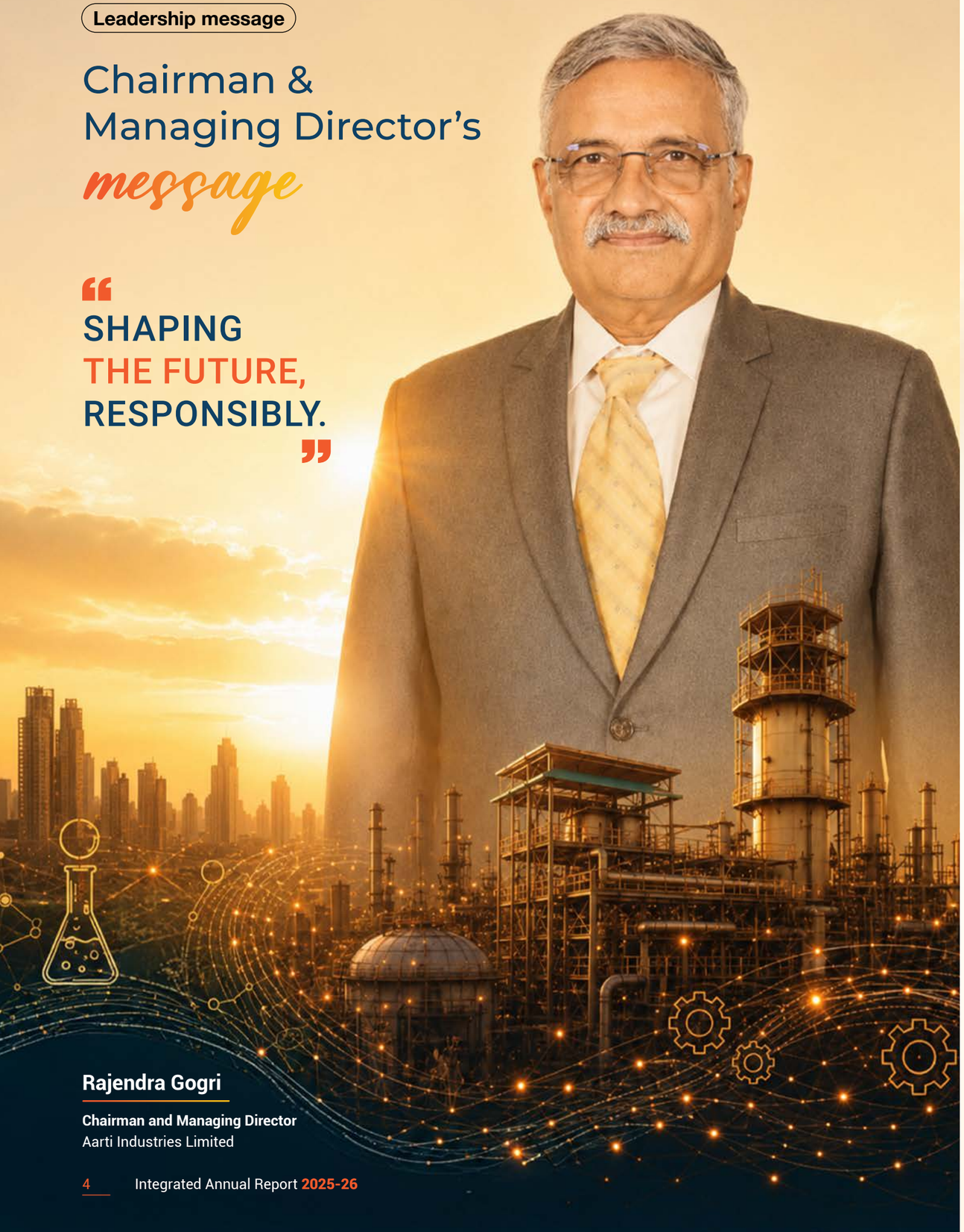
Stakeholders may share their feedback, queries or requests for additional information with the Investor Relations team at info@aarti-industries.com or sustainability@aarti-industries.com. They may also reach out through the 'Contact Us' section available on the Company's website.

Restatement

There have been no material restatements of financial or non-financial information disclosed in previous annual reports, except where specifically mentioned. Any revisions arising from improved data availability, refined methodologies or enhanced reporting processes have been appropriately disclosed. Such restatements, wherever applicable, reflect Aarti Industries Limited's continued focus on accuracy, consistency and transparency in stakeholder reporting.

Chairman & Managing Director's *message*

"SHAPING THE FUTURE, RESPONSIBLY."



Rajendra Gogri

Chairman and Managing Director
Aarti Industries Limited

> We are entering a defining era for the Indian manufacturing where trust, innovation, and scientific excellence will define global leadership, and Aarti Industries is proud to help shape that future.

Dear Stakeholders,

The architecture of global manufacturing is being fundamentally redrawn. As global supply chains undergo their most dramatic and permanent realignment in decades, the world is actively seeking manufacturing partners defined by scale, scientific capability, and, most importantly, institutional reliability. In this historic transition, India has emerged not just as an alternative but as the strategic epicentre of the future of global speciality chemicals.

As we look ahead to the next phase of growth at Aarti Industries Limited (AIL), I am filled with profound pride, immense gratitude, and boundless optimism. From our origins as a modest manufacturing unit navigating a complex domestic economy four decades ago, we have methodically evolved into a forward-ready, globally respected enterprise. This remarkable transformation has been shaped by the enduring resilience of our teams, a shared vision of scientific excellence, and an unwavering belief in the vast potential of the Indian chemical sector.

Today, as India assumes an increasingly central role in global manufacturing and supply chains, we see a defining opportunity not just to participate in this shift but to help shape it in a meaningful and responsible manner. The next phase of industrial growth will be defined not only by scale and capability, but by trust, reliability, and the ability to build resilient global partnerships.

We are no longer merely participating in India's growth story; we are helping shape its foundation by bringing global collaboration to India and taking Indian capabilities to the world.

At AIL, we view this responsibility through a long-term lens in which growth is anchored in discipline, partnerships are built on trust, and progress is guided by a deep sense of accountability to all stakeholders. Our role extends beyond manufacturing; it is about contributing to global value chains in a manner that is dependable, responsible, and future-ready.

Anchoring Our Future in Resilience and Core Values

Our decades-long journey has been guided by our commitment to our core values of Care, Integrity, and Excellence. These values are not mere corporate slogans; they have been our operational compass, steering us safely through the complexities of global supply disruptions, heightened geopolitical tensions, and highly volatile commodity cycles over the past few years. When external pressure mounts, our foundational value system ensures we honour our commitments, thereby cementing the deep, generational trust our customers place in us.

At AIL, we firmly believe that culture is our most enduring competitive advantage. This belief has guided our sustained focus on building an engaged, empowered, and aligned organisation. I am particularly proud that this commitment was recognised globally this year, as Aarti Industries was honoured with the Gallup Exceptional Workplace Award. This recognition reflects the strong cultural foundation we have consciously built over time.

At the heart of this journey is our Aarti Engaging Leader model, which places people at the centre of our growth philosophy. Our leaders are encouraged to remain closely connected to their teams, foster open dialogue, value diverse perspectives, and create an environment where individuals feel confident to question the status quo. This has enabled us to strengthen engagement year after year, while building a culture of ownership, collaboration, and continuous improvement.

What stands out most is the alignment across our organisation, across functions, levels, and geographies, where teams are united by a shared purpose and a collective commitment to excellence. This cultural cohesion has translated into

stronger execution, deeper trust, and greater organisational resilience.

The resilience that our organisation has demonstrated in recent years across business cycles and global uncertainties is a direct reflection of this cultural strength. It is our people and their ability to work together with clarity and conviction that continue to define AIL's progress.

"The true measure of a company's legacy is not just the scale of its manufacturing, but the strength of its people and partnerships. In a world seeking certainty, our commitment to collaborative, ethical chemistry is our greatest strategic differentiator."

Ethical Stewardship: Governance as a Strategic Foundation

Our governance model, centred firmly on ethics, transparency, and accountability, ensures that our strategic decisions consistently serve the long-term interests of all stakeholders, from local communities to global institutional investors. As our enterprise scales in complexity, robust governance becomes the critical framework that sustains our success.

As we expand our footprint globally and align with stringent international standards, our commitment to ethical stewardship remains absolute. Our ESG (Environmental, Social, and Governance) principles are no longer parallel initiatives; they are deeply embedded in our core business strategy. They guide how we operate, co-develop sustainable solutions, and grow responsibly. Governance at AIL is not a regulatory compliance checklist; it is a foundational mindset that drives sustainable performance and builds unshakable trust.

Our progress is reflected in the recognition we continue to receive from leading global ESG assessment platforms. During the year, Aarti Industries achieved the prestigious EcoVadis Platinum rating, placing us among the top 1% of companies worldwide for sustainability performance. This recognition underscores our unwavering commitment to environmental stewardship, social responsibility, ethical business practices, and continuous improvement, while reinforcing the trust placed in us by our stakeholders.

We recognise that long-term value creation must be anchored in responsible growth. Our approach to sustainability extends beyond compliance, focusing on resource efficiency, environmental stewardship, and contributing meaningfully to the communities in which we operate.

A Long-term View on Growth and Value Creation

As we look ahead, our focus is on building a resilient and future-ready organisation that delivers sustainable, long-term value. Our growth philosophy is anchored in disciplined capital allocation, operational excellence, and a clear focus on value over volume.

We remain committed to strengthening our balance sheet, improving capital efficiency, and ensuring that every phase of growth contributes meaningfully to long-term shareholder value.

FY26 also marked a defining year in strengthening AIL's long-term global partnership model and deepening our integration within strategic global value chains. During the year, we forged significant strategic partnerships, reinforcing AIL's position as a trusted global manufacturing partner for complex and specialised chemistries. AIL's growing position as a trusted global manufacturing partner for complex and specialised chemistries. We also deepened our long-term partnership with a leading global chemical company through an exclusive backward integration and value-addition arrangement under a dedicated supply framework. These strategic engagements are a strong endorsement of AIL's scientific capabilities, execution excellence, reliability, and ability to build enduring partnerships anchored in trust, scale, and long-term value creation.

"Our growth philosophy is anchored in disciplined capital allocation, operational excellence, and a clear focus on value over volume."

A Future of Boundless Possibilities

As the global chemical landscape evolves, AIL is well positioned to capture emerging opportunities. Our investments in advanced manufacturing capabilities, differentiated R&D and Zone IV, together with strategic customer partnerships, have created a strong foundation for sustainable, innovation-led growth and strengthened our ambition to be a Global Partner of Choice.

As we prepare for this next phase, the Board has appointed Suyog Kotecha as Managing Director and CEO, effective October 1, 2026. This planned leadership transition marks an important step in AIL's evolution towards professionally led executive management, supported by robust governance and continuity of promoter oversight. Over the past two years, Suyog has earned the confidence of the Board through his able leadership, strategic perspective, strong execution and commitment to AIL's values. I am confident that he will lead the organisation successfully through its next phase of growth.

Rashesh Gogri, Renil Gogri and I will transition to Non-Executive Board leadership roles, where we will continue to provide strategic guidance, industry experience and stewardship to the leadership team and the organisation. This will ensure continuity of our entrepreneurial vision and values while empowering executive management to shape AIL's future.

I extend my deepest gratitude to our employees, customers, partners, investors and all stakeholders for their continued trust and support. Together, guided by Care, Integrity and Excellence, we will build a stronger, more resilient and future-ready Aarti Industries.

Warm regards,

Rajendra Gogri
Chairman & Managing Director
Aarti Industries Limited

CEO's *message*

"TURNING CHALLENGES INTO MOMENTUM."

Suyog Kotecha

CEO & Executive Director
Aarti Industries Limited

> In a world defined by constant change, resilience is not merely the ability to withstand challenges, it is the ability to adapt, innovate, and emerge stronger. Guided by this belief, Aarti Industries continues to transform chemistry into value, partnerships into progress, and opportunities into sustainable growth.

Dear Stakeholders,

FY26 was a year of resilience and calibrated recovery for Aarti Industries Limited (AIL), as we navigated a highly volatile global environment and delivered improved sequential performance throughout the year. Our revenues stood at ₹ 9,018 Crs, with EBITDA of ₹ 1,172 Crs, and margins stabilising in the latter half, supported by disciplined execution and agile commercial strategies. Reflecting on FY26, our performance profoundly underscores the structural resilience and operational agility we have meticulously embedded across every level of AIL. I am particularly proud of how our teams responded to an exceptionally challenging environment with agility, ownership, and a strong commitment to execution.

In a year characterised by a highly complex, fragmented global environment, persistent geopolitical friction, and rapidly shifting supply-demand equations, we recognised early on that traditional operating models would no longer suffice. We adopted a deliberate, execution-focused paradigm to navigate this volatility: **Chemistries of Collaboration.**

At AIL, we believe that collaboration is not just an internal theme or a catchphrase; it is a core strategic and financial enabler. It represents the deliberate synergy among our highly flexible manufacturing assets, disciplined capital allocation frameworks, and deep, long-term alignments with global customers. This integrated approach has enabled us to improve capacity utilisation to about 80% across all key products, enhance customer stickiness, and strengthen margin resilience across key business segments.

Driven by our core cultural bedrock of Care, Integrity, and Excellence, our exceptional team of over 5,800+ professionals demonstrated that true commitment to operational rigour extends beyond our gates. Their resilience and commitment ensured business continuity, customer reliability, and operational excellence even during periods of heightened uncertainty. It enables us to forge strategic alliances, co-create complex chemical solutions, and definitively position AIL as the Global Partner of Choice in the speciality chemicals sector.

Safety remains our highest priority. During the year, we continued to strengthen our safety systems, processes, and on-ground practices, with a sharp focus on behavioural safety and operational discipline. Our Total Recordable Incident Frequency Rate (TRIFR) of 1.15 stands significantly below the industry benchmark (~2.0), reinforcing our dedication to maintaining a zero-harm workplace across every manufacturing facility.

Environmental stewardship remains central to our growth strategy and long-term value creation. Our progress is reflected in the recognition we continue to receive from global ESG assessment platforms. During the year, Aarti Industries achieved the prestigious EcoVadis Platinum rating , placing us in the top 1% of companies globally. We were also included in the S&P Global Sustainability Yearbook 2026 for the second consecutive year, achieving the highest score among Indian chemical companies. In addition, we retained Leadership ratings in CDP Climate Change and CDP Water Security, CDP supply chain, reaffirming our commitment to environmental excellence, sustainable growth , transparency, and responsible business practices

I am exceptionally proud that this high-performance, people-centric operational culture has gained global recognition, with AIL being named a 2026 Gallup Exceptional Workplace Award winner. This accolade confirms that our investments in capability building, safety, and employee empowerment are yielding a highly engaged workforce capable of navigating unprecedented industry complexities and exceptional performance.

Navigating Headwinds with Agility and Unyielding Discipline

FY26 rigorously tested our organisational flexibility and our stress threshold. We began the year facing a confluence of severe external disruptions. These included profound geopolitical shifts that disrupted global logistics networks, extreme volatility in raw material prices, particularly sharp, unpredictable corrections in upstream derivatives such as benzene and aniline, and the sudden imposition of new U.S. tariffs that threatened our established export corridors.

Rather than adopting a defensive posture or waiting for the macro-environment to naturally correct itself, we relied heavily on our execution discipline. We initiated comprehensive, structural cost-optimisation programmes across our entire value chain. By establishing a lean, highly efficient operational baseline, optimising our procurement strategies, and implementing dynamic pricing models, we successfully limited the deterioration in profitability during the most volatile quarters. This is reflected in EBITDA margins stabilising at ~13% to 14% and improving sequentially in the second half of the year.

When faced with localised disruptions, our commercial teams demonstrated remarkable agility. They swiftly recalibrated global trade flows, actively scaling our presence and market share in Europe, the Middle East, and Africa to offset localised softness elsewhere. We did not abandon our key markets; instead, we worked collaboratively with our North American partners to actively absorb parts of the new U.S. tariffs. Exports accounted for approximately 57% of total revenues, with the U.S. market experiencing a gradual recovery in volumes during the year.

Internally, we focused relentlessly on future-proofing our enterprise against inevitable future shocks. By deploying advanced Artificial Intelligence (AI), digital twins, and predictive maintenance tools across our critical process blocks, we have transitioned from reactive to proactive plant management.

We are now driving measurable gains, including:

100+ Cr (Variable and Fixed) cost improvement

30%+ Y-o-Y Volume growth

Coupled with our accelerating transition to hybrid renewable energy, we are structurally reducing our baseline operating costs while simultaneously achieving our carbon footprint reduction targets.

Accelerating Our Green Transition:

We are on track to have our hybrid renewable energy portfolio exceed 75% of our total power purchases across key facilities by Q1 FY27, while significantly reducing our carbon footprint and operating costs.

Evolving in a Dynamic Global Landscape

As the year progressed, we witnessed profound structural shifts in global trade that strategically favour India as a manufacturing hub and AIL, specifically, as a preferred partner. The successful conclusion of the India-EU Free Trade Agreement (FTA) and positive, ongoing developments in U.S.-India trade dynamics are structurally lowering tariff barriers for high-end specialty chemicals, opening up entirely new, highly lucrative corridors for our Advanced Materials portfolio. We are actively engaging with customers across these regions, with a strong pipeline of product qualifications and commercial discussions underway.

> "In a world of shifting trade dynamics, our ability to seamlessly partner with global innovators, local suppliers, and international customers has proven to be our strongest strategic moat. We are not just supplying chemicals; we are co-creating absolute supply chain resilience."

We are also closely monitoring China's evolving industrial policy. Historically, excess capacity and aggressive export pricing impacted global margins. Recent policy shifts aimed at rationalising domestic competition are expected to restore pricing discipline. We expect gradual normalisation in pricing over the next 12-24 months, supporting margin recovery for global specialty chemical players.

In this environment, customer expectations are evolving from transactional sourcing to strategic partnerships. Our integrated value chain model positions us strongly to deliver reliability, compliance, and supply chain resilience.

Delivering Value: Sweating Assets and Monumental Strategic Wins

Our financial and operational momentum recovered strongly as we progressed through FY26, a direct result of our conscious strategy to maximise throughput from our existing assets. We improved asset turns and increased utilisation across key product chains.

Our energy-linked portfolio, particularly MMA, achieved its highest-ever volumes. We are scaling fuel additives capacities from 290 KTPA to 360 KTPA by year-end.

This expansion is expected to meaningfully contribute to revenue and margins from FY28 onwards.

In parallel, we are increasing the capacity for Dichlorobenzene (DCB) from 120 to 140 KTPA to support demand from the EV-linked PPS segment. We are witnessing increasing customer traction in this segment, with a visible growth pipeline.

A key milestone was the signing of a USD 150 million multi-year supply agreement, which provides long-term earnings visibility over 4 years, with stable margins and high asset utilisation.

Strategic Execution: The Unmatched Power of Partnerships

FY26 was a pivotal year for executing forward integration and commercialising the significant capital investments we have made over the past strategic cycle. The year also unfolded against a backdrop of global volatility, marked by shifting trade dynamics, tariff uncertainty, raw material fluctuations and increasing customer expectations around supply security. This environment reinforced the importance of partnerships that go beyond transactional supply and create greater certainty across sourcing, manufacturing, commercialisation and long-term demand visibility.

Our state-of-the-art Zone IV facility at Jhagadia is successfully transitioning from a construction site to a commercial powerhouse. Highlighted by the commissioning of our Calcium Chloride unit, our highly versatile Multi-purpose Plant, and our new 4,000 TPA PEDA facility, Zone IV will serve as the launchpad for our foray into high-margin, specialised downstream chemistries.

Our partnership-led growth strategy also yielded transformational, structural milestones this year:

Our partnership-led growth strategy delivered key milestones:

- **Superform Chemistries Limited JV:** Expected commissioning in FY27, enabling downstream value capture
- **Re Sustainability and Recycling Pvt. Ltd. (RESL):** Targets 500 TPD plastic circular material capacity
- **Actylis Agreement:** Expands North American reach for PCBTF products
- **DCM Shriram Partnership:** Secures stable raw material supply and reduces volatility risk
- **Backward Integration Project (₹ 200–250 Crs):** Enhance and deepen our relationship with customer driving margin growth over long term

Collectively, these partnerships enhance integration, reduce supply risks, and strengthen long-term earnings visibility.

Looking Ahead: Capital Allocation and Our Strategy for FY27

As our multi-year Capex cycle concludes, we are shifting focus towards maximising asset utilisation and improving capital efficiency. Our strategic priority is to drive a higher contribution from advanced materials and specialty products.

We will maintain a disciplined capital allocation approach, with a minimum pre-tax ROCE threshold of 20% for new investments. Our current ROCE stands at approximately 8%, and we are committed to improving it through higher utilisation, a better product mix, and operational efficiencies.

We are also focused on strengthening the balance sheet. Our net debt-to-EBITDA stands at 3.7x, and we are targeting a reduction to <2.5x over the next 12-24 months through strong free cash flow generation. We expect FY27 to deliver improved utilisation, margin expansion, and a meaningful inflexion in free cash flows.

We step into the next phase with strong conviction in our strategy and execution capabilities. Our focus remains on delivering consistent, profitable growth, robust cash flows and superior shareholder returns. We remain committed to building Aarti Industries into a globally trusted partner that creates long-term, compounding value for all stakeholders.

I sincerely thank our employees, customers, partners, investors and the Board for their continued trust, commitment and support as we shape AIL's next phase of growth together.

Sincerely,

Suyog Kotecha
CEO & Executive Director
Aarti Industries Limited

Guided by Legacy
Driven by Vision

Shri Chandrakant V. Gogri

Chairman Emeritus

Shri Chandrakant V. Gogri is the architect of Aarti Industries Limited's growth journey, bringing deep expertise across chemical manufacturing, operations and marketing. An alumnus of ICT, formerly UDCT, with a degree in Chemical Engineering, he founded Aarti Industries Limited and played a defining role in shaping it from a single manufacturing unit into a globally recognised enterprise.

After serving as the Founding Chairman, he stepped down from the role in 2012 and continues to guide the Company as Chairman Emeritus, offering strategic direction, institutional wisdom and long-term perspective.

His contribution to the chemical industry has been widely recognised through several distinguished honours. These include the Chemexcil Lifetime Achievement Award in 2025, the Lifetime Contribution Award at the Chemical and Petrochemical Awards by FICCI, the D. M. Trivedi Lifetime Achievement Award from ICC, the Lala Shriram National Award for Leadership in the Chemical Industry, and the Lifetime Achievement Award from the Gujarat Dyestuff Manufacturers Association.

Left to Right

1 **Shri Manoj M. Chheda**
Executive Director

2 **Shri Suyog K. Kotecha**
CEO and Executive Director

3 **Shri Rajendra V. Gogri**
Chairman and Managing Director

4 **Shri Ajay Kumar Gupta**
Executive Director and CMO

5 **Shri Rashesh C. Gogri**
Vice Chairman and Managing Director

6 **Shri Renil R. Gogri**
Vice Chairman and Executive Director

Non-Executive and Independent Directors

Shri Lalitkumar S. Naik
Independent Director

Shri Shekhar S. Khanolkar
Independent Director

Shri Belur K. Sethuram
Independent Director

Prof. Aniruddha B. Pandit
Independent Director

Shri Nikhil J. Bhatia
Independent Director

Shri Ashok Kumar Barat
Independent Director

Smt. Rupa Devi Singh
Independent Director

Smt. Hetal Gogri Gala
Non-Executive,
Non-Independent Director

Management Team

Shri Chetan Gandhi*
Chief Financial Officer and
Chief Risk Officer

Shri Raj Sarraf*
Company Secretary and
Chief Compliance Officer

Shri Mirik Gogri
Head of Corporate Strategy

Dr. Prashant Potnis
Chief Scientific Officer

Shri Harendra Pandya
Chief Projects and
Procurement Officer

Shri Manoj Sharma
Chief Human Resource Officer

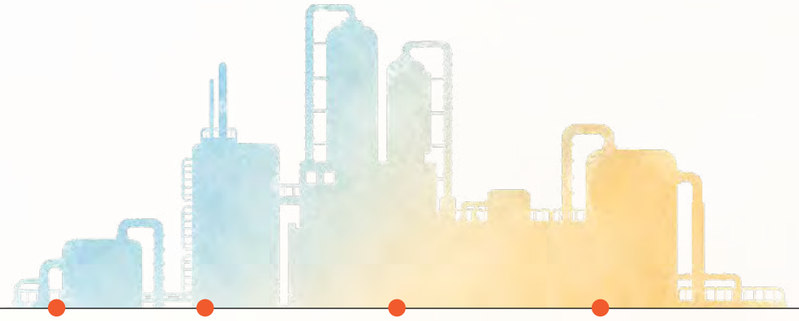
Shri Shyam Dhekekar
Chief Technical and
Sustainability Officer

Shri Bhaskaran Rajagopalan
Chief Technology Officer

*Key Managerial Personnel

About the Company

Building Our Legacy Through *Collaboration*



1984-2012

Building the Base from Origins to Market Recognition

1984
Incorporated as Aarti Organic Private Limited

1986
Launched first 1,200 TPA NCB unit in Sarigam

1990
Commissioned large-scale NCB plant (4,500 TPA) in Vapi

1992
Listed on BSE

1995
Listed on NSE

1997-99
Established hydrogenation and nitration unit at Jhagadia

2004-08
Expanded NCB and sulphuric acid capacity

Established a speciality chemical unit in Kutch

2011-12
Upgraded hydrogenation process to continuous; received USFDA approval for Vapi's Custom Synthesis division and commenced global shipments

2013-2018

Scaling Momentum into a Broader Growth Phase

2013
Merged Anushakti Chemicals' manufacturing division

2014
Upgraded batch nitration to continuous

2016
Commissioned ethylation facility at Dahej SEZ

NCB capacity increased to 75 KTP

2017
Commissioned calcium chloride

Co-gen, and solar power plants

Started Nitro Toluene plant

2018
Signed two large multi-year contracts with global players

2019-2026

Shaping What's Next through Innovation, Sustainability and Strategic Alliances

2019
Commissioned nitrotoluene, hydrogenation facility

Signed another multi-year contract

2020
Operationalised Phase 1 Dahej SEZ and Aarti Research & Technology Centre, Navi Mumbai

2021
Phase 2 at Dahej SEZ and the chlorination unit at Jhagadia became operational

2022
Demerged Pharmaceutical business

Commercialised 2nd long-term contract facility

2023
Commercialised speciality Chlorination unit and facility for 3rd long-term contract

Signed RM supply deal with DFPCL

2024
NCB capacity scaled to 108 KTPA

Commercialised Phase 1 of Acid Unit Revamp

Commissioned 13.2 MW Hybrid Renewable Power Plant

Signed two new global long-term contracts

2025
Joint venture with Superform Chemistries Limited for manufacturing and marketing of speciality chemicals

Joint venture with ReSL for driving the development of Plastic Materials Recycling Facilities across India

Agreement signed for additional 25.7 MW hybrid renewable power

Comissioning of New Pilot plant at Zone IV, Jhagadia

Expansion projects in Ethylation value chain

Nitro-toluene capacity increase to 45 kT

MMA expansion to 200 kTPA completed

2026
Secured two long-term contracts, including a USD 150 million agrochemical agreement

A 15 year backward integration initiative for long term customer

MMA capacity scaled upto 290 kTPA

Pilot plant at Zone IV commercialised

Note: All years mentioned on this page refer to financial years, unless otherwise stated.

Global Leader in Specialty *Chemicals*

Our global reach is supported by a clear commitment to sustainability, with a focus on protecting people, preserving resources and enabling long-term value creation. Our portfolio spans agrochemicals, dyes and pigments, fuel additives, polymers, Pharmaceuticals, FMCG etc., serving critical value chains such as Nitro Chloro Benzene, Di-Chloro Benzene, Methyl Ethyl Aniline, Diethyl Aniline, Phenylenediamines, Nitrotoluene, Sulphuric Acid among others.

Backed by advanced manufacturing facilities in India, our business verticals benefit from deep backward integration, diversified risks, reliable scale and operational flexibility. Through long-term contracts and joint ventures with leading global companies, we continue to strengthen quality, compliance and sustainable practices, including zero-liquid-discharge systems and waste-to-value added products. Our capabilities across commodity and speciality chemicals help us convert market challenges into opportunities and support the progress of industries worldwide.

100+ Products

60+ Countries

5,800+ Employees

1,100+ Customers

16 Manufacturing Plants

4 R&D Centres (including 2 pilot plants)

5 Co-generation Power Plants

11 ZLD Plants (8 ZLD & 3 ZLD ready)

Our Distinctive Advantages

- Integrated value chain providing competitive advantage
- Focus on sustainable and strategic growth
- Expanding portfolio of long-term global contracts
- Bulk shipment capabilities
- Expertise in process chemistry
- Highly cost competitiveness
- Multi-location manufacturing footprint
- Customised delivery solutions

Industries Connected through Chemistry

- Agrochemicals
- Polymers
- Pharmaceuticals
- Printing Inks
- Dyes & Pigments
- FMCG
- Fuel Additives

VISION

To emerge as a 'Global Partner of Choice' for leading consumers of speciality chemicals and intermediates

MISSION

Delighted Stakeholders

PURPOSE

Right Chemistry for a Brighter Tomorrow

VALUES

Care

Our commitment to care includes all our stakeholders – our employees, our customers, our suppliers, our community and our environment

Integrity

We practice the highest ethical and moral standards

Excellence

We continuously raise the bar of our performance to delight our stakeholders

Positioned as a Global *Partner of Choice*

AIL is more than a speciality chemicals manufacturer. It is an integrated chemistry partner, supporting global customers across complex, high-value and reliability-critical applications.

The Partner behind Critical Chemistries

Established in 1984 by first-generation technocrats, AIL has evolved into a diversified speciality chemicals platform with deep expertise across Benzene and Toluene value chains. Its capabilities span nitration, chlorination, hydrogenation, ethylation and downstream chemistries, enabling the Company to serve diverse end-use industries, including agrochemicals, pharmaceuticals, polymers, energy applications, dyes and pigments, paints, coatings and advanced materials.

Trusted across Markets

AIL serves 1,100+ domestic and global customers across 60+ countries. Its strategically located manufacturing footprint in Western India, close to key ports, enables efficient servicing of both domestic and export markets.

From Supply to Strategic Collaboration

Beyond manufacturing, AIL's relationships increasingly extend across feedstock security, technology sharing, joint development, manufacturing outsourcing and market access. This integrated approach continues to strengthen customer and partner relationships while creating mutual value across the value chain.

Recent milestones include a USD 150 million multi-year supply agreement with a global agrochemical innovator, a 15-year backward integration arrangement with a global chemical major, and an exclusive Actylis distribution agreement for PCBTF in the US coatings market.

Alongside these strategic partnerships, Aarti Industries is strengthening supply security by developing alternate sourcing avenues for critical feedstocks such as benzene, sulfur and methanol, while maintaining planned inventory buffers for key imported materials, including one-and-a-half to two months of aniline stock.

Built on Integration, Expanded by Innovation

With 16 manufacturing plants, 100+ products, 4 R&D centres (including 2 pilot plants) and over 250 scientists, AIL combines scale with scientific depth. Its Zone IV platform at Jhagadia further enhances flexibility, supporting advanced materials, specialised downstream products and faster commercialisation of molecules.

Future-ready by Design

As it prepares for the future, AIL is advancing multiple priorities. Strengthening circularity, while digital transformation and AI-enabled initiatives improve operational intelligence and efficiency. Sustainability programmes continue to advance responsible manufacturing. Guided by Care, Integrity and Excellence, AIL is building an agile, higher-value platform for sustainable growth.

Turning *Chemistry* into *Opportunity*

Sustainability by Design

Sustainability is embedded in the Company's operating philosophy. It is advancing waste-to-value programmes, exploring bio-based feedstocks and adopting circular chemistry processes to reduce environmental impact while unlocking new opportunities for responsible growth.

Digitally Enabled Innovation

At its digitised R&D centre in Navi Mumbai, the Company is leveraging advanced analytics and digital tools to improve process efficiency, strengthen decision-making and mitigate supply chain risks. This digital foundation is helping create a faster, smarter and more resilient innovation ecosystem.

Built to Scale New Chemistries

The Company's ambition to become a global partner of choice is anchored in next-generation manufacturing capabilities that enable entry into new markets with speed and confidence. At the heart of this journey is its multi-purpose and new process blocks at Zone IV facility, expected to commercialise in FY27. Equipped with a pilot plant, continuous processing units and automated distillation technologies, the unit is designed to accelerate the scale-up of new chemistries and enable faster ramp-up.

Collaboration as a Growth Engine

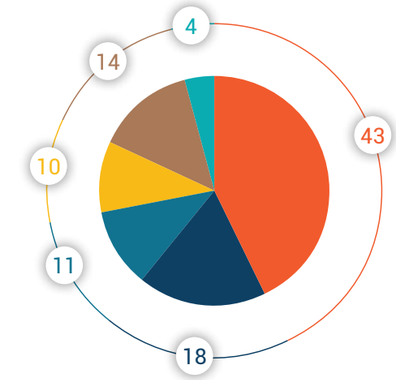
Collaboration remains central to the Company's value creation approach. It is working towards long-term agreements with CDMOs and contract manufacturing partners to drive co-innovation and accelerate the development of high-value chemicals. Ongoing strategic discussions across backward integration, speciality polymers and personal care intermediates reflect its commitment to staying agile, relevant and future-ready in a changing market.

Our *Customers*

AIL partners with more than 700 customers across India and 400 international customers across key global markets. With a strong presence across agrochemicals, polymers, home and personal care, pigments and other specialised chemistry-led sectors, the Company continues to build trusted relationships anchored in quality, reliability and technical expertise.

As we expand our global reach, our focus remains on deepening customer partnerships, supporting innovation, and creating shared value across the industries we serve.

Segment-wise Revenue (%) C01



- Energy
- Agrochemical
- Dyes and Pigments
- Pharmaceuticals
- Polymers and Additives
- Others

Globally Ranked #1

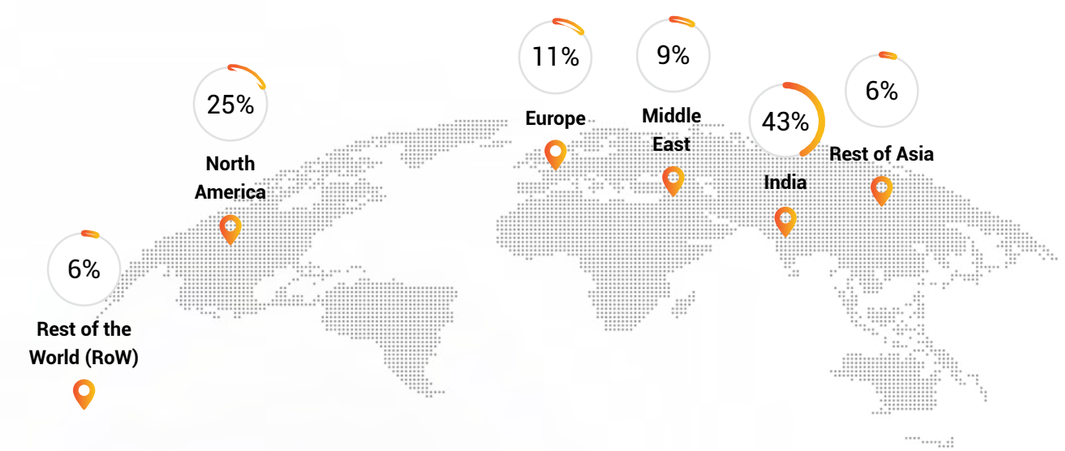
in Di Chloro Benzene (DCB)

Among the Top 2	Among the Top 3	Among the Top 3
in Hydrogenation	in Nitro Chloro Benzene (NCB)	in Chlorination and Nitration

Domestically,

Leading manufacturer of Nitro Fluoro Aromatics (via Halex chemistry) and Phenylene Di Amine (PDA)

Region-wise Revenue (%)



Disclaimer: This map is a generalised illustration and not intended for reference. The Company does not assume responsibility for its accuracy or use.

Awards

Gallup Exceptional Workplace Award (GEWA)
For Employee Engagement 2026

Chemexcil Trishul Award for Export Excellence 2025
Acknowledgement of Aarti's outstanding performance in exports

Chemexcil Trishul Award for Export

Engagement Champion – Darwinbox Unboxed 2025
For outstanding digital employee engagement across the organisation

Infini-t Gold Award –
For leveraging HR technology to enhance people engagement and development

Infini-t Gold Award in HCM Innovation and Implementation

Top 50 Supply Chain & Logistics Award – Alden Global
For a resilient, analytics-driven, high-performance supply chain

Top 50 Supply Chain and Logistics Award by Alden

ESG *Highlights*

DJSI CSA score 78 (up from 62), Included in Sustainability yearbook for 2nd year in a row, Platinum Medal in Ecovadis, CDP Climate Change and Water Security: Leadership Band

Environment

21% Renewable Electricity	193,406 GJ Renewable Energy Consumed	503 KW Onsite Solar Energy Capacity	39% of Water Recycled
95% Waste Recovered & Utilisation	13 Zero Waste-to-Landfill-Certified Plants		

Social

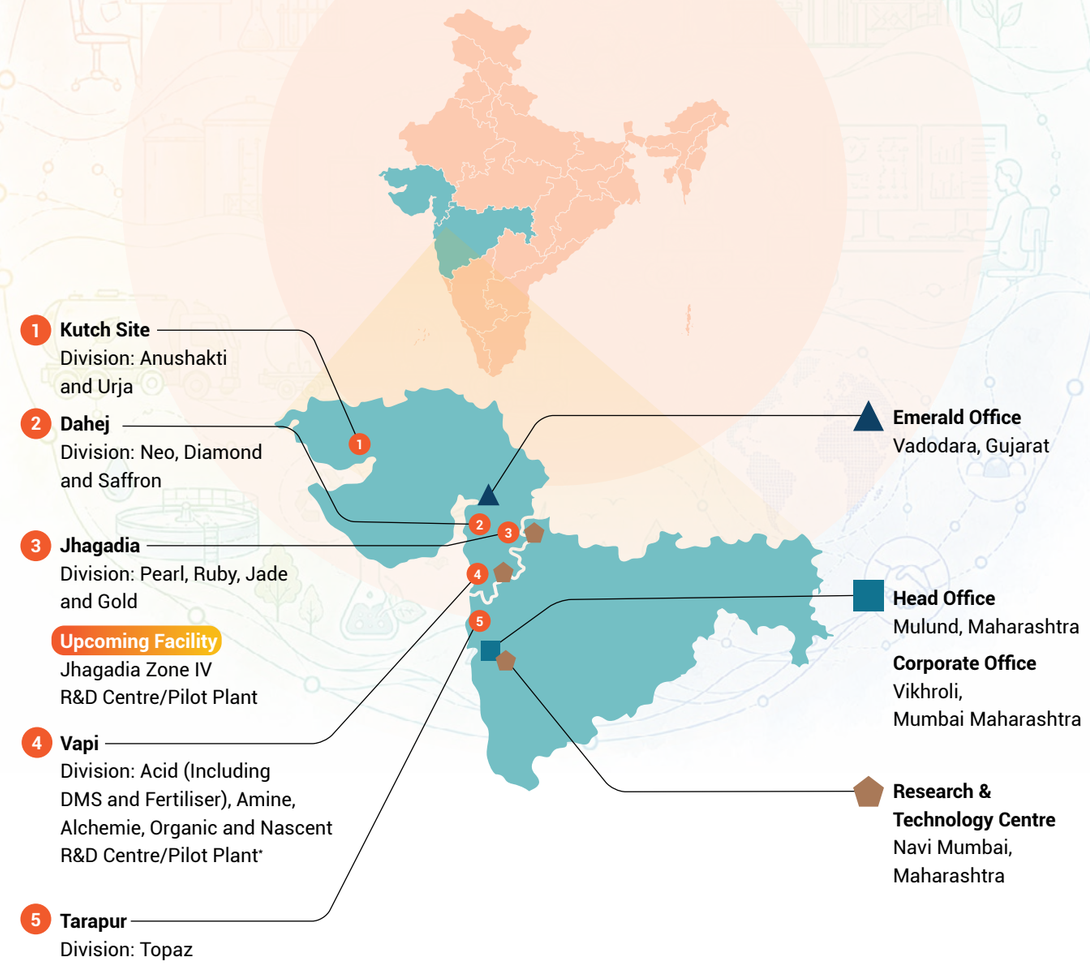
5,824 Total Employees	3.3% of Total Workforce is Women	ZERO Reported Incidents of Breaches with Regard to Human Rights	ZERO Cases of POSH
66% of Our Business Partners Assessed on ESG Parameters	4.6/5 86%ile Score	ZERO Fatalities	

Governance

14% Board Members are Female	ZERO Incident of Data or Cyber-Security Breaches	ZERO Case of Corruption, Money Laundering, and Insider Trading	ZERO Case of Anti-Competitive Practices
			4.4/5 Customer Satisfaction Score

Spread across for Strategic *Advantage*

AIL has built a strategically positioned operating footprint across key industrial locations in India. Its manufacturing facilities, R&D centre and offices work together to support efficient operations, strengthen customer engagement and enable seamless access to domestic and global markets. This integrated network enhances supply chain agility while supporting the Company's long-term growth ambitions.



Disclaimer : Illustrative map only; not to scale or for reference. The Company does not assume responsibility for accuracy or use.

* Apple division (Vapi) is a pilot plant for new molecules development and existing molecules performance improvements

Business Overview

The Aarti Industries:

Built on *Chemistry*

Strengthened by *Collaboration*

AIL is a global leader in speciality chemicals, where the Chemistry of Collaboration powers world-class process innovation, scalable engineering, and sustainable value creation.

Over four decades, AIL has evolved through enduring partnerships, building a diversified portfolio spanning basic and speciality chemicals and advanced intermediates. The Company specialises in complex, multi-step chemistries, including chlorination, nitration, hydrogenation, diazotisation, fluorination, ammonolysis, and photochemistry amongst many others. These capabilities enable the development of value-added intermediates across applications.

AIL operates as a long-term strategic partner, defined by scientific rigour, operational reliability, and solution-led innovation. Its facilities, processes, and people are aligned to deliver consistent performance.

Global Positioning: Redefining Leadership

Global leader in Benzene and Toluene-based derivatives	Fully backward-integrated value chains
Trusted partner to 400+ global customers in 60 countries	Positioned to capture growth in batteries, electronics and sustainable chemistries
Strong alternative to China in complex chemistry platforms	Cost-efficient, sustainable manufacturing base in India

Offers over 100 products across widespread applications
400+ downstream applications

Expanding Possibilities through Chemistry

AIL's portfolio combines scale, customisation and responsiveness. Its stage-gate process aligns product development and capacity expansion with safety, quality, cost, compliance and timelines. Strong R&D, diverse chemistry capabilities and a modular platform support entry into electronic chemicals and battery materials while improving flexibility and capital efficiency.

Leading manufacturer of Nitro Fluoro Aromatics (via Halex chemistry), PDA, Ethylation, Hydrogenation Chlorobenzene products

Speciality Chemicals: High Impact Chemistry for Everyday Applications

Speciality chemicals form the core of AIL's business. The Company transforms key feedstocks into differentiated, application-specific products. Expertise in Balz Schiemann, Grignard and photochemical reactions supports globally competitive, high-value solutions.

Product innovation is supported by a dedicated team of 250+ scientists and advanced pilot facilities across India.

Partnerships that Drive Capability

Strategic partnerships, joint ventures and long-term alliances strengthen AIL's manufacturing base, process expertise and portfolio adaptability, supporting co-creation and responsiveness to changing market needs.

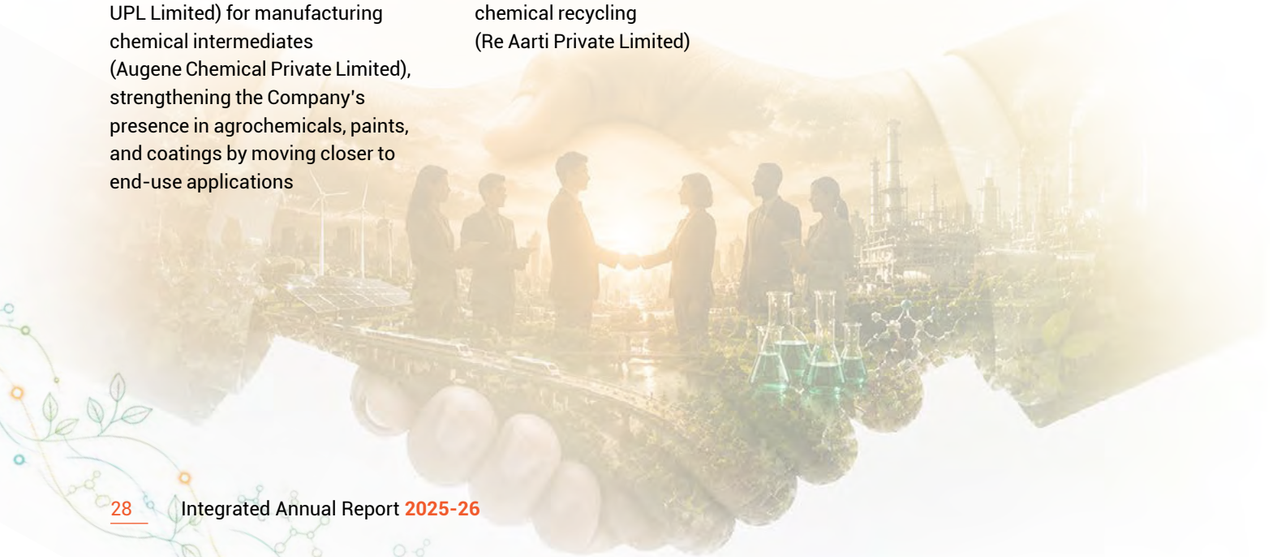
Zone IV at Jhagadia anchors this next phase of growth, with a greenfield setup featuring advanced, multi-purpose chlorotoluene facilities built for flexibility and scale.

The Company continues to advance its product and chemistry capabilities through focused collaborations:

50:50 JV with Superform Chemistries Limited (Wholly Owned Subsidiary of UPL Limited) for manufacturing chemical intermediates (Augene Chemical Private Limited), strengthening the Company's presence in agrochemicals, paints, and coatings by moving closer to end-use applications

Joint venture with Re Sustainability Limited to develop plastic recycling facilities with a focus on chemical recycling (Re Aarti Private Limited)

CDMO alliances across multiple chemistries



Milestone Projects and Multi-purpose Plants

Commissioned/Key Projects:

Zone IV Pilot Plant - Commissioned in FY26

Zone IV Greenfield Project – Multi-purpose plant and chlorotoluene-based capacity

Integrated CDMO Platform

Aarti Industries draws on decades of chemistry expertise as a trusted CDMO partner, delivering end-to-end solutions from early-stage development to commercial-scale manufacturing. This is supported by the Aarti Research & Technology Centre (ARTC) in Navi Mumbai and advanced manufacturing facilities in Gujarat. With a team of over 250 scientists, ARTC drives innovation across customised synthesis, process development, analytical services, and safety studies.

Diverse Chemistry Expertise
Halogenation, fluorination, hydrogenation, and Grignard, among others, etc.

Agile Multi-purpose Plant
For high-value intermediates

Green by Design
Projects aligned with green chemistry and energy efficiency

Lab to Commercial Scale
Efficient scale-up, tech transfers, and quality control

Strong IP Framework
Confidentiality, audits, and customer trust

Emerging Value Chains and Sector Opportunities

Leveraging integrated chemistries and a multi-purpose manufacturing backbone, Aarti Industries is expanding into value chains aligned with its core strengths.

Highlight Upcoming Value Chains:

Electronic Chemicals
Building fluorinated and high-purity materials for semiconductors and display technologies

Advanced Polymers and Additives
For performance plastics, lightweighting, and functional coatings

Green Chemistry Intermediates
Products aligned with biodegradable, bio-based, and circular economy principles

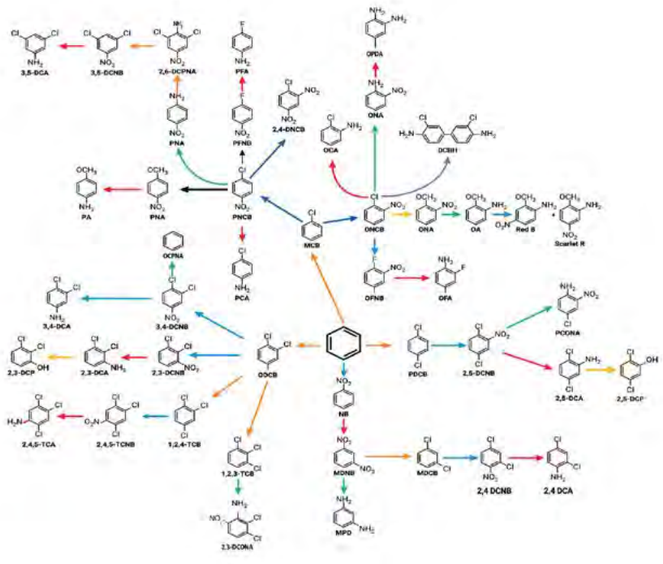
New Agrochemical Chains
Expansion into pyridine derivatives and speciality herbicide intermediates

These initiatives build on expertise in halogenation, fluorination, and photochemistry, enabling entry into new sectors while strengthening AIL's presence in regulated, high-performance markets. This progression supports the Company's evolution from a speciality chemicals platform to a diversified, solution-led business aligned with next-generation global industries.

Integrated Value Chains: Benzene, Toluene, Sulphuric Acid

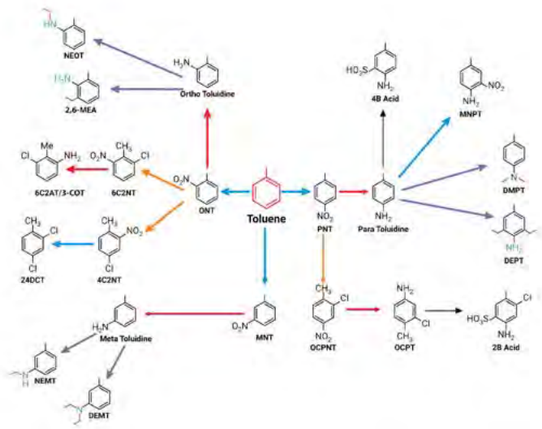
AIL manages the entire value chains of its key feedstocks through integrated, scalable, and circular processes.

Benzene Value Chain



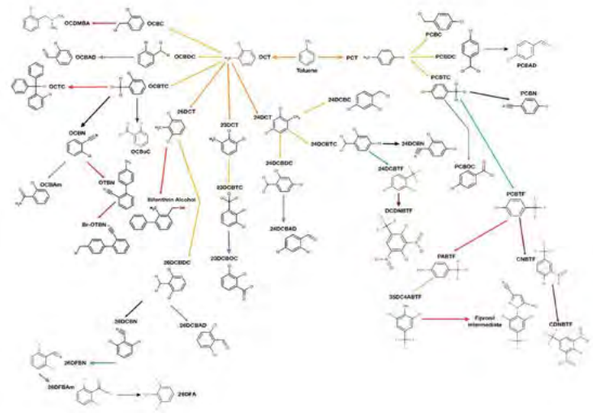
- Chlorination/Denitrochlorination
- Nitration
- Hydrogenation
- Ammonolysis
- Bromination
- Alkylation
- Diazotization Chemistry
- Fluorination
- Others

Nitro-Toluene Chain



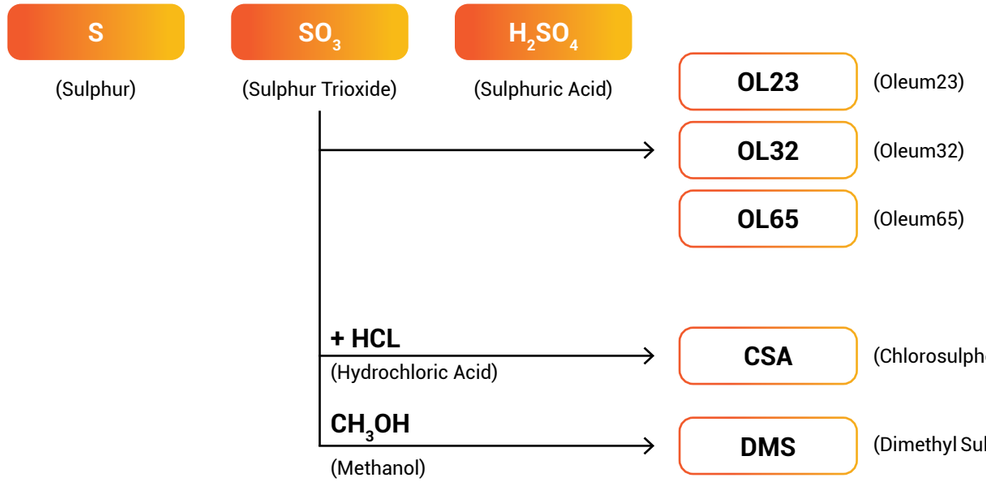
- Chlorination/Denitrochlorination
- Nitration
- Hydrogenation
- Ammonolysis
- Bromination
- Alkylation
- Diazotization Chemistry
- Fluorination
- Others

Proposed Chlorotoluene Chain



- Chlorination
- Photochlorination
- AHF Fluorination
- Hydrolysis
- Nitration
- Nitrilation
- Halex
- Others

Sulphuric Acid Chain



AIL's commitment extends beyond chemical production to delivering reliable, sustainable, and personalised solutions globally.

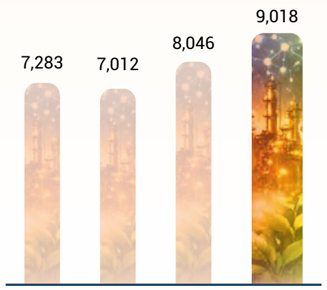
Key Strengths

Established backward and forward integration across feedstock chains	**Integrated operations across Benzene and Toluene value chains**	**Driven circularity-led operations with effective co-product balancing**
Optimised product mix supported by high asset uptime	**Adhered to stringent global specifications**	**Diversified end applications across 20+ industries**

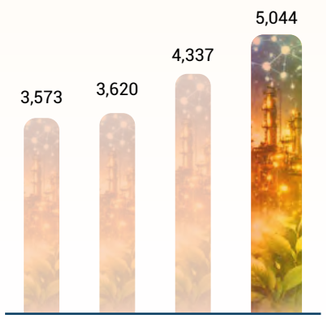
Key Financial *Highlights*

Profit and Loss

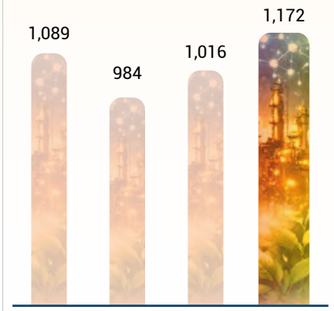
Gross Income (₹ in Crs) C02



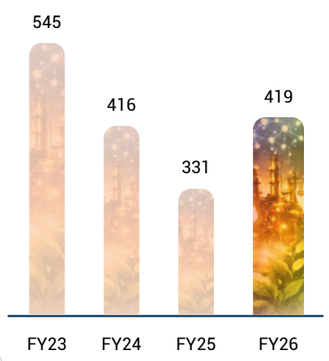
Revenue from Exports (₹ in Crs) C03



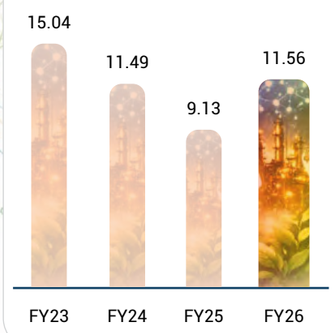
Operating EBITDA (₹ in Crs) C04



PAT (₹ in Crs) C05

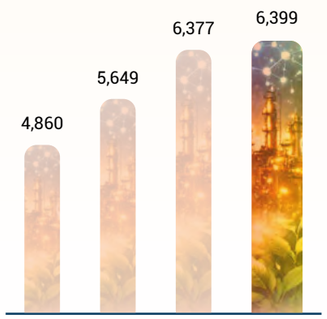


EPS C06

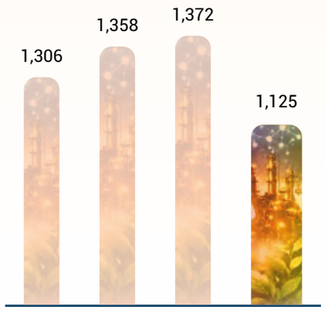


Balance Sheet Indicators

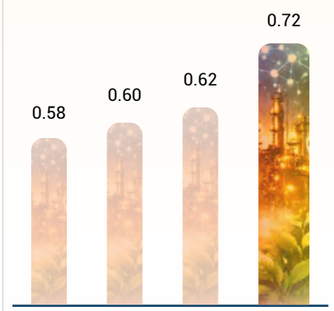
Net Fixed Assets (₹ in Crs) C07



Capex (₹ in Crs) C08

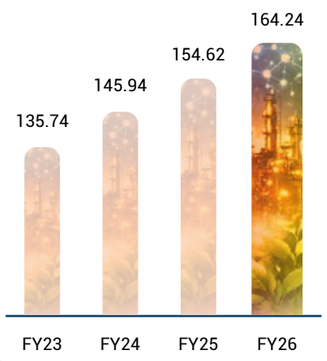


Debt to Equity Ratio C09



Shareholder Metrics

Book Value Per Share C10



Strategy & Management

Strategy & Management

Engineering Sustainable Growth

AIL is moving from capacity-led expansion towards selective, higher-value and innovation-led growth. Its strategy combines advanced chemistries, flexible manufacturing, strategic partnerships and disciplined execution.

Strategic Direction

AIL's strategy connects advanced chemistries, flexible manufacturing, long-term partnerships, digitalisation and disciplined capital allocation to drive higher-value growth and improved returns.

Our Strategic Priorities

Build Partnership-led Customer Platforms

AIL advanced chemistry-led partnerships in FY26, securing a USD 150 million supply agreement with zero incremental capex and a 15-year backward integration arrangement involving planned capex of ₹ 200 to 250 Crs.

Scale Select High-Growth Niches

AIL plans to increase capacity from 290 KTPA to 360 KTPA, expand DCB capacity from 120 KTPA for fuel additives to 140 KTPA for EV-linked PPS demand and advance the Superform Chemistries Limited JV.

Strategic Intent

Scale focused niches that improve portfolio quality and customer relevance.

Build Circular Chemistry Platforms

Through its RESL-linked initiative, targeted for commissioning in FY27, AIL is expanding into resource recovery, circular materials and sustainable chemistry.

Strategic Intent

Align growth with circularity, resource efficiency and sustainability-led demand.

Digitise Operations

Project UNNATI is enabling supply visibility, workflow automation, AI-enabled process control, predictive maintenance and production optimisation.

Strategic Intent

Improve agility, uptime, cost efficiency and decision-making.

Improve Returns from Existing Assets

AIL is improving asset productivity through better yields, energy and steam optimisation, procurement efficiencies, renewable power and product-market optimisation.

Strategic Intent

Build capital-efficient growth platforms with demand visibility and co-development potential.

Tighten Capital Allocation

With major capex nearing completion, FY27 investment is expected at ₹ 750 to 800 Crs, mainly for Zone IV completion, contract-linked projects and routine maintenance.

Strategic Intent

Strengthen profitability, competitiveness and asset returns.

Strategic Intent

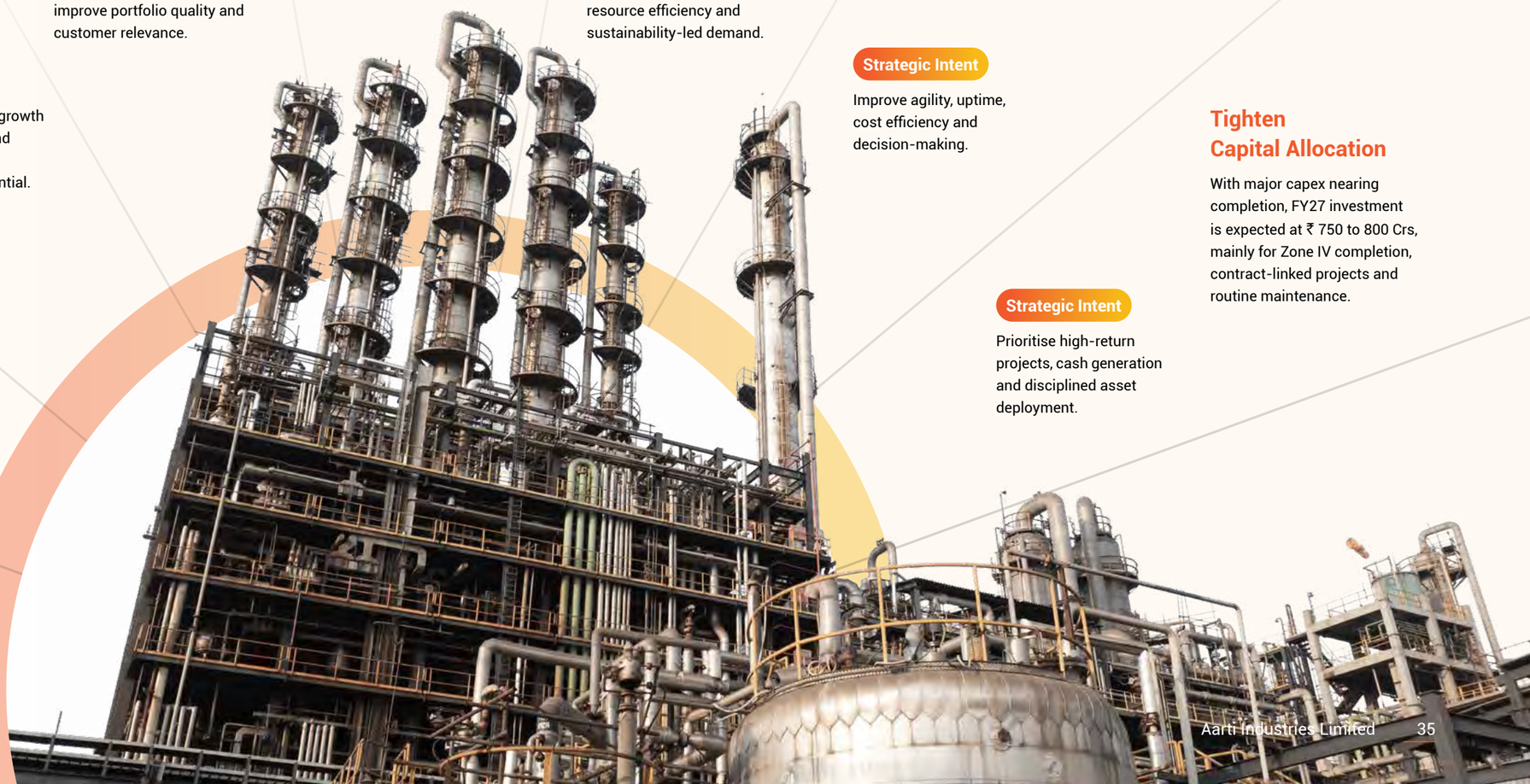
Prioritise high-return projects, cash generation and disciplined asset deployment.

Move towards Advanced Chemistries

AIL is expanding into application-led chemistries with stronger entry barriers. FY27 commissioning includes the Multi-purpose Plant and 4,000 TPA PEDA facility, followed by photochlorination, hydrolysis and nitration blocks.

Strategic Intent

Create a flexible platform for faster commercialisation and value-chain alignment.



Our Value Creation Model

Navigating Growth *through Values*

Inputs

Financial Capital (₹ In Crs)

- Capex **1,125**
- Shareholders Fund **5,955**
- Gross Debt **4,921**
- Equity Capital **181.30**
- Total Net Fixed Asset **6,399**

Manufactured Capital

- Manufacturing Facilities **16**
- Manufacturing **100+ Products**
- Gross Block ₹ **8,932 Crs**
- Export Across the Countries **60+**
- Co-generation Power Plants **5**

Natural Capital

- Invested in Renewable Sources and Energy Conservation Initiatives ₹ **32 Crs**
- Water Consumed **2,896,715 KL**
- Waste Generated **535,660 MT**
- Onsite Solar Energy Capacity **503 KW**
- Zero Liquid Discharge Plants **08**
- Energy Used **9,232,436 GJ**
- Waste Heat Sourced **645,150 GJ**
- Capex on Environment Improvement **60 Crs**

Intellectual Capital

- Investment in R&D ₹ **90 Crs**
- R&D Centres **04** (02 Pilot Plant)
- R&D Professionals **250+**
- Technology Team **200+**
- Products in R&D Pipeline **60+**

Human Capital

- Total Number of Permenant Employees **5,824**
- Number of Women Employees **192**
- New Hires **1,114**
- Average Training Hours per Employee per Year **35**
- Hours of Training Sessions on overall ESG Parameters **10.06**
- Hours of Trainings on overall Safety Parameters for Employee **7.7**
- Hours of Trainings on overall Safety Parameters Form Worker (Permanent + Contract) **7.0**
- Employee Wages & Benefits Expense ₹ **420 Crs**
- Safe Person Hours (Employee + Contractors) **18,049,569**

Social & Relationship Capital

- Total CSR Spend ₹ **8.89 Crs**
- No. of Suppliers/Vendors **3,000+**
- Global Customers **400**
- Domestic Customer **700**
- MSME Sourcing **1,000+ Crs**

Value Creation Approach

VISION
To be a Global Partner of Choice for the Leading Consumers of speciality Chemicals and Intermediaries

MISSION
Delight Stakeholders

PURPOSE
Right Chemistry for Brighter Tomorrow

VALUES
Care, Integrity, Excellence

LEADERSHIP COMPETENCIES

- Purpose Led Vision
- Entrepreneurial Agility
- Achievement Orientation
- Innovation & Change Excellence
- Personal Leadership
- Customer Stewardship
- Stakeholder Partnership
- People Championship

KEY BUSINESS ACTIVITIES

- Sulphuric Acid Products
- Other Speciality Chemicals
- Toluene-based Downstream Products
- Benzene-based Downstream Products

STRATEGIC PRIORITY

- Existing Value Chain Expansion
- Introducing New Value Chains
- Customer Collaboration
- High Growth Sectors
- Manufacturing Outsourcing

Outputs

12,27,645 MT
Production

51,675 MWh
Renewable Electricity

GHG Emissions

902,827 tco_2e
Scope-1 & 2

1,978,136 tco_2e
Scope-3

Non-GHG Emissions

453 MT PM
629 MT SOx
308 MT NOx

Waste Generated

499,980 MT
Hazardous Waste

35,603 MT
Non-hazardous Waste

Waste Disposed

95%
Recycled & Co-processing

5%
Landfill & Incineration

Water Discharged

359,336 KL

Outcome

Financial Capital

- Revenue Generated ₹ **9,018 Crs**
- Profit After Tax ₹ **419 Crs**
- EBITDA ₹ **1,172 Crs**
- Debt to Equity Ratio **0.72**
- DPS ₹ **1**
- Earnings Per Share ₹ **11.56**
- Credit rating **AA/A1+** from Crisil & India Rating

Manufactured Capital

- Productivity enhanced by **19%**
- **Top 2** in Hydrogenation Globally
- **Top 3** in In Chlorination and Nitration Globally
- Amongst **Top 4** Manufacturer for 75% of Product Portfolio

Natural Capital

- Emissions Avoided **279,533 $MTCO_2e$**
- Total Water Recycle **1,270,160 KL**
- % of Energy Recovered from WHR **7**
- % of Hazardous Waste Recovered **95**
- % of Renewable Electricity **21**

Intellectual Capital

- No. of Patents Filed **3**
- No. of New Products/ Services Launched **60**
- Launch of New Chemistries at Zone IV

Human Capital

- % of Women in Workforce **3.3**
- % of Women in Top Management **5**
- Lost Time Incident Frequency Rate **0.06**
- Employees Returned after Parental Leave **100%**
- Employee Satisfaction Survey Score **4.6/5**
- Participation in the Employee Engagement Survey by a Global Analytics and Advisory firm **97%**
- Number of Employees Benefited through Internal Career Development Programme **120+**
- Fatalities **0**
- Training Man Hours **2,06,457**

Social & Relationship Capital

- People Impacted through CSR Activities **24,102+**
- % of Procurement from Local Suppliers **64**
- Customer Ratings **4.4**
- Over 85% of Revenue Generated from Customers with Relationships Spanning More than 10 Years
- Spent on Diverse Business Partners ₹ **255 Crs**

SDGs Impacted

Stakeholder Engagement

Prioritising Stakeholders - Bridging Insights with *Impact*

Strong stakeholder relationships enable the Company to create and deliver sustained value. The focus remains on building long-term partnerships to better understand expectations, strengthen operations and build trust.

Stakeholder engagement spans operations, local communities and the supply chain. Over time, this approach has evolved from periodic, compliance-led interactions to proactive and transparent dialogue.

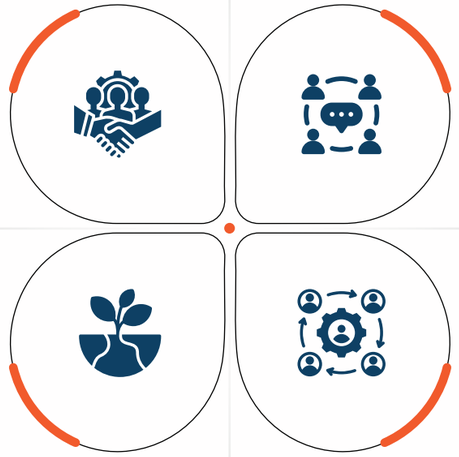
Evolving Stakeholder Engagement Practices

Continuous Dialogue

Regular investor calls and digital platforms enable ongoing engagement beyond annual interactions

Two-Way Communication

Stakeholder feedback is integrated into governance and decision-making



Increasing focus on ESG disclosures within investor communication

ESG Inclusion

Board and investor interactions strengthen transparency and trust

Direct Engagement

How We Identify

AIL maps and prioritises stakeholders based on their influence, interdependencies and relevance to its operations.

How We Listen

Structured engagement, awareness programmes, training, feedback channels and grievance mechanisms help capture stakeholder expectations and local concerns.

How Insights Influence Action

Stakeholder inputs reveal emerging issues and shape targeted action plans, enabling timely responses aligned with evolving community needs.

Stakeholders

Customers

Key Expectations
- Product quality and timely delivery
- Product availability
- Competitive cost
- Responsible production
- Transparency in disclosure
- Climate change disclosure and GHG emission reduction targets
- Life cycle assessment

Response
- Improvement in operational efficiency, packaging and labelling
- Customer surveys covering ESG, product quality, and availability of packaging and labelling
- Participation in disclosures to enhance transparency
- Timely response to queries and grievance resolution
- Commitment to product-level LCA assessment

Engagement Channels
- Video conferencing
- Emails
- Customer satisfaction survey
- One-on-one meetings

Frequency of Engagement
- Continuous

Suppliers and Contractors

Key Expectations
- On-time payment
- Ethical behaviour
- Sustainable growth

Response
- Digitise procurement to streamline processes
- Expand supplier sustainability assessment coverage
- Build supplier and contractor capabilities on ESG, ethics and ABAC through training and engagement

Engagement Channels
- Supplier meets
- Supplier assessment
- MoU agreements
- Contract discussion meetings
- Daily toolbox talks, weekly discussion meetings
- Performance review

Frequency of Engagement
- Continuous

Employees

Key Expectations
- Diversity
- Quality of work life
- Fair wages, remuneration and benefits
- Skill upgradation
- Career growth
- Health and safety
- Continuous performance dialogue and feedback

Response
- Provide equal opportunities and support employee growth through training and a safe work environment
- Promote transparent communication through platforms like CHRO Connect and Kushal Varta; recognise contributions through Arjan and Acclaim programmes
- Strengthen safety culture through employee participation in safety initiatives

Engagement Channels
- Leadership development interventions
- Monthly manufacturing connects
- Web-based performance dialogue
- Continuous feedback
- Nirvana - employee wellness programme
- Employee experience
- 'Pahel' townhall briefing
- Listening tour
- Employee engagement survey
- Emails
- Quarterly newsletter publication

Frequency of Engagement
- Continuous

Local Communities

Key Expectations
- Local employment generation
- Development interventions
- Livelihood generation

Response
- CSR initiatives focused on education, skill development, tribal and rural development, livelihoods and housing support
- Preference for local hiring based on skills and qualifications
- Grievance tracking mechanisms
- Capability building and skill development
- Collaboration with local NGOs and key stakeholders

Engagement Channels
- Regular engagement to understand concerns and requirements
- Community engagement through CSR initiatives

Frequency of Engagement
- Continuous

Investors and Lenders

Key Expectations
- Economic value generated and distributed
- Long-term value creation
- Transparency
- Good ESG governance
- High reputation and brand image
- Data privacy

Response
- Deliver consistent, profitable and responsible growth
- Timely disclosures through Annual Reports
- Dedicated investor relations for regular engagement and information sharing
- Stakeholders' Relationship Committee for grievance redressal and transparency
- All manufacturing and technology functions across AIL's operations are certified to ISO 27001:2022

Engagement Channels
- Integrated Annual Report
- Investor/Analyst meets, calls, including plant visits
- Quarterly results
- Company website
- Stock exchange filing
- Media release

Frequency of Engagement
- Continuous

Regulatory Bodies and Government Agencies

Key Expectations
- Proactive compliance with regulatory approvals
- Implementation of compliance management system

Response
- Proactive compliance monitoring through a digital CMS platform
- Dedicated corporate compliance cell for oversight of regulatory requirements
- Regular engagement with regulatory bodies, including SPCB, CPCB, MoEF&CC and DISH
- Periodic assessments to evaluate regulatory compliance

Engagement Channels
- Open invitations
- Specialised programmes
- Seminars
- Media releases
- Conferences
- Memberships and associations

Frequency of Engagement
- Need-based

Defining What Drives *Long-term Value*

At Aarti Industries, the ESG strategy is guided by a materiality assessment that identifies the environmental, social, and governance issues most relevant to long-term value creation. The process is built on stakeholder inputs, bringing together diverse perspectives to define priorities and focus action on areas of highest impact, supporting responsible growth.

The assessment is reviewed annually to remain aligned with strategic priorities, emerging risks, and regulatory developments. In addition, a comprehensive evaluation is undertaken every three years, incorporating inputs from internal and external stakeholders.

Since fiscal year 2019, we have conducted these assessments annually. In FY24, we conducted a double materiality assessment based on the GRI 2021 framework, collaborating with a third-party consultant to gather insights from our stakeholders.

In FY26, the identified material topics were reassessed for both impact and financial relevance, with no changes identified. Accordingly, the materiality matrix remained unchanged.

The Company engaged extensively with stakeholders to gather their insights on the material issues for its ESG strategy. The materiality assessment is subsequently reviewed and approved by the Finance and Investment Committee prior to the sign off by the Board of Directors.

Understanding Double Materiality

Financial Materiality:

Assesses how external factors influence the Company's financial performance, including related risks and opportunities (outside-in), across the short, medium, and long term.

Impact Materiality:

Assesses how the Company's operations affect people, society, and the environment (inside-out), across the short, medium, and long term.

Approach to Double Materiality

AIL's double materiality framework enables the Company to identify and prioritise ESG issues and opportunities that are relevant to both business performance and stakeholder impact.

The assessment is aligned with the GRI Standards 2021 and the Corporate Sustainability Reporting Directive (CSRD). Since FY24, it reflects a dual perspective, covering both impact and financial materiality, and linking ESG priorities to long-term value creation.

The Materiality Assessment Process

Identify
Refer to national/global standards, industry trends, peer practices, and internal risk registers

Define relevant ESG topics

Engage
Gather internal and external stakeholders' inputs through surveys and interactions to refine priorities

Assess and Evaluate
Evaluate impacts based on business geography, nature, projections, and stakeholder inputs

Assess financial implications with Key Managerial Personnel

Consolidate relevant ESG impacts

Prioritise
Rank risks by significance

Define threshold for material topics

Obtain senior management approvals

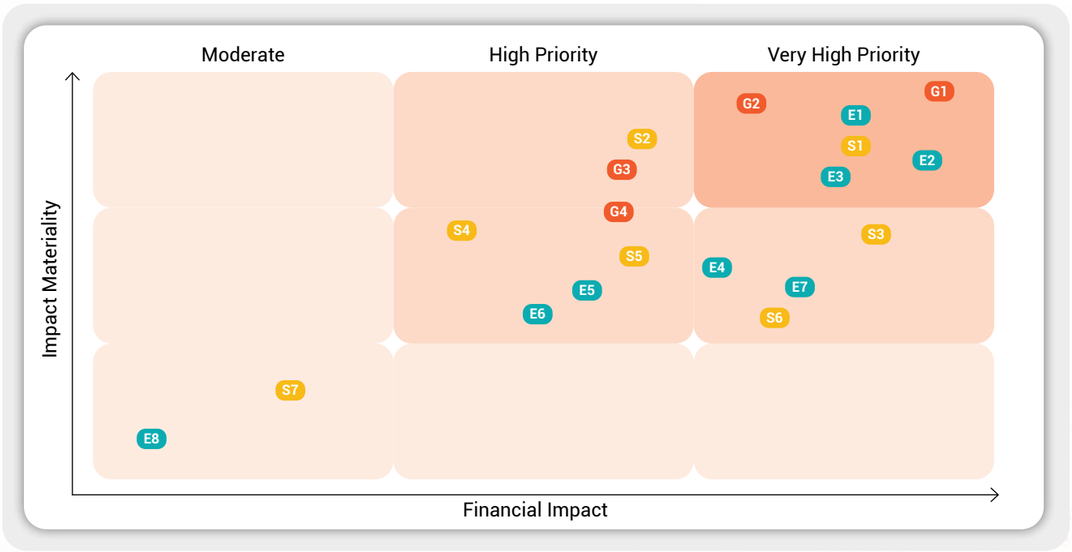
Validate and Monitor
Integrate material topics with ESG strategy and Enterprise Risk Management

Enable third-party verification and continuous monitoring

Obtain Board approval for the double materiality assessment

Materiality Matrix C11

The Company's materiality matrix is derived from the double materiality assessment, integrating ESG Key Performance Indicators (KPIs), UN Sustainable Development Goals (SDGs), financial implications, and value creation across key capitals. These material topics are embedded within AIL's Enterprise Risk Management (ERM) framework.



In the double materiality approach, the x-axis represents material topics that impact the Company's financial situation and the y-axis represents where the Company has a material impact on society and the environment (stakeholders at large).

Key Material Topics

Assessment insights are embedded within the ERM framework, aligning key risks, sustainability priorities, and long-term strategy. Material topics are mapped to GRI Standards, <IR> capitals, and UN SDGs, ensuring consistent and comparable disclosures while integrating sustainability into decision-making.

Material Topics T01

Material Topic	Key Performance Indicator	Financial Implication	GRI Linkage	SDGs	<IR> Capital Linkage
Environment					
Climate Change and Governance E1	⬡ Increase in renewables portfolio ⬡ Carbon emission management ⬡ Operational efficiency ⬡ Physical and transitional risks	−	GRI 302 GRI 305	7, 13	
Waste Management E2	⬡ Waste generated ⬡ Waste diverted from disposal ⬡ Waste directed to disposal	−	GRI 306	9, 12	
Energy Management E3	⬡ Energy consumption (within the organisation) ⬡ Energy intensity ⬡ Reduction of energy consumption ⬡ Direct (Scope 1) GHG emissions ⬡ Indirect (Scope 2) GHG emissions ⬡ Other indirect (Scope 3) GHG emissions ⬡ GHG emissions intensity	−	GRI 302	11, 12, 13	
Air Emissions E4	⬡ Oxides of nitrogen and sulphur and other significant air emissions	−	GRI 305	11, 13, 15	
Water and Effluent Management E5	⬡ Total water withdrawal ⬡ Water discharged ⬡ Water consumption	−	GRI 303	14, 16	
Materials Management E6	⬡ Directly sourced raw material ⬡ Materials recycled ⬡ Associate process materials ⬡ Packaging materials	+, −	GRI 301	12	
Product Stewardship E7	⬡ Customer health and safety ⬡ Product labelling and marketing	+, −	GRI 416 GRI 417	7, 9, 12	
Biodiversity E8	⬡ Operational sites with high biodiversity value ⬡ Conservation efforts across locations ⬡ Number of species preserved ⬡ Number of saplings planted	−, +	GRI 304	14, 15	
Social					
Occupational Health and Safety S1	⬡ Number of fatalities, recordable work-related injuries, and high-consequence injuries reported ⬡ Number of work-related ill health incidents	−	GRI 403	8	
Human Rights S2	⬡ Total number of incidents of human rights and status of corrective actions taken ⬡ Number of sites covered for human rights assessment ⬡ Training sessions related to human rights	−, +	GRI 402 GRI 406 GRI 407 GRI 408 GRI 409 GRI 410	3, 5, 10	

Positive | Negative | Financial Capital | Manufactured Capital | Natural Capital | Intellectual Capital | Human Capital | Social and Relationship Capital

Material Topic	Key Performance Indicator	Financial Implication	GRI Linkage	SDGs	<IR> Capital Linkage
Employee Development and Engagement S3	⬡ Average hours of training per year per employee ⬡ Programmes implemented and assistance provided to upgrade employee skills ⬡ Employees receiving regular performance and career development reviews ⬡ Benefits provided to full-time employees to take care of their health, family, and death/disability ⬡ Return to work and retention rates of employees who took parental leave	+	GRI 401 GRI 404	4, 8	Human Capital
Community Relations S4	⬡ Percentage of operations with implemented local community engagement, impact assessments, and/or development programmes	+	GRI 413	3, 4, 5	Social and Relationship Capital
Customer Health and Safety and Engagement S5	⬡ Implementing Customer Relationship Management ⬡ Customer health and safety	+	GRI 416	3	Social and Relationship Capital
Supply Chain Sustainability S6	⬡ Supply chain assessment on environment and social parameters	+	GRI 308 GRI 414	9, 12	Social and Relationship Capital
Diversity and Inclusion S7	⬡ Diversity of governance bodies and employees ⬡ Women's representation across cadres ⬡ Inclusion of the LGBTQ community ⬡ Ratio of basic salary and remuneration of women to men	+	GRI 405 GRI 406	5, 10	Human Capital

Material Topic	Key Performance Indicator	Financial Implication	GRI Linkage	SDGs	<IR> Capital Linkage
Governance					
Business Ethics and Compliance G1	⬡ Operations assessed for risks related to corruption ⬡ Communication and training about anti-corruption policies and procedures ⬡ Confirmed incidents of corruption and actions taken	−	GRI 205 GRI 206 GRI 207	8, 17	Financial Capital
Economic Performance G2	⬡ Direct economic value generated and distributed ⬡ Financial implications and other risks and opportunities due to climate change ⬡ Financial assistance received from the government ⬡ Indirect economic impacts	+	GRI 201 GRI 203	8	Financial Capital
Market Presence G3	⬡ Zero non-compliances with respect to advertisements, sales and marketing and competitive advantage ⬡ Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	+	GRI 202	8, 9	Financial Capital
IT Security and Data Privacy (Customer Privacy) G4	⬡ Total number of substantiated complaints received concerning breaches of customer privacy ⬡ Number of systems/processes/ mechanisms automated or digitalised	−	GRI 418	9	Intellectual Capital

+ Positive
− Negative
Financial Capital
Manufactured Capital
Natural Capital
Intellectual Capital
Human Capital
Social and Relationship Capital

Top Three Material Issues T02

Material Topic	Business Case	Business Impact	Business Strategy	Progress
Climate Change and Governance E1	AIL's greenhouse gas (GHG) emissions arise primarily from fossil fuel consumption, including coal, natural gas, and diesel. Coal remains a significant energy source, with limited near-term alternatives due to technical and cost constraints. Operations are also exposed to physical risks such as temperature variability and heat waves, which can affect process stability In parallel, the transition away from fossil fuels presents regulatory, technological, and market-related risks. Adapting to these shifts remains critical to ensure business continuity and manage potential cost implications	▲	⬡ Advancing science-based climate commitments through SBTi-validated emission reduction targets covering both operational emissions and the wider value chain ⬡ Embedding climate accountability in leadership performance by linking GHG reduction outcomes with executive compensation ⬡ Expanding renewable energy adoption through 13.2 MW of hybrid renewable power, with an additional 25.7 MW expected to become operational by FY27 ⬡ Exploring new renewable energy options to further diversify the Company's clean energy mix and reduce exposure to conventional power sources ⬡ Transitioning from coal to biomass in a phased manner to reduce carbon intensity across operations ⬡ Deploying an IT-enabled Energy Management System to strengthen real-time energy tracking, monitoring and efficiency improvements ⬡ Investing in process efficiency initiatives to optimise energy consumption and lower emissions across manufacturing operations	⬡ Integrated climate considerations into budgeting and mapped key initiatives for reducing GHG emissions ⬡ Established a clearly defined roadmap to progressively lower GHG emissions across operations ⬡ Engaged with value chain partners to drive emission reduction efforts beyond direct operations ⬡ Identified suitable vendors for bulk biomass procurement to support the transition towards lower-carbon fuel sources
Business Ethics and Compliance G1	Guided by integrity, care, and excellence, AIL has built a trusted reputation over 40 years. These values continue to shape ethical practices, helping attract and retain customers, investors, and business partners. The Business Ethics and Compliance Programme establishes a strong legal framework that reduces exposure to fines, penalties, and reputational risks Upholding ethical conduct strengthens credibility, attracts talent, and enhances competitive positioning	▲	⬡ Implementing policies and a Code of Conduct to promote ethical behaviour across the organisation, supported by structured employee and worker training on workplace standards. An online compliance management system supports adherence, with oversight by the Ethics Committee, which reports to the Board	⬡ Digitised planning, budgeting, and forecasting processes ⬡ Enabled 360° customer experience through an advanced CRM platform ⬡ Digitised peripheral business processes using low-code/no-code platforms ⬡ Undertook steps towards obtaining ISO 37001 certification
Occupational Health and Safety (OHS) S1	Operational requirements may expose employees to hazardous chemicals, posing health and safety risks. Workplace incidents can disrupt operations, affect morale, harm reputation, and lead to regulatory penalties for non-compliance with OHS requirements AIL remains committed to maintaining an injury-free workplace, guided by a zero-tolerance approach to unsafe practices and a strong focus on preventing incidents	▲	⬡ Implementing a comprehensive OHS Management System under the Aarti Management System, covering employees, contract workers, and visitors, with a focus on process safety, risk management, and emergency response ⬡ Safety measures include toolbox talks, awareness sessions, process safety guidelines, and risk assessments through HAZOP, HIRA, QRA, and exposure studies, supported by compliance checks and third-party audits. Initiatives such as safety pledges, BE SAFE+ (Dil se..) huddles, incident learnings, medical mock drills, knowledge sharing, listening tours, recognition programmes, safety audits, and barrier management reinforce a strong safety culture	⬡ Launched BE SAFE+ (Dil se..) to strengthen safety culture ⬡ Consolidated risks from multiple sources and prioritised key risks with preventive and mitigative controls through Barrier Management ⬡ Conducted medical mock drills successfully

▲ Risk

Impact on External Stakeholders T03

Material Topic	Cause of Impact	External Stakeholder(s)/ Impact Area(s) Evaluated	Topic Relevance on External Stakeholders	Quantitative Metric		
				Output Metric	Impact Valuation	Impact Metric
Waste Management E2	Operation	Community and Environment	Negative: Inadequate waste management can have far-reaching consequences for communities and the environment. It can contaminate air, water and soil, affect public health, damage ecosystems and create economic burdens	⬡ 95% of total waste generated is recycled or recovered ⬡ 81% of our manufacturing units have achieved Zero Waste to Landfill certification ⬡ We are working to reduce incinerable waste by 50% by FY28	Reduction in area and number of landfills in turn, reduces the environmental footprint of our activities.	Cleaner air and water, while supporting the improvement of groundwater quality in nearby water sources and reduce pollution-related health risks for surrounding communities.
Occupational Health and Safety (OHS) S1	Operation	Contract Workers, Surrounding Communities, and Families	Inadequate implementation of occupational safety measures can result in severe industrial incidents, hazardous exposure, and public safety risks. Workplace injuries cause severe emotional and economic trauma to workers' families, while eroding trust and safety confidence in neighboring communities	⬡ 100% coverage of plants and contract workers under the OHS Management System ⬡ Zero fatalities reported across all operational locations ⬡ Full implementation of the BE SAFE+ (Dil se..) safety culture initiative ⬡ 100% of sites subjected to regular third-party safety audits and Barrier Management assessments	Quantitative and monetary valuation of the avoided external social damages (such as family livelihood disruption, emotional trauma, and localised physical safety hazards) and positive externalities (enhanced community well-being) achieved by maintaining a zero-harm workplace for contract workers and fence-line communities	Avoided socio-economic cost of work-related injuries and illnesses to society

Risk Opportunities

Strategic Foresight for a *Secured Tomorrow*

At Aarti Industries Limited, risk management (RM) is integrated into decision-making to support strategic goals. It is an integral part of how we evaluate and respond to evolving business conditions. The Risk Management Policy supports sustainable growth, operational efficiency and stakeholder value creation through a structured approach to risk identification, assessment and mitigation. Aligned with the Companies Act, 2013, SEBI LODR, ISO 31000:2018 and COSO principles, it includes regular maintenance of risk registers and databases to enable informed decision-making. The policy is reviewed by the Board once every two years or earlier, in response to specific events or developments.

Risk Governance

We follow a three-tier governance structure for effective risk oversight and management:

Board Oversight

The Board, led by the Chairman, oversees enterprise risk through a Board-level Risk Management Committee (RMC) comprising Independent, Non-Executive, and Executive Directors, ensuring balanced oversight. The RMC aligns risk strategy with business objectives, identifies emerging risks, and reviews the risk profile and mitigation plans half-yearly, reporting to the Board. The RMC is supported by the Audit Committee at the Board level which oversees financial risks and internal controls, ensuring comprehensive coverage.

Management-Level Governance

The Chief Risk Officer (CRO) implements risk policies and serves as the link between the RMC and plant-level risk owners. Working with functional leaders, the CRO ensures consistent risk identification, mitigation and compliance across the organisation, reports to the CEO, and is accountable to the RMC on risk matters.

Working Group

Function Heads, as Risk Owners, manage operational risks within their areas, supported by teams that identify, assess and mitigate emerging risks in line with AIL's objectives. Internal audit reviews compliance and risk management against Board policies, while external audits provide an independent evaluation. The framework reinforces accountability and ownership through ongoing audit oversight.

Risk Management Framework and Risk Management Process

Risk management is a continuous process embedded across our organisation. Our framework focuses on identifying, prioritising, managing and reviewing risks to enable timely mitigation and reporting. We align our approach with the COSO framework, integrating risk management with business strategy and compliance, which enhances our ability to spot emerging risks and opportunities. The framework outlines governance structures and stakeholder roles and implements policies to minimise financial and operational risks. Our Board-approved Risk Management Policy assesses key material risks and emphasises prudent practices for managing our risk profile, combining both quantitative and qualitative data for a comprehensive approach.

Risk Management Process

In FY26, the Risk Management Committee held two meetings to review the policy and systems. ERM training covered functional and cross-functional risks.

Aarti Industries Limited operates a proactive Enterprise-wide Risk Management (ERM) framework to systematically identify, analyse, quantify, treat, and monitor strategic, operational, financial, compliance, and emerging sustainability risk exposures, ensuring long-term business continuity and operational stability.

AIL deploys an integrated hybrid risk identification structure:

Top-Down Strategic Assessment

The Board-level Risk Management Committee (RMC) and senior leadership analyse macroeconomic shifts, trade dynamics, geopolitical uncertainties, and long-term climate transition risks to align corporate strategy with global realities.

Bottom-Up Operational Escalation

Departmental heads, plant-level risk owners, and frontline teams capture process-level hazards, asset vulnerabilities, and field risks, dynamically escalating ground-level data into functional risk registers.

Risk Quantification and Appetite

Identified risks are mathematically evaluated using a standardised 5 x 5 Risk Score Matrix, where the absolute score is a multiple of Likelihood (Rare 1 to Near Certain 5) and Impact (Insignificant 1 to Critical 5). This data-driven scoring framework factors in quantitative and qualitative implications, including impacts on EBITDA, market share volatility, human safety, environmental degradation, and brand reputation. AIL relies on continuous scenario modelling, stress testing, and industry benchmarking to validate mitigation barriers against volatility. Our Risk Appetite Framework sets clear tolerance boundaries mapped against specific matrix segments:

Low risk appetite for safety, regulatory and environmental compliance, ethics, and human rights

Moderate risk appetite for financial stewardship and strategic growth

High risk appetite for innovation and digitalisation

Risk Escalation and Governance

Any material risk breaching the high-exposure threshold (Score 15-25) is instantly flagged by the Chief Risk Officer (CRO) and functional Risk Owners, and escalated to the RMC semi-annually to enforce corrective mitigation and stress-testing. Functional Heads and Risk Owners update department-specific risk registers and submit progress metrics to executive management. The Board-level RMC formally reviews corporate risk maps, prioritised exposures, and control barriers twice a year to provide strategic governance assurance. The Board of Directors independently re-evaluates the overarching Risk Management Policy at least once every two years, or dynamically in response to material regulatory or market trigger events.

Risk Culture

AIL institutionalises a risk-aware culture that transforms risk management from a compliance process into an organisation-wide mindset. Continuous risk and sustainability briefings are delivered to the Board of Directors and Independent Directors through interactive leadership sessions, expert forums, and operational plant tours. Using the specialised Aarti Online Training Modules (ATOMs) platform, compliance modules covering the Code of Conduct, Anti-Bribery and Anti-Corruption (ABAC), and Whistleblower protocols are mandatory for 100% of the workforce. 100% of eligible employees undergo mandatory information security modules and annual training refreshers to protect data privacy and secure corporate intellectual property.For our shop-floor employees field-level risk awareness is actively reinforced for frontline chemical associates through simulation-driven Safety Action Meetings (SAM), Continuous Learning from Incidents (LFI), and strict field competency assessments.

Driven by our value of Integrity, accountability is hardwired into AIL's human resource infrastructure by seamlessly linking risk metrics, compliance protocols and safety targets directly to corporate remuneration structures. Senior management performance goals are directly bound to Key Risk Indicators (KRIs), risk mitigation tracking, and the fulfillment of safety and environmental parameters. Achieving or missing critical safety and environmental objectives directly influences executive variable pay and performance appraisals, building a culture of continuous containment.

Risk Audits

AIL continuously monitors the effectiveness of its control systems through an independent risk audit architecture. An in-house internal audit department systematically conducts continuous, risk-based operational reviews to monitor internal financial controls and trace policy deviations. Independent third-party audits of the overarching risk management processes and non-financial sustainability metrics are conducted once every two years. The Audit Committee and Risk Management Committee operate rigorous reporting channels to ensure the Board remains informed of material issues, committee performance, and the remediation track of responsible employees.

Risks and Mitigation Strategy

Sustainability Risk

1 Climate Change Risk

- Manufacturing sites are exposed to physical risks from climate events, including extreme heat, cyclones, heavy rainfall and water scarcity
- Delays or constraints in adopting climate mitigation measures due to the limited availability of economically viable low-carbon technologies

Capitals Impacted

Financial Implication (+ / −)

Responsibility
- Audit Committee
- Risk Management Committee
- Apex Sustainability Council
- ESG Sub Council

Significance and Impact
- High capital intensity of manufacturing, with physical risks affecting financial performance, safety and environmental outcomes
- Specialty chemicals are energy-intensive operations which require significant investment to transition to green fuels and sustainable technologies

Mitigation
- Monitor climate and extreme weather risks
- Align GHG emission reduction targets
- Increase share of renewable energy
- Adopt low-carbon technologies
- Align the decarbonisation roadmap with Science-Based Targets
- Collaborate across the value chain to reduce emissions
- Strengthen stormwater drainage to manage heavy rainfall

Associated Opportunities
- Government initiatives, including the National Manufacturing Policy, promote resource efficiency and circularity, enabling better use of recycled materials
- Rising demand for eco-friendly products creates opportunities to expand into greener offerings

2 Workplace Safety Risk

- Weak safety culture may lead to unsafe practices, hazardous conditions and regulatory non-compliance, resulting in fines and penalties
- Workplace incidents can cause injuries, financial impact and reputational damage
- Accidents may affect employee morale and disrupt operations, leading to production losses

Capitals Impacted

Financial Implication (−)

Responsibility
- Audit Committee
- Risk Management Committee
- Apex Sustainability Council
- Safety Committee

Significance and Impact
- Significant incidents can disrupt operations and impact employee morale

Mitigation
- Implemented an Occupational Health and Safety Management System under AMS, covering employees, contract workers and visitors
- BE SAFE+ (Dil se..) initiative (culture, leadership and governance)
- Plant-level initiatives, including daily toolbox talks and monthly awareness sessions
- Risk assessments through HAZOP, HIRA, QRA and exposure studies
- Regular third-party audits
- Reward and recognition programmes
- Ongoing safety training

Associated Opportunities
- Advancements in technology improve process safety, support eco-friendly practices, and enhance operational productivity

Operational Risk

1 Waste Management

- Manufacturing generates hazardous and non-hazardous waste requiring strict handling and disposal
- Inadequate waste management practices can lead to regulatory non-compliance, environmental damage, unsafe conditions, fines, reputational impact, operational disruption and remediation costs

Capitals Impacted

Financial Implication (−)

Responsibility
- Risk Management Committee
- Apex Sustainability Council
- ESG Sub Council

Significance and Impact
- Improper waste management can lead to social concerns and community impact
- May disrupt operations and hinder production
- Adversely impact the environment and biodiversity

Mitigation
- Use of technology and alternative disposal options to reduce waste management risk
- Selection of authorised TSDF/Rule 9 vendor through membership/MoU in place
- Aarti Logistic Centre (ALC) for coordination and tracking during transportation

Associated Opportunities
- Adoption of circular economy practices and waste-to-resource technologies enables value recovery from waste
- Strong compliance with environmental norms enhances stakeholder confidence and supports access to green markets

2 Supply Chain Risk

- Operations depend on a reliable, cost-effective and quality-assured global supply network
- Disruptions due to geopolitical factors, logistics failures or supplier insolvency can impact input availability, leading to production delays, higher costs, loss of customer trust and missed opportunities

Capitals Impacted

Financial Implication (−)

Responsibility
- Risk Management Committee
- Audit Committee

Significance and Impact
- Fluctuations in crude oil and natural gas prices, along with changes in refinery output and demand, impact the cost and availability of key raw materials such as benzene, toluene, methanol and sulphur

Mitigation
- Monitor market trends and forecast raw material prices to manage volatility
- Maintain strategic inventory based on price movements

Associated Opportunities
- Diversifying the supplier base and digitalising supply chain operations improve continuity and responsiveness
- Collaborating with local and sustainable vendors enhances agility and ESG alignment

Positive | Negative | Financial Capital | Manufactured Capital | Natural Capital | Intellectual Capital | Human Capital | Social and Relationship Capital

Operational Risk

3 Cybersecurity

- Growing reliance on digital systems increases exposure to cyber threats, data breaches, and system vulnerabilities
- Inadequate controls can compromise sensitive data, disrupt operations, and impact stakeholder confidence, leading to regulatory penalties, financial losses and reputational damage

Capitals Impacted

Financial Implication

—

Responsibility
- Risk Management Committee

Significance and Impact
- Unpatched systems and third-party software vulnerabilities increase exposure to cyber threats
- Rising risks from AI-driven threats, including deepfakes
- Non-core systems, such as CCTV, can create entry points into IT infrastructure
- Misuse of privileged access can lead to data breaches
- External transfer of sensitive data increases security risk

Mitigation

Existing
- Mandatory cybersecurity training and awareness programmes
- Email security controls, including DMARC, in place
- Periodic firewall reviews to remove unused NAT rules and ports
- ISO 27001:2022 certified framework in place

Future
- Restrict perimeter NAT rules to approved IPs, with ongoing review of exceptions
- Strengthen coordination to secure non-IT and operational systems
- Plan and conduct biannual attack simulations
- Undertake regular VAPT for internet-facing applications
- Evaluate and implement a Privileged Access Management (PAM) solution

Associated Opportunities
- Strengthening cybersecurity infrastructure enhances stakeholder confidence
- Proactive investment in data security positions AIL as a responsible and future-ready enterprise

Financial Risk

1 Liquidity Risk

- Adequate liquidity is essential to meet operational, investment, and debt obligations
- Cash flow mismatches, delayed receivables, or unforeseen expenses can strain liquidity
- Insufficient liquidity can restrict operational flexibility, increase borrowing costs, and trigger solvency concerns

Capitals Impacted

Financial Implication

—

Responsibility
- Audit Committee
- Risk Management Committee
- Finance and Investment Committee

Significance and Impact
- Inability to secure adequate funding may negatively impact business performance and growth plans

Mitigation
- Ensures liquidity backup for longer duration

Associated Opportunities
- Efficient working capital management and digital finance solutions can strengthen liquidity buffers
- Enables faster response to market shifts and investment opportunities

2 Credit/Debt Risk

- Extending customer credit and maintaining borrowings exposes the Company to counterparty and debt servicing risks
- Customer defaults or adverse debt conditions can lead to credit losses or refinancing challenges, impacting profitability, liquidity, and credit ratings

Capitals Impacted

Financial Implication

—

Responsibility
- Audit Committee
- Risk Management Committee
- Finance and Investment Committee

Significance and Impact
- Payment delays or defaults can reduce cash flows and profitability, impacting financial stability

Mitigation
- Monthly review of large overdue receivables to identify stress
- Regular follow-up on timely collection
- Control on the release of supplies against overdue accounts

Associated Opportunities
- Robust credit assessment and diversified funding sources strengthen financial stability
- Favourable credit terms can support strategic expansion

Commercial Risk

1 Market Risk

- Volatility in global demand, prices, and economic conditions affects product markets
- Adverse market conditions can lead to revenue fluctuations, inventory build-up, and pressure on profitability

Capitals Impacted

Financial Implication

—

Responsibility
- Risk Management Committee
- Finance and Investment Committee

Significance and Impact
- Increasing competition and capacity additions intensify pressure on market share
- Tender-based pricing mechanisms heighten domestic margin pressures
- Exchange rate fluctuations impact pricing
- Competitive pressure from China affects margins and market positioning

Mitigation
- Establish long-term contracts
- Engage with the government on trade-related measures
- Implement volume-linked pricing
- Strengthen customer relationship management
- Optimise costs to maintain low-cost leadership or exit unviable lines
- Secure long-term cost-plus contracts to strengthen relationships

Associated Opportunities
- Entering emerging markets and tailoring products to local needs reduces dependence on mature segments
- Monitoring global trends supports timely strategic pivots

Positive | Negative | Financial Capital | Manufactured Capital | Natural Capital | Intellectual Capital | Human Capital | Social and Relationship Capital

Commercial Risk

2 Procurement Risk

- Strategic procurement of raw materials and critical supplies underpins seamless operations
- Supplier concentration, price volatility, and quality issues can disrupt procurement
- Disruptions can increase costs, halt production and impact competitiveness

Capitals Impacted

Financial Implication

Responsibility
- Risk Management Committee
- Finance and Investment Committee

Significance and Impact
- Late deliveries can impact project timelines
- Delays in claim settlement may lead to litigation and reputational risk
- Excess inventory due to Bill of Quantities (BOQ) gaps or scope changes can increase carrying costs and block working capital

Mitigation
- Regular stakeholder meetings to track progress
- Validate staggered delivery strategy for orders
- Settle valid claims promptly
- Use contract and work audit for final bill oversight

Associated Opportunities
- Strategic sourcing and supplier development programmes enhance material security
- Sustainable procurement supports circularity and aligns with global ESG expectations

Strategic Risk

1 Technology Risk

- Sustained competitiveness requires ongoing investment in process innovation, digitalisation and technology upgrades
- Failure to adopt or integrate emerging technologies can impact competitiveness
- Technology gaps can lead to operational inefficiencies, missed opportunities and reputational impact

Capitals Impacted

Financial Implication

Responsibility
- Risk Management Committee
- Finance and Investment Committee

Significance and Impact
- Improper plant operations can impact efficiency, productivity and overall performance
- Scale up failures can affect execution and output
- Inadequate process design can lead to safety incidents and reputational impact

Mitigation
- Conduct safety studies and ensure compliant, safe process design with relevant sustainability and regulatory requirements
- Conduct in-house pilot trials
- Monitor emerging technologies
- Collaborate with startups and research institutions
- Build technical capabilities through targeted training

Associated Opportunities
- Adoption of AI, IoT and sustainable chemistry strengthens competitiveness
- Technology leadership supports partnerships and talent attraction

2 Talent management risk

- Success relies on attracting, developing, and retaining skilled talent
- Attrition, skill gaps or a weak leadership pipeline can impact organisational effectiveness
- Workforce instability can reduce productivity, disrupt succession planning, and affect long-term capabilities

Capitals Impacted

Financial Implication

Responsibility
- Risk Management Committee
- Nomination and Remuneration Committee

Significance and Impact
- Inadequate workforce planning and allocation can impact productivity
- Undefined career paths can increase attrition and affect productivity
- Lack of competency-based performance management can create skill gaps and reduce productivity

Mitigation

Existing Mitigation Plan
- Defined Manpower Planning Process
- Proactive talent assessment and development
- Succession planning
- Regular talent review and risk mitigation
- Development of internal talent pool
- Multiple talent retention programs
- Contingency plans for resource shortages

Future Mitigation Plan
- Automate repetitive tasks to improve productivity
- Use project management tools to track tasks and identify resource gaps
- Define career tracks across functions
- Automate personalised development plans based on competency assessments

Associated Opportunities
- Investment in employee development and an inclusive culture improves retention and innovation
- Attracting next-gen talent supports long-term capability building

Regulatory Risk

1 Regulatory Risk

- Compliance with evolving regulations across environmental, safety, quality, taxation, and labour laws is critical for operations
- Failure to adapt to regulatory changes can lead to penalties, operational disruptions, and increased compliance costs
- Regulatory non-compliance may lead to reputational damage, affect stakeholder trust, and restrict market access or project approvals.

Capitals Impacted

Financial Implication

Responsibility
- Risk Management Committee
- Audit Committee
- Apex Sustainability Committee

Significance and Impact
- Exposure to litigation related to direct taxes and compliance requirements
- Non-compliance can lead to violations, impact employer brand and increase compliance costs

Mitigation

Existing Mitigation Plan
- Use the Compliance Management Portal (Compliance Management System) to track activities
- Conduct monthly compliance checks and maintain records
- Regularly review and update policies in line with regulations
- Address non-compliance as per DAP Guidelines

Future Mitigation Plan
- Engage third-party firms for annual compliance audits
- Review HR policies for regulatory alignment
- Promote a culture of compliance and ethics
- Maintain documentation for contractor compliance

Associated Opportunities
- Aligning with evolving regulations enhances our operational license and positions us as a compliance-led organisation
- Strong compliance systems reduce legal and operational risks
- Proactive response to regulatory changes supports innovation, sustainability and stakeholder trust

Positive | Negative | Financial Capital | Manufactured Capital | Natural Capital | Intellectual Capital | Human Capital | Social and Relationship Capital

Emerging Risk

We operate in an evolving landscape shaped by political, economic, social, environmental, legal and technological changes. While currently within acceptable limits, these risks may pose medium- (3-10 years) to long-term (>10 years) challenges if not addressed.

Their potential impact on costs and profitability requires proactive action to reduce exposure and remain competitive. We focus on identifying these risks early and addressing them through structured mitigation.

Given the breadth of our portfolio and wide geographic presence, risks are assessed systematically, supported by governance, internal controls and data-led insights to enable informed decision-making.

Emerging Risk

1 End-Use Application Demand Volatility

Category
Economic

Description
Structural volatility and policy shifts in key downstream sectors can trigger unpredictable demand contractions across specialised chemical applications.

Impact
Over-reliance on the energy segment, exposes earnings to volatility, tariff barriers, and regional off-take shifts, resulting in margin erosion and lower capacity utilisation.

Mitigation
AIL mitigates this exposure through geographic market expansion, portfolio pivot, flexible multi-purpose asset deployment, and long-term off-take contracts to de-risk revenue.

2 Geopolitical Disruption

Category
Economic/Geopolitical

Description
Global trade policy shifts, tariffs, and sanctions can hinder Aarti Industries' access to raw materials and export markets. Regulatory restrictions and non-tariff barriers can raise costs and limit market reach, thereby impacting competitiveness and profit margins, particularly in areas with high regulatory volatility or geopolitical uncertainty.

Impact
Trade tensions and tariffs can affect our product's competitiveness in export markets. The EU is expected to introduce a carbon tax on chemical products in 3 to 5 years, potentially impacting our margins in line with existing rates for other sectors.

Mitigation
We will have our strategy department monitor foreign trade policy and utilise free trade agreements. Additionally, we are collaborating with our business partners to increase the visibility of our carbon footprint throughout the supply chain.

3 Technology Obsolescence due to Generative and Agentic AI

Category
Technological

Description
The evolution of external Generative and Agentic AI tools is rapidly transforming chemical synthesis, process modeling, and operational workflows, threatening to make traditional manufacturing technologies and legacy digital platforms obsolete across the industry.

Impact
Delayed integration of agentic workflows could compress competitor R&D cycles and erode Aarti's market edge in specialty intermediates. Operationally, it risks sub-optimal process yield optimisation and slower customer responsiveness, while increasing reliance on autonomous AI systems introduces unprecedented algorithmic governance, IP exposure, and specialised data privacy vulnerabilities.

Mitigation
AIL is proactively advancing its UNNATI and Aarti 4.0 strategic transformation by integrating Generative and Agentic AI across business processes to enhance yield, operational agility, and decision-making. The Company is scaling digital capabilities via predictive analytics and Digital Twins, while driving enterprise-wide capability building through digital upskilling programmes and a network of 100+ GenAI Champions. These deployment efforts are safeguarded by a robust Responsible AI framework, enterprise data governance, and enhanced cybersecurity protocols.

4 Structural Economic Stagnation

Category
Economic

Description
Persistent global macroeconomic headwinds, structural overcapacity in key regional chemical hubs, and escalating trade protectionism threaten long-term industrial demand growth across key international markets.

Impact
These external economic risks are impacting export market volumes, compressing operating margins across core value chains, and lowering asset utilisation of existing manufacturing assets.

Mitigation
AIL mitigates this through strategic pivot into high-value advanced materials, leveraging flexible Zone IV multi-purpose assets, entering long-term off-take contracts, and expanding footprint in high-growth geographies.

Sustainability

Collective Progress for a *Sustainable Future*

Sustainability is integral to how AIL operates, grows and creates long-term stakeholder value. As the Company serves a portfolio where nearly 75% of its products are supplied to global leaders, it recognises that scale must be matched by responsibility, consistency and trust.

Guided by global standards and strengthened through stakeholder collaboration, AIL continues to embed sustainable practices across its operations. This chemistry of collaboration enhances resilience, improves product stewardship and reinforces the Company's commitment to responsible, future-ready growth.

Benchmarks of Responsible Progress

Platinum Medal in EcoVadis CSR assessment, placing AIL in the top 1% of companies in the sector

Included for the second straight year in the S&P Global Sustainability Yearbook with a CSA score of 78/100. Highest score among Indian chemical companies

CDP Climate Change: Leadership Band 'A', achieved this rating for second year in a row

CDP Water Security: Leadership Band 'A-', achieved this rating for the second year in a row

Included in the CDP's Supplier Engagement Assessment (SEA) A, a list for the 2025 disclosure cycle

Responsible Care Certification, from the Indian Chemical Council

Together for Sustainability: Score of 85 in Anushakti, 88 in Organic and Acid, 94 in Pearl and Ruby and 95 in Amine divisions

Membership of Associations

- Indian Chemical Council
- CHEMEXCIL- Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council
- Gujarat Chamber of Commerce and Industry
- Confederation of Indian Industry
- United Nations Global Compact Network of India
- Federation of Indian Export Organisation
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Indo German Chamber of Commerce

Certification

- Food and Drug Administration
- Good Laboratory Practices (GLP)
- ISO Certificates
- Zero Waste to Landfill certified

Our Future Roadmap

We take pride in the progress we have made in identifying and managing ESG risks, resulting in:

Driving Sustainable Progress

Sustainability is more than a business priority; it is a shared responsibility. Our approach is centred on:

Resource Efficiency

Optimising natural resource use to minimise waste and reduce environmental impact.

Renewable Energy

Increasing the share of renewable energy across operations.

Innovation and Sustainable Chemistry

Investing in R&D to develop eco-friendly products and cleaner processes.

Operational Excellence

Improving operational processes to enhance productivity and sustainability.

Workforce Agility

Building a skilled and adaptable workforce to respond to evolving sustainability challenges.

ESG Journey: Governance, Strategy and the Road Ahead

Evolution

Over the years, AIL has strengthened its ESG approach, evolving from compliance-led actions to an integrated business priority. Responsible manufacturing now extends across environmental, social, and governance practices, shaping operations and long-term value creation.

ESG Governance

Board Oversight

The Risk Management and ESG Committee at the Board level provides strategic direction on ESG matters and reviews progress quarterly.

Management-Level Governance

The Apex Sustainability Council, comprising CXOs and departmental heads, assesses ESG risks and opportunities while tracking progress monthly. ESG sub-councils support implementation and monitor performance across locations against key ESG KPIs.

Working Group

Corporate and site-level environment and sustainability teams support the execution of ESG initiatives and drive coordinated action across locations.

Strategy

At Aarti Industries Limited, ESG strategy and roadmaps are embedded across operations through an integrated, forward-looking approach that brings together business priorities, stakeholder expectations and emerging sustainability imperatives. Focus areas include fragmented data, evolving carbon policies, Scope 3 emissions and alignment with frameworks such as GRI, NGRBC, UN SDGs, UNGC and SASB, alongside disclosures including CDP, DJSI, EcoVadis and Sustainalytics. The Company also continues to strengthen ESG awareness across its supplier ecosystem, extending responsible practices beyond its own operations.

Progress across renewable energy, energy efficiency and water conservation reflects this commitment, with sustainability considerations integrated into new plant design. A third-party ESG gap assessment further supported risk identification, stakeholder engagement and the development of S.M.A.R.T. ESG and climate goals linked to executive compensation.

Key initiatives, including carbon reduction, workplace safety and community engagement, are aligned to defined pillars, strengthening accountability, transparency and shared ownership across the organisation.

Climate-related performance is integrated into employee performance management systems at AIL. Monetary incentives linked to sustainability, environmental and operational targets are considered for senior leadership, including the CEO, COOs and Zonal Operations Heads. Climate-related KPIs incorporated within AIL's incentive framework include progress towards greenhouse gas (GHG) emissions reduction targets. In line with its Science-Based Targets initiative (SBTi)-approved commitments, AIL aims to reduce absolute Scope 1 and Scope 2 GHG emissions by 54.6% and Scope 3 GHG emissions by 32.5% by FY33, using FY23 as the base year. Performance against these climate targets is considered in employee performance evaluations and influences variable compensation and performance ratings.

In addition, recognition-based and non-monetary incentives encourage wider employee participation in environmental priorities, including energy efficiency, water stewardship, waste reduction and emissions management. These incentives are aligned with AIL's published targets under the respective capitals in this report.

Integrating Sustainable Development Goals (SDGs) into ESG Strategy

AIL aims to be a preferred global partner for specialty chemicals and intermediates by integrating sustainability into strategy and reporting progress transparently. The Company reviewed its business impact and aligned its ESG approach with the SDGs.

Contributions are prioritised across two levels:

This enables focused resource allocation while supporting resilient communities, inclusive growth and environmental protection.

Climate Resilience and Adaptation Approach

AIL aligns with the National Action Plan on Climate Change (NAPCC) while strengthening its sustainability commitments through collective action and responsible growth. Its approach includes investments in clean energy and alignment with Science-Based Targets Initiative (SBTi) goals.

Climate-related impacts are assessed through scenario analysis, identifying risks such as extreme weather events, emissions and biodiversity impact. These assessments support climate strategy, governance and focused risk management while identifying emerging opportunities.

AIL has also adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Details of its strategy, risk assessment and environmental initiatives aligned to TCFD metrics are outlined below.

Climate Commitments

01	02	03	04	05
Improving energy efficiency.	Increasing renewable energy usage.	Leveraging advanced technologies.	Expanding investments in biofuels and green technologies.	Protecting biodiversity via afforestation and community initiatives.

Climate Governance

Board Oversight

The Chairman is accountable for climate-related initiatives, while the Board-level Risk Management Committee provides oversight of climate-related risks, opportunities, strategy, targets and performance. The Committee reviews climate-related performance on a quarterly basis and provides strategic guidance on climate-related policies and initiatives. The Risk Management Committee is supported by other Board committees, including the Audit Committee and Stakeholders' Relationship Committee, on matters relevant to climate governance.

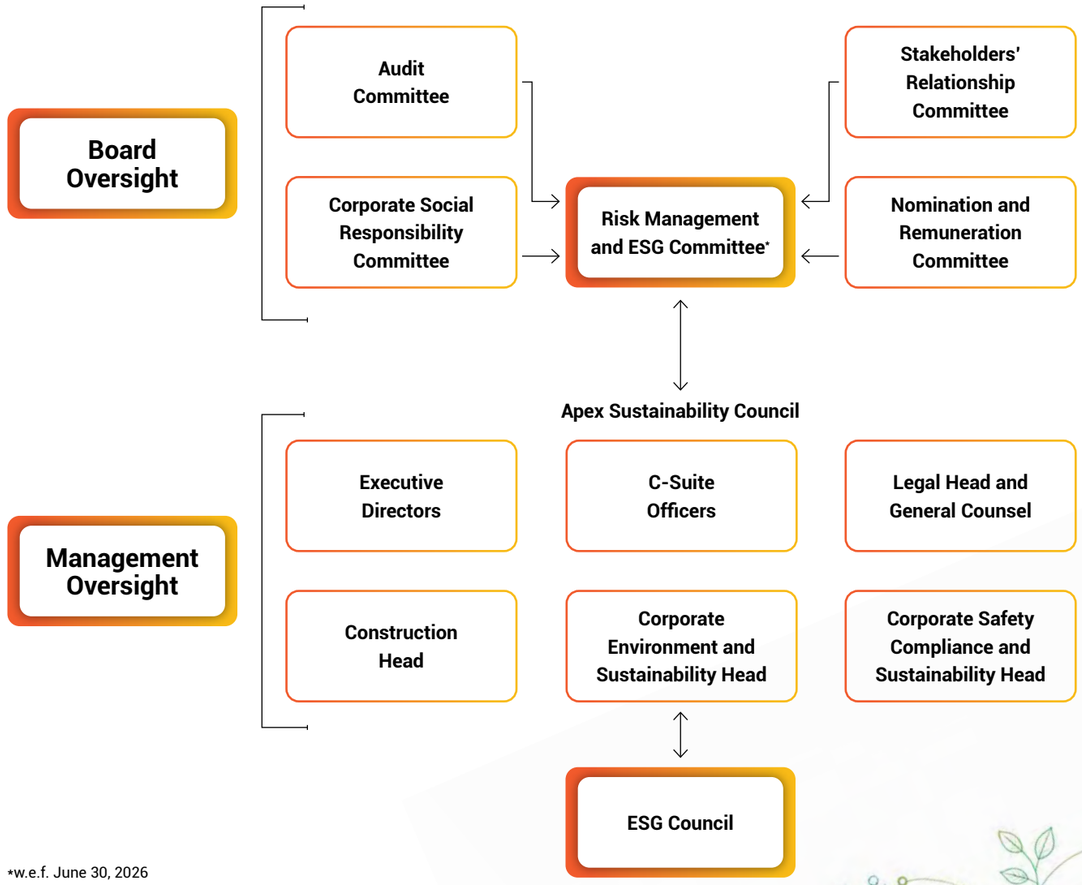
Management-level Governance

The Apex Sustainability Council, comprising Executive Directors, C-suite officers and functional leaders, including the Head of Environment and Sustainability is responsible for managing climate-related issues across the Company. The Council oversees climate strategy, decarbonisation initiatives, GHG emissions reduction targets, climate-related risks and opportunities, and monitors progress against the Company's sustainability and climate commitments.

Sustainability KPIs are integrated into performance management across all levels, embedding climate priorities into day-to-day operations and encouraging continuous improvement.

Working Group

Corporate and site-level environment and sustainability teams support the execution of climate-related programmes, monitor progress against climate targets, and drive coordinated action across operational locations.



*w.e.f. June 30, 2026

Climate Risk Scenario Analysis

Risk assessment is based on two parameters:

01

Probability of occurrence

Likelihood of climate-related events at the regional (district) level.

02

Expected Impact

Extent of impact on AIL, based on exposure and preparedness. These parameters support climate preparedness and informed risk evaluation.

Physical Risks

Physical climate risks are integrated into strategy through assessments across operations. The approach includes strengthening infrastructure, enhancing response mechanisms and collaborating with local communities to minimise disruption.

RCP 4.5 (Optimistic)

Emissions stabilise by 2100, limiting temperature rise to below 2°C

RCP 8.5 (Business-as-Usual)

Emissions continue to rise, leading to a 3.7°C increase

Operational locations across Gujarat and Maharashtra were evaluated for acute and chronic risks using inputs from NDMA, World Bank and WRI Aqueduct. Key risks assessed include water scarcity, floods, extreme heat, cyclones and sea-level rise.

The assessment spans 2023 to 2050, across short-, medium- and long-term horizons.

Risk Impact Map for Physical Risk T04

Districts	Bharuch		Valsad		Kutch		Palghar	
Identified Physical Risks	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5
Extreme Rainfall and Flooding	High	High	High	High	High	High	High	High
Cyclone	High	High	High	High	Medium	Medium	High	High
Water Scarcity	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Heat Stress	Medium	Medium	Medium	Medium	Medium	Medium	High	High
Sea Level Rise	Extreme	Extreme	Extreme	Extreme	Extreme	Extreme	Extreme	Extreme

Risk Levels: Low, Medium, High, Extreme

Physical Climate Risk Adaptation Measures T05

Physical Climate Risk	Impact of Risk	Adaptation/Mitigation Measure (2023-2028)
Water Scarcity	Operational	⬡ Freshwater availability ensured through rainwater harvesting, greywater recycling and treated wastewater reuse ⬡ Desalinated water sourcing at one of the divisions, with planned expansion ⬡ Implementation of water-efficient technologies, including low-flow fixtures, water-saving valves and automated controls
Flooding/Heavy Precipitation	Infrastructural Operational	⬡ Assessment of flood barriers, reinforced structures, and dewatering systems at critical units based on site topography ⬡ Use of IMD alerts and district early warning systems to anticipate and respond to flood risks
Heat Stress	Human Health	⬡ Establishment of cooling stations, shaded rest areas and heat response plans for workers ⬡ Adjustment of work schedules to reduce exposure during peak heat ⬡ Implementation of measures to protect critical equipment during heatwaves
Cyclone	Infrastructural Operational	⬡ Identification of vulnerable structures and reinforcement of critical facilities against high winds and debris ⬡ Design of drainage systems for rapid water removal and flood prevention ⬡ Implementation of stormwater management, including retention ponds and green infrastructure, to protect storage and production areas

Transition Risks

The Company assessed transition risks linked to the shift towards a low-carbon economy, including impacts on products and end-use applications. The analysis examines implications from regulatory changes, market shifts and emerging low-carbon technologies, guided by International Energy Agency (IEA) scenarios.

Two scenarios were analysed:

Business-as-Usual Scenario (STEPS)

- Projects ~2.5°C temperature rise by 2100
- Based and aligned with the existing energy and climate policies and announced commitments

Optimistic Scenario (Sustainable Development Scenario/SDS)

- Aligned with a well below 2°C pathway
- Aligned with global climate goals, aiming for net-zero CO_2 emissions around 2070

Transition risks and opportunities were evaluated across five categories, including policy, legal, market and reputation, through an organisational lens till 2050.

Risk-Impact Map for Transition Risk T06

Risk	Policy and Regulatory		Reputational Risk		
Scenarios	Emission Reduction	Carbon Taxation	Water Management	Waste Management	Negative Impact on Community and Biodiversity
Stated Policy Scenarios					
Sustainable Development Scenario					

Risk Levels: Low, Medium, High, Extreme

Transition risks across the product portfolio were also assessed by evaluating low-carbon shifts in key downstream industries, including pharmaceuticals, agrochemicals and dyes.

Risk Impact Profile for Transition Risk – End Use Perspective T07

Risk	Market risk			Regulatory risk		
Scenarios	Pharmaceutical End Use	Agrochemical End Use	Dye Industry End Use	Pharmaceutical End Use	Agrochemical End Use	Dye Industry End Use
Stated Policy Scenarios						
Sustainable Development Scenario						

Risk Levels: Low, Medium, High, Extreme

Opportunities

The Company intends to adopt renewable technologies, expand into emerging markets, and improve efficiency to strengthen competitiveness while advancing the transition to cleaner energy. It has identified short-, medium- and long-term opportunities through collaborative business-as-usual and optimistic scenarios.

Risk Impact of Identified Transition Opportunitie T08

Opportunities	Policy	New Products and Services	
Scenarios	Circular Economy	Green Economy	Developing Green Products
Stated Policy Scenarios			
Sustainable Development Scenario			

Risk Levels: Low, Medium, High, Extreme

Near-Term Targets

As per its SBTi-approved targets, AIL commits to reducing absolute Scope 1 and 2 GHG emissions by 54.6% by FY33 from the FY23 base year. It also commits to reducing absolute Scope 3 emissions by 32.5% during the same period.

Following SBTi validation of its science-based targets, the Company is pursuing absolute GHG emission reductions. With 74% of energy currently coal-based, AIL is transitioning towards renewable and circular energy sources. Its approach integrates responsible procurement, supplier risk assessment, and alignment with the Paris Agreement, SBTi, and UN SDGs. The transition is being advanced in collaboration with partners across the value chain to support decarbonisation efforts.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Decarbonisation Roadmap

AIL's climate strategy focuses on reducing emissions across operations, aligned with SBTi, the Paris Agreement and the SDGs. Key levers include efficiency improvements, greater renewable energy adoption, advanced technologies and Renewable Energy Certificates (RECs) to offset residual emissions.

A cross-functional team developed a decarbonisation roadmap anchored in three principles: Fit for Purpose, Focus to Finish and Right the First Time. The roadmap combines coordinated actions across functions to achieve emission reduction targets, including near-term SBTi targets by FY33.

Decarbonisation Levers T09

Levers	All 4.0 Target 2023-2028	Near-Term Target Year/2023-2033	Long-Term Target Year/2023-2050
Lever 1 Energy Efficiency (Reduce)	⬣	⬣	⬣
Lever 2 Green Electricity (Substitute)	⬣	⬣	⬣
Lever 3 Adopting Alternate Green Fuels (Substitute)	⬣	⬣	-
Lever 4 Adopting Advanced, Economical Technologies (Substitute)	⬣	⬣	⬣
Lever 5 REC's and Carbon Credits (Compensate)	-	-	⬣

Reduce (Scope 1&2)

Reduce energy use by improving efficiencies, optimising operations and redesigning processes

Considerations

- Maturity and availability of technologies
- Cost of adoption
- Alignment with industry standards and guidelines
- Availability of financing

Substitute (Scope 1 and 2)

Replace conventional energy sources with renewable and low-emission alternatives

Considerations

- Maturity and availability of suitable alternative technologies
- Policy and regulatory support
- Alignment with industry standards and guidelines
- Availability of financing for adoption
- Choice of business models (Opex vs Capex)

Compensate (all scopes)

Offset or remove residual emissions through RECs and other offset mechanisms

Considerations

- Cost of RECs, market maturity and financing availability
- Policy support and alignment with industry standards

Climate transition programmes are also conducted for employees to help them understand climate risk assessments, mitigation plans, and reskilling needs to minimise impacts.

Climate Transition and ESG-focused Training

ESG training is integrated into the Company's learning framework, with over 5,000 employees completing refresher programmes on sustainability and climate change. Shopfloor associates receive specialised training on 111A, energy efficiency, and Responsible Care, while contract employees participate in monthly ESG sessions.

Leadership cascades reinforce ESG priorities, while climate transition programmes strengthen awareness of risks, mitigation actions, and evolving skill requirements through collaborative learning.

Policy Advocacy

AIL has established a robust and systematic review and monitoring programme to ensure all direct lobbying activities and trade association memberships align with the Paris Agreement goals of limiting global warming to well below 2°C, while pursuing 1.5°C.

This programme and its oversight mechanisms are applied across all operations and jurisdictions where the Company operates. Through collaborative policy engagement, the Company supports regulatory frameworks that accelerate net-zero transitions.

Where potential misalignment arises between AIL's climate position and trade association advocacy activities, the Company undertakes constructive engagement with the relevant association. The Company also periodically reviews continued membership and advocacy alignment with its climate commitments.

Governance

Board Oversight
The Board, led by the Chairman and Managing Director, reviews the impact of policy changes, provides strategic direction for operations, and addresses matters with ministries and corporate authorities.

Management-Level Governance
The Head of Corporate Relations and Strategy, who also chairs the ICC Environment Committee, oversees ESG-related policy matters, including climate actions and associated impacts. He evaluates proposed changes and presents recommendations and mitigation measures to the Board. He also leads engagement with government authorities and guides teams in implementing related actions.

Working Team
The Corporate Advocacy Team collaborates closely with site teams, led by respective functional heads, to gather operational insights and assess business impacts. These inputs support informed engagement with government bodies and ministries, enabling effective advocacy. The team also helps establish processes to ensure compliance with applicable policies.

Trade Associations or Tax-Exempt Groups (e.g., Think Tanks)

FY23	FY24	FY25	FY26
₹ 9,76,600	₹ 9,45,500	₹ 5,83,100	₹ 7,34,000

Largest Contributions and Expenditures T09

Issue or Topic	Corporate Position	Description of Position/ Engagement	Total spend in FY26 (INR. in Lacs)
Innovation, Sustainability, and Strategic Chemicals	Support	Focused on environmental regulation clarity (Rule 9 of HOWM 2016) for strategic growth. Engagement included technical submissions to CII/ICC and publication of industry development roadmaps.	~ 4
Regulatory and Standards Reforms	Support	Focused on the lifecycle of Quality Control Orders (QCOs), advocating for expedited standard creation and extensions/relaxations via meetings with BIS, DCPC, and NITI Aayog consultations.	~3

Contributions and Expenditures T10

Name of Organisation, Candidate or Topic	Type of Organisation	Total Amount Paid in INR FY26
FICCI	Trade association	1,77,000
ICC	Trade association	15,57,000
IIChE	Others (educational institute)	2,00,000
ICT	Others (educational institute)	2,00,000

CASE STUDY

SUPPORTING NET ZERO AND RESOURCE CIRCULARITY THROUGH INDUSTRY ADVOCACY

Aarti Industries actively supports India's Net Zero 2070 vision by advocating for energy-efficient, climate-aligned industrial policies and is committed to achieve Net Zero by 2050. For coastal manufacturing installations, we recommend evaluating scientifically validated deep-sea discharge as a highly pragmatic, low-carbon alternative to traditional Zero Liquid Discharge (ZLD) frameworks. While ZLD remains crucial for conserving freshwater in inland regions, its intensive energy requirements significantly elevate carbon emissions. The carbon footprint of a ZLD system can be 7 to 14 times higher than that of marine discharge via pipeline. Even when factoring in transportation for facilities without direct pipeline access (up to 200 km), marine discharge still offers a substantial carbon-saving advantage. To responsibly implement this low-carbon transition, we support regulatory alignments such as revising coastal effluent inlet norms and expanding dedicated pipeline networks in key chemical clusters.

We actively advocate for simplified regulatory and compliance pathways under Rule 9 of the Hazardous and Other Wastes Rules, 2016 to facilitate the seamless reclassification of industrial by-products as commercial resources rather than waste. This streamlined administrative framework accelerates industrial circularity by allowing valuable materials, such as spent hydrochloric acid (HCl) and sulfuric acid (H2SO4), to be safely recirculated back into the value chain. Ultimately, this cooperative policy effort reduces our industry's dependence on hazardous virgin acids, directly supports the local fertiliser manufacturing ecosystem, and prevents substantial volumes of waste generation. Using leading industry platforms like the Federation of Indian Chambers of Commerce & Industry (FICCI) and the Indian Chemical Council (ICC), Gujarat Chamber of Commerce and Industry (GCCI).

01

Financial Capital

01 Financial Capital
02 Manufactured Capital
03 Natural Capital
04 Intellectual Capital
05 Human Capital
06 Social and Relationship Capital

Bringing together focused leadership, ESG integration and investments in green chemistry and clean technologies, the Company continues to strengthen its long-term value creation agenda. Transparent reporting and sustained stakeholder engagement further promote accountability, foster trust and encourage active stakeholder participation in the Company's sustainability journey. Collectively, these efforts advance circular practices, enhance resource efficiency and support the adoption of sustainability-linked finance.

Financial strength supports long-term value creation and responsible stakeholder stewardship. Through disciplined capital deployment and a balanced growth approach, the Company continues to increase resilience while advancing shared value across its business ecosystem.

Purposeful Investments for a

Stronger Future

Key Highlights

₹ 9,018 Crs
Revenue from Operations

₹ 419 Crs
Profit after Tax

₹ 1,172 Crs
Operating EBITDA

₹ 5,955 Crs
Net Worth

₹ 4,310 Crs
Net Debt

₹ 14,469 Crs
Market Capitalisation
(as of 31st March, 2026)

Contribution to the UN Sustainable Development Goals

Managing Trade-Offs (Impact on other Capitals)

Material topics

Key Risks and Opportunities

- Raw material price volatility
- Geopolitical and trade uncertainties
- Foreign exchange fluctuations
- Regulatory and compliance risks
- Credit and debt risk
- Liquidity risk

For FY26, the Consolidated Financial Data Includes the Following Subsidiaries

01 Aarti Corporate Services Limited
02 Shanti Intermediates Private Limited
03 Alchemie (Europe) Limited
04 Innovative Envirocare Jhagadia Limited
05 Aarti Polychem Private Limited
06 Aarti Bharuch Limited
07 Aarti Circularity Limited
08 Aarti Chemical Trading FZCO
09 Aarti Chem Trading USA Inc.

AIL delivered resilient growth in FY26, with revenue up 12% YoY to ₹ 9,018 Crs, supported by higher volumes, utilisation and export recovery despite market and supply chain pressures.

EBITDA rose over 15% to ₹ 1,172 Crs through operating efficiencies and higher utilisation. PAT increased 27% to ₹ 419 Crs despite forex, inventory, shipment and one-time labour code-related impacts.

At the core of our corporate strategy is our intent of maximising shareholder returns. This is illustrated by our market capitalisation of ₹ 14,469 Crs on March 31, 2026. We cherish the trust and support of our shareholders, who have invested their capital and reposed their faith in our growth narrative.

Managing Economic Value Effectively T11

Parameter (₹ in Crs)	FY23	FY24	FY25	FY26
Direct Economic Value Generated (A)	7,920	7,021	8,060	9,023
Gross Revenue from Operations	7,919	7,011	8,046	9,018
Other Income	1	11	14	5
Economic Value Distributed (B)	5,596	6,400	7,430	7,432
Operating Costs*	4,629	5,255	6,189	6,087
Employees' Wages and Benefits**	442	404	422	422
Payment to Providers of Capital***	114	266	312	375
Payment to the Government in the Form of Tax, among Others****	109	79	53	64
Community investment	13	18	20	10
Depreciation, Impairment and Other Expenses	289	378	434	474
Economic Value Retained (A - B)	2,324	621	630	1,591

*Includes payments to suppliers, non-strategic investments, royalties, and facilitation payments.
**Includes total monetary outflows for employees, excluding future commitments.
***Includes dividends to shareholders, interest payments to credit providers, and other payments to capital providers.
****Includes taxes and other statutory payments.

Defined Benefit Plan Obligations and Other Retirement Plans

Employee well-being remains fundamental to the Company's long-term success. Benefits include medical, life, and personal accident insurance, study leave for Aarti-sponsored higher education, and provident fund support.

During the year, the Company invested ₹ 64.17 Crs in defined benefit obligations and other retirement plans. The company made Zero political contribution in FY26.

Significant Financial Assistance from the Government T12

Parameter (₹ in Crs)	FY24	FY25	FY26
Tax Relief	17.95	57.39	22.52
Subsidies Received	29.97	39.46	68.18
Investment Grants	5.63	0	0

Tax Risk Framework

AIL's risk management framework integrates tax compliance, enabling proactive risk mitigation. This approach safeguards financial outcomes, supports transparent reporting, and aligns with global best practices.

Tax Strategy

Tax Principles

Anchored in integrity, excellence, and care. We do not transfer value created to low-tax jurisdictions.

Transparency and Reporting

AIL adheres to open and transparent tax practices, including providing relevant and accurate information to tax authorities upon request.

Tax Governance

Guided by experienced teams, qualified professionals, and senior management and board-level oversight.

Tax Risk Mitigation Strategy

Proactively identifies and manages tax risks to support business objectives.

Compliance

Committed to comply with the spirit as well as the letter of tax laws and regulations in the countries we operate in. Ensure transfer pricing of intercompany transactions is in accordance with the arm's length principle, ensuring compliance with local and international regulations.

Advocacy

Engages on policy matters through structured collaboration between advocacy and tax teams.

Tax Planning

Focused on efficient and compliant operations, supported by external expertise. Avoiding aggressive tax practices. We do engage in artificial or contrived tax arrangements or the use of tax havens for tax avoidance.

Engagement and Tax Authorities

Maintains transparent, fair, and collaborative interactions with tax authorities.

Driving Financial Growth with Purpose and Precision

AIL is pursuing a strategy centred on disciplined capital allocation, capacity expansion, and innovation-led growth to strengthen financial performance and sustain competitiveness. Continued investments across chemical value chains and high-potential products are enhancing market reach and enabling the Company to address evolving global customer requirements effectively.

Strategic Capex Allocation

The Company is investing in priority projects to commercialise high-potential products, integrate value chains and adopt new technologies, supporting future growth.

Operational Efficiency and Utilisation

The Company is improving site utilisation and efficiency to enhance throughput, cost competitiveness, EBITDA growth and asset productivity.

Capacity Expansion and Product Diversification

Following NCB expansion and Phase 1 of the Acid Unit revamp at Vapi, AIL is ramping up key capacities. The Dahej SEZ ethylation unit has expanded to 25 to 30 KTPA, while Zone IV, Jhagadia advances the chlorotoluene value chain, supporting agrochemical and pharma growth.

Sustainability and Innovation Initiatives

The Company is integrating clean technologies, renewable energy, ZLD systems and efficiency initiatives to advance circularity, improve resource use and meet evolving environmental expectations.

Risk Mitigation and Market Expansion

Product diversification and geographic expansion strengthen AIL's resilience, global client engagement and scalability. Disciplined investments and collaborative initiatives support sustainable financial growth and long-term value creation.

Creating Long-term Value through Strategic Financial Stewardship

AIL is advancing long-term value creation through disciplined capital allocation, prudent risk management and ESG integration. FY26 capex reached ₹ 1,125 Crs, reflecting peak investment in Zone IV. In FY27, capex is expected to moderate to ₹ 750-800 Crs as the focus shifts towards optimisation and execution-led growth.

Capital Allocation with a Long-term Vision

Capital is deployed towards initiatives that strengthen long-term profitability and stability, including cleaner technologies, energy-efficient infrastructure, and sustainable chemical value chains.

Diversification into High-Value, Specialty Segments

The Company's shift towards high-margin specialty chemicals, particularly those aligned with stringent environmental and safety standards, supports sustainability-led innovation while strengthening compliance and competitive advantage.

Sustainability-linked R&D and Innovation

A significant share of R&D investments is directed towards sustainability-led innovation, including green chemistry, circular manufacturing, and renewable energy integration, strengthening long-term resilience.

Accessing Sustainable Financing Instruments

Leveraging a strong credit profile, the Company accesses green bonds and sustainability-linked loans, aligning financing with ESG outcomes such as lower emissions and improved energy efficiency.

Conservative and Resilient Debt Management

The Company prioritises long-term and stable instruments over short-term, high-risk debt to fund capex, supporting healthy cash flows, lower interest rate exposure, and disciplined debt servicing.

Circular Economy Integration

Circularity is integrated across operations, from chemical recycling to by-product recovery, improving resource efficiency and reducing environmental impact while enabling more efficient future investments.

Maintaining Liquidity and Strategic Flexibility

Liquidity buffers and reserves provide flexibility to navigate economic shifts, pursue investments and value-accretive M&A, while supporting financial strength, sustainable returns and responsible stewardship.

Regulatory Compliance

The Company operates an online compliance management system developed with a global agency to track legal obligations and minimise risk. Covering 78 Acts, 101 Rules and over 10,000 provisions, it enables centralised, real-time monitoring and reporting across locations. Effectiveness is reviewed monthly at functional levels and quarterly by the Board.

02

Manufactured Capital

01 Financial Capital
02 Manufactured Capital
03 Natural Capital
04 Intellectual Capital
05 Human Capital
06 Social and Relationship Capital

Manufactured Capital is the value created when our assets, process knowledge, technology, people and partners work together.

As trade patterns evolve, pricing cycles reset, and customer expectations deepen, operational competitiveness becomes a critical differentiator. AIL strengthens its Manufactured Capital by combining integrated assets, multipurpose plants, digital systems and specialised capabilities with the expertise of its people and partners. By bringing these capabilities together, AIL improves asset utilisation, advances safer and more sustainable manufacturing, strengthens customer assurance and supports reliable growth.

Building Scale through

Collaborative Chemistry

Key Highlights

100+
Products

5-Star
Export House

12,27,645 MT
Production

Among Top 4
Manufacturers for 75% of the Product Portfolio

Contribution to the UN Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Managing Trade-Offs (Impact on other Capitals)

Financial
Human
Social and Relationship
Natural
Intellectual

Material Topics

Climate Change and Governance
Energy Management
Water and Effluent Management
Waste Management
Air Emissions
Materials Management
Biodiversity

Key Risks and Opportunities

- Capacity Underutilisation Risk
- Operational Disruptions
- Cost Escalation in Projects
- De-Risking through a Diversified Manufacturing Footprint
- Efficiency and Yield Improvements
- Green Manufacturing and Sustainability Integration
- Smart Manufacturing and Industry 4.0

Performance Snapshot

30%+
Increase in Production Volume of Key Products (excluding by-products and acids)

81%
Increase in Fuel Additives Business

MMA Capacity Scaled up to
290 KTPA

100%
of Operational Site are IMS-Certified
(ISO 9001:2015, ISO 14001:2015, ISO 45001:2018)

Pilot Plant at Zone IV Commissioned

Collaborating for Manufacturing Excellence

Project Aarohan is a collaborative transformation initiative focused on driving operational excellence across our manufacturing network. It brings together process experts, plant teams and data and analytics specialists to improve yield, throughput, resource efficiency and operating discipline. Through the Real-Time Manufacturing Insight (RTMI) platform, live plant data is converted into actionable insights, enabling teams to identify constraints, test solutions and sustain improvements.

The programme combines technology with structured problem-solving. More than 50 employees from manufacturing locations were trained as change agents, while a four-member Data Scientist Cohort was developed to independently build, deploy and scale analytics solutions. This strengthens in-house capability and embeds evidence-based decision-making closer to operations.

Project Aarohan: Turning Process Knowledge into Performance

How Collaboration Creates Value

01 Building Enduring Digital and Operational Capabilities

Cross-functional teams use a common data environment to identify performance gaps, analyse root causes and translate insights into plant-level action. Training in data interpretation, process analytics, digital twins and predictive methods enables employees to solve recurring problems and replicate successful interventions across locations.

02 Delivering Manufacturing Excellence through Digital and Analytics

Advanced analytics, combined with process expertise and disciplined execution, delivered ₹ 7.4 Crs in annualised benefit during FY26. Interventions included yield improvement, steam-efficiency enhancement and other operational improvements that reduced variability and strengthened asset utilisation.

Together, these initiatives demonstrate that digital tools create lasting value when frontline ownership, specialist knowledge and disciplined execution work in concert. While Aarohan builds data-led problem-solving capability across manufacturing, the Man-Tech Interface applies this combined expertise to specific process, product and plant challenges.

The Man-Tech Interface: Solving Plant Challenges Together

The Manufacturing-Technology (Man-Tech) Interface connects R&D, technology specialists, process chemists and plant engineers to resolve operational constraints and improve product and process performance. Teams use live plant data, process simulation, root-cause analysis and trials to convert technical insight into practical plant interventions.

The Interface Focuses on Four Outcomes

- **Yield and throughput:** fine-tuning operating conditions and reaction parameters to improve conversion and productivity.
- **Targeted debottlenecking:** identifying constraints across equipment, utilities and process steps to release capacity from existing assets.
- **Resource efficiency:** reducing energy, water and material intensity while supporting ESG priorities.
- **Product quality and customer assurance:** responding to evolving specifications through tighter process control and repeatable quality.

CASE STUDY

SECURING COLOUR IMPROVEMENT THROUGH PROCESS OPTIMISATION

The Challenge

Customer specifications for the colour profile of a product became more stringent. AIL needed a sustainable solution that protected optical purity without interrupting production or requiring major capital expenditure.

The Collaborative Solution

Process chemists and plant engineers jointly mapped the reaction and downstream stages, analysed process data and tested alternatives. The team identified specific operating conditions during the reaction phase that prevented colour formation without affecting yield or optical purity.

OUTCOME

The intervention met the revised specification without major capital expenditure or production disruption, strengthening AIL's position as a reliable global supplier.

This intervention demonstrates how manufacturing experience, scientific expertise and customer requirements can be combined to resolve a technically complex challenge and build lasting process capability.

Expanding with Discipline and Operating through AMS

AIL's expansion programme brings together Business, Technology, Engineering, Procurement, Manufacturing, SHE, Finance and external partners to strengthen core chemistries and value chains. During FY26, this integrated approach supported projects designed to increase capacity, improve asset efficiency and build manufacturing resilience while balancing safety, sustainability and capital discipline.

Every project is evaluated for lifecycle value, not only initial cost. Three levers support this approach:

Key Levers

01 Value Engineering

Identifying cost and design improvements without compromising safety, quality or operability.

02 Innovative Procurement

Using market intelligence, internal benchmarks and flexible sourcing strategies.

03 Lean Construction

Using precast solutions, existing inventory and modular approaches to reduce time and capital cost.

Execution Excellence

By involving operating and specialist teams from the design stage, AIL seeks to ensure that new capacity is not only commissioned efficiently but is also safer, more reliable and better positioned to deliver sustained value.

Delivering projects with discipline is only the first step. Projects integrate engineering, procurement, technology, manufacturing and SHE inputs from design through commissioning. HAZOP, QRA and LOPA studies, advanced process controls, lifecycle assessments and value engineering strengthen execution quality, risk control and future readiness. Sustaining their value requires a common operating system across sites, functions and teams.

Aarti Management System: One Operating Rhythm

The Aarti Management System (AMS) creates a common operating rhythm across sites (Zones) through Safety, Quality, Delivery, Cost, Morale and Environment (SQDCME). Daily visual management, tiered accountability meetings, root-cause analysis and real-time KPI reviews help teams identify deviations early, assign ownership and sustain improvement.

AMS connects site leadership, functional teams and frontline employees around four enterprise outcomes: prosperity, people well-being, partner delight and sustainability. By linking shop-floor action with strategic performance, it strengthens accountability, enables faster escalation and helps successful practices move across plants and functions.

With this common operating rhythm in place, multidisciplinary teams can identify recurring constraints and redesign processes for safer, more efficient and more sustainable performance.

Reimagining Processes: Safer, Smarter, Sustainable

Cross-functional teams combine chemistry, engineering, operations, digital capability and SHE expertise to redesign processes for better safety, efficiency and environmental performance. Key interventions during FY26 included:

Converting diazotisation and hydrolysis from batch to continuous processing to improve process safety.	**Converting the Halex process from batch to semi-batch.**
Improving workforce stability through trained frontline teams and clearer ownership.	**Exploring mechanical vapour recompression to reduce steam consumption in key distillation columns.**
Using Scaleban in cooling towers with RO reject water to conserve freshwater and improve water efficiency.	**Strengthening monitoring through RTMI and deploying visualisation by shifting selected dashboards from Google Sheets to Tableau.**
Replacing washer-settler systems with liquid-liquid extraction columns to improve separation efficiency and reduce effluent generation.	

By bringing together process knowledge, operating experience, safety considerations and digital capability, these interventions support safer operations, higher resource productivity and more resilient manufacturing.

Operational responsibility extends beyond how products are manufactured to how their risks, safe use and impacts are communicated across the value chain.

Responsible Labelling: Informed Choices

Manufacturing, Quality, Regulatory, Product Stewardship and customer-facing teams work together to communicate product hazards, safe-handling requirements and relevant environmental and social information through labels and technical documentation. This integrated process supports regulatory compliance, safer handling and informed decision-making across the value chain. During FY26, the Company received 15 labelling-related complaints, with no reported instances of non-compliance or fines.

This responsibility continues after a product leaves the manufacturing site, requiring coordinated action among logistics teams, transporters, drivers and emergency-response partners

AIL reported no instances of non-compliance with applicable product-labelling and marketing-information requirements during FY26.

Secure Storage. Safe Transport. Seamless Distribution

The safe movement of chemicals depends on coordinated action across manufacturing sites, logistics teams, transport partners, drivers, control-centre personnel and emergency-response networks. The Aarti Logistics Control Centre monitors a network of 1,000+ vehicles carrying approximately 350 chemical variants, supported by GPS-based tracking, route-risk controls and proactive incident response.

Key Safety Controls

Proactive Fleet Monitoring

Live tracking, driver behaviour monitoring and route-risk alerts.

Engineered Risk Mitigation

Approved routes, vehicle standards, containment controls and operating protocols.

Emergency Response

24x7 deployment through QRTs and ERVs across a stated 3,500-km network.

Transporter Capability

Structured driver and transporter training on safe handling, emergency response and defensive driving.

By extending operating standards and safety capability beyond the plant boundary, AIL treats transport partners as participants in responsible manufacturing rather than only as service providers. Together, these controls protect employees, communities, customers and the environment while supporting reliable delivery.

Reliable delivery must be matched by consistent product performance, making quality a shared responsibility across manufacturing, laboratories, technology teams and customer-facing functions.

Quality: A Pillar of Sustainable Manufacturing

At AIL, quality is created through the combined efforts of manufacturing teams, Quality, R&D, laboratories, digital specialists and customer-facing functions. By integrating disciplined processes, capable people and connected systems across the product lifecycle, AIL strengthens consistency, traceability, customer assurance and resource efficiency.

Process: Integration of Value and Responsibility

Statistical Process Control, standard operating procedures, and Annual Product Quality Reviews connect manufacturing and laboratory activities, helping teams identify variation, improve process capability, and reduce rework, rejects, and waste.

People

Quality ownership is reinforced through change-agent training, Gemba walks and shop-floor quality dialogues. These forums connect employees, leaders and technical specialists to resolve issues, share learning and embed improvement into daily work. This makes quality a shared operating responsibility rather than the responsibility of the Quality function alone.

Technology

SAP S/4HANA Quality Management, RTMI, LIMS and e-QMS strengthen specifications management, real-time monitoring, audit readiness and data integrity. A central repository contains 1,600+ product specifications, 320+ standard test procedures and 70+ general test procedures. Together, these systems enable teams to move from retrospective reporting towards timely, evidence-based quality management.

Key Capability Indicators

50 trained change agents driving excellence and innovation

1,060 employees trained in Quality Management Systems

1,600+ product specifications, 320+ Standard Test Procedures (STPs) and 70+ General Test Procedures (GTPs) in the central repository

Quality ownership does not end with product release; it continues through responsible recovery, reprocessing, customer guidance and end-of-life management.

Responsible Product Lifecycle Management

Manufacturing, Quality, Sustainability and customer-facing teams work together to manage products and consumables at the end of their useful life through responsible recovery, reprocessing and disposal. Where technically feasible, materials are recovered and reused, reducing waste and conserving resources. AIL also supports customers with relevant guidance for managing product-related waste beyond its immediate operations.

Product End-of-Life Management (MT) T13

Parameter	FY24	FY25	FY26
Total product reprocessed	190	187	157

Future Forward: Our Roadmap for Competitive, Sustainable Growth

Our quality transformation goes beyond products to building a sustainable future. By integrating people, processes, and technology into a future-ready system, we position quality as a driver of environmental stewardship, operational excellence, and stakeholder value.

Mapping Quality Initiatives to ESG Benefits T14

Quality Initiative	Benefit/Impact
Statistical Process Control (SPC), APQR	Reduce variation, rework, waste and energy use while improving production efficiency.
Harmonised laboratory processes and advanced equipment	Reduce solvent and chemical use and strengthen testing safety.
Workforce training	Build skills, engagement, accountability and career capability.
Gemba Walks & Quality Dialogues	Strengthen employee participation and ownership.
SAP S/4HANA QM, RTMI, e-QMS, LIMS, DNA	Improve traceability, data integrity and audit readiness.
Digital quality records	Reduce paper use and improve transparency and control.

Project Execution, Reimagined for a Sustainable Tomorrow

AIL follows a four-phase, stage-gated project-management process from concept to commissioning. Project, Technology, Engineering, Procurement, SHE, Manufacturing, and execution partners work together from the initial transfer of technical documents, preliminary design, and CAPEX estimation through detailed engineering, procurement, fabrication, erection, testing, and commissioning. This integrated approach improves safety, cost control, schedule certainty and plant operability.

During FY26, AIL recorded zero project-related regulatory notices or penalties within the reported project boundary.

Sustainability considerations were integrated into project design and execution through soil-erosion controls, green procurement, lower-impact material choices and insulated piping to reduce steam and fuel losses. ESG objectives were also embedded in annual project goals, strengthening shared accountability for safety, sustainability, hygiene and social responsibility.

This integrated approach extends beyond internal teams to engineering consultants, technology providers, contractors and suppliers, combining technical knowledge with execution capability to build safer, more efficient and future-ready manufacturing infrastructure.

The capabilities demonstrated through this project-integrated planning, technical coordination, partner alignment and disciplined execution provide the foundation for AIL's next phase of manufacturing transformation.

The same principles are applied when creating new manufacturing infrastructure, ensuring that safety, sustainability, operability and lifecycle value are considered from the design stage.

Future Forward: A Competitive and Sustainable Manufacturing Roadmap

AIL's five-year manufacturing roadmap builds on the progress achieved by integrating assets, people, technology and partner capabilities. It is designed to strengthen competitiveness, reliability, sustainability, and customer responsiveness by combining manufacturing experience with digital capability, advanced engineering, process innovation, and coordinated action across employees, technology partners, suppliers, and customers.

Eight Priorities for Future Growth

Strengthen safety, health and environmental performance while supporting sustainable growth.	**Improve cost competitiveness through targeted efficiency and savings programmes across value chains.**	**Enhance asset reliability through predictive maintenance, better data and disciplined operating practices.**	**Deepen employee capability through targeted training, knowledge sharing and frontline ownership.**
Elevate product quality while maintaining cost competitiveness and customer assurance.	**Advance digital transformation through RTMI, analytics and interoperable manufacturing systems.**	**Accelerate the shift towards more sustainable chemistries and operational practices.**	**Build an agile and resilient supply chain able to respond to changing customer and market requirements.**

Delivery of these priorities will require coordinated action across Manufacturing, Technology, Engineering, SHE, Quality, Supply Chain, Digital and Human Resources, supported by suppliers and specialist partners. Progress will be tracked through defined measures covering safety, reliability, resource intensity, project delivery, quality and capability building.

Through this chemistry of collaboration, AIL aims to build a manufacturing ecosystem in which infrastructure is strengthened by knowledge, technology is enabled by people, and partnerships convert operational ambition into responsible and enduring value.

The capabilities demonstrated through this project-integrated planning, technical collaboration, partner alignment and disciplined execution provide the foundation for AIL's next phase of manufacturing transformation.

03

Natural Capital

01 Financial Capital
02 Manufactured Capital
03 Natural Capital
04 Intellectual Capital
05 Human Capital
06 Social and Relationship Capital

Environmental responsibility remains embedded across Aarti Industries Limited's operations. Guided by its environmental and climate policy and ESG framework, the Company focuses on reducing emissions, advancing circular waste management, addressing water risks and ensuring compliance and supporting its low-carbon transition.

Responsible Chemistry for a

Greener Tomorrow

As of FY26, eight manufacturing facilities were Zero Liquid Discharge (ZLD)-compliant, while three were ZLD-ready and the remaining facilities continued progressing towards ZLD readiness.

Environmental stewardship also extends across the value chain through the Company's engagement with vendors as business partners. Supported by stringent ESG policies, this approach helps build a resilient ecosystem that strengthens business continuity while advancing shared responsibility towards environmental performance.

Key Highlights

193,406 GJ
Renewable Energy Consumed

503 kW
Onsite Solar Energy Capacity

13
Zero Waste-to-Landfill-Certified Plants

51,000+ MWh
Total Renewable Electricity Consumption

39%
Water Recycled

645,150 GJ
Waste Heat Sourced

Contribution to the UN Sustainable Development Goals

6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 14 LIFE BELOW WATER · 15 LIFE ON LAND

Managing Trade-Offs (Impact on Other Capitals)

Manufactured · Human · Social and Relationship · Financial

Material topics

Climate Change and Governance · Energy Management · Water and Effluent Management · Waste Management · Air Emissions · Materials Management · Biodiversity

Key Risks and Opportunities

- Climate Change Risk
- Renewable Energy Integration
- Sustainable Product Development
- Resource Scarcity
- Circular Economy and Chemical Recycling
- Water Efficiency and ZLD Implementation

Optimising Energy Usage for Tomorrow

Recognising the importance of sustainability, the Company invested in a technology-driven Energy Management System (EnMS) to improve efficiency. By monitoring critical electrical data, the system optimises consumption and production while generating actionable insights.

These initiatives delivered energy savings of 2.3 million kWh, amounting to ₹ 2.3 Crs in FY26. ISO 50001:2018 certification across all divisions reinforces the Company's commitment to optimising energy demand and supply.

For the medium term (2023-28), Aarti Industries Limited aims to reduce specific energy consumption by 20% from FY20 levels and source 25% of total energy from renewables. These targets support SDGs 11, 12, and 13 while reinforcing the Company's commitment to preserving natural capital through collective progress.

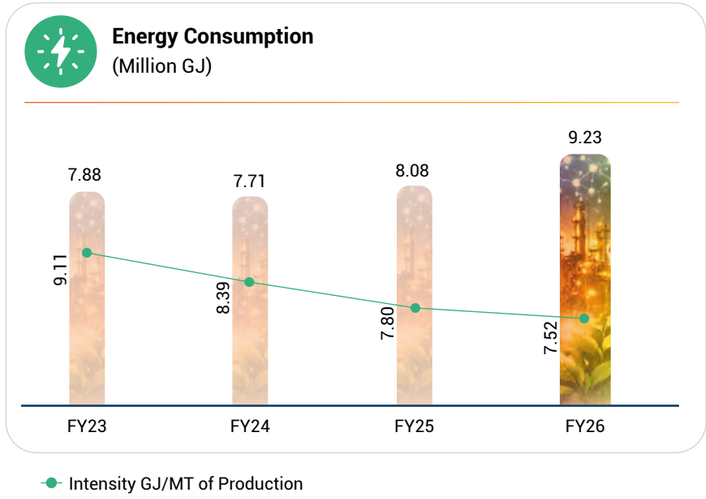
Energy Consumption

During the reporting period, AIL's total energy consumption increased to 9.23 million GJ from 8.08 million GJ in FY25. Renewable energy in its total energy mix decreased to 2.09% from 2.49% in FY25. This decrease is due to a 14% increase in energy consumption on account of a 19% increase in production.

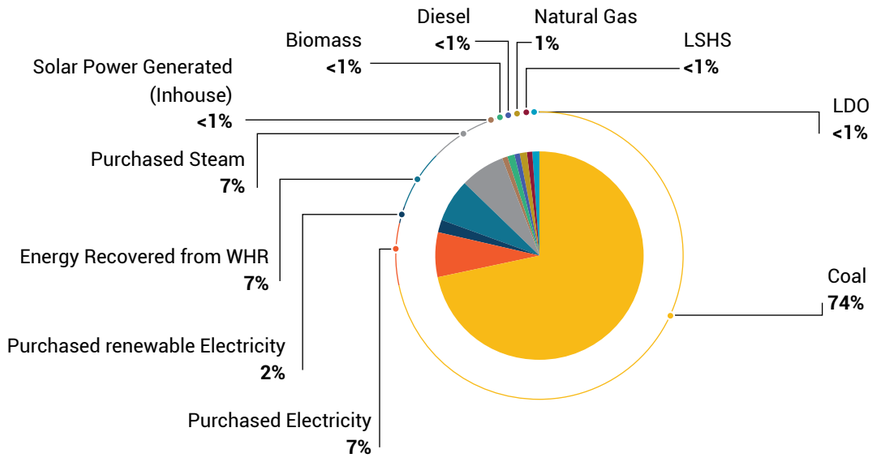
The Company reduced specific energy consumption from 10.10 GJ/MT in FY20 to 7.52 GJ/MT in FY26.

The primary energy sources included coal, diesel, natural gas, grid electricity, and purchased steam. The Company's specific energy consumption decreased by 3.6% year-on-year to 7.52 GJ/MT from 7.8 GJ/MT in FY25.

Energy Consumption and Intensity Trends C12



Energy Mix by Fuel Source C13



Energy Conservation

Aligned with the Energy Policy, the Energy Cell drives efficiency by identifying technology-led savings opportunities and encouraging employee-led initiatives that recognise impactful ideas. The Company prioritises decarbonisation by transitioning to renewable and bioenergy sources to reduce coal dependence. This approach is integrated into the design of new plants and equipment.

The Company's Approach

Conducting energy audits at all sites to find conservation opportunities	**Upgrading equipment for enhanced efficiency**	**Reducing energy consumption through process optimisation and new technologies**
Optimising energy recovery and recycling within the process	**Investing in technologies for low-pressure steam operation**	**Providing employee training on energy management and technologies**

To optimise fuel use, cogeneration power plants have been implemented, and successful biomass trials are enabling a gradual transition away from coal. Additionally, energy recovery from distillation condensers has been integrated into the low-pressure steam system for heating, reducing fresh energy requirements and helping avoid ~279,533 tCO_2e emissions in FY26.

Harnessing Renewable Energy

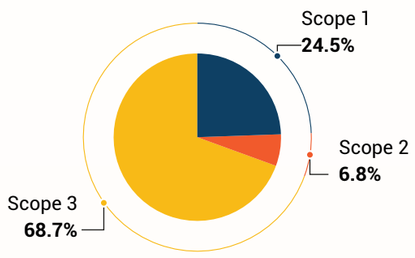
AIL has commissioned a group captive hybrid renewable energy plant for sourcing 13.2 MW of renewable power in FY24, with an investment of ₹ 15.18 Crs. During the current financial year, AIL has received 51,675 MWh of renewable energy.

Further, the Board of AIL has approved Phase-II expansion of 25.7 MW hybrid renewable capacity in FY25, out of this 7.9 MW is already commissioned and we are receiving electricity from it. We expect that the remaining 17.8 MW will be fully commissioned in FY27. Further as part of Phase-III 2.75 MW of wind power is being received from November 2025 and we have received more than 6 million kWh units from this project. Once all the phases are commissioned we will be meeting approximately 68% of our present electricity requirements from renewable sources.

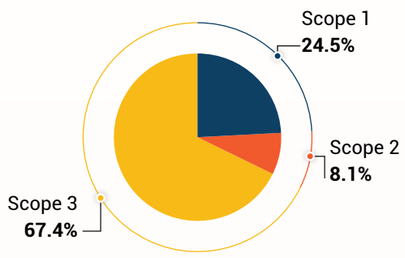
These initiatives reduced our emissions by 35,000+ tCO_2e. It is expected that commissioning of other stages will bring emission down to further ≈76,000+ tCO_2e in FY27.

GHG Emissions

Market-based (in %) C14



Location-based (in %) C15



CASE STUDY

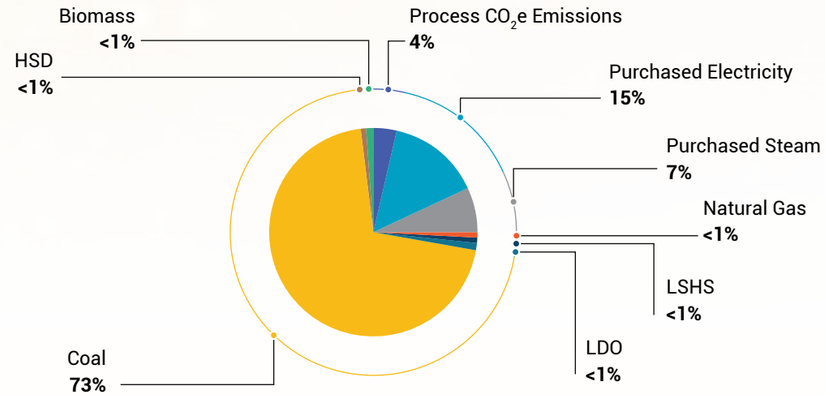
CARBON MITIGATION AND ENERGY SAVINGS
(COLD HOT OIL CIRCULATION MANUFACTURING PLANT)

The implemented scheme delivers substantial environmental returns, estimated to achieve an annual reduction of approximately 10,867 tonnes of CO_2 emissions. It also secured significant resource optimisation through a 20% reduction in fuel consumption and reductions in Raw Material 1 (5.29%) and Raw Material 2 (0.57%).

Impactful Emissions Management

Operational synergies are leveraged to strengthen manufacturing efficiency while managing direct and indirect greenhouse gas (GHG) emissions.

Percentage of Emissions Contribution (tCO_2e) C16



GHG Emissions

In FY26, Scope 1 emissions (direct emissions from operations) totalled 706,923 tCO_2e, while market-based Scope 2 emissions (indirect emissions from purchased electricity and steam) stood at 195,903 tCO_2e. The Company also achieved a 3.9% year-on-year reduction in GHG intensity, from 0.77 tCO_2e/MT to 0.74 tCO_2e/MT. Scope 3 emissions, covering other indirect emissions across business activities, amounted to 1,978,136 tCO_2e. Our absolute Scope 1 and 2 emissions have increased by 14% from FY25. Also the Scope 3 emissions have increased by 2% compared to FY25.

AIL has established clear GHG reduction targets aligned with SDGs 7 and 13 and its commitment to preserving natural capital. In the medium term (2023-28), the Company aims to reduce specific GHG emissions by 20% from FY20 levels. As per the SBTi approved target, AIL aims to reduce absolute Scope 1 and 2 emissions by 54.6%, and 32.5% reduction in Scope 3 emissions by FY33 (long term), using FY23 as the base year.

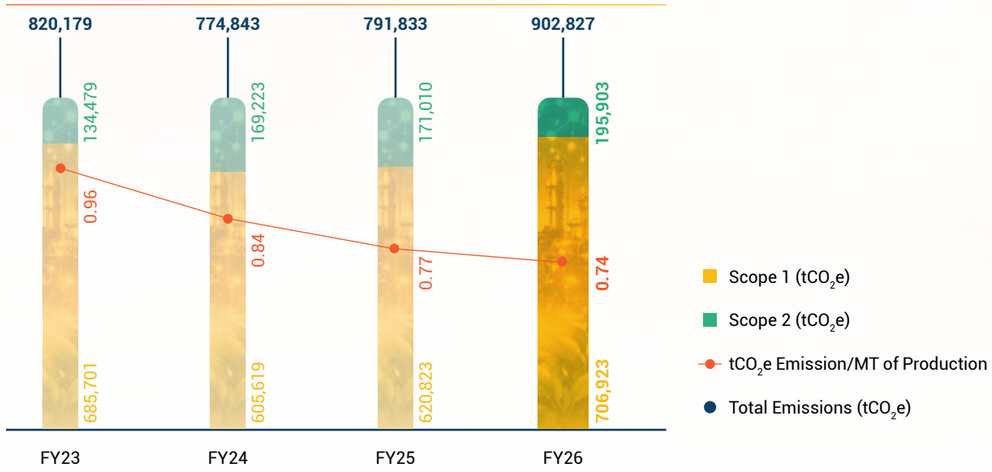
AIL's absolute Scope 1 and 2 emissions increased by 10% over the FY23 base year, while production volumes grew by 43% during the same period. Absolute Scope 3 emissions reduced by 14% over the same period. Specific GHG emissions reduced by 26% compared to the FY20 baseline. AIL continues strengthening collaborative approaches across operations to support long-term decarbonisation goals.

Emission details are given on page numbers 442 and 443

AIL's approach towards reducing Scope 1 and Scope 2 emissions includes:

- Improving energy recovery and heat integration using pinch technology
- Reducing energy consumption through equipment upgrades
- Lowering GHG emissions via process optimisation and eliminating fugitive emissions
- Recovering and reusing heat within processes to avoid emissions
- Implementing NO_x recovery and abatement processes
- Procuring renewable energy through PPAs
- Installing onsite solar power plants
- Replacing coal with biomass and liquid fuels with biofuels
- Diverting incinerable waste to co-processing

Scope 1 and Scope 2 GHG Emissions
(in tCO_2e) **C17**



Emissions Calculation

Direct emissions are calculated using IPCC (2006) factors. Purchased electricity emissions are calculated using CEA's Carbon Dioxide Emission Database v21. Scope 3 emissions rely on supplier-specific primary factors and secondary factors from IPCC and GaBi. The approach aligns with the India GHG Inventory Programme, IPCC Guidelines, and the GHG Protocol

Scope 3 Screening Approach

Given the nature of specialty chemicals, Scope 3 emissions are prioritised in line with the GHG Protocol Value Chain Standard. Categories are evaluated based on scale, influence, risk, and peer relevance, with emissions reported for 12 of 15 categories. Data is sourced from ERM systems, supported by secondary factors, while 35% of raw materials are linked to primary factors.

GHG Inventory Quality Management

A three-tier methodology is used to map emission sources on a digital platform, supported by utility bills, ERM data, and laboratory analysis. Data undergoes a two-stage internal review, followed by independent third-party assurance to ensure accuracy and reliability.

Scope 3 Emission

Our Scope 3 emissions for the relevant 12 out of 15 categories was 1,978,136 tCO_2e in FY26 from 1,941,093 in FY25.

Category-wise emissions are on page 443 of the ESG data pack.

Air Emissions Management

Air emissions are monitored and reduced through advanced technologies to ensure compliance and improve air quality. Key parameters, PM, NO_x, SO_x and VOCs, are tracked across units as per permit norms. Systems are integrated with CPCB, MPCB and GPCB servers, with emissions maintained below prescribed limits under the Air Act, 1981 and the Environment Protection Act, 1986. Source-level controls further minimise emissions through coordinated monitoring and mitigation measures. The approach is supported by the following initiatives:

- Deployment of air pollution control measures (APCMs), including bag filters and scrubbers, for flue gas management
- Elimination of ozone-depleting substances in manufacturing operations.
- Use of dry scrubbers for SO_2 emission reduction
- Real-time tracking through online continuous emission monitoring systems (OCEMSs)
- Installation of sensors for hazardous gas detection
- Use of covered conveyors, water sprinklers, and dust extraction for handling emissions
- Treatment of waste gases through process scrubbers
- No emissions of persistent organic pollutants (POPs) as per the Stockholm Convention
- Implementation of LDAR programmes for control of fugitive emissions and VOCs
- Hazardous Air Pollutants (HAPs), relevant to the manufacturing operations, are measured (for a single HAP to be 10 Tons/Year and for a combination of HAP to be 25 tonnes/year)

Details of Non-GHG emission **T15**

Air Emissions (in MT)	FY23	FY24	FY25	FY26
NOx	493	440	382	308
SOx	1,147	987	802	629
PM	530	549	499	453
VOC	50	70	55	38

AIL has implemented several measures for minimising NO_x emissions:

01 Producing Nitrosyl Sulphuric Acid through NO_x scrubbing

02 Installing scrubber systems for storage tanks

03 Installing water and caustic scrubbers for NO_x abatement

04 Installing multi-stage scrubbing systems for NO_x from the nitration process

Noise Emissions and Vibration

Recognising the potential impact of excessive noise and vibration, the Company has adopted the following control measures:

01 Acoustic enclosures and vibration-dampening systems enhance employee health and equipment efficiency

02 Noise and equipment conditions are monitored in manufacturing areas

03 Preventive maintenance and timely equipment servicing help minimise machinery-related noise and vibration

04 A digitalised schedule tracks noise and vibration with assigned responsibilities for compliance

Managing Waste Effectively

The Company's approach is structured around three priorities:

Reducing hazardous waste generation

Converting hazardous waste to less hazardous or non-hazardous substances

Ensuring proper treatment including the 4Rs and responsible disposal

AIL promotes sustainable waste management aligned with its ESG strategy, supported by employee training via SMEs and digital modules.

Waste is minimised at source across the product lifecycle through a Waste Management Guideline that standardises identification, segregation, and categorisation of waste streams, including e-waste, plastics, fly ash, biomedical, and municipal waste. Regular internal audits strengthen performance and regulatory compliance. Training is provided to employees to raise awareness and better understand the benefits of reducing waste across operations.

For the medium term (2023–28), AIL aims to achieve Zero Waste to Landfill (ZWL) certification across all operating sites and reduce incinerable waste by 50% by 2028. These targets align with SDGs 9 and 12 and reflect the Company's commitment to preserving natural and manufactured capital.

Waste Stream Mapping

AIL has documented 516 waste streams on a digital platform for effective monitoring and coordinated control. Each waste stream is collected, stored, and managed through defined processes for recovery, recycling, reuse, or responsible disposal, with all handling actions tracked through manifest management.

Responsible Waste Management

In FY26, total waste (Hazardous + Non-hazardous) increased by 14.45% to 535,660 MT, in line with a 19% rise in production. Non-hazardous waste increased to 35,602 MT from 28,495 MT. Plastic waste collected back and recycled was 695 MT as per EPR commitments. The Company's B2B operations remained compliant with hazardous waste regulations.

Hazardous Waste Management

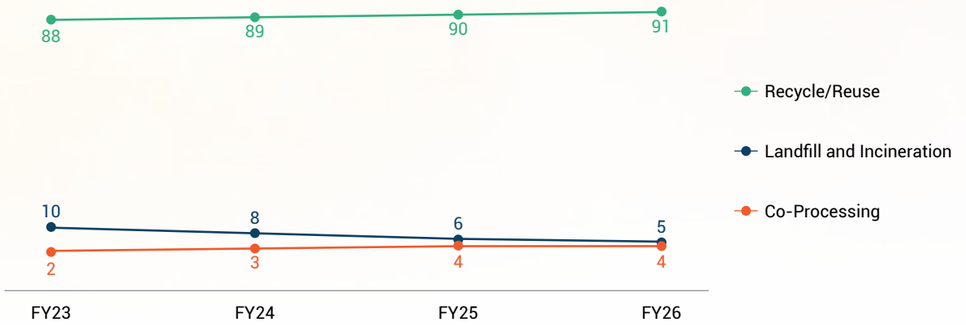
Of the 499,980 MT hazardous waste generated in FY26, 454,456 MT (91%) was recycled or reused, (137,683 MT (30%) within the same unit and 316,773 MT (70%) through other units or authorised recyclers). The remaining waste was disposed of through landfilling 19,868 MT (4%), co-processing 20,219 MT (4%), and incineration 5,438 MT (1%). As per our waste management philosophy, we consider waste that is reused, recycled or sent to co-processing as recovered waste. 95% of total hazardous waste is diverted from landfill.

In FY26, 81% of the Company's sites were certified as ZWL. The certification is issued by Eurofins India and remains valid for 3 years from certification date.

Details of Hazardous Waste T16

Hazardous Waste (in MT)	FY23	FY24	FY25	FY26
Total Hazardous Waste Recycled/Reused	307,099	364,958	394,425	454,456
Total Hazardous Waste Disposed	42,218	41,697	45,053	45,524
Total Hazardous Waste	349,317	406,655	439,478	499,980
Hazardous Waste Landfilled	28,515	25,769	21,378	19,868
Hazardous Waste Incinerated Without Energy Recovery	6337	4,466	4,483	5,438
Hazardous Waste Otherwise Disposed	0	0	0	0
Hazardous Waste with Unknown Disposal Method	0	0	0	0
Total Hazardous Waste Recovered	314,465	376,420	413,617	474,675

Percentage of the Total Hazardous Waste Disposed C18



Non-Hazardous Waste Management

In FY26, 35,603 MT of non-hazardous. waste was generated, an increase of approximately 25% compared to the previous year. This increase is on account of 25% increase in fly ash from 28423 MT to 35559 MT. Details regarding the waste are given in **ESG data pack on page numbers 444 and 445**. 35,589 MT of non-hazardous waste including fly ash was managed responsibly by diverting away from landfill.

Other Wastes

AIL complies with waste management requirements under the Environment Protection Act, 1986. It is registered as a brand owner under EPR guidelines for B2C plastic waste, with a collection plan submitted to CPCB. No radioactive, construction, or demolition waste was generated in FY26.

Embracing Circularity, Opening New Possibilities

Through its 4R approach, the Company promotes circular resource use by:

01 Converting by-products and spent acids into valuable products

02 Co-processing of hazardous waste

03 Supplying fly ash to brick manufacturers

04 Recycling of used oil, e-waste, battery waste, plastic waste.

05 Composting food waste into manure

06 Enabling reuse through end-user applications

CASE STUDY

POLY OIL

Our plastic pyrolysis project reflects our commitment to sustainability by converting ~9,000 Tons of plastic waste annually (25 TPD) into valuable resources, preventing landfilling and open burning. By enabling circular use of materials and reducing reliance on conventional waste disposal, the project delivers measurable environmental benefits and supports long-term decarbonisation goals.

Materials Management

Given its operations, hazardous substances are handled with a focus on responsible sourcing and value chain sustainability. Priority is given to environmentally and socially responsible materials that ensure performance, safety, and long-term value.

We reuse spent acid and hazardous waste generated in our plants within our boundaries. During the reporting period, we reused 17% of the total raw material, which accounts for 137,712 MT in the same unit of AIL and 89,761 MT in other units of AIL.

Details of Raw Material, Packaging Material and Associated Process Materials T17

Parameters	Unit	FY23	FY24	FY25	FY26
Directly Sourced Raw Material MT	MT	1,213,136	666,676	860,254	1,084,564
Materials Recycled (Same Division)	MT	121,280	120,438	115,133	137,712
Materials Recycled (Other Division)	MT	31,401	133,763	178,081	89,761
Associated Process Materials (APM)	MT	31,373	233,184	256,441	254,705
Packaging Materials	MT	12,513	9,919	16,284	17,411

Managing Significant Spills

Spill risks are managed through the American Petroleum Institute (API Standard 754) framework. Standard operating procedures and engineering controls help prevent incidents, supported by response protocols that protect the environment and public health. No major Tier-I chemical spills were reported during the year.

Water Stewardship in Action

Responsible water management is promoted by ensuring equitable access, reducing impact on natural sources, and addressing water stress to support communities. Guided by the Water Policy and 'Growth with Sustainability' approach, continuous improvement is driven across operations and the value chain through training on water and effluent management.

Water consumption is monitored monthly through an online system across manufacturing sites, ensuring compliance with regulatory requirements and the Aarti Management System (AMS).

Water Risk Management

Rapid urbanisation, industrial growth, and intensive agriculture are increasing water demand, while rising sea levels are driving salinity in surface and groundwater. To address these challenges, a water risk and opportunity assessment was conducted across operations and the supply chain in India for 2023–2050.

Risks were classified as short-, medium-, and long-term, with district-level assessment of manufacturing sites using two IPCC Representative Concentration Pathways (RCPs) for physical risk analysis.

RCP 4.5 (Optimistic)

Emissions stabilise by 2100, limiting temperature rise to below 2°C

RCP 8.5 (Business-as-Usual)

Emissions continue to rise, leading to a 3.7°C increase

The Transition Risk Assessment Considered

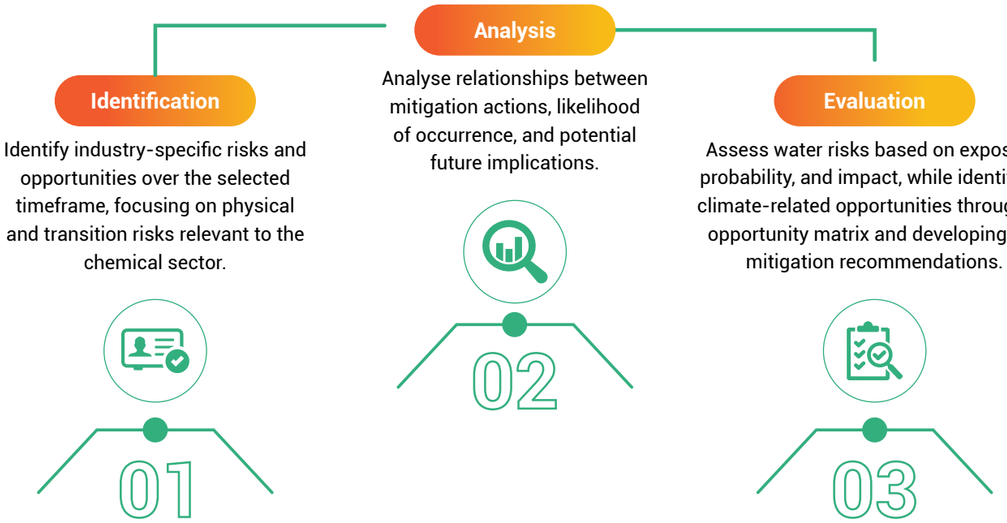
01 **Sustainable Development Scenario (SDS)**

Aligned with a 'well below 2°C' pathway

02 **Stated Policies Scenario (STEPS)**

Reflects a business-as-usual approach with ≈2.5°C rise by 2100

The approach followed for water risk and opportunity analysis is:



The physical impact of water risk is assessed across short-, medium-, and long-term periods under business-as-usual and optimistic scenarios. Each rating circle indicates risk levels across districts over these time horizons. According to the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI), all our operational sites are located in water-stressed regions.

Physical Water Risk Map T18

Districts	Bharuch		Valsad		Kutch		Palghar	
Identified Physical Risks	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5
Water Scarcity	⬢	⬢	⬢	⬢	⬢	⬢	⬢	⬢

Risk Levels ⬢ Low ⬢ Medium ⬢ High ⬢ Extreme

The transition water risk heat map highlights short-, medium-, and long-term risks under evolving policy and sustainability scenarios. It assesses regulatory changes at state and local levels, alongside reputational risks linked to community impacts. Product portfolio risks are evaluated across downstream sectors, including pharmaceuticals, agrochemicals, and dyes, focusing on water-related impacts during use and their implications for water availability and quality.

Transition Water Risk Map T19

Risk	Policy and Regulatory Risk		Reputational Risk
Scenarios	Water Taxation	Water Management	Negative Impact on Community and Biodiversity
Stated Policy Scenarios	⬢	⬢	⬢
Sustainable Development Scenario	⬢	⬢	⬢

Risk Levels ⬢ Low ⬢ Medium ⬢ High ⬢ Extreme

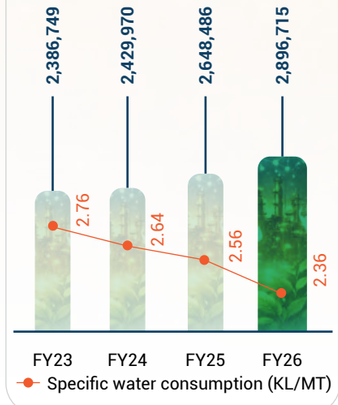
Water risk is integrated into operational, financial, and supply chain decisions by quantifying location-specific risks and implementing targeted measures across brownfield and greenfield projects. Stakeholders are engaged and key vendors assessed based on location, water sources, compliance, and potential financial, social, environmental, and reputational impacts.

Water Withdrawal and Consumption

In FY26, freshwater withdrawal constituted 91% of AIL's total water withdrawal, while desalinated brackish water comprised 8% of operations and rainwater accounted for < 1%. Total water withdrawal reached 3,256,051 KL in FY26, increasing by 11% over the previous reporting period driven by a 19% rise in production.

During the reporting period, total water consumption amounted to 2,896,715 KL, reflecting an increase of approximately 9% from the previous year, driven by a 19% rise in production. In FY26, specific freshwater consumption stood at 2.36 KL/MT, decreasing by 8% from the previous year. Additionally, water intensity in relation to turnover was 3.21 KL/₹ in Lakh for FY26.

Water Consumption (KL) C19



As part of its medium-term targets (2023-28), AIL aims to reduce water consumption by 10% by 2028 against FY20 levels. The target aligns with SDGs 14 and 15, reinforcing its commitment to preserving natural capital. AIL achieved 11.79% reduction in specific water consumption from 2020 levels.

In FY26, 8,025 KL of rainwater was reused in operations. This supports sustainable water management while reducing dependence on local water resources.

Rainwater Harvesting

We reused 8,025 KL of rainwater in our processes for FY26. This initiative has allowed us to minimise our impact on local water resources and aligns with our commitment to sustainable water management practices.

Rainwater Harvested T20	Unit	FY23	FY24	FY25	FY26
	KL	6,547	8,223	8,507	8,025

Water Recycling

To reduce specific water consumption, in-house water treatment plants recycle used water for industrial operations. In FY26, 39% of water was successfully recycled for this purpose. We have recycled 1,270,160 KL of water. We have recycled about 67% of steam condensate in our boilers.

The 3R approach, Reduce, Reuse and Recycle - has been adopted to minimise water wastage.

01 Installing RO, MEE, MVR, and ATFD for water recycling

02 Recycling washing water across different processes

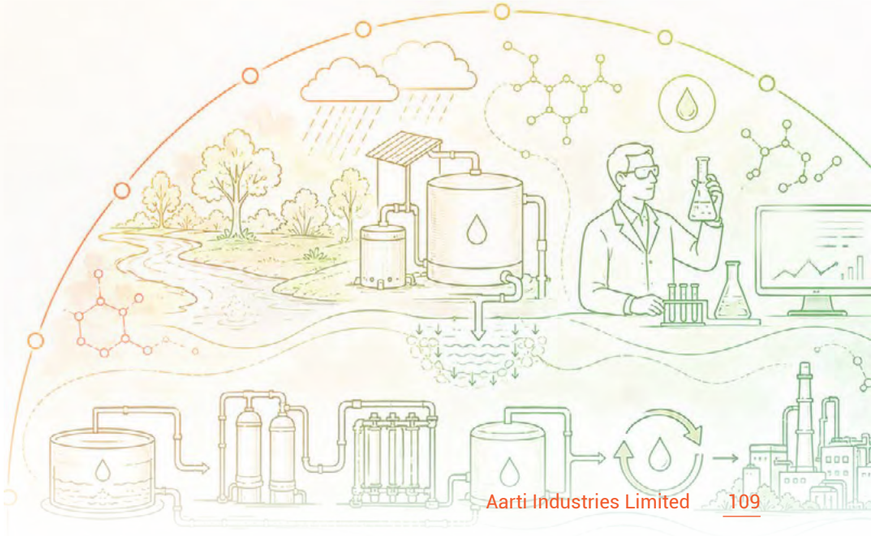
03 Enhancing the condensate recovery system

04 Using harvested rainwater

Water Recycled T21	Unit	FY23	FY24	FY25	FY26
Total Water Recycled	KL	1,130,511	1,165,616	1,232,772	1,270,160
% of Water Recycled	%	44	44	42	39

Effluent Management

Non-recyclable wastewater undergoes 100% in-house tertiary treatment through advanced Effluent Treatment Plants (ETPs), enabling reuse or further treatment. Treated water quality is reported to authorities to ensure compliance. Effluent discharge increased from 283,047 KL in FY25 to 359,336 KL in FY26 due to 19% higher production. Out of the total water treated, 78% was recycled and 22% sent to CETP for further treatment and deep-sea disposal.



Approach to Reducing Water Consumption

As a water-intensive industry, conservation remains critical. To address this, the following measures are implemented:

01 Water audits to assess usage at all sites and identify opportunities for improving water efficiency and conservation

02 Optimisation of processes and operating conditions to reduce consumption

03 Equipment upgrades and improvements to enable recycling

04 Installation of cooling systems that require less water

05 Use of harvested rainwater

06 Reduction of steam losses and maximisation of condensate recovery

07 Adoption of advanced technologies to improve efficiency and lower water footprint

08 Installing water aerators or restrictors in taps to reduce water flow

09 Employee training on water efficiency through SMEs and online modules

Biodiversity and Ecosystem Protection

Our Commitment

As part of the Company's Environment & Climate Change Policy, the Company commits to no gross deforestation within its own operations and encourages its business partners (Suppliers) to adopt the same approach through engagement and awareness initiatives.

The Company avoids operations in ecologically sensitive areas and critical habitats of national or international importance and promotes biodiversity conservation through sustainable land management practices.

The policy is endorsed by Mr. Rajendra V. Gogri, Chairman & Managing Director and member of the Board of Directors, demonstrating Board-level oversight and commitment to environmental stewardship.

At AIL, we are committed to protecting and enhancing biodiversity by integrating nature-related considerations into our business operations and decision-making. We assess biodiversity risks and potential impacts associated with our manufacturing sites and projects, conserve and enhance natural habitats through green belt development and restoration initiatives, and implement robust pollution prevention measures to protect air, water, and soil quality. We promote sustainable water stewardship through efficient water management, recycling, reuse, and responsible wastewater treatment, while adopting sustainable land management practices to minimise ecological disturbance. We encourage responsible sourcing of raw materials with due consideration for biodiversity impacts across our value chain and undertake measures to protect local flora and fauna around our operations. Our climate action initiatives, including energy efficiency and renewable energy adoption, contribute to reducing pressures on ecosystems, while employee awareness programmes and community engagement initiatives foster environmental stewardship. We regularly monitor biodiversity-related indicators and continuously strengthen our environmental management systems through measurable objectives, regulatory compliance, and transparent governance to support the long-term conservation of biodiversity and sustainable development.

This is intended to be a long-term and ongoing commitment and therefore does not have a defined end date or target year for full implementation. The commitment is already integrated into the Company's operational practices and will continue to apply throughout the Company's operations.

Enriching Biodiversity

Deforestation, habitat loss, resource overuse, and climate change are recognised as key drivers of extreme weather risks. Biodiversity conservation is supported through responsible decisions, research, and best practices.

All manufacturing units are located in Notified Industrial Zones which are not situated near any ecologically sensitive area, reducing ecological impact from our operations on biodiversity. None of the species listed in the IUCN Red List as threatened or at risk of extinction are found near our manufacturing locations. Green belts have also been developed around sites and in nearby areas in line with regulatory norms.

In FY26, we planted approximately 50,000 trees across Gujarat and Maharashtra as part of our afforestation internally and externally.

Biodiversity Risk Assessment

Biodiversity risk assessments were conducted across 16 manufacturing units in Maharashtra and Gujarat using the WWF Biodiversity Risk Filter, as well as within a 10 km radius of project sites in accordance with the Environmental Impact Assessment (EIA) Notification, 2006. The assessments indicated low exposure to risks associated with protected areas and sensitive ecosystems. Findings are integrated into the Company's enterprise risk management framework.

The assessment evaluates both biodiversity-related impacts arising from operations and dependencies on ecosystem services that support business continuity. Impact-related risks assessed include proximity to Protected Areas and Key Biodiversity Areas (KBAs), ecosystem integrity, habitat condition, biodiversity sensitivity and land-use pressures. Dependency-related risks assessed include ecosystem services such as water availability, climate regulation, flood regulation, soil retention and natural resource availability.

Assessment outcomes are used to identify, prioritize and manage nature-related risks and opportunities across the Company's operational footprint, supporting informed decision-making and biodiversity conservation efforts.

In line with the Environment and Climate Change Policy, deforestation and expansion in ecologically sensitive areas are avoided. Animal welfare principles are upheld, and testing is conducted only when required by regulation, with no such instances in FY26.

Environmental Compliance

AIL ensures environmental compliance through a third-party IT-enabled system, CMS (Compliance Management System) tracking licences, renewals, and obligations, with applications initiated at least 90 days before expiry.

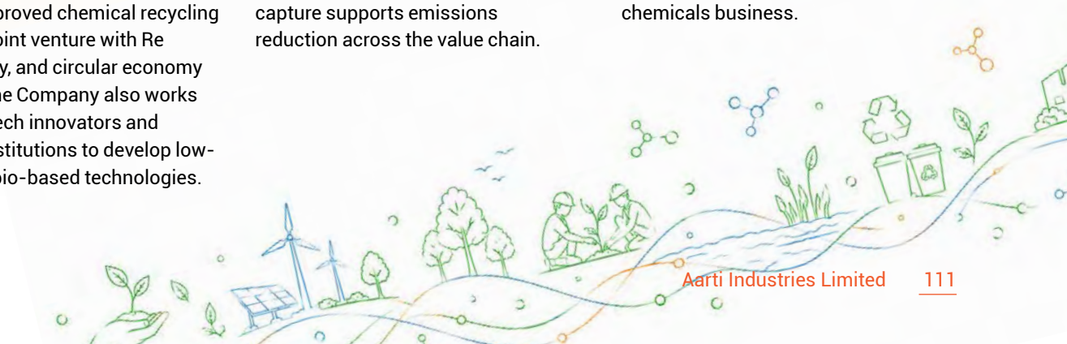
Internal audits and independent reviews support governance, with environmental risk assessments completed at all sites and no significant fines in FY26. Targeted training further strengthens awareness and compliance practices.

Advancing Environmental Responsibility

Aarti Industries Limited continues to strengthen its environmental agenda through Zero Liquid Discharge systems, improved chemical recycling through its joint venture with Re Sustainability, and circular economy practices. The Company also works with clean-tech innovators and academic institutions to develop low-carbon and bio-based technologies.

Alongside this, our focus on responsible sourcing, renewable energy adoption and carbon capture supports emissions reduction across the value chain.

Together, these initiatives reflect our ambition to build a future-ready and environmentally responsible specialty chemicals business.



04

Intellectual Capital

01 Financial Capital
02 Manufactured Capital
03 Natural Capital
04 Intellectual Capital
05 Human Capital
06 Social and Relationship Capital

Our R&D strength, talent, and advanced facilities enable sustainable solutions and continuous progress. Backed by over four decades of chemistry-led innovation, we shape the future of specialty chemicals through insight-driven and responsible development.

Innovating with Insight, Advancing

Sustainable Chemistry

Key Highlights

120
Planned Products Introduced in Last 3 Years

200+
Engineers

250+
Scientists

0
Incidents of Information Security Breach

100%
ISO 27001-Certified Manufacturing Sites

4
State-of-the-Art R&D Centres (including 2 Pilot Plants)

Contribution to the UN Sustainable Development Goals

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

Managing Trade-Offs (Impact on Other Capitals)

Manufactured | Human | Social and Relationship | Natural

Material Topics

Product Stewardship | IT Security and Data Privacy (Customer Privacy) | Business Ethics and Compliance

Key Risks and Opportunities

- Technology obsolescence
- R&D failure or delays
- Cybersecurity threats
- Inadequate IP protection
- Green and sustainable chemistry
- Digital transformation
- Collaborative innovation ecosystems

Technology Focus

We advance sustainable industrialisation through technology-driven innovation, combining proprietary research with advanced processes to strengthen competitiveness. Our cross-functional expertise enables safer, efficient solutions, while targeted interventions improve productivity.

Our 'First Time Right' approach ensures seamless R&D-to-commercialisation transitions, aligned with our quality principles.

By adopting innovative chemistries at scale and improving processes, we have strengthened capabilities across key value chains, including benzene, toluene, sulphuric acid, and high-value speciality chemicals, intermediates, and building blocks

Technology and Innovation: Pioneering Sustainable Industrialisation

Our strategy centres on sustainable industrialisation driven by continuous technological advancement. By integrating proprietary research with advanced chemical engineering, we have strengthened our market position.

Our multidisciplinary expertise across design, development, and operations enables high-value partnerships and delivery of safe, sustainable solutions globally.

Our execution is guided by core principles, 'Fit for Purpose' and 'Focus to Finish'. Targeted technological interventions have improved productivity across benzene, toluene, and sulphuric acid chains, alongside our high-value specialty chemicals portfolio.

Process Innovation and Sustainability Initiatives

01 **Advanced Chemistries**
Industrialised complex processes including nitration, Balz-Schiemann chemistry, vapour phase reactions, and MPP

02 **Flow Reactor**
Transitioned to continuous flow manufacturing to improve safety, productivity, and product quality while reducing hazardous inventories

03 **Plastic Waste**
Implemented pyrolysis to convert post-consumer plastic into bio-oil, creating a circular energy source

04 **Engineering Excellence**
Integrated advanced tools such as CFD, thermodynamic analysis, and GaBi software for life cycle assessment

05 **Emerging Frontiers**
Exploring micro-reaction systems and carbon capture to enable scalable, carbon-neutral products

Product Chain Innovations

- **Propylation Chemistry**
  Pioneered industrial-scale propylation, enabling local production of high-value intermediates for regulated markets
- **Trickle Bed Technology**
  Scaled up trickle bed technology within a 9-month R&D-to-commercialisation cycle through strong cross-functional collaboration

Digital Transformation and AI Integration

- **AI-Driven Kinetic Modelling**
  Integrated AI to predict reaction kinetics, drastically reducing the number of physical pilot trials and accelerating time-to-market
- **Intelligent Capex Estimation**
  Implemented AI-led tools for instantaneous and accurate Capex Estimation from Basic Engineering (BE)
- **Intelligent Engineering**
  Ensured transition to intelligent BEPs by automating design parameters, resulting in faster, more accurate engineering deliveries and reduced project lead times

Strategic Benefits Realised

Our commitment to innovation and engineering precision has translated into tangible financial milestones and market expansion:

Value Creation
Built a pipeline with ₹ 118 Crs potential and realised ₹ 32 Crs in savings through process optimisation

Scale-up
Scaled up 25 molecules for immediate commercialisation using the 'First Time Right' approach

Commercial Milestone
Secured a ₹ 100 Crs customer contract, reinforcing our position in complex chemical manufacturing

Research and Development

Our R&D is built on decades of scientific expertise, process innovation, and customer-led collaboration, positioning us as a preferred global partner for specialty and performance chemicals.

Across the Department of Scientific and Industrial Research (DSIR)-recognised centres, we convert scientific knowledge into scalable, commercially viable solutions. Using diverse chemistry platforms such as halogenation, hydrogenation, Balz–Schiemann, and vapour phase technologies, we develop differentiated products for agrochemicals, polymers, energy materials, and performance additives.

Our Innovation Milestones

Commercialisation of Ethylene Chemistry

AIL became the first company in India to industrialise ethylation at Dahej SEZ, enabling domestic production of high-value intermediates for regulated global markets.

Pilot-to-Plant Infrastructure

AIL's multipurpose plant at Jhagadia can handle over 34 chemistries, enabling faster scale-up from laboratory development to commercial volumes.

Customer Co-Development

AIL's long-term, IP-sensitive partnerships, including engagements exceeding USD 500 million, reflect its credibility in scaling complex chemistries for highly regulated sectors.

Chemistry Diversification

The Company has expanded its capabilities across complex chemistries, including photochlorination, isomerisation, flow chemistry and Grignard reactions, to serve emerging applications in electronics and sustainable polymers.

High-Performance Additive Innovation

The Company has developed advanced polymer additives that improve recyclability, durability and thermal stability for applications in semiconductors, polyimides and engineering plastics.

R&D Evolution: Legacy that Set the Foundation

From complex chemistry commercialisation to green molecule development and customer-driven innovation, our R&D is guided by a clear principle: Design with the end in mind: sustainable, scalable, safe, and stakeholder-aligned processes.

We have evolved from traditional technology management to an innovation-led model, translating ideas from lab to market. We deliver advanced solutions across specialty chemicals, energy materials, agro-intermediates, electronic chemicals, and high-performance polymers, supported by scientific research, scalable infrastructure, and skilled talent.

Breakthroughs that Define Our Innovation Legacy T22

Innovation Area	Transformational Outcome
Ethylene Chemistry	First in India to commercialise ethylene chemictry; enabled local production of polymer and performance intermediates
Fluorination and Halex	Entry into high-value fluorinated compounds for pharma and agro applications
Carbon Capture Platforms	Developed membranes and solvent systems to support CCUS applications
Battery and Redox Materials	Novel synthetic routes opened access to energy storage chemicals
Polyimide and Electronics	Advanced monomers and intermediates for high-performance polymers
Continuous Flow Chemistry	Adopted for improved safety, efficiency, and scalability
Vision 2030 and RE Targets	ESG performance, climate strategy

Aarti Research & Technology Centre: A New Chapter in Research Excellence

The establishment of the Aarti Research & Technology Centre (ARTC) in Navi Mumbai marked a defining shift in AIL's innovation strategy. Key highlights include:

Advanced Scale-Up Lab and Multipurpose Pilot Plants	**DCS-Controlled Reactor Suites**	**NABL and ISO 27001-Certified R&D Facilities**
Electronic and Semiconductor Chemicals	**Battery and Energy Storage Materials**	**Sustainability-Focused Molecules and Intermediates Production**

Sustainability-driven Advancement

Sustainability is embedded in AIL's innovation DNA. Our R&D integrates green chemistry from the outset, ensuring processes are energy-efficient, safe, and environmentally responsible. Driven by circularity and low-impact manufacturing, we have advanced:

Biofuel from Waste

Converted used cooking oil into HVO (Hydrotreated Vegetable Oil) and SAF (Sustainable Aviation Fuel), paving the way for greener mobility solutions.

Plastic Circularity

Innovated in upcycling end-of-life plastics into petrochemical feedstocks, addressing critical challenges in waste management.

Green Facility Design

Equipped manufacturing units with zero liquid discharge systems, solvent recovery infrastructure, and energy- efficient utilities.

Sustainable Chemistry Metrics

Put provisions in place to ensure all processes undergo lifecycle analysis, calorimetric safety studies, and EHS audits before scale-up, ensuring global compliance and future readiness.

Intellectual Property, Proprietary Technologies and Strategic Collaborations Patents Filed

3 patent applications in FY26, reflecting breakthroughs in sustainable chemistry and specialty molecules.

Proprietary Technologies

Advanced platforms deployed across battery materials, solvent recovery, and electronic intermediates.

Key Product innovations in FY26 T23

Segment	Market Trend Alignment
Photochlorination	Green chemistry with cost reduction
Vapor Phase Technology	Sustainable production with reduction in cost of the product

Knowledge Management in R&D

We treat knowledge management as central to growth and market positioning, leveraging research, literature, and competitive insights.

The team strengthens IP strategy by:

Ensuring freedom to operate	**Protecting IP for the organisation through patents**	**Generating competitive intelligence through prior art and patent screening**

We follow a structured approach to prevent infringement, develop proprietary processes, and protect internal and third-party IP. Our ISO 27001:2022-certified ISMS ensures secure information sharing and strengthens IP governance.

IoT and AI-Enabled R&D

We integrate AI, IoT, and automation to accelerate molecule development and improve quality, safety, and scalability, especially in complex chemistries. Some of these features include:

AI-powered route prediction for complex molecules	**Automated infrastructure for precise reaction control and reproducibility**	**Electronic Lab Notebooks (ELNs) centralise data capture across projects, support audit trails, and facilitate smoother tech transfers and regulatory submissions**	**AI-based predictive maintenance**

Safe by Design: Risk Assessment in Product Development

We embed risk evaluation across the product lifecycle through a structured safety stewardship framework. Risk is characterised by hazard and exposure, including ESG considerations.

01 Process Innovation	02 Process Optimisation	03 Scale-Up	04 Commercialisation
ERA and desktop screening	Criticality evaluation, thermal and powder safety assessments	HAZOP, vent sizing, powder safety	Emergency relief measures and HAZOP

We classify risks as high, medium, or low during development, enabling targeted mitigation. Controls include elimination, substitution, engineering and administrative measures, and personal protective equipment (PPE). All our products are subject to comprehensive risk characterisation and risk management processes.

Life Cycle Technology Management (LCTM)

We use LCTM to drive sustainable industrialisation through responsible chemistry and innovation. Focus areas:

Developing inherently safer chemical processes for existing products	**Creating an innovative work environment**	**Generating intellectual property for the organisation**
Investing in process improvements to reduce waste generation, effluent production, emissions, and energy consumption while optimising water usage	**Conducting troubleshooting and vendor qualification trials**	**Performing sustainability studies**

During FY26, we successfully completed 83 R&D steps under the LCTM framework, with several more in the conceptual stage.

Lifecycle Assessment

We assess environmental and social impacts through LCAs aligned with ISO 14067 and TfS PCF guidelines using a cradle-to-gate approach. LCIA uses CML-IA and Product Environmental Footprint methods across 16 categories. We completed a full LCA for 85% of product volume and simplified LCA for 15%.

Simplified Product Use

We work with customers to reduce impact during use by supplying select materials in molten form, lowering energy and water consumption.

R&D Objectives beyond FY26

We are transforming R&D into a growth driver by shifting to platform-led innovation in high-value chemistries, focusing on sustainability and strengthening our global CDMO position.

Photochlorination	Selective Oxidation	Continuous Flow Chemistry
Development of chlorinated and fluorinated building blocks	Use of green oxidants (e.g., H_2O_2-based, catalytic)	Enablement of process intensification for nitration, halogenation, lithiation, and photochemistry

Responsible Chemical Management

Commitment to Responsible Chemical Management for utilisation of hazardous substance: We are committed to minimising, restricting, and where feasible, eliminating the use of hazardous substances that may pose risks to human health and the environment. We comply with all applicable national and international regulations governing the manufacture, handling, storage, transportation, use, and disposal of hazardous chemicals, including relevant Indian regulatory requirements and globally recognised frameworks where applicable. Our approach emphasises responsible chemical management across the entire product life cycle, from raw material sourcing and manufacturing to distribution, use, and end-of-life disposal. We continuously assess opportunities to substitute hazardous substances with safer alternatives, strengthen operational controls, enhance employee awareness and training, and implement robust risk management practices to prevent environmental releases and occupational exposure. Through periodic monitoring, regulatory compliance reviews, and continuous improvement initiatives, we strive to reduce the environmental and health impacts associated with hazardous substances while ensuring safe and sustainable operations.

AIL's Digital Fabric

In a world transformed by rapid technological advances, we recognise that transformation is not a one-time effort but a continuous journey.

Our vision, 'Be World Class. Shape The Future.', guides our technology-led transformation. Investments in ERP and CRM systems have integrated operations, strengthened stakeholder engagement, improved agility, and reinforced our position in the global specialty chemicals value chain.

Evolution

AIL's IT strategy has evolved from system enablement to digital transformation. Early ERP infrastructure progressed through UNNATI programme, strengthening SAP integration, analytics, and data capabilities.

The Company has established information security incident reporting and escalation processes that enable employees to report suspected cybersecurity incidents, vulnerabilities, phishing attempts, or other suspicious activities through designated IT support channels for timely assessment, investigation, and resolution.

Alongside digital progress, we have scaled innovative chemistries and sustainable process improvements across benzene, toluene, sulphuric acid, and specialty chemicals.

40 hours
Training for Each IT Team Member
in cybersecurity, ERP, AWS, CRM, and analytics, supported by ATOMs 2.0 and innovation workshops

Key Highlights Include

Zero
Incidents of Information Security Breaches or Disciplinary Action in FY26

100%
Operational Sites Underwent Information Security Risk Assessments and Annual IT Audits

100%
Operational Sites are ISO 27001:2022 - Certified

100%
Employees Completed Mandatory Cybersecurity Training and Annual Refresher Courses

To strengthen cybersecurity, AIL has adopted a suite of next-gen technologies	We have also established
Extended Detection and Response (XDR)	A uniform internet access framework across all sites
Secure Web Gateway (SWG)	A comprehensive control checklist integrating NIST CSF, CIS Controls, ISF Best Practices, and ISO 27001:2022
Zero Trust Network Access (ZTNA)	Strict third-party governance, including no external device/network access and robust NDAs with data confidentiality clauses
Data Loss Prevention (DLP)	Third-party simulations and audits to identify vulnerabilities and implement mitigation measures
Managed SOC with SIEM, CTI, UEBA, SOAR	Compliance with information security is linked to employee variable pay and performance evaluations
These tools enable real-time threat detection, lower operational risk, and support a predictive approach to cybersecurity	AIL is upgrading its IT landscape by replacing legacy systems with cloud platforms, stronger network security, and secure file-sharing tools; this shift improves scalability, optimises costs, and strengthens security, moving cybersecurity towards a proactive and resilient model

Information Security Governance at AIL

We have implemented an Information Security Policy to strengthen data protection, privacy, and cybersecurity governance. Our cybersecurity maturity was assessed against NIST CSF, ISO27001:2022 CIS v8.0, and ISF standards, aligned with sector benchmarks.

Board Oversight

Led by the Chairman, the Board defines IT policies for data privacy and cybersecurity, aligning technology with business objectives and reviewing inputs from the Risk Management and Audit Committees.

Management-level Governance

Led by CEO Shri Suyog Kotecha, the IT Leadership team oversees IT governance and cybersecurity. Vertical heads and SMEs manage operations and advise the Board on strengthening infrastructure and security.

Working Group

Employees collaborate to enhance data privacy, cybersecurity, and digital transformation, enabling informed decisions, efficient resource use, and proactive risk management.

Information Security Risk Management and Strategy

Our Information Security Policy underpins the ISMS, ensuring data confidentiality, integrity, and availability. It defines standards for data classification, access control, encryption, incident response, and training. The policy is regularly updated to address emerging risks and is available on our website.

Information Security Targets T24

Target Year	KPIs	Target	SDG Alignment and Capitals Impacted
Medium-Term (2023-2028)	Customer Data Privacy Data Security	Zero instances of information security breaches Zero cases of data breaches Implementation of SMART manufacturing platform across all locations by 2028	SDG 9 Industry, Innovation and Infrastructure Intellectual Capital
Long-Term (beyond 2028)	Achieve ISO 27001:2022 accreditation for data security and management for all manufacturing locations	To maintain valid ISO 27001:2022 certification at all our manufacturing locations	

Best-in-Class IT Infrastructure Cybersecurity Roadmap

The entire IT network has been modernised across all office locations and manufacturing sites.

Implementations include zero trust architecture, secure web gateway, email protection, and data leakage prevention.

A Security Operations Centre (SOC) operates 24/7 on a cloud-based platform, providing real-time monitoring with threat intelligence and advisory services.

Aarti 4.0: Accelerating Digital-Led, Sustainable Growth

Through Aarti 4.0, aligned with Industry 4.0, we embed digital intelligence across manufacturing, R&D, supply chain, and governance to build a data-driven, sustainable organisation. Supported by UNNATI, this strengthens agility, innovation, and environmental responsibility.

Key Digital Transformation Initiatives

SAP ERP

This cloud-based ERP enables scalable, real-time integration, streamlining operations, optimising costs, and improving productivity. In-memory computing and built-in analytics support better insights, risk management, and revenue growth.

S2P Platform

This platform integrates buyers and vendors across the supplier lifecycle, from requisition to payment. It evaluates suppliers on sustainability and financial strength, improves transparency through real-time updates, and enables invoice tracking. Advanced analytics drive cost savings, faster lead times, stronger collaboration, and improved supply chain efficiency.

Master Data Management (MDM)

MDM centralises customer, product, and supplier data to create a single source of truth, improving accuracy and decision-making. Approval workflows enhance control, while real-time reporting strengthens transparency and agility.

RTMI

This manufacturing analytics platform enables real-time production monitoring, improving productivity, efficiency, reliability, and sustainability.

Salesforce CRM and Customer Portals

These platforms enable real-time engagement, faster responses, and improved customer lifecycle management across markets.

FP&A Platform

A cloud-based tool enabling agile budgeting, scenario modelling, and integrated financial planning aligned with strategy.

Environment, Social and Governance (ESG) Tool

We enabled a tool to streamline the monitoring and management of key ESG parameters across all divisions and subsidiaries. This platform enables month-on-month tracking of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, water consumption, non-GHG environmental parameters and production data.

Customer and Field Force Portal for Fertiliser Business

Enable real-time, field-driven order management for the fertiliser business by eliminating manual processes and providing full visibility across the sales lifecycle.

Digital Twin Technology

We use Digital Twin technology to create real-time virtual models of manufacturing assets, enabling visibility, process optimisation, outcome prediction, and proactive decisions.

Predictive Maintenance and Troubleshooting

Simulations anticipate equipment stress, enabling proactive maintenance and reducing downtime.

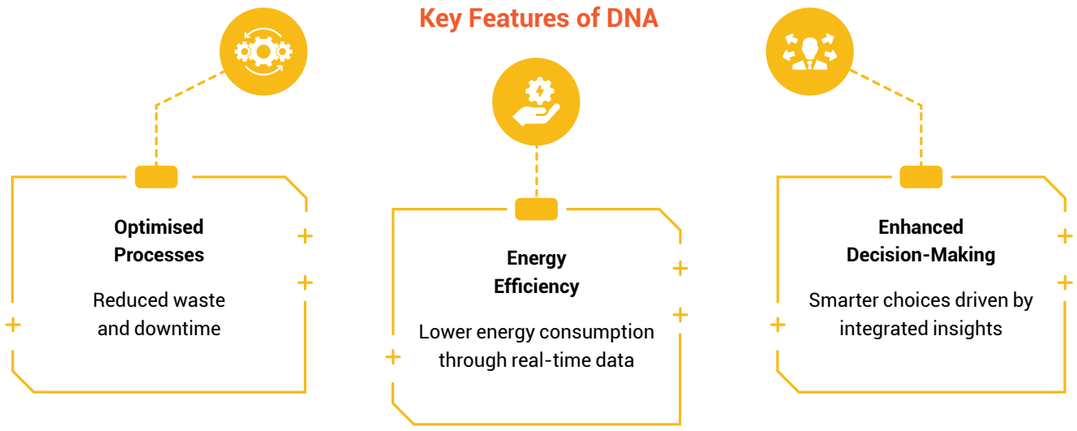
Sustainable IT Infrastructure and Digital Governance

We advance digital sustainability through a low-carbon, cloud-native IT strategy. Migration to AWS and VDI adoption reduce infrastructure and energy use, while generative AI tools improve efficiency. Security is strengthened through SOC, XDR, ZTNA, and PAM.

Digital Nucleus of Aarti (DNA)

Through the DNA, we develop agile, scalable solutions using low-code platforms that accelerate development and embed sustainability.

Key Features of DNA



Generative AI and Agentic AI

As a key pillar of our UNNATI and Aarti 4.0 vision, AIL is accelerating its transition towards a digitally intelligent, data-driven enterprise by integrating Generative and Agentic AI across operations. This strategic initiative aims to significantly enhance workforce productivity, accelerate proactive decision-making, and reimagine critical business processes across our value chain. To drive seamless adoption, we have trained and empowered over 100 dedicated GenAI champions across various departments and implemented comprehensive digital upskilling programs for our entire workforce. By embedding these advanced AI capabilities alongside predictive analytics and Digital Twins, we are cultivating a collaborative digital workplace designed to boost operational agility, elevate customer satisfaction, and ensure long-term sustainability.

To boost the productivity of individuals and improve the TAT, We are using Gemini tool, NotebookLM, Workspace studio and Google Enterprise Agent platform. Here, we do not have a dedicated AI-access policy, but access is genuinely controlled through the platforms themselves: Google Workspace rule-based access management, usage, model selection, connectors, and plug-ins. While using these images generated through Google's tools (Gemini/Imagen) carry SynthID an invisible watermark plus C2PA-style metadata. NotebookLM Audio Overviews also carry SynthID. For custom use cases, we consume foundation models, we do not train your own, so classic statistical 'drift monitoring' does not really apply, the vendor owns model performance. What we do have is model-selection governance: ensuring we're on enterprise/configured models rather than consumer versions, with the ability to control and change model versions over time. We run training programs on using AI securely and ethically.

Digital Transition Training Programmes

All employees, including contractual and part-time staff, undergo structured digital training supported by expert-led groups. Continuous upskilling improves productivity, accelerates response times, enhances customer satisfaction, and supports better working conditions.

With Aarti 4.0, we are actively shaping the future through innovation and building a strong foundation for tomorrow.

Managed Security Services (MSS) and Security Operations Centre (SOC)

We partner with global experts to enhance cybersecurity visibility and risk management. MSS and SOC services strengthen network and data protection, allowing focus on core operations with reduced cyber risk.

Guaranteed Data Privacy

We maintain strong data privacy and IP protection through a comprehensive policy and advanced cybersecurity framework. Under UNNATI, tools such as DLP, Secure Web Gateway, Cloud Access Security Broker and Zero Trust enhance resilience.

Regular audits ensure compliance, while an AI/ML-enabled SOC supports real-time threat detection. Strict access controls protect IP, reinforced by ISO 27001:2022 certification.

In FY26, we reported zero data breaches, reflecting the effectiveness of encryption, access controls, secure storage, backups, and data classification.

100%
Employees Trained on Information Security

Strategic IP Protection and Commercialisation at AIL

We follow a structured approach to protect IP and commercialise innovation, strengthening leadership in specialty and performance chemicals while supporting efficiency and competitiveness.

Customer Privacy

No data breach complaints were received from external parties or regulators. Customer concerns are addressed promptly through designated teams.

Proactive Incident Response and Cybersecurity Preparedness

We implement a proactive incident response framework focused on continuous improvement and asset protection. Key initiatives include simulations, response testing, business continuity planning, advanced technologies, cyber insurance, and global benchmarking.

Performance Benchmarking

Our BitSight score is 800 (out of 820) in FY26, reflecting stronger information security.

We aim to build a collaborative digital workplace, by adopting advanced technologies such as Digital Twins, blockchain, generative AI, predictive analytics, and immersive tools to enhance agility and sustainability thereby preparing for a future-ready organisation.

05

Human Capital

01 Financial Capital
02 Manufactured Capital
03 Natural Capital
04 Intellectual Capital
05 Human Capital
06 Social and Relationship Capital

People Vision

‘Being the preferred employer of choice, bringing a culture of Co-creation, Excellence and Care’

People Strategy with Purpose

People Strategy at AIL supports growth by balancing capability building with targeted hiring of future-ready skills. Cross-functional mobility is actively encouraged, enabling collaboration across teams while encouraging ownership and capability development.

The reward framework maintains competitiveness alongside cost discipline through longterm incentives and family-oriented policies. This is reinforced by a performance-driven culture, grounded in safety and customer focus.

Where Talent Thrives,

Success Follows

Key Highlights

External recognitions include Engagement Champion by Darwinbox at Unboxed 2025, Gold Award in HCM Innovation and Implementation, and People Matters Tech HR Award

5,824
Total Employees

1,114
New Hires

4.6
Engagement Score

34
Average Age

35
Average Training Hours per Employee

18%
Percentage of Employees Taking Higher Responsibility

0.06
LTIFR

Zero
Fatalities

Contribution to the UN Sustainable Development Goals

Managing Trade-Offs (Impact on other Capitals)

Financial

Intellectual

Manufactured

Social and Relationship

Material topics

Occupational Health and Safety

Human Rights

Employee Development and Engagement

Diversity and Inclusion

Key Risks and Opportunities

- Talent Management Risk
- Workplace Safety Risk

Cultural DNA

AIL's people-centric culture is built on its values, trust, ownership and open dialogue. The Aarti Engaging Leader framework translates our values into everyday leadership behaviours, strengthening a culture of collaboration, accountability, and high performance. This approach has allowed us to balance performance with well-being through active listening, accessible leadership, and meaningful employee experiences.

During FY26, 15,799 structured manager conversations and action plans across locations strengthened engagement, well-being and collaborative performance.

When people are heard, collaboration becomes performance.

HR Governance Framework

Board Level

The Nomination and Remuneration Committee oversees people policy, remuneration and succession.

Management Level

The CHRO-led HR Council directs people strategy, risk oversight and implementation.

Implementation Level

Central, vertical, location and calibration committees translate priorities into action and ensure consistent, fair execution.

Total Workforce

Workforce by Age

2,132	3,345	347
<30 Years	30–50 Years	>50 Years

Workforce by Gender

5,632	192	0
Male	Female	Other

Workforce Break-Up by Management Level

135	329
Leader and Above	Managers
1,822	3,538
Individual Contributors	Shop-Floor Employees

New Hires*

Break-Up of New Hires by Age

771	342	1
<30 Years	30–50 Years	>50 Years

Workforce by Gender

1,081	33	0
Male	Female	Other

Workforce Break-Up by Management Level

3	8
Leader and Above	Managers
335	768
Individual Contributors	Shop-Floor Employees

*In FY26, 1,114 employees were hired

Hiring Trends T25

Particular	FY23	FY24	FY25	FY26
Total Number of New Employee Hires	1,921	1,288	989	1,114
Percentage of Open Positions Filled by Internal Candidates (Internal Hires)	6%	7%	5%	11%
Average Hiring Cost/FTE (₹)		60,294	55,452	45,324

Employee Turnover

Permanent employee turnover was 22%, including death, retirement and absconding; temporary worker turnover was 19%. Retention actions focus on engagement, mobility, capability development and manager effectiveness.

Exceptional Engagement. Extraordinary Collaboration.

Gallup Exceptional Workplace Award 2026

AIL was honoured with the 2026 Gallup Exceptional Workplace Award, becoming the only chemical manufacturing organisation and one of only four organisations in India to receive the recognition. Leadership action and employee participation have created a workplace where people feel heard, valued and empowered to perform together.

The award validates a collaborative system: structured manager conversations, continuous feedback and targeted action planning enable employees to speak, managers to listen, teams to act and the organisation to learn, strengthening job satisfaction, a sense of purpose, happiness at work, psychological safety, workplace relationships and overall well-being.

Engagement is also reflected in measurable execution outcomes. Production increased from 10.35 to 12.27 Lakh metric tonnes, debottlenecking benefits rose from ₹ 70 Crs to ₹ 150 Crs, alongside success across technology, safety, manufacturing and quality.

CHRO-led Metamorphosis sessions strengthen connections with shopfloor teams through conversations on 'Living Well' and 'Working Well'. Participants identify day-to-day stressors, improvement opportunities and actions that strengthen openness and ownership.

Delivered at scale through a line manager-led Train-the-Trainer model, Metamorphosis reached more than 2,500 associates and executives, aligning teams on culture and business context while reinforcing transparent career pathways.

Employee well-being remains a strategic priority, advanced through the Nirvana framework's year-round initiatives across health, financial wellness, career growth, social connection and community engagement. Annual manager conversations and comprehensive benefits including insurance, social security, retirement, education and transport support further strengthen well-being and long-term security.

65% vs 35%
(Global Benchmark)

20.5:1
Engagement ratio

Thriving Index

15,799
Structured conversations

82%
Employees reporting a strong psychological connection

321 of 454
Teams in the top engagement quartile

Our thoughtfully designed employee support programmes improve employees' morale and increasing overall engagement. Consequently, this benefits the organisation by boosting employee retention and lowering attrition.

- **Work From Home**
- **Stress Management Workshops**
- **Flexible Working Hours**
- **Sport and Health Initiatives**
- **Childcare Centre**
- **Financial Well-being Programme**

The Chairman's biannual 'Science of Unhappiness' sessions complement these programmes with practical perspectives on emotions, work and relationships, strengthening resilience and effectiveness.

Well-being Targets T26

Target Year	KPIs	Target	SDG Alignment and Capital Impacted
Short-Term (Current Year)	Well-being dimensions (physical, career, social and financial well-being)	Achieve a percentile ranking above 88 across well-being dimensions	Human Capital
Medium-Term (2023–28)	Well-being dimensions (physical, career, social, community, and financial well-being)	Achieve a percentile ranking above 90 across well-being dimensions	
Long-Term (Beyond 2028)	Well-being dimensions (physical, career, social, community, and financial well-being)	Achieve a percentile ranking above 92 across well-being dimensions	

Engagement Scores

Job Satisfaction
Improved from a score of 4.41 to 4.82, with an increase of 0.41 observed from Voice 1.0 to Voice 6.0

Sense of Purpose
Increased from 4.50 to 4.69, reflecting a positive shift of 0.19 between FY21 and FY26, indicating deeper alignment with organisational goals

Happiness at Work
Rose from 4.46 to 4.62, showing a steady improvement of 0.16 from the baseline survey to the most recent one

Feeling Active and Productive Every Day (Stress)
Increased from 4.49 to 4.63, marking a gain of 0.14 points, highlighting enhanced daily engagement and energy levels

I Feel Safe in My Work Environment
Increased from 4.20 in the first engagement survey to 4.67 in the most recent cycle

I Have a Best Friend at Work
Rose from 4.02 to 4.72, indicating deeper workplace relationships, stronger camaraderie, and an enhanced sense of belonging across teams

CASE STUDY

From Engagement to Execution: Business Outcomes

Faster Commercialisation
Cross-functional collaboration across tech, manufacturing, and commercial teams enabled the commercialisation of a new aniline-based agrochemical in 9 months, beating the conventional 24-month timeline.

Execution at Scale
Collaborative planning and distributed leadership enabled line commissioning in 5 months and ₹ 170 Crs in Capex execution within 14 months. At Kutch, these efforts drove 90% YoY Q3 throughput growth, a 74% increase in manufacturing profit, and ₹ 32 Crs in continuous improvements.

These outcomes demonstrate how engagement, psychological safety and cross-functional ownership translate into execution excellence.

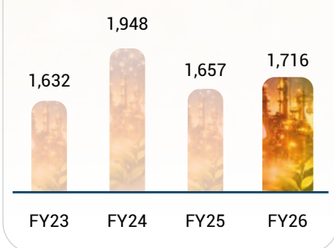
Social Dialogue

As a Listening Organisation, Aarti Industries enables transparent two-way dialogue through Chai pe Charcha, Pehel, Listening Tours, Monthly Manufacturing Connect, Metamorphosis, Monthly Conversations, Sampark and Workers Meet. Employee representatives and recognised trade unions, where applicable, are also engaged to address workplace, welfare and labour matters under CHRO and Site Head oversight.

Anahata: One-on-One Counselling and Support

Anahata, AIL's confidential third-party Employee Assistance Programme, provides employees and their families with professional counselling webinars, workshops, one-on-one sessions and on-site 'Mansik Swasthya' clinics.

Number of Employees that Benefitted from EAP C20



Engagement of Associate and Executive Job Family

Tailored engagement for Associates and Executives reflects their distinct aspirations through structured touchpoints, including Know Your Customer (KYC), senior leader listening tours, Kaizen platforms, floor walks addressing transport and canteen needs, and on-the-spot recognition through ACCLAIM, ARJAN and Value Leader Awards.

Employee Benefits Expenses (in Crs) T27

Particular	FY23	FY24	FY25	FY26
Contribution to Provident Fund	16.9	18.19	19.89	18.12
Contribution to Superannuation Fund	0.39	0.44	0.48	0.98
Contribution to Gratuity Fund	6.33	5.88	6.99	18.50*
Total employee benefits	23.62	24.51	27.36	37.60

*Includes one-time allocation as per actuarial valuation

Progressive Leave Policy (GRI 401-3)

AIL's leave framework supports employees through different life stages and meets or exceeds applicable requirements.

Parental Leave

AIL's progressive parental leave policy provides maternity leave that extends beyond regulatory requirements, reinforcing support for mothers.

- 30 weeks' Maternity Leave
- 5 days Paternity Leave
- 100% Return-to-Work Rate
- 100% Retention Rate Post-Maternity
- 367 Male Employees Availed Paternity Leave
- 15 Female Employees Availed Maternity Leave

Leave Benefits

'Care' remains integral to the Company's engagement approach, reflected in the leave benefits extended to employees and permanent workers.

30 days' annual leave (vs. 22 legal requirement)	**11 mandatory rejuvenation leave days**	**Special leave during emergencies**

Pay Parity and Living Wage

AIL ensures equal remuneration for work of equal value, with compensation, benefits, incentives and career progression based on skills, qualifications, experience, performance and role requirements without discrimination. Regular reviews promote pay equity, fairness and transparency across employee categories, with senior management Gender pay parity improving from 1.06 to 1.12.

Living Wage Compliance

Benchmarked against Fair Wage Network	**100% of employees are paid above the minimum living wage**	**No employees across any category fall below the threshold**

By ensuring a fair, supportive, and engaging environment, Aarti Industries Limited builds a solid and robust foundation for continuous learning and professional growth.

Capability Building

Our capability-building ecosystem develops future-ready skills. During the year, we launched the Skill Matrix Evaluation Framework for shop-floor job families, enabling data-driven competency assessment and targeted development. We also strengthened digital capabilities in Data Analytics and AI/ML, shop-floor process engineering and troubleshooting, and behavioural skills including self-leadership, execution excellence and stakeholder partnership. These initiatives were delivered across our core training buckets:

Functional Capability

- Introduced LEAP (Lead, Energize and Accelerate the Process) as a structured technical development journey for DCS Executives and Shift In-Charges to strengthen engineering fundamentals, operational decision-making, and process excellence. A total of 81 employees across Zones I, II and III were nominated for this programme.
- The Associate Trainee Development Programme strengthened the talent pipeline through a standardised nine-month learning journey for 53 ITI recruits across across multiple zones.
- Encouraged continuous professional development through domain-specific certifications, external seminars, conferences, and structured knowledge-cascading. 866 employees from various verticals took part in various external programmes/ conferences/ seminars in FY26.
- Deployed a structured HR Functional Capability Assessment enabling external benchmarking, individualised development plans, and personalised learning pathways.

Behavioural Capability

- Institutionalised the Personal Effectiveness (PE) programme for Individual Contributor roles to build critical behavioural capabilities, including self-leadership, stakeholder partnership, customer stewardship, communication, and execution excellence. A total of 1,715 employees from the officer's family participated in the programme.
- Introduced the First-Time Manager (FTM) programme as an assessment-led leadership transition journey integrating psychometric assessments, coaching, action learning, and digital reinforcement to build confident people leaders. A total of 52 newly promoted managers were nominated for this programme.
- Strengthened enterprise leadership capability through the 70:20:10 learning formula, supported by programmes like Aayam, Learning Circles, Gurukul, Meraki, and Gyan Sandhi (book reviews).

System Capability

- Strengthened organisational capability in Data Analytics, Machine Learning, and Data Engineering through Project Aarohan. This flagship initiative engaged 52 employees to develop 'DnA Translator' capabilities, fostering digital-first thinking and data-driven business problem-solving across the enterprise.

Sustainability and Compliance Capability

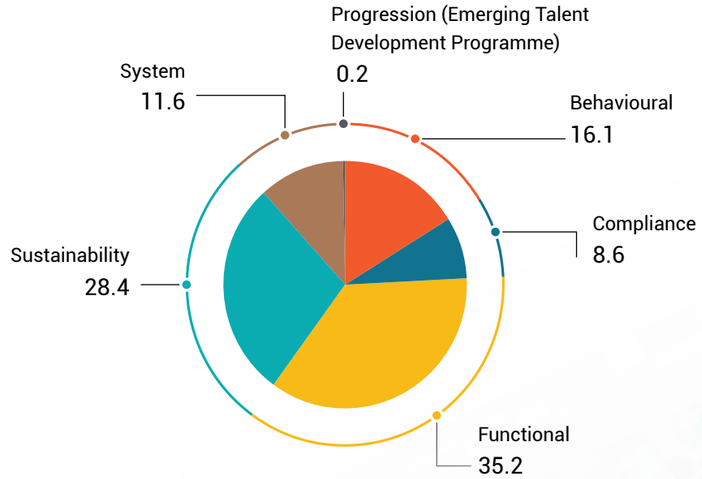
- Launched the Safety Work Day initiative to reinforce a zero-tolerance safety culture among DCS Executives and Shift Incharges and drive continuous awareness of occupational safety and compliance across all factory locations. A total of 615 employees from multiple zones took part in this initiative.

Other Initiatives

- Rolled out an LMS-based Skill Matrix Evaluation Framework across 30 shop-floor job families and 3,100+ employees, covering assessor readiness, role-specific KSA assessments and competency-led learning. The License to Operate framework ensures critical roles are assigned based on demonstrated competence, strengthening safety and process reliability.
- 'Progressio', the structured campus development programme, accelerated new hire readiness through sustainability and compliance learning, mentoring, plant immersion, and performance reviews, benefiting 29 new hires during the year.

Continued to build future operational leadership through Eklavya, accelerating the development of high-potential shop-floor talent. 49 nominated employees went through this talent development programme in FY26.

Type of Training (%) C21



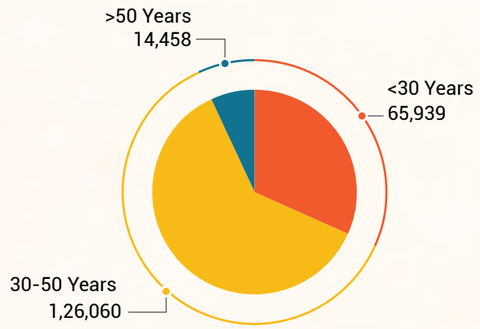
Average Hours of Training T28

Particular	FY23	FY24	FY25	FY26
Total Training Hours	1,44,517	2,13,790	2,15,339	2,06,457
Average Training Hours/Employee	26	35	37	35
Average Amount Spent on Training per Employee (₹)	6,869	3,046	8,978	2,156

Training Person-Hours

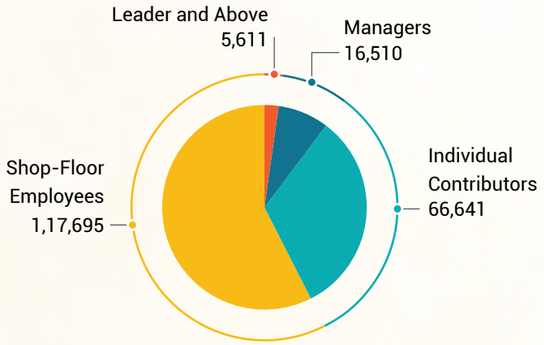
Break-Up of Training Person-Hours by Age C22

Number of Person-Hours



Break-Up of Training Person-Hours by Management Position C23

Number of Person-Hours



Performance Management and Career Development

AIL's Management by Objectives approach collaboratively sets individual goals across business performance, sustainability, partner delight and people well-being. Bi-annual HRMS appraisals and agile monthly conversations enable continuous feedback and development. The multidimensional assessment considers Company values and individual contributions to team performance, ensuring transparent, holistic evaluation. The Company complies with applicable legal requirements relating to employee consultation and notice periods in the event of significant workforce restructuring.

CASE STUDY

REPURPOSING INTERNAL TALENT AT ZONE IV

Repurposing internal talent for the new Zone IV at Jhagadia was a strategic investment in continuity and long-term capability building. By prioritising employees with a deep understanding of the business and culture, the Company enabled a faster, more stable ramp-up of the greenfield project. Over 90% of manager-and-above roles were filled internally.

High-potential employees were identified through organisation-wide talent mapping and succession reviews. Targeted talent spotting, internal job postings, and leadership discussions unlocked advancement paths for critical roles like Plant Manager, Division Head, and Mechanical Operations Head.

This approach reinforces the Company's commitment to developing future-ready leaders from within, positioning internal talent as a cornerstone of sustainable growth and strategic expansion.

Digitisation and Adoption of AI

Aligned with the evolving business landscape, the Company's digitisation journey is enhancing agility, accuracy and transparency. Fully digitising reimbursements has reduced turnaround time from 45 days to 7 days, improving efficiency and accountability.

AI-enabled goal setting converts employee inputs into clear, measurable SMART goals. A digital skill matrix assesses competencies, identifies gaps and assigns targeted development actions. Contract labour payroll digitisation has improved processing accuracy, compliance and payment timeliness, strengthening operational efficiency and governance.

Diversity, Equity, and Inclusion (DEI)

The DEI philosophy spans hiring, development, infrastructure, and policies, anchored in a fair, transparent, merit-based approach that promotes equity and access.

Aarti Industries Limited is committed to fostering an inclusive workplace where every individual is treated with dignity and respect, regardless of background, identity, or capability. Its workforce reflects global talent and diverse perspectives.

The Company maintains zero tolerance for discrimination across all employment stages, including hiring and performance evaluation. Diversity is viewed as a strategic driver that enhances decision-making, fosters innovation, and supports long-term value creation through inclusive participation.

Key Metrics - FY26

3.3%
Women in the Workforce

5%
Women in Top Management

3%
Women in STEM Roles

5%
Women in Revenue-Generating Managerial Roles

14%
Women Board Representation

Initiatives

Insights from engagement survey Highlighted an Opportunity: While overall engagement improved, women reported lower scores in Recognition, Development, Learning, and Communication which the Company addressed as a business priority rather than standalone feedback.

Network of Women at Aarti (NOWA): Through NOWA, AIL introduced focused interventions to build an inclusive, empowering workplace for women across levels. Key initiatives include:

VOW (Voice of Women)
A platform for open dialogue with CXOs

WEAVE (Well-being, Expression, and Vibrant Engagement)
Promotes well-being through hobby groups and role model interactions

SHINE
Celebrates women's achievements across internal and external platforms

The impact is measurable. Engagement scores among women have improved, particularly in Recognition and Mission & Purpose, strengthening belonging and alignment.

Additional Initiatives

Promoted gender diversity through the Women in Manufacturing programme by ensuring a safe, inclusive shop floor	**Enabled development through mentoring initiatives such as Meraki and Gurukul, strengthening capability and confidence**
Ensured 100% POSH sensitisation and delivered self-defence training to enhance safety and awareness	**Provided supportive infrastructure, including creches and breastfeeding rooms, to improve workplace accessibility - to support new mothers to take break at every 2-3 hours for breastfeeding**
Strengthened leadership engagement through Metamorphosis sessions, increasing visibility and mentorship for women employees	**Advanced the Vision 2028 goal of a fully women-run plant while involving young talent in steering committees and policy forums**
Improved engagement reflected in the 'Opinion Seems to Count' score rising to 4.69 (86th percentile)	**Reinforced a culture where every voice is valued through sustained inclusion efforts**

DEI Targets T29

Target Year	KPIs	Target	SDG Alignment and Capital Impacted
Medium Term (2023-28)	Gender Diversity in the workforce at different management levels	Gender Diversity in the workforce at different management levels = 5%	Human Capital
Long Term (Beyond 2028)	Gender Diversity in the workforce at different management levels	An entire operating unit to be managed by women	

Diversity by Gender T30

Particular	FY23	FY24	FY25	FY26
Women in the Workforce (%)	3%	3%	3%	3.30%
Women in Executive Positions (%)	8%	6%	6%	5.15%

Diversity Indicators

3%
(Target of 5% by 2028)
Share of women in total workforce (as % of total workforce)

4%
(Target of 5% by 2028)
Share of women in all management positions, including junior, middle and top management (as % of total management positions)

5%
(Target of 5% by 2028)
Share of women in junior management positions, i.e., First level of management (as % of total junior management positions)

5%
(Target of 5% by 2028)
Share of women in top management positions, i.e., Maximum two levels away from the ceo or comparable positions (as % of total top management positions)

4%
(Target of 5% by 2028)
Share of women in management positions in revenue-generating functions (e.g., Sales) as % of all such managers (i.e., Excluding support functions such as HR, IT, and legal, among others)

3%
(Target of 5% by 2028)
Share of women in stem-related positions (as % of total stem positions)

Differently Abled Employees and Workers (FY26) T31

Type of Workforce	Male	Female	Total
Total Permanent Employees	24	0	24
Other than Permanent Employees	0	0	0
Permanent Workers	88	1	89
Other than Permanent Worker	14	0	14

AIL's commitment to diversity and inclusion is intrinsically linked to its unwavering dedication to upholding fundamental human rights across all operations.

Human Rights

Aarti Industries Limited embeds its values of Care, Integrity and Excellence into its operations and people practices to uphold human rights across its workforce, business partners and communities. Its Board-approved People Policy and Human Rights Codes, aligned with the UN Guiding Principles, International Bill of Human Rights and ILO standards, guide employees, contractors, partners and communities.

AIL provides fair working conditions and supports rest, leisure and work-life balance. In compliance with applicable laws and Company policies, its Human Resource Management System (HRMS) monitors working hours, overtime and leave utilisation. Employees work within prescribed legal limits, receive eligible overtime compensation and are encouraged to use annual leave, while excessive working hours are managed to protect health, safety and well-being. The Company also ensures equal remuneration for men and women performing work of equal value and equitable compensation across its workforce.

These commitments extend across the value chain through the Supplier Code of Conduct, supported by ongoing guidance on ethical labour and responsible business conduct. AIL complies with applicable Indian and international labour laws, including prohibitions on child and forced labour. The CHRO, reporting to Board-level committees, oversees human rights accountability and alignment.

Human Rights Coverage

- Prohibition of Child and Forced Labour
- Anti-Discrimination in Employment
- Indigenous Peoples' Rights
- Freedom of Association
- Maximum Working Hours
- POSH policy
- Grievance Redressal Mechanism
- Identification of Potential Human Rights Risk
- Risk Assessment
- Action Plan Development
- Progress Tracking and Reporting

FY26 Highlights

- 100% operational sites assessed for human rights risks
- Zero incidents of child labour, forced labour, discrimination, or harassment
- Multi-tier grievance redressal system in place

In FY26, the Company assessed all manufacturing sites for human rights risks, validated by a third party. No major violations were identified, and a plant-level risk register is maintained to track these risks.

Human Rights Targets T32

Target Year	KPIs	Target	SDG Alignment and Capital Impacted
Short-Term (Current Year)	○ Incidents of child and forced labour, discrimination and harassment cases	○ Zero cases of child and forced labour, discrimination and harassment cases	(Prioritised targets for AIL: 3.8 and 3.9 in SDG 3) Human Capital Social and Relationship Capital
Medium-Term (2023-28)	○ Incidents of child and forced labour, discrimination and harassment cases ○ Development of a web-based grievance tool	○ Maintain zero incidents of child and forced labour, discrimination and harassment cases	
Long-Term (beyond 2028)	○ Human rights risk assessment	○ Complete the HRDD of all critical suppliers	

Human Rights Due Diligence

A robust human rights due diligence process aligned with UNGP and SA8000 standards is maintained by the Company to identify risks across operations, supply chains, partnerships, and mergers.

It addresses key issues including child and forced labour, human trafficking, wages, discrimination, exploitation, freedom of association and right to collective bargaining, while also assessing legal penalties. The process incorporates stakeholders such as women, children, migrants, contract workers, indigenous peoples, and communities, integrating their concerns to build trust.

In FY26, 100% of manufacturing sites across 16 divisions were assessed on human rights. Third-party validation reported no major violations or corrective actions. A Zone-level risk register tracks all human rights risks.

Steps for Due Diligence

Identification of Potential Human Rights Risks

The Company identified and assessed relevant human rights risks across its own operations, the value chain, acquisitions and mergers. We built a repository covering child labour, forced labour, privacy, discrimination, freedom of association, bargaining rights and labour rights.

Risk Assessment

Risks are assessed based on their probability and severity and classified as high, medium, or low. Existing controls are then evaluated to determine residual risk.

Monitoring and Reporting

Progress is tracked through defined responsibilities, timelines, and metrics. The risk register is reviewed on an annual basis.

Action Planning

Action plans are developed to address residual high-risk issues to prevent violations.

Human Rights Training and Capability Building

The Human Rights Policy is communicated to all contracted personnel and reinforced through targeted training. Security teams undergo regular sessions on human rights, legal compliance, conflict resolution, soft skills, and crowd management. This is further supported by online refresher courses, with 100% completion achieved.

To further strengthen accountability, a Disciplinary Action Plan defines responses to violations, discrimination, and harassment, while deterring misconduct. All investigations are led by the CHRO, who also serves as the Ethics Officer.

Completed 9,503 man-hours of training in FY26

Covered topics on Human rights, POSH, D&I, Code of Conduct

Trained security teams monthly on Human Rights, conflict handling and soft skills

Safety in Every Step

Safety at AIL is a shared responsibility connecting leadership, employees, contractors, technical experts and shop floor teams. Through common standards, open reporting and collaborative learning, teams anticipate risk, strengthen process discipline and protect people, communities and assets.

Guided by the Safety Mission 'For Safety, Even World-class Is Not Enough', AIL's approach covers employees, contractors and visitors and integrates occupational health, process safety and emergency preparedness into its Sustainable Business Framework. AIL views Occupational Health and Safety (OHS) as a foundation of responsible operations and is guided by ILO standards for hazard mitigation.

Anchored by its mission of 'Zero Deviation for Sustainable Growth,' AIL is entirely dedicated to cultivating a zero-harm environment and ensuring an injury-free workplace for everyone.

Mission Zero Harm

AIL's safety mission is centred on four clear outcomes:

Zero
Process Safety LOPC Incidents (Tier 1)

Zero
Fatalities

Zero
Fire Incidents

Zero
Cyanosis Cases

Safety Ambition T33

Time Horizon	KPIs	Target	SDG Alignment and Capital Impacted
Short Term (1 to 2 Years)	Fatalities	Zero fatalities	Human Capital, Financial Capital, Manufactured Capital
	LTIFR	LTIFR <0.05	
	TRIFR	TRIFR <0.8	
Medium Term (3-5 Years)	Fatalities	Zero fatalities	
	LTIFR	Sustain <0.05	
	TRIFR	TRIFR <0.5	
Long Term (Beyond 5 Years)	Fatalities	Zero fatalities	
	Safety culture	To be at the interdependent stage on the Bradley Curve	

OHS Governance

Driven by real-time data analytics, our OHS governance framework strengthens health, process safety and operational continuity beyond regulatory requirements. Each site undergoes quarterly compliance evaluations, supported by digitised performance tracking. Under our HSE Policy, safety is a shared responsibility across employees, contractors and temporary workers.

Board-level Oversight

The Board, guided by the Chairman, defines AIL's OHS strategy and policy. Oversight is strengthened through quarterly performance reviews, supported by the Risk Management, Stakeholder Relationship and CSR Committees.

Management and Executive Control

The Apex Sustainability Council reviews OHS progress every quarter and reports to the Board. Zone, Process, Construction and Lab Safety sub-councils drive focused safety initiatives, while the Chief Manufacturing Officer reviews health and safety metrics monthly during operational reviews.

Working Groups

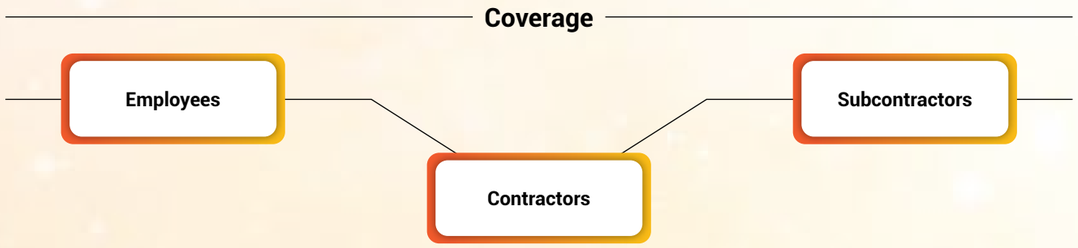
Safety Teams, led by the Safety Head and Zonal Safety Officers, translate strategy into action through policy rollout, risk assessments, incident investigations and safety training. This top-down governance model strengthens accountability, improves communication between leadership and shop-floor teams, and supports a proactive safety culture.

Occupational Health and Safety Management System (OHSMS)

The OHSMS is implemented through the Aarti Management System (AMS), comprising 16 OHS elements supported by defined codes and procedures. Through systematic risk and hazard assessments, internal inspections, and audits, AMS enables the proactive identification and evaluation of workplace risks. Identified risks are prioritised and integrated into action plans with defined responsibilities, measurable targets, and periodic reviews to drive effective risk mitigation and continuous improvement. The system also incorporates emergency preparedness and response measures while monitoring performance against established health and safety objectives.

100%
Of Our Operational Sites Are ISO 45001:2018 Certified

The OHSMS applies to all individuals involved in operations directly controlled by the Company:



HEALTH SERVICES @AIL

AIL provides occupational and non-occupational health services through a 12-member Medical Board and 24×7 Occupational Health Centre (OHCs) at each manufacturing site, staffed by qualified medical teams and equipped for emergency response. Pre-employment and periodic medical examinations are conducted for employees and contract workers based on occupational risk exposure.

The NIRVANA well-being programme addresses physical, mental, emotional, social, financial and community well-being through awareness, preventive health camps, medical follow-ups and counselling. The Anahata Employee Assistance Programme (EAP) provides confidential support to employees and families. Health records remain secure and access-controlled; participation is voluntary where applicable and does not influence employment decisions.

AIL maintains the confidentiality of employees' and workers' personal health-related information through secure record management and access controls, with access restricted to authorised medical personnel and designated officials on a need-to-know basis.

Participation in occupational health services, medical examinations, counselling, or well-being programmes is voluntary where applicable and is not used to influence employment decisions or result in any favourable or unfavourable treatment of employees or workers.

Risk Identification and Control

We assess risks across the lifecycle from design and development to manufacturing, handling, storage and distribution using HIRA, Process Hazard Analysis and Job Safety Analysis. Oversight is strengthened through technical studies such as Thermal Safety using DSC and RC1e, Safety Integrity Level studies, Quantitative Risk Assessment, barrier health monitoring, and internal and external audits. During the year, 100% of applicable sites underwent HIRA. Employees are encouraged to report near misses, unsafe acts and deviations through Behaviour Based Safety and the Deviation Management System.

Incident Reporting and Learning

AIL follows a structured incident reporting and investigation process to identify root causes, apply the hierarchy of controls and share learnings across units. Employees are trained to report work-related hazards, unsafe situations and unsafe working conditions without fear of retaliation.

AIL also empowers workers to stop any activity or operation they believe is unsafe. Learnings from incidents are integrated into the continuous improvement of the OHSMS.

Reporting Work-Related Hazards and Hazardous Situations

A safe and supportive work environment is reinforced through established reporting mechanisms for work-related hazards and unsafe conditions. Employees are trained on incident reporting procedures, enabling timely investigations, corrective actions and open reporting without fear of retaliation.

Hazard Reporting Channels

Open Communication Channels	**Safety Committee Meetings**	**Monthly Gate Meetings**	**Reporting Forms for Incidents**	**Near-miss Incident Reporting Forms**
Reporting to Safety Committees	**Reporting to Supervisors and Managers**	**Written Policies and Procedures**	**Behaviour-Based Safety Reporting Module**	**Unsafe Condition Reporting Module**

Process Safety

Process safety is critical to preventing incidents and reducing the risk of harmful substance releases. AIL follows rigorous safety protocols, conducts detailed risk assessments and maintains emergency response plans to protect employees and communities.

The Process Safety team works closely with the Aarti Research and Technology Centre to integrate safety across product development, scale-up and manufacturing. Key areas include tacit knowledge sharing, long-term chemical storage studies, powder handling studies and in-house data generation on chemical reaction hazards, fire hazards and explosion risks.

For new and existing powder handling operations, the Company conducts studies covering Minimum Ignition Energy, Minimum Autoignition Temperature of a Dust Cloud, Hot Surface Ignition Temperature of Dust Layers, powder resistivity and other relevant parameters.

Process Safety Initiatives

Chemical Interaction Matrix
Identifies hazardous interactions between plant chemicals and construction materials.

Daily Process Deviation Monitoring
Enables process engineers and supervisors to monitor daily parameters and address deviations quickly.

PSM Dashboard
Tracks process safety management activities and indicator progress through governance platforms.

Barrier Health Management
Identifies top risks, strengthens barrier management, builds competencies and ensures scheduled audits with compliance certification.

Interlock Integrity Assurance
Tests and monitors interlock systems to support reliable and safe operations.

Hazardous Material Storage and Handling
Strengthens systems for safe storage and handling.

Job Cycle Check
Verifies implementation of risk assessment findings and documentation of activities in SOPs.

Process Safety Capability Building
Introduced the tacit knowledge concept for individual development

Subject Matter Expert and Learning

- Monthly LFI sessions are held to share knowledge from incidents
- Onboarding of national and international experts for training and audits

Training Commitment

A minimum of 8 man-hours of safety training per employee annually is required to strengthen AIL's safety culture.

Robust Hazard Identification and Risk Assessment (HIRA)

Conducted for each step in Standard Operating Procedures (SOPs).

Risk Awareness and Safety Training

Advanced training programmes to enhance preparedness.

Continual Improvement

- Involves safety audits and validation of storage and process parameters
- Process evaluation results inform design considerations

Safety Workday programme

Quarterly training for Shift Incharges via experiential learning. Mandatory two-day Safety Induction for all new hires to ensure foundational awareness; the modules include:

- Workplace Health and Safety
- Standing Instructions
- Emergency Response and Crisis Management
- Delivered through Gamified e-learning and Classroom Sessions for Associates

OHS Performance

AIL monitors Occupational Health and Safety performance through leading and lagging indicators. These are reviewed in operational group reviews, sub-council meetings and the Apex Sustainability Council, chaired by the Chairman.

OHS Performance T34

Indicator	Employees	Contractors
Fatalities	0	0
Recordable Work-Related Ill Health Cases	1	4
Medical Treatment Cases	9	17

LTIFR and LTISR Trend T35

Metric	Category	FY23	FY24	FY25	FY26
LTIFR	Employee	0.16	0.08	0	0
LTIFR	Contractor	0.14	0	0.21	0.10
LTISR	Employee	3.34	5.36	0	0
LTISR	Contractor	10.2	0	741.18	187.03

Health and Safety Initiatives

Worker Participation and Consultation

AIL promotes worker participation through monthly gate meetings, daily meetings, process safety studies, incident investigations, BE SAFE Huddles and OHSMS documentation on notice boards. These channels enable workers to share suggestions, receive updates and contribute to safety improvement.

Worker Participation on Health and Safety T36

Status	FY23	FY24	FY25	FY26
Total Health and Safety Issues Raised	218	270	240	295
Total Issues Resolved	218	270	240	295
Total Issues in Progress	0	0	0	0

Joint Labour Management Health and Safety Committee

AIL has established Joint Health and Safety Committees across all manufacturing units. These committees include equal representation from elected workers and company employees. They meet every month to review workplace and safety concerns, discuss previous meeting minutes and track the status of agreed actions.

A Canteen Committee is also in place to address worker concerns in a timely manner.

Emergency Preparedness and Response

All manufacturing locations have detailed on-site and off-site emergency plans. These plans define response strategies and control measures for anticipated emergencies. Each site has a trained emergency response team, supported by regular mock drills to assess preparedness and response effectiveness. AIL has also established mutual aid agreements with neighbouring industries to provide additional emergency support when required.

Capability Building and Training

Training is a core element of AIL's safety culture. The Company assesses training needs through interventions and analytics, and provides safety training to employees, workers and contractors. A minimum of 8 man-hours of safety training per employee is required annually.

AIL's Safety Workday programme provides quarterly experiential training for Shift In-charges. All new hires undergo mandatory two-day Safety Induction covering workplace health and safety, standing instructions, emergency response and crisis management. Training is delivered through classroom sessions and gamified e-learning modules for associates.

Safety Training Performance T37

Category	Employees Trained, FY26	Training Programmes, FY26	Training Hours, FY26
Top Management	4	20	12
Senior Management	133	90	607
Middle Management	359	65	1,605
Junior Management	2,078	156	15,476
Supervisory Technician	3,951	123	40,345
Non-Permanent Workers	21,765	900+	35,496

Training Coverage

On-the-Job Training	System Training	Specific Training	External Training
Firefighting Work	Permit system	Contract Worker Induction	Scaffolding Inspector Training
First Aid	Job Safety Analysis	Supervisor Training	First Aid and ERT Member
Safe Operating Procedure	Job Cycle Check	Hazardous Goods Transportation Safety	HAZOP
Safety Inspection	General Plant Condition	Marshall Training	
Last-Minute Risk Assessment	Management of Change	Defensive Driving	
SCBA training	Behavioural Safety	Toolbox Talk Use	
Diphoterine Kit	Emergency Response System	111A, Right of Workers	
Rigging and lifting safety	Standing Instruction		
Permit authorisation-training			
Forklift driver-training			

SUCCESS STORY

Module-based Training for Shift In-Charges and DCS Executives

Shift In-Charges and DCS Executives play a critical role in ensuring safe, stable and efficient plant operations. Internal reviews showed that while they managed daily operations effectively, their exposure to key aspects of the Aarti Management System was limited. Production demands, troubleshooting and coordination responsibilities left little time to revisit structured management system expectations, risk frameworks and standardised practices. This created the possibility of variation in system-led decision-making across shifts.

Structured Intervention

To address this gap, AIL introduced a module-based training programme for Shift In-Charges and DCS Executives. Participants were relieved of their regular duties for 8 hours once every 4 months, enabling focused learning without operational distractions.

The programme covered four modules and more than 80 technical and system-related topics aligned with critical AMS elements. Over 400 employees were covered, with sessions repeated every four months to reinforce recall, consistency and application across shifts.

Areas of Learning

The sessions strengthened understanding of critical process parameters, interlock logic, alarm management, deviation control and structured risk assessment in line with AMS expectations. Real plant scenarios and past incident case studies made the learning practical and relevant. Participants were encouraged to move beyond immediate troubleshooting and adopt a system-driven approach to process control, operating discipline and risk anticipation.

IMPACT

The initiative improved confidence, ownership and alignment with AMS requirements among Shift In-Charges and DCS Executives. By linking daily operating decisions with management system principles, it strengthened process discipline, enhanced operational reliability and reinforced a proactive safety culture across the organisation.

06

Social and Relationship Capital

01 Financial Capital
02 Manufactured Capital
03 Natural Capital
04 Intellectual Capital
05 Human Capital
06 Social and Relationship Capital

AIL believes sustainable progress is created through collaboration with communities, customers, suppliers, institutions, government bodies, academic partners, industry bodies, investors and local stakeholders. These relationships are built over time through trust, shared responsibility and a commitment to create value together.

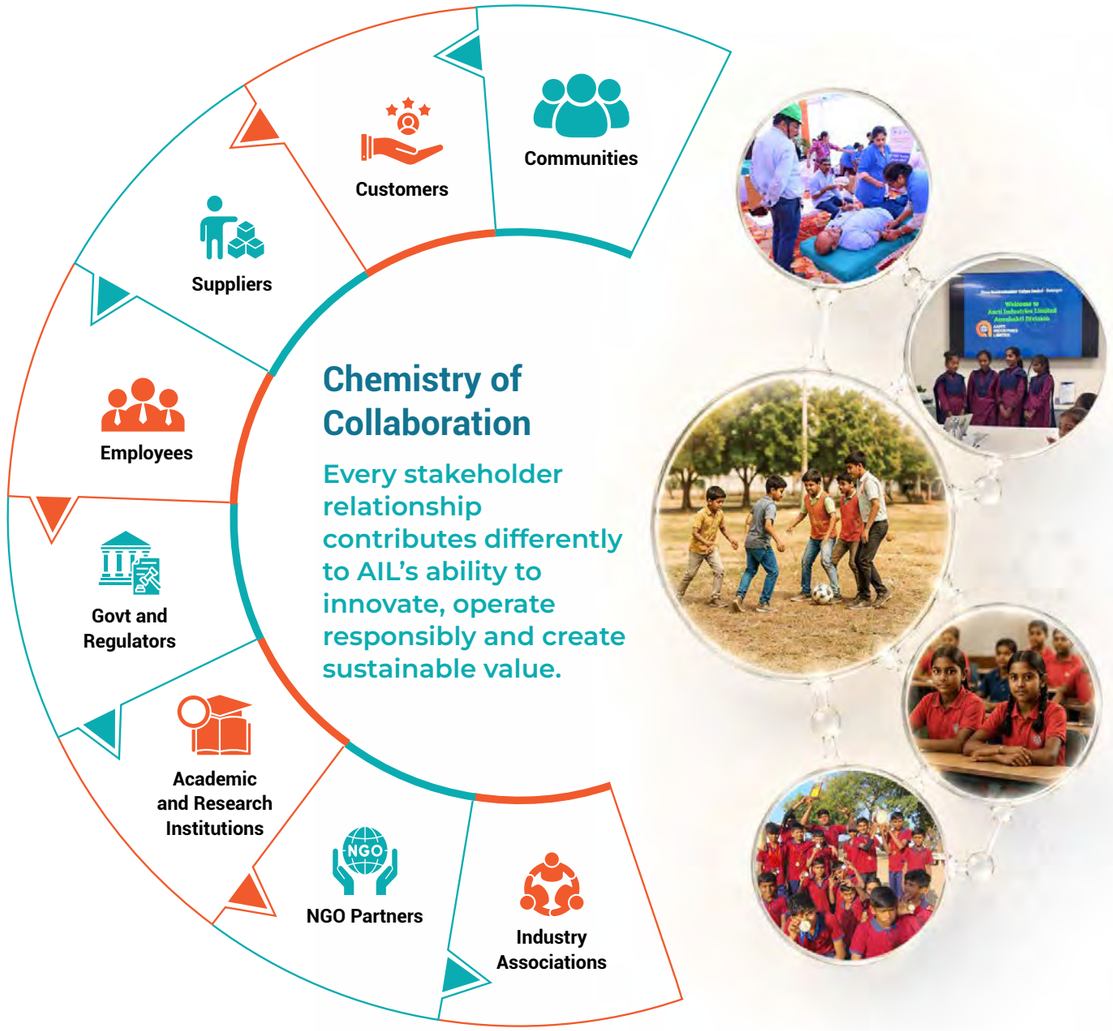
Trust. Partnerships.

Shared Progress.

At the heart of these relationships is one of Aarti Industries' enduring values, CARE. For AIL, CARE is reflected not only in what they do, but also in how they listen, collaborate and build relationships that create shared value for the stakeholders and society.

Across all operating regions, AIL work alongside partners to expand access to education and healthcare, strengthen livelihoods, promote responsible business practices, enhance responsible supply chains, foster customer trust, and build community resilience.

Through Aarti Foundation and strategic partnerships with NGOs, local administrations, healthcare institutions and community organisations, we implement scalable development initiatives aligned with national priorities and the UN Sustainable Development Goals (SDGs), combining local knowledge with institutional expertise to deliver sustainable community outcomes.



Key Highlights

Community Impact

₹ 8.89 Crs
CSR Investment

24,100+
Lives Reached

161
Villages Engaged through Long-term Community Partnerships

Education and Healthcare

1,539+
Students Supported

14,112+
Healthcare Beneficiaries

Relationships

30+
Implementation Partners

73
Suppliers Trained in Responsible Business Practices

Customer Satisfaction Score of
4.4

Contribution to the UN Sustainable Development Goals

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 17 PARTNERSHIPS FOR THE GOALS

Managing Trade-Offs (Impact on Other Capitals)

Manufactured · Human · Financial · Natural

Material Topics

- Community Engagement and Development
- Ethical Supply Chain and Vendor Compliance
- Customer Centricity and Product Responsibility
- Stakeholder Engagement and Trust Building
- Public Policy and Industry Collaboration
- Inclusivity and Social Equity

Key Risks and Opportunities

- Community discontent and social licence risk
- Supply chain non-compliance
- Customer perception and market access risk
- Stakeholder engagement gaps
- Community co-creation and shared value
- Ethical and resilient supply chains
- Customer-centric product development
- Strategic CSR and SDG alignment
- Strengthening community trust and social licence to operate

Building Relationships that Create Value

At Aarti Industries, community partnerships have been integral to our growth journey. Long before CSR became a statutory requirement, we partnered with local communities around our operations to improve access to education, healthcare and essential services. These relationships have evolved alongside our business, shaped by local priorities, mutual trust and shared responsibility.

As our efforts expanded, Aarti Foundation began partnering with NGOs, educational institutions, healthcare organisations and local changemakers with a deep understanding of community needs.

We believe meaningful change is sustained when communities, institutions and industry work together with trust, shared purpose and collective responsibility.

Tulsi Vidya Mandir in Kutch reflects this approach. Over two decades, the school has grown alongside the community it serves by supporting underprivileged students, empowering girls and building a strong alumni network. Today, Tulsi Vidya Mandir stands as an example of how sustained educational partnerships can create opportunities that extend across generations.

Each relationship contributes differently to AIL's long-term value creation. Communities help us understand local priorities. Customers challenge us to innovate. Suppliers strengthen our value chain. Academic institutions expand knowledge. Government bodies and industry associations help shape responsible growth.

Together, these relationships strengthen our resilience, support responsible growth and enable sustainable value creation for all stakeholders.

2005 — Tulsi Vidya Mandir

2014 — Support to Shree Ramakrishna Dev Vidhya Sankul

2016 — Yusuf Meherally Centre partnership expands

2026 — Continued partnerships across education, healthcare and livelihoods

Creating Impact through Sustained Programmes and Focused Interventions

Our CSR approach combines sustained programmes that address structural development priorities with focused interventions designed to respond to emerging community needs. Together, they enable us to create measurable social outcomes while strengthening community resilience.

Sustained Programmes

Our sustained programmes focus on education, healthcare and rural development, where consistent engagement strengthens community capabilities, improves access to essential services and supports inclusive growth.

Focused Interventions

Alongside these programmes, we undertake focused interventions that address local priorities and emerging community needs where timely support can create immediate impact. Whether improving public green spaces, supporting livestock welfare, enabling secure housing, strengthening elderly care or assisting vulnerable communities, these initiatives allow AIL to respond with agility while complementing our sustained development programmes.

From Purpose to Practice - Our CSR Policy

Every CSR initiative begins with understanding community priorities and aligning them with AIL's purpose of creating shared value. They are guided by stakeholder engagement, aligned with our business values and implemented through partnerships with organisations that possess deep local knowledge and execution capabilities. This structured approach helps ensure that resources are deployed effectively, programme outcomes are monitored regularly, and initiatives continue to remain relevant as community needs evolve.

AIL's Board-approved CSR Policy guides community investments in accordance with the Companies Act, 2013. Projects are identified through stakeholder engagement, evaluated for relevance and long-term impact, implemented through experienced partners and monitored periodically to assess outcomes and continuously improve programme effectiveness.

CSR Investments and Outcomes (FY26) T38

The distribution of AIL's CSR investments reflects the diversity of community needs across our operating regions. AIL's investment approach balances sustained programmes that require multi-year commitment with focused interventions designed to address evolving community priorities.

Category	Amount (In ₹ Crs)	Percentage of total spending	Beneficiaries	Primary Outcome
Education and Skill Development	2.82	31.7%	1,539+ Students	Improved access to quality education, stronger school infrastructure and enhanced learning opportunities for children and youth
Child Care and Healthcare	2.37	26.7%	14,112+ People	Improved access to quality healthcare, preventive care and child health services
Women Empowerment and Livelihood	0.62	6.9%	1,423+ People	Maintained livelihood opportunities, financial independence and entrepreneurial skills for women
Tribal and Rural Development	1.01	11.4%	3,024+ People	Strengthened rural livelihood, community health, education and financial inclusion across the underserved regions
Livestock Development	0.23	2.5%	Cattle Welfare	Strengthened livestock welfare and supported sustainable rural livelihoods.
Green Environment	0.55	6.2%	13 Gardens Maintained	Maintained public green spaces, supporting environmental quality and community well-being
Others (Blind, Housing, Senior)	1.30	14.6%	4,004+ People	Addressed community-specific needs through targeted social development initiatives
Total	**8.89**			

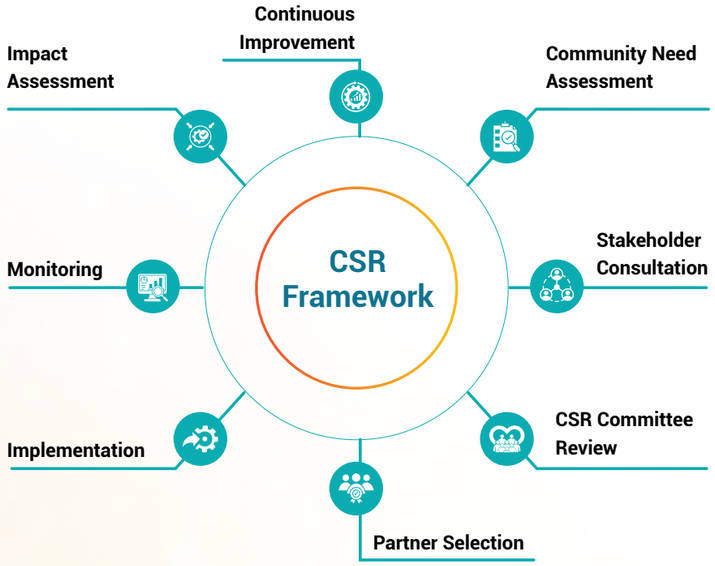
Together, these initiatives reflect AIL's belief that meaningful social impact is created through responsible stewardship of resources, collaborative partnerships and continuous engagement with communities. By combining sustained programmes with focused interventions, AIL strengthens trust while contributing to resilient and inclusive community development.

Note: The project-wise CSR spend is given as part of ESG data pack on page no 454.

Strengthening Communities through Collaborative Action

Communities thrive when development efforts respond to changing needs while building on existing strengths. AIL combines sustained programmes with focused interventions to create holistic solutions that improve access to education, healthcare and livelihood opportunities across our operating regions.

Aarti Industries' sustained programmes focus on education, healthcare and rural development, areas where continued engagement helps build capabilities, improve access to essential services and create lasting social value. Alongside these, AIL's focused interventions enable us to address emerging priorities and support diverse community needs across the regions where we operate.



Education and Skill Development

Education programmes are aligned with AIL's material topic of Community Engagement and Development and contribute primarily to SDGs

Education remains a key focus of our community development efforts. AIL believes education is one of the most powerful enablers of social mobility, creating opportunities for individuals while strengthening communities across generations. The initiatives focus on improving access to quality learning, strengthening school infrastructure, enabling digital education and developing skills that improve future employability. Working with educational institutions and community partners, AIL supports learning ecosystems that empower students to realise their full potential.

How AIL Creates Learning Opportunities

₹ 2.82 Crs
Invested

1,539+
Students reached

14
Educational Partnerships across Schools, Scholarships and Learning Initiatives
Scholarships | Infrastructure | Digital Learning | Skill Development

Our Focus Areas

- School Infrastructure
- Digital Learning
- Community Outreach
- Scholarships
- Skill Development
- Higher Education Support

Recognising that educational needs vary across communities, AIL collaborates with institutions working across rural education, migrant learning, girls' education, scholarships, inclusive education and vocational training, expanding access to quality learning across our operating regions.

Where Learning Leads

The true impact of education extends beyond the schools supported or students reached. It is reflected in the confidence, aspirations and opportunities created for individuals, families and communities. The following stories illustrate how sustained educational support can transform lives across generations.

STORY

From Classroom to Community Care

Nisha Ramabhai Rabari

Growing up in Gundiyali village, Nisha Ramabhai Rabari pursued her education at Tulsi Vidyamandir from Grades 9 to 12. Supported by the nurturing learning environment created through Tulsi Vidyamandir and Aarti Foundation, she went on to complete her General Nursing and Midwifery (GNM) qualification and began her professional journey at a reputed cardiology hospital in Gandhidham.
Today, she serves as a Health Worker at Gundiyali Primary Health Centre, bringing quality healthcare back to the community where her educational journey began.

Dreams Taking Flight

Samat Meghraj Gadhvi

During his years at Tulsi Vidyamandir, Samat Meghraj Gadhvi developed the discipline, determination and values that shaped his aspiration to serve the nation. Through determination and focused preparation, he became the first Tulsi Vidyamandir alumnus to join the Indian Air Force as Ground Staff, inspiring future generations of students.

Learning beyond Circumstances

Gunja Ral

Children from migrant families often face interruptions in education due to mobility and economic hardship. Through support from Yusuf Meherally Centre, Gunja continued her education despite these challenges.

She completed Class XII (Science) with 79%, is pursuing higher studies and is also working as a teacher, helping shape the aspirations of younger students.

TODAY, WE ARE

Improving healthcare access within her own community.

Serving the nation through the Indian Air Force.

Pursuing higher education while inspiring young learners as a teacher.

These journeys demonstrate that education creates opportunities that extend far beyond the classroom. By building confidence, expanding aspirations and enabling meaningful careers, our educational partnerships continue to strengthen individuals, families and communities.

Healthcare Facilities and Medical Grants

Our healthcare initiatives contribute to SDGs while supporting AIL's material topic of Community Engagement and Development.

Education builds capabilities and expands opportunities. Good health enables individuals to realise those opportunities. Access to quality healthcare is fundamental to resilient communities. Our healthcare initiatives focus on improving access to essential medical services, strengthening healthcare infrastructure and promoting preventive care.

Through partnerships with hospitals, healthcare institutions and community organisations, AIL works to improve healthcare infrastructure, strengthen preventive care and promote maternal and child well-being, making quality healthcare more accessible to underserved communities.

₹ 2.37 Crs
Amount Spent

14,112+
Lives Impacted

From Infrastructure to Impact

300-bed
Multi-speciality Hospital

12,992
Patients Treated

85,478 sq. ft.
Built-Up Area

Tirthankar Mahavir Jain Hospital

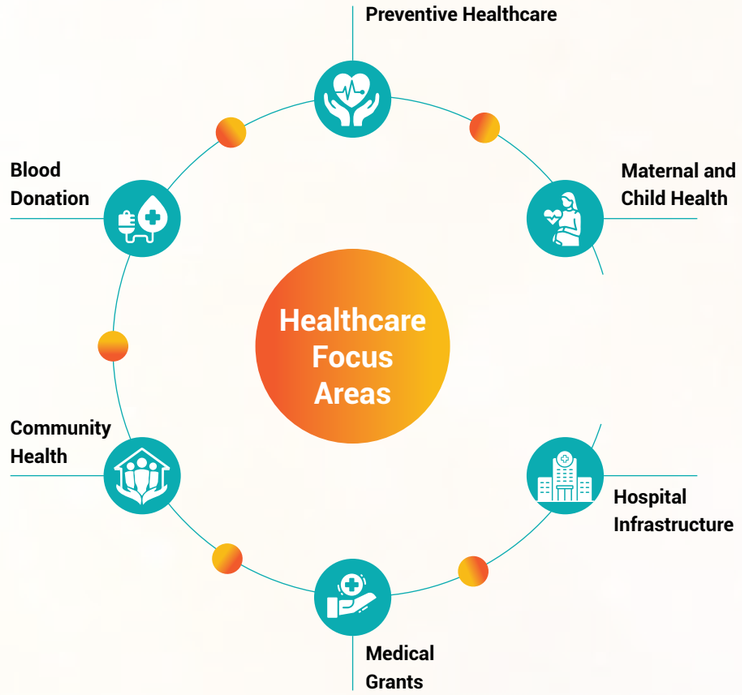
One of the defining milestones of FY26 was the operationalisation of the Tirthankar Mahavir Jain Hospital in Nalanda, Bihar. What began as an investment in healthcare infrastructure is now expanding access to quality secondary and tertiary healthcare for surrounding communities.

Operational since May 28, 2025, the multi-speciality hospital is equipped with four operating theatres, 12 ICU beds, advanced diagnostic services, telemedicine facilities and patient transport support, bringing comprehensive secondary and tertiary healthcare closer to underserved communities.

As of February 2026, 12,992 patients had already received consultation and treatment through OPD and IPD services, reflecting the hospital's growing role in strengthening healthcare access across the region.

The operationalisation of Tirthankar Mahavir Jain Hospital reflects AIL's commitment to creating enduring community benefit through healthcare infrastructure that improves access, strengthens local healthcare systems and continues serving communities well into the future.

Access to quality education and healthcare strengthens individual well-being. Sustainable community development, however, also depends on resilient livelihoods, inclusive institutions and stronger rural ecosystems. This is where our rural development initiatives create broader and longer-lasting impact.



Education and healthcare strengthen individual well-being. Sustainable rural development builds resilient communities by improving livelihoods, strengthening local institutions and expanding economic opportunities.

Tribal and Rural Development

These initiatives contribute primarily to the SDGs while supporting AIL's material topics of Community Engagement and Development and Inclusivity & Social Equity.

Strong communities are built through integrated development that addresses multiple needs together. Our rural and tribal development initiatives span 161 villages, integrating education, healthcare, livelihoods and community participation to strengthen resilience and improve quality of life. Working with local implementation partners and community organisations, we focus on creating self-reliant communities through locally relevant and integrated development programmes.

161
Villages

₹ 1.01 Crs
Invested

3,024+
Lives impacted

157
Village Workers

205
Self-Help Groups

Each partnership addresses a distinct aspect of rural development—from education and healthcare to livelihoods and financial inclusion—creating integrated development outcomes across the regions where we operate.

Strengthening Communities through Integrated Development

Meaningful rural development requires progress across education, healthcare, livelihoods and community participation. Through our partnership with Bhansali Trust, AIL supports an integrated development model across 161 villages, combining education, health, nutrition, livelihoods and community participation to strengthen local institutions and improve quality of life.

Education

798
Students

Healthcare

7,930
Patients per Month

10,667
Mobile Dispensary Patients

Women and Livelihoods

205
SHGs

8,626
Sanitary Pad Packs

Nutrition

19,000
Seed Packets

This integrated approach enables AIL to address interconnected community needs simultaneously, creating stronger local institutions and more sustainable development outcomes.

Building Opportunities through Community Partnerships
In Partnership with Karunah Society for Development

In many tribal communities, access to healthcare, education and government welfare services remains limited. Through its partnership with Karunah Society for Development, AIL helps bridge these gaps by bringing essential services, educational support and welfare awareness closer to local communities.

Working Together

Through this partnership, AIL supports medical camps, blood donation drives, Siksha Protsahan Kendras (SPKs), women's awareness sessions and community outreach programmes that improve healthcare access, strengthen educational support and increase awareness of government welfare schemes.

IMPACT

200+
patients received health check-ups and eye screening

20 units
of blood collected through the community blood donation drive

10
Siksha Protsahan Kendras (SPKs) supported

11
villages reached through community interventions

The partnership demonstrates how integrated community interventions can strengthen resilience while creating sustainable social outcomes across tribal communities.

While integrated programmes address structural development priorities, focused interventions enable AIL to respond quickly to local needs through targeted community support.

Supporting Communities through Focused Interventions

Focused interventions contribute primarily to SDGs while responding to locally identified community priorities.

Focused Interventions FY26

13
Public Gardens

3,952
Visually Impaired Beneficiaries

02
Gaushalas Supported

44
Senior Citizens Supported

Every community has unique needs that cannot always be addressed through large-scale programmes alone. Alongside our sustained programmes, AIL undertakes targeted interventions that respond to evolving local priorities, complementing long-term development efforts with timely, targeted community support.

Whether maintaining public green spaces, supporting livestock welfare, enabling secure housing, strengthening elderly care or assisting vulnerable communities, these interventions help address local priorities where timely action can create immediate and meaningful community benefit.

Community Green Spaces | **Housing Support** | **Livestock Welfare** | **Senior Citizen Care** | **Support for Persons with Disabilities** | **Community Well-being**

Environment and Community Green Spaces

Healthy communities also depend on safe and well-maintained public spaces. Through the upkeep of 13 public gardens in Vapi GIDC, AIL helps create cleaner, greener and more accessible environments for local communities.

Livestock Welfare

Livestock remains an important source of livelihood for many rural families. Through support for gaushalas, including fodder and essential infrastructure, AIL contributes to improved animal welfare while strengthening rural livelihoods.

Supporting the Visually Impaired

Access to essential nutrition contributes to dignity and well-being. Through the distribution of ration kits to 3,952 visually impaired individuals across Mumbai, AIL supported food security while helping address essential household needs.

Housing Aid

Access to secure housing provides stability, dignity and improved quality of life. Through housing assistance, AIL supports economically vulnerable families in building safer and more secure futures.

Supporting Dignified Ageing

Dignified ageing is integral to inclusive community development. By supporting Matruvandana and Sadbhavana Seva Foundation's new elderly care facility, AIL helps improve healthcare, living conditions and dignified care for senior citizens.

Some initiatives reach thousands, others address local needs where timely support creates lasting impact. Together, they reflect AIL's commitment to inclusive, responsive development.

Extending the Chemistry of Collaboration

For AIL, the Chemistry of Collaboration extends across the entire value chain, shaping relationships with Business Partners, customers, industry associations, academic institutions and other stakeholders who contribute to long-term value creation.

Every relationship plays a distinct role. Business Partners strengthen supply resilience and responsible sourcing. Customers drive innovation and continuous improvement. Industry bodies and academic institutions foster knowledge exchange and responsible industry practices. Together, these relationships enable AIL to operate responsibly while creating sustainable value for business and society.

The following section explores how shared values, responsible partnerships and customer-centric engagement translate the Chemistry of Collaboration into everyday business practices.

Shared Values, Shared Standards

Building Responsible Partnerships across the Value Chain

At AIL, responsible sourcing is embedded across the supply chain. Suppliers are regarded as Business Partners (BPs), reflecting the belief that enduring relationships are built on shared values, mutual accountability and responsible business practices.

These partnerships strengthen supply chain resilience, reinforce responsible growth and contribute to long-term value creation across the value chain.

The Responsible Procurement Policy and Supplier Code of Conduct are aligned with applicable laws and define expectations across health and safety, environmental stewardship, quality, human rights, labour practices and ESG considerations, creating a common foundation for every Business Partner relationship.

Collaboration creates the greatest value when shared purpose is matched by shared standards.

AIL follows the principles of the United Nations Global Compact (UNGC) and International Labour Organisation (ILO) conventions and prohibits sourcing of conflict minerals from high-risk regions.

The Company also prioritises responsible local sourcing to strengthen regional economies, enhance supply continuity, and reduce supply-chain-related emissions wherever feasible.

In FY26, AIL spent ₹ 6,825 Crs on procurement. Of this, over 95% of engineering goods and services, 56% of raw materials, and 100% of packaging materials were sourced domestically, strengthening local supplier ecosystems and regional economies. This balanced sourcing approach strengthens supply resilience while supporting inclusive economic development across regions where AIL operates.

AIL has established phased targets to strengthen responsible procurement capabilities, supplier engagement and supply chain diversity over the short, medium and long term.

Training Targets for Buyers and Business Partners T39

Target	Short Term	Long Term
Buyer Training	100% coverage of buyer on ESG and climate-related training	100% coverage of refresher training of buyer on ESG
Training to Business Partners (BPs)	Conducting ESG training for 50 critical BPs through a third party	100% coverage of critical BPs for training on ESG

Strategy for Supplier Screening

AIL integrates ESG considerations into the evaluation of new and existing Business Partners (BPs) through a risk-based screening approach. The assessment considers geopolitical exposure, sector-level risks, supplier concentration, and publicly available information, and is supported by internal reviews to enable informed decision-making and proactive risk management across the supplier lifecycle.

At the contracting stage, all Business Partners must commit to AIL's sustainability expectations. Prior to engagement, Business Partners sign the General Conditions of Contract, General Conditions of Purchase and comply with requirements relating to health and safety, labour practices, POSH, responsible procurement and the Supplier Code of Conduct. This common framework establishes clear expectations from the outset and promotes consistent governance across every Business Partner relationship.

The Supplier Code of Conduct outlines AIL's expectations across ethics, labour practices, human rights, occupational health and safety, environmental protection and regulatory compliance, providing a consistent framework for responsible business conduct throughout the supply chain.

As of March 31, 2026, 100% of Business Partners had signed and committed to AIL's Supplier Code of Conduct, with contractual agreements incorporating clauses on environmental protection, health and safety, labour practices and human rights.

New Business Partners are evaluated through structured questionnaires, documentation review and due diligence before approval, ensuring that both commercial capability and ESG performance are assessed together as part of the onboarding process.

New Business Partners Screened on ESG Criteria (Nos.) T40

Particulars	FY23	FY24	FY25	FY26
No. of BPs Screened	256	151	126	122
No. of BPs Onboarded	171	95	113	108
No. of BPs Declined	85	56	79	14

By embedding ESG considerations into supplier screening and onboarding, AIL establishes stronger Business Partner relationships while proactively managing operational, compliance and sustainability risks across the value chain.

Supply Chain Governance

AIL's supply chain governance framework integrates ESG principles across procurement and supplier engagement, strengthening responsible sourcing, supply chain resilience and long-term Business Partner relationships. It supports business continuity, aligns supplier expectations with AIL's responsible procurement framework and promotes continuous improvement across the partner ecosystem.

Board Oversight

The Board provides oversight of sustainable supply chain governance by reviewing responsible procurement policies, business continuity preparedness and the effectiveness of governance mechanisms across the supply chain. This oversight reinforces accountability and ensures that responsible sourcing remains aligned with AIL's long-term business strategy.

Management Oversight

The procurement leadership team is responsible for implementing sustainable procurement practices and engaging key Business Partners on ESG priorities to strengthen alignment with AIL's sustainability objectives. Progress is reviewed quarterly by the ESG Council and reported to the Board.

Working Group

The procurement and supply chain team, led by the vertical head, evaluates Business Partners and conducts capability-building initiatives to strengthen ESG performance and encourage continuous improvement across the supplier ecosystem.

This governance structure enables consistent implementation of responsible procurement practices while strengthening accountability, transparency and continuous improvement across the supply chain.

Evaluation of Business Partners (BP)

Using a risk-based approach based on prior-year spend, AIL prioritizes key BPs for ESG due diligence. This covers engineering and trading partners exceeding ₹1 Cr, alongside major raw material and packaging suppliers selected by criticality, origin, and supply risk, focusing on suppliers with the highest operational significance and sustainability impact.

Key partners are prioritized for comprehensive ESG assessments covering environmental metrics, social standards, and governance parameters based on prior-year spend and operational criticality. Trading partners are also evaluated for information security.

Aligned with international frameworks like EcoVadis, UNGC, ISO, TfS, and SA8000, these evaluations identify ecosystem risks and opportunities consistently with global ESG practices.

The ESG assessment process combines desktop reviews, self-assessments and independent validation through the following stages:

Desktop evaluation through the EcoVadis platform	**Online ESG questionnaires with document validation**	**On-site assessments by internal teams (2nd party assessment) and independent, accredited third-party auditors in line with ISO and IEC standards**

In the past five years, AIL has identified 1,054 strategic BPs and completed audits of 776 (74%). During FY26, 66% of AIL's spending was assessed for ESG risk, categorised into, high, medium, and low.

The following table summarises the progress made in expanding ESG assessments across the Business Partner ecosystem.

Assessment of ESG Criteria T41

Particulars	FY23	FY24	FY25	FY26
No. of Target BPs	432	588	752	1,054
No. of BPs Assessed	330	448	581	776
% of BPs Assessed Against Target BPs	76	76	77	74

Business Partners demonstrating strong ESG performance are prioritised during procurement decisions, reinforcing AIL's commitment to integrating sustainability into commercial decision-making.

Based on online assessments, medium- and low-risk partners undergo on-site ESG audits by accredited third-party agencies to validate performance.

On-site Audit of ESG Criteria T42

Particulars	FY23	FY24	FY25	FY26
No. of Target BPs	258	295	309	313
No. of BPs Assessed	190	222	233	237
% of BPs Audited Against Target BPs	74	75	75	76

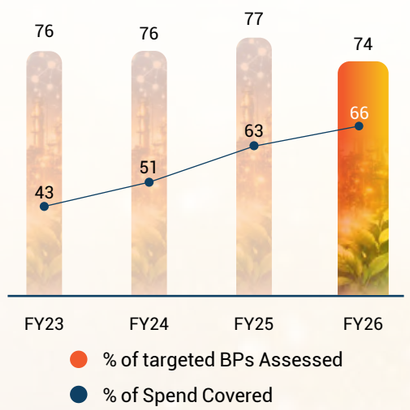
Alongside expanding ESG assessments, AIL continues to increase procurement spend covered under its supplier evaluation programme.

BPs Assessed vs Spend T43

Particulars	FY23	FY24	FY25	FY26
% of Targeted BPs Assessed	76	76	77	74
% of Spend Covered	43	51	63	66

By integrating ESG performance into supplier evaluation, AIL strengthens supply chain resilience, enhances procurement decision-making and promotes responsible value creation across its Business Partner ecosystem.

C24



Partnering for Progress: Engaging with Our Suppliers

AIL engages closely with medium- and high-risk Business Partners to improve ESG performance. Through remote and on-site interventions, structured Corrective and Preventive Action Plans (CAPAs) bridge gaps and build supplier capabilities, driving ecosystem-wide, long-term progress. This reflects AIL's commitment to reinforcing responsible sourcing through capacity building and engagement, rather than standalone assessments.

The table below outlines supplier engagement outcomes from capacity building, corrective actions, and risk mitigation initiatives.

Status of Suppliers in Corrective Actions or Capacity-Building T44

Particulars	FY23	FY24	FY25	FY26
Number Of Audited Suppliers Identified For Corrective Action Or Capacity-Building	173	62	32	23
Number of Audited Suppliers Engaged in Corrective Actions or Capacity-Building	173	62	32	23
Percentage of Suppliers Identified with Significant Actual and Potential Negative ESG Impact	0	0	0	0
Number of Suppliers Moved from High Risk to Medium and Low Risk as a Result of Engagement	102	6^	^^	1*
Number of Suppliers Excluded from Contracting or Put on Holiday Due to Poor ESG Performance	71	0	0	0

^ The engagement with the remaining 56 BPs is ongoing
^^ The engagement with the 32 BPs is ongoing
* The engagement with the remaining 22 BPs is ongoing

BPs demonstrating strong ESG performance and competitive capabilities are prioritised for future business opportunities. BPs that do not fulfil the prescribed ESG criteria within the stipulated improvement period are suspended from new engagements and remain ineligible for contracting until the required standards are achieved.

Through continuous engagement, structured improvement programmes, and transparent performance expectations, AIL works with Business Partners to strengthen ESG performance and build a more resilient and responsible supply chain.

Diversity in supply chain

AIL promoted supply chain diversity through inclusive sourcing practices that strengthen local entrepreneurship and expand opportunity for smaller enterprises. AIL tracks procurement from diverse business. During FY26 procurement included ₹ 47 Crs from minority-owned business, ₹ 4 Crs from differently abled entrepreneurs, ₹ 11 Crs from veteran-owned business and ₹ 192 Crs from women-led business.

Circular Economy in Procurement

AIL has adopted a resource-efficient procurement approach to reduce its environmental footprint, enhance circularity, and integrate the principles of reuse, repair, and recycling into sourcing decisions.

The Company's website provides a regularly updated list of surplus equipment available for sale, along with equipment currently required, supporting resource optimisation across the value chain.

Shared Expertise, Shared Progress: Training Our Partners

01

Capability Building

AIL promotes supply chain sustainability through capacity-building to strengthen ESG awareness and responsible business practices among Business Partners. In FY26, 73 BPs participated in training to enhance understanding of ESG expectations and foster sustainable practices across the supplier ecosystem.

02

Supplier Development

AIL provides higher-risk Business Partners with third-party-supported structured improvement programs including benchmarking, corrective action guidance, and up to one year of advisory assistance to enhance their ESG performance and risk ratings. Partners failing to meet minimum ESG expectations are paused from new engagements until they satisfy the required standards.

03

Buyer Enablement

Sustainability is embedded into procurement through defined KPIs and goals, ensuring ESG considerations are integrated into purchasing decisions.

In FY26, all 31 buyers completed ESG refresher training, enabling consistent application of AIL's responsible sourcing framework across the buying function.

04

Recognition

AIL annually rewards high-performing Business Partners across quality, delivery, and ESG metrics, driving continuous improvement and responsible practices throughout the supplier ecosystem.

In FY26, 29 BPs received recognition.

By investing in capability building, structured engagement and knowledge-sharing, AIL strengthens Business Partner relationships beyond compliance, enabling continuous improvement, shared learning and long-term value creation across the supply chain.

Solutions Rooted in Customer Needs

Responsible Customer Management

AIL embeds a customer-centric approach across decision-making, placing safety, trust and long-term relationships at the centre of customer engagement. The Company serves a diverse customer base across agrochemicals, polymers, pigments and pharmaceuticals, working closely with customers to deliver reliable products, technical expertise and consistent value throughout the relationship lifecycle.

AIL engages regularly with customers to understand evolving business needs, gather feedback and strengthen long-term relationships through continuous dialogue.

In the event of supply disruptions, customers are proactively informed through multiple communication channels, enabling better planning, business continuity, and timely decision-making.

Customer Health and Safety

As a speciality chemicals manufacturer, AIL prioritises customer health and safety in its product stewardship, ensuring regulatory compliance while supporting responsible handling and use throughout the product lifecycle.

AIL ensures product safety, compliance, and transparent hazard communication through Globally Harmonised System of Classification and Labelling of Chemicals (GHS) labelling, MSDS, and EU REACH alignment. Product impacts are regularly assessed and shared with stakeholders, reinforcing AIL's commitment to globally recognised stewardship standards.

6% of the Company's revenue from products containing restricted substances under Annex XVII of the REACH Regulation is derived from exports from India.

AIL transparently communicates the economic, environmental, and social impacts and risks of its products and services, enabling customers to make informed decisions throughout the product lifecycle.

The Company also guides safe product handling, storage, and use through comprehensive technical documentation and customer support. In FY26, there were zero instances of non-compliance related to the health and safety impacts of our products and services.

In FY26, there were zero instances of non-compliance related to the health and safety impacts of our products and services.

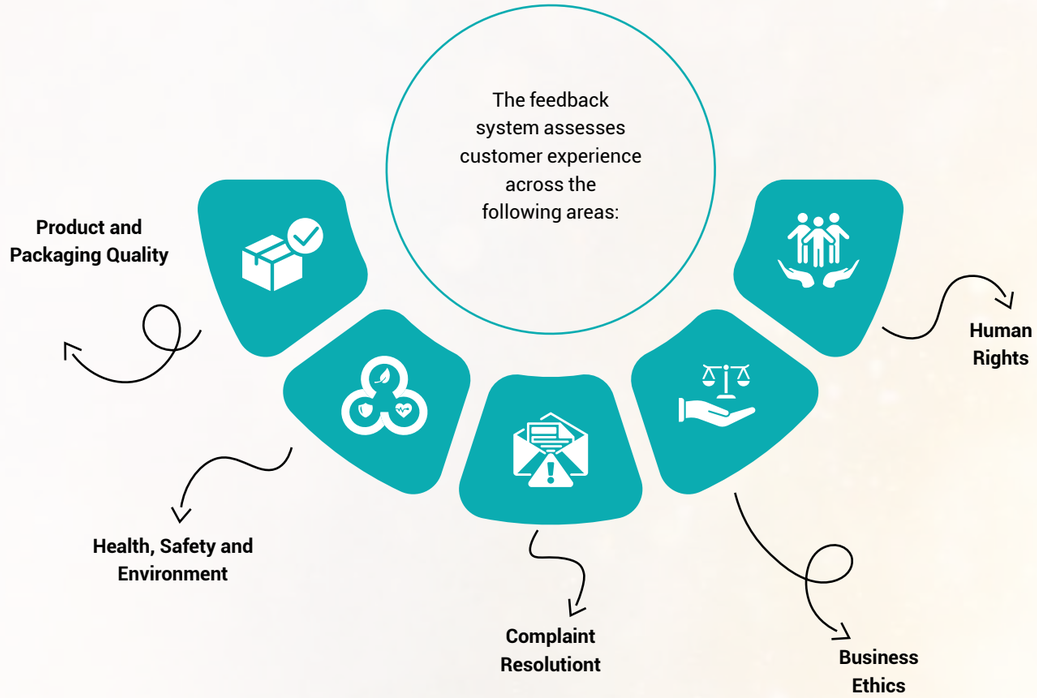
Customer Health and Safety Incidents T45

Parameter	FY23	FY24	FY25	FY26
Number of Incidents Related to Product Safety at the Customer's End	0	0	0	0

Near-term target, 2023 to 2028: Zero safety-related incidents at the customer's end.

Customer Feedback Management

AIL uses customer feedback to strengthen relationships, enhance experiences, and continuously improve products, packaging, and service delivery. Systematically reviewed insights guide actions that boost quality, responsiveness, and long-term customer satisfaction.



Customer satisfaction is monitored consistently to evaluate service quality and identify opportunities for continuous improvement.

Through technical expertise, product stewardship, and continuous customer engagement, AIL fosters trusted value-chain partnerships that drive innovation, business continuity, and long-term value.

Governance: The Key to Achieving Strategic Priorities

At AIL, corporate governance is the cornerstone of the Company's organisational identity. Anchored in its enduring values of Care, Integrity and Excellence, the governance framework reflects the principles that have enabled AIL to build a globally competitive speciality chemicals business. As stakeholder relations evolve, governance provides the strategic direction, accountability and ethical foundation needed to strengthen trust, support responsible decision-making, and create long-term value. Governance at AIL is a strategic enabler of resilient growth, responsible leadership, and sustainable value creation rather than just a compliance framework.

During the year, governance played a pivotal role in enabling the execution of AIL's strategic priorities. Through structured, periodic strategy review meetings, the Board guided the Company in navigating an increasingly dynamic business environment. Discussions focused on capital allocation, strategic partnerships, cost optimisation, responsible capacity expansion and long-term business resilience, ensuring disciplined decision-making across the organisation. Sustainability remained central to governance, integrating environmental, social, and governance (ESG) factors into strategic discussions, investment decisions, and long-term growth.

Embedding transparency, accountability, risk oversight, and sustainability into decision-making, AIL's governance framework fosters stakeholder confidence and responsible growth.

Board Oversight and Committee Excellence

AIL operates under a single-tier Board structure, with the Board of Directors at the helm and supported by well-defined Committees of the Board. During the year, the Board comprised a balanced mix of Executive and Non-Executive Directors. The Board brings diverse perspectives across expertise, gender, experience, and thought, enabling balanced deliberations and informed decision-making. The Average tenure of the Board is 11 Years, reflecting significant institutional experience. It provides strategic direction, guides business strategy, oversees performance, and defines overall organizational direction to maintain close alignment with AIL's long-term vision, core values, and stakeholder expectations.

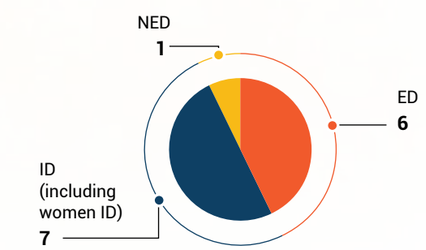
Supporting the Board, its Committees provide focused oversight across financial reporting, internal controls, risk management, investment proposals, capital allocation, stakeholder interests, nominations, remuneration and people-related matters. Through detailed reviews and regular reporting, the Committees strengthen governance by enabling informed Board deliberations, timely decision-making and effective oversight across the organisation.

During FY26, the Board met seven times, with nearly 100% attendance, reflecting a strong commitment to active engagement, proactive leadership and effective oversight. No meeting interval exceeded the statutory limit of 120 days. Detailed information on Board composition, meetings and attendance is provided in the Corporate Governance Report.

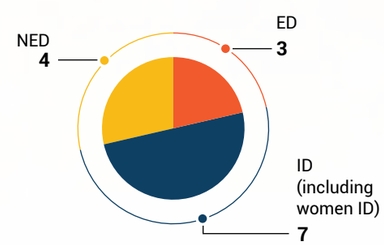
Shaping the Next Era of Leadership

Effective October 1, 2026, the Company will undertake its leadership transition to professionalise management while separating strategic oversight from execution. Promoter Executive Directors Shri Rajendra V. Gogri, Shri Rashesh C. Gogri, and Shri Renil R. Gogri will move into Non-Executive roles to provide strategic stewardship. Concurrently, subject to necessary approval, Shri Suyog K. Kotecha (currently CEO and Executive Director) will assume the role of Managing Director and CEO.

Board Composition at a Glance C26
(as of March 31, 2026)



Board Composition at glance C27
(w.e.f. October 1, 2026)



NED - Non-Executive Director; ED - Executive Director ; ID - Independent Director

The Board composition is in compliance with the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

Governance Framework

Transparency and Openness

Board of Directors

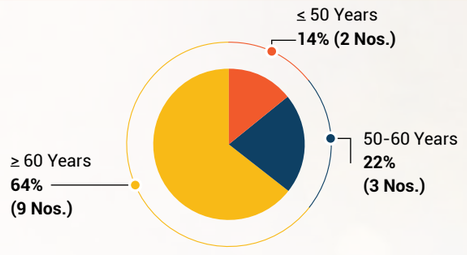
Provide strategic direction on Corporate Strategy, Acquisition, Joint Venture, Investments, and Capex, among others

Ensure the long-term interest of the stakeholders

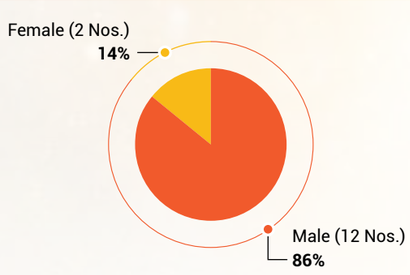
Board Committees

Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Risk Management and Environmental, Social and Governance (ESG) Committee	Finance and Investment Committee

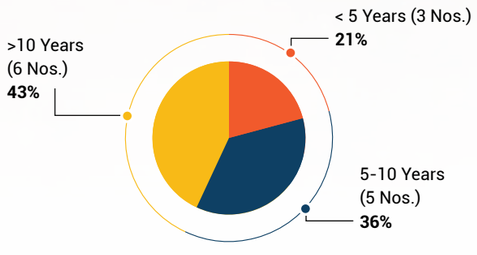
Board Diversity by Age C28



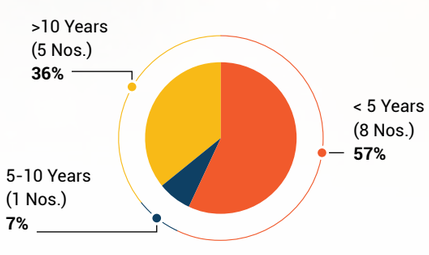
Board Diversity by Gender C29



Board Experience (Listed Companies) C30



Tenure on Board C31



The collective experience, diversity and independence of the Board enable balanced oversight across strategic, financial, operational and sustainability priorities. This governance structure ensures that long-term value creation remains supported by effective leadership, disciplined oversight and accountable decision-making.

The detailed matrix of skills, expertise, and competencies possessed by each Directors are provided in the Corporate Governance Report.

By embedding sustainability into governance, leadership accountability and operational execution, AIL ensures that environmental, social and governance priorities remain closely aligned with business strategy, strengthening resilience and supporting long-term value creation.

Key Governance Highlights

Average Meeting Attendance

Average Board and Committee meeting attendance during FY26 was nearly 100%, demonstrating the Board's commitment to active participation, informed oversight, and effective governance. AIL's governance standards expect all Directors to maintain a minimum attendance of 80% each financial year.

Shareholder Approval for Bylaw Change

The Articles of Association (AoA) anchor the Company's governance, defining the principles that guide decision-making, operational conduct and stakeholder relationships. Under Section 14 of the Companies Act, 2013, any AoA amendment necessitates shareholder approval via a Special Resolution, ensuring transparency and stakeholder voice in key governance changes.

Board Member Mandates

In terms of the applicable regulatory requirements read with the Articles of Association of the Company, the strength of the Board shall not be fewer than three nor more than twenty. The present strength of the Board is Fourteen. The Company maintains meticulous compliance with SEBI (LODR) Regulation 17A. During the year as per the said regulations, none of our Independent Directors served on the board of more than 7 listed companies.

Succession Plan

Board succession planning is a key focus of the Nomination and Remuneration Committee. A structured succession framework supports leadership continuity, Board refreshment and long-term organisational stability, ensuring that future leadership capabilities remain aligned with AIL's strategic priorities.

Board Performance Reviews

The Company follows a structured annual evaluation process for the Board, its committees and individual Directors, based on criteria approved by the Nomination and Remuneration Committee. Assessments are conducted confidentially through a structured evaluation framework combining quantitative ratings and qualitative feedback. Under the two-tier evaluation process, Independent Directors evaluate the performance of the Board, the Chairman and Non-Independent Directors, while the Board evaluates its own performance, the effectiveness of its Committees and the contribution of individual Directors.

Annual Election of Board Members

Eligible directors, except for managing directors and independent directors, are required to retire by rotation. Every year, at least one-third of the directors retire by rotation and, based on their eligibility and consent, are reappointed. As per the Companies Act, 2013, each Board member is elected individually, allowing shareholders to vote on each candidate separately.

Nomination and Remuneration Process

The assessment and appointment of Board members prioritise ethics, personal and professional stature, domain expertise, gender diversity. For Independent Directors, the criteria outlined in the Companies Act, 2013 and SEBI Listing Regulations are also taken into account. Remuneration paid to directors is within the limit approved by the shareholders. Remuneration for KMPs, SMPs, and other employees includes fixed pay, allowances, and performance-linked variable pay tied to individual, business unit, and corporate outcomes to foster a high-performance culture.

Long-term incentives are delivered via Performance Stock Options (PSOs) with annual targets set by the Nomination and Remuneration Committee. Vesting performance is based on a weighted average of two financial metrics: EBITDA (60% weight) and ROIC (40% weight). The NRC Committee has the authority to adjust performance targets to reflect market conditions and economic factors.

The CEO's compensation comprises fixed pay, variable pay, and long-term incentives linked to strategic and financial metrics like profitability, EBITDA, and ROCE, aligning leadership with sustainable shareholder value.

Director Liabilities

There are no limitations on directors' liabilities, meaning board members are fully accountable for their actions and decisions in accordance with applicable corporate laws, fiduciary duties, and regulatory requirements. This approach reinforces a strong governance framework by promoting responsible oversight, ethical conduct, and diligence in decision-making. The absence of liability limitations serves as a safeguard to protect the interests of shareholders and other stakeholders by ensuring that directors uphold the highest standards of accountability and integrity in the performance of their duties.

Digital initiatives and Compliance Tool

As part of our digital governance initiatives, we implemented a Board Meetings Management Solution during the reporting period. It enhanced our already well-established processes by making documentation access more seamless, improving accessibility of meeting materials, and supporting a more efficient way of working.

The Company has a robust digital Compliance Management Tool as part of its enterprise-wide governance and risk management framework, enabling real-time monitoring, audit readiness and effective management of compliances across its operations. The tool includes a dedicated licence management module to monitor renewals across locations and provides automated alerts to compliance owners for timely action on statutory obligations and renewals in accordance with regulatory timelines. Compliance owners are required to submit the status of their respective obligations, which are subsequently reviewed by designated approvers to ensure accountability and oversight. A quarterly compliance status report, including corrective actions, is presented to the Board of Directors, reinforcing oversight and governance effectiveness.

Future-ready Leadership

AIL continuously develops leadership and digital capabilities to meet evolving business, regulatory, and sustainability expectations. Targeted upskilling has enhanced leadership awareness of digital tools and AI, promoting responsible integration and technology-driven governance. Further details on employee learning are available in the Human Capital chapter. AI is systematically integrated into operational workflows. Senior leaders drive functional deployment to increase agility, with adoption metrics embedded in Key Result Areas (KRAs) to ensure executive accountability.

Ethical Business Conduct Framework

The Company is built on a foundation of trust, honesty, and the highest ethical standards. We strictly adhere to all applicable laws and maintain a zero-tolerance policy for bribery, corruption, or any unauthorized personal gain influencing business decisions. This unwavering ethical framework governs all business relationships and applies universally to our internal teams—including employees and board directors—as well as external partners, consultants, vendors, agents, and any public interactions with government officials acting on our behalf.

Code of Conduct

AIL's Code of Conduct establishes the organizational foundation for ethical behavior, promoting integrity, accountability, and responsible decision-making while reinforcing stakeholder trust. It mandates compliance with all laws, regulations, and internal guidelines, applying universally to all employees, associates, officers, and Directors across AIL and its subsidiaries.

By requiring personnel to prioritize the Company's interests, safeguard its reputation, avoid conflicts, and act honestly, AIL strengthens an organization-wide culture of accountability, transparency, and ethical practices.

Guiding Principles of the Code of Conduct

- Conduct business ethically, responsibly, and in compliance with applicable laws, regulations, and Company policies.
- Protect and uphold the Company's reputation as a trusted and well-governed organization.
- Act with honesty, integrity, transparency, and fairness in all dealings with stakeholders.
- Avoid conflicts of interest and ensure personal interests do not compromise Company interests.
- Maintain zero tolerance towards bribery, corruption, fraud, insider trading, and unethical practices.
- Safeguard confidential information, intellectual property, and data privacy.
- Foster a safe, inclusive, respectful, and discrimination-free workplace.
- Promote environmental responsibility, health, safety, and sustainable business practices.
- Encourage accountability, open communication, and timely reporting of concerns through appropriate mechanisms.
- Ensure all employees and business partners consistently uphold the highest standards of ethical conduct.

The Code of Conduct is available on the website of the Company
https://d9bnjb3uan3b2.cloudfront.net/Code_of_Conduct_09ff02d2dd_e6a4c5823b.pdf

During FY26, no disciplinary action was taken against any Director, Key Managerial Personnel or employee in relation to corruption or conflicts of interest.

Anti-Competitive Behaviour T46

Non-Compliance with Laws and Regulations in the Social and Economic Area and Fines	FY26
Number of Confirmed Incidents	0
Nature of Incidents	0
Legal Action Taken	0
Status/Main Outcomes of Completed Legal Actions	0

Whistleblower Policy

AIL's Vigil Mechanism / Whistle Blower Policy offers a confidential channel for Directors, employees, and external stakeholders (including business partners, customers, and business associates) to report unethical behaviour, fraud, corruption, misconduct, violations, harassment, financial irregularities, or misuse of authority. This mechanism reinforces AIL's commitment to ethical conduct, transparency, and accountability across the organisation.

The Policy clearly defines the roles of the Ethics Committee, Ethics Officer and Investigation Panel, together with the process for confidential reporting and investigation. Whistleblowers also have direct access to the Audit Committee Chairperson in exceptional circumstances.

The mechanism protects whistleblowers from retaliation, ensures confidential investigations, and implements corrective actions, with updates periodically reviewed by the Audit Committee and Board.

During FY26, no confirmed cases of corruption or conflict of interest were reported.

Policy Commitments

AIL's comprehensive governance framework supports ethical conduct, regulatory compliance, responsible business practices, and effective risk management. The Board approves all mandatory policies, reviewing them periodically to ensure alignment with regulations and evolving requirements.

Policies are communicated through the Company's website, manufacturing locations and other appropriate channels, including vernacular communication where required, ensuring accessibility, awareness and consistent implementation across the organisation.

This structured framework promotes accountability, responsible decision-making, and a strong corporate governance culture.

01 Code of Conduct

02 Whistle Blower Policy/ Vigil Mechanism

03 Ethics and Fair Business Practices Policy

04 Related Party Transaction Policy

05 Nomination and Remuneration Policy

06 Board Diversity Policy

07 Risk Management Policy

08 Health, Safety and Environmental Policy

09 Energy Policy

10 Information Security Policy

11 Insider Trading Code/ Fair Disclosure Code

12 Corporate Social Responsibility Policy

13 Code of Human Rights

14 Prevention of Sexual Harassment Policy

15 Supplier Code of Conduct/Sustainable Supply Chain Policy

16 Tax Policy/Tax Governance Framework

17 Responsible Procurement Policy

18 Water Policy

19 People's Policy

20 Environment and Climate Change Policy

Shareholder Engagement and Strategic Communication

01 Core Principles of Shareholder Engagement

- Continuous Dialogue: Beyond statutory disclosures, AIL ensures transparency and long-term investor confidence through ongoing dialogue via presentations, earnings calls, meetings, and digital platforms.
- AIL views shareholders as active growth participants whose feedback shapes governance, sustainability, and strategic priorities, fostering transparent and constructive engagement.
- ESG Integration: With shifting stakeholder priorities, ESG metrics are central to investor relations. AIL integrates sustainability, governance, and long-term strategies directly into shareholder communications.

02 Active Engagement Channels

AIL engages with shareholders through multiple channels to ensure timely, transparent and meaningful communication.

- Quarterly investor presentations and earnings calls provide regular updates on performance, strategy, and outlook, boosting transparency and enabling informed engagement.
- A dedicated Investor Relations (IR) Portal gives shareholders timely access to financial results, governance disclosures, and presentations.
- Virtual investor meets and webinars provide an inclusive platform to engage investors across geographies.

03 Strategic Transitions and Governance

- AIL adopted a globally recognised Integrated Reporting framework, holistically showing how strategy, governance, performance, and future outlook create long-term value.
- Direct engagement between institutional investors, Directors, and the Board Chair strengthens transparency, governance confidence, and constructive dialogue.

Shareholder Distribution and Institutional Confidence

Shareholding Overview

The Company's shareholding pattern continues to reflect a balanced ownership structure between a stable promoter base and growing institutional participation. The sustained promoter commitment, coupled with increasing investments from domestic and foreign institutional investors, underscores confidence in the Company's governance, business fundamentals, and long-term growth strategy.

As of FY26

Total Shareholders
384,210 shareholders, reflecting a broad and diversified investor base.

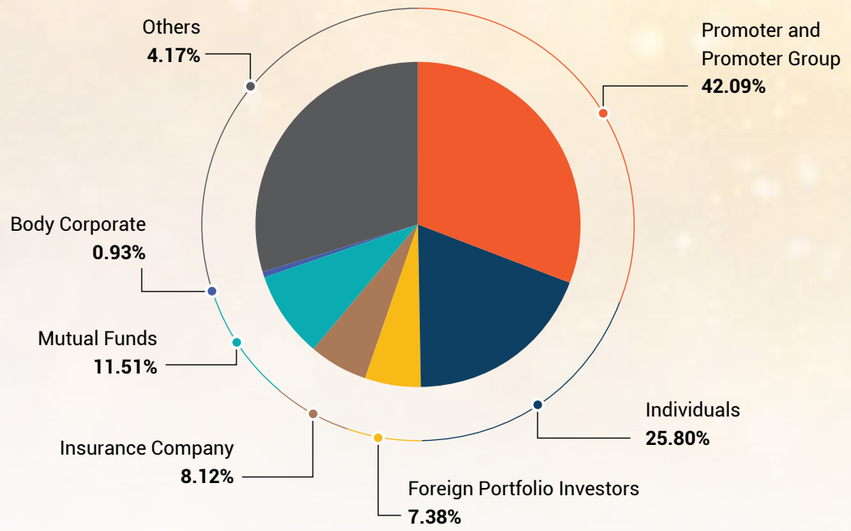
Promoter Holding
Maintained a stable holding of 42.09%, demonstrating continued commitment and confidence in the Company's long-term vision.

Insurance Companies
Increased their holding from 7.93% (FY25) to 8.12% (FY26), indicating growing participation.

FIIs & FPIs
Increased their holding from 6.29% (FY25) to 7.38% (FY26), reflecting enhanced global investor confidence in the Company's growth prospects.

Mutual Funds
Held a consistent stake of 11.51% across FY25 and FY26, reflecting sustained institutional confidence.

Shareholding Pattern C32



AIL's equity shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited. The Company continues to be classified under Group A and ranked among the top 500 listed companies by market capitalisation ~ ₹ 14,469 Crs (as on March 31, 2026), reflecting sustained investor confidence and market presence.

Information Security Governance

Information security governance is overseen by Director Shri Renil R. Gogri, supported by Director and CEO Shri Suyog K. Kotecha, ensuring strategic oversight of cybersecurity, data integrity, and digital resilience across the organisation.

Strengthening Cyber Resilience

Global Compliance Standards

All manufacturing and technology functions across AIL's global operations are certified to ISO 27001:2022, demonstrating alignment with internationally recognised information security standards.

Next-Generation Architecture

We have successfully implemented advanced security tools based on the Security Service Edge (SSE) framework. This converges our security capabilities including secure web gateways and zero-trust network access into a unified, cloud-native platform, ensuring secure connectivity for our distributed workforce.

External Performance Benchmarking

Our security posture is continuously monitored by independent third parties. AIL maintains a BitSight score of 800/820, placing the Company among the highest-performing organisations globally in cyber risk management and digital resilience.

Ten-Year Consolidated Financial Highlights

(in ₹ Crs, unless otherwise stated) T47

Particulars	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Income from Operations	9,018	8,044	7,012	7,283	6,871	5,023	4,621	4,706	3,906	3,163
EBITDA	1,172	1,016	984	1,089	1,720	982	986	967	707	655
Interest	340	275	211	168	102	86	125	183	132	117
Depreciation	474	434	378	310	246	231	185	163	146	123
Profit before Tax	365	307	395	611	1,372	665	676	622	429	416
Share of Profit from Associates	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Profit after Tax	419	331	416	545	1,166	523	536	492	333	316
Dividend (%)	20	20	30	50	70	50	190	100	20	NA
Payout	36	36	54	91	127	44	105	44	10	-
Per Share Dividend (₹)	1.00	1.00	1.50	2.50	3.50	2.50	9.50	5.00	1.00	NA
Equity Share	181.30	181.26	181.25	181.25	****181.25	87.12	***87.12	**43.33	*40.65	*41.06
Reserve and Surplus	5,774	5,424	5,109	4,739	4,335	3,416	2,892	2,587	1,538	1,321
Networth	5,955	5,605	5,290	4,921	4,517	3,515	3,073	2,715	1,655	1,426
Long-term and Short-term Borrowings	4,921	3,789	3,184	2,874	2,568	2,492	1,811	2,106	1,921	1,436
Gross Fixed Assets	8,932	8,429	7,292	6,335	5,083	5,155	3,837	3,362	3,701	2,655
Net Fixed Assets	6,399	6,377	5,649	4,860	3,595	3,592	2,468	2,147	1,998	1,697
Capital work in progress	2,187	1,454	1,229	1,096	1,346	1,298	1,418	795	436	270
Investments	132	48	23	17	28	64	37	33	47	47
Net Working Capital	1,843	1,298	1,430	1,768	2,068	1,287	1,172	2,039	1,272	1,004
Book Value per Share (₹)	164.24	154.62	145.94	135.74	124.60	201.75	176.39	313.23	203.62	173.69
EPS (Basic and Diluted) (₹)	11.56	9.13	11.49	15.04	32.71	30.04	***30.77	**60.39	*40.95	*38.45
EBITDA/Income from Operations	13.0%	12.5%	14.0%	15.0%	25.0%	19.6%	21.3%	20.5%	18.6%	20.7%
Net Profit Margin	4.6%	4.1%	5.9%	7.5%	17.3%	10.4%	11.6%	10.5%	8.7%	10.0%
Debt/Equity Ratio	0.72	0.62	0.60	0.58	0.57	0.81	0.68	0.88	1.26	1.10
RONW	7.2%	6.1%	8.1%	11.5%	29.5%	15.9%	18.5%	22.5%	21.6%	24.2%

*Based on reduction in equity Pursuant to Scheme of buy-back.

**Based on increased equity post QIP issue

***Based on increased equity post bonus shares issue in the ratio of 1:1 equity share

****Based on increased equity post bonus shares issue in the ratio of 1:1 equity share & Based on increased equity post QIP issue.

Corporate Information

Chairman Emeritus
Shri Chandrakant Vallabhaji Gogri

Chairman and Managing Director
***Shri Rajendra Vallabhaji Gogri**

Vice Chairman and Managing Director
***Shri Rashesh Chandrakant Gogri**

Vice Chairman and Executive Director
***Shri Renil Rajendra Gogri**

Chief Executive Officer and Executive Director
#Shri Suyog Kalyanji Kotecha

Executive Director
Shri Manoj Mulji Chheda

Chief Manufacturing Officer and Executive Director
Shri Ajay Kumar Gupta

Non Executive, Non-Independent Director
Smt. Hetal Gogri Gala

Independent Directors
Shri Lalitkumar Shantaram Naik

Prof. Aniruddha Bhalachandra Pandit

Shri Shekhar Shreedhar Khanolkar

Shri Belur Krishnamurthy Sethuram

Shri Nikhil Jaysinh Bhatia

Shri Ashok Kumar Barat

Smt. Rupa Devi Singh

Key Managerial Personnel
Chief Financial Officer
Shri Chetan Gandhi

Company Secretary
Shri Raj Sarraf

Auditors
Statutory Auditor
Gokhale & Sathe
Chartered Accountants
(Firm Reg. No. 103264W)

Cost Auditor
Ketki Damaji Visariya
Cost Accountant
(Firm Reg. No. 102266)

Secretarial Auditor
BNP & Associates
Company Secretaries
(Firm Reg. No. P2014MH037400)

Bank / Financial Institution
Axis Bank Limited
Bank of Bahrain and Kuwait
Bank of Baroda
Citibank N.A.
DBS Bank Limited
Export-Import Bank of India
HDFC Bank Limited
HSBC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
International Finance Corporation
JP Morgan Bank
Kotak Mahindra Bank Limited
Mizuho Bank Limited
Qatar National Bank
RBL Bank Limited
Standard Chartered Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
YES Bank Limited

Corporate Identity Number (CIN)
L24110GJ1984PLC007301

Registrar and Transfer Agent
MUFG Intime India Private Limited
(Formerly known: Link Intime India Private Limited)
C 101, Embassy 247 Park, LBS Marg,
Gandhi Nagar, Vikhroli West,
Mumbai - 400 083, Maharashtra
Tel No .: +91 22 49186000
Fax No.: +91 22 49186060
Website: www.in.mpms.mufg.com

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Website: www.aarti-industries.com

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Corporate Office
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Tel No.: +91 22 69436100

Satellite Office
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GEB Sub Station, Chhani Road, Chhani,
Vadodara - 390 002, Gujarat

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RTA
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*The Board approved transition in role from Executive Director to Non-Executive Director w.e.f. October 1, 2026.
#Subject to approval of the Shareholders in ensuing AGM, the Board also considered appointment of Shri Suyog Kalyanji Kotecha as the Managing Director w.e.f. October 1, 2026

MANAGEMENT DISCUSSION AND ANALYSIS - A YEAR OF 'INTEGRATED RESILIENCE'

ECONOMIC OVERVIEW

Global Economy

The macroeconomic environment reflected moderate growth amid evolving policy, trade and geopolitical dynamics. According to the IMF's World Economic Outlook, April 2026, global growth stabilised at 3.1%. However, this headline stability masked a deeper structural shift, as economies continued to adjust to the delayed effects of monetary tightening, shifting inflation trends, and a more policy-led global trade environment.

These conditions also influenced the global speciality chemicals industry. Following the prolonged inventory destocking cycle witnessed during 2023-25, the industry entered CY 2025 on a more normalised footing. As inventory levels stabilised across end-user industries, demand visibility improved selectively. This was particularly evident in areas linked to replacement cycles in agrochemicals and secular growth in high-performance polymers and electronics.

At the same time, global trade flows increasingly reflected what McKinsey describes as 'The Great Re-shoring'. Industrial policy, supply security and geopolitical alignment became as important as cost competitiveness. Persistent regional tensions and evolving trade alliances gradually shifted corporate priorities from 'Just-in-Time' efficiency to 'Just-in-Case' resilience. This transition strengthened the relevance of dependable manufacturing partners. Companies such as AIL remained well-positioned as safe-harbour partners for global MNCs seeking to de-risk supply chains, diversify sourcing and improve long-term continuity.

Supply-side conditions remained broadly stable, although intermittent geopolitical developments continued to create volatility in energy prices, logistics, and trade flows. In response, companies placed greater emphasis on supply chain diversification, regional partnerships and resource optimisation. This strengthened collaboration across geographies, industries, and value chains, serving as a key enabler of resilience and sustainable growth.

Growth trends, however, remained uneven across economies. Advanced markets recorded relatively subdued expansion amid tighter financial conditions. Meanwhile, emerging markets, particularly in Asia, continued to demonstrate resilience, supported by domestic demand, industrial investment, and manufacturing-led activity. As central banks adopted a gradual and data-dependent easing path, financial conditions remained relatively tight. This environment favoured companies with prudent capital allocation, healthy internal accruals and disciplined balance sheet management. Such strengths enabled them to pursue growth without compromising financial flexibility.

Trade and investment engagements progressed selectively. Ongoing discussions involving India, including those with the US and the European Union, have improved medium-term visibility into market access, export opportunities, and participation in global supply chains. For Indian speciality chemical players, this evolving environment created opportunities to deepen global partnerships, expand into higher-value applications and strengthen their role in resilient and diversified supply networks.

Particulars	CY 2025 (Actual)	CY 2026 (Projected)	CY 2027 (Projected)
Global Economy	3.4%	3.1%	3.2%
Advanced Economies (AEs)	1.9%	1.8%	1.7%
Emerging Markets and Developing Economies (EMDEs)	4.4%	3.9%	4.2%

Outlook

The global economy is expected to grow at a measured pace, shaped by policy direction, financial conditions, and evolving trade linkages. Emerging markets are likely to remain supported by domestic demand and investment activity. However, advanced economies may witness a more gradual recovery as monetary conditions remain relatively tight. As a result, the overall growth profile is expected to stay uneven across regions and sectors.

Inflation is anticipated to moderate during the year. However, fluctuations in energy prices and shifting trade dynamics may lead to intermittent volatility. In this environment, central banks are expected to adopt a cautious and data-dependent approach. Policy adjustments are therefore likely to remain gradual. Overall, the global environment is expected to be characterised by steady yet sensitive growth, with external developments and policy signals continuing to play a critical role.

Source: World Economic Outlook Update, April 2026

Indian Economy

India maintained its position among the fastest-growing major economies despite a challenging global environment. According to Provisional Estimates, the Real GDP growth rate for FY 2025-26 stood at 7.7%. Strong domestic demand, resilient consumption and continued public capital expenditure supported this momentum. These factors helped offset external headwinds arising from global trade uncertainties and financial market volatility. Macroeconomic fundamentals also remained stable during the year, supported by prudent fiscal management and a well-calibrated monetary policy environment.

India's long-term development agenda under the Viksit Bharat vision further strengthened this growth momentum. Policy initiatives such as the National Logistics Policy and PM Gati Shakti continued to improve infrastructure planning, logistics efficiency and multimodal connectivity. In parallel, investments in specialised chemical zones and logistics corridors are reducing the logistics cost burden on Indian exports. As a result, India's competitiveness as a manufacturing and export-oriented economy has strengthened further. This is particularly relevant for sectors such as speciality chemicals, which depend on reliable infrastructure, efficient material movement and faster access to global markets.

Inflationary pressures remained largely contained during the year. Favourable agricultural output and effective supply-side measures, particularly across food categories, supported this trend. Consequently, the overall environment remained supportive of household consumption and investment activity. Against this backdrop, monetary policy remained data-driven. The RBI maintained a balanced approach between supporting growth and ensuring price stability.

At the same time, India's efforts to reduce dependence on China for key intermediates created a significant domestic opportunity for import substitution. This shift is encouraging Indian manufacturers to build deeper capabilities across critical chemistries and improve backward integration. It is also enabling them to serve both domestic and global customers with greater reliability. For companies such as AIL, this creates a meaningful platform to support India's self-reliance agenda while expanding into higher-value and more specialised product segments.

Trade and investment prospects also improved during the year. This was supported by progress in India's Free Trade Agreement discussions with the United Kingdom and the European Union. For Indian speciality chemical companies, including AIL, these agreements offer opportunities beyond duty benefits. They can support technical collaboration, IP-sensitive co-development, improved market access and deeper integration with global value chains. Consequently, India's economic resilience is increasingly being reinforced by stronger domestic fundamentals, policy-led infrastructure development, import-substitution opportunities, and expanding global trade partnerships.

FY 2023-24 (Actual)	FY 2024-25 (Actual)	FY 2025-26 (Projected)	FY 2026-27 (Projected)
8.2%	7.1%	7.6%	6.8-7.2%

Outlook

India's medium-term outlook remains favourable, with growth expected to stay strong due to robust domestic demand and continued policy support for infrastructure and manufacturing. The IMF and the RBI have highlighted that sustaining this momentum will increasingly depend on strengthening the manufacturing base. This will require production-linked incentive schemes, supply chain diversification and continued infrastructure development. While services and digital sectors are expected to remain key growth drivers, the growth base is likely to broaden gradually towards manufacturing. This transition will play an important role in enhancing export competitiveness, generating employment and driving income growth.

Inflation is expected to remain within the RBI's target range over the medium term. However, food and energy prices may introduce intermittent volatility. This may require monetary policy to remain cautious and data-dependent. Overall, India remains well-positioned to sustain its relative outperformance among major global economies.

Source:

https://www.pib.gov.in/PressReleasePage.\aspx?PRID=2219912&reg=3&lang=2

https://www.pib.gov.in/PressReleasePage.aspx?PRID=2233792&reg=3&lang=1

https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220004&reg=3&lang=2

https://www.pib.gov.in/FeaturesDeatils.aspx?NoteId=153288&ModuleId=2&reg=3&lang=2

INDUSTRY OVERVIEW

Global Chemical Industry

The global chemical industry entered 2026 amid subdued economic growth, elevated geopolitical tensions and the lingering effects of prolonged inventory destocking across several end-user sectors. Growth expectations for the global chemicals industry moderated from earlier projections as weaker industrial activity, trade uncertainty, tariffs and sanctions affected demand visibility and influenced long-term sourcing strategies.

However, the industry also began moving beyond the post-2022 cyclical correction that started in early 2023. As inventory levels normalised across key value chains, the recovery became increasingly selective rather than broad-based. This led to the emergence of a two-speed growth model within the sector.

Commodity and bulk chemicals continued to face pressure from overcapacity, intense competition and margin compression. These challenges were driven largely by China's significant capacity additions over the past few years. The additional capacities altered global trade flows and created medium- to long-term competitive pressure across several end applications.

In contrast, speciality and knowledge-led chemicals demonstrated stronger resilience. Growth in these segments was supported by higher-value applications and customer-specific solutions. These segments are estimated to grow at nearly 1.5 times the rate of GDP growth, driven by structural demand from the energy transition, electric vehicles, semiconductor localisation, sustainable agriculture, electronics, high-performance polymers, and advanced manufacturing.

The growing need for performance-driven materials and application-specific solutions continued to support value-added product categories. At the same time, traditional bulk chemical segments experienced relatively subdued demand.

These trends extended the industry's recovery timeline while increasing differentiation across product categories and business models. Companies focused on specialised chemistries, customer intimacy, technical capabilities and innovation-led portfolios demonstrated relatively stronger growth and profitability. As a result, collaboration became increasingly central to value creation. Companies continued to co-develop products with customers, form strategic alliances and integrate across value chains to enhance competitiveness.

In an uncertain and volatile environment, global companies also adopted multifold strategies to strengthen supply chain resilience and reduce dependence on concentrated sourcing ecosystems. This accelerated a shift from 'Just-in-Time' efficiency to 'Just-in-Case' preparedness. Companies increasingly prioritised supplier diversification, inventory flexibility, regional sourcing options and long-term supply assurance.

This realignment received further support from China's anti-involution drive, which aims to curb irrational price wars and excessive capacity-led competition. For India, as an emerging alternative sourcing partner for various chemical products, this presents a significant opportunity to establish itself as a preferred global hub for chemicals and speciality manufacturing.

Sustainability also became a fundamental strategic priority for the industry. The transition towards greener and more circular solutions is creating a sizeable market opportunity for new-age chemicals, including bio-based products, advanced circular materials and sustainable process technologies.

Companies continued to accelerate investments in green chemistry, recycling technologies and sustainable product lines in response to tightening regulations and evolving customer preferences. At the same time, supply chain optimisation and strategic collaborations gained further importance, as industry participants worked to improve resilience while aligning with emerging circular economy principles.

Key Trends

Trend	Industry Impact	Implications for Indian Players
Global Overcapacity & Export Pressure	Prolonged margin compression and low operating rates in commodity/bulk chemicals as Chinese plants use exports as a 'pressure release valve'.	Shift to Specialities: Indian players must accelerate their shift from low-barrier bulk commodities to high-barrier speciality niches (e.g., fluorine, electronic chemicals) and implement defensive trade measures to safeguard domestic market share.
Supply Chain Diversification	Accelerated shift to 'Just-in-Case' models. Rising bilateral trade barriers and regional supply ecosystems push MNCs to diversify.	CDMO & Strategic Alliances: Substantial opportunity to secure long-term Contract Development and Manufacturing Organization (CDMO) contracts and joint ventures by proving reliable, IP-protected manufacturing pipelines.
Supply-Side Rationalisation	Supply-side tightening, tougher environmental benchmarks, and state-led consolidation in China designed to phase out inefficient capacities over the 15th Five-Year Plan.	Competitiveness Window: Temporary stabilisation of global pricing in key chemical chains as Chinese peer-competition transitions from price-cutting to quality, giving Indian exporters a more level playing field.
Energy Transition & Advanced Materials	Surge in demand for semiconductor-grade chemicals, battery materials, engineering plastics, and high-performance polymers.	CapEx Alignment: Opportunity to direct R&D and capital expenditure towards supporting local semiconductor fabs, EV battery supply chains, and green energy infrastructure.
Tightening Sustainability & Carbon Tariffs (CBAM)	Global transition to circular/bio-based alternatives; regulatory pressures such as Europe's Carbon Border Adjustment Mechanism (CBAM) penalise high-carbon imports.	ESG & Circularity Compliance: Indian exporters must adopt green manufacturing protocols (e.g., zero liquid discharge, green hydrogen, and renewable power integration) to maintain access to premium European and North American markets.
Digitalisation, GenAI & Smart Operations	Use of AI and advanced analytics to optimise chemical synthesis, predictive maintenance, and supply chain logistics.	Cost Optimisation: Indian manufacturers can leverage digital twin technologies and AI-driven process controls to offset rising domestic labour and raw material costs.

Outlook

Despite cyclical challenges, structural demand drivers continue to support the chemical industry's long-term outlook. Demand growth remains driven by urbanisation, infrastructure development, electric mobility, semiconductors, renewable energy, healthcare, electronics, agriculture, and consumer goods. Speciality chemicals continue to demonstrate greater resilience than commodity chemicals. This is primarily due to higher value addition, customised applications, and stronger customer integration.

Reflecting these underlying drivers, the sector's long-term outlook remains positive. According to projections from ACC and ICCA, the global chemical industry is expected to grow by 3-4%, broadly in line with overall economic activity. However, the growth trajectory is likely to remain uneven across regions and segments.

In the near term, commodity chemicals may continue to face pressure due to soft demand and excess capacity. Over the medium term, speciality chemicals are expected to witness stronger growth. This trend is already visible in sectors such as electronics, clean energy, and advanced manufacturing, as highlighted by McKinsey and Deloitte (FY 2024-25).

At the same time, shifts in global supply chains are expected to gradually rebalance production towards emerging hubs such as India. Existing manufacturing hubs, including those in Europe, continue to face structural disadvantages stemming from high energy costs. This has led to ongoing asset rationalisation across the region.

Sustainability considerations, including investments in green chemistry and low-carbon processes, are also expected to play a more central role in shaping long-term competitiveness. Overall, industry performance will depend on product mix, geographic positioning, and the ability to adapt to evolving geopolitical and environmental requirements.

Indian Chemical Industry

The Indian chemical industry continued to demonstrate resilience during FY 2025-26 despite a challenging global environment. The sector faced demand moderation, overcapacity in commodity chemicals, volatile feedstock prices, and geopolitical uncertainties. However, strong domestic demand, rising export opportunities, and increasing supply-chain diversification continued to support growth. As a result, India strengthened its position as a strategically important manufacturing destination.

Driven by these favourable dynamics, the sector's economic footprint is expanding rapidly. The industry is currently estimated at USD 155-165 billion and is projected to reach USD 230-255 billion by 2030, implying a CAGR of around 8-9%. The sector remains highly diversified and includes petrochemicals, speciality chemicals, agrochemicals, and pharmaceuticals, amongst others. It also continues to contribute meaningfully to India's industrial output and manufacturing value addition.

India's speciality chemicals segment remains a key growth engine for the industry. Demand from automobiles, electronics, construction chemicals, pharmaceuticals, personal care, water treatment, and renewable energy sectors is expected to support continued investments in value-added downstream products.

This multi-sectoral demand for speciality chemicals has created a resilient manufacturing ecosystem. In turn, this ecosystem serves as a strong foundation for international expansion. Leveraging this domestic strength, India has positioned itself as a key alternative manufacturing hub. The country also stands to benefit significantly from the forthcoming implementation of India-UK, India-EU, and India-Oman FTA arrangements. Furthermore, cost competitiveness, a skilled workforce, and improved infrastructure continue to drive this shift.

Government initiatives such as Make in India, Atmanirbhar Bharat, PLI schemes, and PCPIR developments continue to support manufacturing competitiveness and industrial investments. These initiatives are expected to boost demand for Indian chemicals, both directly and indirectly, to support these investments.

The Union Budget 2025-26 allocated ₹ 1,61,965 Crs to the Ministry of Chemicals and Fertilisers. Key initiatives included:

1. **Chemical Parks:** An allocation of ₹ 600 Crs to support the establishment of dedicated Chemical Parks. These parks are designed to reduce project gestation periods and enhance global competitiveness through plug-and-play facilities.
2. **PLI Schemes:** Continued support for Bulk Drug Parks and Advanced Chemistry Cell (ACC) battery storage through substantial budgetary outlays.
3. **Sustainability Focus:** The launch of Carbon Capture, Utilisation, and Storage (CCUS) technologies in December 2025, supported by a ₹ 20,000 Crs allocation over five years, underscores the commitment to environmentally sustainable manufacturing.

This structural shift is accelerating the need for a collaborative ecosystem. In this environment, integrated players like Aarti Industries can partner with global customers and stakeholders to deliver reliable, scalable, and innovation-led solutions.

Outlook

The industry's growth remains resilient, supported by rising domestic consumption, infrastructure development, increasing export opportunities, and continued supply chain diversification. China's anti-involution measures, aimed at curbing excessive competition and irrational capacity expansion, are also contributing to supply chain realignment. As a result, global customers are increasingly diversifying sourcing beyond China.

The implementation of various cross-border FTAs and trade agreements positions India as a suitable and preferred partner for global chemical players. This shift is expected to strengthen India's role in delivering cost-effective sourcing solutions to international markets. Speciality chemicals and downstream segments are likely to drive the next phase of growth. However, sustainability, regulatory compliance, and feedstock availability will continue to influence industry competitiveness. Overall, India remains strategically positioned to capture a larger share of the global chemicals space.

Source:

https://www.mckinsey.com/industries/chemicals/our-insights/from-challenges-to-possibilities-leading-indias-chemical-industry-through-global-headwinds

https://www.trade.gov/country-commercial-guides/india-chemicals#:~:text=Overview,30%20percent%20of%20total%20imports.

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OPPORTUNITIES AND THREATS

Opportunities

India is strategically positioned to benefit from several structural and cyclical opportunities emerging across the global chemical value chain.

1. **Supply Chain Diversification and Supply-Side Rationalisation:** China's policy shift to curb excess capacity is expected to create a more rational global pricing environment. This trend is likely to benefit integrated and collaborative players, which offer long-term partnerships and supply chain reliability.
2. **Trade Agreements:** The India-EU FTA and the US-India trade deal are expected to boost export volumes and provide long-term earnings visibility.
3. **Sunrise Sectors:** Increasing applications in Electric Vehicles (EVs), renewable energy, and chemical recycling present significant growth avenues.
4. **Import Substitution:** India continues to import several petrochemical intermediates and speciality chemicals, creating opportunities for domestic capacity expansion.
5. **Green Chemistry:** The global shift toward sustainable and bio-based chemicals creates opportunities for Indian players to expand into environmentally friendly products.
6. **AI and Digitalisation:** Implementing AI in R&D and manufacturing improves efficiency through process optimisation.
7. **PLI Schemes and Policy Support:** PLI schemes and other manufacturing-focused policy measures are strengthening India's competitiveness across priority sectors. For the chemical industry, these initiatives encourage domestic manufacturing, improve scale, attract investments and support higher-value production. This is especially relevant for sectors linked to electronics, clean energy, advanced materials and import substitution.

Threats

1. **Geopolitical and Trade Volatility:** Persistent geopolitical tensions, tariff barriers and evolving trade realignments remain a key overhang, potentially causing selective margin pressure.
2. **Raw Material Price Volatility:** Sharp price corrections in key feedstocks can lead to short-term inventory spikes and higher-than-normal working capital deployments.
3. **Currency Fluctuations:** Revaluation of long-term loans due to rupee depreciation can impact profitability, which gets offset by the benefits of net export pricing over a longer term.
4. **Global Overcapacity:** Excess global capacity, particularly from China, continues to impact pricing and profitability.

COMPANY OVERVIEW

Aarti Industries Limited ('AIL' or 'the Company') is a leading global speciality chemicals company. It is renowned for its expertise in benzene and toluene-based derivatives. The Company is also a leading manufacturer and exporter of speciality chemicals used primarily as performance-enhancing octane boosters in the energy sector.

Headquartered in Mumbai, India, the Company was established in 1984 by first-generation technocrats. Over the past four decades, AIL has evolved into a recognised 'Global Partner of Choice'. This position is driven by its ability to collaborate with global customers across the product lifecycle, from concept to commercialisation.

AIL's evolution is anchored in the 'Chemistry of Collaboration'. Through integrated, strategic partnerships with customers, suppliers, and other partners, the Company co-creates solutions, optimises processes, and delivers long-term value. This approach enables customised delivery capabilities while maintaining cost efficiency.

The Company's competitive advantage is built on a strong foundation of integrated operations, process chemistry scale-up expertise, and a strategically distributed network of research and development (R&D) and pilot plants. AIL ranks 4th globally for approximately 75% of its product portfolio, serving over 1,100 customers across more than 60 countries.

Today, AIL has a significant presence across India, the Middle East, North America, Europe, and other international markets. The Company offers customised and novel delivery solutions, including near-to-plant stock points, to support key market requirements.

AIL is recognised as a leader in chlorination, nitration, and hydrogenation chemistries. It leverages key raw materials to drive innovation and strengthen its position in speciality chemicals. The Company's core operations are centred on key value chains, including Nitro Chloro Benzenes (NCB), Dichlorobenzenes (DCB), Phenylenediamines (PDA), and Nitro Toluene (NT).

These intermediates support downstream applications across agrochemicals, pharmaceuticals, polymers, aFuel additives, dyes and pigments. During the year, AIL continued its strategic shift from bulk product manufacturing to a knowledge-driven, application-led solutions provider. This transition reflects the expansion of high-value chemistries and deeper customer engagement through chemistry-led and R&D-oriented solutions.

Increasingly, AIL is evolving from a product-led organisation to a platform-led speciality chemicals company. Through integrated chemistry platforms, multipurpose manufacturing assets, process development expertise and customer co-creation capabilities, the Company is building scalable growth engines capable of serving multiple end-use sectors and application areas. This platform-led approach enables faster commercialisation, improved asset utilisation and deeper strategic engagement with global customers.

AIL further strengthened its position through deeper backward integration and improved global supply chain resilience. Its portfolio remains anchored in long-term contracts with global partners. The Company continues to scale its integrated manufacturing platforms through cost-optimisation initiatives and increased capacity utilisation.

At the same time, AIL is steadily transitioning its portfolio towards higher-value speciality and performance chemicals. The Company is also actively expanding its presence in future-focused application areas, including advanced materials, electronic chemicals, advanced polymers, clean energy value chains and high-performance speciality intermediates. These sectors are expected to benefit from structural demand growth driven by digitisation, electrification, localisation of supply chains and advanced manufacturing investments globally.

AIL's manufacturing footprint includes 16 state-of-the-art plants, 11 of which are equipped with Zero Liquid Discharge (ZLD) capabilities. This reflects the Company's commitment to environmental stewardship alongside industrial scale.

During the year, the Company delivered resilient performance despite a volatile external environment. The first quarter was impacted by corrections in raw material prices and inventory losses. However, AIL achieved a strong sequential recovery in the subsequent quarters through proactive market rebalancing and disciplined execution.

KEY VALUE CHAINS AND PRODUCT PORTFOLIO

Benzene Value Chain

Benzene derivatives remain the Company's largest revenue drivers and a core pillar of its integrated speciality chemicals portfolio. The portfolio includes key benzene-based derivatives such as Nitro Chloro Benzenes (NCB), Di-Chlorobenzenes (DCB), and Phenylenediamines (PDA). The chain caters to diversified end-use segments, including pharmaceuticals through intermediates such as PNCB and MDCB, dyes and pigments through NCBs, and polymers, where PDCB plays a critical role.

AIL continues to focus on capacity optimisation and operational flexibility. The Company debottlenecked DCB capacity from 120 KTPA to 140 KTPA by leveraging multipurpose assets to produce derivatives, such as chloroanilines, via integrated hydrogenation and nitration chemistries. Strategically, the portfolio remains well-positioned for growth. This is supported by the resumption of US volumes following improved India-US trade dynamics and rising demand for PDCB within the China EV ecosystem. In addition, margin recovery prospects in the NCB chain are supported by China's anti-involution measures, which are expected to ease competitive intensity and improve pricing discipline.

Toluene Value Chain

The Company entered the Toluene Value Chain by commissioning its first plant in Dahej in FY 2017-18. Since then, the portfolio has steadily scaled up to become one of the core pillars of its integrated speciality chemicals business. The value chain is centred on Nitro Toluene (NT) and its downstream derivatives.

Growth is further anchored by the commissioning of the greenfield Zone IV site, which includes Chlorotoluene and downstream process blocks, as well as a Multipurpose Plant (MPP). The MPP unit was under commissioning trials in Q1 FY 2026-27 and expected to be commercialised in FY 2026-27. The broader chlorotoluene and downstream process blocks in Zone IV are expected to be commissioned in phases during the fiscal year. However, timelines have shifted by three to four months due to evolving labour availability and geopolitical factors.

To facilitate faster ramp-up, AIL progressively engaged in discussions with critical potential customers. Commercial momentum is further reinforced through initiatives such as providing qualification batches from the recently commercialised pilot plant and fast-tracking investments for advanced intermediates like PEDA. These initiatives strengthen AIL's integration across the toluene value chain while enhancing its positioning in high-value agrochemical and other speciality chemical applications.

Sulphuric Acid Chain

The Sulphuric Acid value chain and Calcium Chloride remain integral to the Company's integrated operations and downstream speciality chemicals portfolio. In FY 2025-26, Phase I of the Calcium Chloride plant was commercialised in Zone IV. This supports AIL's strategy for the effective and gainful utilisation of by-products. The initiative also enables efficient material utilisation, deeper process integration, and the adoption of low-cost, novel technologies that enhance overall competitiveness.

RESEARCH AND DEVELOPMENT

As a key pillar of AIL's collaborative growth strategy, R&D plays a critical role in co-developing products with customers and enabling faster commercialisation of chemistries. It is supported by two advanced centres, backed by a team of over 250 scientists, including 20+ PhDs. During the year, the Company's R&D efforts were focused on 'Chemistry-Led Solutions' and the development of next-generation sustainable products.

- **New Product Introduction:** Over 60 products are in the pipeline, with more than 50% set for their first launch in India
- **Process Innovation:** Expertise in complex chemistries such as Photochemistry, Vapour Phase Chemistry, and Grignard Chemistry, enable the Company to develop robust, cost-effective processes for rapid scale-up
- **Analytical Excellence:** A 12,000 sq. ft. analytical and 8,000 sq. ft. process safety laboratory to ensure the highest standards of quality and safety in manufacturing

CRDMO AND CUSTOMER CO-INNOVATION

AIL continues to strengthen its position as a preferred development and manufacturing partner for global customers through its expanding CRDMO and custom synthesis capabilities. Leveraging deep expertise across nitration, chlorination, hydrogenation and advanced process chemistries, the Company works closely with customers from concept development through process optimisation, scale-up and commercial manufacturing.

This approach reflects AIL's evolution from a conventional supplier to a strategic co-innovation partner. The Company's ability to accelerate commercialisation timelines, improve yields, optimise costs and ensure supply reliability enhances its value proposition across speciality chemicals, advanced materials and emerging applications.

KEY BUSINESS STRENGTHS

Seamless and Integrated Operations across the Benzene and Toluene Value Chain

Integrated manufacturing enables efficient production, cost optimisation, and a steady supply of raw materials for downstream products. Additionally, capacity expansion and process improvements continue to strengthen competitiveness in the speciality chemicals sector.

Effective Management of Co-Products and Isomers

Efficient utilisation of co-products and isomers minimises waste and maximises value. By-product processing improves cost efficiency, creates additional revenue streams, and supports sustainability.

Optimised Product Mix for Better Efficiency

The product portfolio is aligned with demand and operational efficiency, improving profitability, optimising capacity utilisation, and enabling quick response to evolving customer needs.

Ability to Meet Strict Quality Standards

Strong quality controls ensure compliance with global standards. Advanced R&D and testing capabilities support consistent quality for regulated sectors such as pharmaceuticals, agrochemicals, and personal care.

Wide Range of End-Use Applications

Products serve diverse industries, including pharmaceuticals, agrochemicals, polymers, dyes, and personal care, supporting stable demand and reducing dependence on any single sector.

BUSINESS-WISE PERFORMANCE

Energy

AIL's energy business, primarily driven by Mono Methyl Aniline (MMA), continued as a key growth engine. Volumes remained strong, supported by sustained demand for fuel blending and favourable feedstock spreads. In FY 2025-26, the energy segment accounted for 43% of total revenue as compared to 36% in the previous year. Over the long term, this business is expected to account for 30-40% of the Company's overall business.

- **Capacity Ramp-up:** In FY 2025-26, capacity was scaled up to 290 KTPA (from 200 KTPA). Further scale-up to 360 KTPA is underway and is expected to be commissioned in the near term, in line with market requirements, providing further momentum for volume growth.
- **Market Diversification:** While the US market remained important, the Company focused on developing alternative markets in Europe and Africa, anticipating that the business's structural strength would enable steady margin expansion.

Agrochemicals

Following the end of a prolonged inventory destocking cycle, the agrochemicals segment showed signs of a stable recovery in FY 2025-26. While volumes remained stable for most of the year, notable growth was witnessed in NT and the downstream ethylation chain of products, while pricing remained subdued due to competitive pressures from China.

- **Strategic Partnerships:** AIL secured a USD 150 million medium-term supply contract with a global agrochemical major in March 2026, for a critical intermediate used in crop protection formulations, marking a significant milestone in long-term collaborative growth. The contract extends to March 2030 and would be met with existing capacities
- **Forward Integration:** The PEDA project, a forward integration ethylation project at Zone IV is under commissioning trials, with a capacity of 4,000 TPA, strengthening India's agrochemical self-reliance and providing AIL with a significant cost advantage

Dyes, Pigments, and Printing Inks

Demand in this segment remained steady throughout the year, with volumes expected to improve as global demand for textiles and printing revives. However, one of the core products, 3,3-DCBH, continued to face global demand pressure due to a sharp increase in product prices, driven by higher raw material costs and elevated freight rates. The impact is expected to be partly offset by improving demand in the Indian market. Applications across dyes, pigments, and printing inks continued to generate steady cash flows, supported by a refined pricing strategy that balanced volume growth with margin preservation.

Polymers and Additives

PDCB demand grew due to its application in the EV sector, even as the polymers segment experienced mixed trends. However, other polymer additive chains faced pressure in the US market. This prompted the Company to respond

by expanding the DCB chain to 140 KTPA and diversifying its application layer closer to the customer. The Company expects the revenue share from this business to improve with the commissioning of newer, specialised capacities.

Pharmaceuticals

Key products driving this segment include PNCB, MDCB, and fluorinated compounds, which delivered stable performance during the year. Growth was supported by steady domestic demand and continued expansion in the export formulations segment. AIL remains focused on higher-value offerings and the ramp-up of its CDMO business, which is experiencing strong visibility into demand for new products in the advanced materials space. The Company continues to witness growing customer interest in development-led engagement models that combine process innovation, regulatory compliance, supply assurance and rapid scale-up capabilities. This strengthens AIL's positioning within the broader CRDMO opportunity landscape.

Segment Revenue Mix (%)	FY 2024-25	FY 2025-26
Energy	36%	43%
Agrochemicals and Fertilisers	18%	18%
Polymers and Additives	15%	14%
Dyes, Pigments and Printing Inks	12%	11%
Pharmaceuticals	10%	10%
Others	9%	4%

Key growth drivers include:

- **Zone IV Monetisation:** The phased commissioning of multipurpose plants and downstream blocks in Zone IV during 2026 will enhance product development flexibility and drive capacity-led volume growth. The facility is designed not only as a manufacturing platform but also as a collaborative innovation ecosystem. This will enable AIL to partner with customers in developing next-generation chemistries. The Multipurpose Plant (MPP) is expected to serve as a key platform for future growth, offering flexibility to manufacture multiple products across diverse chemistry platforms. This capability significantly reduces time-to-market and strengthens AIL's ability to respond to emerging customer requirements across agrochemicals, advanced materials, electronic chemicals and speciality applications.
- **Joint Ventures:** The Augene JV with Superform Chemistries Limited remains on track for commissioning in FY 27, with an initial focus on the paints and agrochemical market.
- The commissioning of the RESL JV, i.e., Re Aarti in FY 27, will diversify AIL's application layer and strengthen its foothold in the circular economy.
- **Cost Optimisation:** The completion of cost-efficiency programmes and the deployment of AI-driven productivity gains are expected to drive steady margin expansion
- **Digital Transformation:** The use of AI and ML in predictive maintenance and yield optimisation will strengthen operational reliability, reduce downtime and improve manufacturing productivity. By applying data-led insights across plant operations, AIL can enhance asset performance, improve quality consistency and support earnings improvement over the medium term.
- **Next-Decade Growth Platforms:** AIL is seeding the next decade of growth by building capabilities in the semiconductor value chain and high-performance engineering polymers. These opportunities align with emerging demand in lightweighting applications, medical materials, data centres, and high-end polymer requirements, enabling the Company to participate in specialised, future-facing segments with higher entry barriers and greater potential for customer collaboration. AIL is focusing on high-growth niches such as advanced material and polymers, strengthening its presence in specialised chemistries linked to future-facing industries.
- **Partnerships:** The Company will continue to explore co-investment models where customers participate in dedicated manufacturing assets in exchange for long-term supply security. Similar to the RESL and Superform JV models, this approach can deepen customer partnerships, improve demand visibility and support capital-efficient growth.
- **Process Intensification:** AIL will continue to focus on process intensification to improve yields, enhance resource efficiency and strengthen manufacturing economics across key chemistries.
- **CRDMO Opportunity:** AIL is positioning itself as a 'concept-to-commissioning' partner for global innovators. The Company aims to support the entire journey from research and development to scale-up and commercial manufacturing. This reflects AIL's transition from a product-led business to a platform-led organisation. Customers will be able to access the Company's deep chemistry capabilities, process expertise and integrated manufacturing infrastructure.
- **Future Growth Platforms:** AIL is actively building future growth platforms across semiconductor-linked materials, electronic chemicals, advanced polymers, circular economy solutions and clean energy applications. These platforms are expected to provide access to structurally growing end-markets while enhancing portfolio diversification and improving the quality of earnings over the long term.

BUSINESS HIGHLIGHTS

FY 2025-26 marked a year of steady strategic progress for AIL despite a volatile global environment characterised by geopolitical tensions, supply chain disruptions, raw material volatility and sustained competitive pressures. The Company continued to strengthen its long-term positioning through capacity expansion, medium to long-term contracts, backward integration initiatives and portfolio diversification into higher-value speciality chemicals.

A key strategic milestone was a ₹ 200-250 Crs backwards-integration capex initiative with a global customer, aimed at strengthening integration for the key product under the residual 15-year long-term contract structure.

Another one is the USD 150 million supply agreement with a global agrochemical innovator, extending through March 2030, which enhances long-term revenue visibility without incremental capex.

The Company secured long-term methanol and toluene feedstock contracts across GCC and Southeast Asia, improving raw material security and cost predictability, and entered a strategic chlorine supply partnership with DCM Shriram Limited to support its Zone IV Jhagadia facility through dedicated pipeline infrastructure.

The Company also advanced its portfolio expansion through partnerships, including the exclusive PCBTF distribution agreement with Actylis. It further progressed joint ventures, including Augene (Superform JV) and the recycling-focused Re Aarti platform, all of which remain on track for commissioning in FY 27.

From a segment perspective, agrochemicals and pharma remained stable in volume but continued to face margin pressure due to global oversupply and Chinese competition. Among Polymers, EV-linked demand remained a strong contributor to growth, while dyes and pigments were relatively stable, supported by resilient domestic demand.

Capex during FY 2025-26 stood at about ₹ 1,125 Crs, primarily directed towards Zone IV expansion and fast-track capacity additions such as MMA, DCB and PEDA-related initiatives. This reflects the tail end of a high-investment cycle, with management indicating a transition towards lower capex intensity in FY 2026-27 as major projects near completion.

Zone IV remained the flagship growth platform, with the Calcium Chloride unit commercialised and ramping up, while other blocks, including the multipurpose plant and PEDA, progressed through commissioning stages, albeit with short-term delays, supporting the shift towards higher-value product streams.

FINANCIAL PERFORMANCE

FY 2025-26 was marked by a challenging operating environment characterised by raw material volatility, geopolitical disruptions, elevated freight costs, logistics bottlenecks and continued competitive pressure from Chinese suppliers. Uncertainty relating to US tariffs on Indian chemical exports and broader supply chain disruptions also weighed on industry conditions during the year.

Despite this backdrop, the Company delivered a resilient performance with revenue rising 12% YoY to ₹ 9,018 Crs, supported by volume growth, improving capacity utilisation, recovery in export volumes, and stable domestic demand. Additionally, higher-margin, value-added products contributed to overall growth.

EBITDA increased over 15% YoY to ₹ 1,172 Crs, driven by operating leverage, cost optimisation initiatives, and scale benefits from higher utilisation. Profitability was partly impacted by inventory valuation losses, shipment-related disruptions, and one-time labour code implementation costs of ₹ 15 Crs, though efficiency gains supported gradual improvement through the year. The increasing share of long-term customer engagements and collaborative business models is expected to enhance revenue visibility and support margin stability over the medium term.

Finance costs noted accounting adjustments. FY 2025-26 saw mixed forex impacts, including gains of ~₹ 16 Crs (Q1) and ~₹ 10 Crs (Q4), offset by a ₹ 34 Crs mark-to-market loss on ECBs (Q2) and a ₹ 39 Crs revaluation loss on an unhedged foreign currency loan (Q4). These are non-cash accounting impacts, highlighting the natural hedge provided by the Company's export profile over the long-term repayment cycle. Depreciation remained as expected, with potential tax-efficiency benefits as new capacities come online.

PAT for FY 2025-26 increased 27% YoY to ₹ 419 Crs, supported by stronger operating performance and improved leverage, despite forex-related impacts and other exceptional items.

On the balance sheet side, FY 2025-26 capex stood at ₹ 1,125 Crs, primarily towards Zone IV and selective expansion projects. Net debt closed marginally above ₹ 4,300 Crs, with Net Debt-to-EBITDA at 3.7x. Working capital requirements increased, driven by higher exports, elevated raw material prices and inventory tied up in export shipments awaiting delivery and revenue recognition. The Company expects gradual improvement in leverage and cash flows as capex intensity moderates.

Financial Metric (Consolidated)	FY 2024-25	FY 2025-26	Change (%)
Revenue from Operations (₹ Crs)	8,044	9,018	12.1%
EBITDA (₹ Crs)	1,014	1,172	15.6%
EBITDA Margin (%)	12.6%	13.0%	0.4%
Profit After Tax (₹ Crs)	331	419	26.6%
Earnings per Share (EPS) (₹)	9.12	11.55	26.6%

Capital Expenditure

FY 2025-26 capex stood at ₹ 1,125 Crs, marking the peak phase of investment in the Zone IV platform development. During the year, key assets such as the calcium chloride plant, multipurpose plant (MPP), 4,000 TPA PEDA facility, and related downstream units advanced through various commissioning stages. However, execution timelines were delayed by 3-4 months due to labour constraints, commercial LPG availability issues, and election-related workforce migration. As a result, while the calcium chloride plant has completed commercial runs and is currently ramping up, the MPP and PEDA facilities continue to undergo commissioning trials.

For FY 2026-27, capex is expected to moderate to ₹ 750-800 Crs as the Company shifts from a heavy investment phase towards optimisation and execution-led growth. The Zone IV platform, forming part of a total build-out of ₹ 1,600-1,800 Crs, is now entering its revenue-generation phase. Initial commercial revenue aggregation from these assets is expected to commence in the second half of FY 2026-27. Thereafter, revenue contribution is likely to increase gradually as operations stabilise and utilisation levels improve.

BUSINESS OUTLOOK

The near-term outlook is expected to benefit from improved capacity utilisation, healthy visibility of long-term contracts and continued execution of integration-led initiatives. The Company expects gradual deleveraging, with net debt likely to moderate this year through operating improvements and sustained efficiency measures. Margin expansion is also expected to be supported by operating leverage and cost optimisation initiatives.

For FY 2026-27, the capex cycle is expected to enter a low-intensity phase, with spending projected to decline significantly to well below ₹ 1,000 Crs due to the absence of major greenfield projects. The effective tax rate is also expected to normalise within the 9-15% range. Operationally, key milestones include commissioning the Zone IV facilities during FY 2026-27, with initial revenue contributions expected in the second half of the year, as well as commissioning the JVs. Additional support may also arise from external demand-supply dynamics, including potential benefits from shifts in the Chinese chemical market, beginning FY 2026-27.

Aarti Industries is steadily shifting its portfolio towards higher-margin, innovation-led segments, with greater focus on advanced materials and speciality chemistries, while reducing dependence on commoditised bulk chemicals. This transition is being strengthened through deeper CDMO engagement, including multiple early-stage collaborations with global innovators. R&D efforts remain focused on advanced materials, polymer science and emerging application areas, supported by AI-led tools and digital manufacturing initiatives to improve process efficiency, energy intensity and operational reliability.

Alongside this strategic evolution, the Company has strengthened its ESG and people credentials. It received an EcoVadis platinum rating (Top 1%) and was included in the CDP – A List for climate performance. The Company also recently won the Gallup Exceptional Workplace Award 2026, becoming one of the first Indian manufacturing companies to receive this recognition. Collectively, these achievements reflect the Company's growing focus on sustainability, governance quality and organisational capability, alongside its ongoing business transformation.

RISKS AND MITIGATION STRATEGIES IDENTIFIED

While collaboration enhances resilience, the Company remains mindful of risks arising from global dependencies and continues to adopt a balanced and diversified approach.

Risk Category	Risk Description	Mitigation and Strategic Response
Trade and Tariffs	The impact of US tariffs on Indian chemical exports is creating pricing pressure and eroding competitiveness against European and Chinese suppliers	• Proactive diversification of the export mix towards Europe, the Middle East, and Africa • Strategic recalibration of US approaches and engaging in proactive customer renegotiations
Geopolitical and Logistical	Regional conflicts led to shipping delays, vessel rerouting, port congestion at Kandla, and intermittent production at the Kutch facility	• Demonstration of commercial agility with swift redirection of trade flows • Maintenance of higher inventory stocks (1.5 to 2 months) of key raw materials like aniline for production security
Competitive Intensity	Intense pricing pressure and hyper-competition from China, particularly in agrochemicals, pharmaceuticals, and fluoro products	• Use of indigenous technology to become a lowest-cost producer • Shift in focus from bulk products to high-value, application-led advanced materials • Ongoing monitoring of China's anti-innovation policy and removal of VAT export rebates
Raw Material Volatility	Steep corrections in input prices (benzene and aniline), leading to inventory valuation losses and pricing volatility across the value chain	• Implementation of new pricing formulas in long-term raw material contracts • Deployment of AI and digital tools for real-time process control and production optimisation to maintain cost leadership
Operational and Supply Chain	Potential disruptions in the supply of critical raw materials like chlorine for new downstream facilities	• Entry into long-term strategic partnerships with domestic suppliers, such as the exclusive chlorine supply agreement with DCM Shriram
Financial and Working Capital	Increased reliance on exports leading to longer credit profiles, higher working capital requirements, and increased debt and interest costs	• Maintenance of capital discipline with a tapering approach to capex • Focus on medium-ticket projects with attractive payback periods and high ROCE
Regulatory and Labour	Uncertainties regarding the implementation of the New Labour Code (NLC) and its impact on employee-related expenses	• Provision of a one-time exceptional expense of ₹ 15 Crs while awaiting final government notifications for further refinement

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Aarti Industries maintains a robust internal control framework to ensure reliable financial reporting, regulatory compliance, and asset protection. The framework is supported by several global certifications, including ISO 9001:2015 (Quality), ISO 14001:2015 (Environment), ISO 27001:2022 (Information Security), ISO 45001:2018, ISO 22000, Responsible Care, EcoVadis Platinum, CDP A rating, and Together for Sustainability recognition, S&P Sustainability yearbook mention.

Key internal control policies include:

- **Risk Management Policy:** Identifies and manages operational, financial, and strategic risks
- **Code of Insider Trading Regulations, 2015:** Ensures fair disclosure and prevents the use of non-public information for trading
- **IT-based Energy Management System (EnMS):** Enables smart monitoring and control of energy consumption to support sustainability targets

- **Whistle-Blower Policy:** Provides a platform for employees to report unethical practices without fear of retaliation.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

In March 2026, Aarti Industries received the Gallup Exceptional Workplace Award 2026. The recognition highlights the Company's ability to foster a highly engaged, high-performing work culture. It also reflects AIL's focus on trust, empowerment, and continuous development as key pillars of its organisational culture.

Human Resources Initiatives

The Company's 'People Vision' to become a 'Preferred Employer of Choice' is supported by several frameworks:

- **Aarti Engaging Leader (AEL):** A shared leadership language where managers champion engagement as a core responsibility
- **Nirvana Holistic Well-being:** A framework covering career, financial, community, social, and physical well-being
- **Digital Learning:** Platforms like 'ATOMS' that offer technical and leadership training to support professional development
- **Diversity and Inclusion:** Initiatives such as the 'Network of Women at Aarti' (NOWA), which includes programmes like VOW (Voice of Women) and LeadHerShip Aura for mentorship

The Company's people-first culture received further validation through recognition as a Gallup Exceptional Workplace Award (Employee Engagement 2026). This achievement reflects AIL's continued focus on employee engagement, leadership development, organisational trust and a high-performance culture. The recognition strengthens the Company's employer brand and supports its ability to attract, retain and develop high-quality talent globally. The Gallup Exceptional Workplace Award 2026 reflects the Company's focus on trust and empowerment. It also strengthens its ability to attract and retain top talent in India.

Aarti Industries is no longer just a manufacturer. It is now an Integrated Chemistry Solution Provider. By combining manufacturing excellence with digital innovation and sustainability, the Company is not merely participating in the global chemical market. It is helping shape the industry while strengthening its position as a global partner of choice.

As on March 31, 2026, the Company had 5,824 permanent employees on the rolls.

CAUTIONARY STATEMENT

AIL may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with BSE and NSE and the reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company. The Company does not accept any liability whatsoever for any loss, howsoever arising, from any use or reliance on this Annual Report or its contents or otherwise arising in connection therewith.

BOARD'S REPORT

To

The Members of

AARTI INDUSTRIES LIMITED

Your Board of Directors ("Board") are pleased to present this 43rd Annual Report on the performance of your Company ("the Company" or "Aarti" or "AIL") together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2026.

[The Directors Report has been prepared on a Standalone basis. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.]

1. FINANCIAL HIGHLIGHTS & SUMMARY

Financial Highlights

(₹ in Crores)

Particulars	Standalone		Consolidated	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Total Income from Operations (Gross)	9,155	8,077	9,018	8,044
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	1,163	1,002	1,168	997
Depreciation & Amortisation	473	433	474	434
Profit from Operations before Other Income, Finance Cost and Exceptional Items	690	569	694	563
Other Income	8	23	5	18
Profit before Finance Cost	698	592	699	581
Finance Cost	339	275	340	275
Profit before Tax and Exceptional Items	359	316	359	306
Exceptional Items	6	-	6	2
Profit before Tax	365	316	365	308
Total Tax Expense	(57)	(24)	(54)	(24)
Non-controlling Interest	-	-	-	-
Net Profit for the period	422	340	419	331
Other Comprehensive Income (net of taxes)	(42)	15	(42)	14
Total Comprehensive income for the year	380	355	377	345
Earnings Per Share (₹) (1) Basic (2) Diluted	 11.65 11.64	 9.37 9.36	 11.56 11.55	 9.13 9.12
Book Value Per Share (₹)	165	155	164	155

Summary

Your Company reported gross total Income at ₹ 9,155 Crores as against ₹ 8,077 Crores for FY 2024-25. Similarly, the export during the year was reported at ₹ 5,179 Crores for FY 2025-26 as against ₹ 4,369 Crores for FY 2024-25.

Likewise, the consolidated total income from operations for FY2025-26 was at ₹ 9,018 Crores compared to ₹ 8,044 Crores for FY 2024-25 and export for FY 2025-26 was reported at ₹ 5,044 Crores as against ₹ 4,337 Crores for FY 2024-25.

Consolidated Financial Statements

In accordance with the provisions of Companies Act, 2013, Regulation 33 of the Listing Regulations, and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2025-26, together with the Auditors' Report, form part of this Annual Report.

2. DIVIDEND

Your Board of Directors recommend a Dividend of ₹ 1/- (@ 20%) per share subject to approval of the

Shareholders at the ensuing 43rd Annual General Meeting, for the year 2025-26, resulting in a total payout of ₹ 36.26 Crores (Previous Year: ₹ 36.25 Crores).

The Dividend payout is in accordance with the Dividend Distribution Policy which is available on the website of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the SEBI Listing Regulations is available on the Company's website at: https://d9bnjb3uan3b2.cloudfront.net/Aarti_Industries_Dividend_Distribution_Policy_09_04_2026_1e9ea353c4_be7b25cdca.pdf

3. TRANSFER TO RESERVES

The Company has transferred ₹ 42 Crores to the General Reserve (Previous Year: ₹ 34 Crores).

4. SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

As of March 31, 2026, the Company has 7 (Seven) direct, 2 (Two) indirect subsidiaries and 2 (Two) joint ventures. The Company does not have any associate company.

Category	Companies
Direct Subsidiaries	1) Aarti Corporate Services Limited 2) Innovative Envirocare Jhagadia Limited 3) Aarti Polychem Private Limited 4) Aarti Bharuch Limited 5) Aarti Circularity Limited (Formerly Aarti Spechem Limited) 6) Alchemie (Europe) Limited 7) Aarti Chemical Trading – FZCO
Indirect Subsidiaries	8) Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited) (Ceased to be a subsidiary w.e.f. June 23, 2026) 9) Aarti Chem Trading USA Inc. (through its Holding Company: Aarti Chemical Trading – FZCO)
Joint Ventures	10) **Direct:** Augene Chemical Private Limited (a JV with Superform Chemistries Limited)*. 11) **Step down:** Re Aarti Private Limited, a partnership between Aarti Circularity Limited (wholly owned subsidiary of the Company) and Re Sustainability Limited.

*During the year, UPL Limited transferred its stake in Augene Chemical Private Limited to Superform Chemistries Limited.

Aarti Chemical Trading – FZCO has become the material subsidiary of the Company w.e.f. April 01, 2026 whose net worth or turnover exceeds 10% of the consolidated net worth or turnover respectively, of the Company in the immediately preceding accounting year. A policy on determining material subsidiaries had been formulated and is available on the website of the Company and the web link thereto is: https://d9bnjb3uan3b2.cloudfront.net/Material_subs_aae7901b80.pdf

During the year, the Board of Directors reviewed the affairs of the subsidiaries and JVs. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries & Joint Ventures, which form part of the Annual Report. The Company does not have any associate Company.

Further a statement containing salient features of the financial statements of our Subsidiaries and Joint Ventures in the prescribed format AOC–1 is included in the Report as **Annexure - A** and forms an integral part of this Report.

5. EQUITY SHARE CAPITAL

Particulars (As on March 31, 2026)	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Authorised Share Capital	60,00,00,000	5	3,00,00,00,000
Issued, Subscribed & Paid-up Share Capital	**36,25,94,369**	**5**	**1,81,29,71,845**

Changes During FY 2025-26:

The authorised share capital of the Company remained unchanged during the year. However, the Company has allotted 74,459 (Seventy Four Thousand Four Hundred and Fifty-Nine) Equity Shares with a face value of ₹ 5 (Five) each to eligible employees under the 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022"). These newly issued equity shares rank pari-passu with the Company's existing equity shares in all respects. The Paid up share capital thereby increased (by ₹ 3,72,295) to ₹ 1,81,29,71,845 as on March 31, 2026. The Company has not issued any shares with differential rights or Sweat Equity Shares during the period under review. The company does not have any golden shares for governmental institutions.

6. STATE OF AFFAIRS

During FY 2025-26, there has been no change in the nature of the Company's business. Detailed insights of the Company's State of Affairs is given in the Management Discussion and Analysis, which forms part of this Report.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP")

In accordance with the provisions of Section 149 of the Companies Act, 2013 ("Act") and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the composition of the Board of Directors of the Company as at March 31, 2026 and with effect from October 01, 2026 is set out below:

Role Transition	Board Members	Executive Directors		Non-Executive Director	
		Promoter/ Promoter Group	Professional	Independent	Non-Independent
As on March 31, 2026	**14**	3 (21%)	3 (21%)	7 (50%)	1 (8%)
W.e.f October 01, 2026	**14**	-	3 (21%)	7 (50%)	4 (29%)
			Professional & Independent		

Leadership Transition

The Company has undertaken a leadership transition with effect from October 01, 2026, as part of its long-term succession planning and its continuing endeavour to strengthen governance, institutional leadership and sustainable value creation. The transition is aimed at further embedding a professional management-led operating model, while continuing to benefit from the strategic guidance and extensive industry experience of the Promoter Directors.

Consequent to the leadership transition, the Executive Directors from the promoter category, namely; Shri Rajendra V. Gogri, Shri Rashesh C. Gogri and Shri Renil R. Gogri, will transition and continue as Non-Executive Directors with effect from October 01, 2026. Shri Rajendra V. Gogri will continue to act as Chairman of the Company under the category of Non-Executive Director, while Shri Rashesh C. Gogri and Shri Renil R. Gogri will continue to act as Vice-chairman of the Company under the category of Non-Executive Directors. Their continued association with the Company will provide valuable strategic oversight, deep industry knowledge and entrepreneurial experience, while enabling further strengthening of the Company's governance framework.

Shri Suyog K. Kotecha, presently serving as the Executive Director of the Company, will assume the new office of Managing Director effective from October 01, 2026, subject to the approval of the Members in 43rd Annual General Meeting.

The leadership transition marks the next phase in the evolution of the Company, with professional executive management taking responsibility for the day-to-day operations and strategic execution of the Company, while the Promoter Directors continue to provide strategic guidance and oversight.

The transition does not entail any change in the Company's long-term strategic direction. The Company remains focused on disciplined execution, customer-centric innovation, operational excellence and sustainable growth, while continuing to strengthen its position as a trusted global partner of choice in the specialty chemicals industry.

Board Diversity and Governance

Over the years, the Company has continued to strengthen the diversity, functional expertise and independence of its Board. The Board comprises Directors with varied experience across specialty chemicals, manufacturing, sustainability, governance and other relevant areas, including cross-sectoral and international exposure. This diversity enables the Board to provide effective oversight and informed guidance in the context of the Company's expanding global operations.

The Company continues to maintain a balanced Board composition in compliance with the applicable provisions of the Act and the SEBI Listing Regulations. The Board comprises seven Independent Directors, representing 50% of the total Board strength. In addition, three Professional Executive Directors form part of the Board. Accordingly, 10 out of 14 Directors, representing approximately 71% of the Board, comprise Independent and Professional Directors. The Company believes that this balanced composition supports effective governance, independent oversight and informed decision-making.

The Board also recognises the importance of gender diversity in promoting a broad-based and effective governance framework. As at March 31, 2026, the Board comprises two Women Directors, representing approximately 14% of the total Board strength. The Women Directors contribute to the deliberations of the Board and its Committees through their diverse experience and perspectives. The Company places equal emphasis on the qualitative impact of their contributions. Our Women Directors are well integrated into the governance framework, with representation across nearly all mandatory Board Committees. They currently serve as Chairpersons/Members of the Nomination and Remuneration Committee (NRC), Stakeholders Relationship Committee (SRC), Risk Management Committee (RMC), and Corporate Social Responsibility (CSR) Committee.

Annual Board Evaluation

The Nomination and Remuneration Policy, rigorously aligned with the Companies Act, 2013 and the SEBI Listing Regulations, govern the process for the appointment and re-appointment of Directors. One of the critical parameters considered before recommending Appointment/re-appointment of Directors is a performance evaluation that is conducted on an annual basis, ensuring that tenure continuation is determined strictly by merit and proven contribution. This annual review ensures robust Board accountability and addresses stakeholders' concerns regarding periodic election of board members.

Re-appointment of Directors

At its meeting held on July 30, 2026, the Board, after considering the recommendations of the NRC, approved the changes in the composition of Directors with effect from October 01, 2026 as in Leadership Transition mentioned above.

Further Shri Ajay Kumar Gupta (DIN: 08619902) and Shri Suyog K. Kotecha (DIN: 10634964), liable to retire by rotation, retire at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

Further, resolutions for the re-appointment of Shri Rashesh C. Gogri (DIN: 00066291) as a Non-Executive Director liable to retire by rotation and for the appointment of Shri Suyog K. Kotecha (DIN: 10634964) as Managing Director, not liable to retire by rotation have been placed before the Members for their approval. The requisite particulars and disclosures in relation to the aforesaid appointments and re-appointments form part of the Notice convening the ensuing Annual General Meeting.

Certification Regarding Directors

Pursuant to Regulation 34(3) read with Schedule V to the SEBI Listing Regulations, the Company has obtained a certificate from Rajeev K. Jain & Associates, Practising Company Secretaries (Peer Review Certificate No. 4721/2023), confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as a Director of a company by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any other statutory authority.

The said certificate forms part of and is annexed to the Corporate Governance Report of the Company for FY 2025-26.

Key Managerial Personnel

During the year under review, there was no change in the Company's existing Key Managerial Personnel. Post transition to Non - Executive Director w.e.f October 01, 2026, Shri Rajendra V. Gogri (DIN: 00061003), Shri Rashesh C. Gogri (DIN: 00066291) and Shri Renil R. Gogri (DIN:01582147) shall cease to be Key Managerial Personnel of the Company.

Declarations of Independence

In accordance with Section 149(7) of the Companies Act, 2013, all Independent Directors have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors.

In the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 read with the rules made thereunder as well as SEBI Listing Regulations and are independent from Management, hold the highest degree of integrity and possess expertise in their respective fields with enormous experience.

All the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013. All the Independent Directors of the Company have enrolled their names in the 'Independent Directors Data Bank' maintained by Indian Institute of Corporate Affairs ("IICA") with valid membership as on March 31, 2026.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Act, the Directors, to the best of their knowledge and ability, confirm that for the year ended March 31, 2026 that;

a. in the preparation of the annual financial statements for the year ended March 31, 2026, the applicable accounting standards have been followed and there are no material departures;

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

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

9. MEETINGS AND ATTENDANCE

Your Board of Directors believes that regular and active engagement is the foundation of good governance. During the year under review, the Board met seven (7) times to oversee and align, among other things, key operational, financial and strategic matters.

The Board demonstrated exemplary engagement with an average attendance rate of nearly 100% across all meetings, underscoring the Directors' steadfast commitment to the Company's strategic vision. Furthermore, the Board members maintain a focused professional profile by holding no more than threshold prescribed for external directorships in public companies. This disciplined approach ensures that each Director provides the requisite time and concentration necessary to effectively discharge their duties during Board and Committee deliberations.

The Corporate Governance Report, which forms part of the Annual Report, contains the comprehensive attendance records for each Director along with the precise dates of the Board and Committee meetings.

10. ANNUAL PERFORMANCE EVALUATION

The Company has a structured assessment process. The evaluations are carried out in a confidential manner and each member of the Board provides his/her feedback by rating based on various metrics. Feedback is collected through a structured questionnaire.

Two-Layer Annual Performance Evaluation Process

The Company maintains a structured, formal process for the annual performance evaluation of the Board, its Committees, individual Directors and the Chairman of the Company. This comprehensive exercise is guided by criteria laid down by the Nomination and

Remuneration Committee ("NRC") and is conducted through a confidential, structured questionnaire across various metrics.

The evaluation is rigorously executed through a two-layer process to ensure objective assessment and compliance with regulatory mandates:

1. **First Layer (Independent Directors' Meeting-IDM):** The Independent Directors review the collective performance of the Board, the Non-Independent Directors, and the Chairman of the Company.
2. **Second Layer (Board of Directors - BoD):** The Board evaluates the performance of the Board itself, its various Committees and all individual Directors.

Key Outcomes for FY 2025–26

The performance review for the Financial Year 2025-26 confirmed the Board's high level of effectiveness, with an overall average rating consistently exceeding 3.7 (out of 4.0). The evaluation highlighted:

- **Governance Strength:** Unanimous agreement on the Board's integrity, legal obligations, and collective responsibility, all scoring a perfect 4.0. The Chairman received perfect scores (4.0/4.0) across all respondents, reflecting strong leadership.
- **Procedural Enhancement:** An opportunity for improvement was identified to make the Board Procedure and functioning more effective. To address this, the Board has taken various initiatives during the year including enhancing the frequency and depth of information flow between meetings, implementing a structured tracking mechanism for outstanding items between scheduled meetings and more structured reporting by the Committees' back to the Board.

The Board expressed satisfaction with the overall evaluation exercise. Furthermore, all procedural and educational suggestions from the previous year's evaluation; including increasing the focus on emerging risks (digital, cybersecurity, and geopolitical factors), more frequent formal communication on budgetary impacts and additional training sessions were duly implemented during the year under review.

11. NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations, the Company has in place a Nomination and Remuneration Policy which lays down a framework in relation to criteria and qualification for Nomination & Appointment of Directors, remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board members. The said policy has been posted on the website of the Company and the web link thereto is: https://d9bnjb3uan3b2.cloudfront.net/remuneration_b485076ab3.pdf

The details of this policy are given in the Corporate Governance Report.

12. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has always been performed beyond regulatory mandate. Long before regulatory frameworks came into place, the Company has been actively engaging with communities, working hand-in-hand with underprivileged sections of society to create meaningful impact.

Guided by its commitment to building a "Brighter Tomorrow" through the "Right Chemistry" of compassion and care, the Company continues to undertake CSR activities that are impactful and need-based.

The Company implements its CSR initiatives through a collaborative approach involving its employees responsible for CSR activities and implementation partners. With regular engagement/interaction with local communities, including Non-Governmental Organisations (NGOs), Panchayats, Sarpanches, and other grassroots stakeholders, the Company combines local expertise with its resources. This participative approach with CSR local communities encourages their active contribution to the planning and execution of CSR initiatives.

To ensure no voice goes unheard, stakeholders are encouraged to share their needs and expectations through formal channels, including Mails, Letters addressed to Company's employees responsible for CSR and the CSR Committee Chairperson. Upon receiving these, the Company initiates a need assessment and feasibility study. This process ensures that every intervention is data-driven and socially relevant.

The Company's commitment to CSR is driven from the top. Our Chairman Emeritus, Shri Chandrakant Gogri, CSR Chairperson, Smt. Hetal Gogri Gala, Chairman and Managing Director of the Company Shri Rajendra V. Gogri personally conducts field visits to engage in dialogue directly with beneficiaries. This approach helps them review on-ground implementation as well.

During the year, our key focus areas, among others, included:

- Education & Skill Development
- Child Care & Healthcare Facilities
- Women Empowerment & Livelihood
- Tribal & rural development
- Livestock Development
- Green environment & water conservation
- Others (Blind, Housing, Senior Citizen Welfare)

The detailed policy on Corporate Social Responsibility is available on the website of the Company and the web link thereto is: https://d9bnjb3uan3b2.cloudfront.net/CSR_17bf10314e.pdf

CSR initiatives are undertaken through the Company's CSR arms, namely Aarti Foundation and Dhanvallabh Charitable Trust, as well as through partnerships with various implementation agencies. A detailed report on the year's initiatives, including the composition of the CSR Committee, is annexed to this Report as **Annexure - B**.

13. AUDIT COMMITTEE AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The composition, terms of reference and meetings of the Audit Committee and Corporate Social Responsibility Committee are detailed in the Corporate Governance Report. The Board confirms that, during the year, all recommendations made by both Committees were accepted.

14. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company maintains a robust Vigil Mechanism and Whistleblower Policy, facilitating the confidential reporting of genuine concerns related to unethical conduct, actual or suspected fraud, potential leakage of Unpublished Price Sensitive Information (UPSI) and violations of the Company's Code of Conduct.

Reporting channels include a dedicated Ethics Officer and a newly launched Hotline number. To ensure impartiality, complaints against the Ethics Officer are escalated to the Chairman of the Company, and those against the Chairman are referred to the Audit Committee Chairperson. All reported grievances undergo thorough and objective investigation.

Comprehensive safeguards are strictly enforced to protect whistleblowers and assist employees from any form of discrimination, harassment, victimisation, or unfair employment practices. Confidentiality is paramount; the Ethics Officer does not issue acknowledgments to protect the individual's identity, and the identities of both the whistleblower and the subject are maintained with the highest degree of secrecy throughout the investigation process. For exceptional cases requiring elevated protection against victimisation, direct access to the Chairman of the Audit Committee is provided.

Ethical governance is institutionalised through the mandatory Aarti Online Training Module (ATOMs), a key component of onboarding and compliance. This programme ensures that all new employees are aligned with our ethical standards from the outset, equipping the workforce to effectively identify, report and mitigate potential governance risks.

The Company formally affirms that no request for access to the Audit Committee Chairperson was denied during the year under review.

The said policy has been posted on the website of the Company and the web link thereto is: https://d9bnjb3uan3b2.cloudfront.net/Vigil_ae576496e7.pdf

15. RELATED PARTY TRANSACTIONS (RPT)

The Company has a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions which is uploaded on the Company's website at the web- link given below:

https://d9bnjb3uan3b2.cloudfront.net/Aarti_Industries_Policy_RPT_03_06_26_e6b8611eb9.pdf

All the transactions with the related parties carried out during the FY 2025-26 are in ordinary course of business and on an arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other Designated Persons which may have potential conflict with interest of the Company at large.

The related party transactions are approved by the Audit Committee. Omnibus approval is obtained for the transactions that are foreseen and repetitive in nature. A statement of related party transactions is presented

before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of transactions. The Statutory Auditors conducted quarterly reviews through agreed upon procedures on Related Party Transactions, and a report of factual findings is presented to the Audit Committee. Comprehensive details of these transactions are provided in the accompanying financial statements.

The Company has secured independent third-party validation for both its Related Party identification and the processes ensuring stricter compliance with applicable laws, including IndAS 24. Furthermore, the Board has adopted an enhanced disclosure of interest format, reviewed quarterly, to maintain the list of Related Parties on a near real-time basis.

During the year under review, the existing framework to monitor and report Related Party Transactions underwent significant technological enhancements, most notably the implementation of system-embedded RPT limits within SAP S4 Hana. This serves as an autonomous control mechanism by integrating pre-defined, Audit Committee/Board-approved thresholds directly into the system, ensuring that any transaction initiated beyond these prescribed limits is automatically restricted through a systematic control mechanism.

This initiative significantly strengthens the Company's governance framework and underscores its commitment to robust compliance practices. It also ensures that the Audit Committee remains well-informed and effectively equipped to oversee adherence in an increasingly dynamic regulatory environment.

Particulars of contracts or arrangements made with related parties

Since all related party transactions entered into by the Company were in ordinary course of business and on an arm's length basis, disclosure in Form AOC–2 is not applicable to Company.

In terms of Regulation 23 of SEBI Listing Regulations, the Company submits details of related party transactions on a consolidated basis as per the specified format to stock exchanges on a half yearly basis.

16. COMMERCIAL PAPER

Your Company continues to manage its treasury operations efficiently and has been able to borrow funds for its operations at competitive rates. During the Financial Year, your Company had dual rating for its Commercial Papers (CPs):

Rating Agency	CRISIL Rating Limited	India Ratings and Research Private Limited
Rating	CRISIL A1+	IND A1+

Details of Commercial Paper for FY 2025-26

Issued during the Year	Outstanding as on March 31, 2026
₹ 1500 Crores	₹ 300 Crores

17. DEPOSITS

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 [(i.e., deposits within the meaning of Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014)], during FY 2025-26. Accordingly, no amount pertaining to principal or interest on deposits from the public was outstanding as on March 31, 2026.

18. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS

Particulars of loans given, investments made, guarantees given during the year under review and as covered under the provisions of Section 186 of the Companies Act, 2013 have been disclosed in the notes to the financial statements forming part of the Annual Report.

19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

Employee wellbeing remains a top priority, with a strong focus on inclusivity. This year, the Culture Survey extended participation to Associate families, fostering deeper engagement. The Engagement Survey achieved 97% participation in just 15 days with scores rising from 4.42 to 4.60. This placed the organisation in the 82nd percentile for Gallup India, the 86th percentile for Gallup Global, and the 86th percentile for Gallup's Chemical Manufacturing benchmark. Engagement scores saw a significant improvement, climbing from 3.95 in FY 2019-20 to 4.60 in FY 2025-26.

Diversity and Inclusion Initiatives

Our Diversity and Inclusion policies ensure fair evaluation and performance assessment. Initiatives like Internal job postings (Navodaya), Individual Development Plans and knowledge enhancement sessions provide equal growth opportunities. Unnati 1.0 and 2.0 drive digital transformation across the organisation. Nearly all employees completed annual training on POSH, Code of Conduct, Ethics, sustainability and more.

Talent Management and Development

Our Talent Philosophy targets an 80% advancement in competency levels within two years. Over 200+ leaders customised their Individual Development Plans (IDPs) centered on Experiential, Social and Formal learning after undergoing a robust psychometric assessment. A curated development journey along with coaching by industry experts for the senior leadership team has been initiated this year. Signature programmes like mentoring, bootcamp projects and industry immersions have become pillars of leadership growth.

Capability Building Interventions

In FY 2025–26, Aarti Industries delivered a robust Training and Education programme totaling over 2,06,456 man-hours. The Progressio initiative saw a 100% success rate, with 172 trainees completing their training, and 172 confirmed trainees from the previous batch.

A significant milestone was the launch of the Skill Matrix Evaluation framework for 30 job families, covering 3,500+ employees, enabling a structured and data-driven approach to identifying skill gaps and designing targeted learning interventions.

Learning was further strengthened through ATOMS 2.0, the Company's Learning Management System, offering 120+ micro-learning modules and gamified content to enhance engagement. An annual learning event "Gyan Utsav" was also initiated to promote a culture of continuous learning. Coursera integration further expanded access to certified global courses. Initiatives like Gyan Sandhi (145 book reviews), ESG sessions for contract staff, and hands-on programmes such as Safety Workday and bi-monthly E&I safety refreshers reinforced continuous learning.

As on March 31, 2026, the Company had 5,824 permanent employees on the rolls.

21. AARTI INDUSTRIES LIMITED PERFORMANCE STOCK OPTION PLAN 2022

Under 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022") 74,459 shares were allotted to the eligible employees during the year in compliance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. M/s BNP & Associates (Firm Reg No.- P2014MH037400) the Secretarial Auditor of the Company has issued a certificate confirming that PSOP 2022 has been implemented in accordance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolution passed by the Shareholders. Any request for inspection of the said Certificate may please be sent to investorrelations@aarti-industries.com.

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

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which these financial statements relate and the date of the report.

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

Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all dividends, which remain 'unpaid and unclaimed' for

a period of 7 consecutive years, are required to be transferred to the IEPF established by the Government of India. Further, shares belonging to such cases shall also be transferred to the Demat account of the IEPF Authority. Accordingly, during the year, the Company has transferred the 'unclaimed and unpaid' dividend of ₹ 17,87,465/-. Further 9,069 shares were transferred to IEPF as per the requirement of the IEPF Rules.

The Company has undertaken proactive investor outreach initiatives, including targeted, location-specific efforts, aimed at assisting investors in the dematerialisation of their shares and providing them necessary support. Furthermore, an unclaimed and unpaid dividend amounting to approximately ₹ 40 Lakhs was processed during the year, primarily facilitated by the 'IEPF 100 Days Campaign 'Saksham Niveshak'.

24. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return in form MGT- 7 as on March 31, 2026 is available on the Company's website on www.aarti-industries.com.

25. CORPORATE GOVERNANCE

Corporate Governance essentially involves balancing the interests of a Company's stakeholders. The Company continues to nurture a culture of good governance practices across functions, offices and manufacturing facilities.

Your Company has complied with the mandatory Corporate Governance requirements stipulated under the SEBI Listing Regulations. The separate Report on Corporate Governance is annexed hereto forming part of this Annual Report. The requisite certificate from M/s BNP & Associates (Firm Regn. No. P2014MH037400), Company Secretaries is attached to the Report on Corporate Governance.

26. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

27. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

In accordance with Regulation 34(f) of the SEBI Listing Regulations, the mandated Business Responsibility & Sustainability Report (BRSR) - is presented in a separate section forming part of this Annual Report.

In accordance with Regulation 34(f) of the SEBI Listing Regulations, the mandated Business Responsibility & Sustainability Report (BRSR) - is presented in a separate section forming part of this Annual Report. TUV India Private Limited (TUV NORD GROUP) has independently assured the non-financial information disclosed in this report with a reasonable level of assurance, in line with the requirements of ISAE 3000 (Revised). The assurance engagement covered the BRSR core disclosure, specially the nine attributes as per Annexure I- Format of BRSR Core.

28. RISK MANAGEMENT

The Company has established a robust Enterprise Risk Management (ERM) framework in line with applicable regulatory requirements. The framework enables the identification, assessment, and mitigation of risks across key functions - Commercial, Operations, Finance, Human Resources, Information Systems, Technology, Research & Development and Expansion. A centralised Risk Register ensures that risks identified by Risk Owners are systematically recorded, monitored and escalated through a well-defined governance structure.

To strengthen risk prioritisation, the Company utilises a Risk Profile Heat Map, which evaluates risks based on their likelihood and impact, classifying them into Critical, Major, Moderate, Minor and Insignificant categories. These are further aligned with the Company's risk appetite and grouped into High, Medium and Low buckets, enabling focused monitoring of critical risks and effective allocation of mitigation resources.

During the year under review, key risks included competitive intensity, margin pressures, supply chain disruptions and potential impacts from natural events. The Company addressed these through enhanced process capabilities, optimised asset utilisation and robust internal controls supported by well-defined standard operating procedures, ensuring operational continuity and resilience.

The Company also remained vigilant to emerging external risks such as changes in foreign trade policies and evolving geopolitical developments that impact global supply chains. These risks were continuously monitored and integrated into the Company's Business Continuity Planning and strategic decision-making processes.

The Risk Management framework is overseen by the Risk Management Committee and reviewed by the Board to ensure its effectiveness and alignment with the evolving business environment. The Board is of the opinion that the Company's risk management systems are adequate and effective, with no material risks identified that may threaten the Company's continuity.

The Risk Management policy has been posted on the website of the Company and the web link thereto is: https://d9bnjb3uan3b2.cloudfront.net/Risk_cec157d8f9.pdf

29. COMPLIANCE MANAGEMENT SYSTEM

In pursuit of strengthening our governance framework and ensuring a proactive approach to regulatory adherence, the Company has a Compliance Management Tool as part of its enterprise-wide risk management initiative.

This digital tool is designed to systematise and streamline compliance tracking across all applicable laws, regulations and industry mandates. It enables real-time monitoring, timely alerts, and seamless documentation, significantly reducing the chances of inadvertent non-compliance.

By automating compliance processes and integrating accountability at various levels, the tool acts as a strategic enabler in:

- Curtailing regulatory risks,
- Enhancing transparency and audit-readiness,
- Enabling prompt response to statutory changes,
- Promoting a culture of responsibility and control.

This initiative reflects the Company's commitment to institutionalising compliance, minimising exposure to penalties or reputational damage and upholding the highest standards of corporate governance.

30. HEALTH AND SAFETY

Safety stands as AIL's non-negotiable foundation, directly shaping strategic decisions and daily operations. The Company believes no milestone or performance metric is worth the compromise of human safety.

FY 2025-26 was marked by the significant progression of the Besafe+ (Dil se.) journey. Besafe+ (Dil se…) initiative has enhanced the tools like BBSO (Behaviour Based safety Observation), PTW (Permit to Work), JCC (Job Cycle Checks) and introduced new tools such as Condition Listening (CL), Safety Action Meetings (SAM), Personal Safety Action Plans (PSAP) and Mera Plant Mera Abhiman. The Company actively involves Directors, senior leadership, and Managers, our shop floor teams to further strengthen our safety culture.

- **BBSO & SAM:** Empower teams to identify unsafe conditions and proactively eliminate repetitive unsafe acts through deeper employee engagement.
- **Condition Listening (CL):** Drives hazard elimination and advances plant maintenance as a critical operational component.
- **PSAPs & 'Mera Plant Mera Abhiman':** Cultivate personal safety accountability from leadership to the associate workforce, creating a closed safety loop that ensures operational excellence.

Through Unnati 2.0, the Company upgraded safety digital infrastructure by migrating critical tools (BBSO, GPC, MOC and DCA) to an enhanced platform. This transition delivered substantial value and earned positive user feedback. To ensure rigorous oversight, company developed sophisticated dashboards that significantly strengthen our governance and review mechanisms.

During FY 2025-26, Company completed two Board-recommended cycles of quarterly inter-business audits. To further strengthen assurance, Company institutionalised a new internal audit system featuring comprehensive annual evaluations by a cross-functional team. These rigorous assessments cover critical frameworks - including IS 14489:2018, Responsible Care (RC), Together for Sustainability

(TfS), Process Safety, Fire & ERP, and legal compliance - ensuring strict adherence to best practices across all organisational levels.

During FY 2025-26, Company significantly strengthened its leading indicators across key operational areas:

Leadership & Trust: Senior leaders maintained an active shop-floor presence through regular Safety Workdays, while enhanced psychological safety facilitated 1,500+ Safety Action Meetings for frontline improvements.

Frontline Empowerment: Employees conducted 45,000+ BBSO rounds and participated in over 40 Evening Safety Huddles to actively reinforce safe behaviors.

Capability & Reliability: Delivered 50,000+ man-hours of safety training to enhance risk-based decision-making in high-hazard operations.

Shared Learning & Recognition: Institutionalised prevention via 12 annual Learning-from-Incident sessions and 200+ Knowledge Capsules, while recognising over 5,000 employees to reinforce safety as a shared organisational value.

Process safety is a cornerstone of Company's operational integrity, managed through a robust Barrier Management framework that systematically prioritises preventive and mitigative controls. This risk-based approach ensures effective management of high-risk scenarios and reinforces shop floor safety protocols. Progress is tracked via a sophisticated process safety dashboard and subjected to rigorous oversight through specialised governance platforms, including the Operations Group Review and the Apex Sustainability Council.

To augment Company Process Safety initiatives, Company utilises a rigorous framework encompassing cyclic HAZOPs, QRAs, LOPAs, and SIL studies, supported by the dedicated development of PHA champions. Central to this strategy is the Company's world-class Process Safety Laboratory, which conducts sophisticated analyses on chemical reaction hazards, thermal degradation and powder safety. The empirical data generated provides a strong scientific foundation, ensuring the design and execution of inherently safe, scalable processes.

The Company has institutionalised a comprehensive Fire Prevention and Protection programme, backed by expert safety teams and an advanced emergency response fleet. To manage transit risks, the Company has onboarded a specialised strategic partner to ensure rapid intervention and safety during chemical transport contingencies.

Workforce well-being is managed through 24/7 world-class Occupational Health Centres (OHCs) equipped with advanced life support systems and overseen by a dedicated Medical Board. This is reinforced by a Workplace Monitoring System for health and hygiene, alongside targeted wellness programmes.

Company safety commitment extends to surrounding communities and neighboring MSMEs through structured emergency support, training and guidance to help them implement robust safety systems. Additionally, Company actively collaborates with premier industry forums like the CII and ICC to share our safety innovations and drive global operational integrity.

31. ENVIRONMENT

The Company is committed to advancing environmental stewardship by embedding robust environmental management practices, strengthening climate resilience, and promoting responsible resource utilisation across its operations. Through a structured Environmental and Waste Management framework, we continuously enhance operational efficiency while minimising our environmental footprint and dependence on natural resources. Water stewardship and advanced effluent management remain key material priorities, supported by continuous investments in process optimisation and resource recovery initiatives. These efforts have delivered measurable environmental outcomes, including improved effluent quality, enhanced resource efficiency, and the transformation of waste streams into value-added products, reinforcing our commitment to circularity and sustainable operations.

Water Stewardship

Recognising water as a critical natural resource, Company continues to strengthen its water stewardship practices by embedding circular water management across its operations. Our comprehensive 3R (Reduce, Reuse and Recycle) strategy, supported by a long-term vision of achieving Zero Liquid Discharge (ZLD) across all manufacturing facilities, enables us to optimise freshwater consumption while enhancing operational resilience. During FY 2025–26, we expanded our water conservation initiatives through enhanced rainwater harvesting, increased recovery of MEE and steam condensate, and higher utilisation of treated sewage water and RO permeate. As a result of these sustained efforts, eight manufacturing facilities have achieved ZLD status and three facilities are ZLD-ready, with the remaining sites advancing towards ZLD through phased implementation and continuous infrastructure enhancements.

Air Quality and Emission Management

Company is committed to maintaining high standards of air quality management through a proactive and technology-driven approach to emission control. Advanced pollution abatement systems, including wet and dry scrubbers, bag filters, and Electrostatic Precipitators (ESPs), are deployed across manufacturing facilities to effectively manage process and flue gas emissions. Continuous investments in process innovation, including dry scrubber systems with lime dosing technology, have further enhanced sulphur dioxide (SO_2) emission reduction. Complementing these efforts, comprehensive Leak Detection and Repair (LDAR) programmes minimise fugitive emissions and volatile organic compounds (VOCs), strengthening operational integrity and environmental performance.

Real-time environmental monitoring is enabled through Continuous Emission Monitoring Systems (CEMS) and online hazardous gas detection systems installed across manufacturing sites, with direct integration to CPCB and SPCB regulatory portals to ensure regulatory compliance and operational transparency. Through these sustained efforts, ambient air quality is consistently maintained in accordance with the National Ambient Air Quality Standards (NAAQS). The Company has also completely phased out Ozone Depleting Substances (ODS) and confirms that no Persistent Organic Pollutants (POPs), as defined under the Stockholm Convention, are generated through its operations, reinforcing its commitment to responsible environmental stewardship and sustainable manufacturing.

Waste Management and Circularity

Waste management at Company is anchored in the principles of circularity and responsible resource stewardship. Our integrated waste management strategy is built on three strategic priorities—source reduction, resource recovery through the 4R principle (Reuse, Recover, Recycle and Reprocess), and environmentally sound disposal. By prioritising co-processing and other resource recovery pathways over conventional landfilling and incineration, we maximise waste valorisation while advancing our circular economy objectives.

In FY 2025–26, we diverted 95% of waste away from landfill and 13/16 divisions are certified as Zero Waste to Landfill. We also enhanced our waste governance through the digitalisation of hazardous waste monitoring and round-the-clock tracking of waste transportation vehicles via the Aarti Logistics Control Centre. These initiatives strengthen end-to-end traceability, improve regulatory compliance, and reinforce our commitment to transparent, safe, and responsible waste management practices.

32. SUSTAINABILITY GOVERNANCE

At Company, sustainability is more than a commitment—it is the foundational architecture of our business strategy. Company continue to drive value creation through our four strategic dimensions: Sustainability, People Well-being, Partner Delight and Prosperity. These pillars ensure that our growth remains inclusive, resilient and environmentally conscious.

Our sustainability goals are not static targets; they are integrated into our daily operations through the Aarti Management System (AMS). This framework provides the disciplined implementation strategy required to translate high-level objectives into measurable outcomes across all functional areas.

AIL remains proactive in identifying and mitigating non-financial risks. We have conducted comprehensive ESG risk assessments to safeguard our business operations against emerging challenges. Furthermore, our dedicated climate risk assessments analyze both physical and transitional risks, enabling us to:

- Develop robust mitigation plans in collaboration with key stakeholders.
- Ensure long-term business continuity in a low-carbon economy.

ESG at Company is driven from the top. Our governance structure ensures accountability at every level:

- **Apex Sustainability Council:** Chaired by the CEO, this council provides strategic oversight and reviews progress against our core ESG goals.

- **ESG Sub-Council:** It serves as the primary governing body responsible for building and implementing the strategy required to meet our ESG goals.
- **Zonal Sub-Councils:** These bodies operationalise the ESG agenda at the ground level, ensuring that site-specific actions align with our corporate vision and updates progress and actions to the ESG sub council and directly report to the Apex Council.

Our sustained performance in ESG is validated by leading global rating agencies, placing Company among the elite performers in the global chemical industry.

The following accomplishments endorse our progress in the sustainability journey.

EcoVadis

AIL has been awarded the EcoVadis Platinum Rating 2026, achieving an outstanding score of 87/100. This recognition places us among the Top 1% of companies assessed globally.

Our EcoVadis score improved from 78 last year to 87 this year, reflecting our continuous efforts and commitment to excellence.

CDP Rating

AIL has received Leadership band "A" in CDP Climate Change, "A" in CDP Supplier engagment and "A-" in CDP water security disclosure indicating coordinated actions towards climate issues and water security by AIL.

S&P Global Rating

Accomplished CSA score of 78 in S&P global disclosure, marking our presence in 2%le of the chemical sector. For the second year in the row your company is included in the prestigious Sustainability Yearbook published by S&P Global.

33. RELIABILITY

We have initiated an Operational Excellence journey with focus to improve reliability. Following initiatives by involvement of all job family employees in the manufacturing are implemented as below (few of them) –

OEE (Overall Equipment Effectiveness) improvement

OEE measurement for all the products provide insights on various improvement opportunity areas in manufacturing to focus on. In the past, OEE has improved year on year.

Model Plant Initiative

Under the Model Plant Initiative, 5S has been launched across organizations for effective workplace management to improve upon the working efficiency and workplace safety. It's creating a positive impact to improve the way we work at the workplace in a better manner. YoY implementation has improved.

Quality Circles

This is the tool wherein shop floor teams become part of critical problem solvers and contribute to the organizational goals. The best implemented teams participate in local, state, national forums. Identification and implementation of quality circle projects have increased year on year.

Kaizen Idea

We launched this Kaizen Idea program to capture the brilliant improvement ideas specifically from the associate family members in the areas of safety, production, quality and cost etc. This is beneficial in both tangible and in-tangible ways. Each year the involvement of employees has increased.

34. STATUTORY AUDITORS & AUDITORS' REPORT

In accordance with the provisions of Section 139 of the Companies Act, 2013, M/s. Gokhale & Sathe, Chartered Accountants (Firm Registration No.: 103264W) were appointed as Statutory Auditor of your Company at the 39th Annual General Meeting for a term of 5 years, to hold office from that meeting till the conclusion of 44th Annual General Meeting to be held in 2027.

There are no qualifications, reservations or adverse remarks or disclaimer made by the Auditor in their report. The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

35. COST AUDITORS & RECORDS

In terms of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Rules, 2014, the Company is required to maintain cost accounting records and have them audited every year.

The Board accordingly, has appointed Ms. Ketaki D. Visariya, Cost Accountants, (Membership No.16028) as the "Cost Auditors" of the Company for FY 2026-27. The remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their approval. Accordingly, a resolution for seeking Member's approval for the remuneration payable to Ms. Ketaki D. Visariya, Cost Accountants, is included in the Notice convening the Annual General Meeting in terms of Rule 14 of the Companies (Audit & Auditors) Rules, 2014. The Company has maintained cost records as specified under section 148(1) of the Act.

36. SECRETARIAL AUDITOR & REPORT

Pursuant to the amendments to the Listing Regulations, M/s. BNP & Associates (Firm Registration No. P2014MH037400; Peer Review No. 6316/2024) has been appointed as the Secretarial Auditor of the Company at the 42nd Annual General Meeting for a term of five consecutive years, commencing on April 01, 2025 and ending on March 31, 2030. The Secretarial Audit Report for FY 2025-26, annexed as **Annexure - D**, contains no qualifications, reservations, adverse remarks, or disclaimers. Furthermore, the Secretarial Auditor has confirmed that no instances of fraud were reported under Section 143(12) of the Act during the year under review.

The Company does not have a material unlisted Indian subsidiary as on March 31, 2026 and as such the requirement under Regulation 24A of the SEBI Listing Regulations regarding the Secretarial Audit of Material Unlisted Subsidiary is not applicable to the Company for the year under review.

37. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

During the year under review, the Company strengthened its Internal Audit framework by transitioning to a Hybrid Internal Audit Model, combining its in-house audit function with the appointment of M/s. Protiviti, Global Business Consulting Firm as its external support to bring more effectiveness to the overall audit framework.

This transition reflects the Company's commitment to strengthen governance standards and was undertaken with the objective of driving tangible value by leveraging global best practices to enhance the depth, quality, and actionable insights of audit outcomes, while also improving process efficiency using specialised expertise.

The internal audit department prepares an annual audit plan and prioritises audit activities based on the criticality of system/process gaps. Reviews are conducted on an ongoing basis based on a comprehensive risk-based audit plan, which is approved by the Audit Committee at the beginning of each year. The Internal Audit team reviews and reports to the management and the Audit Committee about compliance with internal controls, and the efficiency and effectiveness of operations as well as the key process risks. The Audit Committee meets every quarter to review and discuss the Internal Audit reports, follow up on action plans of past significant audit issues Internal financial control systems of the Company are commensurate with size and the nature of its operations of the Company.

Internal Financial Controls have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards and relevant statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. Statutory Auditors Report on Internal Financial Controls as required under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 is annexed with the Independent Auditors' Report.

38. AUDIT COMMITTEE OVERSIGHT AND DEEP DIVE SESSIONS

In alignment with our commitment to maintaining the highest standards of corporate governance and proactive risk management, the Audit Committee, during the financial year under review, instituted periodic "Deep Dive" Sessions as a strategic extension to its regular calendar meetings.

Recognizing that the evolving macroeconomic, regulatory, and technological landscapes require a more granular layer of scrutiny, these dedicated sessions were introduced to facilitate enlarged, uninterrupted deliberation on complex and high-impact risk domains. Unlike routine meetings focused on compliance checklists and financial approvals, the Deep Dive framework enables the Committee to:

- **Enhance Risk Scrutiny:** Evaluate the root causes, operational vulnerabilities, and long-term implications of systemic risks facing the Company.
- **Engage Directly with Experts:** Foster direct, open dialogue with operational heads, internal auditors, and external subject matter experts on specialised topics.

- **Strengthen Internal Controls:** Review the agility and adequacy of existing internal control frameworks against emerging threats before they impact financial reporting.

These initiatives have significantly strengthened the Committee's oversight capabilities, delivering deeper assurance and strategic resilience to the organisation.

39. ENGAGEMENT WITH THOSE CHARGED WITH GOVERNANCE ("TCWG")

Effective corporate governance relies heavily on a transparent, constructive and independent relationship between Management, Internal Audit, the Statutory Auditors and Those Charged With Governance (TCWG).

Under Paragraph 11 of SA 260 (Revised), read with circular no. NF-25013/3/2025--NFRA issued by National Financial Reporting Authority (NFRA), M/s Gokhale & Sathe, Statutory Auditors of the Company, determined the entire 'Board of Directors' as Those Charged With Governance (TCWG) and then the Board appointed the CEO as the 'Nodal Person' on behalf of the Board (TCWG) to enable effective implementation of the standards SA 260 on an overall communication framework between the TCWG and the Auditors.

Bringing the circular into effect from April 01, 2026, formal interactions were conducted, TCWG met twice on April 03, 2026 and April 30, 2026 to deliberate on critical matters, including:

- **Audit Planning and Scope:** Reviewing the overall audit strategy, identifying key risk areas, and determining material thresholds prior to the commencement of the audit.
- **Significant Findings & Key Audit Matters (KAMs):** Engaging in rigorous discussions regarding complex accounting estimates, judgments made by management and the qualitative aspects of the Company's financial reporting.
- **Internal Control Observations:** Addressing any deficiencies or areas of improvement identified by the auditors within the internal control environment, along with management's subsequent remediation plans.
- **Auditor Independence:** Confirming and reviewing the independence, objectivity and effectiveness of the audit process.

The continuous, structured dialogue between the Statutory Auditors and TCWG ensures robust checks and balances, reinforcing the credibility of the Company's financial disclosures and governance mechanisms.

40. SECRETARIAL STANDARDS COMPLIANCE

During the year under review, the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government pursuant to Section 118 of the Companies Act, 2013.

41. STATUS REPORT - SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 - POSH AND COMPLIANCE WITH MATERNITY BENEFIT ACT, 1961

The Company is unequivocally committed to maintaining a workplace free from sexual harassment, adhering to a Zero Tolerance policy. In full compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a formal policy in place and has constituted an Internal Complaints Committee (ICC) to address and redress any such complaints. There was no complaint received during FY 2025-26. The Company has complied with the applicable provisions pertaining to the Maternity Benefit Act, 1961.

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

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, are provided in **Annexure - E** to this report.

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

During the period under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

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

During FY 2025-26, there was no application made and proceeding initiated/pending by any Financial and/or Operational Creditors against your Company under the Insolvency and Bankruptcy Code, 2016 ("the Code").

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

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

During FY 2025-26, the Company has not made any settlement with its bankers for any loan/facility availed or/and still in existence.

Acknowledgement

The Board of Directors places on record its sincere appreciation for the dedicated services rendered by the employees of the Company at all levels and the constructive cooperation extended by them.

Your Directors would like to express their grateful appreciation for the assistance and support by all Shareholders, Government Authorities, Auditors, Financial Institutions, Customers, Employees, Suppliers, other business associates and various other stakeholders.

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director

DIN: 00061003

Mumbai/July 30, 2026

ANNEXURE - A

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiaries, & Joint Ventures

PART "A": SUBSIDIARIES

(₹ in Crs)

Sr. No.	Name of Company	The Date since when subsidiary was acquired/ incorporated	Reporting Currency	Share Capital	Reverse & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit/ Loss Before Taxation	Provision for Taxation	Profit/ Loss After Taxation	Proposed Dividend	% Of Sharholding
1	Aarti Corporate Services Limited	March 31 2009	INR	2.02	2.50	8.67	4.15	6.39	0.12	(0.50)	-	(0.50)	-	100.00
2	Innovative Envirocare Jhagadia Limited	July 6, 2012	INR	0.35	(0.20)	0.15	-	-	-	(0.01)	-	(0.01)	-	100.00
3	Aarti Polychem Private Limited	May 25, 2017	INR	0.02	(0.04)	-	0.02	-	-	(0.01)	-	(0.01)	-	100.00
4	Aarti Bharuch Limited	November 22, 2019	INR	0.25	(10.42)	46.63	56.80	-	1.22	(3.35)	-	(3.35)	-	100.00
5	Aarti Circularity Limited (Formerly known as: Aarti Spechem Limited)	November 27, 2019	INR	10.25	0.09	10.38	0.03	0.04	0.41	0.36	0.02	0.34	-	100.00
6	[1]Shanti Intermediate Private Limited	March 30 2009	INR	0.07	(1.55)	2.20	3.68	0.01	8.81	(1.58)	(0.01)	(1.57)	-	100.00
7	Alchemie (Europe) Limited	December 05, 1996	GBP	0.01	(0.06)	0.22	0.27	0.04	0.38	(0.00)	-	(0.00)	-	88.89
			INR	0.92	(7.44)	27.03	33.55	4.65	45.43	(0.28)	-	(0.28)	-	
8	Aarti Chemical Trading - FZCO	September 25, 2023	AED	0.01	0.38	7.81	7.43	0.00	39.99	0.37	0.03	0.34	-	100.00
			INR	0.11	9.64	199.47	189.71	0.09	977.01	9.11	0.71	8.40	-	
9	Aarti Chem Trading USA INC.	July 1, 2024	USD	0.00	0.09	4.85	4.77	-	7.58	0.08	0.02	0.05	-	100.00
			INR	0.09	8.15	460.38	452.14	-	683.29	6.77	1.92	4.85	-	

1. Ceased to be a subsidiary w.e.f. June 23, 2026

2. The Financial Statement of Alchemie (Europe) Limited, Aarti Chemical Trading - FZCO and Aarti Chem Trading USA Inc whose reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. As at March 31, 2026 GBP 1 = INR 125.59, AED 1 = INR 25.54 and USD 1 = INR 94.83 respectively.

3. Reporting period for all subsidiaries is same as Aarti Industries Limited

PART "B": JOINT VENTURES

(₹ in Crs except shares)

Sr. No.	Name of Company	Date on which the Joint Venture was associated or acquired	Latest audited Balance Sheet Date	Shares of Joint Ventures held by the company on the year end (No.)	Amount of Investment in Joint Venture	Extent of Holding (in percentage)	Description of how there is significant influence	Reason why the/Joint venture Is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit or Loss for the year	Considered in Consolidation	Not Considered in Consolidation
1	Augene Chemical Private Limited	July 23, 2024	March 31, 2026	3,75,00,000	37.50	50%	There is a Significant Influence due to shareholding and Joint control over economic activities	Not applicable	73.96	-0.31	-0.16	-0.16
2	Re Aarti Private Limited	February 27, 2025	March 31, 2026	4900 through Aarti Circularity Limited (Formerly Aarti Spechem Limited), wholly owned subsidiary of the Company	0.0049	49%	There is a Significant Influence due to shareholding and Joint control over economic activities through Wholly Owned Subsidiary Aarti Circularity Limited (Formerly Aarti Spechem Limited)		0.08	0.07	0.04	0.03

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Suyog K. Kotecha
CEO and Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Mumbai/July 30, 2026

ANNEXURE – B

The Annual Report on CSR Activities carried out during FY 2025-26

1 Brief outline on CSR Policy of the Company:

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

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

2 Composition of CSR Committee:

Sl. No.	Name of Director	Acting in the Committee as	Nature of Directorship
1	Smt. Hetal Gogri Gala	Chairperson	Non - Executive Director
2	Smt. Rupa Devi Singh	Member	Independent Director
3	Shri Ajay Kumar Gupta	Member	Executive Director

There was one meeting held during the year, which was attended by all the members of the Committee.

3 Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

Composition of CSR Committee: https://d9bnjb3uan3b2.cloudfront.net/Composition_of_Committees_75bf45c316.pdf

CSR Policy: https://d9bnjb3uan3b2.cloudfront.net/CSR_17bf10314e.pdf

CSR projects: https://www.aarti-industries.com/sustainability/social-health-and-safety

4 Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

The executive summary forms part of impact assessment report. The web- link of the impact assessment report is as: https://www.aarti-industries.com/investors/disclosures/overview?subCategory=Other

		(₹ in Crores)
5 (a)	Average net profit of the Company as per sub-section (5) of Section 135	441.78
(b)	Two percent of average net profit of the Company as per sub-section (5) of section 135	8.84
(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	0
(d)	Amount required to be set-off for the financial year, if any	0.54
(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	8.30

		(₹ in Crores)
6 (a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	8.84
(b)	Amount spent in Administrative Overheads	0.06
(c)	Amount spent on Impact Assessment, if applicable	0.00
(d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	8.90

Note: The CFO Shri Chetan B. Gandhi has certified that funds of ₹ 8.90 Crores so disbursed for Corporate Social Responsibility (CSR) activities undertaken by the Company during the Financial Year 2025-26 were utilised for the purpose and in the manner as approved by the CSR Committee/Board.

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in Crores)	Amount Unspent (₹ in Crores)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of Transfer	Name of the Fund	Amount.	Date of Transfer
8.90	Not Applicable				

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

Sr. No.	Particular	Amount (₹ in Crores)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135#	8.30
(ii)	Total amount spent for the Financial Year	8.90
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.60
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.60

#Net of excess contribution from previous years set-off in the current financial year.

7 Details of Unspent Corporate Social Responsibility amount for the preceding three financial years

1	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (₹ in Crores)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (₹ in Crores)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial Years (₹ in Crores)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
Not Applicable								

8 Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes, details of the same are provided below.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]		Pincode of the property or asset(s)	Date of creation	CSR amount spent for Asset creation (₹ in Lakhs)	Details of entity/Authority/beneficiary of the registered owner		
	Particulars of the property	Location				CSR Registration Number, if applicable	Name of the Foundation through which CSR was disbursed	Registered address of the Beneficiary
1)	2)		3)	4)	5)	6)		
1	Trithankar Mahavir Jain Hospital- Construction of a 300 plus-bedded capacity hospital.	MIGH 296, Kankarbagh Colony, near Shivaji Park, Karbigahiya, Patna, Bihar – 800020.	800020	August 22, 2024	125	CSR00062000	Dhan Vallabh Welfare Foundation	MIGH 296 Kankarbagh Colony Near Shivaji Park Karbigahiya Patna Bihar, 800020.

9 Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135 – Not Applicable

For and on behalf of the Board

Hetal Gogri Gala
Non-Executive Director
DIN: 00005499

Ajay Kumar Gupta
Executive Director
DIN: 08619902

Place: Mumbai
Date: July 30, 2026

ANNEXURE – C

Statement of Disclosure of Remuneration under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

PART A

A. The Ratio of the remuneration of each director to the median remuneration of the employees for FY 2025-26 and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary are as under;

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

Sr. No.	Name of Director/Key Managerial Personnel	Category	Ratio to Median Remuneration	% increase in Remuneration over previous year
A.	**Executive Directors (ED)**			
1	Shri Rajendra V. Gogri	C & MD	104:1	~ 7%
2	Shri Rashesh C. Gogri	VC & MD	104:1	
3	Shri Renil R. Gogri	VC & ED	43:1	
4	Shri Suyog K. Kotecha[3]	ED & CEO	152:1	
5	Shri Manoj M. Chheda	ED	50:1	
6	Shri Ajay Kumar Gupta	ED & CMO	78:1	
B.	**Non-Executive Directors (NED)**			
7	Smt. Hetal Gogri Gala	NED - NID	4:1	Refer Note 5
8	Shri Lalitkumar Naik	ID	5:1	
9	Shri Shekhar Khanolkar	ID	5:1	
10	Prof Aniruddha Pandit	ID	4:1	
11	Shri Belur Sethuram	ID	3:1	
12	Shri Ashok Kumar Barat	ID	2:1	
13	Shri Nikhil J. Bhatia	ID	2:1	
14	Smt. Rupa Devi Singh	ID	2:1	
C.	**Key Managerial Personnel[6]**			
15	Shri Chetan Gandhi	CFO	-	~6%
16	Shri Raj Sarraf	CS	-	

Notes:

1. Median is calculated based on the actual remuneration paid to the employees whose names are on the roll as on March 31, 2026.
2. The ratio of Remuneration of the Executive Directors to Median Remuneration of Employees, is calculated on the basis of Actual payment of Salary (including the value of perquisites) and Profit Related Commission paid for FY 2025-26.
3. The remuneration of executive Directors Shri Suyog K. Kotecha includes the value of numbers of 65,300 PSOP options granted in FY 2025-26.
4. Increase in Remuneration of Executive Director is mainly on account of ~7% Increase in the Salary as compared to the last year, whereas percentage of profit related commission cumulative was unchanged (i.e. 3% of Net Profit calculated as per Section 198 of the Companies Act 2013).
5. The ratio of Remuneration of the Non-Executive Directors to Median Remuneration of Employees is calculated on the basis of actual payment of Sitting Fee (Gross) and Profit Related Commission (Gross) paid for FY 2025-26. Since the NEDs are paid 'Profit related Commission' for the first time for a full financial year, hence, the increase in remuneration in FY 2025-26 is not comparable to previous year.
6. Increase in Remuneration to Key Managerial Personnel includes value of 11,190 and 4,755 nos. of PSOP options granted in FY 2025-26 to CFO and CS respectively.

B. The percentage increase in the median remuneration of employees in FY 2025-26: ~ 6%

C. The number of permanent employees on the rolls of the Company: 5818 employees (Except Directors and apprentice) as on March 31, 2026.

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

Particulars	Change in remuneration
Average increase in salary of employees (other than Managerial Personnel)*	9.15% (FY 2024-25: 9.6%)
Average increase in remuneration of Managerial Personnel*	7.56% (FY 2024-25: 10.4%)

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

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

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

PART B

As per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the report and financial statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2). However, these are available for inspection during business hours up to the date of the forthcoming AGM at the registered office of the Company. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office address of the Company.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003
Mumbai/July 30, 2026

ANNEXURE – D

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2026

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

To,
The Members,
Aarti Industries Limited
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi Dist. Valsad,
Gujarat - 396195

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aarti Industries Limited** having **CIN: L24110GJ1984PLC007301** (hereinafter called the 'Company') for the financial year ended March 31, 2026 ('period under audit').

We conducted Secretarial Audit in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

I. Our verification of the Company's books, papers, minute books, forms and returns filed, statutory records provided physically and other records maintained by the Company;

II. Compliance certificate confirming compliance with corporate laws applicable to the Company given by the Key Managerial Personnel/Senior Managerial Personnel of the Company and taken on record by the Company's Board of Directors; and

III. Representations made, documents produced and information provided by the Company, its officers and authorised representatives during our conduct of Secretarial Audit.

We hereby report that in our opinion, during the audit period the Company has:

I. complied with the statutory provisions listed hereunder, and

II. Board-processes and compliance mechanism are in place

to the extent, in the manner and subject to the reporting made hereinafter.

1. Compliance with specific statutory provisions

We further report that:

1.1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period in terms of the applicable provisions/clauses of:

I. The Companies Act, 2013 ('the Act') and the Rules made thereunder;

II. Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investments and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);

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

c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;*

d) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025;

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

f) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

VI. Secretarial Standards relating to Board Meetings and General Meetings issued by The Institute of Company Secretaries of India (Secretarial Standards) and notified by the Central Government under Section 118 (10) of the Act which have mandatory application.

**The Company has also maintained a Structured Digital Database ("SDD"), pursuant to the requirement/s of regulation 3 (5) and 3 (6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015.*

1.2. During the audit period, and also considering the compliance related actions taken by the Company after the audit period but before the date of issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

I. complied with the all the applicable provisions of all the aforesaid Acts, Rules, Regulations, Guidelines and Standards as mentioned above.

II. Complied with the applicable provisions/clauses of:

a) The Act and rules mentioned under paragraph 1.1 (I); and

b) The Secretarial Standards on meetings of the Board of Directors (SS-1) mentioned under paragraph 1.1 (VI) above in respect of meetings of the Board and Committees constituted by the Board held during the period under audit.

1.3. During the period under audit, provisions of the following Acts/Regulations were not applicable to the Company and it was consequently not required to maintain any books, papers, minute books or other records or file any form/returns thereunder:

I. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

II. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

III. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

IV. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

1.4. We have examined, on test check basis, the relevant documents and records maintained by the Company, according to the following Laws, applicable specifically to the Company and have relied on the confirmation on the compliance in this regard, provided by the Company:

I. Petroleum Act, 1934 and Rules made thereunder;

II. Drugs and Cosmetic Act, 1940 and Rules made thereunder;

III. Fertiliser (Control) order, 1985;

IV. The Explosive Act, 1884 and Rules made thereunder;

V. The Insecticides Act, 1968;

VI. Narcotic Drugs and Psychotropic Substance Act, 1985;

VII. The Indian Boilers Act, 1923 & The Indian Boilers Regulations, 1950;

VIII. The Chemical Weapon Convention Act, 2000 and the Rules made thereunder;

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

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

XI. The Noise (Regulation and Control) Rules, 2000;

XII. Environmental Protection Act, 1986 and other environmental laws;

XIII. Hazardous & Other Wastes (Management and Transboundary Movement) Rules, 2016;

XIV. Public Liability Insurance Act, 1991; and

XV. The Atomic Energy Act, 1962.

2. Board processes of the Company:

We further report that:

2.1. The Board of Directors of Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

2.2. The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015:

I. Re-appointment of Shri Renil Rajendra Gogri (DIN: 01582147) as an Executive Director of the Company, liable to retire by rotation, at 42nd Annual General Meeting of the Members of the Company held on August 25, 2025, which was also recommended by the Board of Directors at its meeting held on May 08, 2025.

II. Re-appointment of Shri Manoj Mulji Chheda (DIN: 00022699) as an Executive Director of the Company, liable to retire by rotation, at 42nd Annual General Meeting of the Members of the Company held on August 25, 2025, which was also recommended by the Board of Directors at its meeting held on May 08, 2025.

2.3. Adequate notices of the meetings of the Board and its committees were sent to all the Directors to enable them to plan their schedule for the meetings of the Board or its Committees, at least seven days in advance.

2.4. Agenda and detailed notes on agenda were sent to the Directors at least seven days before the meetings of the Board and its committees.

2.5. Agenda and detailed notes on agenda in respect of matters in the nature of Un-Published Price Sensitive Information (UPSI), were either circulated or sent separately, by less than seven days before, at shorter notice, or at the meetings of the Board and its Committees.

2.6. We note from the minutes examined that, at the meetings of the Board and its Committees held during the quarter, decisions were taken through the requisite majority including the circular resolutions and no dissenting views were expressed by any member of the Board or its Committees, on any of the subject matters discussed, which were required to be captured and recorded as part of the minutes.

3. Compliance mechanism:

There are adequate systems and processes prevalent in the Company, which are commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

4. Specific events/actions:

4.1. No major corporate event has occurred during the audit period which has a major bearing on the Company's affairs in pursuance of applicable laws, rules, regulations, guidelines, standards etc. except for the following;

I. Declaration of dividend on equity shares at the rate of ₹ 1 (Rupee One only) per equity share of ₹ 5/- (Rupees Five only) each, fully paid-up, for the financial year ended March 31, 2025, by the shareholders, at their 42nd Annual General Meeting held on August 25, 2025 and the same was paid within the prescribed time.

II. Based on the recommendation of the Audit Committee and the Board of Directors, the Members of the Company, at the Annual General Meeting held on August 25, 2025, approved the appointment of BNP & Associates, Practicing Company Secretaries (Firm Registration No. P2014MH037400) as the Secretarial Auditors of the Company for a term of five consecutive years, commencing from April 1, 2025 and ending on March 31, 2030.

III. The Company has allotted –

a) 74459 equity shares of ₹ 5/- each up to March 31, 2026, to the eligible employees of the Company, pursuant to the exercise of stock options granted to them under the 'Aarti Industries Limited Performance Stock Option Plan 2022' (PSOP 2022).

b) The Company has, in accordance with the SEBI Master Circular bearing no. SEBI/HO/DDHS/PoD/P/CIR/2025/0000000137 dated October 15, 2025, made issue of Commercial Papers (CPs). During the year, the Company issued Commercial Papers (CPs) of face value of ₹ 5,00,000(Rupees Five Lakhs Only) each, in aggregate, amounting to ₹ 1,500 Crores (Rupees Fifteen Hundred Crores Only) and CPs for aggregate value of ₹ 1,600 Crores (Rupees Sixteen hundred Crores Only) have been redeemed, As on March 31, 2026, CPs are outstanding, 6000 CPs of face value of ₹ 5,00,000/each, aggregating to ₹ 300 Crores and these CPs are listed on BSE.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 7353/2025

Kalidas Ramaswami
Partner
FCS No: 2440
COP No: 22856
UDIN: F002440H000982091

Date: July 30, 2026
Place: Mumbai

Note: This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report

Annexure

To,
The Members,
Aarti Industries Limited
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi Dist. Valsad,
Gujarat - 396195

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

I. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit

II. We have followed such review practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

III. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.

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

V. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.

VI. Our 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 **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 7353/2025

Kalidas Ramaswami
Partner
FCS No.: 2440
COP No.: 22856
UDIN: F002440H000982091

Date: July 30, 2026
Place: Mumbai

ANNEXURE – E

A) CONSERVATION FOR ENERGY AND REDUCTION IN CARBON EMISSION

The Steps Taken or Impact on Conservation of Energy;

To achieve our emission reduction targets validated by Science Based Targets initiative (SBTi), our multi-disciplinary teams operate through a strategic framework anchored by three fundamental pillars: Fit for Purpose, Focus to Finish, and Right First Time. Our decarbonization roadmap focuses on high-impact initiatives such as mitigating energy losses, optimizing equipment performance, and refining process efficiencies. We are actively transitioning toward renewable power sources and alternative fuels while integrating cutting-edge technologies to eliminate process-related emissions.

These efforts are supported by a granular approach to energy conservation, including the synchronization of energy demand and supply, the implementation of energy-efficient maintenance protocols, and the use of modern monitoring devices to reduce equipment idle time. Central to our energy governance is a digital Energy Management System (EnMS). This IT-driven platform tracks critical electrical metrics and produces automated, bespoke reporting, delivering the real-time insights necessary for agile and effective energy management.

Key energy-saving measures implemented during FY 2025-26 across utilities and process systems to improve efficiency and reliability are installation of VFDs on high-load equipment, performance improvement and replacement of water chillers, and extensive pump upgrades across cooling water and chilled water systems.

Additional steps such as impeller modifications to avoid throttling, installation of pressure transmitters, and new pump installations have optimized system performance. Integration and interlocking of chillers, pumps, and air compressors further ensured operation based on demand, reducing energy wastage. We have reduced power consumption by approximately 2.4 million kWh during FY 2025–26.

Through process optimization we have recovered 28,96,712 GJ of steam from the distillation condenser during 2025-26, this is an increase of 77% from the previous FY. We have regularized usage of Biomass for replacing coal gradually in order to reduce carbon emissions.

Furthermore we have started usage Bio-ethanol on a regular mode to move towards elimination of conventional liquid fuels

AIL has commissioned a group captive hybrid renewable energy plant for sourcing 13.2 MW of renewable power in FY 2023–24, with an investment of ₹15.18 crore. During the current financial year, AIL has reduced approximately 37,000 tCO_2e using renewable electricity from this 13.2 MW hybrid plant.

Further, the Board of AIL has approved Phase-II expansion of 25.7 MW hybrid renewable capacity in FY 2024-25, out of this 7.9 MW is already commissioned and we are receiving electricity from it. We expect that the remaining 17.8 MW will be commissioned in FY27. Further as part of Phase-III 2.75 MW of wind power is being received from November 2025 and we have reduced more than 400 tCO_2e using renewable electricity from this project. Once all the phases are commissioned we will be meeting more than 68% of our electricity requirements from renewable sources.

We estimate to reduce more than 100,000 mt tCO_2e through these initiatives in coming FY.

The following are the major steps taken during FY 2025-26 to conserve energy:

- Zone 1:
  - ✧ Installation of VFD's and linking their speed variations to relevant process parameters
  - ✧ Optimizing usage of air compressor in acid and organic divisions
  - ✧ Replacement and refurbishment of pumps
  - ✧ Avoiding flow throttling by reducing flow speed through VFD, by replacing impeller etc
  - ✧ Power saving in ETP by replacing surface aeration with diffused aeration for existing blowers
  - ✧ Revamping the RO to reducing MEE load
  - ✧ Increasing power generation from CPP by creating additional infrastructure
  - ✧ Energy saving through performance improvement and optimization of water chilling plant in Topaz division
- Zone 2:
  - ✧ Installation of new VAM chiller and transitioning from a fixed point to a dew point based timer controller.
  - ✧ Reducing MEE load by by taking SBT RO reject in Utility HPRO (Felix), and CPP RO reject to Scalban
  - ✧ Improvement in condensate recovery
  - ✧ Steam to feed ratio optimization in various distillation columns
- Zone 3:
  - ✧ Reducing MEE load thereby reducing the steam consumption and reducing the energy consumption and emission generation

During FY 2025-26 the Company made Capital investment of Rs 1.15 Crore on energy conservation equipment and invested Rs. 20.81 Crore to group captive entities and renewable energy partners for procuring renewable electricity.

B) TECHNOLOGY ABSORPTION, ADAPTATION, AND INNOVATION

Efforts made towards technology Absorption, Adaptation and Innovation:

Our focused efforts in technology absorption, adaptation, and innovation are integral to enhancing operational efficiency, optimising resource utilisation, and driving sustainable growth across our manufacturing landscape. We are leveraging cutting-edge technologies to fundamentally reshape our processes, ensuring that technological excellence serves as the bedrock of our environmental stewardship.

1. **Technology Absorption: Establishing Foundations for Decarbonization**

   Technological absorption involves the strategic integration of advanced tools and methodologies that establish a data-driven framework for sustainability and resource optimization.

   - **Carbon Footprint Intelligence (Gabi Software):** We are implementing the Gabi software platform to calculate the carbon footprint thereby successfully completing the baseline calculation for all Zone 4 chlorinated molecules. This initiative provides critical data for targeted carbon mitigation strategies at our new upcoming location. In addition to this we are using the Gabi software for identifying carbon mitigation strategies for our existing locations also.
   - **Enhanced Resource Efficiency:** By strategically increasing Efficiency for Reaction from 85% to 90%, we are directly reducing the overall carbon footprint associated with the manufacturing process.

2. **Strategic Adaptation: Pioneering Resource Circularity and Carbon Mitigation**

   Strategic adaptation focuses on optimizing existing infrastructure through innovative engineering to achieve immediate, measurable environmental benefits and establish closed-loop systems.

   - **Carbon Mitigation and Energy Savings (Cold Hot Oil Circulation Manufacturing plant):** The implemented scheme delivers substantial environmental returns, estimated to achieve an annual reduction of approximately 10,867 tonnes of CO_2 emissions. It also secured significant resource optimization through a 20% reduction in LSHS fuel consumption and reductions in Raw Material-1 (5.29%) and Raw Material-2 (0.57%).

3. **Disruptive Innovation:** The Future of Green Chemistry and Safety

   Innovation is focused on developing and implementing next-generation manufacturing technologies that fundamentally enhance process safety and productivity while minimizing physical footprint.

   - **Zero-Inventory Safety (Batch process to Flow Reaction** - Pinch Tube Reactor): Transitioning nucleophilic substitution from batch to a pinch tube reactor reduced residence time from 5 hours to 9 minutes, significantly lowering energy consumption, minimizing waste generation, and enhancing the sustainability of the manufacturing process.
   - **Poly oil:** Our plastic pyrolysis project reflects our commitment to sustainability by converting ~9,000 tonnes of plastic waste annually (25 TPD) into valuable resources, preventing landfilling and open burning. By enabling circular use of materials and reducing reliance on conventional waste disposal, the project delivers measurable environmental benefits and supports long-term decarbonization goals.

Benefits Derived as a result of above efforts:

- Achieve lower overall project costs for the expansion initiative.
- Implement strategies to significantly reduce production expenditures (Opex).
- Proactively minimize carbon emissions, waste streams, and liquid effluent.

- Generate greater added value through the capacity expansion
- Make processes intrinsically safer and enhance long-term sustainability performance.

Information regarding technology imported during the last 3 years:

In the last 3 years, the company has imported the following technologies in order to reduce environmental footprints and for natural resource conservation.

- **Advance Process Technology:** Conceptualisation of advanced technologies for Photochemistry, Hydrogenation, Halex, Nitration, and Ammonolysis, targeting enhanced process productivity through a transition from batch to semi-batch and ultimately continuous operation. This technological shift aims to increase throughput, improve resource utilisation efficiency, and reduce specific energy consumption, thereby minimising the environmental impact of these key processes.
- **Pyrolytic Conversion Technology for Plastic Waste Recycling:** Aart and ReSl have partnered for the establishment of pyrolytic processing technology for converting plastic waste into pyoil. This imported technology enables the valorisation of post-consumer plastic waste, addressing a significant environmental challenge by producing a higher energy-content fuel. This approach offers a more energy-efficient route for plastic waste management, contributing to resource conservation and reducing environmental plastic accumulation.
- **GaBi Software Implementation:** We have initiated the implementation of GaBi software, targeted for completion this fiscal year. 1 This Life Cycle Assessment (LCA) tool will provide critical data and insights to support sustainable process and technology development initiatives

Expenditure incurred on Research and Development:

₹ in crores

	2025-2026	2024-2025	2023-2024
Revenue	29.99	5.04	3.36
Capital (Incl. of product development expenses)	22.15	15.48	81.88
Total	**52.14**	**20.52**	**85.24**

C) TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and Outgo were ₹ 5,057 Crores & ₹ 2,917 Crores respectively for FY 26 (previous year (FY 25) ₹ 4,369 Crores & ₹ 2,441 Crores respectively).

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003
Mumbai/July 30, 2026

CORPORATE GOVERNANCE REPORT

The Company's Report on Corporate Governance for the Financial year ended March 31, 2026 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

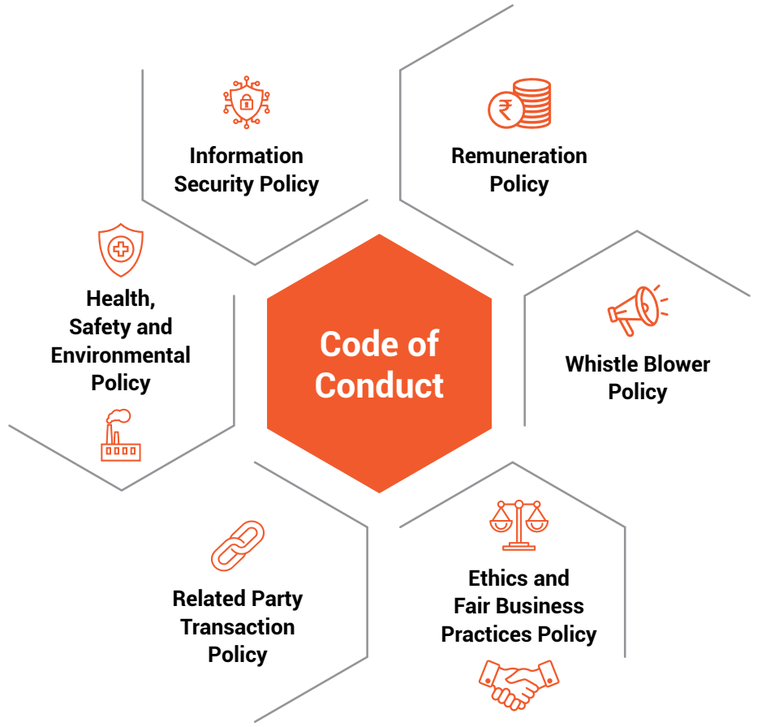
COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At Aarti Industries Limited (AIL), Corporate Governance goes beyond the regulatory compliances — it serves as the strategic bedrock for sustainable, inclusive growth. Anchored by our core values of Care, Integrity, and Excellence, our governance framework actively drives accountability, agility, and long-term value creation. We are steadfast in our commitment to the highest global standards, fostering a Board-driven approach built on robust policies, ethical codes, and forward-looking practices. By prioritising sustainability, ethical leadership, and collaborative success, we reinforce our vision of being the "Global Partner of Choice" while making a profoundly positive socioeconomic impact.

In pursuit of our theme of 'Perform to Transform,' governance at AIL has evolved from a traditional compliance mandate into a proactive, strategic approach influenced by several key global trends:

- **Global economic trends and regulatory changes:** The Company is actively aligning its framework with broad economic shifts, changing regulatory landscapes, and evolving global best practices.
- **Elevated investor expectations:** The Company's governance evolution is directly influenced by shifting demands and expectations from its investors.
- **Growing emphasis on ethical business conduct:** There is a heightened global focus on ethical leadership, responsible business practices, and sustainability.

Driven by these trends, AIL has significantly broadened its governance scope beyond traditional financial performance. The strategy now heavily integrates Environmental, Social, and Governance (ESG) metrics, Board diversity, shareholders empowerment, independent oversight and enhanced data transparency. Ultimately, these global movements are pushing the Company to utilise corporate governance as a dynamic force for operational resilience and sustainable value creation.



Key Focus Areas:

- **World-Class Governance**

  Striving to adopt highest standards of Governance and be among the best-governed Companies through unwavering commitment to ethics, transparency, quality, accountability, and robust corporate governance practices.

- **Resilient and Future-Ready Business Operations**

  Strengthening business strategies, enhancing operational agility, reinforcing risk management frameworks, and fostering a culture of innovation and adaptability to drive sustainable growth and long-term value creation.

- **Sustainable Supply Chain Management**

  Promoting responsible and ethical sourcing practices, reducing environmental impact across the value chain, and advancing social responsibility through sustainable supply chain initiatives.

BOARD OF DIRECTORS

Composition as on March 31, 2026

As of March 31, 2026, the Company's Board of Directors comprises an optimal composition of 14 seasoned professionals, structured to ensure strategic oversight and stringent regulatory compliance. This constitution includes six executive Directors and eight non-executive Directors - seven of whom serve in an Independent capacity—thereby satisfying the statutory mandates of Section 149(4) of the Companies Act, 2013, alongside Regulations 17(1)(a) and 17(1)(b) of the Listing Regulations. This deliberate structural balance reinforces independent governance, mitigates conflicts of interest, and aligns corporate oversight.

Emphasising the material value of Boardroom diversity, the Company strictly adheres to all regulatory requirements regarding the appointment of Women Directors, viewing gender diversity as an integral component of progressive corporate governance that drives multi-dimensional decision-making. To sustain this efficacy, the Board strategically balances deep institutional knowledge with contemporary market insights by maintaining a healthy mix of long-serving and newly appointed Directors. This nuanced tenure profile ensures the organisation remains highly adaptable to evolving strategic priorities while firmly preserving its foundational corporate memory.

Operational continuity and systematic Board refreshment are governed by a structured framework under which one-third of the eligible rotational Directors are evaluated for reappointment annually. Furthermore, the continuation of all Board members is rigorously linked to the outcomes of a comprehensive annual performance evaluation process. By systematically assessing individual effectiveness, strategic alignment, and ongoing contributions, this appraisal framework reinforces absolute accountability and ensures the maintenance of a high-performing, forward-looking governing body.

Composition analysis of the Board:

Category	Nos	%	Gender Diversity			
			Male		Female	
			Nos	%	Nos	%
Independent	7	50	6	42.86	1	7.14
Non-Independent	7	50	6	42.86	1*	7.14

*Non-Executive Non-Independent Director

Detailed profile of the Directors is available on the Company's website at https://www.aarti-industries.com/corporate-governance

BOARD OF DIRECTORS - TWO LAYER FRAMEWORK

Aligning with the prevailing regulatory mandate and upholding the highest standards of the corporate governance, structuring the Board of Directors and its Committees can be viewed as a functional "Two-Layer" framework. This setup allows a Company to divide its governance responsibilities between macro-level strategic oversight and micro-level technical specialisation.

- **Delegation vs. Abdication:** While the top layer (the Board) delegates specialised tasks to the second layer (Committees) to save time and leverage specific expertise, the Board cannot abdicate its ultimate responsibility. The full Board holds plenary authority over corporate governance, strategic direction, Company policies and continues to review, approve, and formally ratify committee recommendations where appropriate.
- **The Power of Independence:** Certain critical committees; specifically Audit Committee, Nomination and remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and the CSR Committee - are typically governed by the Terms of Reference set for them by the regulators including their composition. This ensures that sensitive decisions are free from executive bias. The Committees conduct the initial deep-dives and present proposals or recommendations for the Board to consider. Whereas, the Board can make final, legally binding decisions for the Company particularly exercising Power conferred upon the Board as specified under section 179 of Companies Act 2013 and Rules made thereunder.
- **Efficiency and Agility:** By utilising this two-layer approach, the Board of Directors is the ultimate governing body elected by shareholders to oversee the Company's entire Strategy, Management and Operations. The committees on the other hand are smaller, focused subgroups established by the main Board to manage specific, complex governance areas and do the heavy lifting beforehand, allowing the full Board to focus its limited time on high-level strategy and growth.

Board Diversity Policy

The Company recognises that a diverse and inclusive Board is fundamental to strong governance, innovation, and sustainable value creation. A Board composed of individuals with varied experience, expertise, perspective and background strengthens decision-making, fosters balanced deliberation and supports long-term strategic growth.

In alignment with this vision, the Company has adopted a comprehensive Board Diversity Policy to promote diversity across multiple dimensions, including gender, age, professional and educational background, skills, industry experience. This policy reflects the Company's commitment to building a forward-looking Board capable of addressing evolving business, social and regulatory challenges. The Board's composition incorporates members with cross-sectoral and global experience in the areas such as chemical Industry, manufacturing, sustainability, governance and finance. This diversity enhances the quality of Board discussions by introducing global best practices, broader market insights, and fresh perspectives, enabling the Board to provide effective guidance to the Management.

The Board Diversity Policy addresses the importance of a diverse Board in harnessing the unique and individual skills and experiences of various members of the Board in such a way that it collectively benefits the business and the Company as a whole. The essence of the Policy is to leverage the diverse knowledge and expertise of the Board, offering valuable guidance to the Management consistent with the Company's business perspective.

INDEPENDENT DIRECTORS

In Aarti Industries Limited's (AIL) governance model, Independent Directors are essential for providing independent oversight, which has become a core element as the Company's approach to governance has broadened. They act as part of a collective leadership effort, working synergistically with the Chairman, the broader Board of Directors, specialised Committees, the Company Secretary, and the Auditors. Within this collaborative structure, Independent Directors play a pivotal role in ensuring: ethical leadership across the organisation, sound judgment in corporate decision-making and responsible business practices.

Through these collaborative contributions, Independent Directors help affirm that AIL's actions align perfectly with both strict regulatory expectations and the Company's long-term strategic goals.

The Independent Directors have formally declared their adherence to the Independence criteria stipulated under Section 149(6) of the Companies Act, 2013, and the Listing Regulations. The Board further affirms that all Independent Directors fulfill these statutory conditions and maintain absolute independence from the Company's management. Each Independent Director has been appointed for a five-year term, and in strict compliance with tenure mandates, no Independent Director has served on the Board for more than ten years. By rigorously upholding these limits, the Company reinforces independence of judgment and ensures an infusion of fresh, objective perspectives, effectively mitigating institutional familiarity risks and safeguarding the integrity of unbiased oversight.

All Directors strictly adhere to the limits on Independent Directorships in listed companies as prescribed under Regulation 17A of the Listing Regulations. Demonstrating a strong commitment to oversight, all Independent Directors maintained 100% attendance at all Board and Committee Meetings throughout the year.

Furthermore, the Independent Directors have formally confirmed the absence of any known or anticipated circumstances that could impair their ability to discharge their fiduciary duties. All Directors have also confirmed strict compliance with Regulation 26 of the Listing Regulations regarding the limits on membership (ten) and chairmanship (five) of mandatory committees across all listed entities.

None of the Independent Directors have resigned before the expiry of their respective tenure.

The Company issue a formal letter of appointment to Independent Directors in the manner provided in the Act. The terms and conditions of the appointment of Independent Directors are placed on the Company's website and can be accessed at https://d9bnjb3uan3b2.cloudfront.net/Terms_and_Conditions_of_Appointment_7e28958c70.pdf

Independent Directors meeting

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, the Independent Directors meet separately as and when needed, however, at least once in a year, without the presence of non-independent Directors and the members of the management. Lastly they met on February 20, 2026. All the Independent Directors attended that meeting. In addition to ongoing significant matters, the Agenda for their meetings includes; performance evaluation of non-Independent Directors, the Board as a whole and the performance of the Chairman of the Company. They also review and discuss; quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board Members to effectively and reasonably perform their duties & responsibilities.

Independent Director Databank Registration

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors are registered with the Independent Directors Databank and their registrations are valid as on the date of this report. Further in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, they have either qualified the online proficiency self-assessment test or are exempted from passing the test as required. Requisite disclosures have been received from the Concerned Directors in this regard.

Familiarisation Programme

The Company has a Familiarisation Programme designed to enhance Directors' understanding of the business, its operational complexities and the broader industrial landscape. To ensure continuous engagement and knowledge updation, Directors are provided with quarterly newsletters that cover key developments in the chemical industry and the overall business environment. These newsletters also provide updates of every quarter across functional areas, including Health, Safety & Environment (HSE), Strategy and Growth, Technology and R&D, Manufacturing and Operations, Digital Transformation, People, Finance, Governance and Sustainability, thereby enabling a comprehensive and well-rounded perspective.

Details of familiarisation programmes imparted to them is placed on the website of the Company and the web link thereto is:

https://d9bnjb3uan3b2.cloudfront.net/1_Familirisation_docx_e38d3a6112.pdf

CORPORATE GOVERNANCE LEADERSHIP

The Corporate Governance leadership at Aarti Industries Limited is structured around a clear division of responsibilities between the Chairperson and the Chief Executive Officer to ensure effective oversight and operational agility. The Chairperson provides strategic stewardship to the Board, fostering open dialogue among directors, managing critical stakeholder relationships, and acting as a guardian of the Company's reputation through high standards of integrity. Complementing this, the CEO leads the executive team in executing the Board's strategic vision, managing day-to-day operations, and making major commercial decisions regarding capital allocation and strategic opportunities to drive long-term growth. Together, these roles ensure that the Company's operational engine remains efficient and fully aligned with the strategic priorities established by the Board.

Board Operations, Digital Transformation, and Committee Oversight

To accelerate digital transformation and build a future-ready enterprise, the Company has systematically embedded artificial intelligence (AI) into its leadership mandate and operational workflows. Executive Directors and Senior Leadership are explicitly tasked with integrating AI capabilities into their respective operational processes to enhance analytical efficiency, data-driven decision-making and organisational agility. Demonstrating a firm commitment to this technological evolution, AI adoption and integration metrics have been formally institutionalised within the Key Result Areas (KRAs) of senior leadership, directly linking executive accountability to the Company's broader innovation goals.

This digital philosophy extends to governance logistics; to ensure high standards of confidentiality, leverage technology, and eliminate paper consumption, the Company circulates agendas and explanatory notes via a secure, web-based application - Digital Board Meetings. This application meets the stringent security standards required for the transmission of sensitive Board documents.

Administrative efficiency is further maintained by pre-scheduling meetings via a tentative annual calendar circulated well in advance, enabling Directors to plan their schedules and ensure meaningful participation. For special and urgent business matters—such as major capital expenditures or critical executive appointments—requisite meetings are swiftly convened to ensure maximum attendance, or approvals are secured via resolutions by circulation as permitted by law, which are subsequently confirmed in the next Board meeting. To ensure closer review of specific areas, the Board has established dedicated Committees whose scope, powers and responsibilities are defined by formal terms of reference. The Chairman of each Committee briefs the Board on a summary of discussions and the strategic rationale behind their recommendations, with all Committee minutes placed before the Board for formal noting. All recommendations made by the Committees during the financial year were approved by the Board.

Except for highly price-sensitive matters, agenda papers are carefully categorised into Noting, Review, and Approval items and circulated well in advance. Clarifications or queries on specific items are sought and resolved ahead of schedule to ensure focused, efficient and high-impact discussions during the actual meetings, with senior leadership members attending as invitees to provide direct input and maintain absolute operational accountability. Embracing a "sustainability-first" approach, all quarterly meetings of the Board initiate with an elaborate discussion on health and safety initiatives, reportable incidents, and preventive actions taken by management, followed closely by reviews of budget performance, strategy, financial results, subsidiary performance, fund flows, investments, Forex, related party transactions, compliance, dividend payout policies, and ESG progress. On a half-yearly/annual basis, the Board conducts holistic reviews of macro-strategy, corporate budgets, business plans, and capital expenditure, offering vital guidance shaped by economic, sectoral, competitive, and regulatory factors, while engaging external industry experts on matters of strategic importance whenever deemed necessary.

Governance Framework

The Company Secretary serves as one of the key governance professionals, ensuring regulatory compliance and the efficient operation of the Board and its Committees by managing agendas, minutes, and post-meeting follow-ups. As a trusted advisor to the leadership team, the Company Secretary provides continuous guidance on Directors' duties, governance obligations, regulatory developments, and institutional best practices. The Company Secretary closely assists the Chairperson and the Board in matters relating to overall Board effectiveness and oversees a systematic compliance framework to maintain market transparency and stakeholder engagement.

During the year the Company has adopted a governance practice by voluntarily initiating quarterly secretarial compliance/Audit reviews, reinforcing its commitment to strong regulatory adherence, transparency, and effective corporate governance. This proactive approach supports continuous monitoring of compliance requirements and reflects the Company's focus on maintaining high standards of statutory and regulatory discipline throughout the year.

Board Meetings:

Meeting Dates	Mode	Venue/Deemed Venue
May 08, 2025[3]	Physical	Mumbai
Jul 11, 2025	Hybrid	Mumbai
Jul 31, 2025	Physical	Mumbai
Oct 10, 2025[1]	Hybrid	Mumbai
Nov 06, 2025	Hybrid	Mumbai
Feb 02, 2026	Hybrid	Mumbai
Feb 20, 2026	Online	Mumbai

Note:

1. In addition to the Board Meeting held on October 10, 2025, a strategic review meeting was held on the same day and attended by all the Board members.
2. 100% attendance was maintained across 6 out of 7 meetings.
3. Leave of absence was granted to Shri Manoj Mulji Chheda, who could not attend due to prior commitments. All other board members were in attendance.

The interval between two meetings was well within the maximum period prescribed.

The category of Directors, the number of Directorships/Chairpersonships and Committee positions held by them in other public limited companies Shareholding and Directorships held by them in other listed entities as on March 31, 2026 are given below. All the Directors attended the Annual General Meeting of the Company held on August 25, 2025.

Sr. No.	Name of Director	Category	Number of Directorship in other Public Limited Companies^	Number of Committee*		Directorships in other listed Entities		Number of shares held along with % of paid-up share capital
				Chairperson	Member	Name of Listed Entity	Category of Directorship	
1.	Shri Rajendra Vallabhaji Gogri (DIN:00061003)	P-MD	3	2	3	Aarti Pharmalabs Limited Gala Precision Engineering Limited Prince Pipes and Fittings Limited	NED-NID NED-NID ID	57,03,600 (1.57%)
2.	Shri Rashesh Chandrakant Gogri (DIN: 00066291)	PG-MD	3	-	1	Aarti Pharmalabs Limited Aarti Drugs Limited	NED-NID ED-MD	1,48,37,616 (4.09%)
3.	Shri Renil Rajendra Gogri (DIN: 01582147)	PG-ED	-	-	-	-	-	1,11,71,008 (3.08%)
4.	Shri Suyog Kalyanji Kotecha (DIN: 10634964)	ED-CEO	3	-	-	-	-	38,011 (0.01%)
5.	Shri Manoj Mulji Chheda (DIN:00022699)	ED	2	-	-	-	-	30,46,524 (0.84%)
6.	Shri Ajay Kumar Gupta (DIN: 08619902)	ED	1	-	-	-	-	7,528 (0.00%)
7.	Smt. Hetal Gogri Gala (DIN: 00005499)	PG-NED-NID	2	-	1	Aarti Pharmalabs Limited	ED-MD	99,62,192 (2.75%)
8.	Shri Lalitkumar Shantaram Naik (DIN: 02943588)	ID	-	-	-	-	-	Nil
9.	Prof. Aniruddha Bhalchandra Pandit (DIN: 02471158)	ID	2	-	1	Sunshield Chemicals Limited Chembond Chemicals Limited	ID ID	Nil
10.	Shri Shekhar Shreedhar Khanolkar (DIN: 02202839)	ID	1	-	-	Excel Industries Ltd	ID	702 (0.00%)
11.	Shri Belur Krishna Murthy Sethuram (DIN:03498701)	ID	3	-	2	Ultramarine and Pigments Limited All Time Plastics Limited GRP Limited	ID ID ID	400 (0.00%)
12.	Shri Ashok Kumar Barat (DIN: 00492930)	ID	9	4	7	GE Power India Limited Everest Industries Limited Huhtamaki India Limited Bata India Limited Alembic Pharmaceuticals Limited Eveready Industries India Limited	ID ID ID ID ID ID	Nil
13.	Shri Nikhil Jaysinh Bhatia (DIN: 00414281)	ID	5	5	5	Forbes Precision Tools and Machine Parts Limited Gokak Textiles Limited Forbes & Company Limited	ID ID ID	Nil
14.	Smt. Rupa Devi Singh (DIN: 02191943)	ID	6	-	3	JSW Energy Limited	ID	Nil

Notes:

P-Promoter, PG-Promoter Group, ED-Executive Director, MD-Managing Director, ID- Independent Director, NED-NID: Non-Executive, Non-Independent Director.

^Excludes Directorships/Chairpersonships in private limited companies, foreign companies, companies registered under Section 8 of the Act, Government Bodies and Alternate Directorships.

*Represents Chairpersonships/Memberships of Audit and Stakeholders Relationship Committees in all public limited companies as required under Regulation 26(1)(b) of the Listing Regulations.

Shri Rajendra Vallabhaji Gogri, Chairman & Managing Director is father of Shri Renil Rajendra Gogri, Vice Chairman and Executive Director. Shri Rashesh Chandrakant Gogri, Vice Chairman & Managing Director is brother of Smt. Hetal Gogri Gala, Non-Executive Director. Except for the above there is no other inter-se relationship amongst other Directors.

DIRECTORS COMPETENCE/SKILLS/EXPERTISE CHART:

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

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

Industry Experience	Experience in Chemical industry
Operations, Technology and Innovation	Expertise in plant operations, process optimisation, R&D, and technological advancement.
Leadership & Strategic Planning	Ability to guide long-term growth, transformation, and organisational performance.
Understanding of Global Business, Sales & Marketing	Experience in international markets, customer management, branding, and commercial strategy.

Finance, Treasury and Taxation	Knowledge of financial management, capital allocation, treasury operations, and tax matters.
Legal/Governance/Compliance	Understanding of corporate governance, legal obligations, regulatory compliance, and ethics.
Information Security, Cyber Security & Artificial Intelligence	Expertise in digital risk management, cybersecurity, data protection, and AI adoption.
Climate Change & Sustainability	Knowledge of environmental stewardship, emissions reduction, resource efficiency, and sustainable business practices.

Directors Competency/Skills/Expertise Chart

Name of Director	IE	OTI	LSP	GBSM	FTT	GLC	ISCSAI	CCS
	Industry Experience	Operations, Technology and Innovation	Leadership & Strategic Planning	Global Business, Sales & Marketing	Finance, Treasury & Taxation	Governance, Legal & Compliance	Information, Cyber Security & Artificial Intelligence	Climate Change & Sustainability
Shri Rajendra Vallabhaji Gogri	★★★						★☆☆	
Shri Rashesh Chandrakant Gogri								
Shri Renil Rajendra Gogri	★★★				★☆☆		★★★	★★★
Shri Suyog Kalyanji Kotecha					★★☆			
Shri Manoj Mulji Chheda					★☆☆		★☆☆	
Shri Ajay Kumar Gupta								
Smt. Hetal Gogri Gala								
Shri Lalitkumar Shantaram Naik	★★★	★★☆	★☆☆					
Prof. Aniruddha Bhalchandra Pandit			★★★	★☆☆				
Shri Shekhar Shreedhar Khanolkar	★★★				★☆☆	★★☆		★★☆
Shri Belur Krishna Murthy Sethuram	★★★	★★☆	★★★	★★☆		★☆☆		★★☆
Shri Nikhil Jaysinh Bhatia	★☆☆				★★★		★☆☆	★☆☆
Smt. Rupa Devi Singh	★☆☆		★★☆		★★★			★★☆
Shri Ashok Kumar Barat								★☆☆

★★★ Domain Expert: Deep, authoritative industry experience and core operational capability.
★★☆ Proficient Knowledge: Strong working knowledge, execution capability, and strategic insight.
★☆☆ Adequate Knowledge: Foundational understanding, awareness, and governance oversight.

Appointment/Cessation of Directors during the year and upto the date of this report

The details of Appointment/cessation of Directors during the year and upto the date of this report forms part of Board Report. Refer to point No. 7 of the Board Report.

No Permanent Board Seat

The SEBI has amended the Listing Regulations with effect from April 01, 2024 mandating shareholders' approval for a Directors' continuation on the Board at least once every five years from the date of their appointment or re-appointment. As on March 31, 2026, there were no Directors holding permanent Board seats. They were either holding fixed term of not exceeding five years and/or were subject to retirement by rotation.

Certificate from Company Secretary in Practice

Certified as required under Part C of Schedule V of Listing Regulations, received from M/s. Rajeev Jain & Associates, Practicing Company Secretaries is attached in this Annual Report, stating that none of Directors on the Board of the Company have been debarred and disqualified or continuing as Directors of the Company by an order from the securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory Authority.

KYC of Directors

Pursuant to Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2019, all the Directors of the Company completed KYC within the prescribed timelines.

Ethics and Fair Business Practices

Company is committed to conducting its business operations with absolute honesty, integrity, and fairness. This Company has an Ethics and Fair Business Practices policy that applies to all Directors, permanent and contractual employees, consultants, vendors, and business associates acting on behalf of the Company. AIL enforces a strict zero-tolerance framework against bribery, kickbacks, and facilitation payments of "anything of value." Political contributions are prohibited without explicit Board approval, and charitable donations must be for legitimate causes. Gifts and hospitality are permitted only if minor, transparent, and capped at ₹ 5,000 per financial year unless expressly authorised by the Ethics Committee. Furthermore, the policy mandates strict anti-money laundering due diligence, zero tolerance for fraudulent activities - subject to severe statutory penalties under Section 447 of the Companies Act, 2013 - and the mandatory disclosure of any personal or familiar conflicts of interest. To preserve fair market competition, employees are strictly prohibited from engaging in price-fixing, market sharing, or bid-rigging. Additionally, the policy rigorously forbids insider trading or the unauthorised sharing of Unpublished Price Sensitive Information (UPSI).

AIL actively encourages stakeholders to report any suspected non-compliance or malpractices immediately to ethics.committee@aarti-industries.com or via post to the CHRO/Compliance Officer at the Mumbai corporate office. Backed by a robust Whistleblower framework, the Company guarantees strict confidentiality and absolute protection against retaliation for any concerns raised in good faith. This policy forms an integral part of employment contracts and is continuously reinforced across the organisation through regular training, discussions, and internal communications.

The same is posted on the Company's website on the web link https://d9bnjb3uan3b2.cloudfront.net/Aarti_Industries_Policy_Ethics_and_Fair_Business_Practices_13_04_26_v1_7d91b90de0.pdf

Code of Conduct

The Company has prescribed a code of conduct for its Directors, Senior Management and Employees. This code has been posted on the website of the Company and the web link thereto is; https://d9bnjb3uan3b2.cloudfront.net/Code_of_Conduct_09ff02d2dd_e6a4c5823b.pdf

Code of Practices and procedures for fair disclosures of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by Insiders

The Board has approved and adopted the code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by Insiders in terms of Regulation 8 and 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares from time to time. Also this code includes practices and procedures for fair disclosure of unpublished price sensitive information. The same is posted on the Company's website on the web link https://d9bnjb3uan3b2.cloudfront.net/PIT_194924219d.pdf

BOARD'S COMMITTEES

Our specialised Board Committees serve as the foundational pillars of our corporate governance framework. Whether mandated by statutory frameworks or voluntarily established to elevate our governance benchmark, each Committee operates under a precisely defined charter that clearly outlines its composition, authority, and responsibilities. Through this structured delegation, our Committees support

the Board by examining matters in greater detail, overseeing key governance areas, and providing recommendations and assurance to facilitate effective Board decision-making. Functioning in absolute alignment with the Companies Act, 2013, and the SEBI Listing Regulations, these committees ensure transparency and accountability.

The Company has constituted five statutory Committees of the Board viz; the Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and the Risk Management Committee. In addition, the Board has established a Finance and Investment Committee to oversee matters relating to finance and investments and to facilitate the efficient handling of routine operational matters.

The Board also constitute other functional Committees from time to time, as deemed necessary to meet specific business and governance requirements. These Committees support the Board by providing focused oversight, detailed review and recommendations within their respective areas of responsibility. The recommendations of the Committees are placed before the Board for its consideration and approval. During the year under review, all recommendations made by the Committees were accepted by the Board.

Procedure at Committee Meetings

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

1. AUDIT COMMITTEE:

The Audit Committee has been constituted in line with prevailing Regulatory requirements.

Composition, Meeting and Attendance:

During the Financial year 2025-26 the Audit Committee met 4 (four) times on May 08, 2025, July 31, 2025, November 06, 2025, February 02, 2026. The Composition of the Committee and attendance of the Audit Committee members in meetings is given below:

Audit Committee:

Members	Designation in the committee	Category	Meeting date	May 08, 2025	July 31, 2025	November 06, 2025	February 02, 2026
			Mode of Meeting	Physical	Physical	Hybrid	Physical
Shri Ashok Kumar Barat	Chairman	ID	4/4	√	√	√	√
Shri Lalitkumar Shantaram Naik	Member	ID	4/4	√	√	√	√
Shri Shekhar Shreedhar Khanolkar	Member	ID	4/4	√	√	√	√
Shri Nikhil Jaysinh Bhatia	Member	ID	4/4	√	√	√	√
Shri Rajendra Vallabhaji Gogri	Member	ED	4/4	√	√	√	√
Shri Rashesh Chandrakant Gogri	Member	ED	4/4	√	√	√	√

ID - Independent Director; ED - Executive Director

The intervening period between 2 consecutive Audit Committee meetings was well within the maximum allowed gap of 120 days. The Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditors and other colleagues as and when required attend the meetings of the Audit Committee from time to time. The Chairperson of the Audit Committee attended the 42nd Annual General Meeting held on August 25, 2025. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

Terms of Reference

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Listing Regulations and those specified by the Board in writing, Besides having access to all required information within the Company the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   b. changes, if any, in accounting policies and practices and reasons for the same;
   c. major accounting entries involving estimates based on the exercise of judgment by management;
   d. significant adjustments made in the financial statements arising out of audit findings;
   e. compliance with listing and other legal requirements relating to financial statements;
   f. disclosure of any related party transactions;
   g. modified opinion(s) in the draft audit report.
5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6) 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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;
7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8) approval or any subsequent modification of transactions of the Company with related parties;
9) scrutiny of inter-corporate loans and investments;
10) valuation of undertakings or assets of the Company, wherever it is necessary;
11) evaluation of internal financial controls and risk management systems;
12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13) 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;
14) discussion with internal auditors of any significant findings and follow up thereon;
15) 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;
16) 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;
17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18) to review the functioning of the whistle blower mechanism;
19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20) Carrying out any other function as is mentioned in the terms of reference of the audit committee;

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

22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

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

Mandatorily review the following information:

1) management discussion and analysis of financial condition and results of operations;
2) management letters/letters of internal control weaknesses issued by the statutory auditors;
3) internal audit reports relating to internal control weaknesses; and
4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
5) statement of deviations:

a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

b. annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

2. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee has been constituted in line with the prevailing Regulatory requirements.

Composition, Meeting and Attendance:

During the Financial year 2025-26 the Nomination & Remuneration Committee met 1 (one) time on May 07, 2025. The Composition of the Committee and attendance of the Nomination & Remuneration Committee members in meetings is given below:

Members	Designation in the committee	Category	Meeting date	May 07, 2025
			Mode of meeting	Physical
Shri Aniruddha Bhalchandra Pandit	Chairman	ID	1/1	√
Shri Belur Krishna Murthy Sethuram	Member	ID	1/1	√
Smt Rupa Devi Singh	Member	ID	1/1	√
Shri Rajendra Vallabhaji Gogri	Member	ED	1/1	√

ID – Independent Director; ED- Executive Director

Terms of Reference:

The broad terms of reference of the Nomination and Remuneration Committee shall inter alia, include the following:

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

1A) 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:

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

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

c. consider the time commitments of the candidates.

2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

3) devising a policy on diversity of board of directors;

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 of directors their appointment and removal;

5) 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;

6) recommend to the board, all remuneration, in whatever form, payable to senior management;

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

Particulars of Senior Management Personnel

Details of Senior Management Personnel as on March 31, 2026 are as follows:

Sr. No.	Name	Designation
1	Shri Mirik Rajendra Gogri	Head of Corporate Strategy
2	Shri Chetan Gandhi	Chief Financial Officer and Chief Risk Officer
3	Shri Raj Sarraf	Company Secretary and Chief Compliance Officer
4	Shri Prashant Potnis	Chief Scientific Officer
5	Shri Manoj Sharma	Chief Human Resource Officer
6	Shri Harendra Pandya	Chief Projects & Procurement Officer
7	Shri Bhaskaran Rajagopalan	Chief Technology Officer

Nomination and Remuneration Policy:

I. Criteria and Qualification for Nomination & Appointment

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

II. Policy on Remuneration

The Company considers human resources as its invaluable assets. The remuneration policy endorses equitable remuneration to all Directors, Key Managerial Personnel and Employees of the Company consistent with the goals of the Company. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is posted on the website of the Company and the web link thereto is https://d9bnjb3uan3b2.cloudfront.net/remuneration_b485076ab3.pdf

The Remuneration policy for all the employees is designed in a way to attract talented executives and remunerate them fairly and responsibly, this being a continuous on-going exercise at each level in the organisation.

In accordance of the said Policy following is the criteria for payment of remuneration to Directors, KMPs and other employees:

Executive Directors:

The Company remunerates its Executive Directors by way of salary, perquisites, allowances, Profit related Commission and Stock Options, if eligible. Remuneration is paid within the limits as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder.

The remuneration paid to the Executive Directors is determined keeping in view the industry benchmark and the performance of the Company.

Non-Executive Directors:

The Non-Executive Directors are entitled for sitting fees, for attending the meeting of the Board and its Committees, and Commission as per the shareholders approval as per the provisions of the Companies Act, 2013 and the rules made thereunder. No Stock options have been given to the Non-Executive Directors during the year.

Key Managerial Personnel [KMP] and other employees:

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

Remuneration to Executive Directors:

(₹ in Crs)

Name of the Director	Salary and other Perquisites	Commission Profit Related	Total Remuneration
Shri Rajendra Vallabhaji Gogri	1.63	3.56	5.19
Shri Rashesh Chandrakant Gogri	1.63	3.56	5.19
Shri Renil Rajendra Gogri	1.07	1.08	2.15
[b]Shri Suyog Kalyanji Kotecha	3.70	1.08	4.78
Shri Manoj Mulji Chheda	1.41	1.08	2.49
Shri Ajay Kumar Gupta	3.48	0.43	3.91

Notes:

a) The respective tenure of the aforesaid executive shall be governed by the resolutions passed by the shareholders in general meeting with a notice period as per Company Policy.

b) Remuneration excludes 65,300 stock options granted under the Aarti Industries Limited Performance Stock Option Plan 2022, during the year. The options vest in accordance with the terms of the Plan.

Remuneration to Non - Executive Directors:

The Non-Executive Directors were paid remuneration in the form of commission and sitting fees for attending the meetings of the Board and/or Committees thereof which is within the limits prescribed by the Act. The details of the sitting fees paid and Commission paid and shares held by the Non-Executive Directors as on March 31, 2026 are as under:

Name of the Director	Sitting Fee (₹ in Crores)	Commission Paid (₹ in Crores)	Total (₹ in Crores)	Shareholding in the Company	% of Total Shareholding
Smt. Hetal Gogri Gala	0.09	0.11	0.20	99,62,192	2.75
Shri Lalitkumar Shantaram Naik	0.12	0.11	0.23	Nil	Nil
Prof. Aniruddha Bhalchandra Pandit	0.10	0.11	0.21	Nil	Nil
Shri Shekhar Shreedhar Khanolkar	0.12	0.11	0.23	702	0.00
Shri Belur Krishna Murthy Sethuram	0.11	0.11	0.22	400	0.00
Shri Ashok Kumar Barat	0.12	0.11	0.23	Nil	Nil
Shri Nikhil Jaysinh Bhatia	0.12	0.11	0.23	Nil	Nil
Smt. Rupa Devi Singh	0.10	0.11	0.21	Nil	Nil

Transactions with the Independent Directors:

The Company has no material financial dealings with its Independent Directors, except for sitting fees for attending Board and Committee meetings and commission approved by the shareholders, as disclosed in this Report

Performance Evaluation:

The Company has in place performance evaluation criteria for Board, Committees, Chairperson and Directors. The criteria for evaluation of independent Directors, inter alia, include areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The details of Annual performance evaluation are provided in the Board's Report.

		Board	Committees	Non-Independent Director	Independent Director	Chairman
Evaluation by	Independent Directors	√	-	√	-	√
	Board	√	√	√	√	√

3. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee, as constituted in line with the prevailing Regulatory requirements, met once during the financial year on May 07, 2025. The Composition of the Committee and attendance of Stakeholder Relationship Committee members in the said meeting is given below:

Members	Designation in the committee	Category	Meeting date	May 07, 2025
			Mode of meeting	Physical
Smt. Hetal Gogri Gala	Chairperson	NED-NID	1/1	√
Shri Anniruddha Bhalchandra Pandit	Member	ID	1/1	√
Shri Rajendra Vallabhaji Gogri	Member	ED	1/1	√
Shri Rashesh Chandrakant Gogri	Member	ED	1/1	√
Shri Manoj Mulji Chheda	Member	ED	0/1	-

NED-NID – Non-Executive Non-Independent Director; ID – Independent Director; ED- Executive Director

Terms of Reference:

The broad terms of reference of the Stakeholder Relationship Committee shall inter alia, include the following:

1) Noting: Shareholding Pattern, category wise composition of ownership viz institutional, non-institutional and promoters;

2) Detailed deliberations on shareholders' complaints received, resolved and pending for the resolution.

3) Review: measures taken for effective exercise of voting rights by shareholders;

4) Review: Status of Cases in Suspense Accounts;

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

6) Review: Status of IEPF Cases;

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

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

9) Review: Compliances pertaining to Investors Meet

10) Review: Recommendations of Proxy Advisors;

11) Authorise/Review: Printing of Share Certificate and status of blank share certificates;

12) Review: Internal Audit Report of RTA Activities;

13) Updation: Regulatory changes impacting shareholders;

14) Process Improvement initiatives;

15) Review and monitoring compliance under SEBI Takeover Regulations and SEBI Prohibition of Insider Trading Regulations.

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

Name, Designation and contact details of the Compliance Officer

Shri Raj Sarraf, Company Secretary (ICSI M. No. A15526) is the Chief Compliance Officer of the Company. The Compliance Officer can be contacted at our Corporate Office 247 Embassy Park, Tower C, 4th Floor, LBS Marg, Vikhroli (West), Mumbai - 400 083. Maharashtra, India;

Tel: +91 2269436100

Email: investorrelations@aarti-industries.com;

Website: www.aarti-industries.com

Separate email id for the redressal of investors' complaints

As per Regulation 6 of Listing Regulations, Company has designated a separate e-mail id investorrelations@aarti-industries.com exclusively for the registering complaints by the investors.

Shareholders' Complaints

During the year under review 11 complaints were received through SEBI and Stock Exchanges and all were resolved to the satisfaction of the complainants. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2026.

Smt. Hetal Gogri Gala, Chairperson of the SRC attended the last AGM.

Saksham Niveshak Campaign

The Company actively participated in the Investor Education and Protection Fund Authority's (IEPFA) "Saksham Niveshak" campaign, an investor awareness initiative aimed at reducing the volume of unclaimed dividends and shares transferred to the Investor Education and Protection Fund (IEPF) in accordance with Section 124(5) of the Companies Act, 2013. The campaign sought to encourage shareholders to update their KYC and contact details, verify their records, and claim their unclaimed dividends and shares before they become liable for transfer to the IEPF.

To maximise outreach and shareholder participation, the Company undertook a series of awareness initiatives, including direct communication through e-mails and letters to concerned shareholders, publication of newspaper advertisements in English and Gujarati at regular intervals, press releases, and dedicated disclosures and awareness sections on the Company's website. These initiatives were designed to educate shareholders about the IEPF process, applicable timelines, documentation requirements, and the procedure for claiming their dues.

The campaign received a positive response from shareholders and contributed significantly towards enhancing investor awareness and engagement. During the campaign period, the Company witnessed an increase in requests for claiming unclaimed dividends and shares from the IEPF, with approximately 2,000 shareholder requests received for share-related claims and dividend claims exceeding ₹ 40 Lakhs. The initiative also facilitated KYC updations and improved the accuracy and completeness of shareholder records, thereby strengthening investor services and shareholder communication.

4. RISK MANAGEMENT COMMITTEE:

The Board of Directors has constituted a Risk Management Committee and also approved Risk Management Policy in accordance with the provisions of the Listing Regulations.

Composition, Meeting and Attendance:

During FY 2025-26, the Risk management Committee met 2 (Two) times on July 15, 2025 and January 09, 2026. The Composition of the Committee and attendance of Risk Management Committee members in the meetings is given below:

Members	Designation in the committee	Category	Meeting date	July 15, 2025	January 09, 2026
			Mode of meeting	Physical	
Shri Rajendra Vallabhaji Gogri	Chairman	ED	2/2	√	√
Shri Rashesh Chandrakant Gogri	Member	ED	2/2	√	√
Smt. Hetal Gogri Gala	Member	NED-NID	1/2	√	-
Shri Renil Rajendra Gogri	Member	ED	2/2	√	√
Shri Suyog Kalyanji Kotecha	Member	ED	2/2	√	√
Shri Belur Krishna Murthy Sethuram	Member	ID	2/2	√	√
Shri Ajay Kumar Gupta	Member	ED	2/2	√	√
Shri Manoj Mulji Chheda	Member	ED	1/2	√	-

NED-NID – Non-Executive Non-Independent Director; ID – Independent Director; ED- Executive Director

Terms of Reference:

The brief terms of reference of the Risk Management Committee are as under:

1) To formulate a detailed risk management policy which shall include:
   a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   b. Measures for risk mitigation including systems and processes for internal control of identified risks.
   c. Business continuity plan.
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.
7) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee has been constituted in line with the prevailing Regulatory requirements.

The Committee is composed of three Directors including an Independent Director. During the financial year 2025-26, the CSR Committee met once on May 07, 2025 and all the members were present at the meeting. The Composition of the Committee is given below:

Members	Smt. Hetal Gogri Gala (Chairperson)	Smt. Rupa Devi Singh (Member)	Shri Ajay Kumar Gupta (Member)
Category	NED-NID	ID	ED

NED-NID – Non-Executive Non-Independent Director; ID – Independent Director; ED- Executive Director

As and when required the Committee meets and discusses the agenda items as set for it by the Board of Directors of the Company including;

1) Formulate and recommend to the Board, a Corporate Social Responsibility which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 as amended read with rules framed thereunder.
2) Recommend the amount of expenditure to be incurred on such activities and
3) Monitor the Corporate Social Responsibility policy of the Company from time to time.

The Board has also approved Corporate Social Responsibility Policy. The Annual Report on Corporate Social Responsibility Activities as required to be given under Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in an Annexure which forms part of the Board's Report.

GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Financial Year	Day, Date & Time	Venue	Special Resolution passed for
FY 2024-25	Monday, August 25, 2025 at 11:00 a.m	Through Video Conferencing/Other Audio- Visual Means	-
FY 2023-24	Friday, August 02, 2024 at 11:00 a.m	Through Video Conferencing/Other Audio- Visual Means	• Appointment of Shri Belur Krishna Murthy Sethuram (DIN: 03498701) as an Independent Director. • Appointment of Shri Nikhil Jaysinh Bhatia (DIN: 00414281) as an Independent Director of the Company. • Appointment of Smt. Rupa Devi Singh (DIN: 02191943) as an Independent Director • Appointment of Shri Ashok Kumar Barat (DIN: 00492930) as an Independent Director of the Company. • Re-appointment of Shri Lalitkumar Shantaram Naik (DIN: 02943588) as an Independent Director • Approve payment of Commission to Non-executive Directors of the Company
FY 2022-23	Friday, August 04, 2023, 11:00 a.m	Through Video Conferencing/Other Audio- Visual Means	• To approve appointment of Shri Aniruddha Bhalchandra Pandit (DIN: 02471158) as an Independent Director of the Company • To approve appointment of Shri Shekhar Shreedhar Khanolkar (DIN: 02202839) as an Independent Director of the Company • To approve revision in terms & conditions of appointment of Chairman & Managing Director Shri Rajendra Vallabhaji Gogri (DIN:00061003) • To approve revision in terms and conditions of appointment of Vice-Chairman and Managing Director Shri Rashesh Chandrakant Gogri (DIN:00066291) • To approve revision in terms and conditions of appointment of Executive Director Shri Parimal Hasmukhlal Desai (DIN:00009272) • To approve revision in terms and conditions of appointment of Executive Director Shri Manoj Mulji Chheda (DIN:00022699)
			• To approve revision in terms and conditions of appointment of Executive Director Shri Renil Rajendra Gogri (DIN:01582147) • To approve revision in terms and conditions of appointment of Executive Director • Shri Kirit Ratilal Mehta (DIN: 00051703), for a period from April 01, 2023 till August 04, 2023

Extraordinary General Meetings: No Extraordinary General Meetings of Members was convened during the Financial Year.

Details of resolutions passed through Postal Ballot: During FY 2025-26, no resolution was passed through postal ballot.

MEANS OF COMMUNICATION:

Quarterly Results:

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes or 3 hours, as may be applicable from the conclusion of the Board Meeting. in which the same is approved. The results are usually published in Financial Express (English) edition and (Gujarati) edition published from Ahmedabad. These results and official press releases are also available on the website of the Company www.aarti-industries.com

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication
First Quarter	July 31, 2025	August 02, 2025
Half Year	November 06, 2025	November 07, 2025
Third Quarter	February 02, 2026	February 04, 2026
Annual	May 04, 2026	May 06, 2026

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

Detailed presentations are made to Institutional Investors and Financial Analysts on the Company's audited quarterly and yearly financial results. These presentations/concall transcripts are also uploaded on the Company's website www.aarti-industries.com

Designated E-mail address for investors

To serve the investors better and as required under Listing Regulations, the designated e-mail address for investors complaints is investorrelations@aarti-industries.com

General Shareholders Information

Our vision of creating 'Right Chemistry for a Brighter Tomorrow' through our sustainability model of innovation has been fuelled by the trust that our shareholders have in us, thus making us the 'Global Partner of Choice' in the Specialty Chemicals Industry. The trust of our shareholders across the globe through collaborative partnership is a testimony and reflection of our brand value proposition in the Chemical Industry.

i) **The day, date time & Venue of the 43rd Annual General Meeting (AGM):**

Day	Date	Time	Venue
Monday	September 21, 2026	11:00 a.m	Through Video Conferencing (VC)/Other Audio Visual Means (OAVM)

ii) **Financial year and Tentative Financial Calendar:**

The Company's financial year begins on April 01 and ends on March 31. Our tentative calendar for declaration of the quarterly results during financial year 2026-27 are as follows:

Financial Year	FY 2026-27
June, 2026	1st/2nd week of August, 2026
September, 2026	1st/2nd week of November, 2026
December, 2026	1st/2nd week of February, 2027
March, 2027	May, 2027

iii) **Record date:** September 14, 2026

iv) **Payment of Dividend:** on or before October 9, 2026

v) **Listing on Stock Exchanges:**

Stock Exchange	Stock Code/ Symbol
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	524208
National Stock Exchange of India Limited "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AARTIIND

vi) **Listing Fees and Custodian Fee:**

The Company had paid the Annual Listing Fees of the Stock Exchanges and Annual Custodian Fees of the Depositories for the financial year 2026-27.

vii) Registrar and Transfer Agents & Address for correspondence:

MUFG Intime India Private Limited

(Formerly Link Intime India Private Limited

C-101, Embassy, 247, L. B. S. Marg, Gandhi Nagar Vikhroli (West), Mumbai Maharashtra– 400 083,

Tel No. +91 2249186000 I Fax No. 022- 49186060

Email Id: investor.helpdesk@in.mpms.mufg.com

Website: www.in.mpms.mufg.com

The shareholders are requested to address all their communications/suggestions/grievances to the Share Transfer Agents at the above address.

viii) Share Transfer process and Dematerialisation:

In accordance with Regulation 40 of the Listing Regulations, as amended from time to time, transfer/transmission and transposition of securities shall be effected only in dematerialised form. Listed companies shall issue the securities in dematerialised form only, for processing any service request from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition etc. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4/ISR-5, the format of which is available on the Company's website at https://www.aarti-industries.com/investors/shareholder-information?category=Shareholder%20Services After processing the service request, a letter of confirmation will be issued to shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant ('DP') for dematerialising those shares. If the shareholder fails to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat Account ('SEDA') held by the Company. Shareholders can claim those shares transferred to SEDA on submission of necessary documentation.

Details of Shares transferred to/released from SEDA during the FY 2025-26 are as under:

Particulars	No. of Shareholders	No of Shares
No. of shareholders and their shares lying in SEDA as on April 01, 2025	1	300
No. of shareholders and their shares transferred to SEDA during FY 2025-26	0	0
No. of shareholders to whom shares were transferred from SEDA during FY 2025-26	0	0
No. of shareholders and their shares lying in SEDA as on March 31, 2026	1	300

ix) Shareholding Pattern as on March 31, 2026:

(₹ in Crores)

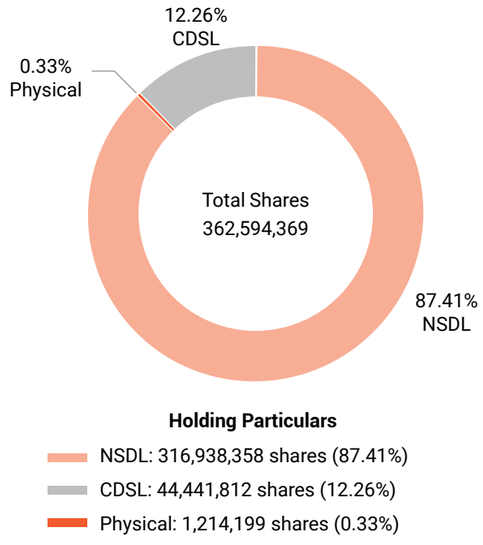
Category	As on March 31, 2026		As on March 31, 2025		% Change
	No. of shares	%	No. of shares	%	
Promoter and Promoter Group	15,26,23,660	42.09	15,31,39,060	42.24	-0.15
Individuals	9,35,56,732	25.80	9,77,40,284	26.96	-1.16
Foreign Portfolio Investors	2,67,77,096	7.38	2,28,10,824	6.29	1.09
Insurance Companies	2,94,54,794	8.12	2,87,65,593	7.93	0.19
Mutual Funds	4,17,19,384	11.51	4,17,20,849	11.51	0.00
Others	1,50,78,578	4.15	1,48,98,483	4.11	0.04
Body Corporate	33,84,125	0.93	34,44,817	0.95	-0.02
Total	36,25,94,369	100.00	36,25,19,910	100.00	-

x) Distribution of Shareholding as on March 31, 2026

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-2,500	3,73,768	94.46	2,71,94,046	7.50
2,501-5,000	11,265	2.85	82,68,146	2.28
5,001-10,000	5,048	1.28	73,42,352	2.03
10,001-15,000	1,962	0.49	48,70,258	1.34
15,001-20,000	871	0.22	31,34,995	0.87
20,001-25,000	898	0.23	42,13,066	1.16
25,001-50,000	864	0.22	61,40,999	1.69
Above 50,001	999	0.25	30,14,30,507	83.13
Total	3,95,675	100.00	36,25,94,369	100.00

xi) Dematerialisation of Shares and Liquidity:

99.67% of the Paid-up Capital is held in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2026 under ISIN No: INE769A01020.



xii) Liquidity of Shares:

The Shares of the Company are traded under 'A' Category at BSE Ltd. The shares are also traded regularly at the National Stock Exchange of India Ltd.

xiii) Green Initiative:

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

Shareholders who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/joint holder quoting details of Folio Number.

xiv) ADRs/GDRs/Warrants:

The Company has not issued any GDRs/ADRs/ Warrants or any other convertible instruments.

xv) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the Financial Year 2025-26, the Company had managed the foreign exchange Risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No.43 to the Annual Accounts.

xvi) Plant Locations:

- Plot No. 902,923,927,930, Phase III, GIDC, Vapi- 396195
- Plot No. 801, 801/23,806,807, Phase III, GIDC, Vapi- 396195
- Plot No. 285, 286/1 A-1-322/23, 322/12, 322/24 II Phase, GIDC, Vapi- 396195
- Plot No. 801/15 to 19,21 & 22, III Phase, GIDC, Vapi- 396195
- Plot No. 802, 803, 804/3, Phase III, GIDC, Vapi- 396195
- Plot No. 801/15 to 19, 21 & 22, III Phase, GIDC, Vapi- 396195
- Plot No. 24, Phase-I, GIDC, Vapi-396195
- Plot No. 609/610,100 Shed Area, GIDC Estate, Pardi, Vapi - 396195
- Plot No. L-4, L-5, L-8, L-9/1, MIDC, Tarapur, Tal. & Dist: Palghar - 401506
- Plot No. 1430/1, NH No. 8A, Tal Bhachau-370140
- Plot No. Z/103/H, Tal. Vagra, SEZ-II, Dahej, Dist - Bharuch-392130
- Plot No. Z/103/C, Tal. Vagra, SEZ-II, Dist - Bharuch-392130
- Plot No. Z/111/B, Z/111/C & D Tal. Vagra, SEZ - II, Dahej, Dist - Bharuch - 392130
- Plot No. 758/1-2-3 GIDC Estate Jhagadia, Dist Bharuch - 393110
- Plot No. 756/A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6, 756/7, 756/8+9, 778 &779 GIDC Estate Jhagadia, Dist - Bharuch - 393110
- Survey No. 345, 346, 348, 356, 358, 359,360, 364 Village Kapalsadi, Taluka Jhagadia, Dist - Bharuch - 393110
- Survey No. 109, 115,116, 118, 122, 123, 124, 335, Village Dadheda, Taluka Jhagadia, Dist - Bharuch, Gujarat - 393110

xvii) R&D Centres (including Pilot Plant):

- Plot No. 801/23, 806, 807, Phase III, GIDC, Vapi- 396195
- Plot No 41/1, 41/2, 41/3/1, 41/3/2 & 41/3/3, GIDC Estate, Jhagadia, Dist. Bharuch, Gujarat - 393110.
- Plot No. A-94/1 & A-94/1/1, MIDC, TTC Industrial Area, Trans, Village Limits of Khairane Taluka, Navi Mumbai 400709
- Plot No. 609/610,100 Shed Area, GIDC Estate, Pardi, Vapi - 396195

xviii) Address for Correspondence:

- **Registered Office**: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat - 396195; +91 7486036572; +91 7486041011
- **Corporate Office:** 4th Floor, Tower C, Embassy 247, Gandhi Nagar, Vikhroli West, Mumbai Maharashtra - 400083 Tel No: +91 22 69436100
- **Head Office:** 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai, Maharashtra - 400 080 I Tel No: +91 22 67976666
- **Satellite Office:** Keval Corporate Park, Opp. Chhani GEB Sub Station Channi Road, Channi, Vadodara, Gujarat-390002, I +91 7575076009

xix) Credit Rating:

The Company does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year March 31, 2026.

Below are the details of the Credit Ratings as on March 31, 2026

Facilities	CRISIL Rating	India Ratings and Research Rating
Long Term Issuers Rating and Bank Loan Ratings	CRISIL AA/ Negative	IND AA/Negative
Commercial Paper	CRISIL A1+	IND A1+

xx) Disclosure in respect of Equity Shares transferred to Unclaimed Suspense Account:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2025	254	4,23,986	-	-
No. of shareholders who approached the Company for transfer of shares from the suspense account during the year.	13	25,200	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	13	25,200	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2026	241	3,98,786	-	-

The voting rights on shares lying in Unclaimed Suspense Account shall remain freeze till the rightful owner claims the shares.

xxi) CEO/CFO certification:

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed by Shri Suyog K. Kotecha, CEO and Shri Chetan B. Gandhi, CFO and were placed at the Meeting of the Board of Directors held on May 04, 2026. Copy of which is attached in this Annual Report. The CEO and the CFO also give quarterly certification on financial results while placing the financial results.

DISCLOSURES:

i. During the year, there were no material related party transactions that may have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts. Further there are no loans and advances in the nature of loans to firms/companies in which Directors of the Company or subsidiaries are interested.

As required under Regulation 23(1) of Listing Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under "investor" section of the website of the Company at the following web link https://d9bnjb3uan3b2.cloudfront.net/Aarti_Industries_Policy_RPT_03_06_26_e6b8611eb9.pdf

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

iii. Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour,

fraud or violation of Company's code of conduct. The same has been hosted under "investor" section of the website of the Company at weblink: https://d9bnjb3uan3b2.cloudfront.net/Vigil_ae576496e7.pdf

The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel has been denied access to the Audit Committee.

iv. In order to restrict communication of Unpublished Price Sensitive Information (UPSI), the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The said Code is available on the website of the Company at the following Web link: https://d9bnjb3uan3b2.cloudfront.net/PIT_1949242219d.pdf

v. To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted under "investor" section of the website of the Company at the following Web link: https://d9bnjb3uan3b2.cloudfront.net/Material_subs_aae7901b80.pdf

vi. Information under clause 5A of paragraph A of Part A of Schedule III of Listing Regulations are available on the website of the Company and the weblink thereto is https://d9bnjb3uan3b2.cloudfront.net/Intimation_for_signing_of_Shareholder_s_Agreement_4a82a9e125.pdf

vii. The Company has complied with all the mandatory requirements under Listing Regulations.

viii. There were no instances during the FY 2025-26, wherein the Board had not accepted recommendations made by any committee of the Board.

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

Particulars	₹ in Crs.
Audit Fees	0.52
Certification Charges	0.05
Out of Pocket Expenses	0.02
Total	**0.59**

x. During FY 2025-26, the Company has not raised funds through any kind of issue (public issue, rights issue, preferential issue, etc.)

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

Number of complaints filed during the financial year	0
Number of complaints disposed of during the financial year	0
Number of complaints pending as on end of the financial year	0

xii. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 clauses (b) to (i) of sub-regulation (2) of Regulations 46 of Listing Regulations.

xiii. With a view to regulate trading in securities by the Directors and designated employees, the Company has adopted a code of Conduct to regulate, monitor and report trading by Insiders.

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

DISCRETIONARY REQUIREMENTS:

The status of compliance with discretionary requirements of Part E of schedule II of Listing Regulations with Stock Exchanges is provided below:

Sr. No.	Particulars	Remarks
1.	Non-Executive Chairman's Office	The Company does not have Non-Executive Chairman
2.	Shareholder's Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	Auditors' Report on Company's financial statement for the financial year 2025-26 is unmodified
4.	Separate posts of Chairman and CEO	The Company has a separate post of Chairman and MD and CEO
5.	Reporting of Internal Auditor	The Internal Auditor reports to CEO and has direct access to the Audit Committee

For and on behalf of the Board

Place: Mumbai
Date: July 30, 2026

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

DECLARATION BY CHIEF EXECUTIVE OFFICER

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

For and on behalf of the Board

Suyog K. Kotecha
Chief Executive Officer
DIN: 10634964
Mumbai/July 30, 2026

CEO/CFO CERTIFICATION IN RESPECT OF FINANCIAL STATEMENTS AND CASH FLOW STATEMENT (PURSUANT TO REGULATION 17(8) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2026 and we hereby certify and confirm to the best of our knowledge and belief the following:

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

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

c. There are no transactions entered into by the Company during the year ended March 31, 2026 which are fraudulent, illegal or violative of Company' Code of Conduct.

d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.

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

f. That there have been no significant changes in the accounting policies during the relevant period.

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

For **Aarti Industries Limited**

Suyog K. Kotecha
Chief Executive Officer
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M. No.: 111481

Place: Mumbai
Date: May 4, 2026

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
AARTI INDUSTRIES LIMITED
CIN: L24110GJ1984PLC007301
Plot No.s. 801, 801/23, GIDC Estate Phase-III,
Vapi, Gujarat- 396195

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AARTI INDUSTRIES LIMITED having CIN L24110GJ1984PLC007301 and having registered office at PLOT NO 801/23, GIDC Estate Phase-III, Vapi, Gujarat- 396195 (hereinafter referred to as 'the Company'), produced before me for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of 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 & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2026 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:

Sr. No.	Name of Director	DIN	Date of Appointment	Date of Cessation as Director
1.	Rashesh Chandrakant Gogri	00066291	09/06/1997	Continuing
2.	Manoj Mulji Chheda	00022699	25/11/1993	Continuing
3.	Renil Rajendra Gogri	01582147	16/08/2012	Continuing
4.	Rajendra Vallabhaji Gogri	00061003	01/07/2013	Continuing
5.	Hetal Gogri Gala	00005499	01/11/2006	Continuing
6.	Lalitkumar Shantaram Naik	02943588	21/05/2019	Continuing
7.	Ashok Kumar Barat	00492930	15/09/2024	Continuing
8.	Nikhil Jaysinh Bhatia	00414281	15/09/2024	Continuing
9.	Belur Krishna Murthy	03498701	01/06/2024	Continuing
10.	Suyog Kalyanji Kotecha	10634964	17/06/2024	Continuing
11.	Rupa Devi Singh	02191943	15/09/2024	Continuing
12.	Anniruddha Bhalchandra	02471158	29/06/2023	Continuing
13.	Shekhar Shreedhar Khanolkar	02202839	29/06/2023	Continuing
14.	Ajay Kumar Gupta	08619902	29/06/2023	Continuing

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 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.

Rajeev K Jain & Associates
(Practising Company Secretary)
(Peer Review Certificate No. 4721/2023)

Rajeev Kumar Jain
M. No.: F7981
CP No.: 15783
UDIN: F007981H000092703

Place: Indore
Date: April 14, 2026

AUDITOR'S CERTIFICATION ON CORPORATE GOVERNANCE

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members,
Aarti Industries Limited
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi Dist. Valsad,
Gujarat 396195

We, BNP & Associates, Practicing Company Secretaries, have examined the compliance of conditions of Corporate Governance by **Aarti Industries Limited** (hereinafter referred as "the Company"), for the financial year ended March 31, 2026, as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Paragraphs C, D and E of Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations)

We state that completing compliance of conditions of Corporate Governance is the responsibility of the management of the Company, and our examination is limited to the 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 specified for listed Company in the aforesaid 'Listing Regulations'.

We further state that the above certification 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 during the financial year.

This certificate is issued solely for the purpose of complying with the Listing Regulations and may not be suitable for any other purpose.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 7353/2025

Kalidas Ramaswami
Partner
FCS No: 2440
COP No: 22856
UDIN: F002440H000982892

Date: July 30, 2026
Place: Mumbai

ANNEXURE II
BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

FORMAT SECTION A: GENERAL DISCLOSURES

I. DETAILS OF THE LISTED ENTITY

1. Corporate Identity Number (CIN) of the Listed Entity: L24110GJ1984PLC007301
2. Name of the Listed Entity: Aarti Industries Limited (AIL)
3. Year of incorporation: 1984
4. Registered office address: Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase-III, Vapi, Dist. Valsad, Gujarat-396195
5. Corporate address: 4th Floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India.
6. E-mail: Investorrelations@aarti-industries.com
7. Telephone: +91 22 69436100/+91 22 69436200
8. Website: www.aarti-industries.com
9. Financial year for which reporting is being done: April 01, 2025 to March 31, 2026
10. Name of the Stock Exchange(s) where shares are listed: Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)
11. Paid-up Capital: ₹ 181. 29 Crore
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:

    Name: Shri Raj Sarraf

    Telephone: +91 22 6943 6170

    Email: co.ail@aarti-industries.com
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).: The reporting boundary includes all the activities and operations of Aarti industries Limited including subsidiaries
14. Name of assurance provider: TUV India Private Limited (TUV NORD GROUP)
15. Type of assurance obtained: Reasonable Assurance for BRSR Core indicators (refer assurance statement)

II. PRODUCTS/SERVICES

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

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing of speciality chemical	Manufacturing, Distributing, Trading, sales and marketing	100%

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

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture of basic chemicals, fertiliser and nitrogen compounds, plastics and synthetic rubber in primary forms	201	100%
2	Manufacture of other chemical products	202	

III. OPERATIONS

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

Location	Number of plants	Number of offices	Total
National	16	2	18
International	-	3	3

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States) (Inclusive of union territories)	30
International (No. of Countries)	60

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

Our contribution to export is 57% of our total turnover

c. A brief on types of customers:

Aarti Industries Limited has a strong and steady presence across a wide range of industrial sectors. We serve sectors like agrochemicals, dyes and pigments, additives, polymers, and FMCG, adapting easily to changing market needs. Our broad product portfolio reflects our ability to meet the demands of different markets. During the year, we served over 700 customers in India and more than 400 customers internationally.

IV. EMPLOYEES

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	2,286	2,134	93.35	152	6.65
2.	Other than Permanent (E)	16	15	93.75	1	6.25
3.	**Total employees (D + E)**	**2,302**	**2,149**	**93.35**	**153**	**6.65**
	WORKERS					
4.	Permanent (F)	3,538	3,498	98.87	40	1.13
5.	Other than Permanent (G)	7,243	6,928	95.65	315	4.35
6.	**Total workers (F + G)**	**10,781**	**10,426**	**96.71**	**355**	**3.29**

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	24	24	100	0	0
2.	Other than Permanent (E)	0	0	NA	0	NA
3.	**Total differently abled employees (D + E)**	**24**	**24**	**100**	**0**	**0**
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	89	88	98.88	1	1.12%
5.	Other than permanent (G)	14	14	100	0	0
6.	**Total differently abled workers (F + G)**	**103**	**102**	**99.03**	**1**	**0.97%**

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	14	2	14.29
Key Management Personnel	2	0	0

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2025-26 (Turnover rate in current FY)			FY 2024-25 (Turnover rate in previous FY)			FY 2023-24 (Turnover rate in the year prior to the previous FY)		
	Male %	Female %	Total %	Male %	Female %	Total %	Male %	Female %	Total %
Permanent Employees	22	23	22	20	25	20	28	25	27
Permanent Workers	19	32	19	20	26	20	18	23	18

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

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

S. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Aarti Corporate Services Limited	Subsidiary	100%	Yes
2	Aarti Polychem Private Limited	Subsidiary	100%	Yes
3	Innovative Envirocare Jhagadia Limited	Subsidiary	100%	Yes
4	Alchemic (Europe) Limited	Subsidiary	88.89%	Yes
5	Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited)	Subsidiary	100%	Yes
6	Aarti Bharuch Limited	Subsidiary	100%	Yes
7	Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	Subsidiary	100%	Yes
8	Aarti Chemical Trading FZCO	Subsidiary	100%	Yes
9	Aarti Chemical Trading USA INC (through its Holding Company: Aarti Chemical Trading – FZCO)	Subsidiary	100%	Yes
10	Augene Chemical Private Limited (a JV with Superform Chemistries Limited).	Joint Venture	50%	No
11	Re Aarti Private Limited, a partnership between Aarti Circularity Limited (wholly owned subsidiary of the Company) and Re Sustainability Limited.	Joint Venture	49%	No

VI. CSR DETAILS

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

(ii) Turnover (in ₹) - 9,018 Crore

(iii) Net worth (in ₹) - 5,955 Crore

VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2025 -26 Current Financial Year			FY 2024-25 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	NA	0	0	NA
Investors (other than shareholder)	Yes	0	0	NA	0	0	NA
Shareholders	Yes	11	0	NA	25	0	NA
Employees And workers	Yes	0	0	NA	0	0	NA
Customers	Yes	35	0	NA	83	0	NA
Value Chain Partners	Yes	0	0	NA	0	0	NA
Other (please specify)	NA	-	-	-	–	–	–

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

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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Occupational Health and Safety	Risk	At AIL, safety is not merely a priority; it is our foundational core and essence, shaping every business decision, project commissioning, and operational shift. We maintain the unwavering conviction that no production target or operational milestone is ever considered worth compromising the safety of people associated with us. AIL strives to prevent injury by sustaining an injury-free workplace with a mindset of zero tolerance towards any incident or injury. Health impact or injury during working may lead to financial implications and reputation loss to AIL. Any accident may also impact the morale of the workers leading to production losses. Non adherence to OHS requirement may also lead to fines and penalties.	We have developed and adopted a robust, comprehensive, and reliable Occupational Health and Safety Management System, process safety, risk management and Emergency mitigation system under Aarti Management System. All our employees, contract employees and visitors are covered under our management system. In addition we have implemented following safety interventions across our manufacturing locations: • Institutionalised the "Besafe+ (Dil se)" journey, shifting safety from a priority to a core value through active shop-floor involvement and tools like Personal Safety Action Plans (PSAP). • Plant-level initiatives such as daily toolbox talk, monthly awareness sessions, etc. • Established a Barrier Management framework and a world-class Process Safety Laboratory to conduct scientific hazard analyses, including HAZOP, QRA, LOPA, and thermal degradation studies. • Regular third party audit through external auditor (expert in the field) is done to identify process risks. • Engagement with 45,000+ annual BBSO rounds, 50,000+ man-hours of safety training, and over 1,500 Safety Action Meetings (SAM) to address unsafe acts proactively. • Daily safety pledge to reaffirm our commitment for safety. • Provided 24/7 medical support through Occupational Health Centres (OHCs) with advanced life support ambulances and a specialised fire prevention programme for chemical transport. • Extended safety expertise to the broader ecosystem by training MSMEs, supporting neighbouring industries, and collaborating with global forums like the CII, FICCI and ICC. • Leveraging digital tools for safety governance and communication.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Energy Management	Opportunity	We are committed to a decarbonisation strategy centred on increasing the share of renewable energy within our power mix and institutionalising energy-efficient solutions across our manufacturing footprint. By systematically reducing our dependence on fossil-fuel-based energy, we aim to significantly lower our Greenhouse Gas (GHG) emissions while enhancing resource productivity. This transition not only supports a cleaner environment but also drives long-term cost optimisation and reinforces our operational resilience.	We have regularised usage of Biomass for replacing coal gradually in order to reduce carbon emissions. We have several energy efficiency programmes through process optimisation. Under this, one such programme is to recover energy from a distillation condenser in the form of steam by supplying hot water, this enables us to save cooling water loss and recover energy saving fuels and eliminating CO_2 emissions. We have adopted an IT-based Energy Management System (EnMS) for controlling, managing and conserving energy. Based on our several energy efficiency initiatives, we have saved approx 2.3 million KWH of energy in FY 2025-26. AIL has started receiving 13.2 MW of hybrid renewable energy. Additionally 2.75 MW of renewable energy is also sourced since Q3 FY26. Further phase-2 investment for 25.7.MW is expected to be operational in FY 2026-27.	Positive
3	IT security and data privacy	Risk	Risks pertaining to digital infrastructure and data security, specifically concerning the theft of sensitive corporate data and the resulting operational costs of incident response. Such vulnerabilities further pose risks of regulatory non-compliance and the imposition of significant financial penalties.	AIL utilises a suite of next-gen technology like XDR, ZTNA, and a 24/7 SOC. Regular VAPT audits ensured zero data breaches or privacy complaints. All our operational sites are ISO 27001 certified. Governance is bolstered by 100% training completion and an improved BitSight score of 800 out of 820. These measures shift our posture from reactive to proactive, ensuring top-tier information security standards across all business operations.	Negative
4	Employee Development and Engagement	Opportunity	At AIL, we recognise our workforce as our most vital intellectual asset and the cornerstone of our organisational resilience. Our long-term growth trajectory is linked to a robust human capital strategy that prioritises the identification, development, and preservation of high-potential talent. By institutionalising rigorous recruitment standards, providing continuous upskilling through training, we align our people's professional aspirations with the Company's strategic objectives.	We are committed to fostering a safe, inclusive, and equitable work environment that prioritises the physical and psychological well-being of our workforce. By cultivating a high-performance culture rooted in our value of care and employee engagement, we ensure that organisational growth is aligned with individual professional development. This is supported by a robust framework for continuous capacity building and skill upgradation, alongside welfare benefits designed to enhance the quality of life for all our employees.	Positive
5	Human Rights	Risk	Human rights considerations are intrinsic to our entire value chain, from upstream raw material procurement to downstream distribution. We view the protection of human rights as a material priority, as any oversight could lead to significant regulatory non-compliance and localised reputational risks. Consequently, integrating human rights due diligence into our internal and external operations is vital to maintaining our social license to operate.	We have developed a robust Human Rights Due Diligence (HRDD) framework to facilitate the systematic assessment of our operational footprint. As part of this commitment, we conduct site-specific vulnerability assessments to proactively identify, mitigate, and monitor human rights risks. This culture of accountability is extended across our entire value chain; we mandate that our business partners align with our human rights policies, a requirement strictly formalised through our contractual agreements.	Negative
6	Business Ethics and compliance	Risk	Reputational risks arising from regulatory non-compliance and failure to meet evolving legal requirements, potentially impacting our social license to operate.	We have a robust and comprehensive Code of Conduct (CoC), Ethics and Fair Business Practices policy and various policies related to ethical conduct to ensure the highest standards of integrity across all levels of the organisation. This framework is reinforced through mandatory training and sensitisation programmes for our entire workforce, including employees and workers. To ensure rigorous adherence to statutory requirements, the Company leverages advanced digital compliance management tools for systematic, real-time tracking and monitoring of all applicable regulations.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Climate change and Governance	Risk and Opportunity	Risk: Exposure to physical risks from extreme climate events potentially leading to operational disruptions and asset loss, alongside transition risks arising from tightening environmental regulations that may impact market reputation and compliance costs. Opportunity: AIL perceives the shift toward a green economy as an opportunity to enhance operational efficiency. Capitalising on decarbonisation pathways through the adoption of low-carbon technologies and fostering strategic industrial synergies to drive innovation in sustainable chemical manufacturing.	AIL has institutionalised climate governance by defining clear roles and responsibilities for managing climate-related risks and opportunities. This ensures that climate risks and opportunities are systematically considered in strategic planning, capital allocation, budgetary approvals, and operational performance monitoring.	Positive and Negative both
8	Water and effluent	Risk	Water availability is a material physical risk, where scarcity could disrupt manufacturing continuity and revenue generation. We also acknowledge the environmental and regulatory risks associated with potential water resource contamination or habitat degradation due to treatment failures.	We are committed to water stewardship, ensuring resource availability for both our operations and neighbouring communities through strategic CSR interventions. Eight manufacturing facilities are Zero Liquid Discharge (ZLD) compliant, three are ZLD ready, and the rest are progressing toward ZLD readiness. By mainstreaming resource circularity—specifically through the recovery of condensate and RO permeate—we are effectively decoupling production growth from freshwater demand while reducing the hydraulic load on our Effluent Treatment Plants (ETPs). Furthermore, we are evaluating next-generation adiabatic reaction technologies to minimise water loss within our cooling systems, driving long-term operational resilience.	Negative
9	Waste management	Risk	Our operational waste streams comprise both hazardous and non-hazardous materials. We recognise that any deviations from prescribed disposal protocols present significant environmental, regulatory, and compliance risks, which may result in legal sanctions or financial penalties. Consequently, we prioritise stringent waste management to ensure absolute adherence to statutory requirements.	Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. Our priority to reduce hazardous wastes are: A. First Priority: Produce less hazardous waste a. Change industrial process to eliminate use of harmful chemicals b. Use less hazardous product c. Reduce packaging materials in products d. Change industrial processes to reduce or eliminate hazardous waste production B. Second Priority: Convert hazardous waste to less hazardous or non - hazardous substance by using 4 R's a. Reuse b. Recovery c. Recycle d. Repair C. Last Priority – Treatment & disposal of all our waste: a. Treating waste to reduce toxicity b. Auditing of Hazardous waste Handlers. c. Incinerate waste d. Waste in landfills	Negative

For more details on the material topics, please refer to our Integrated Report of FY 2025-26, Page Number 44-51

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the National Guidelines on Responsible Business Conduct (NGRBC) Principles and Core Elements. 9 principles of responsible business conduct are

P1:Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable

P2:Businesses should provide goods and services in a manner that is sustainable and safe

P3: Businesses should respect and promote the well-being of all employees, including those in their value chains

P4: Businesses should respect the interests of and be responsive to all its stakeholders

P5: Businesses should respect and promote human rights

P6: Businesses should respect and make efforts to protect and restore the environment

P7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

P8: Businesses should promote inclusive growth and equitable development

P9: Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions			P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes											
1.	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b.	Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c.	Web Link of the Policies, if available	https://www.aarti-industries.com/investors/code-and-policies								
2.		Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.		Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.		*Name of the national and international codes/ certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	(1,3)	(2,4,8)	(5,8)	(1,3)	(7,8)	(4,8)	(7)	(1,3)	(2)
5.		Specific commitments, goals and targets set by the entity with defined timelines, if any.	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.		Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Performance of each of the principles is reviewed periodically by various Committees led by the Management and Board of Directors								

*UN Global Compact (1), Responsible care (2), GRI (3), ISO 14001 & ISO 50001(4), ISO 45001 (5), ISO 27001 (6), Aarti Code of Conduct (7) Ecovadis & Together for Sustainability TfS (8)

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) *Kindly refer to our Chairman statement in the Integrated Report at Page number 04-07.*									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	AIL Board, composed of industry experts with diverse and extensive experience, enabling effective decision-making and execution of sustainable, long term strategies is the highest authority responsible for implementation and oversight of the Business Responsibility policies. It has constituted different board committees and Councils to look after different aspects of Business Responsibility.								
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	The Risk Management and ESG Committee at the Board level provides strategic direction on ESG matters and reviews progress quarterly. The Apex Sustainability Council, comprising CXOs and departmental heads, assist the board level committee in assessment of ESG risks and opportunities while tracking progress on a quarterly basis. ESG sub-councils support implementation and monitor performance across locations against key ESG KPIs.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee	Frequency (Annually/Half yearly/ Quarterly/Any other – please specify)
	P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9	P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9
Performance against above policies and follow up action	Yes, the policies have been reviewed by the Board of Directors.	Any Other - Ongoing
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	Quarterly and as & when required as per statutory requirement

11	Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P1 P2 P3 P4 P5 P6 P7 P8 P9
		The Company follows a robust internal oversight mechanism where Senior Management and Board/Committees regularly review policy frameworks and charters. The governance and compliance mechanisms are further subject to internal and external audits as part of the certifications processes, including ISO 9001, 14001, 45001, 50001, 27001 and as part of the annual reasonable assurance exercise. These assessments ensure that our business responsibility policies, initiatives and overall ESG performance are aligned to the long term performance objectives.

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

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	Yes, all Principles are covered by policies								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

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

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	08	During the year, the Board of Directors of the Company (including its Committees) has invested time on various matters relating to an array of issues pertaining to the business, regulations, economy and environmental, social, governance parameter. In addition, awareness sessions were conducted covering business development, strategy, technology, expansion and capital expenditure as well as health and safety initiatives and employee-centric programmes.	100%
Key Managerial Personnel	08	Key areas covered included change management, integrity and ethics, artificial intelligence and digital awareness, leadership development, and the Aarti Engaging Leaders programme focused on strengthening leadership effectiveness and engagement. Updates and awareness related to regulatory changes were provided Topics covered include: Corporate Governance, Companies Act, 2013, SEBI regulations, Forex, as applicable to the Company, ESG performance matters, Code of Conduct for Employees, Ethics and Fair Business Practices Prevention of Sexual Harassment at Workplace ("POSH")	100%
Employees other than BoD and KMPs	6699	The Company has a structured training programmes for all permanent employees and workers. Trainings imparted are on following themes: Behavioural; Ethics, Code of Conduct, and Compliance; Technical Skills Functional; Safety; sustainability, ESG, Waste and Water Management; Energy Management, Climate change, Cyber security	100%
Workers	6922		100%

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

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

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

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
NA	

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

Yes, we have established a robust Ethics and Fair Business Practice Policy alongside a comprehensive Code of Conduct (CoC). This framework governs our operations and ensures compliance across key areas, including Anti-Bribery and Anti-Corruption (ABAC), Anti-Money Laundering (AML) and Anti-Fraud measures, Management of Conflicts of Interest, Anti-Competitive and Antitrust practices, Accurate Business Records and Public Disclosures, Conflict of Interest, Gifts & Hospitality, Prevention of Insider Trading. Detailed versions of these policies are accessible on the Company's website at:

https://www.aarti-industries.com/investors/code-and-policies

To support this, a robust Whistle Blower Policy is also in place that serves as a formal vigil mechanism for employees, directors, and external stakeholders to report concerns regarding unethical behaviour, actual or suspected fraud, leaks of Unpublished Price Sensitive Information (UPSI), or violations of the CoC and applicable Indian laws. The policy ensures adequate safeguards against victimisation and provides stakeholders with direct access to the Chairperson of the Audit Committee. Our commitment to ethics is reinforced through conduct of regular training sessions for directors, employees, and workers on ethical conduct. Furthermore, we maintain active communication channels with our business partners to ensure their alignment with our ethical standards and policy expectations.

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

	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Directors	Nil	Nil
KMPs		
Employees		
Workers		

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

	FY 2025-26 (Current Financial Year)		FY 2024-25 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

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

Not applicable

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

	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Number of days of accounts payables	108	91

9. Open-ness of business

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

Parameter	Metrics	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Nil	Nil
	b. Number of trading houses where purchases are made from	Nil	Nil
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	Nil	Nil
	b. Number of dealers/distributors to whom sales are made	Nil	Nil
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/ distributors	Nil	Nil
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	4.34%	4.83%
	b. Sales (Sales to related parties/Total Sales)	24.50%	15.81%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	59.57%	6.64%
	d. Investments (Investments in related parties/Total Investments made)	82.24%	85.42%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
2 (73 Participants)	• Business Ethics • Fair Labour and Human Right Practices • Environment Sustainability • Safety and Security Compliance • Responsible Procurement	66%

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.

The Company has a process in place which is governed by the Company's Code of Conduct which is available on the website of the Company. For the purpose of this Code of Conduct, the term "Employees" includes employees, associates, officers, and directors of AIL and its subsidiaries. The Company's Code of Conduct emphasises the principles of loyalty, integrity, and ethical business conduct. All employees are expected to act solely in the interests of the Company within the scope of their employment and ensure that personal, financial, or other business interests do not interfere with, or appear to interfere with, the interests of the Company. The Code of Conduct requires employees to avoid situations that may give rise to actual, potential, or perceived conflicts of interest. A conflict of interest exists when an employee's actions or private interests interfere, or appear to interfere, with the interests of the Company.

Every Director of the Company also discloses his/her concern or interest in the Company or companies or bodies corporate or firms or other association of individuals and any change therein, annually or upon any change, which also includes the shareholding. In the Meetings of the Board, the Directors abstain from participating in the matters in which they are concerned or interested.

The Corporate Secretarial team also maintains a database of the Directors and the entities in which they are interested for identifying and tracking conflict of interests which is shared with the Finance department which flags off the parties in their system for monitoring and tracking transaction(s) entered by the Company with such parties.

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

Essential Indicators

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

	FY 2025-26	FY 2024-25	Details of improvements in environmental and social impacts
R&D	14%	12%	• We practice comprehensive product stewardship by evaluating and minimising the environmental and social impacts of its products at every lifecycle stage. Guided by circularity and waste minimisation, our R&D centre—driven by a highly qualified team of 250+ scientists and 19 PhDs—focuses on embedding green chemistry and efficiency into our manufacturing designs. • This innovation-led approach successfully delivered the in-house process development of 90+ products and achieved 'first-time-right' pilot scale-ups for 60+ products, ensuring optimal resource efficiency and lower environmental overheads.
Capex	5%	7%	• For details on our environment and social initiative for the year FY 2025-26 kindly refer to the Natural capital and Social capital section of the Integrated Report.

Note: The value for FY 24-25 is restated based on the correction in calculation methodology.

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

Yes, we have established procedures to ensure sustainable sourcing. We provide all our suppliers with the General Conditions of the Contract (GCC), General Conditions of Purchase (GCP), Supplier Code of Conduct, Responsible Procurement Policy and POSH policy that comprehensively cover ESG issues. AIL also carries out assessment of critical business partners and engages with them on closing the sustainability related gaps.

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

During FY 2025-26, 66% of our input material by value is sourced sustainably.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

a) Plastic Waste (Including packaging) - Plastic waste generated due to packaging of our product is collected under EPR through third parties as per Plastic waste management rules, plastic waste collected is recycled. During last FY 2025-26, 695 MT of total plastic waste was collected. For plastic material exported or sent to other industries as raw material, the customer are required to safely dispose off the product as per local regulations.

b) E-waste - E-waste is not generated by AIL products as we are into manufacturing of speciality chemicals. The E-waste generated from after use in-house is sold to approved vendors for recycling and safe disposal.

c) Hazardous waste - We are a B2B manufacturer of chemical intermediates, our products undergo complete chemical integration or transformation during our customers' manufacturing processes. Consequently, direct end-of-life product reclamation is not feasible. The management, safe handling, and disposal of any hazardous waste generated during the utilisation of our products are governed by our downstream customers under their specific regulatory approvals.

d) Other waste -

i) Battery Waste - Battery-waste is not generated by AIL products as we are into manufacturing of speciality chemicals. The Battery-waste generated by AIL after use is sold to approved authorised recyclers.

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

Yes, EPR is applicable to AIL. Our waste collection plan is in compliance with the requirements of Extended Producer Responsibility (EPR) under the Plastic Waste Management Rules, 2016 (as amended). We continue to monitor and strengthen our waste collection and disposal mechanisms in line with evolving regulatory requirements and maintain regular engagement with the Pollution Control Boards to ensure ongoing compliance.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.*
201	Manufacture of basic chemicals, fertiliser and nitrogen compounds, plastics and synthetic rubber in primary forms	81%	Cradle-to-Gate	The study for select product was performed in collaboration with third party	*Results are shared with relevant stakeholders
202	Manufacture of other chemical products				

*Results are not showcased on public domain but are shared with the relevant internal and external stakeholders

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
NiL	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Spent Acid (MT)	17%	26%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	695	0	0	716	0
E-waste	0	45	0	0	25	0
Hazardous waste	0	4,74,675	25,305	0	4,13,617	25,861
Other waste	0	35,621	14	0	28,504	13

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

We are manufacturing speciality chemicals which are intermediate products for our customers, they use it as raw material to produce finished products.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Nil	Nil

Note: One of our B2C products uses plastic as packaging material that comes under EPR guideline and we have collected back and recycled 100% of our EPR Target.

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

Essential Indicators

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

Category	Total (A)	% of employees covered by									
		Health insurance		Accident		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	2,134	2,134	100%	2,134	100%	NA	NA	2,134	100%	2,134	100%
Female	152	152	100%	152	100%	152	100%	NA	NA	152	100%
Total	2,286	2,286	100%	2,286	100%	152	100%	2,134	100%	2,286	100%
Other than Permanent Employees											
Male	15	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	16	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	3,498	3,498	100%	3,498	100%	NA	NA	3,498	100%	3,498	100%
Female	40	40	100%	40	100%	40	100%	NA	NA	40	100%
Total	3,538	3,538	100%	3,538	100%	3,538	100%	3,538	100%	3,538	100%
Other than Permanent Workers											
Male	6,928	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	315	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	7,243	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Cost incurred on well- being measures as a % of total revenue of the Company	0.46	0.57

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

Benefits	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	NA	100	100	NA
ESI	0.02	1.44	Y	0.02	2.45	Y
Others – please specify	–	–	–	–	–	–

3. Accessibility of workplaces

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

AIL ensures that our operational facilities and offices cater to the needs of persons with disabilities (PwD), in line with the Rights of Persons with Disabilities Act, 2016. We mitigate workplace barriers by integrating specialised infrastructure—such as wheelchair-accessible ramps and designated restrooms—into our facility designs.These physical provisions back our overarching commitment to providing equal opportunity, preventing discrimination, and ensuring that our diverse workforce can navigate their workplaces safely and independently. We regularly review our infrastructure to ensure it remains aligned with evolving accessibility standards.

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

Yes, AIL is committed to the mandates of the Rights of Persons with Disabilities Act, 2016. AIL is dedicated to fostering an inclusive work culture anchored in diversity, equity, and merit. Our policy and procedures strictly prohibit discrimination based on disabilities, gender, caste, race, or religion across all stages of employment—from talent acquisition to career progression. This commitment is covered within our comprehensive People Policy and Code for Human Rights, both of which govern our workplace safety, inclusivity, and ethical standards.

Weblink of the policy: People policy

Weblink of the policy: Code for human rights

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

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	72.79%	100%	100%
Female	100%	100%	100%	100%
Total	**100%**	**74.19%**	**100%**	**100%**

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

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

Yes, AIL provides comprehensive grievance redressal mechanisms accessible to all categories of internal and external workforces. For day-to-day operational grievances, we have implemented proactive, localised interventions such as 'Chai pe Charcha' (interactive listening forums) and 'HR Sevak' (dedicated HR support). These channels ensure that minor grievances are either settled immediately or escalated for resolution within stipulated timelines. For high-material grievances involving ethics, legal breaches, or Code of Conduct violations, a formal Whistle Blower Policy serves as our institutional vigil mechanism. This framework protects whistleblowers from retaliation and extends a secure, direct channel of escalation to the Chairperson of the Audit Committee.

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

Category	FY 2025-26 (Current Financial Year)			FY 2024-25 (Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	**2,286**	**0**	**0**	**2,443**	**0**	**0**
- Male	2,134	0	0	2,287	0	0
- Female	152	0	0	156	0	0
Total Permanent Workers	**3,538**	**72**	**2**	**3,425**	**72**	**2**
- Male	3,498	72	2	3,383	72	2
- Female	40	0	0	42	0	0

8. Details of training given to employees and workers:

Category	FY 2025-26 Current Financial Year					FY 2024-25 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,134	2,134	100	2,134	100	2,287	2,287	100	2,287	100
Female	152	152	100	152	100	156	156	100	156	100
Total	**2,286**	**2,286**	**100**	**2,286**	**100**	**2,443**	**2,443**	**100**	**2,443**	**100**
Workers										
Male	3,498	3,498	100	3,498	100	3,383	3,383	100	3,383	100
Female	40	40	100	40	100	42	42	100	42	100
Total	**3,538**	**3,538**	**100**	**3,538**	**100**	**3,425**	**3,425**	**100**	**3,425**	**100**

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

Category	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Total* (A)	No. (B)	% (B/A)	Total* (C)	No. (D)	% (D/C)
Employees						
Male	1,802	1,802	100	1,928	1,928	100
Female	125	125	100	120	120	100
Total	**1,927**	**1,927**	**100**	**2,048**	**2,048**	**100**
Workers						
Male	2,776	2,776	100	3,004	3,004	100
Female	33	33	100	37	37	100
Total	**2,809**	**2,809**	**1,000**	**3,041**	**3,041**	**100**

* Numbers Indicates total employee eligible for performance evaluation.

10. Health and safety management system:

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

Yes, we have developed and adopted a robust and comprehensive Occupational Health and Safety Management System. All our employees, contract employees and visitors are covered under this system.

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

Anchored by our 'Zero Harm' philosophy, AIL utilises a suite of advanced diagnostic tools to proactively identify work-related hazards and manage operational risks. Routine operations are governed by a Hazard Identification and Risk Assessment (HIRA) protocol, while non-routine tasks are strictly subjected to Job Safety Analysis (JSA) to enforce immediate mitigation controls. At the engineering level, process safety is institutionalised through comprehensive risk registers and barrier management systems that track the healthiness of critical safeguards against top-tier risks. Furthermore, our design lifecycle integrates rigorous process safety studies—spanning Thermal Safety (DSC, TSu, RC1e), Powder Safety, Criticality Classifications, SIL, QRA, and HAC. These internal frameworks are validated through independent audits led by external specialists and reported to regulatory authorities, ensuring continual risk reduction and reinforced safety capabilities backed by organisational tacit knowledge.

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

Yes, AIL maintains a mature safety culture that equips workers with the tools to report hazards and the explicit authority to remove themselves from imminent danger. Hazard identification is streamlined through our digitised 'General Plant Condition' module, which allows anyone on-site to log unsafe acts and conditions for prompt operational intervention. Parallelly, our occupational health and safety protocols ensure a strict non-retaliation policy regarding personal safety; workers have the right to refuse unsafe work or evacuate a high-risk area if they encounter an immediate hazard, ensuring that human well-being is systematically prioritised over operational continuity.

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

Yes. AIL prioritises the holistic, non-occupational health of its workforce by providing comprehensive medical access that extends beyond standard industrial safety. The Company utilises a dedicated 12-member Medical Board composed of senior physicians and specialists (such as cardiologists) to deliver personalised health guidance, lifestyle disease management, and routine clinical counseling. This capability is reinforced by our 24/7 on-site healthcare infrastructure. Staffed by full-time medical officers and nurses, these centres operate as continuous

primary care hubs. They are equipped with advanced diagnostic and life-saving technologies—including advanced ambulances, critical care monitoring, and diagnostic suites—ensuring that general illnesses and medical needs are treated with equal urgency.

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

Safety Incident/Number	Category	FY 2025 -26 Current Financial Year	FY 2024 -25 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.10	0.21
Total recordable work-related injuries	Employees	11	14
	Workers	25	18
No. of fatalities	Employees	0	0
	Workers	0	2
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

Note: Employees include Permanent workers; Workers include non-permanent workers.

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

Occupational Health and Safety (OHS) is deeply embedded within our corporate strategy through an institutionalised HSE Policy and a robust, data-backed Health and Safety Management System. Our internal monitoring frameworks ensure the continuous tracking of workplace safety metrics, which undergo rigorous periodic evaluations. The strategic outcomes of these assessments are escalated to and reviewed by the Sustainability Council under the oversight of the Board and executive leadership. Beyond physical and engineering controls, we proactively foster an interdependent safety culture throughout the organisation.

This ecosystem is reinforced through comprehensive health and safety awareness campaigns and specialised engagement channels. FY 2025-26 was marked by the significant progression of the Besafe+ (Dil se..) journey. Besafe+ (Dil se…) initiative has enhanced the tools like BBSO (Behaviour Based safety Observation), PTW (Permit to Work), JCC (Job Cycle Checks) and introduced new tools such as Condition Listening (CL), Safety Action Meetings (SAM), Personal Safety Action Plans (PSAP) and Mera Plant Mera Abhiman. Through these tools, we're actively involving our shop floor teams and further strengthening our safety culture.

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

	FY 2025-26 (Current Financial Year)			FY 2024-25 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year:

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

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

AIL fosters a proactive safety culture through a formalised process for incident reporting, investigation, and risk remediation. For any safety incident or concern arising from workplace assessments, we execute a thorough Root Cause Analysis (RCA) leveraging the '5 Whys' technique to identify underlying procedural or systemic gaps. Corrective and preventive actions (CAPA) are strictly governed by the Hierarchy of Controls to ensure robust, long-term mitigation. The resulting learnings are systematically shared for horizontal deployment across all factory locations to prevent recurrence. All actions taken or underway to address assessment-driven risks are tracked on centralised safety dashboards, ensuring continuous oversight and the maintenance of optimal, secure working conditions.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, At AIL, we have Group Life term insurance policy to safeguard our employees as well as workers from unseen uncertainties, In addition, we also extend compensatory packages to employees as well as workers in the event of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We have adopted requisite systems and processes in forms of General Conditions of Contracts that mandates our contractors to deduct and deposit statutory dues. Furthermore, we conduct regular audits to ensure that these dues have been duly deducted and deposited in accordance with applicable norms. All contractors have to submit wage register and PF proof to our Contract Labour Management (CLM) team on a monthly basis, our CLM team is authorised to charge a hefty penalty in case of any default. CLM team is also authorised to hold the payment of any contractor in case of any default on statutory payments.

3. Provide the number of employees/workers having suffered high consequence work related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes, for the selected & interested employees, we continue their employment as retainer for a fixed amount of agreed tenure. During the employment every employee goes through focused initiatives of skills building that helps them to continue their employment. We also have employee well being programmes to assist them in transition to retirement.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	66%
Working Conditions	66%

6. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

As part of our commitment to sustainable procurement, AIL proactively evaluates the health, safety, and working conditions of its value chain partners. Through dedicated capability-building workshops and technical training programmes, we actively support these partners in elevating their localised occupational health, safety, and labour practices. Based on the formal safety assessments and reviews conducted during FY 2025-26, no significant risks or material concerns were identified regarding the working conditions or health and safety practices of our value chain partners. Consequently, no formal corrective action plans (CAPA) were triggered or are currently underway regarding the working condition or health and safety practices.

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

Essential Indicators

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

AIL utilises a structured stakeholder mapping framework. We define our key stakeholder as any individual or entity that affects or is affected by our enterprise lifecycle, spanning technological evolution, regulatory shifts, and socio-economic changes. Our mapping process systematically identifies core internal and external groups, including our workforce, value chain partners, clients, capital providers, and regulatory authorities. Crucially, this identification methodology places specific emphasis on localised geography to identify indigenous communities and vulnerable populations adjacent to our manufacturing assets. By maintaining active, collaborative engagement, the insights and expectations from these groups serve as critical inputs for our enterprise risk register, ultimately shaping our ESG targets and driving our overarching business responsibility strategy. (For details on the process refer to Stakeholder Engagement section of Integrated report on Page Number 38-41).

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

Stakeholder group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/Half yearly/Quarterly/ others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Investor and Lenders	No	• Annual Reports • Investor/Analyst Meets, calls Including Plant Visits • Quarterly Results • Company Website • Stock Exchange Filings • Media Release	Others - Continuous	• Economic Value Generated and Distributed • Long-Term Value Creation • Transparency • Good ESG Governance • High Reputation and Brand image • Data Privacy • Foray into new markets • Corporate governance • Renewable energy • Business Risk Management • Financial Performance
Regulatory bodies and government agencies	No	• Open Invitations • Specialised Programmes • Seminars • Media Releases • Conferences • Membership and Associations • Industry representation on key matters	Others - Need basis	• Proactive Compliance to regulatory approvals • Implementation of Compliance Management System • Management of environmental impact • Occupational Health and Safety • Emergency Preparedness • Air and GHG emissions • Biodiversity and resource conservation • Waste management
Employees	No	• Leadership Development Interventions • Monthly manufacturing connect • Web Based Performance Dialogue • Continuous Feedback • Nirvana – Employee Wellness Program • Employee Induction • Employee Experience • Town hall Briefing • Listening Tour • Employee Engagement Survey • Emails • Quarterly/Publications • Newsletters • Monthly conversation	Others - Continuous	• Diversity • Quality of Work & Life • Fair Wages and Remuneration Benefits • Skill upgradation • Career Growth • Health & Safety • Continuous performance dialogue and feedback • Rewards and Recognition • Learning and Development Programmes • Grievance redressal mechanism

Stakeholder group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/Half yearly/Quarterly/ others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Customers	No	• Video Conferencing • Emails • Customer Satisfaction Survey • One on one meetings	Others - Continuous	• Product Quality and Timely Delivery • Product availability • Competitive Cost • Responsible Production • Transparency in Disclosure • Climate change disclosure and GHG emission reduction targets • Life cycle assessment • Pricing
Suppliers and Contractors	No	• Supplier Meets • Supplier Assessment • MoU Agreements • Contract Discussion Meetings • Daily Toolbox Talks, Weekly Discussion Meetings • Performance Review	Others - Continuous	• On Time Payment • Ethical Behavior • Sustainable Growth
Local Communities	No	• Community engagement during CSR Initiatives • Regular Engagement to understand concerns and requirement	Others - Continuous	• Development Interventions • Local Employment Generation • Skilling and upskilling of beneficiaries. • Community welfare through initiatives for education and health

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   AIL handles consultation on ESG topics in a structured format. Ground-level engagement is managed by individual functions—including Investor Relations, HR, Environment, and others—ensuring a continuous dialogue with relevant stakeholder groups. The data, feedback, and material issues identified through these channels are presented to the Apex Sustainability Council. The Council reviews, compiles, and presents these stakeholder perspectives directly to the Board of Directors, establishing a robust upward feedback loop. To strength ESG governance, we have given additional responsibilities to the Risk Management (RM) committee by increasing its scope to include ESG oversight. Now RM committee is know as Risk Management and ESG committee.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, AIL integrates stakeholder consultation into its double materiality assessment frameworks to identify key environmental social and governance topics. Inputs received from various stakeholders are systematically reviewed by the ESG sub council and Apex Sustainability Council and incorporated into company practices. These consultations helped in finalising our material topics given on Page number 43-51 of the Integrated report.

   Key instances of stakeholder input being incorporated into policies and activities include:

   1. Decarbonisation Roadmap: Inputs from our customers and investors on climate disclosures guided us in updating our decarbonisation roadmap and identify various levers based on the maturity of the technologies.
   2. Occupational Health and Safety: Feedback from workers and employee guided enhancements to safety management leading to significant progression of the Besafe+ (Dil se) journey. Besafe+ (Dil se) initiative has enhanced the tools like BBSO (Behaviour Based safety Observation), PTW (Permit to Work), JCC (Job Cycle Checks) and introduced new tools such as Condition Listening (CL), Safety Action Meetings (SAM), Personal Safety Action Plans (PSAP) and Mera Plant Mera Abhiman. Through these tools, we're actively involving our shop floor teams and further strengthening our safety culture.

   Our approach ensures stakeholder perspectives are not only heard but embedded into the core of our ESG and operational strategies.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.**

   AIL invests in efforts to uplift local communities, support marginalised sections, and ensure inclusive growth and development. AIL focuses on the themes of healthcare, education, and environmental protection under CSR programme. Details of our initiatives on the above themes are presented in the Social and Relationship Capital section of the Integrated Annual Report on Page number 152-162.

PRINCIPLE 5 BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

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

Category	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	2,286	2,286	100	2,443	2,443	100
Other permanent	16	16	100	15	15	100
Total Employees	**2,302**	**2,302**	**100**	**2,458**	**2,458**	**100**
Workers						
Permanent	3538	3538	100	3425	3425	100
Other than permanent	7243	7243	100	8031	8031	100
Total Workers	**10,781**	**10,781**	**100**	**11,456**	**11,456**	**100**

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

Category	FY 2025-26 Current Financial Year					FY 2024-25 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent Employees										
Male	2134	0	0	2134	100	2287	0	0	2287	100
Female	152	0	0	152	100	156	0	0	156	100
Other than permanent Employees										
Male	15	0	0	15	100	14	0	0	14	100
Female	1	0	0	1	100	1	0	0	1	100
Workers										
Permanent Workers										
Male	3498	0	0	3498	100	3383	0	0	3383	100
Female	40	0	0	40	100	42	0	0	42	100
Other than permanent workers										
Male	6928	0	0	6928	100	7610	14	0.18%	7596	99.82
Female	315	0	0	315	100	421	2	0.48%	419	99.52

3. Details of remuneration/salary/wages

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/salary/ wages of respective category (in Lakhs ₹)	Number	Median remuneration/salary/ wages of respective category (in Lakhs ₹)
Board of Directors (BoD)- Executive Directors	6	575.14	0	0
Board of Directors (BoD)- Non-executive Directors	6	23.43	2	20.98
Key Managerial Personnel*	2	177.22	0	0
Employees other than BoD and KMP	2128	8.87	152	9.5
Workers	3498	4.3	40	4.59

Note: Median salary of all AIL employees excluding BOD is 5.01Lakhs ₹

*KMP exclusive of those already covered in Executive Directors

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

	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Gross wages paid to females as % of total wages	4%	4%

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

Yes, as per our Ethics and Fair Business Practices policy we have constituted an Ethics Committee (EC) which comprises of Chief Manufacturing Officer (CMO), Chief Human Resources Officer (CHRO), Chief Financial Officer (CFO), Chief Compliance Officer or Company Secretary (CS), and any other as nominated by the Finance & Investment Committee of the Board OR by the Chief Executive Officer of the Company, At present our Chief human resource officer (CHRO) is the Ethics officer for AIL. We have also established an Internal Complaints Committee at each of our operational locations.

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

We are committed to providing a safe workplace to all our employees. Adherence to human rights issues is ensured by our Company's code of conduct through robust internal controls and governance practices. In case of any concern related to human rights, employees can raise their grievances through our vigil mechanism/whistle blower policy.

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

	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2025-26 Current Financial Year	FY 2024-25 Current Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees/workers	0	0
Complaints on POSH upheld	0	0

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

We have internal mechanisms to safeguard complainants from any adverse consequences of victimisation in discrimination and harassment cases. Key protections include strict confidentiality protocols that restrict data access exclusively to the investigating committee, alongside secure channels for anonymous reporting. Our Board-governed WhistleBlower and POSH policies explicitly prohibit any form of retaliation, ensuring that a complainant's career progression, performance evaluation, and daily working conditions remain entirely unaffected by their disclosure. Additionally, the Company provides comprehensive support infrastructure, including dedicated counseling and workplace assistance.

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

Yes, Labour and human rights requirements are explicitly embedded within the text of the Company's procurement contracts, purchase orders, and business agreements. Vendors and value chain partners are obligated to comply with our standard General Conditions of Contract (GCC) and Supplier Code of Conduct, which strictly prohibit child labour, forced labour, and discrimination while enforcing safe working conditions.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	All (100%) AIL's plants and offices have undergone assessments for compliance with key human rights issues conducted by our internal teams. There have been no observations by local statutory/third parties in FY 2025-26.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	

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

Not Applicable as there was no audit concerns in the above area during FY 2025-26

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

The Company did not receive any human rights-related complaints or grievances during FY 2025-26, and therefore, no business processes were modified or introduced. AIL relies on comprehensive human rights policies, active internal controls, and regular workforce sensitisation. These preventive mechanisms are periodically reviewed and updated independently of any grievances to ensure continuous risk mitigation and the protection of human rights across our operations.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

We have conducted Human rights assessment for all of our manufacturing units internally. We have validated our internal assessment through a third party for all the 16 manufacturing location. Our HRDD process covers a large and diverse group of stakeholders including women, children, migrant workers, contract employees, local communities (including Indigenous People), and our own employees.

AIL has a robust human rights due diligence process that aligns with frameworks of the United Nations Guiding Principles (UNGP), ILO (International Labour Organization) as well as the requirements of SA8000. The process enables us to identify and assess the potential impacts on human rights. The scope includes evaluating risks in our operations, value chains, and new partnerships such as mergers, acquisitions, and joint ventures. The due diligence issues covers child labour/forced labour/bonded labour, diversity, human trafficking, wages, sexual exploitation, racial/gender discrimination, freedom of association, collective bargaining, country reputation in terms of respecting human rights, ongoing controversy pertaining to human right violation, any legal penalties or fines etc.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, our facilities are accessible to differently abled visitors and those with special needs.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	66%
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

No significant risks/concerns were identified from the above assessment. Hence not applicable.

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

Essential Indicators

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

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
From renewable sources (GJ)		
Total electricity consumption (A)	186,029	1,99,533
Total fuel consumption (B)	7,377	1,933
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	1,93,406	2,01,466
From non-renewable sources (GJ)		
Total electricity consumption (D)	6,87,866	550,692
Total fuel consumption (E)	70,81,756	62,04,660
Energy consumption through other sources (F)	12,69,408	11,18,952
Total energy consumed from non renewable sources (D+E+F)	90,39,030	78,74,304
Total energy consumed (A+B+C+D+E+F)	92,32,436	80,75,770
Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations) (GJ/Turnover in Lakhs (₹))	10.23	10.04
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP) (GJ/Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	2.22	2.43
Energy intensity in terms of physical output	7.52	7.80
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

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

Not Applicable

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

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	2,990,673	2,682,032
(iv) Seawater/desalinated water	257,353	240,995
(v) Others (KL) (Rain Water)	8,025	8,507
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	3,256,051	2,931,534
Total volume of water consumption (in kilolitres)	2,896,715	2,648,487
Water intensity per rupee of turnover (Total water consumption/Revenue from operations) (KL/ turnover in Lakhs (₹))	3.21	3.29
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP) (KL/Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	0.70	0.80
Water intensity in terms of physical output (KL/MT of Product)	2.36	2.56
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

4. **Provide the following details related to water discharged:**

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary,secondary and tertiary treatment)	84,155	157,414
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary,secondary and tertiary treatment)	275,181	125,633
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	359,336	283,047

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

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

Yes, 8 of our manufacturing facilities are Zero Liquid Discharge, 3 of our manufacturing facilities are Zero Liquid Discharge ready and rest of the manufacturing facilities are in process of becoming Zero Liquid Discharge ready. We have built in-house water treatment plants to recycle used water and further use it for industrial operations. We are currently working towards making all our units ZLD ready facilities that will increase the amount of water recycled by us thereby reducing freshwater consumption. The rest of the treated wastewater is sent to a common effluent treatment plant for further treatment and discharge from the manufacturing facilities that do not have ZLD status currently.

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

Parameter	Please specify unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
NOx	MT	308	382
SOx	MT	629	802
Particulate matter (PM)	MT	453	499
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	MT	38	55
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

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

Parameter	Unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	706,923	620,823
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	195,903	171,010
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations)	TCO_2e/Turnover in Lakhs (₹)	1.00	0.98

Parameter	Unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)	(TCO_2e/Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	0.22	0.24
Total Scope 1 and Scope 2 emission intensity in terms of physical output	TCO_2e/MT of Product	0.74	0.77
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			-

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

8. Does the entity have any project related to reducing GreenHouse Gas emission? If Yes, then provide details.

Yes, at AIL we have taken various initiatives for reduction of GHG emissions, and have embarked on the GHG emission reduction journey by signing the Science Based Target Initiative (SBTi). Our targets are validated. Commitment to SBTi has intensified our focus on reduction of energy consumption and reducing carbon footprint. An utility expert group along with the process team at each location had conceptualised the Aarti's way toward being Net Zero. The focus areas for energy conservation and Carbon emission reduction are:

- Eliminating process emission
- Improving energy efficiency through equipment
- Equipment upgrade and process optimisation
- Minimising energy losses
- Adopting Renewable energy and alternate low carbon/green fuel
- Adopting new technologies

Some major initiatives undertaken to reduce greenhouse gas emissions are as below:

1. Reduction in energy consumption through equipment upgrades
2. Reduction in GHG emissions through process optimisation
3. Measures to ensure enclosure of emission sources and airtightness of equipment
4. Implemented process for recovery/abatement of NOx
5. Work process implemented to reduce, recycle or reuse HW
6. Measures to re-use process by products
7. Enhancement in Waste Heat Recovery System
8. Purchase of Renewable energy through Purchase Power Agreement
9. Installation of onsite solar Power plant
10. Replacement of Coal with Biomass
11. Substituting of incineration of waste with co-processing

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

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	695	716
E-waste (B)	45	25
Bio-medical waste (C)	0.04	0.07
Construction and demolition waste (D)	0	0
Battery waste (E)	32	22
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	499980	439478
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	35603	28495
Total (A+B + C + D + E + F + G + H)	**536355**	**468736**
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations) (MT/Turnover in Lakhs (₹))	0.59	0.58
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP) (MT/Turnover adjusted for Purchasing Power Parity (PPP) in Lakhs (₹))	0.13	0.14
Waste intensity in terms of physical output	0.44	0.45
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled (Including plastic waste)	490,740	423,623
(ii) Re-used	0	0
(iii) Other recovery operations (E-Waste and Battery)	20,296	19,239
Total	**511,036**	**442,862**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	5,438	4,483
(ii) Landfilling	19,882	21,391
(iii) Other disposal operations (BMW)	0.04	0.07
Total	**25,319**	**25,874**

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

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

We are in the process of manufacturing specialty chemicals that are hazardous in nature. By the nature of chemistry itself, our operations are subjected to the generation of hazardous waste. Our R&D and technology management teams continuously strive to reduce waste generation by improving the performance of existing technologies and considering the principles of sustainability in the design of new products. We have adopted standardised protocols for waste identification and categorisation, waste collection and segregation, labelling, storage, and responsible disposal of hazardous and non-hazardous waste. Our waste management policies are intended to handle hazardous and non-hazardous waste in accordance with legal requirements and globally accepted best practices.

Our waste management approach is systematically divided into three priorities depending upon the various operating conditions and type of waste generated. These are as follows:

Measures taken to minimise primary pollution, waste prevention and our priority to reduce hazardous waste are:

- Change industrial process to eliminate use of harmful chemicals
- Use less of a harmful/product
- Reduce packaging and materials in products
- Make products last longer and are recyclable, reusable, or easy to repair
- Change industrial processes to reduce or eliminate hazardous waste production

Measures taken to minimise secondary pollution and waste prevention and second priority to reduce Hazardous or Non-Hazardous waste are:

- Reuse
- Recovery
- Recycle
- Repair
- Buy reusable and recyclable products

Treatment and disposal of all our waste:

- Treating waste to reduce toxicity
- Incinerate waste
- Waste in landfills
- Co- processing

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

Not Applicable, as our manufacturing facilities are situated in the GIDC/MIDC industrial complex and offices are located in corporate parks away from any ecologically sensitive areas.

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1.	NA	NA	NA

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

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Proposed Expansion Project for manufacturing of Pesticides and pesticide specific intermediates (excluding formulations) & Synthetic Organic Chemicals (Dyes & dye intermediates; bulk drugs and intermediates excluding drug formulations; synthetic rubbers; basic organic chemicals, other synthetic organic chemicals and chemical intermediates) by Aarti Industries Limited	EIA Notification S.O. 141(E) [14-09-2006] as amended	December 25, 2025	Yes	Yes	https://parivesh.nic.in/newupgrade/#/proposal-summary/proposal-document?proposal=136658201&proposal_no=IA%2FGJ%2FIND3%2F552388%2F2025&proposal_id=136658200

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

Yes, During the reporting period AIL was in compliance with applicable environmental norms.

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1.	Nil	Nil	Nil	Nil

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

(i) Name of the area: Manufacturing locations situated in Gujarat & Maharashtra

(ii) Nature of operations: Manufacturing of speciality chemical

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	2,990,673	2,682,032
(iv) Seawater/desalinated water	257,353	240,995
(v) Others	8,025	8,507
Total volume of water withdrawal (in kilolitres)	**3,256,051**	**2,931,534**
Total volume of water consumption (in kilolitres)	**2,896,715**	**2,648,486**
Water intensity per rupee of turnover (Water consumed/ turnover) (Water Consumed in KL/Turnover in Lakhs (₹))	3.21	3.29

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Water intensity (optional) – the relevant metric may be selected by the entity (Water consumed in KL/MT of product)	2.36	2.56
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary,secondary and tertiary treatment)	84,155	157,414
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment – please specify level of treatment (ETP having primary,secondary treatment)	275,181	125,633
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**359,336**	**283,047**

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF3, if available)	Metric tonnes of CO_2 equivalent	1,978,136	19,41,181
Total Scope 3 emissions per rupee of turnover	TCO_2e/Turnover In Lakhs (₹)	2.19	2.41
Total Scope 3 emission intensity (optional) –	TCO_2e/MT of product	1.61	1.88

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

Yes, TUV India Private Limited has carried out an independent reasonable assurance of the selected non-financial disclosures presented in the Business Responsibility and Sustainability Report (BRSR) for FY 2025-26.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Cold- Hot Oil Circulation Optimization for Carbon Mitigation and Energy Efficiency	Process optimization in the Cold-Hot Oil Circulation to improve thermal efficiency, optimize hot oil circulation, and reduce fuel and raw material consumption. The project involved engineering assessment, process modifications, and operational optimization measures aimed at minimizing energy losses and enhancing overall plant performance.	• Achieved an estimated annual reduction of approximately 10,867 tonnes of CO_2 emissions. • Reduced fuel consumption by 20%. • Reduced one Raw Material consumption by 5.29% and another by 0.57%
2	Enhanced Resource Efficiency through Process Optimization	Aarti Industries implemented a process optimization initiative focused on improving the efficiency of a key reaction step within the manufacturing process of one of our products. Through operational optimization and process control enhancements, the conversion efficiency of the primary reactant was increased from 85% to 90%, resulting in better utilization of raw materials and reduced process losses.	• Increased reaction efficiency from 85% to 90%. • Improved utilization of raw materials. • Lowered the overall carbon footprint associated with the manufacturing process.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

Yes. The Company has a Business Continuity Plan and Disaster Management Plan to defend against physical and operational disruptions. Physical emergencies are countered via facility-specific On-Site and Off-Site Emergency Plans (OSEP), featuring clear escalation hierarchies, dedicated crisis infrastructure, and continuous workforce safety drills. Concurrently, our business continuity protocols mitigate enterprise-level risks. This comprehensive governance framework guarantees the safety of our workforce while ensuring operational stability and uninterrupted delivery during unforeseen crises.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

While no significant adverse environmental impacts were recorded across our value chain during the reporting period, AIL remains aware of the high energy intensity of our raw material supply chain. To map climate risks and target emission hotspots, the Company has executed Product Carbon Footprint (PCF) studies for more than 80% of its goods by spend. In response to these findings, our value chain mitigation and adaptation frameworks focus on collaborative supplier engagement, driving logistics efficiencies, and promoting the adoption of a diverse, renewable energy mix to actively reduce Scope 3 emissions.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Yes. AIL screens its value chain partners through a dedicated sustainability protocol that integrates environmental management, climate action, health and safety, labour rights, and ethical governance into vendor evaluations. During the reporting period, 66% of our value chain partners—quantified by the total value of business done with such partners—were formally assessed for their ESG impacts.

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

Essential Indicators

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

We have membership of associations with 17 industry chambers/associations.

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

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Chemical Council	National
2	CHEMEXCIL- Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council	National
3	Indian Institute of Chemical Engineering	National
4	Gujarat Chamber of Commerce and Industry	National
5	Confederation of Indian Industry	National
6	United Nations Global Compact Network of India	National
7	Federation of Indian Export Organisation	National
8	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
9	Chemicals and Petrochemicals Manufacturers' Association	National
10	Indian Speciality Chemical Manufacturers' Association	National
11	Gujarat Dyestuff Manufacturers Association	State
12	Pesticides Manufacturers & Formulators Association of India	National
13	The Dyestuff Manufacturers Association of India	National
14	Process Plant & Machinery Association of India	National
15	Alkali Manufacturer Association of india	National
16	The Chemical & Alkali Merchants Association	National
17	Indo German Chamber of Commerce	National

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

Not Applicable since there were no cases of anti-competitive conduct in FY 2025-26.

Name of authority	Brief of the case	Corrective action taken
-	-	-

Leadership Indicator

1. Details of public policy positions advocated by the entity:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others – please specify)	Web link, if available
1	Regulatory and Standards Reforms- Focused on the lifecycle of Quality Control Orders (QCOs), advocating for expedited standard creation and extensions/relaxations via meetings with BIS, DCPC, and NITI Aayog consultations	Submission of proposals, letters, and technical documents to the Ministry of Chemicals & Fertilisers, BIS, and DGTR; engagement through stakeholder consultations; follow-ups on product-specific concerns.	Yes	NA	–
2	Trade Policy and Market Access-Strategic focus on FTAs (India-Israel, IKCEPA) and addressing unfair trade practices like dumping. Engagement includes providing structured inputs to FICCI, ICC, and the Ministry of Commerce regarding import surges and geopolitical challenges.	Structured inputs to the Ministry of Commerce and NITI Aayog; policy notes and presentations; identification of high-potential products; feedback through industry consultations and formal communications.	Yes	NA	–
3	Budget & Financial Policy-Advocacy for a Duty Rationalisation Framework and FY 2026-27 Pre-Budget recommendations, including Opex subsidies. Engagement involved submitting Pre-Budget Memoranda to the Ministry of Finance and direct engagement with the Joint Secretary (EP-CAP).	Preparation of Pre-Budget Memoranda; formal letters and stakeholder submissions to the Ministry of Finance and DPIIT; industry surveys; submission of product-specific justifications.	Yes	NA	–
4	Innovation, Sustainability, and Strategic Chemicals-Focused on environmental regulation clarity (Rule 9 of HOWM 2016) for strategic growth. Engagement included technical submissions to CII/ ICC and publication of industry development roadmaps.	Concept notes and advocacy papers to DCPC, GPCB, MoEF&CC, and MeitY; industry association backed submissions; presentations; publication of strategic documents and growth plans to promote industry innovation.	Yes	NA	–

PRINCIPLE 8 BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

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

   As per the applicable laws, none of the projects undertaken by our Company can be categorised under the SIA mandate. Hence no SIA done during FY 2025-26

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Nil	Nil	Nil	Nil	Nil	Nil

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

   We do not have any ongoing projects for which Rehabilitation and Resettlement (R&R) has been undertaken.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
1.	Nil	Nil	Nil	Nil	Nil	Nil

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

   We frequently interact with the local community at our manufacturing facilities to learn about their issues and grievances. A grievance redressal mechanism has been established for our stakeholders including the local community. In accordance with this mechanism, the local communities can raise their grievances and file complaints. The reported grievances are further reviewed and examined by respective functions and corrective actions are implemented.

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

	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Directly sourced from MSMEs/small producers	13%	19%
Directly from within India	64%	67%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost**

Location	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Rural	0	0
Semi-urban	8%	8%
Urban	53%	52%
Metropolitan	39%	40%

(Place to be categorised as per RBI Classification System - rural/semi-urban/urban/metropolitan)

Leadership Indicator

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not Applicable since the Company did not undertake any Social Impact Assessment (SIA) for its CSR Projects during the FY 2025-26.

Details of negative social impact identified	Corrective action taken
Nil	Nil

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent (In INR)
1.	-	-	-

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)**

   Yes

   (b) **From which marginalized/vulnerable groups do you procure?**

   From businesses led by women, veteran, person with disability, minority owned business

   (c) **What percentage of total procurement (by value) does it constitute?**

   4%

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
1.	NA	-	-	-

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
NA	NA	NA

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Education & Skill Development	1,539+	99%
2	Child Care & Healthcare	14,112+	100%
3	Tribal & Rural Development	3,024+	100%
4	Women Empowerment	1,423+	100%
5	Others (Blind welfare, Housing, Senior citizen welfare) Housing Aid	4,004+	100%

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

Essential Indicators

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

   AIL has a comprehensive process to facilitate timely redressal of the consumer complaints received which can be understood as follows:

   Consumer Complaints:

   1. Business, sales and marketing team are the primary contact of all the customers' complaints.
   2. The sales and marketing manager shall also inform the respective QA manager about the customer complaint raised.
      - Unique Deviation record number shall also be shared by him.

- Sales manager shall forward the customer complaint emails received from the customer to the QA Manager, Plant Manager, Zone Quality Head, Division Head, Zone Operations Head, Chief of Operations and Quality Vertical Head

4. Quality manager evaluate the detail of the customer complaint, do site visits and prepare customer complaint report
5. Zone quality head prepare investigation team for through investigation of complaint and preparing Corrective and preventive action plan
6. Based on the investigation report, Quality head shall communicate the customer complaint response to the business team for further communicating it with the customer
7. Business would be the SPOC for communication to the customer. All activities related to complaint investigation shall be completed within 30 working days from the date of receipt of complaint. Based on CAPA, action plans may take longer

The entire process of receipt of customer complaints and its investigation and CAPA happens on AIL digital platform-DNA

Feedback:

We regularly conduct customer satisfaction surveys to understand our quality of delivery and identify areas of improvement which also includes customers' health and safety. The survey comprised five Key areas: a) Packaging Quality b) Product Quality c) MSDS Information d) Transparency, Ethics, Anti Bribery and Anti Corruption e) Fair business practice.

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

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

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

We engage closely with its customer base to understand their requirements, preferences and concerns. We strive to maintain a good relationship with its customers with its timely support, effective information dissemination, and continuous engagement.

	FY 2025-26 (Current Financial Year)		Remarks	FY 2024-25 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other - Quality of Product	35	0	-	83	0	-

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

	Number	Reasons for recall
Voluntary recalls	0	-
Forced recalls	0	-

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

Yes, we have an information security policy in place related to data privacy. This policy has been developed in accordance with ISO 27001. Link: https://d9bnjb3uan3b2.cloudfront.net/AIL_Information_Security_Policy_56daa65dbc.pdf)

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

Not Applicable

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches

No data breaches were recorded in FY 2025-26

b. Percentage of data breaches involving personally identifiable information of customers

Not Applicable

c. Impact, if any, of the data breaches

Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

The details of our products and services are disclosed publicly at: https://www.aarti-industries.com/products

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We adhere to EU REACH Compliance and MSDS regulations to maintain information transparency with our customers. We interact with our customers on the quality and safety of our products, as well as their appropriate use and disposal.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

We engage with our customers on a frequent basis to update them on business continuity and product supply. In case of any potential disruption of supplies the customers and relevant stakeholders are informed well in advance to ensure seamless operation. The communication with our customers is conducted via emails in case of any disruptions or shutdown and further mitigation actions are conveyed.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Yes, we adhere to GHS labeling and MSDS for describing and conveying product details, hazards, and safety precautions. We adopt the standards set forth by the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) rules of the European Union.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

We constantly undertake customer satisfaction surveys to understand our delivery quality and areas for improvement, including the health and safety of our consumers. The survey is focused on five key areas: 1) Packaging Quality, 2) Product Quality c) MSDS Information d) Transparency, Ethics, Anti Bribery and Anti Corruption e) Fair business practices, in addition to other areas. We achieved a score of 4.4 out of 5 in the customer satisfaction survey conducted during FY 2025-26.

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Independent Assurance Statement

To the Directors and Management,
Aarti Industries Limited (AIL),
Plot No. 801/23, G.I.D.C Estate, Phase III,
Vapi – 396 195, Dist. – Valsad, Gujarat, India

Aarti Industries Limited (hereinafter referred to as "AIL" or the "Reporting Organization") engaged TÜV India Private Limited ("TUVI") to conduct an independent external assurance of the BRSR Core disclosures (09 attributes as per Annexure I – Format of BRSR Core) disclosed in its Business Responsibility and Sustainability Report (hereinafter "the BRSR") for the reporting period from 01/04/2025 to 31/03/2026. AIL developed the BRSR based on the National Guidelines on Responsible Business Conduct (NGRBC) and applicable SEBI BRSR reporting requirements. This engagement was conducted as a **reasonable assurance engagement** in accordance with ISAE 3000 (Revised), specifically aligned with the BRSR Core – Framework for Assurance and ESG Disclosures for Value Chain and the Industry Standards on Reporting of BRSR Core. TUVI confirms that, prior to acceptance, the preconditions for the assurance engagement were assessed in accordance with ISAE 3000 (Revised). TUVI determined that the subject matter is supported by suitable criteria (the SEBI BRSR Core framework), that management has acknowledged its responsibility for the preparation and presentation of the sustainability information and for providing access to relevant records, and that sufficient appropriate evidence was expected to be available to support the assurance conclusion. The assurance process was conducted with reference to the following applicable frameworks and guidelines:

- *Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requiring disclosure of the Business Responsibility and Sustainability Report (BRSR);*
- *The BRSR Core – Framework for Assurance and ESG Disclosures for the Value Chain, as stipulated by SEBI circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12/07/2023;*
- *The Industry Standards on Reporting of BRSR Core, as per SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177, dated 20/12/2024;*
- *SEBI circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562, dated 10/05/2021;*
- *SEBI notification SEBI/LAD-NRO/GN/2023/131, dated 14/06/2023, related to BRSR reporting requirements; and*
- *The Master Circular for compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities, HO/49/14/14(7)2025-CFD-POD2/I/3762/2026, dated 30/01/2026, which consolidates the operative BRSR and other LODR reporting requirements.*

Management's Responsibility

AIL has developed the BRSR content and is responsible for identifying material ESG topics, determining relevant sustainability issues, and establishing processes for performance management, data management, and data quality.

AIL is responsible for the preparation and content of the Business Responsibility and Sustainability Report (BRSR), including the BRSR Core disclosures (09 attributes as per Annexure I – Format of BRSR Core). Its management is accountable for the collection, analysis, preparation, and disclosure of the information presented in the BRSR, whether in web-based or printed format.

AIL's management ensures that the BRSR is prepared accurately with reference to the applicable criteria – the National Guidelines on Responsible Business Conduct (NGRBC), the SEBI BRSR reporting requirements, and the SEBI BRSR Core framework – and is free from intended or unintended material misstatements. This responsibility includes maintaining the integrity of the associated website, complying with applicable laws, archiving and reproducing disclosed information, and making such data available to relevant stakeholders and regulatory authorities upon request.

Any partial reproduction of this assurance statement may lead to misinterpretation of its scope, procedures, and conclusions. Therefore, the assurance conclusion should be read in its entirety, together with the defined scope, methodology, limitations, and criteria described in this statement.

Scope and Boundary

The scope of this assurance engagement conducted by TUVI covered the verification of the BRSR Core disclosures (09 attributes as per Annexure I – Format of BRSR Core) disclosed in the BRSR, as mandated under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires listed entities to include a BRSR as part of their Annual Report. The BRSR Core requirements encompass essential disclosures pertaining to the organization's Environmental, Social and Governance (ESG) performance.

The assurance engagement included the following activities:

- Verification of the application of the report content and principles as mentioned in the BRSR over the reporting period;
- Verification of the reliability of the disclosures pertaining to environmental and social topics;
- Review and evaluation of the 09 attributes specified under Annexure I – Format of BRSR Core, as disclosed in the BRSR by AIL;
- Assessment of the quality, clarity, and completeness of the reported information; and

TÜVINDIA

- Verification of supporting evidence on a sample basis for reasonable assurance of the 09 attributes as per Annexure I – Format of BRSR Core.

This approach ensured an assessment aligned with the principles of ISAE 3000 (Revised), providing an independent and objective evaluation of the reliability and accuracy of AIL's ESG disclosures.

The assurance coverage extended to all 16 manufacturing divisions within the reporting boundary (all of manufacturing divisions), together with the Research Centre, Pilot plants, Corporate Offices, and the subsidiaries listed below, which collectively account for the substantial majority of AIL's reported BRSR Core KPI values. The extent of assurance coverage by site is set out in the verification schedule below and the sampling coverage described under the Assurance Methodology section. For the avoidance of doubt, Value Chain ESG disclosures are outside the scope of this assurance engagement and carry no assurance conclusion; the applicability of value chain disclosures was assessed with reference to the phase-in requirements under the SEBI BRSR Core framework. A KPI-specific materiality approach was applied, comprising a 5% quantitative threshold relative to the applicable KPI base value for volume-based KPIs and a qualitative zero-tolerance threshold for high-risk ESG indicators; the materiality methodology and thresholds are described in detail under the Limitations section below.

TUVI has verified the below 09 attributes as per Annexure I – Format of BRSR Core disclosed in the BRSR with reference to the Industry Standards on Reporting of BRSR Core (SEBI circular dated 20/12/2024) as part of the applicable assurance criteria.

Attributes	KPI
Green-house gas (GHG) footprint *(Limited to Indian operations)*	Total Scope 1 emissions (with breakup by type) - GHG (CO_2e) Emission in MT - Direct emissions from organization's owned- or controlled sources – Monitored
	Total Scope 2 emissions in MT - Indirect emissions from the generation of energy that is purchased from a utility provider – Monitored
	Total Scope 1 and Scope 2 emissions (MT) / Total Revenue from Operations adjusted for PPP - Calculated
	GHG Emission Intensity (Scope 1+2) - Total Scope 1 and Scope 2 emissions (MT) / Product or Service - Calculated
Water footprint *(Limited to Indian operations)*	Total water consumption (in kL) – Monitored
	Water consumption intensity - kL / Total Revenue from Operations adjusted for PPP - Calculated
	Water consumption intensity - kL / Product or Service - Calculated
	Water Discharge by destination and levels of Treatment (kL) – Monitored
Energy footprint *(Limited to Indian operations)*	Total energy consumed in GJ – Monitored
	% of energy consumed from renewable sources - In % terms – Monitored
	Energy intensity - GJ / Rupee adjusted for PPP - Calculated
	Energy intensity - GJ / Product or Service - Calculated
Embracing circularity - details related to waste management by the entity *(Limited to Indian operations)*	Plastic waste (A) (MT) – Monitored
	E-waste (B) (MT) – Monitored
	Bio-medical waste (C) (MT) – Monitored
	Construction and demolition waste (D) (MT) – Monitored
	Battery waste (E) (MT) – Monitored
	Other Hazardous waste (Engine oil) (kL) (F) – Monitored
	Other non-hazardous waste (STP Sludge) (MT) (G) – Monitored
	Other non-hazardous waste (wet waste) (MT) (H) – Monitored
	Other non-hazardous waste (dry waste) (MT) (I) – Monitored
	Other non-hazardous waste (horticulture) (MT) (J) – Monitored
	Total waste generated (A + B + C + D + E + F + G + H + I + J) (MT)
	Waste intensity - MT / Rupee adjusted for PPP - Calculated; MT / Product or Service - Calculated
	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (MT) - Calculated
	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (Intensity) - kg of Waste Recycled / Recovered / Total Waste generated
	For each category of waste generated, total waste disposed by nature of disposal method (MT) - Monitored
	For each category of waste generated, total waste disposed by nature of disposal method (Intensity) - kg of Waste Recycled / Recovered / Total Waste generated - Calculated
Enhancing Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company - In % terms – Monitored and calculated
	Details of safety related incidents for employees and workers (including contract workforce, e.g. workers in the company's construction sites): Number of Permanent Disabilities – Monitored Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) – Monitored No. of fatalities – Monitored
Enabling Gender Diversity in Business *(Limited to Indian operations)*	Gross wages paid to females as % of wages paid - In % terms – Calculated
	Complaints on POSH: 1) Total Complaints on Sexual Harassment (POSH) reported – Monitored 2) Complaints on POSH as a % of female employees / workers – Monitored 3) Complaints on POSH upheld – Monitored
Enabling Inclusive Development *(Limited to Indian operations)*	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs / small producers and from within India - In % terms (as % of total purchases by value) – Monitored

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	Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent / on contract) as % of total wage cost - In % terms (as % of total wage cost) – Monitored
Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events - In % terms – Monitored
	Number of days of accounts payable - (Accounts payable x 365) / Cost of goods / services procured - Calculated
Open-ness of business	Concentration of purchases & sales done with trading houses, dealers and related parties; Loans and advances & investments with related parties: 1) Purchases from trading houses as % of total purchases 2) Number of trading houses where purchases are made from 3) Purchases from top 10 trading houses as % of total purchases from trading houses 1) Sales to dealers / distributors as % of total sales 2) Number of dealers / distributors to whom sales are made 3) Sales to top 10 dealers / distributors as % of total sales to dealers / distributors Share of RPTs (as respective %age) in - Purchases; Sales; Loans & advances; Investments

The reporting boundary for the above topics includes 15 divisions in Gujarat, 1 division in Maharashtra, a Research Centre in Navi Mumbai, one pilot plant in Gujarat, the Corporate Offices in Mumbai and Vadodara, and the following subsidiaries of AIL: Aarti Corporate Services Limited, Aarti Polychem Private Limited, Innovative Envirocare Jhagadia Limited, Alchemic (Europe) Limited, Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited), Aarti Bharuch Limited, Aarti Circularity Limited (formerly known as Aarti Spechem Limited), Aarti Chemical Trading FZCO, Augene Chemical Private Limited (a JV with Superform Chemistries Limited), Re Aarti Private Limited, a partnership between Aarti Circularity Limited (wholly owned subsidiary of the Company) and Re Sustainability Limited and Aarti Chemical Trading USA INC (through its Holding Company: Aarti Chemical Trading – FZCO). A set of on-site and remote verifications was conducted at the following locations:

The reporting boundary above has been determined based on the operational control approach, covering all entities over which AIL exercises operational control for the purposes of GHG, energy, water, waste, and related ESG reporting. This boundary is consistent with the financial consolidation boundary disclosed in AIL's audited financial statements, with any boundary differences explicitly identified and explained in the BRSR disclosures. Subsidiaries and joint ventures are included within the reporting boundary where AIL holds operational control. During consolidation, AIL applies data aggregation controls to prevent double-counting across divisions and subsidiaries, including the elimination of inter-company transfers of energy, steam, and utilities where applicable, so that reported values are not duplicated at the consolidated level.

Sr No.	Division Name	Audit Date	Onsite Visit / Remote Verification	Address
1	Unit – I (Pearl and Ruby)	15/01/2026 to 16/01/2026	Remote verification	AIL (Unit-I), Plot No. 758/1,2 &3 P.B. No.23, G.I.D.C., Jhagadia - 393110. Dist-Bharuch, Gujarat, India.
2	Unit – II (Jade and Gold)	15/01/2026 to 16/01/2026	Remote verification	AIL (Unit-II), Plot No 756/2A&B 756/3A&B 756/4A&B 756/5A&B 756/6 756/7, 756/8 756/9 778 & 779 GIDC Jhagadia Bharuch 393110
3	ARTC	09/03/2026 to 09/03/2026	Remote verification	Aarti Industries Limited, Plot No. A-94/1 & A-94/1/1, MIDC, TTC industrial area, Kopar Khairane, Navi Mumbai, Maharashtra 400710
4	Head Office - Mumbai	16/04/2026 to 17/04/2026	Onsite visit	4th floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India
5	Emerald - Vadodara	16/04/2026 to 17/04/2026	Remote verification	3rd floor, Block No 1, Keval Corporate Park, Opp. Chhani GEB Sub Station Channi Road, Channi, Vadodara-390002, Gujarat, India
6	Neo	01/12/2025 to 3/12/2025	Remote verification	M/s. AIL., Plot No. Z/103/H, Dahej SEZ II, Ta. Vagra, Dist Bharuch.
7	Saffron	01/12/2025 to 3/12/2025	Remote verification	M/s. AIL., Plot No. Z/1111/B, SEZ II Dahej, Ta. Vagra, Dist Bharuch.
8	Diamond	01/12/2025 to 3/12/2025	Remote verification	M/s. AIL., Plot No. Z/103/C, GIDC Estate Dahej SEZ II, Ta. Vagra , Dist Bharuch
9	Anushakti	01/12/2025 to 3/12/2025	Remote verification	M/s. Aarti Industries Limited (Anushakti Division), Survey No. 1430/1, National highway no. 8-A, Bhachau, Kutch. Gujarat 370140
10	Organic	05/03/2026 to 06/03/2026	Remote verification	Organic Division: M/s. AIL., Plot No.: 801, 801/23, 806 & 807, Phase III, GIDC Estate, Vapi
11	Acid including DMS and Fertilizer	05/03/2026 to 06/03/2026	Remote verification	**Acid** - AIL. (Acid Division), Plot No 802, 803, 804/3, Phase III, GIDC, Vapi-396195 **DMS** - AIL. (DMS Division) Plot no .801/15 TO 19,21 & 22, Phase-III, GIDC estate, City: -VAPI, Dist: Valsad, Tal: Pardi, SIDC: Vapi **Fertilizer** - Aarti Fertilizers (A Division of Aarti Industries), Plot No - 801/15 to 19,21 & 22, III Phase, GIDC, Vapi-396195
12	Alchemie	05/03/2026 to 06/03/2026	Remote verification	M/s. AIL, Plot No.902,923 and 930, Phase III, GIDC Estate, Vapi - 396195
13	Amine	09/03/2026 to 09/03/2026	Remote verification	M/s. AIL., Plot No.: 285,286/1, A-1 322/12, 23& 24, Phase III, GIDC Estate, Vapi - 396195
14	Nascent	09/03/2026 to 09/03/2026	Remote verification	M/s. Aarti Industries Limited (Nascent Division), PLOT NO: 24, Phase-I, GIDC, Vapi - 396195, Tal: Pardi, Dist: Valsad.
15	Apple	09/03/2026 to 09/03/2026	Remote verification	M/s. Aarti Industries Limited (Apple Organic Division), Plot No. 609/610, 100 Shed Area, GIDC Estate, Pardi, Vapi Dist. Valsad
16	Topaz	09/03/2026 to 09/03/2026	Remote verification	M/s. Aarti Industries Limited, Unit-II, Plot No. L-5, L-4, L-8, L-9/1, MIDC, Tarapur, Boisar.

The assurance activities were carried out as per the on-site and remote verification schedule shown above for the FY 2025-26 engagement.

The assurance activities were carried out together with a desk review of the remaining divisions, offices and subsidiaries as per the reporting boundary.

Use of Estimates: Certain BRSR Core KPIs, including energy consumption, water withdrawal, waste generation, and the corresponding GHG emissions for offices and employee-related activities, are based on estimates due to limitations in direct measurement. These estimates were derived using reasonable assumptions, headcount-based methodologies, the Industry Standards on Reporting of BRSR Core, and industry-accepted factors. For such KPIs, our assurance procedures focused on evaluating the appropriateness and consistent application of the estimation methodologies, the reasonableness of key assumptions, and the reliability of supporting data. The use of estimated data did not affect our reasonable assurance conclusion on the selected KPIs as a whole. The following KPIs involve estimation: (a) energy consumption, water withdrawal, and GHG emissions for offices – headcount-based factors; (b) intensity denominators from audited financials; and (c) minor waste streams – throughput benchmarks. All other KPIs use direct measurement. For the KPIs identified above, estimation is confined to a limited portion of each reported value – specifically the office and employee-related component of energy consumption, water withdrawal, and the corresponding Scope 1 and Scope 2 GHG emissions, together with certain minor waste streams derived using throughput benchmarks – with the substantial majority of each reported value based on direct measurement. The intensity-KPI denominators are taken directly from the audited financial statements and are not themselves estimated. Based on our procedures, the estimated portion of each affected KPI is not significant in the context of the total reported value for that KPI and, in each case, falls within the applicable 5% quantitative materiality threshold. Accordingly, the use of estimation did not give rise to any individual or aggregate misstatement exceeding the materiality threshold and did not affect our reasonable assurance conclusion on the selected KPIs taken as a whole. For intensity KPIs expressed on a "Revenue from Operations adjusted for PPP" basis, the Purchasing Power Parity (PPP) conversion factor has been applied using the PPP conversion factor for India published by the World Bank for the relevant reporting year. Our assurance procedures included verifying that the PPP factor was sourced from this reference and applied consistently across the relevant intensity calculations.

ISF Compliance Declaration: TUVI confirms that this assurance engagement has been conducted in compliance with the Industry Standards on Reporting of BRSR Core as specified in SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated 20/12/2024, read with the Master Circular for compliance with the provisions of the SEBI (LODR) Regulations, 2015 (HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated 30/01/2026), which consolidates the applicable BRSR reporting requirements. The nine BRSR Core attributes (Annexure I KPIs), the scope of reasonable assurance, the assurance methodology, and the reporting format adopted in this engagement are aligned with the applicable requirements of the said circulars. TUVI explicitly confirms that the applicability matrix under the Industry Standards on Reporting of BRSR Core (SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177, dated 20/12/2024) was evaluated prior to and during this engagement to determine the applicable KPI sub-categories, measurement methodologies, and assurance requirements. Each of the nine BRSR Core attributes was assessed against the applicability matrix to confirm relevance to AIL's sector and operational profile. The Annexure I applicability evaluation has accordingly been completed for all nine BRSR Core attributes, and this assessment forms part of the documented assurance record for the engagement.

Limitations

Inherent Limitations: TUVI did not perform any assurance procedures on the prospective information disclosed in the BRSR, including targets, expectations, and ambitions, and therefore draws no conclusion on such information, or on any disclosure other than the BRSR Core disclosures (09 attributes as per Annexure I – Format of BRSR Core). During the assurance process, TUVI did not come across any limitation to the agreed scope. TUVI verified data on a sample basis; the responsibility for the authenticity, accuracy and completeness of the reported data lies entirely with AIL. TUVI has taken reference of the financial figures from the audited financial statements; financial figures are not assured under this engagement. AIL is responsible for the appropriate application and interpretation of these financial figures. The application of this assurance statement is limited with respect to SEBI circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12/07/2023 and the Industry Standards on Reporting of BRSR Core, circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177, dated 20/12/2024, as defined in the scope above.

Out of Scope Items: For the avoidance of doubt, the following disclosures in the BRSR are explicitly outside the scope of this assurance engagement and carry no assurance conclusion: (i) forward-looking statements, ESG targets, ambitions, and projections; (ii) financial figures referenced in the BRSR (sourced from audited financial statements but not independently assured under this engagement); (iii) voluntary disclosures beyond the defined BRSR Core Annexure I attributes listed in the scope table above; and (iv) disclosures marked 'Not Applicable' by AIL. Readers should not place reliance on the items listed above as assured information. In relation to item (iv), TUVI reviewed disclosures marked 'Not Applicable' by AIL to assess the reasonableness and appropriateness of such classifications in the context of AIL's operations, sector, and applicable reporting requirements.

A **KPI-specific materiality approach** was applied comprising two tiers: (i) a 5% quantitative threshold relative to the applicable KPI base value for volume-based KPIs (GHG emissions, energy, water, waste, and wages); and (ii) a qualitative zero-tolerance threshold for high-risk ESG indicators – fatalities, permanent disabilities, POSH complaints upheld, regulatory non-compliances, and customer data breaches – where any occurrence is treated as material irrespective of magnitude. For KPIs where estimation is applied, a confidence range of ±10% has been applied to reflect the inherent estimation uncertainty in the underlying measurement

and calculation methodologies only. This confidence range is a characteristic of the subject matter itself and does not modify, qualify, or dilute the overall reasonable assurance conclusion expressed in this statement. The selection of the 5% quantitative threshold reflects the exercise of professional judgement in accordance with ISAE 3000 (Revised) and is based on the following considerations: (a) regulatory sensitivity – the threshold is set at a level low enough to capture misstatements that could affect compliance with the SEBI BRSR Core reporting requirements and the disclosed KPI values relied upon by regulators; (b) stakeholder expectations – the threshold reflects the level of precision that primary users (the Board, investors, and regulators) would reasonably expect for volume-based ESG performance indicators, benchmarked against prevailing practice for non-financial assurance engagements; and (c) the inherent nature and estimation uncertainty of each KPI category, with a more conservative qualitative zero-tolerance threshold applied to high-risk indicators where any single occurrence is significant to users irrespective of magnitude. The threshold was determined at the planning stage and reassessed during the engagement to confirm that it remained appropriate for forming the reasonable assurance conclusion.

This assurance statement does not constitute an endorsement of any environmental or social claims related to products, manufacturing processes, packaging, or product disposal, nor of any advertising or promotional content by the Reporting Organization. TUVI explicitly prohibits the use of this assurance statement for the purpose of greenwashing or making misleading environmental or social claims. It is the responsibility of the Reporting Organization to ensure full compliance with all applicable legal and regulatory requirements.

Our Responsibility

TUVI's responsibility in relation to this engagement is to perform a reasonable level of assurance over the 09 attributes as per Annexure I – Format of BRSR Core and to express a conclusion based on the work performed. Our engagement did not include an assessment of the adequacy or effectiveness of AIL's strategy, the management of ESG-related issues, or the sufficiency of the BRSR against BRSR reporting principles, other than those mentioned in the scope of the assurance. TUVI's responsibility regarding this verification is in reference to the agreed scope of work, which comprises reasonable assurance of the non-financial quantitative and qualitative information disclosed by AIL in respect of the 09 BRSR Core attributes. The Reporting Organization is also responsible for archiving the related data for a reasonable period.

The primary intended users of this assurance statement are AIL's management, Board, shareholders, and regulators. TUVI expressly disclaims any liability or co-responsibility: (1) for any decision a person or entity would make based on this assurance statement; and (2) for any damages in case of erroneous data reported. This assurance engagement is based on the assumption that the data and information provided to TUVI by AIL are complete and true.

Assurance Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing verification efforts on disclosures and issues of high material relevance to AIL's business and its stakeholders. TUVI assessed the robustness of the underlying data management systems, information flows, and controls. TUVI's assurance activities included:

Document and Data Review – Examination of documents, datasets, and supporting evidence provided by AIL for the 09 attributes as per Annexure I – Format of BRSR Core, including disclosures relating to management approach and performance indicators.

Stakeholder Interviews – Interviews with key representatives, including data owners, process managers, and decision-makers across various functions and divisions of AIL, conducted through both on-site visits and remote assessments, as applicable.

Process and System Assessment – Review of systems and processes for implementing ESG and sustainability-related policies and for collecting, managing, and reporting quantitative and qualitative data for the reporting period, including review of data flows, aggregation procedures, and supporting records. This review does not constitute an assessment of, or opinion on, the design adequacy or operating effectiveness of IT general controls or ESG application controls. As part of understanding the ESG control environment, TUVI obtained an understanding of, and performed walkthrough procedures over, the key controls relevant to the selected BRSR Core KPIs. The controls considered included: ESG governance and oversight roles; maker–checker (preparer–reviewer) controls over data entry and consolidation; system / ERP-based controls over source data capture, access, and recording at division level; defined data-ownership responsibilities for each KPI; and the management approval hierarchy through which reported data is reviewed and authorised prior to disclosure. These procedures were performed to assess whether the controls were suitably designed and had been placed in operation to support the reliability of the reported BRSR Core KPIs, and to inform the nature, timing, and extent of our substantive procedures, consistent with the requirements of ISAE 3000 (Revised). The procedures described above do not, however, constitute a separate opinion on the operating effectiveness of internal controls.

Substantive and Control Testing – TUVI performed walkthrough procedures to understand ESG data flows, together with substantive testing including document verification, recalculation, analytical review, and data traceability checks for the selected BRSR Core KPIs. Examples of procedures applied include: (a) **GHG Emissions** – recalculation of Scope 1 emissions from primary fuel-consumption data using IPCC / GHG Protocol emission factors, and reconciliation of Scope 2 emissions against purchased-energy records; (b) **Energy** – cross-verification of meter readings against utility bills, and validation of renewable-energy records; (c) **Water** – review of water-intake and discharge records and traceability to source-level documentation; (d) **Safety** – verification of LTIFR calculations against division-level incident registers, HR records, and contractor-workforce records; and (e) **Waste** – reconciliation of hazardous and non-hazardous waste disposal records against Pollution Control Board returns and third-party disposal manifests across sites.

Sampling Methodology – TUVI applied a risk-based sampling methodology considering materiality thresholds, data complexity, estimation uncertainty, the geographical spread of divisions, and site contribution to ESG impacts. Sample selection prioritised

locations with significant operational impact and KPIs with higher inherent risk. On-site verification was performed at selected divisions and the Head Office, complemented by remote verification and a complete desk review of source records, reconciliations, analytical reviews and consolidation / QA-QC controls across the remaining divisions, offices and subsidiaries within the reporting boundary. This combined approach, supported by AIL's standardised ESG data framework and centralised QA / QC review, provided sufficient appropriate evidence to support the reasonable assurance conclusion in accordance with the agreed scope of work. The sampling coverage encompassed 14 out of 14 manufacturing divisions (100%), with corresponding reported energy consumption, water, waste and GHG emissions. Subsidiaries and remaining offices were covered through desk review.

Reporting Framework Adherence – TUVI verified adherence to SEBI's BRSR guidelines, the BRSR Core – Framework for Assurance and ESG Disclosures for Value Chain (SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122), and the Industry Standards on Reporting of BRSR Core (SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177). TUVI evaluated the BRSR Core disclosures against the following reporting quality principles: Materiality, Completeness, Neutrality, Relevance, Accuracy, Reliability, Comparability, Clarity, and Timeliness.

Opportunities for Improvement

The following improvement areas were identified and shared with AIL. These recommendations are generally consistent with AIL management's existing objectives and sustainability initiatives; many of these areas have already been recognised by AIL, and the assurance team supports their continued focus to advance the organization's sustainability goals:

1. **Strengthen Value Chain ESG Disclosure and Assurance Readiness:** AIL may further strengthen its value chain ESG management by expanding supplier and customer-level ESG data collection, including BRSR Core value chain indicators, corrective action closure status, and assurance-readiness of key upstream and downstream partners.
2. **Improve Scope 3 Emission Data Quality and Supplier Decarbonisation:** AIL may enhance its Scope 3 emissions programme by increasing the use of supplier-specific primary emission factors and by defining category-wise Scope 3 reduction actions for high-impact categories such as purchased goods, transportation, waste, processing of sold products, and end-of-life treatment.

Conflict of Interest

In the context of the BRSR requirements set by SEBI, addressing conflict of interest is crucial to maintaining the integrity and independence of assurance engagements. As per SEBI guidelines, assurance providers are required to disclose any potential conflict of interest that could compromise the independence or neutrality of their assessments. TUVI diligently identifies any relationships, affiliations, or financial interests that could potentially give rise to a conflict of interest and proactively implements measures to mitigate or manage such conflicts, ensuring independence and impartiality in its assurance engagements. We provide clear and transparent disclosures about any identified conflicts of interest in our assurance statement. We recognise that failure to address conflict of interest adequately could undermine the credibility of the assurance process and the reliability of the reported information. Therefore, we strictly adhere to SEBI guidelines and take the necessary measures to avoid, disclose, or mitigate conflicts of interest effectively. In addition, TUVI maintains organizational safeguards to ensure impartiality through segregation of responsibilities, independent technical review, documented conflict-of-interest controls, and oversight mechanisms in accordance with ISO 14064-3:2019 and ISO 17029:2019.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on BRSR Core KPIs described in the BRSR, along with the referenced information, comply with the BRSR Core requirements as per Annexure I for the 09 attributes, and meet the general content and quality requirements of the BRSR. Based on our procedures, we did not identify any material changes in the methodologies applied for the preparation of the selected BRSR KPIs during the reporting period. AIL has established a policy-led data control framework for BRSR disclosures, with documented processes and defined roles and responsibilities.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the BRSR requirements. AIL refers to general disclosures to report contextual information about the organization, while the Management & Process disclosures describe the management approach for each indicator (09 attributes as per Annexure I – Format of BRSR Core).

Reasonable Assurance Conclusion: Based on the procedures performed and the evidence obtained, in our opinion, the BRSR Core Key Performance Indicators (KPIs) – the 09 attributes as per Annexure I – Format of BRSR Core – presented in Aarti Industries Limited's Business Responsibility and Sustainability Report for the period 01/04/2025 to 31/03/2026 have been prepared, in all material respects, in accordance with the applicable BRSR Core criteria, including the requirements of the SEBI BRSR Core framework and the Annexure I KPIs, and fairly represent the nine attributes within the defined scope without material misstatement.

BRSR complies with the below requirements

- **Governance, leadership and oversight:** The messages of top management, the business model, action and strategies, risk management, protection and restoration of the environment, and priorities are disclosed appropriately.
- **Connectivity of information:** AIL discloses the 09 attributes as per Annexure I – Format of BRSR Core and their inter-relatedness and dependencies with factors that affect the organization's ability to create value over time.
- **Stakeholder responsiveness:** The BRSR covers mechanisms of communication with key stakeholders to identify major concerns and to derive and prioritize short, medium and long-term strategies. The BRSR provides a fair representation of the extent to which the organization understands, takes into account, and responds to the legitimate needs and interests of key stakeholders.

- **Materiality:** Material issues within the nine attributes and the corresponding KPIs as per the BRSR Core requirements are adequately identified and reported. In our view, the BRSR meets the requirements.
- **Conciseness:** The report reproduces the requisite information and communicates clear information in as few words as possible. The disclosures are expressed briefly and to the point; sentences, graphs, and pictorial and tabular representations are applied. Due care is taken to maintain the continuity of information flow in the BRSR.
- **Reliability and completeness:** AIL has established internal data aggregation and evaluation systems to derive its performance. All data provided to TUVI has been passed through the QA / QC function. The data and information were verified by TUVI's assurance team (on a sample basis) and found to be fairly accurate. All data is reported transparently, in a neutral tone, and without material error.
- **Consistency and comparability:** The information presented in the BRSR is on an annual basis and was found to be reliable and complete. No material inconsistencies in methodology, boundary, or reporting approach were identified between FY 2025-26 and FY 2024-25 disclosures. Where boundary changes occurred, these have been appropriately disclosed by AIL. Based on the procedures performed, no restatement of prior-year environmental KPIs was identified for the reporting period; AIL's policy is to recalculate or restate prior-year figures only where there is a significant change in methodology, emission factors, organisational boundary, or the identification of a material error, and to disclose any such restatement together with its rationale.

Independence and Code of Conduct: TUVI follows the IESBA (International Ethics Standards Board for Accountants) Code, which adopts a threats-and-safeguards approach to independence. We recognise the importance of maintaining independence in our engagements and actively manage threats such as self-interest, self-review, advocacy, and familiarity. The assessment team was safeguarded from any type of intimidation. By adhering to these principles, we uphold the trust and confidence of our clients and stakeholders, in line with the requirements of SEBI circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12/07/2023 and the Industry Standards on Reporting of BRSR Core, circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177, dated 20/12/2024. TUVI confirms its independence in accordance with the IESBA Code, the SEBI BRSR Core assurance expectations, and its own policy regarding independence and impartiality. TUVI declares that during the reporting period no consulting, advisory, system design, data preparation, or implementation services related to ESG or BRSR were provided to AIL; TUVI was not involved in the preparation of the BRSR or the underlying data; and no relationships or circumstances exist that could create a conflict of interest or impair independence. TUVI solely focuses on delivering verification and assurance services and does not engage in the sale of, or the provision of, any non-audit / non-assurance services, including consulting.

Quality Control: The assurance team complies with quality control standards, ensuring that the engagement partner possesses the requisite expertise and that the assigned team collectively has the necessary competence to perform engagements in reference with applicable standards and regulations. The assurance team follows the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality, and professional behaviour. In accordance with the International Standard on Quality Control, TUVI maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Assurance Team and Independence

TÜV India Pvt. Ltd. (TUVI) is an independent and neutral third-party assurance provider that confirms its independence, impartiality, and objectivity in accordance with ISAE 3000 (Revised), as further detailed in the *Conflict of Interest* and *Independence and Code of Conduct* sections above. The assurance team comprised qualified professionals with multidisciplinary competencies, including GHG accounting and emissions verification, ESG and sustainability reporting frameworks, social compliance and human-rights due diligence, and non-financial assurance methodology in accordance with ISAE 3000 (Revised). This cross-disciplinary composition ensured that the assurance conclusions are supported by adequate technical expertise.

For and on behalf of TUV India Private Limited

Date: 01/06/2026
Place: Mumbai, India
Project Reference No: 8124249039
Revision: 02

Manojkumar Borekar
Product Head – Sustainability Services
TUV India Private Limited

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

AARTI INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of **Aarti Industries Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements (including summary of the material accounting policies and other explanatory information) (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026 and its profit, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Revenue Recognition (Refer Note 2(I) - Material accounting policies; Note 27 - Revenue from operations) For the year ended March 31, 2026, the Company recognised net revenue from operations of ₹ 8,422.39 Crs (year ended March 31, 2025: ₹ 7,302.31 Crs). Revenue is recognised under Ind AS 115 when control of goods is transferred to the customer. We considered revenue recognition to be a key audit matter having regard to: (a) the fact that a portion of revenue arises from exports transacted under a range of Incoterms (such as FOB, CFR, CIF and DAP), which involve judgement in determining the point at which control is regarded as transferred and, accordingly, the period of recognition, particularly around the reporting date; (b) the presence of variable consideration (including discounts, rebates, credit notes and rights of return), the estimation of which involves management judgement;	Our audit procedures included, among others, the following: • Obtained an understanding of the revenue recognition process and, on a test basis, evaluated the design and implementation and tested the operating effectiveness of selected key controls, including relevant IT controls. • Considered whether the revenue recognition policies are in accordance with Ind AS 115. • For a sample of sales recorded close to the year end, examined invoices, dispatch records, shipping bills and bills of lading to evaluate whether revenue appeared to have been recognised in the appropriate period, having regard to the applicable Incoterm. • On a sample basis, traced sales to contracts/purchase orders, invoices and evidence of dispatch or delivery. • Evaluated management's estimation of variable consideration, including by recomputing selected accruals and comparing them with historical trends and with credit notes issued after the year end, and considered the application of the constraint.

Sr. No.	Key Audit Matter	Auditor's Response
	(c) certain arrangements involving contract modifications and costs to fulfil contracts, where judgement is exercised in determining whether such costs are capitalised or expensed; and (d) revenue being an area to which, in accordance with SA 240, we directed particular attention.	• Read a selection of significant contracts to identify modifications and fulfilment costs and considered management's judgement on their treatment. • Performed analytical procedures on disaggregated revenue and made inquiries regarding significant variances. • Tested selected journal entries posted to revenue, including entries recorded manually and entries recorded at or near the period end, selected using risk-based criteria. • Considered whether the related disclosures were in accordance with the applicable financial reporting framework.
2	**Valuation and existence of inventories** (Refer Note 2 (H) - Material accounting policies; Note 8 - Inventories) As at March 31, 2026, the Company held inventories of ₹ 1,297.01 Crs (March 31, 2025: ₹ 1,387.52 Crs), comprising raw materials, work-in-progress, intermediates, finished goods, catalysts and goods in transit held across multiple manufacturing locations. Inventories are measured at the lower of cost and net realisable value in accordance with Ind AS 2. We considered this a key audit matter having regard to: (a) the volume of inventories held across a number of locations, and the use of costing systems that involve certain adjustments that are determined and processed outside the system; (b) the estimation of net realisable value, which involves management judgement, particularly in the context of price volatility in certain key chemicals and intermediates; (c) the carrying value of catalysts, which is dependent on assumptions regarding recoverability and pattern of consumption; and (d) goods in transit at the period end, which give rise to considerations around cut-off and ownership.	Our audit procedures included, among others, the following: • Obtained an understanding of, and on a test basis evaluated the design and tested the operating effectiveness of, selected controls over inventory recording, costing, physical verification and the assessment of net realisable value. • Attended physical inventory counts at selected significant locations, observed the count procedures, performed test counts on a sample basis and reconciled the results to the records; for other locations, considered the results of management's counts and reconciliations. • On a sample basis, tested the build-up of inventory cost (bills of material, overhead absorption, treatment of variances) and re-performed a selection of the cost adjustments processed by management outside the costing system, agreeing inputs to supporting documentation. • Evaluated net realisable value by comparing the carrying cost of a sample of items to selling prices realised after the year end and to prevailing market prices and considered the adequacy of write-downs. • Considered the carrying value of catalysts having regard to management's assumptions on recoverability and consumption and sought to corroborate consumption with available production and technical records. • On a sample basis, examined documentation supporting goods in transit and considered cut-off and ownership at the period end. • Considered whether the related disclosures were in accordance with the applicable financial reporting framework.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises information included in the Management Discussion and Analysis, Board's Report including annexures thereto, Business Responsibility and Sustainability Report, Corporate Governance Report, and Shareholder Information, but does not include the standalone financial statements and our auditor's report thereon, which we expect to be made available to us after the date of this auditor's report. Our opinion on the standalone financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

When we read the additional information mentioned above that will be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

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

In preparing the standalone financial statements, 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.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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. Insofar as the modification on maintaining an audit trail in the accounting software is concerned, refer paragraph (i) (vi) below;

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

   d) In our opinion, the aforesaid 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 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modification arising from the maintenance of the audit trail on the accounting software, comprising the application and database are as stated in the paragraph (i) (vi) below on reporting under Rule 11(g);

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   h) 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.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 38 to the standalone financial statements.

      ii. The Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

      iv. (a) The Management has represented that, to the best of its knowledge and belief as disclosed in note no 48(v) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note no 48(vi) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. As stated in note no 16.7 to the standalone financial statements

      (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act.

(b) The Board of Directors of the Company have proposed a final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on our examination, which included test checks, the Company has used an accounting software for maintaining its books of account for the financial year ended 31 March 2026, which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software, including at the database level following the Company's migration to a revised version of the software with effect from 1 April 2025. We did not come across any instance of the audit trail feature being tampered with.

The requirement to preserve the audit trail for record retention applies from the financial year commencing 1 April 2023. For the period 1 April 2023 to 31 March 2025, as reported in our audit report for the year ended 31 March 2025, the audit trail did not operate at the database level for direct changes made using privileged/super user access; to that extent, the audit trail for that period was not generated and has not been preserved as required. Save as aforesaid, the audit trail has been preserved by the Company in accordance with the statutory requirements for record retention.

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 26161776TXJWHG9623

Place: Mumbai
Date: May 4, 2026

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

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

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right-of-use of assets and capital work in progress.

(B) The Company is maintaining proper records showing full particulars of intangible assets as at the year end.

(b) The Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts in the current year.

(c) According to the information and explanations given to us, the records examined by us and based on examination of the copies of the Sale Deed/Conveyance Deed/Transfer Deed, land revenue records provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed separately in Property Plant & Equipment in the financial statements, the lease agreements are in the name of the Company itself.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) during the year.

(e) On the basis of information provided by management, no proceedings have been initiated during the year or are pending against the Company as of March 31, 2026, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

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

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks and/or financial institutions during the year on the basis of security of current assets. According to the information and explanations given to us, and as mentioned in note no 22(ii) to the standalone financial statements, the quarterly returns/statements filed by the Company with such banks and/or financial institutions are not in agreement with the books of account in respect of the quarters set out below, the details of which are as follows:

(₹ in Crs)

Quarter ended	Name of bank/ financial institution	Particulars of current asset (e.g. Inventory)	Amount as per quarterly return/ statement	Amount as per books of account	Difference	Reason for difference
March 2026	Applicable Working Capital Lenders	Inventory	1120.80	1297.01	176.21	Refer note (a) below
December 2025			1114.40	1169.50	55.10	
September 2025			1207.16	1195.86	(11.30)	
June 2025			1336.80	1369.21	32.41	
March 2026	Applicable Working Capital Lenders	Trade Receivables	1,843.29	1,864.20	20.91	Refer note (b) below
December 2025			1,725.48	1,675.66	(49.82)	
September 2025			1,377.37	1,255.85	(121.52)	
June 2025			1,201.75	1,050.73	(151.02)	

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

(a) Inventories - the differences arise from the basis on which the statements filed with the banks are compiled. They comprise principally the effect of the measurement and classification requirements of Ind AS, provisions in respect of slow-moving, non-moving and non-conforming items, and entries recorded on completion of the periodic closing and physical verification procedures for the respective quarter. Also refer note 22(ii) to the standalone financial statements.

(b) Trade receivables - the differences arise from the basis on which the statements filed with the banks are compiled. They comprise principally the effect of the measurement and classification requirements of Ind AS, customer advances and credit balances that are set off in the books of account, allowances for expected credit losses, and regroupings recorded on completion of the periodic closing procedures for the respective quarter. Also refer note 22(ii) to the standalone financial statements.

iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of loans, investments, guarantees, and security:

(a) The Company has provided advances in the nature of loans during the year to its subsidiaries, joint venture and others, the details of which are given below (other than advances to employees and others in the ordinary course of employment):

(₹ in Crs)

	Loans	Advances in nature of loan
Aggregate amount granted/provided during the year		
- Subsidiaries/Joint Ventures	-	3.00
- Others	-	-
Balance outstanding as at balance sheet date in respect of above cases		
- Subsidiaries/Joint Ventures	4.00	3.01
- Others	-	0.06

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

(b) During the year, the Company made investments, including equity of ₹ 10.00 Crs in its subsidiary and, in its joint venture, ₹ 14.00 Crs in equity and ₹ 50.00 Crs through Optionally Convertible Debentures (OCDs). In our opinion and according to the information and explanations given to us, the investments made and the terms and conditions of the grant of loans and advances in the nature of loans during the year are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of advances in the nature of loans granted to wholly owned subsidiaries and joint ventures, there is no stipulation of schedule of repayment of principal and payment of interest and hence we are unable to comment on the regularity of repayment of principal and payment of interest.

(d) Since there is no stipulated repayment schedule for advances in the nature of loans to wholly owned subsidiaries and joint ventures, there is no overdue amount for more than ninety days.

(e) During the year, according to the information and explanations provided to us and based on our examination of the records of the Company, no loans granted by the Company which fell due were renewed or extended, nor were any fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has granted advances in the nature of loans to wholly owned subsidiaries and KMPs without specifying any terms or period of repayment, details of which are as follows:

(₹ in Crs)

Type	All Parties	Promoters	Related Parties
Aggregate amount of advances in nature of loans:			
- Repayable on demand (A)	Nil	Nil	Nil
- Agreement does not specify any terms or period of repayment (B)	11.87	Nil	7.43*
Total (A+B)	**11.87**	**Nil**	**7.43**
Percentage of advances in nature of loans to the total loans	100%	Nil	62.62%

*Related parties include wholly owned subsidiaries, a joint venture and Key Managerial Personnel (KMPs) as defined under section 2(76) of the Companies Act, 2013.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of investments made and loans and advances in the nature of loans.

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

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

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities during the year, except that tax deducted at source on provisions for expenses has been deducted and deposited by the Company on the basis of actual invoice booked, rather than on provisions at the quarter end.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at March 31, 2026 for a period of more than six months from the date they became payable.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

(b) According to the information and explanations given to us and based on the records of the company examined by us, particulars of Income Tax, Goods & Service Tax Customs Duty, Excise Duty, States respective Sales Tax, Service Tax and other statutory dues which have not been deposited on account of any disputes are as under:

(₹ in Crs; amounts net of pre-deposits/amounts paid under protest)

Nature of Statute	Nature of Dues	Amount Unpaid	Period for which amount relates	Forum where Dispute is pending
Customs Act,1962	Custom Duty	2.61	2006-07 to 2007-08	CESTAT
Customs Act,1962	Custom Duty	1.22	2016-17 to 2022-23	Commissioner (Appeals)
Customs Act,1962	Custom Duty	1.67	2019-20	Adjudicating Authority
Central Excise Act, 1944	Excise Duty	3.58	2013-14 to 2016-17	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	11.29	2005-06 to 2016-17	Adjudicating Authority
Central Excise Act, 1944	Excise Duty	15.85	2008-09 to 2014-15	CESTAT
Finance Act, 1994	Service Tax	0.25	2013-14 to 2015-16	Adjudicating Authority
Gujarat GST Act, 2017	GST (incl. interest, penalty, cess)	7.03	2017-18 to 2019-20	Commissioner (Appeals)/ Appellate Authority
Gujarat GST Act, 2017	GST (incl. interest, penalty, cess)	1.59	2018-19 to 2019-20	Commissioner (Appeals)/ Appellate Authority
Maharashtra GST Act, 2017	GST (incl. interest, penalty, cess)	7.19	2017-18 to 2020-21	Commissioner (Appeals)/ Appellate Authority
Maharashtra GST Act, 2017	GST (incl. interest, penalty, cess)	2.48	2018-19 to 2021-22	Commissioner (Appeals)/ Appellate Authority
Income-tax Act, 1961	Income tax (incl. interest and penalty)	40.67	2014-15 to 2022-23	Commissioner of Income-Tax (Appeals)
Income-tax Act, 1961	Income tax (incl. interest and penalty)	1.12	2009-10 to 2018-19	Commissioner of Income-Tax (Appeals)
Gujarat Value Added Tax Act, 2003	Penalty	0.26	2017-18	Commissioner (Appeals)

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

ix. (a) The Company has not defaulted in repayment of dues or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanation given to us and the Company has not been declared wilful defaulter by any bank or financial institution or any other lender.

(c) In our opinion and according to information and explanations given to us, the Company has utilised the money obtained by way of term loans for the purposes for which they were raised.

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

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

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

(b) During the year, the Company has made allotment of 74,459 equity shares to eligible employees pursuant to the Employee Stock Option Plan. The requirements of Section 62(1)(b) of the Companies Act, 2013 have been complied with.

xi. (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) As informed by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the management, there were no whistle blower complaints received by the Company.

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

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

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

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

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

xvi. (a) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the requirement to report on obtaining of registration under clause 3(xvi)(a) of the Order does not arise.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, the requirement to report under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on continued fulfilment of the CIC criteria under clause 3(xvi)(c) of the Order does not arise.

(d) According to the information and explanations given to us, the Group does not have more than one Core Investment Company as part of the Group.

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

xviii. There has been no resignation of statutory auditors of the Company during the year.

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

xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amounts for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act.

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

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 26161776TXJWHG9623

Place: Mumbai
Date: May 4, 2026

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

We have audited the internal financial controls with reference to standalone financial statements of Aarti Industries Limited (the "Company") as of March 31, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2026, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

MANAGEMENTS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and

that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 26161776TXJWHG9623

Place: Mumbai
Date: May 4, 2026

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2026

(₹ in Crs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	6,221.13	6,230.34
Capital Work-in-Progress	3	2,029.52	1,276.32
Right of use Assets	3	37.47	51.06
Intangible Assets	3	96.73	48.25
Intangible Assets under Development	3	157.48	180.41
Financial Assets			
i) Investments	4	188.82	89.86
ii) Loans and Advances	5	7.07	4.42
Deferred Tax Assets (Net & incl of MAT Credit)	6	303.58	217.21
Other Non-Current Assets	7	79.04	121.52
Total Non-Current Assets		**9,120.84**	**8,219.39**
Current Assets			
Inventories	8	1,297.01	1,387.52
Financial Assets			
i) Trade Receivables	9	1,864.20	857.44
ii) Cash and Cash Equivalents	10	410.48	197.09
iii) Bank Balances other than (ii) above	11	25.18	95.58
iv) Loans and Advances	12	4.80	6.20
Others Financial Assets	13	57.60	16.32
Current Tax Assets (Net)	14	13.19	13.84
Other Current Assets	15	365.93	321.98
Total Current Assets		**4,038.39**	**2,895.97**
TOTAL ASSETS		**13,159.22**	**11,115.36**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	181.30	181.26
Other Equity	17	5,790.71	5,436.87
Total Equity		**5,972.01**	**5,618.13**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
i) Borrowings	18	2,187.72	1,867.42
ii) Lease Liabilities	19	33.98	47.13
Other Non Current Liabilities	20	69.83	112.16
Non Current Provisions	21	13.95	15.01
Total Non-Current Liabilities		**2,305.48**	**2,041.72**
Current Liabilities			
Financial Liabilities			
i) Borrowings	22	2,731.88	1,920.73
ii) Lease Liabilities	19	11.35	11.11
iii) Trade Payables due to:			
Micro and Small Enterprises	23	57.15	26.48
Other than Micro and Small Enterprises	23	1,633.75	1,203.47
iv) Other Financial Liabilities	24	369.63	202.26
Other Current Liabilities	25	63.84	76.29
Current Provisions	26	14.13	15.17
Total Current Liabilities		**4,881.73**	**3,455.51**
Total Liabilities		**7,187.21**	**5,497.23**
TOTAL EQUITY AND LIABILITIES		**13,159.22**	**11,115.36**
The accompanying notes are an integral part of these			
Standalone Financial Statements.	1-49		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Uday Girjapure
Partner
M.No. 161776

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Crs)

Particulars	Note No.	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
REVENUE			
Revenue from Operations	27	9,154.51	8,076.68
Less: GST Collected		732.12	774.37
Net Revenue from Operations		8,422.39	7,302.31
Other Income	28	7.88	22.65
Total Income		**8,430.27**	**7,324.96**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	29	5,258.39	4,383.23
Purchases of Stock-in-Trade		401.90	206.07
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	30	(161.12)	111.93
Employee Benefits Expense	31	419.87	444.84
Finance Costs	32	338.62	275.24
Depreciation and Amortisation Expenses	3	473.04	433.23
Foreign Exchange (Gain)/Loss	33	(19.19)	1.44
Other Expenses	34	1,359.90	1,152.94
Total Expenses		**8,071.41**	**7,008.92**
PROFIT BEFORE TAX BEFORE EXCEPTIONAL ITEMS		**358.86**	**316.04**
Exceptional Items	35		
ADD: Interest Income on Order Giving Effect (OGE)		28.51	-
LESS: Bad Debts Written Off		6.67	-
LESS: Statutory Impact of New Labour Codes		15.37	-
PROFIT BEFORE TAX AFTER EXCEPTIONAL ITEMS		**365.33**	**316.04**
TAX EXPENSES			
Current Year Tax		64.00	54.84
Earlier Year Tax		(2.98)	(4.41)
MAT Credit Entitlement		(64.00)	(54.84)
Deferred Tax		(54.00)	(19.20)
Total Tax Expenses		**(56.98)**	**(23.61)**
PROFIT AFTER TAX		**422.31**	**339.65**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Change in fair value of equity instruments		-	(2.05)
Change in fair value of Foreign currency hedge		(41.80)	17.27
Total Other comprehensive income		**(41.80)**	**15.22**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**380.51**	**354.87**
Earnings Per Equity Share (EPS) (in ₹)	37		
Basic		11.65	9.37
Diluted		11.64	9.36
The accompanying notes are an integral part of these			
Standalone Financial Statements.	1-49		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Uday Girjapure
Partner
M.No. 161776

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	358.86	316.03
	Adjustments for:		
	Finance Costs	338.63	275.24
	Bad debts and balances written off, allowance for expected credit losses	21.54	8.79
	Employee Performance Stock Option Plan (PSOP 2022) Cost	9.58	7.09
	Depreciation and Amortisation Expenses	473.04	433.23
	Unrealised Foreign Exchange adjustment	(15.85)	6.72
	Other Exceptional Items	6.47	-
	Loss on Sale of Assets	0.64	-
		1,192.92	**1,047.10**
	Profit on Sale of Assets/Investments	-	(0.27)
	Interest Income	(6.84)	(20.60)
	Lease Rent Income	(0.06)	(0.06)
	Operating Profit before Working Capital Changes	**1,186.02**	**1,026.18**
	Movements in operating non current Assets/Liabilities	(0.92)	(43.52)
	Movements in working capital:		
	(Increase)/Decrease in Trade and Other Receivables	(1,080.33)	(32.88)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	413.19	508.64
	(Increase)/Decrease in Inventories	90.51	(236.46)
	Cash Generated from Operations	**608.47**	**1,221.95**
	Direct Taxes Paid/Direct Tax Refund Received (Net)	(0.22)	6.58
	Net Cash Flow from Operating Activities (A)	**608.24**	**1,228.53**
B.	**Cash Flow from Investing Activities:**		
	Addition to Property, Plant & Equipment/Capital WIP	(1,124.28)	(1,381.84)
	Sale/Scrap of Property, Plant & Equipment	3.11	7.10
	Loans and Advances (Non Current)	(2.65)	53.24
	(Increase)/Decrease in Other Bank Balance	70.40	(7.64)
	Investment in Subsidiary companies/Joint Venture	(74.00)	(73.52)
	(Increase)/Decrease in Other Investments	(20.28)	-
	Interest Income	6.84	20.60
	Lease Rent Income	0.06	0.06
	Net Cash Flow from Investing Activities (B)	**(1,140.80)**	**(1,382.00)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	450.00	592.70
	Repayment of Long-Term Borrowings	(241.94)	(454.97)
	Proceeds/(Repayment) of Other Borrowings	800.74	110.20
	Principal Repayment of Lease Liability	(10.67)	(9.98)
	Application Money Received from issue of Equity Share under ESOP Scheme	0.04	0.01
	Finance Costs	(215.97)	(275.24)
	Dividend Paid	(36.26)	(36.25)
	Net Cash Flow from Financing Activities (C)	**745.94**	**(73.52)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**213.39**	**(226.99)**
	Cash and Cash Equivalents (Opening Balance)	197.09	424.08
	Cash and Cash Equivalents (Closing Balance)	**410.48**	**197.09**

Notes:

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(ii) Changes in liabilities arising from financing activities:

(₹ in Crs)

Particulars	April 01, 2025	Cash Flow	Foreign exchange movement	March 31, 2026
Non - current Borrowings (including current portion of Long term Debt)	2,107.73	208.05	122.66	2,438.44
Current Borrowings	1,680.42	800.74	-	2,481.16
Total	**3,788.15**	**1,008.79**	**122.66**	**4,919.60**

(₹ in Crs)

Particulars	April 01, 2024	Cash Flow	Foreign exchange movement	March 31, 2025
Non - current Borrowings (including current portion of Long term Debt)	1,993.22	137.74	(23.23)	2,107.73
Current Borrowings	1,570.22	110.20	-	1,680.42
Total	**3,563.44**	**247.94**	**(23.23)**	**3,788.15**

(iii) Movement in the carrying amount of financial liabilities that are part of a supplier finance arrangement. These liabilities are presented within trade payables and other financial liabilities, and the related cash flows are presented within cash flows from operating activities:

(₹ in Crs)

Particulars	April 01, 2025	Cash Flow	Foreign exchange movement	March 31, 2026
Presented in Trade and Other Payables	148.62	41.88	-	190.50
Presented in Other Financial Liabilities	58.01	(2.92)	-	55.09
Total	**206.63**	**38.96**	**-**	**245.59**

(iv) Refer note 19 for movement in Lease Liabilities.

(v) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

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Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2026

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at April 01, 2024	**181.25**
Changes in equity share capital during the year 2024-25	0.01
As at March 31, 2025	**181.26**
Changes in equity share capital during the year 2025-26	0.04
As at March 31, 2026	**181.30**

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity								Total Other Equity
	Reserves and Surplus						Other Comprehensive Income		
	Capital Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Share Based Payment Reserve	Retained Earnings	Change in Fair Value of Equity Instruments	Change in Fair Value of Foreign Currency Hedge	
Balance as at 1st April, 2024	**9.70**	**1,348.35**	**476.90**	**1.85**	**2.34**	**3,299.79**	**(0.01)**	**(27.76)**	**5,111.16**
Dividend Paid	-	-	-	-	-	(36.25)	-	-	(36.25)
Transfer (to)/from Other Reserves	-	0.85	34.00	-	(0.85)	(34.00)	-	-	-
Profit for the Period	-	-	-	-	-	339.65	-	-	339.65
Addition during the year	-	-	-	-	7.09	-	(2.05)	17.27	22.31
Balance as at 31st March, 2025	**9.70**	**1,349.20**	**510.90**	**1.85**	**8.58**	**3,569.19**	**(2.06)**	**(10.49)**	**5,436.87**
Dividend Paid	-	-	-	-	-	(36.26)	-	-	(36.26)
Transfer (to)/from Other Reserves	-	4.64	42.25	-	(4.64)	(42.25)	-	-	-
Profit for the Period	-	-	-	-	-	422.32	-	-	422.32
Addition during the year	-	-	-	-	9.58	-	-	(41.80)	(32.22)
Balance as at 31st March, 2026	**9.70**	**1,353.84**	**553.15**	**1.85**	**13.52**	**3,913.00**	**(2.06)**	**(52.29)**	**5,790.71**

As per our report of even date

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

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Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES

1. CORPORATE INFORMATION

Aarti Industries Limited ("the Company") is a public limited company incorporated in India (CIN: L24110GJ1984PLC007301) with its registered office located at Plot No. 801, 801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad, Gujarat 396 195, India. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Ltd (NSE). The Company is engaged in manufacturing and dealing in Speciality Chemicals and intermediates.

These Standalone Financial Statements were approved for issue in accordance with a resolution passed by the Board of Directors at its meeting held on May 4, 2026.

2. MATERIAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION AND PRESENTATION:

The Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with rule 3 of Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time.

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31st March, 2026, the Statement of Profit and Loss for the year ended 31st March, 2026, the Statement of Cash Flows for the year ended 31st March, 2026 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as ' Standalone Financial Statements').

These Standalone Financial Statements have been prepared on a going concern basis; the management having assessed that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

(B) BASIS OF MEASUREMENT:

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

- Financial instruments – measured at fair value;
- Plan assets under defined benefit plans – measured at fair value
- Equity-settled share-based payments - measured at fair value at the grant date;
- Other long-term employee benefits - measured at the present value of the defined benefit obligation.

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(C) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS:

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

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies
- Determination of the point at which control of exported goods transfers to the customer, having regard to the applicable Incoterm

Estimates:

- Impairment
- Accounting for Defined benefit plans
- Useful lives of property, plant and equipment and intangible assets
- Fair Valuation of Financial instruments
- Valuation of inventories
- Estimation of variable consideration on sales, including discounts, rebates and rights of return
- Expected credit losses on trade receivables

(D) CURRENT AND NON-CURRENT CLASSIFICATION:

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

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

ii) Held primarily for the purpose of trading, or

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

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

A liability is treated as current when it is:

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

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

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

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

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

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

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

1. Property, Plant and Equipment (PPE)

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

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

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

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

2. Intangible Assets

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

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

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

3. Depreciation/Amortisation

Depreciation on Property, Plant and Equipment is provided using the straight line method. Depreciation is provided over the useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013, except for certain classes of assets set out below for which the useful lives have been determined on the basis of technical assessment by the management. For those classes, the useful lives adopted differ from those prescribed in Schedule II, and the technical assessment is the justification for the difference as required by Part C of Schedule II.

The useful lives adopted for various classes of assets are as follows:

Assets Class	Useful Life
Leasehold Land	Over the remaining tenure of lease
Building	Over a period of 3 - 31 years
Residential Quarters	Over a period of 30 years
Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 7 - 19 years, based on the type of processes and equipments installed
Computers	Over a period of 3 - 6 years
Office Equipment	Over a period of 5 years
Furniture and Fixtures	Over a period of 10 years
Vehicles	Over a period of 8 years
Intangible assets (including Product/ Process Development)	Over a period of 5-7 years, except for those where the finite periods are provided for
Leasehold Improvements	Over the remaining tenure of lease

The residual values, useful lives and methods of depreciation and amortisation are reviewed at the end of each reporting period and adjusted prospectively where appropriate.

4. Impairment

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

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

(F) RESEARCH AND DEVELOPMENT:

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

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless

such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(G) INTANGIBLE ASSETS UNDER DEVELOPMENT:

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

(H) VALUATION OF INVENTORIES:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores	At cost on weighted Average basis Or net realisable value whichever is lower. Cost and Spares and Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Work-in-Process	At cost plus appropriate allocation of overheads or net realisable value whichever is lower.
Finished Goods	At cost plus appropriate allocation of overheads or net realisable value, whichever is lower.
Catalysts	At cost less amounts charged to the Statement of Profit and Loss over the estimated useful life or expected pattern of consumption of the catalyst, or net realisable value, whichever is lower.
Goods in transit	At cost, comprising the purchase price and other costs incurred in bringing the inventories to their present location and condition.

Goods in transit represent inventories in respect of which control has passed to the Company as at the reporting date, but which had not been received at the Company's premises on that date.

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

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

(I) REVENUE RECOGNITION:

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

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

(i) Sale of Goods

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

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

Variable consideration, including discounts, sales incentives, rebates, credit notes and rights of return, is estimated at contract inception and is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the associated uncertainty is subsequently resolved. The estimate is reassessed at each reporting date.

In the case of domestic sales, the performance obligation is generally satisfied when the goods are dispatched or delivery is handed over to the transporter. In the case of export sales, the performance obligation is satisfied at the point at which control of the goods transfers to the customer under the applicable Incoterm. Accordingly, where goods are sold on terms such as FOB, CFR and CIF, revenue is recognised by reference to the bill of lading, airway bill or other similar document evidencing delivery; and where goods are sold on terms such as DAP under which the Company retains responsibility for the goods until they reach the agreed destination, revenue is recognised on delivery at that destination, unless if the title of such goods are assigned earlier.

(ii) Interest Income:

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

(iii) Dividend Income:

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

(iv) Export Benefits:

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

(v) Subsidy Received:

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

(J) FINANCIAL INSTRUMENTS:

Recognition and initial measurement

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

Classification and Subsequent Measurement of Financial Assets:

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

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

(a) Financial Assets measured at Amortised Cost:

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

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

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

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

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

Classification and Subsequent Measurement of Financial Liabilities:

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

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

(b) **Other Financial Liabilities:**

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

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

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

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

Debt and Equity Instruments:

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

Equity Investments

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

Investments in Subsidiaries and Joint Ventures:

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any, in accordance with Ind AS 27 Separate Financial Statements. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint ventures, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

De-recognition of Financial Instruments:

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

A Financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

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

Impairment of Financial Assets:

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

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

Offsetting of Financial Instruments:

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

Fair Value of Financial Instruments

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

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

Derivative Financial Instruments:

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

Cash Flow Hedge

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

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

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

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the

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

Amounts accumulated in the cash flow hedge reserve are subsequently reclassified to the Statement of Profit and Loss in the periods in which the hedged item affects profit or loss and are accordingly presented within items that will be reclassified to the Statement of Profit and Loss.

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

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

(K) CASH AND CASH EQUIVALENTS:

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

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

(L) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date and, where the effect of the time value of money is material, are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent assets are not recognised; where an inflow of economic benefits is probable, the contingent asset is disclosed.

(M) LEASE:

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

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

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

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

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

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

(N) EMPLOYEE BENEFITS:

(a) Short-term Employee Benefits:

All employee benefits such as salaries, wages, short-term compensated absences, expected cost of bonus, etc., which are expected to be settled wholly within twelve months after the end of the period in which the employee renders the related service, are recognised in the period in which the employee renders the related services.

(b) Post-Employment Benefits:

(i) Defined Contribution Plan:

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

(ii) Defined Benefit Plan

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

(c) Other Long-Term Employee Benefits:

Compensated absences which are not expected to be settled wholly within twelve months after the end of the period in which the employee renders the related service are measured at the present value of the estimated future cash outflows, determined on the basis of an actuarial valuation carried out at the end of each financial year using the projected unit credit method. Re-measurement gains and losses on such benefits are recognised in the Statement of Profit and Loss in the period in which they arise and are not deferred.

(d) Share Based Payment:

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in Other Equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee Share Based Payment Reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

(O) FOREIGN CURRENCY TRANSACTIONS:

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

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

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

(P) INCOME TAXES:

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

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

Current Income Tax:

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

Deferred Tax:

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

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

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

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

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

Minimum Alternate Tax (MAT):

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

(Q) EARNINGS PER SHARE:

Basic earnings per share is computed by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing that profit by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, including options granted under the Company's Employee Stock Option Plan, except where the effect would be anti-dilutive.

(R) BORROWING COSTS:

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

(S) CONTINGENT LIABILITIES:

Contingent Liability is:

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

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

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

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

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

Contingent liabilities are disclosed in the notes and are not recognised. They are assessed at each reporting date and, where an outflow of resources becomes probable and the amount can be reliably estimated, a provision is recognised.

(T) SUPPLY CHAIN FINANCE/BILL DISCOUNTING

Bill discounting/factoring: Where the Company discounts or factors its trade receivables and transfers substantially all the risks and rewards of ownership (non-recourse), the receivable is derecognised and the consideration received is recognised in cash and cash equivalents. Where the Company retains substantially all the risks and rewards (with recourse), the receivable is not derecognised and the financing is recognised as a borrowing; the bills discounted with recourse are disclosed as a contingent liability. Supply chain finance/reverse factoring: Where a bank/financial institution settles the Company's dues to suppliers, the Company assesses whether the nature and function of the liability have changed such that it should be presented as a borrowing rather than a trade payable, considering the extension of payment terms beyond normal supplier terms, any security/guarantee provided, and the substitution of the trade counterparty by the finance provider

(U) EXCEPTIONAL ITEMS:

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in standalone statement of profit and loss and in the notes forming part of the standalone financial statements.

(V) RECENT ACCOUNTING PRONOUNCEMENT:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2026, MCA has notified following Amendment to Ind AS, applicable to the Company w.e.f. 1st April, 2025.

- Ind AS 21 The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability
- Ind AS 12 - Income Taxes relating to International Tax Reform – Pillar Two Model Rules – Exception to recognition and disclosure of deferred tax.
- Amendments to Ind AS 7 – Cash flow statement and Ind AS 107 – Financial Instrument Disclosures relating to supplier finance arrangements
- Ind AS 1 Presentation of Financial Statements- Classification of Liabilities as current or non-current and non- current liabilities with covenants.

The Company has reviewed these amendments. The amendments to Ind AS 7 and Ind AS 107 relating to supplier finance arrangements have resulted in additional disclosure in respect of the Company's supply chain financing arrangement, which is given in Note 42 to the Standalone Financial Statements. The remaining amendments do not have a significant impact on the Standalone Financial Statements.

(W) NEW & AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE:

The MCA has issued certain amendments to Indian Accounting Standards which are not yet effective as at 31st March, 2026, being notified the Companies (Indian Accounting Standards) Amendment Rules, 2026 via notification G.S.R. 725(E) on August 12, 2026. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and does not expect these amendments to have a material impact on the Standalone Financial Statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

3. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs)

FY 2025-26		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars		Balance as at April 01, 2025	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at March 31, 2026	Balance as at April 01, 2025	Depreciation charge for the year	Deduction/ Adjustment	Balance as at March 31, 2026	Balance as at March 31, 2026	Balance as at March 31, 2025
(i)	**Tangible Assets**										
	Free Hold Land	3.56	11.89	0.78	14.67	0.26	-	0.15	0.11	14.57	3.30
	Lease Hold Land	241.91	-	-	241.91	18.23	3.19	-	21.42	220.49	223.68
	Buildings	778.63	4.70	-	783.33	238.43	50.36	-	288.79	494.54	540.20
	Plant and Equipment	6,875.20	429.41	0.49	7,304.12	1,634.78	372.07	0.76	2,006.09	5,298.03	5,240.43
	R&D Assets & Equipments	181.26	1.07	0.03	182.30	52.18	8.03	0.01	60.20	122.11	129.09
	Leasehold Improvements	26.97	-	0.01	26.96	10.85	5.36	0.01	16.20	10.76	16.12
	Furniture and Fixtures	83.05	2.01	1.38	83.68	35.56	18.17	0.93	52.80	30.89	47.50
	Vehicles	46.96	6.27	3.29	49.94	16.95	4.58	1.33	20.20	29.74	30.01
	Total (i)	**8,237.54**	**455.35**	**5.98**	**8,686.91**	**2,007.24**	**461.76**	**3.19**	**2,465.81**	**6,221.13**	**6,230.34**
(ii)	**Capital Work-in-Progress**									**2,029.52**	**1,276.32**
(iii)	**Right of use Assets**										
	Buildings	80.76	-	3.61	77.15	29.70	11.43	1.45	39.68	37.47	51.06
(iv)	**Intangible Assets**										
	Technical Knowhow	36.56	35.17	-	71.73	2.02	6.81	-	8.83	62.90	34.54
	Computer Software	17.13	24.41	-	41.54	3.42	4.29	-	7.71	33.83	13.71
	Total (iv)	**53.69**	**59.58**	**-**	**113.27**	**5.44**	**11.10**	**-**	**16.54**	**96.73**	**48.25**
(v)	**Intangible assets under development**									**157.48**	**180.41**
	TOTAL (i+ii+iii+iv+v)	**8,371.99**	**514.93**	**9.59**	**8,877.33**	**2,042.38**	**484.29**	**4.64**	**2,522.03**	**8,542.33**	**7,786.38**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

FY 2024-25		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars		Balance as at April 01, 2024	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at March 31, 2025	Balance as at April 01, 2024	Depreciation charge for the year	Deduction/ Adjustment	Balance as at March 31, 2025	Balance as at March 31, 2025	Balance as at March 31, 2024
(i)	**Tangible Assets**										
	Free Hold Land	3.56	-	-	3.56	0.26	-	-	0.26	3.31	3.30
	Lease Hold Land	241.98	-	0.07	241.91	15.06	3.19	0.02	18.23	223.68	226.92
	Buildings	671.09	109.33	1.79	778.63	177.20	61.45	0.22	238.43	540.20	493.89
	Plant and Equipment	5,942.63	949.62	17.05	6,875.20	1,325.23	329.26	19.71	1,634.78	5,240.43	4,617.40
	R&D Assets & Equipments	150.92	32.21	1.87	181.26	42.34	11.71	1.87	52.18	129.09	108.58
	Leasehold Improvements	26.78	0.19	-	26.97	5.51	5.34	-	10.85	16.12	21.27
	Furniture and Fixtures	64.00	21.06	2.01	83.05	22.73	14.56	1.73	35.56	47.50	41.27
	Vehicles	40.29	11.71	5.04	46.96	13.94	5.45	2.44	16.95	30.01	26.35
	Total (i)	**7141.25**	**1,124.12**	**27.83**	**8,237.54**	**1,602.27**	**430.96**	**25.99**	**2,007.24**	**6,230.34**	**5,538.98**
(ii)	**Capital Work-in-Progress**									**1,276.32**	**1,058.54**
(iii)	**Right of use Assets**										
	Buildings	83.88	10.17	13.29	80.76	30.46	12.22	12.98	29.70	51.06	53.42
(iv)	**Intangible Assets**										
	Technical Knowhow	6.58	30.06	0.08	36.56	0.08	2.02	0.08	2.02	34.54	6.49
	Computer Software	7.64	9.87	0.38	17.13	1.21	2.43	0.22	3.42	13.71	6.43
	Total (iv)	**14.22**	**39.93**	**0.46**	**53.69**	**1.29**	**4.45**	**0.30**	**5.44**	**48.25**	**12.92**
(v)	**Intangible assets under development**									**180.41**	**170.51**
	TOTAL (i+ii+iii+iv+v)	**7,239.35**	**1,174.22**	**41.58**	**8,371.99**	**1,634.02**	**447.63**	**39.27**	**2,042.38**	**7,786.38**	**6,834.37**

Note:

(i) Depreciation to the extent of ₹ 11.25 Crs (previous year ₹ 14.39 Crs) in respect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

(ii) Additions during the year and capital work-in-progress include borrowing cost capitalised in accordance with Accounting Standard (Ind AS) 23 on “Borrowing Costs”. The rate used to determine the amount of borrowing costs eligible for capitalisation is ranging from 8% to 8.5% (previous year 8% to 8.5%).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(a) Capital-Work-in Progress (CWIP):

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2026:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1,055.90	755.10	173.42	45.10	2,029.52
Projects temporarily suspended	-	-	-	-	-

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2025:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	940.45	283.69	45.73	6.45	1,276.32
Projects temporarily suspended	-	-	-	-	-

(b) Intangible assets under development:

Intangible assets under development aging schedule as on March 31, 2026:

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	51.89	39.27	65.35	0.97	157.48
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development aging schedule as on March 31, 2025:

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	43.51	81.64	19.79	35.47	180.41
Projects temporarily suspended	-	-	-	-	-

(c) Notes:

(i) There are no material projects whose completion is overdue as compared to its original plan as at March 31, 2026.

(ii) There were no material projects which have exceeded their original plan cost as at March 31, 2026.

(iii) The Company has not recognised any impairment loss during the current year.

(iv) The title deeds of property plant and equipment are held in name of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

4. NON-CURRENT INVESTMENTS:

(₹ in Crs)

Name of the Company	Face Value (in ₹)	No. of Shares/ Units	As at March 31, 2026	No. of Shares/ Units	As at March 31, 2025
Investments - (Unquoted) in Equity Shares of Subsidiary Companies (At Cost)					
Aarti Corporate Services Limited	10	20,24,680	1.73	20,24,680	1.73
Alchemie (Europe) Limited	£1.00	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	10	3,50,000	0.35	3,50,000	0.35
Aarti Polychem Private Limited	10	20,500	0.02	20,500	0.02
Aarti Bharuch Limited	10	2,50,000	0.25	2,50,000	0.25
Aarti Circularity Ltd (formerly known as Aarti Spechem Ltd)	10	1,25,00,000	10.25	2,50,000	0.25
Aarti Chemical Trading FZCO	AED 100	500	0.11	500	0.11
			13.25		**3.25**
Investments - (Unquoted) in Equity Shares of Other Companies (At FVTOCI)					
Ichalkaranji Janata Sahakari Bank Limited	50	1,000	0.01	1,000	0.01
Damanganga Saha Khand Udyog Mandali Limited	2000	61	0.01	61	0.01
Narmada Clean Tech Limited	10	2,87,550	0.29	2,87,550	0.13
U.K.I.P. Co-Op. Society Limited	50	80	0.00	80	0.00
Perfect Enviro Control Systems Limited	10	36,800	0.03	36,800	0.03
Shamrao Vithal Co-op. Bank Limited	10	100	0.00	100	0.00
Clean Max Indus Private Limited	10	1,09,034	16.71	4,900	0.00
Pro-Zeal Green Power Seven Private Limited	10	63,000	0.06	63,000	0.06
ReNew Green (GJ Six) Private Limited	10	1,51,80,000	12.86	1,51,80,000	12.86
			29.97		**13.10**
Investments - (Unquoted) in Equity Shares of Joint Venture (At Cost)					
Augene Chemicals Private Limited	10	3,75,00,000	37.50	2,35,00,000	23.50
			37.50		**23.50**
Investments - (Unquoted) in Compulsorily Convertible Debentures in Other Companies					
Pro-Zeal Green Power Seven Private Limited	1000	35,786	3.58	-	-
			3.58		**-**
Investments - (Unquoted) in Optionally convertible Debentures of Subsidiary Companies					
Aarti Bharuch Limited (refer note 4.1)	100	50,00,000	53.65	50,00,000	50.00
			53.65		**50.00**
Investments - (Unquoted) in Optionally Convertible Debentures of Joint Venture					
Augene Chemicals Private Limited (refer note 4.2)	100	50,00,000	50.88	-	-
			50.88		**-**
TOTAL			**188.82**		**89.86**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

4.1 Note in respect of investments in Optionally convertible Debentures of Subsidiary Companies

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Investment in OCDs issued by Aarti Bharuch Limited (At Cost)	53.65	50.00
- In accordance with IndAS 107, the said investment amount is further classified into		
- Derivative Component (at FVTPL)	2.89	2.89
- Debt Component (at present value)	50.76	47.11

4.2 Note in respect of investments in Optionally convertible Debentures of Joint Venture

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Investment in OCDs issued by Augene Chemical Private Limited (At Cost)	50.88	-
- In accordance with IndAS 107, the said investment amount is further classified into		
- Derivative Component (at FVTPL)	3.19	-
- Debt Component (at present value)	47.69	-

5. NON CURRENT LOANS AND ADVANCES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Loans and Advances	7.07	4.42
(Refer note 40 for Related Party Balances)		
TOTAL	**7.07**	**4.42**

5.1 The Company has granted unsecured loans to its wholly owned Subsidiaries, Joint Ventures and Key Managerial Personnel. Agreement does not specify any terms or period of repayment of such loans. The disclosure required in this regard is set out below:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Amount of loan or advance in which agreement does not specify any terms or period of repayment:		
All Parties	11.87	10.62
Promoters	-	-
Related Parties*	7.43	4.36
Percentage of the total Loan and Advances	62.62%	41.06%

*Related parties include wholly owned subsidiaries, a joint venture and Key Managerial Personnel (KMPs) as defined under section 2(76) of the Companies Act 2013.

6. DEFERRED TAX ASSETS (NET):

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance for the year	217.21	142.89
Deferred Tax Assets		
MAT Credit Entitlement	64.00	54.84
Items allowed for tax purpose on payment	(31.63)	0.28

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
DTA on losses	323.60	54.84
Deferred Tax Liabilities		
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	(269.60)	(35.64)
Net Deferred Tax Assets/(Liabilities)	**303.58**	**217.21**

7. OTHER NON-CURRENT ASSETS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital Advances	19.67	55.93
Balances with Tax & Revenue Authorities (including pre-deposits)	15.06	14.65
Other Deposits	44.31	50.94
TOTAL	**79.04**	**121.52**

8. INVENTORIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials and Components (incl In-transit stock)	262.71	509.92
Work-in-progress	232.89	253.80
Finished Goods (incl In-transit stock)	522.64	340.61
Stock-in-trade	7.43	0.60
Stores and spares	251.42	265.47
Fuel (incl In-transit stock)	10.85	8.82
Packing Materials	9.07	8.30
TOTAL	**1,297.01**	**1,387.52**

8.1 IN-TRANSIT INVENTORIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Finished Goods	162.51	18.73
TOTAL	**162.51**	**18.73**

9. TRADE RECEIVABLES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade Receivables – Unsecured, gross	1,887.67	865.15
(Refer Note 40 for Related Party Balances)		
Less: Impairment loss allowance	(23.47)	(7.71)
TOTAL	**1,864.20**	**857.44**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

9.1 Trade Receivables ageing schedule as on March 31, 2026

(₹ in Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1,108.55	650.33	63.00	53.93	3.67	-	1,879.48
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	8.19	8.19
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment loss allowance				(13.32)	(1.96)	(8.19)	(23.47)
TOTAL	**1,108.55**	**650.33**	**63.00**	**40.61**	**1.71**	**-**	**1,864.20**

Trade Receivables ageing schedule as on March 31, 2025

(₹ in Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	500.80	286.63	64.92	4.24	6.90		863.49
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	1.66	1.66
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-		-
Less: Impairment loss allowance	-	-	-	(1.96)	(4.09)	(1.66)	(7.71)
TOTAL	**500.80**	**286.63**	**64.92**	**2.28**	**2.81**	**-**	**857.44**

9.2 Movement in Expected Credit Loss Allowance

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	7.71	1.46
Provision/(Reversal) recognised during the year	17.97	6.25
Amounts written off during the year	(2.21)	-
Balance at the end of the year	**23.47**	**7.71**

The Company applies the simplified approach permitted by Ind AS 109 and measures the loss allowance at an amount equal to lifetime expected credit losses. The allowance is determined using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking information. Balances in respect of which recovery is not considered probable are separately identified and provided for in full.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

10. CASH AND CASH EQUIVALENTS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	0.75	1.18
Bank balance in Current Accounts	409.73	195.91
TOTAL	**410.48**	**197.09**

11. OTHER BANK BALANCES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Bank balance in Deposit Accounts	0.62	93.75
Earmarked Balances (Unpaid Dividend Accounts)	24.56	1.83
TOTAL	**25.18**	**95.58**

12. LOANS AND ADVANCES CURRENT:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Loans and Advances Given to:		
(i) Employees (including KMPs) (refer note 40)	4.59	4.98
(ii) Others	0.21	1.22
TOTAL	**4.80**	**6.20**

13. OTHER CURRENT FINANCIAL ASSETS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Subsidy Receivable	22.65	14.86
Other Current Financial Asset	34.95	1.46
TOTAL	**57.60**	**16.32**

14. CURRENT TAX ASSETS (NET):

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance Tax and Tax Deducted at Source (Net of Provisions)	13.19	13.84
TOTAL	**13.19**	**13.84**

15. OTHER CURRENT ASSETS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Customs, Port Trust, Central Excise, Sales Tax, Goods & Services Tax Authorities	236.72	225.75
Advance to Suppliers	58.32	56.97
Other Receivables	52.87	21.82
Prepaid Expenses	18.02	17.44
TOTAL	**365.93**	**321.98**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

16. EQUITY SHARE CAPITAL:

(₹ in Crs)

Particulars	No. of Shares	As at March 31, 2026	No. of Shares	As at March 31, 2025
Authorised Share Capital				
Equity Shares of ₹ 5/- each	60,00,00,000	300.00	60,00,00,000	300.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	36,25,94,369	181.30	36,25,19,910	181.26
TOTAL		**181.30**		**181.26**

16.1 Reconciliation of the number of Shares outstanding:

(₹ in Crs)

Particulars	No. of Shares outstanding	
	As at March 31, 2026	As at March 31, 2025
Equity Shares at the beginning of the year	36,25,19,910	36,25,04,035
Add: Shares issued during the year	74,459	15,875
Less: Shares buy-back during the year	-	-
Equity Shares at the end of the year	**36,25,94,369**	**36,25,19,910**

16.2 Rights, preferences and restrictions attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

16.3 Details of shareholders holding more than 5% shares:

(₹ in Crs)

Name of the Shareholders	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	% held	No. of Shares	% held
Life Insurance Corporation of India	2,46,56,272	6.80	2,46,56,272	6.80

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

(₹ in Crs)

Particulars	Financial Year				
	FY 2025-26	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22
No. of Equity Shares outstanding	36,25,94,369	36,25,19,910	36,25,04,035	36,25,04,035	36,25,04,035

16.5 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year 2025-26, 74,459 Shares were issued and allotted under the 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022")

[b] During the year 2024-25, 15,875 Shares were issued and allotted under the 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022")

[c] During the year 2021-22, 1,40,35,087 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 855 per Equity Share (including ₹ 850 towards share premium) to qualified institutional buyers

[d] During the year 2021-22, 17,42,34,474 Shares were issued as Bonus Shares in the ratio of 1:1 Equity Share of ₹ 5 each.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

16.6 Promoters and promoter group holding shares in the Company:

(₹ in Crs)

Sr. No.	Promoters Name	As at March 31, 2026		As at March 31, 2025		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
1	Rashesh Chandrakant Gogri	1,48,37,616	4.09	1,48,37,616	4.09	(0.00)
2	Mirik Rajendra Gogri	1,11,72,384	3.08	1,11,72,384	3.08	(0.00)
3	Renil Rajendra Gogri	1,11,71,008	3.08	1,11,71,008	3.08	(0.00)
4	Anushakti Enterprise Private Limited	99,70,000	2.75	99,70,000	2.75	(0.00)
5	Hetal Gogri Gala	99,62,192	2.75	99,62,192	2.75	(0.00)
6	Jaya Chandrakant Gogri	97,98,548	2.70	97,98,548	2.70	(0.00)
7	Sarla Shantilal Shah	92,69,028	2.56	95,69,028	2.64	(0.08)
8	Labdhi Business Trust (Saswat Trusteeship Private Limited)	75,00,000	2.07	75,00,000	2.07	(0.00)
9	Tulip Family Trust (Gloire Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
10	Orchid Family Trust (Relacion Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
11	Safechem Enterprises Private Limited	58,52,000	1.61	58,52,000	1.61	(0.00)
12	Rajendra Vallabhaji Gogri	57,03,600	1.57	57,03,600	1.57	(0.00)
13	Nehal Garewal	36,14,190	1.00	36,14,190	1.00	(0.00)
14	Heena Family Private Trust (Barclays Wealth Trustees India Private Limited)	33,35,436	0.92	33,35,436	0.92	(0.00)
15	Nikhil Parimal Desai	30,05,016	0.83	30,05,016	0.83	(0.00)
16	Bhavna Family Private Trust (Barclays Wealth Trustees India Private Limited)	28,16,404	0.78	28,16,404	0.78	(0.00)
17	Jasmine Family Trust (Relacion Trusteeship Services Private Limited)	27,50,000	0.76	27,50,000	0.76	(0.00)
18	Alchemie Financial Services Limited	26,92,024	0.74	26,92,024	0.74	(0.00)
19	Lotus Family Trust (Gloire Trusteeship Services Private Limited)	24,98,000	0.69	24,98,000	0.69	(0.00)
20	Manomaya Business Trust (Alabhya Trusteeship Private Limited)	24,00,000	0.66	24,00,000	0.66	(0.00)
21	Aarnav Rashesh Gogri	23,82,000	0.66	23,82,000	0.66	(0.00)
22	Aashay Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
23	Manisha Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
24	Arti Rajendra Gogri	19,01,024	0.52	19,01,024	0.52	(0.00)
25	Parimal Hasmukhlal Desai	14,88,284	0.41	15,98,284	0.44	(0.03)
26	Ratanben Premji Gogri	13,77,330	0.38	13,77,330	0.38	(0.00)
27	Heena Bhatia	12,90,352	0.36	12,90,352	0.36	(0.00)
28	Rajendra Vallabhaji Gogri (HUF) (Karta - Rajendra Vallabhaji Gogri)	12,33,096	0.34	12,33,096	0.34	(0.00)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Sr. No.	Promoters Name	As at March 31, 2026		As at March 31, 2025		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
29	Shantilal Tejshi Shah HUF (Karta - Nehal Garewal)	11,15,526	0.31	11,15,526	0.31	(0.00)
30	Alchemie Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
31	Gogri Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
32	Mananjay Singh Garewal	10,50,040	0.29	10,50,040	0.29	(0.00)
33	Indira Madan Dedhia	6,69,400	0.18	6,82,500	0.19	(0.00)
34	Bhanu Pradip Savla	6,22,948	0.17	6,22,948	0.17	(0.00)
35	Shreya Suneja	4,50,000	0.12	4,50,000	0.12	(0.00)
36	Monisha Bhatia	3,64,484	0.10	3,64,484	0.10	(0.00)
37	Gunavanti Navin Shah	3,46,578	0.10	3,46,578	0.10	(0.00)
38	Chandrakant Vallabhaji Gogri	1,42,000	0.04	1,42,000	0.04	(0.00)
39	Nikhil Holdings Private Limited	3,566	0.00	93,566	0.03	(0.02)
40	Jayesh Shah	65,666	0.02	65,666	0.02	(0.00)
41	Dilesh Roadlines Private Limited	33,272	0.01	33,272	0.01	(0.00)
42	Valiant Organics Limited	30,000	0.01	30,000	0.01	(0.00)
43	Prasadi Yogesh Banatwala	4,280	0.00	6,580	0.00	(0.00)
44	Pooja Renil Gogri	1,528	0.00	1,528	0.00	(0.00)
Total		**15,26,23,660**	**42.09**	**15,31,39,060**	**42.24**	**(0.15)**

16.7 Dividends:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Dividend paid during the year		
Final dividend for the year ended March 31, 2025 of ₹ 1.00 (previous year: ₹ 1.00) per fully paid share	36.26	36.25
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1.00 (previous year: ₹1.00) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	36.26	36.25

17. OTHER EQUITY:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital Reserves		
Opening Balance	9.70	9.70
Addition	-	-
Deduction	-	-
Closing Balance	**9.70**	**9.70**

Footnote: Capital Reserves represents the difference between the consideration paid and net assets received under business combination transactions.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities Premium Account		
Opening Balance	1,349.20	1,348.35
Addition	4.64	0.85
Deduction	-	-
Closing Balance	**1,353.84**	**1,349.20**

Footnote: Securities Premium represents the amount received in excess of the face value upon issue of equity shares. The same may be, inter-alia, utilised for issue of fully paid bonus shares or for buy-back of equity shares by the Company or such purpose in accordance with the provisions of the Act.

General Reserve		
Opening Balance	510.90	476.90
Addition:		
Transferred from Profit & Loss Account	42.25	34.00
Deduction	-	-
Closing Balance	**553.15**	**510.90**

Footnote: The General Reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

Profit and Loss Account		
Opening Balance	3,569.19	3,299.79
Addition:		
Net Profit/(Loss) for the year	422.32	339.65
Deduction:		
Final Dividend paid on Equity Share for the previous year	36.26	36.25
Transferred to General Reserve	42.25	34.00
Closing Balance	**3,913.00**	**3,569.19**

Footnote: Retained Earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividend or other distributions paid to shareholders.

Other Reserves		
ESOP Share Application Money (PSOP 2022)	0.00	0.00
Forfeiture Reserve	1.85	1.85
Closing Balance	**1.85**	**1.85**

Footnote: Forfeiture reserve is created on account of forfeiture of shares.

Employee Share Based Payment Reserve		
Opening Balance	8.58	2.34
Addition	9.58	7.09
Deduction	4.64	0.85
Closing Balance	**13.52**	**8.58**

Footnote: The Company has offered equity shares to certain employees and officers under an employee share purchase scheme. The employee share based payment reserve is used to recognise the value of equity settled share based payments provided to such employees and officers.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Other Comprehensive Income		
Opening Balance	(12.55)	(27.77)
OCI for the year	(41.80)	15.22
Closing Balance	**(54.35)**	**(12.55)**
Footnote: This Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments, long term advances and foreign currency hedge measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.		
TOTAL	**5,790.71**	**5,436.87**

18. NON-CURRENT BORROWINGS:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	2,187.42	249.66	1,866.15	238.78
(b) Vehicle Loans from Banks/Financial Institutions	0.30	1.06	1.27	1.53
TOTAL	**2,187.72**	**250.72**	**1,867.42**	**240.31**

(₹ in Crs)

Details of Long term Loans from Banks/Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at March 31, 2026	As at March 31, 2025
Long Term Rupee Loans					
From HSBC Limited	Fully Paid off	Fully paid off in FY 2025-26	NA	-	25.00
From Kotak Mahindra Bank Limited	Fully Paid off	Fully paid off in FY 2025-26	NA	-	18.75
From Citibank N.A.	Fully Paid off	Fully paid off in FY 2025-26	NA	-	18.75
From Citibank N.A.	Last instalment due in 2029-30	16 quarterly repayments of ₹ 21.87 Crs each	RBI Repo Rate + Spread of 150 bps	326.89	348.01
From HDFC Bank Limited	Last instalment due in 2030-31	28 quarterly stepped up instalments of ₹ 1.25 - 14.69 Crs each	1 month T-Bill + Spread of 165bps	236.91	241.65
From Axis Bank Limited	Last instalment due in 2030-31	20 quarterly repayments of ₹ 10 Crs each	RBI Repo Rate + Spread of 175 bps	200.00	200.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Details of Long term Loans from Banks/Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at March 31, 2026	As at March 31, 2025
From Export Import Bank of India	Last instalment due in 2033-34	30 quarterly stepped up instalments of ₹ 5.63 - 28.25 Crs each	3 month T-Bill + Spread, presently at 7.25% p.a	449.25	-
Foreign Currency Loans (incl ECBs)					
From Citibank N.A.	Fully Paid off	Fully paid off in FY 2025-26	NA	-	18.60
From State Bank of India (ECB2)	Fully Paid off	Fully paid off in FY 2025-26	NA	-	102.51
From Export Import Bank of India	Fully Paid off	Fully paid off in FY 2025-26	NA	-	31.42
From International Finance Corporation	Last instalment due in 2033-34	15 semi annually instalments of USD 8.7 mn each	6 months SOFR + spread of 100 bps	1,224.03	1,100.24

Details of Security

a) The above Outstanding Term Loans/ECBs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders/Specifically excluded.

b) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

c) As of March 31, 2026, the perfection of security at Registrar of Companies (ROC) Gujarat is pending and under process in respect of Long Term loan facility of ₹ 1,224 Crs. The said was pending for the want of completion of trusteeship arrangement, receipt of NOC from various lenders, etc. Further, the satisfaction of charges with Registrar of Companies (ROC) Gujarat is pending/under process in respect of Long Term Loan and Working Capital facilities of ₹ 722 Crs as the relevant documents related to satisfaction of the same were being finalised with the respective lenders. The necessary actions in regard to above are underway and the formalities in this regard are expected to be completed in due course. Apart from that all other charges are in order/have been duly satisfied, as may be applicable.

d) The Company has complied with all the covenants prescribed under the terms of its borrowing arrangements.

19. LEASE LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Lease Liabilities Account	33.98	11.35	47.13	11.11
TOTAL	**33.98**	**11.35**	**47.13**	**11.11**

The movements in lease liabilities during the year is as follows:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning	58.24	58.39
Additions during the year	-	10.17
Deletion during the year	(2.10)	(0.34)
Finance Cost incurred during the year	4.29	4.93
Payment of Lease Liabilities	(15.10)	(14.91)
Balance at the end of the year	**45.33**	**58.24**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

20. OTHER NON CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Long Term Advance for Exports Received From Customer	69.83	37.30	112.16	49.15
TOTAL	**69.83**	**37.30**	**112.16**	**49.15**

The Company has received aforesaid advances for export commitments under the long term contracts (contracts with period more than five year) executed by the Company with its customer. The advances shall be adjusted against the export sales/supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee in favour of the customer as a security for the said advances.

21. PROVISIONS:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Provision for Employees' Benefits - Leave Salary	13.95	1.16	15.01	2.89
TOTAL	**13.95**	**1.16**	**15.01**	**2.89**

22. SHORT-TERM BORROWINGS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Working Capital Loan From Banks	1,481.59	1,630.08
Current maturities of Long-Term Debt (Refer Note 18 (a))	249.66	238.78
Current maturities of Vehicle Loan (Refer Note 18 (b))	1.06	1.53
	1,732.31	**1,870.39**
Unsecured		
From Banks	999.57	50.34
	999.57	**50.34**
TOTAL	**2,731.88**	**1,920.73**

(i) Working Capital Loans availed from Scheduled Banks, are secured by way of Pari Passu first charge by hypothecation of Raw Materials, Stock-In-Process, Semi-Finished Goods, Finished Goods, Packing Materials and Stores and Spares, Bills Receivables and Book Debts and all other moveable, both present and future. Also by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by ECB/Other Term Lenders.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(ii) The Company has availed working capital facilities from banks against the security of current assets. Quarterly statements of stock and of book debts are filed with the banks within the stipulated timelines. Such statements are compiled from the stock and book debt records maintained for this purpose and, accordingly, differ from the corresponding balances in the books of account, which are drawn up after giving effect to the requirements of the applicable accounting standards and to adjustments identified on completion of the periodic closing procedures. A reconciliation of the differences is set out below:

(₹ in Crs)

Quarter ended	Bank	Particulars of Security	Amount as per Books of Accounts	Amount as reported in the Statement filed with the Bank	Difference	Reason for Variation
31st March 2026	Applicable Working Capital Lenders	Hypothecation of Inventories	1,297.01	1,120.80	176.21	Refer Note a) below
31st December 2025			1,169.50	1,114.40	55.10	
30th September 2025			1,195.86	1,207.16	(11.30)	
30th June 2025			1,369.21	1,336.80	32.41	

(₹ in Crs)

Quarter ended	Bank	Particulars of Security	Amount as per Books of Accounts	Amount as reported in the Statement filed with the Bank	Difference	Reason for Variation
31st March 2026	Applicable Working Capital Lenders	Hypothecation of book debts	1,864.20	1,843.29	20.91	Refer Note b) below
31st December 2025			1,675.66	1,725.48	(49.82)	
30th September 2025			1,255.85	1,377.37	(121.52)	
30th June 2025			1,050.73	1,201.75	(151.02)	

a) Stock: The differences arise from the basis on which the statements filed with the banks are compiled and comprise principally the effect of measurement and classification requirements under Ind AS 115, adjustments to the carrying value of inventories including provisions in respect of slow-moving, non-moving and non-conforming items, and entries recorded on completion of the periodic closing and physical verification procedures for the respective quarter.

b) Book debts: The differences arise from the basis on which the statements filed with the banks are compiled and comprise principally the effect of measurement and classification requirements under Ind AS 115, customer advances and credit balances that are set off in the books of account, allowances for expected credit losses, and regroupings and adjustments recorded on completion of the periodic closing procedures for the respective quarter.

23. TRADE PAYABLES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables due to:		
Micro and Small Enterprises (MSME)	57.15	26.48
Other than Micro and Small Enterprises	1,633.75	1,203.47
TOTAL	**1,690.90**	**1,229.95**

Note: Refer Note 40 for Related Party Balances

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

Trade Payables ageing schedule as on March 31, 2026

(₹ In Crs)

Particulars	Outstanding for following periods from due date of payments					Total
	Not Due	0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	57.15	-	-	-	-	57.15
Other than Micro and Small Enterprises	575.77	1,053.08	4.90	-	-	1,633.75
Disputed Dues to MSME	-	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-	-
TOTAL	**632.92**	**1,053.08**	**4.90**	**-**	**-**	**1,690.90**

Trade Payables ageing schedule as on March 31, 2025

(₹ In Crs)

Particulars	Outstanding for following periods from due date of payments					Total
	Not Due	0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	26.48	0.00	0.00	0.00	0.00	26.48
Other than Micro and Small Enterprises	1,160.35	39.71	3.41	0.00	0.00	1,203.47
Disputed Dues to MSME	0.00	0.00	0.00	0.00	0.00	0.00
Disputed Dues to Others	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**1,186.83**	**39.71**	**3.41**	**0.00**	**0.00**	**1,229.95**

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (as amended)

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
1) (a) Principal amount remaining unpaid to any supplier	57.15	26.48
(b) Interest on (1)(a) above	-	-
2) The amount of interest paid along with the principal payment made to the supplier	-	-
3) mount of interest due and payable on delayed payments	-	-
4) Amount of further interest remaining due and payable for the earlier years	-	-
5) Total Outstanding dues of Micro & Small Enterprises		
- Principal	57.15	26.48
- Interest	-	-

24. OTHER FINANCIAL LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Unpaid Dividends	1.46	1.83
Other Current Financial Liabilities	94.50	-
Salary & Wages Payable	84.04	59.87
Project Payables	189.63	140.56
TOTAL	**369.63**	**202.26**

25. OTHER CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance for Exports Received From Customer (Current) (Refer Note 20)	37.30	49.15
Advance from Customers	5.06	5.51
Other Current Liabilities & Taxes	21.48	21.63
TOTAL	**63.84**	**76.29**

26. SHORT-TERM PROVISIONS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Employees' Benefits	14.13	15.17
TOTAL	**14.13**	**15.17**

27. REVENUE FROM OPERATIONS:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Sale of Products & Services	9,030.18	7,936.68
Other Operating Revenues	124.33	140.00
Gross Revenue From Operations	9,154.51	8,076.68
Less: GST Collected	732.12	774.37
NET REVENUE FROM OPERATIONS	**8,422.39**	**7,302.31**

27.1 Geographical Gross Revenue:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Local Sales	3,975.28	3,709.16
Export Sales	5,179.23	4,367.52
TOTAL	**9,154.51**	**8,076.68**

Revenue of ₹ 1,650 Crs, representing 19.87% of the Company's total revenue for the financial year 2025-26, is derived from a group of entities under common control, being subsidiaries of the Company. No single external customer contributed 10% or more of the Company's revenue in either the financial year 2025-26 or the financial year 2024-25.

27.2 Other Operating Revenues:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Fertilizers Subsidy Received	68.18	39.46
Export Benefits/Incentives Received	16.12	15.84
Contract Shortfall Fees	24.05	72.17
Scrap Sales	15.98	12.53
TOTAL	**124.33**	**140.00**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

27.3 Reconciliation of Revenue from sale of products & services with the contracted price

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Contracted Price	9,060.97	7,969.51
Less: Trade discounts, volume rebates etc.	(30.79)	(32.83)
	9,030.18	**7,936.68**

28. OTHER INCOME:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Profit on Sale of Assets/Investments	-	0.27
Interest Income	6.84	20.60
Other Income	1.04	1.78
TOTAL	**7.88**	**22.65**

29. COST OF MATERIALS CONSUMED:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Consumption of Raw Materials	4,819.42	3,950.32
Consumption of Packing Materials	47.62	50.64
Consumption of Fuel	306.71	309.91
Consumption of Stores & Spares	84.64	72.36
TOTAL	**5,258.39**	**4,383.23**

30. CHANGES IN INVENTORY:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Opening Stock		
Finished Goods	340.61	402.44
Work-in-Progress	253.80	303.90
Total (A)	**594.41**	**706.34**
Closing Stock		
Finished Goods	522.64	340.61
Work-in-Progress	232.89	253.80
Total (B)	**755.53**	**594.41**
TOTAL (A-B)	**(161.12)**	**111.93**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

31. EMPLOYEE BENEFITS:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Salaries, Wages & Bonus	341.79	361.53
Share Based Payment Expenses	9.58	7.09
Contribution to PF and other Funds	38.95	27.20
Workmen & Staff Welfare Expenses	29.55	49.02
TOTAL	**419.87**	**444.84**

32. FINANCE COST:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Interest Expenses	252.67	231.21
Exchange difference on borrowing costs	64.32	23.23
Interest on Lease Liabilities	4.29	4.93
Other borrowing Costs (includes bank charges, etc.)	17.34	15.87
TOTAL	**338.62**	**275.24**

33. FOREIGN EXCHANGE GAIN/LOSS

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Forex Revaluation (Gain)/Loss on Export	(56.28)	9.86
Forex Revaluation (Gain)/Loss on Import	37.09	(8.42)
TOTAL	**(19.19)**	**1.44**

34. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Manufacturing Expenses:		
Freight, Cartage & Transport	167.82	130.67
Power	159.61	156.04
Water Charges	20.85	18.72
Processing Charges	54.30	50.87
Other Manufacturing Expenses	161.09	159.38
Repairs & Maintenance	111.62	107.45
Insurance Charges	5.68	13.02
Research & Development Expenses	29.99	5.04
Factory Administrative Expenses	68.08	52.52
Total (A)	**779.04**	**693.71**
Office Administrative Expenses:		
Rent, Rates and Taxes	0.42	3.67
Travelling and Conveyance	6.09	2.78

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Auditor's Remuneration	0.42	0.41
Legal & Professional Charges	26.54	20.68
Other Administrative Expenses	22.90	21.32
Total (B)	**56.37**	**48.86**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	3.22	4.25
Export Freight Expenses	227.83	192.73
Freight and Forwarding Expenses	236.33	170.18
Commission	14.54	6.35
Export Insurance Charges	7.15	5.02
Sample Testing & Analysis Charges	2.77	2.24
Lease Rent Paid	0.43	0.33
Bad debts/Sundry Balance Written Off/(Back)	21.54	8.79
Total (C)	**513.81**	**389.89**
Non-Operating Expenses:		
Donations/CSR Expenses*	10.04	20.48
Loss on Sale of Assets/Investment	0.64	-
Total (D)	**10.68**	**20.48**
TOTAL (A+B+C+D)	**1,359.90**	**1,152.94**

* Donations includes political contributions of ₹ Nil (Previous Year ₹ 4.50 Crs) made by the Company.

34.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Audit Fees	0.36	0.36
Certification Charges	0.04	0.04
Out of Pocket Expenses	0.02	0.01
TOTAL	**0.42**	**0.41**

34.2 Corporate Social Responsibility (CSR) Expenses

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Amount required to be spent as per Section 135 of the Companies Act, 2013	8.84	15.83
Amount approved by the Board to be spent during the year	9.00	16.00
Amount of expenditure incurred during the year on:		
Name of the Projects		
1. Education and Skill Development	2.82	5.52
2. Environment Conservation	0.55	1.33
3. Tribal Welfare & Rural Development	1.01	1.28
4. Healthcare	3.67	5.63
5. Rural Development projects	0.23	1.07
6. Women Empowerment	0.62	0.81
Total CSR Expenses	**8.90**	**15.63**
Brought forward excess spending from previous years	0.54	0.74

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Excess spending carried forward to subsequent year	(0.60)	(0.54)
Total eligible CSR Spent for the year	**8.84**	**15.83**

Corporate Social Responsibility (CSR) expenses for the financial year 2025-26 include donations amounting to ₹ 12.05 Crs made to entities that qualify as related parties under the provisions of Paragraph 9 and Paragraph 21 of Ind AS 24 (Related Party Disclosures). The details of these transactions are as follows: (i) Aarti Foundation: ₹ 10.15 Crs; (ii) Dhanvallabh Welfare Foundation: ₹ 1.25 Crs; and (iii) Dhanvallabh Charitable Trust: ₹ 0.65 Crs.

35. EXCEPTIONAL ITEMS:

a) During the year the Company has received orders granting relief on historic income tax appeals for a several years viz AY 2010-11 to A.Y. 2016-17 & 2019-20 As a result, an interest income of ₹ 28.50 Crs has accrued in favour of the Company. Further the tax relief in respect of these prior periods, net of MAT adjustment, of ₹ 2.98 Crs has also been provided under the head of "Tax expenses".

b) The Company had earlier, advanced ₹ 6.67 Crs to an Infrastructure NBFC entity/developer as an advance payment for purchase of industrial land parcel in the state of Gujarat for its future growth requirements. Since the said NBFC having run into financial stress and also that the land parcels are stuck under dispute, the Company, on a conservative basis, has taken a provision for this advance paid. The same not being a regular business related transaction, is being treated as an exceptional item.

c) The Government of India has consolidated existing labour legislations into a unified framework comprising four labour codes (the new labour codes) on November 21, 2025. Accordingly, the Company has assessed the impact of these changes and, based on certain estimates and an actuarial valuation, has made an incremental provision of ₹ 15.37 Crs under statutory impact of new labour codes in exceptional items head considering information available. The Company continues to monitor the finalisation of the Central and State rules and clarifications issued by the Government on the new Labour Codes and will recognise the impact of changes in the estimates in subsequent period, as deemed appropriate.

36. RECONCILIATION OF EFFECTIVE TAX RATE:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Profit Before Tax	**365.34**	**316.04**
Current Year Tax	64.00	54.84
Less: MAT Credit Available	(64.00)	(54.84)
Tax Using the Company's Domestic Tax Rate 34.94%	127.65	110.42
Tax effect on deductible and non reversible expenses	(16.63)	(17.69)
Effect of Depreciation under Income Tax	(94.20)	(121.58)
Others Deductible Expenses/Non Deductible Expenses	(17.47)	(8.63)
MAT reversal/DTA on losses	0.65	37.48
Effective Tax Rate	**0.00%**	**0.00%**

37. EARNING PER SHARE (EPS):

Particulars		For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Net Profit available for Equity Shareholders	(₹ in Crs)	422.31	339.65
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,69,109	36,25,30,858

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

Particulars		For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Basic Earnings Per Share Value (in ₹)	(₹)	11.65	9.37
Net Profit available for Equity Shareholders	(₹ in Crs)	422.31	339.65
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,69,109	36,25,30,858
Add: Effect of Performance Stock Option Plan (PSOP 2022)	(Nos.)	1,73,755	2,48,114
Weighted Average Number of Equity Shares in calculating Diluted EPS	(Nos.)	36,27,42,864	36,27,78,972
Diluted Earnings Per Share Value (in ₹)	(₹)	11.64	9.36
Nominal Value of Equity Share	(₹)	5.00	5.00

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

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

38. CONTINGENT LIABILITIES AND COMMITMENTS:
(to the extent not provided for)

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
(i) Contingent Liabilities:		
(a) Claims against the Company not acknowledged as Debts	109.83	85.61
(b) Letters of Credit, Bank Guarantees & Bills Discounted	493.20	235.00
	603.03	**320.61**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	225.35	384.15
	225.35	**384.15**
TOTAL	**828.38**	**704.76**

a) Demands and assessment orders amounting to ₹ 52.20 Crs issued by the Income Tax Department regarding disallowances of expenses/transfer pricing adjustments/specific additions are actively being contested by the Company. The disputes are currently pending at various levels of appellate & redressal forums and no provision is deemed necessary as the Company expects a favorable outcome.

b) The Company has unresolved legacy litigations under Central Excise, Customs, and Service Tax legislations concerning valuation disputes, CENVAT credit, and service classifications involving a total amount of ₹ 38.31 Crs. These matters are under review at various judicial levels, including CESTAT and higher courts, and are considered contingent in nature with low probability of outflow. The Company faces contingent liabilities totaling ₹ 0.26 Crs arising from legacy Sales Tax and VAT assessments, predominantly concerning non-submission of statutory forms and local tax rate disputes. Appeals against these assessment orders have been filed before the relevant state appellate authorities and are awaiting final adjudication.

c) The Company is currently contesting various show-cause notices and demand orders relating to GST compliance, input tax credit (ITC) eligibility and classification issues across Maharashtra & Gujarat. These matters are currently pending before various appellate authorities and high courts, involving an aggregate contingent tax exposure of ₹ 19.06 Crs; the management expects no material impact on the financial position based on legal merit.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

39. RESEARCH & DEVELOPMENT ACTIVITES:

(₹ in Crs)

Expenditure	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Revenue Expenditure	29.99	5.04
Total Revenue Expenditure	**29.99**	**5.04**
Capital Expenditure:		
R&D under development/developed	21.33	9.90
Plant & Equipment	0.82	5.26
Furniture and Fixtures	-	0.32
Total Capital Expenditure	**22.15**	**15.48**

40. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (IND AS: 24):

I	**Following are the Subsidiaries of the Company**	
	1	Aarti Corporate Services Limited
	2	Nascent Chemical Industries Limited (through its holding Company: Aarti Corporate Services Limited) - upto September 30, 2024
	3	Shanti Intermediates Private Limited (through its holding Company: Aarti Corporate Services Limited)
	4	Innovative Envirocare Jhagadia Limited
	5	Alchemie (Europe) Limited
	6	Aarti Polychem Private Limited
	7	Aarti Bharuch Limited
	8	Aarti Circularity Limited (formerly known as Aarti Spechem Limited)
	9	Augene Chemical Private Limited (upto May 22, 2024)
	10	Aarti Chemical Trading FZCO
	11	Aarti Chemical Trading USA Inc. (Through its holding Company: Aarti Chemical Trading FZCO)
II	**Following are the Joint Venture of the Company**	
	1	Augene Chemical Private Limited (w.e.f. May 23, 2024)
	2	Re - Aarti Private Limited (Joint Venture - Through its holding Company - Aarti Circularity Limited) (w.e.f February 27, 2025)
III	**Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence**	
	1	Alchemie Speciality Chemicals Private Limited
	2	Alchemie Finechem Private Limited
	3	Alchemie Gases & Chemicals Private Limited
	4	Alchemie Dye Chem Private Limited
	5	Aarti Drugs Limited
	6	Aarti Pharmalabs Limited
	7	Aarti Surfactants Limited
	8	Aarti USA Inc.
	9	Ganesh Polychem Limited
	10	Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)
	11	Valiant Laboratories Limited
	12	Valiant Organics Limited
	13	Kalpesh Roadlines Limited
	14	Alimpex

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

	15	Aarti Foundation	
	16	Dhanvallabh Welfare Foundation	
	17	Dhanvallabh Charitable Trust	
IV	**Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel including non-executive directors**		
	1	Shri Rajendra V. Gogri	Executive Director
	2	Shri Rashesh C. Gogri	Executive Director
	3	Shri Renil R. Gogri	Executive Director
	4	Shri Suyog K. Kotecha (w.e.f. June 17, 2024)	Executive Director
	5	Shri Manoj M. Chheda	Executive Director
	6	Shri Ajay Kumar Gupta	Executive Director
	7	Smt. Hetal Gogri Gala	Non-executive Director
	8	Shri Lalitkumar S. Naik	Non-executive Director
	9	Prof. Aniruddha B. Pandit	Non-executive Director
	10	Shri Shekhar S. Khanolkar	Non-executive Director
	11	Shri Belur Krishna Murthy Sethuram (w.e.f. June 1, 2024)	Non-executive Director
	12	Shri Nikhil Jaysinh Bhatia (w.e.f. September 15, 2024)	Non-executive Director
	13	Shri Ashok Kumar Barat (w.e.f. September 15, 2024)	Non-executive Director
	14	Smt. Rupa Devi Singh (w.e.f. September 15, 2024)	Non-executive Director
	15	Shri Chetan Gandhi	Chief Financial Officer
	16	Shri Raj Sarraf	Company Secretary
	17	Shri Chandrakant V. Gogri	Relatives of Director
	18	Smt. Jaya C. Gogri	Relatives of Director
	19	Smt. Arti R. Gogri	Relatives of Director
	20	Smt. Manisha R. Gogri	Relatives of Director
	21	Shri Mirik R. Gogri	Relatives of Director
	22	Smt. Pooja R. Gogri	Relatives of Director
	23	Shri Parimal H. Desai (upto August 2, 2024)	Executive Director
	24	Shri P. A. Sethi (upto September 23, 2024)	Non-executive Director
	25	Shri KVS Shyamsunder (upto September 23, 2024)	Non-executive Director
	26	Shri Bhavesh R. Vora (upto September 23, 2024)	Non-executive Director
	27	Smt. Natasha K. Treasurywala (upto October 14, 2024)	Non-executive Director

V Following is the Post Employment benefit trusts held in the name of company

1 Gratuity Fund Trust with Life Insurance Corporation of India

The following transactions were carried out during the year with the related parties in the ordinary course of business.

(A) Details relating to parties referred to in items I to III and V above.

(₹ in Crs)

Name of related party	Nature of Transaction	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Aarti Corporate Services Limited	Reimbursement of Expenses	0.58	0.01
	ICD received back	-	2.44
	Interest Income	0.41	0.58
Shanti Intermediates Private Limited	Purchase of Goods & Services	10.27	11.87
	Sales of Goods & Services	0.24	0.26
Alchemie Europe Limited	Sales of Goods & Services	96.21	14.95
Aarti Polychem Private Limited	Interest Income	0.00	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Name of related party	Nature of Transaction	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Aarti Bharuch Limited #	Loans & Advance Taken/ (Repaid)	-	(50.66)
	Purchase of Goods & Services	1.43	2.11
	Investment in Optionally Convertible Debentures	-	50.00
	Reimbursement of Expenses	0.24	2.69
	Interest Income	-	5.07
	Interest Income - OCD	3.05	-
	Sales of Assets	-	0.04
Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	Reimbursement of Expenses	0.03	0.23
	Equity Contribution	10.00	-
Augene Chemical Private Limited*	Equity Contribution	14.00	23.45
	Reimbursement of Expenses	2.33	2.09
	Investment in Optionally Convertible Debentures (OCD)	50.00	-
	Interest Income - OCD	0.88	-
	Interest Income	0.02	-
Aarti Chemical Trading - FZCO	Sales of Goods & Services	1,052.72	563.56
	Reimbursement of Expenses for/(by)	-	(0.36)
Alchemie Speciality Chemical Private Limited	Purchase of Goods & Services	-	0.09
	Reimbursement of Expenses	0.04	0.04
	Sales of Goods & Services	2.24	4.69
Alchemie Finechem Private Limited	Purchase of Goods & Services	76.65	16.48
	Reimbursement of Expenses	0.55	0.12
	Sales of Goods & Services	17.97	13.74
Alchemie Gases & Chemicals Private Limited	Purchase of Goods & Services	-	0.00
Aarti Drugs Limited	Sales of Goods & Services	22.32	15.12
	Purchase of Goods & Services	0.07	-
	Reimbursement of Expenses	0.75	0.76
Aarti Pharmalabs Limited	Purchase of Goods & Services	41.67	94.74
	Purchase of Assets	-	1.47
	Sales of Goods & Services	38.07	23.28
	Reimbursement of Expenses	1.11	0.52
Aarti Surfactants Limited	Reimbursement of Expenses	0.12	0.14
Aarti USA INC	Sales of Goods & Services	-	137.86
Ganesh Polychem Limited	Purchase of Goods & Services	25.66	15.94
	Sales of Goods & Services	47.88	53.99
	Reimbursement of Expenses	0.22	0.10
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Purchase of Assets & Services	7.83	3.72

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Name of related party	Nature of Transaction	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Valiant Organics Limited	Purchase of Goods & Services	140.52	114.89
	Purchase of Assets	-	0.58
	Sales of Goods & Services	272.97	295.89
	Interest Income	-	8.20
Aarti Chem Trading USA Inc.	Sales of Goods & Services	692.15	153.75
Kalpesh Roadlines Limited	Purchase of Services	169.76	NA
Alimpex	Purchase of Services	0.31	-
Aarti Foundation	CSR Expenses	10.15	0.00
Dhanvallabh Welfare Foundation	CSR Expenses	1.25	2.15
Dhanvallabh Charitable Trust	CSR Expenses	0.65	0.70
Gratuity Fund Trust with Life Insurance Corporation of India	Contribution paid	8.11	18.88

(₹ in Crs)

Name of related party	Net Closing Balances	As at March 31, 2026	As at March 31, 2025
Aarti Corporate Services Limited+	Loans & Advances	4.00	4.25
Shanti Intermediates Private Limited	Trade Payable	-	1.81
	Trade Receivable	0.15	-
Alchemie Europe Limited	Trade Receivable	103.37	30.02
Aarti Bharuch Limited+	Trade Receivable	3.50	-
	Trade Payable	0.26	(3.26)
	Optionally Convertible Debentures	53.05	50.25
Aarti Circularity Limited (formerly known as Aarti Spechem Limited)+	Loans & Advances	-	0.10
Aarti Polychem Private Limited+	Loans & Advances	0.01	0.01
Aarti Chemical Trading - FZCO	Loans & Advances	-	-
	Trade Receivable	182.17	77.81
Alchemie Gases & Chemicals Private Limited	Trade Payable	-	-
Alchemie Speciality Chemical Private Limited	Trade Receivable	1.62	3.69
	Trade Payable	-	-
Alchemie Finechem Private Limited	Trade Receivable	4.34	5.25
	Trade Payable	2.75	-
Aarti Drugs Limited	Trade Receivable	7.07	6.35
	Trade Payable	0.07	-
Valiant Organics Limited	Trade Receivable	105.56	128.60
	Trade Payable	25.28	9.55
Aarti Surfactants Limited	Trade Receivable	-	0.02
Aarti Pharmalabs Limited	Trade Payable	9.05	-
	Trade Receivable	10.76	1.45
Ganesh Polychem Limited	Trade Receivable	15.38	4.12
	Trade Payable	12.11	-
Aarti USA Inc.	Trade Receivable	5.71	20.18
	Trade Payable	-	0.23
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Capital Advance/Loans & Advance	-	3.19
	Trade Payable	0.87	1.20
Aarti Chem Trading USA Inc.	Trade Receivable	311.79	153.75

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Name of related party	Net Closing Balances	As at March 31, 2026	As at March 31, 2025
Kalpesh Roadlines Limited	Trade Payable	7.24	NA
Alimpex	Trade Payable	0.19	-
Augene Chemical Private Limited*	Optionally Convertible Debentures	50.88	-
	Loans and advances	3.00	-

+ The Company has granted unsecured loans to its wholly owned subsidiaries and joint ventures. These loans carry interest at 10% p.a. and are repayable on demand.

Aarti Bharuch Limited has issued 50,00,000 units of unlisted, unrated, unsecured 0.01% Optionally Convertible Debentures of Face value ₹ 100 each to the Holding Company, Aarti Industries Limited. The Debentures, after expiry of two years can be redeemed at the option of either parties, or upon completion of 10 Years with the Yield rate at 8% per annum.

* Augene Chemical Private Limited has issued 1,00,00,000 units of unlisted, unrated, unsecured 0.01% Optionally Convertible Debentures of Face value ₹ 100 each to the co-venturers, Aarti Industries Limited. and Superform Chemistries Limited.The Debentures, after expiry of 2 years can be redeemed at the option of either parties, or upon completion of 10 Years with the Yield rate at 7.5% per annum to co-venturers

(B) Details relating to persons referred to in item IV above

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Key Management Personnel		
Short-term employee benefits	30.26	25.31
Post- Employment benefits:	1.56	0.91
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	1.43	0.03
TOTAL	**33.25**	**26.25**

Transactions with relatives of Key Management Personnel - (Remuneration) - ₹ 0.72 Crs (previous year ₹ 0.69 Crs).

Loans and advances to Key Management Personnel outstanding as at the year-end - ₹ 0.42 Crs (previous year ₹ 0.80 Crs).

Reimbursement of expenses to Key Management Personnel for the year ₹ 1.23 Crs (previous year ₹ 0.82 Crs).

41. EMPLOYEE BENEFITS DISCLOSURES

A) Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expenses for the year is as under:

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Employer's Contribution to Provident Fund	0.64	0.66
Employer's Contribution to Superannuation Fund	0.98	0.48
Employer's Contribution to Pension Scheme	16.89	17.45

B) Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	Gratuity (funded) FY 2025-26	Gratuity (funded) FY 2024-25
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation:		
Defined Benefit Obligation at beginning of the Year	46.66	39.26
Current Service Cost	6.45	5.38
Past Service Cost	19.56	-
Interest Cost	3.64	2.83
Actuarial(Gain)/Loss	(8.28)	4.14
Benefits Paid	(3.86)	(4.95)
Defined Benefit Obligation at year end	64.17	46.66
b. Reconciliation of opening and closing balances fair value of plan assets:		
Fair value of plan assets at beginning of the year	43.77	27.20
Expected return of plan assets	3.18	1.96
Assets Transferred Out/Divestments	0.00	0.00
Return on Plan Assets, Excluding Interest Income	0.29	0.95
Employer Contribution	7.85	18.61
Benefits Paid	(3.86)	(4.95)
Fair value of plan assets at year end	51.23	43.77
Actual return on plan assets	3.47	2.91
c. Reconciliation of Fair Value of Assets and Obligations:		
Fair Value of Plan Assets	51.23	43.77
Present Value of Benefit Obligation	64.17	46.66
Amount Recognised in Balance Sheet	12.94	2.89
d. Expenses recognised during the year:		
Current Service Cost	6.45	5.38
Past Service Cost	19.56	-
Net Interest (Interest Cost less Interest Income on Plan Assets)	0.46	0.87
Net Cost	26.47	6.25
e. Investment Details:		
L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f. Actuarial assumptions:		
Mortality Table (L.I.C.)	2012-14 (Ultimate)	2012-14 (Ultimate)
Discount rate (per annum)	7.73%	6.71%
Rate of escalation in Salary (per annum)	5.00%	5.00%
Rate of Employee Turnover	3.00%	10.00%
Retirement Age	60 Years	60 Years

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

C) Sensitivity Analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The result of Sensitivity analysis is given below:

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Delta Effect of +1% Change in Rate of Discounting	(4.86)	(2.47)
Delta Effect of -1% Change in Rate of Discounting	5.69	2.78
Delta Effect of +1% Change in Rate of Salary Increase	5.79	2.64
Delta Effect of -1% Change in Rate of Salary Increase	(5.02)	(2.41)
Delta Effect of +1% Change in Rate of Employee Turnover	1.25	0.19
Delta Effect of -1% Change in Rate of Employee Turnover	(1.44)	(0.23)

D) Maturity Analysis of the Benefit Payments

Projected Benefits Payable in Future Years From the Date of Reporting

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
1st Following Year	8.46	5.75
2nd Following Year	3.66	5.08
3rd Following Year	5.91	5.42
4th Following Year	5.57	5.85
5th Following Year	4.14	5.30
Sum of Years 6 To 10	28.48	19.71
Sum of Years 11 and above	96.07	27.81

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

Leave Encashment:

Leave Encashment liability amounting to ₹ 15.11 Crs (previous year ₹ 17.90 Crs) has been provided in the Books of Accounts.

E) 1. Description of Share-based Payment Arrangements

1.1 Performance Stock Option Plan (PSOP) Overview

The Company has established an Performance Stock Option Plan (PSOP) 2022 to attract, retain and motivate key employees. The plan is administered by the Nomination and Remuneration Committee of the Board of Director. During the year, the Company has granted stock options to eligible employees under Performance Stock Option Plan (PSOP). Each option entitles the holder to purchase one equity share of the Company at the exercise price determined at the date of grant.

PSOP-2022

Financial Year (Grant Year)	Number of Options Outstanding		Financial Year of vesting	Exercise Price	Range of Fair Value at Grant Date
	As at March 31, 2026	As at March 31, 2025			
FY 2023-24	28,193	54,280	FY 2024-25 - FY 2026-27	5	529-535
FY 2024-25	1,41,608	1,96,400	FY 2025-26 - FY 2027-28	5	450-675
FY 2025-26	2,15,535	0	FY 2026-27 - FY 2028-29	5	427-672

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

1.2 Key Terms and Conditions of Share-based Payment Arrangements

Particulars	FY 25-26	FY 24-25	FY 23-24
Date of grant	07-05-2025	22-05-2024, 17-06-2024 & 01-02-2025	06-05-2023
Number of options granted	2,16,475	2,00,600	79,952
Exercise price	₹ 5	₹ 5	₹ 5
Vesting period	3 years with 33.33% vesting at the end of each year from the date of grant	3 years with 33.33% vesting at the end of each year from the date of grant	3 years with 33.33% vesting at the end of each year from the date of grant
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Vesting conditions	Performance Based	Performance Based	Performance Based
Method of Settlement	Equity- Settled	Equity- Settled	Equity- Settled

2. Measurement of Fair Value

2.1 Fair Value of Options Granted During the Year

The fair value of options granted has been measured using the Black-Scholes model. The weighted-average fair value of the options granted during the year is ₹427.74 per option. The Inputs to the model, by vesting tranche, are:

2.2 Key Inputs and Assumptions Used in Fair Value Measurement*

Assumption	Value	
	FY 2025-26	FY 2024-25
Expected volatility	35.31%	33.75%
Expected life	3.5 years	3.5 years
Expected dividends	0.23%	0.01%
Risk-free interest rate	5.95%	6.88%
Weighted average share price	435.30	435.30
Model used	Black-Scholes	Black-Scholes

* Expected Volatility is based om historically volatality of Company's Share policy on the NSE over a period commensurate with expected life of each tranche

2.3 Fair Valuation on the Grant Dates*

Particulars	FY 2025-26	FY 2024-25	
i) Weighted Average Exercise price	5.00	5.00	5.00
ii) Grant Date	May 07, 2025	May 06, 2023	May 22, 2024
iii) Vesting Year	FY 2026-27 to FY 2028-29	FY 2024-25 to FY 2026-27	FY 2025-26 to FY 2027-28
iv) Share Price at Grant Date	435.3	544.5	630.2
v) Expected Price Volatility of Company's Share	35.07%-35.48%	32.28%-34.58%	32.86%-35.1%
vi) Expected Dividend Yield	0.23	0.46	0
vi) Risk Free Interest Rate	5.90%-6.00%	6.78%-6.85%	6.91%-6.93%

*The expected volatility reflects the assumption that the historical volatility over a period like the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

3. Reconciliation of Outstanding Share Options

3.1 Movement of Stock Options During the Year

Particulars	FY 2025-26		FY 2024-25	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,50,680	5.00	79,952	5.00
Granted during the year	2,16,475	5.00	2,00,600	5.00

Particulars	FY 2025-26		FY 2024-25	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Forfeited/lapsed during the year	7,360	5.00	13,997	5.00
Exercised during the year	74,459	5.00	15,875	5.00
Outstanding at the end of the year	3,85,336	5.00	2,50,680	5.00
Exercisable at the end of the year	8,398	5.00	0	5.00

The weighted average share price at the date of exercise of the 74,459 options exercised during the year was ₹ 5. For options outstanding at the year end, the exercise prices is ₹ 5 and the contractual life is 3 years.

4. Effect of Share-based Payment Transactions on the Entity's Profit or Loss and Financial Position

4.1 Expense Recognised in Statement of Profit and Loss

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Employee stock option expense recognized	9.58	7.09
Total expense recognized in 'Employee Benefits Expense'	419.87	444.84

F) The Company has other long-term employee benefits in the nature of compensated absences. Provision for compensated absences are determined on an actuarial basis at the end of the year and charged to Statement of Profit and Loss. The cost of providing these benefits is determined using the projected unit credit method.

42. SUPPLIER FINANCING AGREEMENT:

The Company participates in a supply chain financing arrangement which is disclosed under trade payables & Other Financial Liabilities enabling suppliers to take early payment by selling their receivables from the Company. The Company has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained nor the original liability and the payment terms are modified on entering into the arrangement. The Company therefore discloses such amounts within trade payables & other financial liabilities because the nature and function of the financial liability remains same.

(₹ In Crs)

	Carrying amount of financial liabilities that are part of the supplier finance arrangement:	As at 31st March, 2026	As at 31st March, 2025
1			
	Presented in Trade and Other Payables	190.50	148.62
	Presented in Other Financial Liabilities	55.09	58.01
	Total	245.59	206.63
	the entire amount of the above in respect of which suppliers have received payment from the finance provider	245.59	206.63
2	Range of payment due dates		
	Liabilities that are part of the arrangement	upto 90 Days from Invoice Date	upto 90 Days from Invoice Date
	Comparable Liabilities that are not part of the arrangements*	1-1095 Days from Invoice Date	1-1095 Days from Invoice Date

* The range of due dates reflects retention terms applicable to certain contracts.

43. DERIVATIVES & FORWARD CONTRACT INSTRUMENTS:

(A) The Company classifies its foreign exchange forward and currency options contracts that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the standalone statement of profit and loss in the periods when the hedged item affects standalone statement of profit and loss, in the same line as the recognised hedged item.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

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

During the Year Company had hedged in aggregate an amount of ₹ 1,536.24 Crs (previous year ₹ 591.15 Crs) out of its annual trade related operations (Exports & Imports) aggregating to ₹ 7,974.12 Crs (previous year ₹ 6,714.80 Crs).

The Company had hedged its currency risks to the tune of ₹ 410.52 Crs (previous year ₹ 31.42 Crs), in respect of its long term Foreign Currency Loans/Borrowings. The Company has NIL (previous year ₹ 367.52 Crs) swap in respect of its floating interest rate borrowing into a fixed rate loan through an interest rate swap.

(C) Net foreign exchange gain arriving out of export and import activities of the Company of ₹ 36.26 Crs (previous year gain of ₹ 3.69 Crs) is included in Profit & Loss Account.

44. FAIR VALUE MEASUREMENTS:

Financial Instruments by category

(₹ in Crs)

Particulars	As at March 31, 2026				As at March 31, 2025			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost:								
Investments	169.85	-	-	-	74.08	-	-	-
Loans and Advances (Non-current)	7.07	-	-	-	4.42	-	-	-
Trade Receivables	1,864.20	-	-	-	857.44	-	-	-
Cash and Cash Equivalents	410.48	-	-	-	197.09	-	-	-
Other Bank Balances	25.18	-	-	-	95.58	-	-	-
Loans and Advances (Current)	4.80	-	-	-	6.20	-	-	-
Other Financial Assets	22.65	-	-	-	14.86	-	-	-
Derivative Financial Asset	34.95	-	34.95	-	1.46	-	1.46	-
At FVTPL:								
Investments	6.08	-	-	6.08	2.89	-	-	2.89
At FVTOCI:								
Investments	12.89	-	-	12.89	12.89	-	-	12.89
Financial Liabilities								
At Amortised Cost:								
Borrowings	4,919.61	-	-	-	3,788.15	-	-	-
Hedging Instruments	52.30	-	52.30	-	-	-	-	-
Lease Liabilities	45.33	-	-	-	58.23	-	-	-
Trade Payables	1,690.91	-	-	-	1,229.95	-	-	-
Other Current Financial Liabilities	317.33	-	-	-	202.26	-	-	-

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

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

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

Level 3: Inputs based on unobservable market data.

Valuation Methodology

All the financial instruments are initially recognized and subsequently re-measured at fair value as described below:-

a) The fair value of investments in unquoted equity shares of other companies at cost is measured at book value.

b) The fair value of currency swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

c) The fair value of derivative component of investments at FVTPL is measured using the Black Scholes valuation model.

d) The fair value of investments in unquoted equity shares of other companies at FVTOCI is measured through equity method.

e) The fair value of other financial assets and liabilities are measured at book value.

45. CAPITAL MANAGEMENT:

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

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

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Gross Debts	4,919.61	3,788.15
Less: Cash and Marketable Securities	(435.66)	(292.68)
Net Debt (A)	4,483.95	3,495.48
Total Equity (B)	5,972.00	5,618.13
Net Gearing ratio (A/B)	**0.75**	**0.62**

46. FINANCIAL RISK MANAGEMENT:

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

The Company hedges highly probable forecast foreign-currency sales and purchases, and the currency risk on foreign-currency borrowings, using forward contracts and swaps. There is an economic relationship between the hedged items and the hedging instruments, as the critical terms (currency, amount and timing) substantially match. The Company establishes a hedge ratio of 1:1 and assesses hedge effectiveness at inception and at each reporting date. Hedge ineffectiveness may arise from changes in the timing of forecast transactions or in counterparty credit risk. The Company does not enter into derivatives for trading or speculative purposes.

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

I. Credit Risk

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

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

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL. Investment in Optionally

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

Convertible Debentures (OCDs) of the joint venture is excluded from the traditional credit risk assessment model. Management views this as equity-like strategic funding. Given the operational control and implied financial support from the investor, no impairment or expected credit loss provision is deemed necessary.

Credit Risk Management

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

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

II. Liquidity Risk

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

(a) Liquidity Risk Management

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

As at March 31, 2026

Maturities of non-derivative financial liabilities:

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade Payables	1,690.90	-	-	1,690.90
Other Financial Liabilities	3,112.86	1,426.12	795.58	5,334.56
Total	**4,803.76**	**1,426.12**	**795.58**	**7,025.46**

As at March 31, 2025

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade Payables	1,229.95	-	-	1,229.95
Other Financial Liabilities	2,134.10	1,254.32	660.23	4,048.66
Total	**3,364.05**	**1,254.32**	**660.23**	**5,278.60**

III. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

a) Foreign Currency Risk

Foreign currency risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee

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

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	Foreign Currency Exposure					
	(USD)		(CNY)		(AED)	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Borrowings	(1,845.42)	(1,626.68)	0.00	0.00	0.00	0.00
Trade and Other Payables	(616.97)	(455.20)	(189.03)	3.70	0.00	0.00
Trade and Other Receivables	1,218.64	945.65	35.29	19.66	42.50	3.25
Foreign Currency hedged	410.52	31.42	0.00	0.00	0.00	0.00
Forward Contracts	(606.91)	(250.73)	0.00	0.00	0.00	0.00
Net Exposure to foreign currency risk	**(1,440.14)**	**(1,355.54)**	**(153.74)**	**23.37**	**42.50**	**3.25**

Sensitivity analysis of 1% change in exchange rate of USD at the end of Reporting period

(₹ in Crs)

Particulars	Foreign Currency Sensitivity					
	(USD)		(CNY)		(AED)	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
1% Depreciation in ₹						
Impact on Equity	(6.07)	(2.74)	0.00	0.00	0.00	0.00
Impact on P&L	(8.33)	(10.82)	(1.54)	0.23	0.43	0.03
Total	**(14.40)**	**(13.56)**	**(1.54)**	**0.23**	**0.43**	**0.03**
1% Appreciation in ₹						
Impact on Equity	6.07	2.74	0.00	0.00	0.00	0.00
Impact on P&L	8.33	10.82	1.54	(0.23)	(0.43)	(0.03)
Total	**14.40**	**13.56**	**1.54**	**(0.23)**	**(0.43)**	**(0.03)**

The Company uses forward exchange contracts to hedge the foreign exchange risk arising from its future commercial transactions and existing recognised assets and liabilities. The Company adopts a policy to hedge the risk of changes in foreign exchange rates associated with highly probable forecast transactions and takes adequate forward hedges in line with its policy.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Contract Type	Currency	Notional Amount	Maturity	Fair Value
Forward Contracts	USD	162 mn	within 3 years	1,536.25 Crs
Hedge of Foreign Currency Loan	USD	43.29 Mn	within 3 years	410.52 Crs

The effect of hedge accounting on the Company's balance sheet and performance including the outline timing and profile of the hedging instruments:

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying amount	₹ 1536.25 Crs	₹ 591.15 Crs
Line item affected in Balance Sheet	Other Current Financial Liabilities	Other Current Financial Liabilities
Notional amount	USD 162 mn	USD 69.16 mn
Hedge ratio	1:1	1:1
Maturity date	Within 3 years	Within 3 years
Average forward contract rate	92.5	87.93
Amounts in cash flow hedge reserve((Gain)/loss)	₹ 52.29 Crs	₹ (2.04) Crs

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

Derivatives not designated in a hedge relationship

The following derivative is not designated in a hedging relationship and is measured at fair value through profit or loss under Ind AS 109. Its fair value and the related gain/(loss) are disclosed below

(₹ In Crs)

Not designated in a hedge	Nominal Value	Fair Value (MTM)	Level	Gain/(loss) in P&L
Currency Swap on FC Borrowing	371.45	410.52	Level 2	39.07

b) 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 long-term debt obligations with floating interest rates.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Non-Current - Floating	2,187.72	2,107.73
Non-Current - Fixed	-	(18.75)
Current	2,731.88	1,680.42
Total	**4,919.60**	**3,769.40**

Interest Rate Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant. The Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Crs)

Basis Points	FY 2025-26	FY 2024-25
50	(24.60)	(18.85)
(50)	24.60	18.85

c) Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

47. RATIO ANALYSIS:

(₹ in Crs)

Particulars	Numerator	Denominator	FY 2025-26	FY 2024-25	% Variance
Current Ratio	Total Current Assets	Total Current Liabilities	0.83	0.84	(1.29%)
Debt-Equity Ratio	Total Debt	Total Equity	0.82	0.67	22.17%
Debt Service Coverage Ratio (a)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest + Principal repayments of Long Term Borrowings	1.46	0.90	62.22%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	Numerator	Denominator	FY 2025-26	FY 2024-25	% Variance
Return on Equity Ratio	Net Profits after Taxes	Average Total Equity	7.29%	6.23%	16.98%
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	4.92	4.49	9.67%
Trade Receivables Turnover Ratio (b)	Revenue from Operations	Average Trade Receivable	6.73	9.22	(27.02%)
Trade Payables Turnover Ratio	Purchase of materials and stock in trade	Average Trade Payables	3.88	4.63	(16.29%)
Net Capital Turnover Ratio (c)	Revenue from Operations	Working capital = Current assets – Current liabilities	-	-	-
Net Profit Ratio	Net Profit after Tax	Revenue from Operations	5.01%	4.20%	19.39%
Return on Capital Employed	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Tangible Net Worth + Total Debt	11.96%	11.74%	1.90%
Return on Investment	Profit for the year	Total Equity	7.07%	6.05%	16.89%

Notes for Ratio:

a) Debt Service Coverage Ratio increased due to lower finance cost and principal repayments of loans during the year.

b) Trade Receivables Turnover Ratio decreased on account of a higher increase in average trade receivables relative to the increase in revenue from operations during the year.

c) Net Capital Turnover Ratio is not meaningful for the company due to negative working capital arising from its business operations. Current ratio is provided as an alternative liquidity metrics.

48. OTHER DISCLOSURES:

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company do not have any transactions with companies struck off. under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

(iii) As of March 31, 2026, the perfection of security at Registrar of Companies (ROC) Gujarat is pending and under process in respect of Long Term loan facility of Rs 1,224 Crs. The said was pending for the want of completion of trusteeship arrangement, receipt of NOC from various lenders, etc. Further, the satisfaction of charges with Registrar of Companies (ROC) Gujarat is pending/under process in respect of Long Term Loan and Working Capital facilities of Rs. 722 Crs as the relevant documents related to satisfaction of the same were being finalised with the respective lenders. The necessary actions in regard to above are underway and the formalities in this regard are expected to be completed in due course. Apart from that all other charges are in order/have been duly satisfied, as may be applicable

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) The Company migrated its books of account from SAP ECC to SAP S/4 HANA with effect from 1 April 2025. Accordingly, for the year ended 31 March 2026 the Company used SAP S/4 HANA, which has a feature of recording an audit trail; the audit trail facility operated throughout the year for all relevant transactions recorded in the software. The Company uses SAP S/4 Hana & ensures an audit trail, providing standard functionality and logging of all data changes in the system. This functionality and audit trail feature in SAP S4 Hana has been operational throughout the year. The SAP S4 Hana environment is appropriately governed, and only authorized users can make postings while interacting with the system through the application layer. Normal/regular users are not granted direct database or super user level access that would allow them to make changes to financial documents directly after they have been posted through the application. The Company has not come across any instance of the audit trail feature being tampered with. For the comparative year ended 31 March 2025, the Company had used SAP ECC, in respect of which the audit trail position was reported in the financial statements for that year.

(ix) Neither the Company and nor any of its director or promotor has been declared a wilful defaulter by any bank, financial institution, or other lender during the financial year.

(x) **Events after the reporting period**

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on May 04, 2026 there were no material subsequent events to be recognised or reported that are not already disclosed.

49. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Uday Girjapure
Partner
M.No. 161776

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

AARTI INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Consolidated financial statements of Aarti Industries Limited (the "Holding Company") and its subsidiaries and joint ventures (Holding Company and its subsidiaries and joint ventures together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2026, the Consolidated Statement of Profit and Loss (including the statement on Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the 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, 2026 and its consolidated profit, and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the 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 consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

KEY AUDIT MATTERS

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Revenue recognition (Refer Note 2(K) – Material accounting policies; Note 27 – Revenue from operations) For the year ended March 31, 2026, the Group recognised net revenue from operations of ₹ 8,286.10 Crs (year ended March 31, 2025: ₹ 7,269.42 Crs). Revenue is recognised under Ind AS 115 when control of goods is transferred to the customer. We considered revenue recognition to be a key audit matter having regard to: (a) the fact that a portion of revenue arises from exports transacted under a range of Incoterms (such as FOB, CFR, CIF and DAP), which involve judgement in determining the point at which control is regarded as transferred and, accordingly, the period of recognition, particularly around the reporting date; (b) the presence of variable consideration (including discounts, rebates, credit notes and rights of return), the estimation of which involves management judgement;	Our audit procedures, performed at the Group level (including procedures performed by us and, where applicable, by the component auditors), included, among others, the following: • Obtained an understanding of the revenue recognition process and, on a test basis, evaluated the design and implementation and tested the operating effectiveness of selected key controls, including relevant IT controls. • Considered whether the revenue recognition policies are in accordance with Ind AS 115. • For a sample of sales recorded close to the year end, examined invoices, dispatch records, shipping bills and bills of lading to evaluate whether revenue appeared to have been recognised in the appropriate period, having regard to the applicable Incoterm. • On a sample basis, traced sales to contracts/purchase orders, invoices and evidence of dispatch or delivery.

Sr. No.	Key Audit Matter	Auditor's Response
	(c) certain arrangements involving contract modifications and costs to fulfil contracts, where judgement is exercised in determining whether such costs are capitalised or expensed; and (d) revenue being an area to which, in accordance with SA 240, we directed particular attention.	• Evaluated management's estimation of variable consideration, including by recomputing selected accruals and comparing them with historical trends and with credit notes issued after the year end, and considered the application of the constraint. • Read a selection of significant contracts to identify modifications and fulfilment costs and considered management's judgement on their treatment. • Performed analytical procedures on disaggregated revenue and made inquiries regarding significant variances. • Tested selected journal entries posted to revenue, including entries recorded manually and entries recorded at or near the period end, selected using risk-based criteria. • Considered whether the related disclosures were in accordance with the applicable financial reporting framework.
2	**Valuation and existence of inventories** (Refer Note 2(J) - Material accounting policies; Note 8 - Inventories) As at March 31, 2026, the Group held inventories of ₹ 1,732.17 Crs (March 31, 2025: ₹ 1,454.02 Crs), comprising raw materials, work-in-progress, intermediates, finished goods, catalysts and goods in transit held across multiple manufacturing locations. Inventories are measured at the lower of cost and net realisable value in accordance with Ind AS 2. We considered this a key audit matter having regard to: (a) the volume of inventories held across a number of locations, and the use of costing systems that involve certain adjustments that are determined and processed outside the system; (b) the estimation of net realisable value, which involves management judgement, particularly in the context of price volatility in certain key chemicals and intermediates; (c) the carrying value of catalysts, which is dependent on assumptions regarding recoverability and pattern of consumption; and (d) goods in transit at the period end, which give rise to considerations around cut-off and ownership.	Our audit procedures, performed at the Group level (including procedures performed by us and, where applicable, by the component auditors), included, among others, the following: • Obtained an understanding of, and on a test basis evaluated the design and tested the operating effectiveness of, selected controls over inventory recording, costing, physical verification and the assessment of net realisable value. • Attended physical inventory counts at selected significant locations, observed the count procedures, performed test counts on a sample basis and reconciled the results to the records; for other locations, considered the results of management's counts and reconciliations. • On a sample basis, tested the build-up of inventory cost (bills of material, overhead absorption, treatment of variances) and re-performed a selection of the cost adjustments processed by management outside the costing system, agreeing inputs to supporting documentation. • Evaluated net realisable value by comparing the carrying cost of a sample of items to selling prices realised after the year end and to prevailing market prices and considered the adequacy of write-downs. • Considered the carrying value of catalysts having regard to management's assumptions on recoverability and consumption and sought to corroborate consumption with available production and technical records. • On a sample basis, examined documentation supporting goods in transit and considered cut-off and ownership at the period end. • Considered whether the related disclosures were in accordance with the applicable financial reporting framework.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises information included in the Management Discussion and Analysis, Board's Report including annexures thereto, Business Responsibility and Sustainability Report, Corporate Governance Report, and Shareholder Information, but does not include the consolidated financial statements and our auditor's report thereon, which we expect to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

When we read the additional information mentioned above that will be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows, and changes in equity of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

The respective Boards of Directors of the companies included in the Group, its subsidiaries, and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation, and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its components to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the respective management either intends to liquidate the Group or the respective companies or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group and its components are also responsible for overseeing the financial reporting process of the Group and its components.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated 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 ability of the Group and its components to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its components to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. For those entities included in the consolidated financial statements of which we are the component auditors, we remain responsible for the direction, supervision, and performance of the audit of their financial statements/financial information. For the other entities included in the consolidated financial statements which have been audited by other auditors, such other auditors remain responsible for the direction, supervision, and performance of the audits carried out by them. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

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

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

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

OTHER MATTERS

a. We did not audit the financial statements/financial information of five subsidiaries incorporated in India and three subsidiaries incorporated outside India, whose financial statements/financial information reflect total assets of ₹ 754.91 Crs as at March 31, 2026, total revenues of ₹ 1,715.85 Crs, total net profit after tax of ₹ 7.87 Crs, total comprehensive income of ₹ 7.34 Crs and net cash flows (net) of ₹ 170.48 Crs for the year ended on that date, as considered in the consolidated financial statements (before consolidation adjustments). These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and in so far as applicable, is based solely on the reports of such other auditors.

b. The consolidated financial statements include the Group's share of total comprehensive income of ₹ 0.04 Crs for the year ended March 31, 2026, in respect of Re-Aarti Private Limited, a joint venture of Aarti Circularity Limited (a subsidiary of the Holding Company) incorporated on January 20, 2025, whose financial statements/financial information have not been audited by us. This financial statements/financial information are unaudited and have been certified by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, is based solely on such Management-certified financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements/financial information are not material to the Group.

c. Our opinion on the Consolidated Financial Statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and other financial information of subsidiaries and a joint venture, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors. Insofar as the modification on maintaining an audit trail in the accounting software is concerned in respect of the Holding Company, one subsidiary and a joint venture, which is company incorporated in India, refer paragraph (h) (vi) below;

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the underlying books of account maintained by the Holding Company and its subsidiaries for the purpose of preparation of the Consolidated Financial Statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2026 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture incorporated in India, none of the directors of the Group Companies incorporated in India, are disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modification arising from the maintenance of the audit trail on the accounting software, comprising the application and database are as stated in the paragraph (h) (vi) below on reporting under Rule 11(g) so far as relates to the Holding Company, one subsidiary and a joint venture, which is company incorporated in India.

   g) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and a joint venture, as noted in the 'Other matter' paragraph:

      i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer note 37(i)(a) to the consolidated financial statements.

      ii. The Group has made provision, as required under the applicable law and accounting standards, for material foreseeable losses,

if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Holding Company and its subsidiary companies.

iv. (a) The Management of the Holding Company its subsidiaries and a joint venture, which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, other than disclosed in note no 49(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective Management of the Holding Company, its subsidiaries and a joint venture, which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, other than disclosed in note no 49(vi) to the consolidated financial statements, no funds have been received by the Holding Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries and a joint venture, which are companies incorporated in India, whose Financial Statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in note no 16.7 to the consolidated financial statements

(a) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi Based on our examination, which included test checks, the Holding Company has used an accounting software for maintaining its books of account for the financial year ended 31 March 2026, which has a feature of recording audit trail (edit log) facility that operated throughout the year for all relevant transactions, including at the database level following the Holding Company's migration to a revised version of the software with effect from 1 April 2025. We did not come across any instance of the audit trail feature being tampered with. The requirement to preserve the audit trail for record retention applies from the financial year commencing 1 April 2023. For the period 1 April 2023 to 31 March 2025, as reported in our audit report for the year ended 31 March 2025, the audit trail did not operate at the database level for direct changes made using privileged/super user access, and to that extent has not been preserved as required. Save as aforesaid, the audit trail has been preserved by the Holding Company as required.

In respect of one subsidiary and one joint venture incorporated in India and audited by us, the accounting software has an audit trail (edit log) feature that operated throughout the year for all transaction entries, though it does not capture time stamps, user identification or edit logs of modifications (including for master data). We did not come across any instance of the feature being tampered with. As reported in the previous year, the feature was not enabled in an earlier financial year (2023-24) and, to that extent, the audit trail for that year has not been preserved by these entities as required.

In respect of the other subsidiaries incorporated in India and audited by other auditors, based on the reports of their component auditors, the accounting software has an audit trail (edit log) feature that operated throughout the year for all relevant transactions, and they did not come across any instance of the feature being tampered with.

In respect of one joint venture of a subsidiary, the audited financial statements and audit report have not been received, and accordingly we are unable to comment on the audit trail and its preservation for that entity.

None of the above subsidiaries and joint venture are material to the consolidated financial statements of the Group.

2. In our opinion and according to the information and explanations given to us, the remuneration paid during the year by the Holding Company and the subsidiaries incorporated in India to their respective directors is in accordance with the provisions of Section 197 of the Act, to the extent applicable. The remuneration paid to any director by the Holding Company and the subsidiaries incorporated in India is not in excess of the limits laid down under Section 197 of the Act, to the extent applicable.

3. With respect to the matters specified in paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") to be included in the Auditor's report, according to the information and explanations given to us and based on the CARO reports issued by us and by the other auditors of the companies included in the consolidated financial statements to which reporting under CARO is applicable, we report the said CARO reports contain the following qualifications/ adverse remarks. Our opinion on the consolidated financial statements is not modified in respect of these matters.

Name of the company	Holding/ Component	Clause number of the CARO report
Aarti Industries Limited	Holding Company	3(ii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(f), 3(vii)(a)
Aarti Corporate Services Limited	Subsidiary	3(iii)(d), 3(iii)(e)
Aarti Circularity Limited	Subsidiary	3(iii)(c)

In respect of Re-Aarti Private Limited, a joint venture of a subsidiary, the CARO report has not been received, and accordingly we are unable to comment on qualifications or adverse remarks, if any, in respect of that entity. There are no other qualifications or adverse remarks in the CARO reports of the companies included in the consolidated financial statements.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 26161776HWZYTO5054

Place: Mumbai
Date: May 4, 2026

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Industries Limited of even date)

Report on the Internal Financial Controls under Clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 (the "Act")

OPINION

We have audited internal financial controls with reference to consolidated financial statements of Aarti Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries and joint ventures (together referred to as "the Group") as of March 31, 2026 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company its subsidiaries and joint ventures, which are the companies incorporated in India, have, in all material respects, an adequate internal financial and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

MANAGEMENTS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements, in so far as it relates to five subsidiary companies incorporated in India, is based on the corresponding reports of the auditors of such companies. Our report does not include our opinion on the internal financial controls with reference to consolidated financial statements in so far as it relates to one joint venture of a subsidiary incorporated in India (Re-Aarti Private Limited), whose financial statements/ financial information are unaudited and have been certified by the Management, and which is not material to the Group.

Our opinion is not modified in respect of this matter.

For **Gokhale & Sathe**
Chartered Accountants
FRN: - 103264W

Uday Girjapure
Partner
Membership No. 161776
UDIN: 26161776HWZYTO5054

Place: Mumbai
Date: May 4, 2026

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2026

(₹ in Crs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3	6,264.89	6,277.48
Capital Work-in-Progress	3	2,029.52	1,273.80
Right of use Assets	3	37.48	51.06
Intangible Assets	3	96.72	48.25
Intangible Assets under Development	3	157.48	180.41
Financial Assets			
(i) Investments	4	132.34	47.63
(ii) Loans & Advances	5	10.45	0.06
Deferred Tax Assets (Net & incl of MAT Credit)	6	304.41	217.99
Other Non-Current Assets	7	79.61	122.10
Total Non-Current Assets		**9,112.89**	**8,218.78**
Current Assets:			
Inventories	8	1,732.17	1,454.02
Financial Assets:			
(i) Trade Receivables	9	1,402.90	786.06
(ii) Cash and Cash Equivalents	10	582.73	199.39
(iii) Bank Balances other than above	11	25.74	95.58
(iv) Loans and Advances	12	4.82	6.27
(v) Others Current Financial Assets	13	57.94	16.32
Current Tax Assets (Net)	14	13.28	13.89
Other Current Assets	15	367.75	323.21
Total Current Assets		**4,187.33**	**2,894.74**
TOTAL ASSETS		**13,300.23**	**11,113.52**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	181.30	181.26
Other Equity	17	5,773.87	5,423.86
Non Controlling Interest		0.10	0.10
Total Equity		**5,955.27**	**5,605.22**
LIABILITIES			
Non-Current Liabilities:			
Financial Liabilities			
(i) Borrowings	18	2,187.72	1,867.42
(ii) Lease Liabilities	19	33.98	47.13
Other Non-Current Liabilities	20	69.83	112.16
Non Current Provisions	21	14.16	15.19
Total Non-Current Liabilities		**2,305.68**	**2,041.90**
Current Liabilities:			
Financial Liabilities			
(i) Borrowings	22	2,733.28	1,922.13
(ii) Lease Liabilities	19	11.35	11.11
(iii) Trade Payables due to:	23		
Micro and Small Enterprises		57.15	26.48
Other than Micro and Small Enterprises		1,783.48	1,211.00
(iv) Other Financial Liabilities	24	370.01	202.51
Other Current Liabilities	25	69.31	77.25
Current Provisions	26	14.69	15.91
Total Current Liabilities		**5,039.27**	**3,466.40**
Total Liabilities		**7,344.95**	**5,508.30**
TOTAL EQUITY AND LIABILITIES		**13,300.23**	**11,113.52**
The accompanying notes are an integral part of these Consolidated Financial Statements.	1-50		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Uday Girjapure
Partner
M.No. 161776

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Crs)

Particulars	Note No.	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
REVENUE			
Gross Revenue from Operations	27	9,018.43	8,044.11
Less: GST Collected		732.33	774.69
Net Revenue from Operations		8,286.10	7,269.42
Other Income	28	4.87	17.52
Total Income		**8,290.97**	**7,286.94**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	29	5,256.50	4,381.36
Purchases of Stock-in-Trade		600.40	219.73
Changes in Inventories of Finished Goods Work-in-progress and Stock-in-Trade	30	(507.80)	54.03
Employee Benefits Expenses	31	422.14	447.11
Finance Costs	32	339.93	275.44
Depreciation and Amortisation Expenses	3	474.14	434.27
Foreign Exchange (Gain)/Loss	33	(16.27)	3.35
Other Expenses	34	1,363.56	1,166.74
Total Expenses		**7,932.60**	**6,982.02**
PROFIT BEFORE TAX		**358.37**	**304.92**
EXCEPTIONAL ITEMS	35		
ADD: Interest Income on Order Giving Effect (OGE)		28.51	0.00
LESS: Bad Debts Written Off		6.67	0.00
LESS: Statutory Impact of New Labour Codes		15.37	0.00
Gain on Disposal of step down subsidiary		0.00	2.37
PROFIT AFTER EXCEPTIONAL ITEMS		**364.83**	**307.29**
TAX EXPENSES			
Current Year Tax		66.05	54.83
Earlier Year Tax		(2.38)	(4.41)
MAT Credit Entitlement		(64.00)	(54.84)
Deferred Tax		(54.01)	(19.21)
Total Tax Expenses		**(54.34)**	**(23.64)**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**419.18**	**330.92**
Profit attributable to Non Controlling Interest		0.00	0.00
Share of Profit/(Loss) of Associates/Joint Ventures		(0.12)	(0.06)
Profit/(Loss) for the period		**419.06**	**330.87**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Change in fair value of equity instruments		(0.26)	(3.04)
Items that will be reclassified to Statement of Profit and Loss			
Change in Foreign Currency Translation Reserve		(0.28)	0.00
Change in fair value of Foreign currency hedge		(41.80)	17.27
Total Other comprehensive income		**(42.34)**	**14.22**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**376.72**	**345.09**
Earnings Per Equity Share (EPS) (in ₹)	36		
Basic		11.56	9.13
Diluted		11.55	9.12
The accompanying notes are an integral part of these Consolidated Financial Statements.	1-50		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Uday Girjapure
Partner
M.No. 161776

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
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Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2026

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	358.37	304.86
	Adjustments for:		
	Finance Costs	339.93	275.44
	Bad debts and balances written off, allowance for expected credit losses	21.54	11.30
	Employee Performance Stock Option Plan (PSOP 2022) Cost	9.58	7.09
	Depreciation and Amortisation Expenses	474.14	434.27
	Unrealised Foreign Exchange adjustment	(19.61)	6.72
	Other Exceptional Items	6.47	0.00
	Loss on Sale of Assets	0.64	0.00
	Consolidation Adjustments (Foreign Exchange Difference on Translation)	(0.36)	(1.09)
		1,190.69	**1,038.59**
	Profit on Sale of Assets/Investments	0.00	(0.27)
	Interest Income	(3.83)	(14.95)
	Lease Rent Income	(0.06)	(0.06)
	Operating Profit before Working Capital Changes	**1,186.80**	**1,023.31**
	Movements in operating non current Assets/Liabilities	(0.87)	(55.65)
	Movements in working capital:		
	(Increase)/Decrease in Trade and Other Receivables	(692.64)	31.36
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	562.75	526.13
	(Increase)/Decrease in Inventories	(278.15)	(294.38)
	Cash Generated from Operations	**777.89**	**1,230.77**
	Direct Taxes Paid/Direct Tax Refund Received (Net)	(2.92)	(6.86)
	Net Cash Flow from Operating Activities (A)	**780.80**	**1,237.62**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Addition to Property, Plant & Equipment/Capital WIP	(1,124.28)	(1,381.89)
	Sale/Scrap of Property, Plant & Equipment	3.11	7.10
	Loans and Advances (Non Current)	(10.39)	0.24
	(Increase)/Decrease in Other Bank Balance	69.85	(7.64)
	Investment in Subsidiary companies/Joint Venture	(64.00)	(23.45)
	(Increase)/Decrease in Other Investments	(20.28)	(2.72)
	Interest Income	3.83	14.95
	Lease Rent Income	0.06	0.06
	Net Cash Flow from Investing Activities (B)	**(1,142.10)**	**(1,393.35)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds of Long-Term Borrowings	450.00	592.70
	Repayment of Long-Term Borrowings	(241.94)	(454.97)
	Proceeds/(Repayment) of Other Borrowings	800.74	110.76
	Principal Repayment of Lease Liability	(10.67)	(9.98)
	Application Money Received from issue of Eq. Share under ESOP Scheme	0.04	0.01
	Finance Costs	(217.27)	(275.44)
	Dividend Paid	(36.26)	(36.25)
	Net Cash Flow from Financing Activities (C)	**744.63**	**(73.17)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**383.33**	**(228.90)**
	Cash and Cash Equivalents (Opening Balance)	199.39	428.29
	Cash and Cash Equivalents (Closing Balance)	**582.73**	**199.39**

Notes:

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

(ii) Changes in liabilities arising from financing activities:

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	April 01, 2025	Cash Flow	Foreign exchange movement	March 31, 2026
Non - current Borrowings (including current portion of Long term Debt)	2,107.73	208.06	122.66	2,438.45
Current Borrowings	1,681.82	800.74	-	2,482.56
TOTAL	**3,789.55**	**1,008.80**	**122.66**	**4,921.01**

(₹ in Crs)

Particulars	April 01, 2024	Cash Flow	Foreign exchange movement	March 31, 2025
Non - current Borrowings (including current portion of Long term Debt)	1,993.22	137.74	(23.23)	2,107.73
Current Borrowings	1,571.07	110.75	-	1,681.82
TOTAL	**3,564.29**	**248.49**	**(23.23)**	**3,789.55**

(iii) Movement in the carrying amount of financial liabilities that are part of a supplier finance arrangement. These liabilities are presented within trade payables and other financial liabilities, and the related cash flows are presented within cash flows from operating activities:

(₹ in Crs)

Particulars	April 01, 2025	Cash Flow	Foreign exchange movement	March 31, 2026
Presented in Trade and Other Payables	148.62	41.88	-	190.50
Presented in Other Financial Liabilities	58.01	(2.92)	-	55.09
Total	**206.63**	**38.96**	**-**	**245.59**

(iv) Refer note 19 for movement in Lease Liabilities.

(v) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Uday Girjapure
Partner
M.No. 161776

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2026

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at April 01, 2024	**181.25**
Changes in equity share capital during the year FY 2024-25	0.01
As at March 31, 2025	**181.26**
Changes in equity share capital during the year FY 2025-26	0.04
As at March 31, 2026	**181.30**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity								Other Comprehensive Income			Total Other Equity
	Reserves and Surplus											
	Capital Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Share Based Payment Reserve	RBI Reserve U/s 45(IC)	Statutory Reserve	Retained Earnings	Fair Value Equity Instruments	Foreign Currency Hedge	Foreign Currency Translation Reserve	
Balance as at April 01, 2024	**9.70**	**1,348.78**	**477.33**	**1.85**	**2.34**	**3.70**	**-**	**3,300.96**	**(7.87)**	**(27.76)**	**(0.51)**	**5,108.52**
Dividend Paid	-	-	-	-	-	-	-	(36.25)	-	-	-	(36.25)
Transfer (to)/from Other Reserves	-	0.85	34.09	-	(0.85)	-	-	(34.09)	-	-	-	0.00
Profit for the Period	-	-	-	-	-	-	-	330.87	-	-	-	330.87
Addition during the year	-	-	-	-	7.09	-	-	-	(3.04)	17.26	(0.58)	20.74
Balance as at March 31, 2025	**9.70**	**1,349.63**	**511.42**	**1.85**	**8.58**	**3.70**	**-**	**3,561.49**	**(10.92)**	**(10.50)**	**(1.09)**	**5,423.86**
Dividend Paid	-	-	-	-	-	-	-	(36.26)	-	-	-	(36.26)
Transfer (to)/from Other Reserves	-	4.64	42.25	0.00	(4.64)	-	-	(42.25)	-	-	-	0.00
Profit for the Period	-	-	-	-	-	-	-	419.06	-	-	-	419.06
Addition during the year	-	-	-	-	9.58	-	0.06	-	(0.26)	(41.80)	(0.37)	(32.80)
Balance as at March 31, 2026	**9.70**	**1,354.27**	**553.67**	**1.85**	**13.52**	**3.70**	**0.06**	**3,902.04**	**(11.17)**	**(52.31)**	**(1.46)**	**5,773.87**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

Uday Girjapure
Partner
M.No. 161776

Place: Mumbai
Date: May 04, 2026

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Suyog K. Kotecha
Chief Executive Officer and Executive Director
DIN: 10634964

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES

1 CORPORATE INFORMATION

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("the Holding Company" or "the Parent") and its subsidiaries and joint ventures (collectively referred to as "the Group") for the year ended March 31, 2026.

Aarti Industries Limited is a public limited company incorporated in India (CIN: L24110GJ1984PLC007301) with its registered office located at Plot No. 801, 801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad, Gujarat 396 195, India. The equity shares of the Holding Company are listed on BSE Limited and National Stock Exchange of India Ltd (NSE). The Group is engaged in manufacturing and dealing in Speciality Chemicals and intermediates.

These Consolidated Financial Statements were approved for issue in accordance with a resolution passed by the Board of Directors of the Holding Company at its meeting held on May 4, 2026.

2 MATERIAL ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted by the Group in preparation of these Consolidated Financial Statements. The Consolidated Financial Statements are for the Group consisting of the Holding Company, its subsidiaries and its joint ventures.

(A) BACKGROUND:

The entities consolidated in these Consolidated Financial Statements are:

Sr. No.	Name of the Company	Country of Incorporation	% holding as at March 31, 2026	% holding as at March 31, 2025
Indian Subsidiary:				
(i)	Aarti Corporate Services Limited	India	100.00%	100.00%
(ii)	Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%	100.00%
(iii)	Innovative Envirocare Jhagadia Limited	India	100.00%	100.00%
(iv)	Aarti Polychem Private Limited	India	100.00%	100.00%
(v)	Aarti Bharuch Limited	India	100.00%	100.00%
(vi)	Augene Chemical Private Limited (subsidiary upto May 22, 2024; accounted for as a joint venture thereafter - as mentioned below)	India	-	-
(vii)	Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	India	100.00%	100.00%
(viii)	Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited) upto September 30, 2024	India	-	-
Foreign Subsidiary:				
(ix)	Aarti Chemical Trading FZCO	UAE	100.00%	100.00%
(x)	Aarti Chem Trading USA Inc (Through its holding Company: Aarti Chemical Trading FZCO)	USA	100.00%	100.00%
(xi)	Alchemie (Europe) Limited	United Kingdom	88.89%	88.89%
Joint Venture:				
(xii)	Augene Chemical Private Limited (w.e.f May 23, 2024)	India	50.00%	50.00%
(xiii)	Re-Aarti Private Limited (Through its holding Company: Aarti Circularity Limited) (w.e.f February 27, 2025)	India	49.00%	49.00%

Augene Chemical Private Limited was a wholly owned subsidiary up to May 22, 2024 and has been accounted for as a joint venture with effect from May 23, 2024. Nascent Chemical Industries Limited ceased to be a subsidiary on September 30, 2024. Neither entity was consolidated as a subsidiary during the year ended March 31, 2026.

The group owns 26% (Previous year-26%) in Pro-Zeal Green Power Seven Private Limited, 26% (Previous year-26%) in ReNew Green (GJ Six) Pvt. Ltd. and 49%(Previous year-0.01%) in Clean Max Indus Private Limited, the same has not been considered for the purposes of consolidation, since the Group does not exercise significant influence over these companies.

(B) BASIS OF PREPARATION AND PRESENTATION:

The Consolidated Financial Statements of the Group have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time to time.

These Consolidated Financial Statements have been prepared on a going concern basis.

The Consolidated Financial Statements are presented in INR, which is the presentation currency of the Group and the functional currency of the Holding Company, and all values are rounded to the nearest crore except when otherwise indicated.

(C) PRINCIPLES OF CONSOLIDATION:

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

(ii) The Consolidated Financial Statements are prepared using the financial statements of the Holding Company, its subsidiaries and its joint ventures drawn up to the same reporting date i.e. March 31, 2026, except in the case of Re Aarti Private Limited, a joint venture of a subsidiary, in respect of which the group consolidates share of joint venture as single line item in statement of profit and loss based on Management reveiwed finanicals statements.

Subsidiaries are all the entities over which the Group has control. Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date control ceases. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are one or more changes to elements of control described above.

(iii) Joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is thereafter increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Distributions received reduce the carrying amount of the investment. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest; unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where the Group's share of losses equals or exceeds its interest, the Group discontinues recognising further losses unless it has incurred obligations or made payments on behalf of the investee. At each reporting date the Group assesses whether there is objective evidence that the investment is impaired.

(iv) Business combinations are accounted for using the acquisition method. The consideration transferred is measured at fair value at the acquisition date, and the identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interest and the fair value of any previously held interest over the net identifiable assets acquired. Goodwill is not amortised and is tested for impairment annually, and more frequently where there is an indication of impairment. Where the net identifiable assets acquired exceed the aggregate above, the difference is recognised as a capital reserve. Acquisition-related costs are expensed as incurred.

(v) In case of Foreign Subsidiaries whose functional currency differs from the presentation currency of the Group, assets and liabilities are translated at the exchange rate prevailing at the reporting date, and income and expenses are translated at the average exchange rates for the period. All resulting exchange differences are recognised in other comprehensive income and accumulated in the Foreign Currency Translation Reserve within Other Equity. On disposal of a foreign operation, the cumulative amount in that reserve relating to the operation is reclassified to the Statement of Profit and Loss.

(vi) Process of Consolidation

a) Combine like items of assets, liabilities, other equity, income, expenses and cash flows of the Holding Company with those

of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. Any related goodwill is accounted for in accordance with paragraph (iv) above.

c) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

(viii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where an entity in the Group has used accounting policies other than those adopted in these Consolidated Financial Statements, appropriate adjustments have been made on consolidation; any such policy which has not been so aligned is disclosed separately.

(D) BASIS OF MEASUREMENT

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

Financial instruments – measured at fair value;

Plan assets under defined benefit plans – measured at fair value

Equity-settled share-based payments – measured at fair value at the grant date;

Other long-term employee benefits – measured at the present value of the defined benefit obligation;

Identifiable assets acquired and liabilities assumed in a business combination – measured at fair value at the acquisition date.

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(E) SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS:

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

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

The following are areas involving critical estimates and judgments:

Judgements:

- Leases
- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position
- Provisions and Contingencies
- Assessment of control, joint control and significant influence over investees
- Determination of the point at which control of exported goods transfers to the customer, having regard to the applicable Incoterm

Estimates:

- Impairment
- Accounting for Defined benefit plans
- Useful lives of property, plant and equipment and intangible assets
- Fair Valuation of Financial instruments
- Valuation of inventories
- Impairment of goodwill
- Estimation of variable consideration on sales, including discounts, rebates and rights of return
- Expected credit losses on trade receivables

(F) CURRENT AND NON-CURRENT CLASSIFICATION:

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle, or
- Held primarily for the purpose of trading, or
- 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 assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

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

1. Property, Plant and Equipment (PPE)

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

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

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

PPE which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital Work-in-Progress represents expenditure incurred on capital assets

that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any PPE.

2. Intangible Assets

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

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

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

3. Depreciation/Amortization

Depreciation on Property, Plant and Equipment is provided using the straight-line method. Depreciation is provided over the useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013, except for certain classes of assets set out below for which the useful lives have been determined on the basis of technical assessment by the management. For those classes, the useful lives adopted differ from those prescribed in Schedule II, and the technical assessment is the justification for the difference as required by Part C of Schedule II. The useful lives adopted for the various classes of assets are as set out in the Standalone Financial Statements and are applied uniformly across the Group.

The residual values, useful lives and method of depreciation and amortization are reviewed at the end of each reporting period and adjusted prospectively where appropriate.

4. Impairment

The Group assesses at each reporting date whether there is any indication that the carrying amounts of its property, plant and equipment and intangible assets may be impaired. Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount.

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

(H) RESEARCH AND DEVELOPMENT:

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

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

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

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

(I) INTANGIBLE ASSETS UNDER DEVELOPMENT:

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

(J) VALUATION OF INVENTORIES:

Inventories have been valued on the following basis:

Raw Materials, Packing Material, Stores and Spares and Traded goods	At cost on weighted Average basis Or net realisable value whichever is lower. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Work-in-Process	At cost plus appropriate allocation of overheads or net realisable value whichever is lower.
Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.
Catalysts	At cost less amounts charged to the Statement of Profit and Loss over the estimated useful life or expected pattern of consumption of the catalyst, or net realisable value, whichever is lower.
Goods in transit	At cost, comprising the purchase price and other costs incurred in bringing the inventories to their present location and condition.

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

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

(K) REVENUE RECOGNITION:

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

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

(i) Sale of goods:

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

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

Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur when the associated uncertainty is subsequently resolved.

In the case of domestic sales, the performance obligation is generally satisfied when the goods are dispatched or delivery is handed over to the transporter. In the case of export sales, the performance obligation is satisfied at the point at which control of the goods transfers to the customer under the applicable Incoterm. Accordingly, where goods are sold on terms such as FOB, CFR and CIF, revenue is recognised by reference to the bill of lading, airway bill or other similar document evidencing delivery; and where goods are sold on terms such as DAP under which the seller retains responsibility for the goods until they reach the agreed destination, revenue is recognised on delivery at that destination.

(ii) Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income

is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

iii) Dividend income:

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

(iv) Export benefits:

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

(v) Subsidy received:

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

(L) FINANCIAL INSTRUMENTS:

Recognition and initial measurement

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

Classification and Subsequent Measurement of Financial Assets:

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

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

(a) Financial Assets measured at Amortised Cost:

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

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

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

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

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

Classification and Subsequent Measurement of Financial Liabilities:

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

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

(b) Other Financial liabilities:

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

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

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

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

Debt and Equity Instruments:

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

Equity Investments

All equity investments (other than investments in joint ventures and associates accounted for using the equity method) in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election, on an instrument-by-instrument basis, to present subsequent changes in fair value in other comprehensive income.

De-recognition of Financial Instruments:

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

A Financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

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

Impairment of Financial Assets:

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

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Offsetting of Financial Instruments:

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

Fair Value of Financial Instruments

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

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

Derivative Financial Instruments:

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

Cash flow hedge

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

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

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The Group risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 to 36 months. As per the risk management policy, foreign exchange forward contracts are taken to hedge forecasted sales.

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

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

Amounts accumulated in the cash flow reserve are subsquently reclassifie to the Statement of Profit and Loss in the periods in which the hedged item affects profit or loss and are accordingly presented within items that will be reclassified to the Statement of Profit and Loss.

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

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

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

(M) CASH AND CASH EQUIVALENTS:

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

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

(N) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that an outflow of resources will be required, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and, where the effect of the time value of money is material, are discounted. Contingent assets are not recognised; where an inflow of economic benefits is probable, the contingent asset is disclosed.

(O) LEASE:

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

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

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

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

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

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

(P) EMPLOYEE BENEFITS:

(a) Short-term employee benefits:

All employee benefits such as salaries, wages, short-term compensated absences and the expected cost of bonus, which are expected to be settled wholly within twelve months after the end of the period in which the employee renders the related service, are recognised in the period in which the employee renders the related services.

(b) Post-employment benefits:

(i) Defined Contribution Plan:

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

(ii) Defined Benefit Plan

The gratuity liability of the Company is funded through a Company Gratuity Scheme with Life Insurance Corporation of India

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

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

(c) Other long-term employee benefits:

Compensated absences which are not expected to be settled wholly within twelve months after the end of the period in which the employee renders the related service are measured at the present value of the estimated future cash outflows, determined actuarially using the projected unit credit method. Re-measurement gains and losses on such benefits are recognised in the Statement of Profit and Loss in the period in which they arise.

(d) Share Based Payment:

The grant date fair value of options granted to employees under the Holding Company's Employee Stock Option Plan is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in Other Equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Share Based Payment Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

(Q) FOREIGN CURRENCY TRANSACTIONS:

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (functional currency). The Consolidated Financial Statements are presented in Indian Rupees (₹), which is also the functional currency of the Holding Company.

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

(R) INCOME TAXES:

Income tax expense comprises current tax expense and deferred tax expense. Current and deferred taxes are recognized in the Statement of Profit and Loss, except when they relate to items recognized in other comprehensive income or directly in equity. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction, computed for each entity in the Group.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off and there is an intention to settle on a net basis, and only where they relate to income taxes levied by the same taxation authority on the same taxable entity.

Minimum Alternate Tax (MAT):

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the entity concerned will pay normal income tax during the specified period.

(S) EARNING PER SHARE:

Basic earnings per share is computed by dividing the profit for the year attributable to equity shareholders of the Holding Company by the weighted average number of equity shares of the Holding Company outstanding during the year. Diluted earnings per share is computed by dividing that profit by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, including options granted under the Holding Company's Employee Stock Option Plan, except where the effect would be anti-dilutive.

CORPORATE INFORMATION AND MATERIAL ACCOUNTING POLICIES (Contd.)

(T) BORROWING COSTS:

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

(U) CONTINGENT LIABILITIES

Contingent liability is:

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

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

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

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

Contingent liabilities are disclosed in the notes and are not recognised. They are assessed at each reporting date and, where an outflow of resources becomes probable and the amount can be reliably estimated, a provision is recognised.

(V) SUPPLY CHAIN FINANCE/BILL DISCOUNTING

Where the Group discounts or factors its trade receivables and transfers substantially all the risks and rewards of ownership (non-recourse), the receivable is derecognised and the consideration received is recognised in cash and cash equivalents. Where the Group retains substantially all the risks and rewards (with recourse), the receivable is not derecognised and the financing is recognised as a borrowing; the bills discounted with recourse are disclosed as a contingent liability.

Supply chain finance/reverse factoring: Where a bank/financial institution settles the Group's dues to suppliers, the Group assesses whether the nature and function of the liability have changed such that it should be presented as a borrowing rather than a trade payable, considering the extension of payment terms beyond normal supplier terms, any security/guarantee provided, and the substitution of the trade counterparty by the finance provider.

(W) EXCEPTIONAL ITEMS:

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the Consolidated Statement of Profit and Loss and in the notes forming part of the Consolidated Financial Statements.

(X) RECENT ACCOUNTING PRONOUNCEMENT:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2026, MCA has notified following Amendment to Ind AS, applicable to the Group w.e.f. April 01, 2025.

- Ind AS 21 The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability
- Ind AS 12 - Income Taxes relating to International Tax Reform – Pillar Two Model Rules – Exception to recognition and disclosure of deferred tax.
- Amendments to Ind AS 7 – Cash flow statement and Ind AS 107 – Financial Instrument Disclosures relating to supplier finance arrangements
- Ind AS 1 Presentation of Financial Statements- Classification of Liabilities as current or non- current and non- current liabilities with covenants.

The Group has reviewed these amendments. The amendments to Ind AS 7 and Ind AS 107 relating to supplier finance arrangements have resulted in additional disclosure in respect of the Group's supply chain financing arrangement, which is given in Note 43 to the Consolidated Financial Statements. The remaining amendments do not have a significant impact on the Consolidated Financial Statements.

(Y) NEW & AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE:

The MCA has issued certain amendments to Indian Accounting Standards which are not yet effective as at March 31, 2026 being notified the Companies (Indian Accounting Standards) Amendment Rules, 2026 via notification G.S.R. 725(E) on August 12, 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and does not expect these amendments to have a material impact on the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2026

3. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs)

FY 2025-26		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars		Balance as at April 01, 2025	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at March 31, 2026	Balance as at April 01, 2025	Depreciation charge for the year	Deduction/ Adjustment	Balance as at March 31, 2026	Balance as at March 31, 2026	Balance as at March 31, 2025
(i)	**Tangible Assets**										
	Free Hold Land	3.59	11.89	0.78	14.70	0.26	-	0.15	0.11	14.59	3.33
	Lease Hold Land	280.08	-	-	280.08	19.23	3.62	-	22.85	257.22	260.85
	Lease Hold Improvements	26.97	-	0.01	26.95	10.85	5.36	0.01	16.21	10.75	16.12
	Buildings	779.04	4.70	-	783.74	238.78	50.37	-	289.16	494.58	540.26
	Plant and Equipment	6,891.44	429.66	2.98	7,318.12	1,641.45	372.69	0.76	2,013.38	5,304.75	5,249.99
	R&D Assets & Equipments	181.26	1.07	0.03	182.29	52.18	8.03	0.01	60.20	122.09	129.09
	Furniture and Fixtures	84.08	3.54	1.38	86.24	36.25	19.75	0.93	55.07	31.17	47.83
	Vehicles	46.98	6.27	3.29	49.96	16.97	4.58	1.33	20.22	29.75	30.00
	TOTAL (i)	**8,293.43**	**457.13**	**8.48**	**8,742.07**	**2,015.97**	**464.40**	**3.18**	**2,477.19**	**6,264.89**	**6,277.48**
(ii)	**Capital Work-in-Progress**									**2,029.52**	**1,273.80**
(iii)	**Right of use Assets**										
	Buildings	80.76	-	3.61	77.16	29.70	11.43	1.45	39.68	37.48	51.06
(iv)	**Intangible Assets**										
	Technical Knowhow	36.55	35.17	-	71.72	2.02	6.81	-	8.83	62.89	34.54
	Computer Software	17.12	24.41	-	41.53	3.40	4.29	-	7.69	33.84	13.71
	TOTAL (iv)	**53.67**	**59.58**	**-**	**113.24**	**5.43**	**11.09**	**-**	**16.52**	**96.72**	**48.25**
(v)	**Intangible assets under development**									**157.48**	**180.41**
	TOTAL (i+ii+iii+iv+v)	**8,427.86**	**516.70**	**12.09**	**8,932.47**	**2,051.09**	**486.93**	**4.63**	**2,533.39**	**8,586.09**	**7,831.00**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

FY 2024-25		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars		Balance as at April 01, 2024	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at March 31, 2025	Balance as at April 01, 2024	Depreciation charge for the year	Deduction/ Adjustment	Balance as at March 31, 2025	Balance as at March 31, 2025	Balance as at March 31, 2024
(i)	**Tangible Assets**										
	Free Hold Land	3.59	-	-	3.59	0.26	-	-	0.26	3.33	3.33
	Lease Hold Land	277.31	2.84	0.07	280.08	15.68	3.54	(0.01)	19.23	260.85	261.63
	Buildings	671.50	109.33	1.79	779.04	177.55	61.45	0.22	238.78	540.26	493.95
	Lease Hold Improvements	26.78	0.19	-	26.97	5.51	5.34	-	10.85	16.12	21.27
	Plant and Equipment	5,957.57	950.91	17.05	6,891.44	1,331.21	329.95	19.71	1,641.45	5,249.99	4,626.36
	R&D Assets & Equipments	150.92	32.21	1.87	181.26	42.34	11.71	1.87	52.18	129.09	108.58
	Furniture and Fixtures	65.02	21.06	2.01	84.08	23.42	14.56	1.73	36.25	47.83	41.60
	Vehicles	40.30	11.71	5.04	46.98	13.96	5.45	2.44	16.97	30.00	26.34
	TOTAL (i)	**7,192.99**	**1,128.26**	**27.82**	**8,293.43**	**1,609.93**	**432.00**	**25.96**	**2,015.96**	**6,277.48**	**5,583.06**
(ii)	**Capital Work-in-Progress**									**1,273.80**	**1,058.54**
(iii)	**Right of use Assets**										
	Buildings	83.88	10.17	13.29	80.76	30.46	12.22	12.98	29.70	51.06	53.42
(iv)	**Intangible Assets**										
	Technical Knowhow	6.57	30.06	0.08	36.55	0.08	2.02	0.08	2.02	34.54	6.49
	Computer Software	7.63	9.87	0.38	17.12	1.20	2.43	0.22	3.41	13.71	6.43
	TOTAL (iv)	**14.20**	**39.93**	**0.46**	**53.67**	**1.28**	**4.45**	**0.30**	**5.43**	**48.25**	**12.92**
(v)	**Intangible assets under development**									**180.41**	**170.51**
	TOTAL (i+ii+iii+iv+v)	**7,291.07**	**1,178.36**	**41.57**	**8,427.86**	**1,641.67**	**448.67**	**39.24**	**2,051.09**	**7,831.00**	**6,878.45**

Note:

(i) Depreciation to the extent of ₹ 11.25 Crs (previous year ₹ 14.39 Crs) in respect of assets utilised for creation/generation of intangible assets are appropriately capitalised under applicable intangible assets under development.

(ii) Additions during the year and capital work-in-progress include borrowing cost capitalised in accordance with Accounting Standard (Ind AS) 23 on "Borrowing Costs". The rate used to determine the amount of borrowing costs eligible for capitalisation is ranging from 8% to 8.5% (previous year 8% to 8.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(a) Capital-Work-in Progress (CWIP):

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2026:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1055.90	755.10	173.42	45.10	2,029.52
Projects temporarily suspended	-	-	-	-	-

Capital Work-In-Progress (CWIP) Ageing Schedule as on March 31, 2025:

(₹ in Crs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	937.93	283.69	45.73	6.45	1,273.80
Projects temporarily suspended	-	-	-	-	-

(b) Intangible assets under development:

Intangible assets under development aging schedule as on March 31, 2026:

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	51.89	39.27	65.35	0.97	157.48
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development aging schedule as on March 31, 2025:

(₹ in Crs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	43.51	81.64	19.79	35.47	180.41
Projects temporarily suspended	-	-	-	-	-

(c) Notes:

(i) There are no material projects whose completion is overdue as compared to its original plan as at March 31, 2026.

(ii) There were no material projects which have exceeded their original plan cost as at March 31, 2026.

(iii) The Company has not recognised any impairment loss during the current year.

(iv) The Title deeds of property plant and equipment are held in name of the Company.

4 NON-CURRENT INVESTMENTS:

(₹ in Crs)

Name of the Company	Face Value (in ₹)	No. of Shares/ Units	As at March 31, 2026	No. of Shares/ Units	As at March 31, 2025
Investments - (Unquoted) in Equity Shares of Other Companies (At FVTOCI)					
Ichalkaranji Janata Sahakari Bank Limited	50	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	2,000	61	0.01	61	0.01
Narmada Clean Tech Limited	10	2,87,550	0.29	2,87,550	0.13
U.K.I.P. Co-Op. Soc. Limited	50	80	0.00	80	0.00
SBPP Bank Limited	100	783	0.01	783	0.01
Deltecs Infotech Private Limited	10	858	0.37	858	0.26
Valiant Organic Limited	10	1,02,026	2.11	1,02,026	2.66
Polygomma Industries Private Limited	10	5,33,358	0.00	5,33,358	0.00
Numbermask Digital Private Limited		-	-	1,125	0.00
Trans Retail Ventures Private Limited	10	28,796	0.00	28,796	0.01
Aarti Biotech Limited	10	4,21,700	0.04	4,21,700	0.13
Aarti Intermediates Private Limited	10	22,125	0.00	22,125	0.00
ReNew Green (GJ Six) Pvt. Ltd.	10	1,51,80,000	12.86	1,51,80,000	12.86
Perfect Enviro Control Systems Limited	10	3,80,640	0.32	3,80,640	0.32
Shamrao Vithal Co-op. Bank Limited	10	100	0.00	100	0.00
Specifix Inc		-	4.65	-	4.65
Clean Max Indus Private Limited	10	1,09,034	16.71	4,900	0.00
Pro-zeal Green Power Seven Private Limited	10	63,000	0.06	63,000	0.06
			37.44		**21.11**
Investments - (Unquoted) Convertible Pref. Shares					
Deltecs Infotech Private Limited	10	7,50,000	0.26	7,50,000	0.26
			0.26		**0.26**
Investments - (Unquoted) in Warrant Certificate					
Deltecs Infotech Private Limited	10	93	0.00	93	0.00
			0.00		**0.00**
Investments - (Unquoted) in Unsecured Convertible Debentures					
Pro-Zeal Green Power Seven Private Limited	1000	35,786	3.58	-	-
Polygomma Industries Private Limited	100	2,82,448	2.82	2,82,448	2.82
			6.40		**2.82**
Investments - (Unquoted) in Equity Shares of Joint Venture (At Cost)					
Augene Chemical Private Limited	10	3,75,00,000	37.32	2,35,00,000	23.44
Re-Aarti Private Limited	10	4,900	0.04	4,900	0.00
			37.36		**23.44**
Investments - (Unquoted) in Unsecured Optionally Convertible Debentures					
Augene Chemical Private Limited	100	50,00,000	50.88	-	-
			50.88		**-**
TOTAL			**132.34**		**47.63**

Note in respect of investments in Optionally convertible Debentures of Joint Venture Investment in OCDs issued by Augene Chemical Private Limited (At Cost) 50.88

- In accordance with Ind AS 107, the said investment amount is further classified into
- Derivative Component (at FVTPL) 3.19
- Debt Component (at present value) 47.69

5. NON CURRENT LOANS AND ADVANCES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Loans and Advances	10.45	0.06
TOTAL	**10.45**	**0.06**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

5.1 The Holding Company has granted unsecured loans to its wholly owned Subsidiaries, Joint Ventures and Key Managerial Personnel. Agreement does not specify any terms or period of repayment of such loans. The disclosure required in this regard is set out below:

(₹ in Crs)

Type of Borrower	As at March 31, 2026	As at March 31, 2025
Amount of loan or advance in which agreement does not specify any terms or period of repayment:		
All Parties	15.27	6.33
Promoters	-	-
Related Parties*	3.43	-
Percentage of the total Loan and Advances	22.40%	0.00%

*Related parties include wholly owned subsidiaries, a joint venture and Key Managerial Personnel (KMPs) as defined under section 2(76) of the Companies Act 2013.

6. DEFERRED TAX ASSETS (NET):

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance for the year	217.99	143.55
Deferred Tax Assets		
MAT Credit Entitlement	64.00	54.84
Items allowed for tax purpose on payment	(31.59)	0.28
DTA on losses	323.60	54.96
Deferred Tax Liabilities		
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws.	(269.60)	(35.64)
TOTAL	**304.41**	**217.99**

7. OTHER NON-CURRENT ASSETS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital Advances	19.67	55.93
Balances with Tax & Revenue Authorities (including pre-deposits)	15.20	14.80
Other Deposits	44.74	51.37
TOTAL	**79.61**	**122.10**

8. INVENTORIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials and Components (incl In-transit stock)	262.80	510.04
Work-in-progress	233.19	253.86
Finished Goods (incl In-transit stock)	522.67	406.92
Stock-in-trade	442.18	0.60
Stores and spares	251.42	265.48
Fuel (incl In-transit stock)	10.85	8.82
Packing Materials	9.06	8.30
TOTAL	**1,732.17**	**1,454.02**

8.1 IN-TRANSIT INVENTORIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Finished Goods	238.88	18.73
TOTAL	**238.88**	**18.73**

9. TRADE RECEIVABLES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade Receivables – Unsecured, gross	1,426.38	793.77
(Refer Note 39 for Related Party Balances)		
Less: Impairment loss allowance	(23.47)	(7.71)
TOTAL	**1,402.90**	**786.06**

Trade Receivables ageing schedule as on March 31, 2026

(₹ in Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	647.25	650.33	63.00	53.93	3.67	-	1,418.18
(ii) Undisputed Trade receivables – which have significant increase in credit risk"	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	8.19	8.19
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	(13.32)	(1.96)	(8.19)	(23.47)
TOTAL	**647.25**	**650.33**	**63.00**	**40.61**	**1.71**	**-**	**1,402.90**

Trade Receivables ageing schedule as on March 31, 2025

(₹ in Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	429.42	286.63	64.92	4.24	6.90	-	792.11
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	1.66	1.66

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(₹ in Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	(1.96)	(4.09)	(1.66)	(7.71)
TOTAL	**429.42**	**286.63**	**64.92**	**2.28**	**2.81**	**-**	**786.06**

Movement in Expected Credit Loss Allowance

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	7.71	1.46
Provision/(Reversal) recognised during the year	17.97	6.25
Amounts written off during the year	(2.21)	0.00
Balance at the end of the year	**23.47**	**7.71**

The Group applies the simplified approach permitted by Ind AS 109 and measures the loss allowance at an amount equal to lifetime expected credit losses. The allowance is determined using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking information. Balances in respect of which recovery is not considered probable are separately identified and provided for in full.

10. CASH AND CASH EQUIVALENTS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	0.77	1.20
Bank balance in Current Accounts	581.96	198.19
TOTAL	**582.73**	**199.39**

11. OTHER BANK BALANCES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Bank balance in Deposit Accounts	1.18	93.75
Earmarked Balances (Unpaid Dividend Accounts)	24.56	1.83
TOTAL	**25.74**	**95.58**

12. LOANS AND ADVANCES CURRENT:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Loans and Advances Given to:		
(i) Employees (including KMPs) (refer note 39)	4.61	5.01
(ii) Others	0.21	1.26
TOTAL	**4.82**	**6.27**

13. OTHER CURRENT FINANCIAL ASSETS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Subsidy Receivable	22.65	14.86
Other Current Financial Asset	35.29	1.46
TOTAL	**57.94**	**16.32**

14. CURRENT TAX ASSETS (NET):

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance Tax and Tax Deducted at Source (Net of Provisions)	13.28	13.89
TOTAL	**13.28**	**13.89**

15. OTHER CURRENT ASSETS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Customs, Port Trust, Central Excise, Sales Tax, Goods & Services Tax Authorities	236.82	225.94
Advance to Suppliers	58.68	56.97
Others Receivables	52.86	22.70
Prepaid Expenses	19.38	17.60
TOTAL	**367.75**	**323.21**

16. EQUITY SHARE CAPITAL:

(₹ in Crs)

Particulars	No. of Shares	As at March 31, 2026	No. of Shares	As at March 31, 2025
Authorised Share Capital				
Equity Shares of ₹ 5/- each	60,00,00,000	300.00	60,00,00,000	300.00
Issued Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	36,25,94,369	181.30	36,25,19,910	181.26
TOTAL		**181.30**		**181.26**

16.1 Reconciliation of the number of Shares outstanding:

Particulars	No. of Shares outstanding	
	As at March 31, 2026	As at March 31, 2025
Equity Shares at the beginning of the year	36,25,19,910	36,25,04,035
Add: Shares issued during the year	74,459	15,875
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	**36,25,94,369**	**36,25,19,910**

16.2 Rights, preferences and restrictions attached to Equity Shares:

The Holding Company has only one class of Equity Shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.

16.3 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	% held	No. of Shares	% held
Life Insurance Corporation of India	2,46,56,272	6.80	2,46,56,272	6.80

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FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

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

Particulars	Financial Year				
	FY 2025-26	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22
No. of Equity Shares outstanding	36,25,94,369	36,25,19,910	36,25,04,035	36,25,04,035	36,25,04,035

(refer Note No. 16.5)

16.5 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] During the year FY 2025-26, 74,459 Shares were issued and allotted under the 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022").

[b] During the year FY 2024-25, 15,875 Shares were issued and allotted under the 'Aarti Industries Limited Performance Stock Option Plan 2022' ("PSOP 2022").

[c] During the year FY 2021-22, 1,40,35,087 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 855 per Equity Share (including ₹ 850 towards share premium) to qualified institutional buyer.

[d] During the year FY 2021-22, 17,42,34,474 Shares are issued as Bonus Shares in the ratio of 1:1 Equity Share of ₹ 5 each.

16.6 Promoters and promoter group holding shares in the Holding Company:

Sr. No.	Promoters Name	As at March 31, 2026		As at March 31, 2025		% change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
1	Rashesh Chandrakant Gogri	1,48,37,616	4.09	1,48,37,616	4.09	(0.00)
2	Mirik Rajendra Gogri	1,11,72,384	3.08	1,11,72,384	3.08	(0.00)
3	Renil Rajendra Gogri	1,11,71,008	3.08	1,11,71,008	3.08	(0.00)
4	Anushakti Enterprise Private Limited	99,70,000	2.75	99,70,000	2.75	(0.00)
5	Hetal Gogri Gala	99,62,192	2.75	99,62,192	2.75	(0.00)
6	Jaya Chandrakant Gogri	97,98,548	2.70	97,98,548	2.70	(0.00)
7	Sarla Shantilal Shah	92,69,028	2.56	95,69,028	2.64	(0.08)
8	Labdhi Business Trust (Saswat Trusteeship Private Limited)	75,00,000	2.07	75,00,000	2.07	(0.00)
9	Tulip Family Trust (Gloire Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
10	Orchid Family Trust (Relacion Trusteeship Services Private Limited)	65,96,000	1.82	65,96,000	1.82	(0.00)
11	Safechem Enterprises Private Limited	58,52,000	1.61	58,52,000	1.61	(0.00)
12	Rajendra Vallabhaji Gogri	57,03,600	1.57	57,03,600	1.57	(0.00)
13	Nehal Garewal	36,14,190	1.00	36,14,190	1.00	(0.00)
14	Heena Family Private Trust (Barclays Wealth Trustees India Private Limited)	33,35,436	0.92	33,35,436	0.92	(0.00)
15	Nikhil Parimal Desai	30,05,016	0.83	30,05,016	0.83	(0.00)
16	Bhavna Family Private Trust (Barclays Wealth Trustees India Private Limited)	28,16,404	0.78	28,16,404	0.78	(0.00)
17	Jasmine Family Trust (Relacion Trusteeship Services Private Limited)	27,50,000	0.76	27,50,000	0.76	(0.00)
18	Alchemie Financial Services Limited	26,92,024	0.74	26,92,024	0.74	(0.00)
19	Lotus Family Trust (Gloire Trusteeship Services Private Limited)	24,98,000	0.69	24,98,000	0.69	(0.00)
20	Manomaya Business Trust (Alabhya Trusteeship Private Limited)	24,00,000	0.66	24,00,000	0.66	(0.00)
21	Aarnav Rashesh Gogri	23,82,000	0.66	23,82,000	0.66	(0.00)
22	Aashay Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
23	Manisha Rashesh Gogri	22,00,000	0.61	22,00,000	0.61	(0.00)
24	Arti Rajendra Gogri	19,01,024	0.52	19,01,024	0.52	(0.00)
25	Parimal Hasmukhlal Desai	14,88,284	0.41	15,98,284	0.44	(0.03)
26	Ratanben Premji Gogri	13,77,330	0.38	13,77,330	0.38	(0.00)
27	Heena Bhatia	12,90,352	0.36	12,90,352	0.36	(0.00)
28	Rajendra Vallabhaji Gogri (HUF) (Karta - Rajendra Vallabhaji Gogri)	12,33,096	0.34	12,33,096	0.34	(0.00)
29	Shantilal Tejshi Shah HUF (Karta - Nehal Garewal)	11,15,526	0.31	11,15,526	0.31	(0.00)
30	Alchemie Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
31	Gogri Finserv Private Limited	10,56,420	0.29	10,56,420	0.29	(0.00)
32	Mananjay Singh Garewal	10,50,040	0.29	10,50,040	0.29	(0.00)
33	Indira Madan Dedhia	6,69,400	0.18	6,82,500	0.19	(0.00)
34	Bhanu Pradip Savla	6,22,948	0.17	6,22,948	0.17	(0.00)
35	Shreya Suneja	4,50,000	0.12	4,50,000	0.12	(0.00)
36	Monisha Bhatia	3,64,484	0.10	3,64,484	0.10	(0.00)
37	Gunavanti Navin Shah	3,46,578	0.10	3,46,578	0.10	(0.00)
38	Chandrakant Vallabhaji Gogri	1,42,000	0.04	1,42,000	0.04	(0.00)
39	Nikhil Holdings Private Limited	3,566	0.00	93,566	0.03	(0.02)
40	Jayesh Shah	65,666	0.02	65,666	0.02	(0.00)
41	Dilesh Roadlines Private Limited	33,272	0.01	33,272	0.01	(0.00)
42	Valiant Organics Limited	30,000	0.01	30,000	0.01	(0.00)
43	Prasadi Yogesh Banatwala	4,280	0.00	6,580	0.00	(0.00)
44	Pooja Renil Gogri	1,528	0.00	1,528	0.00	(0.00)
TOTAL		**15,26,23,660**	**42.09**	**15,31,39,060**	**42.24**	**(0.15)**

16.7 Dividends:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Dividend paid during the year		
Final dividend for the year ended March 31, 2025 of ₹ 1.00 (previous year: ₹ 1.00) per fully paid share	36.26	36.25
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1.00 (previous year: ₹ 1.00) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	36.26	36.25

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FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

17. OTHER EQUITY:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
a. Capital Reserves		
Opening Balance	9.70	9.70
Addition	-	-
Deduction	-	-
Closing Balance	**9.70**	**9.70**
Footnote: Capital Reserves represents the difference between the consideration paid and net assets received under business combination transactions.		
b. Securities Premium Account		
Opening Balance	1349.63	1348.78
Addition	4.64	0.85
Deduction	-	-
Closing Balance	**1,354.27**	**1,349.63**
Footnote: Securities Premium represents the amount received in excess of the face value upon issue of equity shares. The same may be, inter-alia, utilised for issue of fully paid bonus shares or for buy-back of equity shares by the respective Company or such purpose in accordance with the provisions of the Act.		
c. Foreign Currency Translation Reserve		
Opening Balance	(1.09)	(0.51)
Addition	(0.28)	0.03
Deduction	0.09	0.61
Closing Balance	**(1.46)**	**(1.09)**
Footnote: Foreign Currency Translation Reserve (FCTR) represents the gains and losses that arise when a foreign company translates its financial statements from a foreign currency into its functional currency.		
d. General Reserve		
Opening Balance	511.42	477.33
Addition:		
Transferred from Profit & Loss Account	42.25	34.09
Deduction:		
Closing Balance	**553.67**	**511.42**
Footnote: The General Reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.		
e. Profit and Loss Account		
Opening balance	3,561.49	3,300.96
Addition:		
Net Profit/(Loss) for the year	419.06	330.87
Deduction:		
Final Dividend Paid on Equity Shares	36.26	36.25
Interim Dividend paid on Equity Share for the year	-	-
Transferred to other Reserves	42.25	34.09
Closing Balance	**3,902.04**	**3,561.49**
Footnote: Retained Earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividend or other distributions paid to shareholder.		
f. Other Reserves		
ESOP Share Application Money (PSOP 2022)	0.00	0.00
RBI Reserve U/s 45(IC)	3.70	3.70

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FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Forfeiture Reserve	1.85	1.85
Statutory Reserve	0.06	0.00
Closing Balance	**5.61**	**5.55**
Footnote: Forfeiture reserve is created on account of forfeiture of shares.		
g. Employee Share Based Payment Reserve		
Opening Balance	8.58	2.34
Addition	9.58	7.09
Deduction	4.64	0.85
Closing Balance	**13.52**	**8.58**
Footnote: The Holding Company has offered equity shares to certain employees and officers under an employee share purchase scheme. The employee share based payment reserve is used to recognise the value of equity settled share based payments provided to such employees and officer.		
h. Other Comprehensive Income		
Opening Balance	(21.41)	(35.63)
OCI for the year	(42.34)	14.21
Transfer to Foreign Currency Translation reserve	0.28	-
Closing Balance	**(63.47)**	**(21.42)**
Footnote: This Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments, long term advances and foreign currency hedge measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.		
TOTAL	**5,773.87**	**5,423.86**

18. NON-CURRENT BORROWINGS:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	2,187.42	249.66	1,866.15	238.78
(b) Vehicle Loans from Banks/Financial Institutions	0.30	1.06	1.27	1.53
TOTAL	**2,187.72**	**250.72**	**1,867.42**	**240.31**

(₹ in Crs)

Details of Long term Loans from Banks/Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at March 31, 2026	As at March 31, 2025
Long Term Rupee Loans					
From HSBC Limited	Fully Paid off	Fully paid off in FY 2025-26	NA	-	25.00
From Kotak Mahindra Bank Limited	Fully Paid off	Fully paid off in FY 2025-26	NA	-	18.75
From Citibank N.A.	Fully Paid off	Fully paid off in FY 2025-26	NA	-	18.75
From Citibank N.A.	Last instalment due in FY 2029-30	16 quarterly repayments of ₹ 21.87 Crs each	RBI Repo Rate + Spread of 150 bps	326.89	348.01
From HDFC Bank Limited	Last instalment due in FY 2030-31	28 quarterly stepped up instalments of ₹ 1.25 - 14.69 Crs each	1 month T-Bill + Spread of 165bps	236.91	241.65

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FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Details of Long term Loans from Banks/Financial Institutions	Maturity	Terms of Repayment	Interest Rate p.a.	As at March 31, 2026	As at March 31, 2025
From Axis Bank Limited	Last instalment due in FY 2030-31	20 quarterly repayments of ₹ 10 Crs each	RBI Repo Rate + Spread of 175 bps	200.00	200.00
From Export Import Bank of India	Last instalment due in FY 2033-34	30 quarterly stepped up instalments of ₹ 5.63 - 28.25 Crs each	3 month T-Bill + Spread, presently at 7.25% p.a	449.25	-
Foreign Currency Loans (incl ECBs)					
From Citibank N.A.	Fully Paid off	Fully paid off in FY 2025-26	NA	-	18.60
From State Bank of India (ECB2)	Fully Paid off	Fully paid off in FY 2025-26	NA	-	102.51
From Export Import Bank of India	Fully Paid off	Fully paid off in FY 2025-26	NA	-	31.42
From International Finance Corporation	Last instalment due in FY 2033-34	15 semi annually instalments of USD 8.7 mn each	6 months SOFR + spread of 100 bps	1,224.03	1,100.24

Details of Security

a) The above Outstanding Term Loans/ECBs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders/Specifically excluded.

b) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

c) As of March 31, 2026, the perfection of security at Registrar of Companies (ROC) Gujarat is pending and under process in respect of Long Term loan facility of ₹ 1224 crs. The said was pending for the want of completion of trusteeship arrangement, receipt of NOC from various lenders, etc. Further, the satisfaction of charges with Registrar of Companies (ROC) Gujarat is pending/under process in respect of Long Term Loan and Working Capital facilities of 722 crs as the relevant documents related to satisfaction of the same were being finalised with the respective lenders. The necessary actions in regard to above are underway and the formalities in this regard are expected to be completed in due course. Apart from that all other charges are in order/have been duly satisfied, as may be applicable.

d) The Parent Company has satisfied all the covenants prescribed in terms of borrowings.

19. LEASE LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Lease Liabilities Account	33.98	11.35	47.13	11.11
TOTAL	**33.98**	**11.35**	**47.13**	**11.11**

The movements in lease liabilities during the year is as follows:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning	58.24	58.39
Additions during the year	-	10.18
Deletion during the year	(2.10)	(0.35)
Finance Cost incurred during the year	4.29	4.93
Payment of Lease Liabilities	(15.10)	(14.91)
Balance at the end of the year	**45.33**	**58.24**

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FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

20 OTHER NON CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Long Term Advances for Exports received from Customer	69.83	37.30	112.16	49.15
TOTAL	**69.83**	**37.30**	**112.16**	**49.15**

The Company has received aforesaid advances for export commitments under the long term contracts (contracts with period more than five year) executed by the Company with its customer The advances shall be adjusted against the export sales/supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee in favour of the customer as a security for the said advances.

21 PROVISIONS:

(₹ in Crs)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Non-Current	Current	Non-Current	Current
Provision for Employees' Benefits	14.16	1.16	15.19	2.89
TOTAL	**14.16**	**1.16**	**15.19**	**2.89**

22. SHORT-TERM BORROWINGS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Working Capital Loan From Banks	1,481.59	1,630.08
Current maturities of Long-Term Debt {Refer Note 18(a)}	249.66	238.78
Current maturities of Vehicle Loan {Refer Note 18(b)}	1.06	1.53
	1,732.32	**1,870.39**
Unsecured		
From Banks	999.57	50.34
From Other	1.40	1.40
	1,000.97	**51.74**
TOTAL	**2,733.28**	**1,922.13**

(i) Working Capital Loans availed from Scheduled Banks, are secured by way of Pari Passu first charge by hypothecation of Raw Materials, Stock-In-Process, Semi-Finished Goods, Finished Goods, Packing Materials and Stores and Spares, Bills Receivables and Book Debts and all other moveable, both present and future. Also by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by ECB/Other Term Lenders.

(ii) The working capital facilities availed against the security of current assets have been availed by the Parent Company. Quarterly statements of stock and of book debts are filed by the Parent Company with the banks within the stipulated timelines. Such statements are compiled from the stock and book debt records maintained for this purpose and, accordingly, differ from the corresponding balances in the books of account, which are drawn up after giving effect to the requirements of the applicable accounting standards and to adjustments identified on completion of the periodic closing procedures. A reconciliation of the differences is set out in Standalone Financial Statement Note No. 22. No other component of the Group has borrowings secured against the security of current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

23. TRADE PAYABLES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables due to:		
Micro and Small Enterprises (MSME)	57.15	26.48
Other than Micro and Small Enterprises	1,783.48	1,211.00
TOTAL	**1,840.63**	**1,237.49**

Note: Refer Note 39 for Related Party Balances

Trade Payables ageing schedule as on March 31, 2026

(₹ in Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	57.15	-	-	-	-	57.15
Other than Micro and Small Enterprises	725.50	1,053.08	4.90	0.00	-	1,783.48
Disputed Dues to MSME	-	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-	-
TOTAL	**782.65**	**1,053.08**	**4.90**	**-**	**-**	**1,840.63**

Trade Payables ageing schedule as on March 31, 2025

(₹ in Crs)

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		0 -1 year	1 -2 years	2 -3 years	More than 3 years	
Micro and Small Enterprises (MSME)	26.48	-	-	-	-	26.48
Other than Micro and Small Enterprises	392.05	816.99	0.78	1.18	-	1,211.00
Disputed Dues to MSME	-	-	-	-	-	-
Disputed Dues to Others	-	-	-	-	-	-
TOTAL	**418.53**	**816.99**	**0.78**	**1.18**	**-**	**1,237.49**

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (as amended)

(₹ in Crs)

Particulars			As at March 31, 2026	As at March 31, 2025
1)	(a)	Principal amount remaining unpaid to any supplier	57.15	26.48
	(b)	Interest on (1)(a) above	-	-
2)		The amount of interest paid along with the principal payment made to the supplier	-	-
3)		Amount of interest due and payable on delayed payments	-	-
4)		Amount of further interest remaining due and payable for the earlier years	-	-
5)		Total Outstanding dues of Micro & Small Enterprises		
	-	Principal	57.15	26.48
	-	Interest	-	-

24. OTHER FINANCIAL LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Unpaid Dividends	1.46	1.83
Other Current Financial Liabilities	94.89	0.25
Salary & Wages Payable	84.04	59.87
Project Payables	189.63	140.56
TOTAL	**370.01**	**202.51**

25. OTHER CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance for Exports Received From Customer (Current) (Refer Note 20)	37.30	49.15
Advance from Customers	8.31	5.51
Other Current Liabilities & Taxes	23.71	22.59
TOTAL	**69.31**	**77.25**

26. SHORT-TERM PROVISIONS:

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for:		
Employees' Benefits	14.40	15.40
Others	0.29	0.51
TOTAL	**14.69**	**15.91**

27. REVENUE FROM OPERATIONS:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Sale of Products & Service	8,894.11	7,904.12
Other Operating Revenues	124.33	140.00
Gross Revenue from Operations	9,018.43	8,044.11
Less: GST Collected	732.33	774.69
NET REVENUE OPERATIONS	**8,286.10**	**7,269.42**

27.1 Geographical Gross Revenue:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Local Sales	3,974.55	3,709.26
Export Sales	5,043.88	4,334.85
TOTAL	**9,018.43**	**8,044.11**

No single external customer contributed 10% or more of the Group's revenue in either the financial year 2025-26 or the financial year 2024-25. The revenue disclosed in the standalone financial statements of the Parent Company as arising from entities under common control is eliminated on consolidation and accordingly does not form part of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

27.2 Other Operating Revenues:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Fertilisers Subsidy Received	68.18	39.46
Export Benefits/Incentives	16.12	15.84
Contract Shortfall Fees	24.05	72.18
Scrap Sales	15.98	12.53
TOTAL	**124.33**	**140.00**

27.3 Reconciliation of Revenue from sale of products & services with the contracted price

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Contracted Price	8,924.90	7,936.94
Less: Trade discounts, volume rebates etc.	(30.79)	(32.83)
TOTAL	**8,894.11**	**7,904.12**

28. OTHER INCOME:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Profit on Sale of Assets/Investment	-	0.27
Interest Income	3.83	14.95
Other Income	1.04	2.30
TOTAL	**4.87**	**17.52**

29. COST OF MATERIALS CONSUMED:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Consumption of Raw Materials	4,816.25	3,946.99
Consumption of Packing Materials	47.62	50.64
Consumption of Fuel	307.09	310.44
Consumption of Stores & Spares	85.53	73.29
TOTAL	**5,256.50**	**4,381.36**

30. CHANGES IN INVENTORY:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Opening Stock		
Finished Goods	0.13	402.44
Stock in Trade	413.36	9.02
Work-in-Progress	253.87	303.90
TOTAL (A)	**667.36**	**715.36**
Closing Stock		
Finished Goods	599.04	340.74
Stock in Trade	342.92	66.72
Work-in-Progress	233.19	253.87
TOTAL (B)	**1,175.15**	**661.33**
TOTAL (A-B)	**(507.80)**	**54.03**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

31. EMPLOYEE BENEFITS:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Salaries Wages & Bonus	343.54	388.16
Share Based Payment Expenses	9.58	7.09
Contribution to PF and other Funds	39.10	27.37
Workmen & Staff Welfare Expenses	29.93	24.48
TOTAL	**422.14**	**447.11**

32. FINANCE COST:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Interest Expenses	253.91	231.37
Exchange difference on borrowing costs	64.32	23.23
Interest on Lease Liabilities	4.29	4.93
Other borrowing Costs (includes bank charges, etc.)	17.41	15.91
TOTAL	**339.93**	**275.44**

33. FOREIGN EXCHANGE GAIN/LOSS:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Forex Revaluation Gain/(Loss) on Export	(56.28)	13.66
Forex Revaluation Gain/(Loss) on Import	40.01	(10.31)
TOTAL	**(16.27)**	**3.35**

34. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Manufacturing Expenses:		
Freight, Cartage & Transport	167.82	137.53
Power	160.42	156.86
Water Charges	20.88	18.75
Processing Charges	49.41	45.03
Other Manufacturing Expenses	163.29	161.65
Repairs & Maintenance	112.63	108.65
Insurance Charges	6.52	13.03
Research & Development Expenses	29.99	5.04
Factory Administrative Expenses	68.08	49.01
TOTAL (A)	**779.03**	**695.52**
Office Administrative Expenses:		
Rent, Rates and Taxes	0.97	4.31
Travelling and Conveyance	6.15	6.34
Auditor's Remuneration	0.59	0.51
Legal & Professional Charges	27.66	21.04
Other Administrative Expenses	23.37	25.39
TOTAL (B)	**58.74**	**57.60**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	4.33	4.75
Export Freight Expenses	227.83	192.73
Freight and Forwarding Expenses	236.33	170.43
Commission	14.54	6.35
Export Insurance Charges	7.15	5.02
Sample Testing & Analysis Charges	2.97	2.24
Lease Rent Paid	0.43	0.33
Bad debts/Sundry Balance Written Off/(Back)	21.54	11.30
TOTAL (C)	**515.11**	**393.15**
Non-Operating Expenses:		
Donations/CSR Expenses*	10.04	20.48
Loss on Sale of Assets/Investment	0.64	0.00
TOTAL (D)	**10.68**	**20.48**
TOTAL (A+B+C+D)	**1,363.56**	**1,166.74**

*Donations includes political contributions of ₹ NIL (Previous Year ₹ 4.50 Crs) made by the Company.

34.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Audit Fees	0.52	0.46
Certification Charges	0.05	0.04
Out of Pocket Expenses	0.02	0.01
TOTAL	**0.59**	**0.51**

35. EXCEPTIONAL ITEMS:

a) During the year the Company has received orders granting relief on historic income tax appeals for a several years viz AY 2010-11 to A.Y. 2016-17 & 2019-20 As a result, an interest income of 28.5 Crs has accrued in favour of the Company. Further the tax relief in respect of these prior periods, net of MAT adjustment, of ₹ 2.98 Crs has also been provided under the head of "Tax expenses".

b) The Company had earlier, advanced ₹ 6.67 Crs to an Infrastructure NBFC entity/developer as an advance payment for purchase of industrial land parcel in the state of Gujarat for its future growth requirements. Since the said NBFC having run into financial stress and also that the land parcels are stuck under dispute, the Company, on a conservative basis, has taken a provision for this advance paid. The same not being a regular business related transaction, is being treated as an exceptional item.

c) The Government of India has consolidated existing labour legislations into a unified framework comprising four labour codes (the new labour codes) on November 21, 2025. Accordingly, the Company has assessed the impact of these changes and, based on certain estimates and an actuarial valuation, has made an incremental provision of ₹ 15.37 Crs under statutory impact of new labour codes in exceptional items head considering information available. The Company continues to monitor the finalisation of the Central and State rules and clarifications issued by the Government on the new Labour Codes and will recognise the impact of changes in the estimates in subsequent period, as deemed appropriate.

36. EARNING PER SHARE (EPS):

Particulars		For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Net Profit after Tax	(₹ in Crs)	419.06	330.87
Profit attributable to Minority Interest	(₹ in Crs)	-	-
Share of Profit/(Loss) of Associates	(₹ in Crs)	0.04	-
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs)	419.09	330.87
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,69,109	36,25,30,858

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

Particulars		For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Basic Earnings Per Share Value (in INR)	(₹)	11.56	9.13
Net Profit available for Equity Shareholders	(₹ in Crs)	419.06	330.87
Weighted Average Number of Equity Shares in calculating Basic EPS	(Nos.)	36,25,69,109	36,25,30,858
Add: Effect of Performance Stock Option Plan (PSOP 2022)	(Nos.)	1,73,755	2,48,114
Weighted Average Number of Equity Shares in calculating Diluted EPS	(Nos.)	36,27,42,864	36,27,78,972
Diluted Earnings Per Share Value (in INR)	(₹)	11.55	9.12
Nominal Value of Equity Share	(₹)	5.00	5.00

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

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

37. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts (refer note a to c)	109.83	85.61
(b) Letters of Credit Bank Guarantees & Bills Discounted	493.20	235.00
	603.03	**320.61**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	225.35	384.15
	225.35	**384.15**
TOTAL	**828.38**	**704.76**

a) Demands and assessment orders amounting to ₹ 52.20 Crs issued by the Income Tax Department regarding disallowances of expenses/transfer pricing adjustments/specific additions are actively being contested by the Holding Company. The disputes are currently pending at various levels of appellate & redressal forums and no provision is deemed necessary as the Group expects a favorable outcome.

b) The Holding Company has unresolved legacy litigations under Central Excise, Customs, and Service Tax legislations concerning valuation disputes, CENVAT credit, and service classifications involving a total amount of ₹ 38.31 Crs. These matters are under review at various judicial levels, including CESTAT and higher courts, and are considered contingent in nature with low probability of outflow. The Holding Company faces contingent liabilities totaling ₹ 0.26 Crs arising from legacy Sales Tax and VAT assessments, predominantly concerning non-submission of statutory forms and local tax rate disputes. Appeals against these assessment orders have been filed before the relevant state appellate authorities and are awaiting final adjudication.

c) The Holding Company is currently contesting various show-cause notices and demand orders relating to GST compliance, input tax credit (ITC) eligibility and classification issues across Maharashtra & Gujarat. These matters are currently pending before various appellate authorities and high courts, involving an aggregate contingent tax exposure of ₹ 19.06 Crs; the management expects no material impact on the financial position based on legal merit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

38. SEGMENT REPORTING

The Group has only one reporting segment as per Ind AS 108 "Segment Reporting"

Additional Information about Group's Geographical Segment

(₹ in Crs)

Particulars	FY 2025-26		FY 2024-25	
	Within India	Outside India	Within India	Outside India
Operating Revenue	3,974.55	5,043.88	3,709.26	4,334.85
Non-Current Assets (excluding Financial Assets, Deferred Tax Assets & Income Tax Assets	8,665.57	0.12	7,952.91	0.18

39 (A) RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

I	**Following are the Joint Ventures of the Company**	
1.	Augene Chemical Private Limited (w.e.f. May 23, 2024)	
2.	Re-Aarti Private Limited (Joint Venture - Through its holding Company - Aarti Circularity Limited) (w.e.f February 27, 2025)	
II	**Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence**	
1.	Alchemie Speciality Chemicals Private Limited	
2.	Alchemie Finechem Private Limited	
3.	Alchemie Gases & Chemicals Private Limited	
4.	Alchemie Dye Chem Private Limited	
5.	Aarti Drugs Limited	
6.	Aarti Pharmalabs Limited	
7.	Aarti Surfactants Limited	
8.	Aarti USA Inc.	
9.	Ganesh Polychem Limited	
10.	Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	
11.	Valiant Laboratories Limited	
12.	Valiant Organics Limited	
13.	Kalpesh Roadlines Limited (w.e.f. April 1, 2025)	
14.	Alimpex	
15.	Aarti Foundation	
16.	Dhanvallabh Welfare Foundation	
17.	Dhanvallabh Charitable Trust	
III	**Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Group or have significant influence or are Key Management Personnel including non-executive directors**	
1.	Shri Rajendra V. Gogri	Executive Director
2.	Shri Rashesh C. Gogri	Executive Director
3.	Shri Renil R. Gogri	Executive Director
4.	Shri Suyog K. Kotecha (w.e.f. June 17, 2024)	Executive Director
5.	Shri Manoj M. Chheda	Executive Director
6.	Shri Ajay Kumar Gupta	Executive Director
7.	Shri Parimal H. Desai (upto August 2, 2024)	Executive Director
8.	Smt. Hetal Gogri Gala	Non-executive Director
9.	Shri Lalitkumar S. Naik	Non-executive Director
10.	Prof. Aniruddha B. Pandit	Non-executive Director
11.	Shri Shekhar S. Khanolkar	Non-executive Director
12.	Shri Belur Krishna Murthy Sethuram (w.e.f. June 1, 2024)	Non-executive Director
13.	Shri Nikhil Jaysinh Bhatia (w.e.f. September 15, 2024)	Non-executive Director
14.	Shri Ashok Kumar Barat (w.e.f. September 15, 2024)	Non-executive Director
15.	Smt. Rupa Devi Singh (w.e.f. September 15, 2024)	Non-executive Director
16.	Shri P. A. Sethi (upto September 23, 2024)	Non-executive Director
17.	Shri KVS Shyamsunder (upto September 23, 2024)	Non-executive Director
18.	Shri Bhavesh R. Vora (upto September 23, 2024)	Non-executive Director
19.	Smt. Natasha K. Treasurywala (upto October 14, 2024)	Non-executive Director
20.	Shri Chetan Gandhi	Chief Financial Officer
21.	Shri Raj Sarraf	Company Secretary
22.	Shri Chandrakant V. Gogri	Relatives of Director
23.	Smt. Jaya C. Gogri	Relatives of Director
24.	Smt. Arti R. Gogri	Relatives of Director
25.	Smt. Manisha R. Gogri	Relatives of Director
26.	Shri Mirik R. Gogri	Relatives of Director
27.	Smt. Pooja R. Gogri	Relatives of Director
IV	**Following are the Post Employment benefit trusts held in the name of Holding Company**	
	Gratuity Fund Trust with Life Insurance Corporation of India	

39 (B) The following transactions were carried out during the year with the related parties in the ordinary course of business

(a) Details relating to parties referred to in items I above.

(₹ in Crs)

Name of Related Party	Nature of Transactions	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Augene Chemical Private Limited	Equity Contribution	14.00	23.45
	Reimbursement of Expenses	2.33	2.09
	Investment in Optionally Convertible Debentures (OCD)	50.00	-
	Interest Income - OCD	0.88	-
	Interest Income	0.02	-

(₹ in Crs)

Name of Related Party	Net closing balances	As at March 31, 2026	As at March 31, 2025
Augene Chemical Private Limited	Loans and advances	3.00	-
	Optionally Convertible Debentures	50.88	-

(b) Details relating to parties referred to in items II and IV above.

(₹ in Crs)

Name of Related Party	Nature of Transactions	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Alchemie Gases & Chemicals Private Limited	Purchase of Goods & Services	-	0.00
Alchemie Speciality Chemical Private Limited	Purchase of Goods & Services	10.19	17.70
	Reimbursement of Exp	0.04	0.04
	Sales & Other Sales Income	2.24	5.43
Alchemie Finechem Private Limited	Purchase of Goods & Services	76.65	16.48
	Reimbursement of Exp	0.55	0.12
	Sales & Other Sales Income	17.97	13.74

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FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Name of Related Party	Nature of Transactions	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Aarti Drugs Limited	Sales & Other Sales Income	22.32	15.12
	Purchase of Goods & Services	0.07	-
	Reimbursement of Exp	0.75	0.76
Valiant Organics Limited	Purchase of Goods & Services	140.52	114.89
	Purchase of Assets	-	0.58
	Sales & Other Sales Income	272.97	295.89
	Interest Income	-	8.20
Aarti Surfactants Limited	Reimbursement of Exp	0.12	0.14
Aarti Pharmalabs Limited	Purchase of Goods & Services	41.67	94.74
	Purchase of Assets	-	1.47
	Sales & Other Sales Income	38.07	23.30
	Reimbursement of Exp	1.11	0.52
Ganesh Polychem Ltd	Purchase of Goods & Services	25.66	15.94
	Sales & Other Sales Income	47.88	53.99
	Reimbursement of Exp	0.22	0.10
AARTI USA INC	Sales & Other Sales Income	0.00	140.70
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Purchase of Assets	7.83	3.72
Kalpesh Roadlines Limited	Purchase of Services	169.76	NA
Alimpex	Purchase of Services	0.31	-
Aarti Foundation	CSR Expenses	10.15	0.00
Dhanvallabh Welfare Foundation	CSR Expenses	1.25	2.15
Dhanvallabh Charitable Trust	CSR Expenses	0.65	0.70
Gratuity Fund Trust with Life Insurance Corporation of India	Contribution paid	8.11	18.88

(₹ in Crs)

Name of related party	Net Closing Balances	As at March 31, 2026	As at March 31, 2025
Alchemie Speciality Chemical Private Limited	Trade Receivable	6.90	8.34
	Trade Payable	10.04	11.99
Alchemie Finechem Private Limited	Trade Receivable	4.34	5.25
	Trade Payable	2.75	-
Aarti Drugs Limited	Trade Receivable	7.07	6.35
	Trade Payable	0.07	0.00
Valiant Organics Limited	Trade Receivable	105.56	128.60
	Trade Payable	25.28	9.55
Aarti Surfactants Limited	Trade Receivable	0.00	0.02
Aarti Pharmalabs Limited	Trade Receivable	10.76	1.45
	Trade Payable	9.05	0.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Name of related party	Net Closing Balances	As at March 31, 2026	As at March 31, 2025
Ganesh Polychem Limited	Trade Receivable	15.38	-
	Trade Payable	12.11	4.12
Aarti USA INC	Trade Receivable	5.71	20.18
	Trade Payable	-	0.23
Amulya Techline Engineers (Unit of Dilesh Roadlines Private Limited)	Capital Advance/Loans & Advance	0.00	3.19
	Trade Payable	0.87	1.20
Kalpesh Roadlines Limited	Trade Payable	7.24	NA
Alimpex	Trade Payable	0.19	-

(c) Details relating to persons referred to in item III above

(₹ in Crs)

Particulars	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Short term benefits		
Short-term employee benefits	30.26	25.31
Post- Employment benefits:	1.56	0.91
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	1.43	0.03
TOTAL	**33.25**	**26.25**

Transactions with relatives of Key Management Personnel - (Remuneration) - ₹ 0.72 Crs (previous year ₹ 0.69 Crs).

Loans and advances to Key Management Personnel outstanding as at the year-end - ₹ 0.42 Crs (previous year ₹ 0.80 Crs).

Reimbursement of expenses to Key Management Personnel for the year ₹ 1.23 Crs (previous year ₹ 0.82 Crs).

40. EMPLOYEE BENEFITS DISCLOSURES

A) Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expenses for the year is as under:

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Employer's Contribution to Provident Fund	0.64	0.66
Employer's Contribution to Superannuation Fund	0.98	0.48
Employer's Contribution to Pension Scheme	16.89	17.45

B) Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	Gratuity (funded) FY 2025-26	Gratuity (funded) FY 2024-25
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation:		
Defined Benefit Obligation at beginning of the Year	46.67	39.26
Current Service Cost	6.45	5.38
Past Service Cost	19.56	0.00
Interest Cost	3.64	2.83
Actuarial(Gain)/Loss	(8.29)	4.14
Benefits Paid	(3.86)	(4.96)
Defined Benefit Obligation at year end	64.17	46.67
b. Reconciliation of opening and closing balances fair value of plan assets:		
Fair value of plan assets at beginning of the year	43.76	27.18
Interest Income on plan assets	3.19	1.96
Assets Transferred Out/Divestments	0.00	0.00
Return on Plan Assets, Excluding Interest Income	0.30	0.95
Employer Contribution	7.85	18.61
Benefits Paid	(3.86)	(4.96)
Fair value of plan assets at year end	51.24	43.76
Actual return on plan assets	3.49	2.91
c. Reconciliation of Fair Value of Assets and Obligations:		
Fair Value of Plan Assets	51.24	43.76
Present Value of Benefit Obligation	64.17	46.67
Amount Recognised in Balance Sheet	12.93	2.91
d. Expenses recognised during the year:		
Current Service Cost	6.45	5.38
Past Service Cost	19.56	0.00
Net Interest (Interest Cost less Interest Income on Plan Assets)	0.45	0.87
Net Cost	26.46	6.25
e. Investment Details:		
L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f. Actuarial assumptions:		
Mortality Table (L.I.C.)	2012-14 (Ultimate)	2012-14 (Ultimate)
Discount rate (per annum)	7.73%	6.71%
Rate of escalation in Salary (per annum)	5.00%	5.00%
Rate of Employee Turnover	3%	10.00%
Retirement Age	60 Years	60 Years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

C) Sensitivity Analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The result of Sensitivity analysis is given below:

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Delta Effect of +1% Change in Rate of Discounting	(4.86)	(2.47)
Delta Effect of -1% Change in Rate of Discounting	5.69	2.78
Delta Effect of +1% Change in Rate of Salary Increase	5.79	2.64
Delta Effect of -1% Change in Rate of Salary Increase	(5.02)	(2.41)
Delta Effect of +1% Change in Rate of Employee Turnover	1.25	0.19
Delta Effect of -1% Change in Rate of Employee Turnover	(1.44)	(0.23)

D) Maturity Analysis of the Benefit Payments

Projected Benefits Payable in Future Years From the Date of Reporting

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
1st Following Year	8.46	5.75
2nd Following Year	3.66	5.08
3rd Following Year	5.91	5.42
4th Following Year	5.57	5.85
5th Following Year	4.14	5.30
Sum of Years 6 To 10	28.48	19.71
Sum of Years 11 and above	96.07	27.81

Note:

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

Leave Encashment:

Leave Encashment liability amounting to ₹ 15.11 Crs (previous year ₹ 17.90 Crs) has been provided in the Books of Accounts.

E) 1. Description of Share-based Payment Arrangements

1.1 Performance Stock Option Plan (PSOP) Overview

The Holding Company has established an Performance Stock Option Plan (PSOP) 2022 to attract, retain and motivate key employees. The plan is administered by the Nomination and Remuneration Committee of the Board of Directors During the year, the Holding Company has granted stock options to eligible employees under Performance Stock Option Plan (PSOP). Each option entitles the holder to purchase one equity share of the Holding Company at the exercise price determined at the date of grant.

PSOP-2022

Financial Year (Grant Year)	Number of Options Outstanding		Financial Year of vesting	Exercise Price	Range of Fair Value at Grant Date
	As at March 31, 2026	As at March 31, 2025			
FY 2023-24	28,193	54,280	FY 2024-25-FY 2026-27	5	529-535
FY 2024-25	1,41,608	1,96,400	FY 2025-26-FY 2027-28	5	450-675
FY 2025-26	2,15,535	0	FY 2026-27-FY 2028-29	5	427-672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

1.2 Key Terms and Conditions of Share-based Payment Arrangements

Particulars	FY 2025-26	FY 2024-25	FY 2023-24
Date of grant	May 07, 2025	May 22, 2024, June 17, 2024 & February 01, 2025	June 05, 2023
Number of options granted	2,16,475	2,00,600	79,952
Exercise price	₹ 5	₹ 5	₹ 5
Vesting period	3 years with 33.33% vesting at the end of each year from the date of grant	3 years with 33.33% vesting at the end of each year from the date of grant	3 years with 33.33% vesting at the end of each year from the date of grant
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Vesting conditions	Performance Based	Performance Based	Performance Based
Method of Settlement	Equity- Settled	Equity- Settled	Equity- Settled

2. Measurement of Fair Value

2.1 Fair Value of Options Granted During the Year

The fair value of options granted has been measured using the Black-Scholes model. The weighted-average fair value of the options granted during the year is ₹427.74 per option. The Inputs to the model, by vesting tranche, are:

2.2 Key Inputs and Assumptions Used in Fair Value Measurement*

Assumption	Value	
	FY 2025-26	FY 2024-25
Expected volatility	35.31%	33.75%
Expected life	3.5 years	3.5 years
Expected dividends	0.23%	0.01%
Risk-free interest rate	5.95%	6.88%
Weighted average share price	427.74	652.52
Model used	Black-Scholes	Black-Scholes

2.3 Fair Valuation on the Grant Dates*

Particulars		FY 2025-26	FY 2024-25	
i)	Weighted Average Exercise price	5	5	5
ii)	Grant Date	07.05.2025	06.05.2023	22.05.2024
iii)	Vesting Year	2026-27 to 2028-29	FY 2024-25 to 2026-27	FY 2025-26 to 2027-28
iv)	Share Price at Grant Date	435.3	544.5	630.2
v)	Expected Price Volatility of Company's Share	35.07%-35.48%	32.28%-34.58%	32.86%-35.1%
vi)	Expected Dividend Yield	0.23	0.46	0
vi)	Risk Free Interest Rate	5.90%-6.00%	6.78%-6.85%	6.91%-6.93%

*The expected volatility reflects the assumption that the historical volatility over a period like the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

3. Reconciliation of Outstanding Share Options

3.1 Movement of Stock Options During the Year

Particulars	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,50,680	5.00
Granted during the year	2,16,475	5.00
Forfeited/lapsed during the year	7,360	5.00
Exercised during the year	74,459	5.00
Outstanding at the end of the year	3,85,336	5.00
Exercisable at the end of the year	8,398	5.00

4. Effect of Share-based Payment Transactions on the Entity's Profit or Loss and Financial Position

4.1 Expense Recognised in Statement of Profit and Loss

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Employee stock option expense recognized	9.58	7.09
Total expense recognized in 'Employee Benefits Expense'	422.14	447.11

F) The Group has other long-term employee benefits in the nature of compensated absences. Provision for compensated absences are determined on an actuarial basis at the end of the year and charged to Statement of Profit and Loss. The cost of providing these benefits is determined using the projected unit credit method.

41. ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013 OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY/ASSOCIATES:

Name of Enterprise	Net Assets (i.e. Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated net assets	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)
Parent								
Aarti Industries Limited	100.28%	5,972.00	100.78%	422.31	98.74%	(41.80)	101.00%	380.51
Subsidiaries								
Alchemie (Europe) Limited	(0.11%)	(6.52)	(0.07%)	(0.28)	3.13%	(1.33)	(0.43%)	(1.61)
Aarti Corporate Services Limited	0.08%	4.52	(0.12%)	(0.50)	0.60%	(0.26)	(0.20%)	(0.76)
Innovative Envirocare Jhagadia Limited	-	0.15	0.00%	(0.01)	-	-	(0.00%)	(0.01)
Shanti Intermediates Private Limited	(0.02%)	(1.48)	(0.12%)	(0.50)	0.60%	(0.26)	(0.20%)	(0.76)
Aarti Polychem Private Limited	0.00%	(0.02)	-	(0.01)	-	-	(0.00%)	(0.01)
Aarti Bharuch Limited	(0.17%)	(10.17)	0.09%	0.38	-	-	0.10%	0.38
Aarti Circularity Limited (formerly known as Aarti Spechem Limited)	0.17%	10.34	0.09%	0.38	-	-	0.10%	0.38
Aarti Chemical Trading FZCO	0.16%	9.76	2.00%	8.40	(1.16%)	0.49	2.36%	8.89
Aarti Chemical Trading USA	0.14%	8.24	1.16%	4.85	(1.33%)	0.56	1.44%	5.41
Non Controlling Interest in all Subsidiaries	0.00%	0.10	-	-	-	-	-	-
Joint Ventures								
Augene Chemical Private Limited	-	-	0.04%	0.16	-	-	0.04%	0.16
Re-Aarti Private Limited	-	-	0.01%	0.04	-	-	0.01%	0.04
Inter Company Elimination & Consolidation Adjustment	(0.53%)	(31.66)	(3.85%)	(16.15)	(0.60%)	0.26	(4.22%)	(15.90)
TOTAL	**100.00%**	**5,955.27**	**100.00%**	**419.06**	**100.00%**	**(42.34)**	**100.00%**	**376.72**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

42. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Crs)

Particulars	As at March 31, 2026				As at March 31, 2025			
	Carrying Amount	Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost:								
Investments	117.05	-	-	-	31.79	-	-	-
Loans and Advances (Non-current)	10.45	-	-	-	0.06	-	-	-
Trade Receivables	1,402.90	-	-	-	786.06	-	-	-
Cash and Cash Equivalents	582.73	-	-	-	199.39	-	-	-
Other Bank Balances	25.74	-	-	-	95.58	-	-	-
Loans and Advances (Current)	4.82	-	-	-	6.27	-	-	-
Other Financial Assets	22.99	-	-	-	14.86	-	-	-
Derivative Financial Asset	34.95	-	34.95	-	1.46	-	1.46	-
At FVTOCI:								
Investments	15.29	2.11	-	13.18	15.84	2.66		13.18
Financial Liabilities								
At Amortised Cost:								
Borrowings	4,868.71	-	-	-	3,789.55	-	-	-
Hedging Instruments	52.30	-	52.30	-	-	-	-	-
Lease Liabilities	45.33	-	-	-	58.24	-	-	-
Trade Payables	1,840.63	-	-	-	1,237.49	-	-	-
Other Current Financial Liabilities	370.01	-	-	-	202.51	-	-	-

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

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

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

Level 3: Inputs based on unobservable market data

Valuation Methodology

All the financial instruments are initially recognized and subsequently re-measured at fair value as described below:-

a) The fair value of investments in unquoted equity shares of other companies at cost is measured at book value.

b) The fair value of currency swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

c) The fair value of derivative component of investments at FVTPL is measured using the Black Scholes valuation model.

d) The fair value of investments in unquoted equity shares of other companies at FVTOCI is measured through equity method.

e) The fair value of other financial assets and liabilities are measured at book value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

43. SUPPLIER FINANCING AGREEMENT:

The Group participates in a supply chain financing arrangement which is disclosed under trade payables & Other Financial Liabilities enabling suppliers to take early payment by selling their receivables from the Group. The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained nor the original liability and the payment terms are modified on entering into the arrangement. The Group therefore discloses such amounts within trade payables & other financial liabilities because the nature and function of the financial liability remains same.

(₹ In Crs)

		As at 31st March, 2026	As at 31st March, 2025
1	**Carrying amount of financial liabilities that are part of the supplier finance arrangement:**		
	Presented in Trade and Other Payables	190.50	148.62
	Presented in Other Financial Liabilities	55.09	58.01
	Total	245.59	206.63
	the entire amount of the above in respect of which suppliers have received payment from the finance provider	245.59	206.63
2	Range of payment due dates		
	Liabilities that are part of the arrangement	upto 90 Days from Invoice Date	upto 90 Days from Invoice Date
	Comparable Liabilities that are not part of the arrangements*	1-1095 Days from Invoice Date	1-1095 Days from Invoice Date

* The range of due dates reflects retention terms applicable to certain contracts.

44. DERIVATIVES & FORWARD CONTRACT INSTRUMENTS:

(A) The Group classifies its foreign exchange forward and currency options contracts that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the consolidated statement of profit and loss in the periods when the hedged item affects consolidated statement of profit and loss, in the same line as the recognised hedged item.

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

During the year the Group hedged an aggregate amount of ₹ 1,536.24 Crs (previous year ₹ 591.15 Crs) out of its annual trade related operations (exports and imports) aggregating to ₹ 7,960. 88 Crs (previous year ₹ 6,813.12 Crs).

The Group had hedged its currency risks to the tune of ₹ 410.52 Crs (previous year ₹ 31.42 Crs), in respect of its long term Foreign Currency Loans/Borrowings. The Company has NIL (previous year ₹ 367.52 Crs) swap in respect of its floating interest rate borrowing into a fixed rate loan through an interest rate swap.

(C) Net foreign exchange gain arriving out of export and import activities of the Group of ₹ 39.17 Crs (previous year loss of ₹ 5.58 Crs) is included in Profit & Loss Account.

45. FINANCIAL RISK MANAGEMENT:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

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

I. Credit Risk

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

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

The Group has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Group Guarantees, advance payments and factoring & forfaiting without recourse to AIL. Investment in Optionally Convertible Debentures (OCDs) of the joint venture is excluded from the traditional credit risk assessment model. Management views this as equity-like strategic funding. Given the operational control and implied financial support from the investor, no impairment or expected credit loss provision is deemed necessary.

Credit risk management

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

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

II. Liquidity risk

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

(a) Liquidity risk management

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

As at March 31, 2026

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	1,840.63	-	-	1,840.63
Other financial liabilities	3,114.64	1,426.12	795.58	5,336.34
TOTAL	**4,955.27**	**1,426.12**	**795.58**	**7,176.97**

As at March 31, 2025

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	1,237.48	-	-	1,237.48
Other financial liabilities	2,135.75	1,254.32	660.23	4,050.29
TOTAL	**3,373.22**	**1,254.32**	**660.23**	**5,287.77**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

III. Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

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

Hence, to combat the foreign currency exposure, the Group follows a policy wherein the net sales are hedged by forward Contract.

(₹ inCrs)

Particulars	Foreign Currency Exposure		Foreign Currency Exposure		Foreign Currency Exposure	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
	USD	USD	CNY	CNY	AED	AED
Borrowings	(1,845.42)	(1,626.68)	-	-	-	-
Trade and Other Payables	(626.81)	(467.70)	(189.03)	3.70	-	-
Trade and Other Receivables	1,290.83	958.96	35.29	19.66	42.50	3.25
Foreign Currency hedged	410.52	31.42	-	-	-	-
Forward Contracts	(606.91)	(250.73)	-	-	-	-
Net Exposure to foreign currency risk	**(1,377.79)**	**(1,354.73)**	**(153.74)**	**23.37**	**42.50**	**3.25**

Sensitivity analysis of 1% change in exchange rate at the end of Reporting period

(₹ inCrs)

Particulars	Foreign Currency Sensitivity		Foreign Currency Sensitivity		Foreign Currency Sensitivity	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
	USD	USD	CNY	CNY	AED	AED
1% Depreciation in INR						
Impact on Equity (OCI Component)	(6.07)	(2.74)	-	-	-	-
Impact on P&L	(7.71)	(10.81)	(1.54)	0.23	0.43	0.03
Total	**(13.78)**	**(13.55)**	**(1.54)**	**0.23**	**0.43**	**0.03**
1% Appreciation in INR						
Impact on Equity (OCI Component)	6.07	2.74	-	-	-	-
Impact on P&L	7.71	10.81	1.54	(0.23)	(0.43)	(0.03)
Total	**13.78**	**13.55**	**1.54**	**(0.23)**	**(0.43)**	**(0.03)**

The Group uses forward exchange contracts to hedge the foreign exchange risk arising from its future commercial transactions and existing recognised assets and liabilities. The Group adopts a policy to hedge the risk of changes in foreign exchange rates associated with highly probable forecast transactions and takes adequate forward hedges in line with its policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Contract Type	Currency	Notional Amount	Maturity	Fair Value
Forward Contracts	USD	162 mn	within 3 years	1536.25 Crs
Hedge of Foreign Currency Loan	USD	43.29 Mn	within 3 years	410.52 Crs

The effect of hedge accounting on the Group's balance sheet and performance including the outline timing and profile of the hedging instruments:

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying amount	INR 1536.25 Crs	INR 591.15 Crs
Line item affected in Balance Sheet	Other Current Financial Liabilities	Other Current Financial Liabilities
Notional amount	USD 162 mn	USD 69.16 mn
Hedge ratio	1:1	1:1
Maturity date	Within 3 years	Within 3 years
Average forward contract rate	92.5	87.93
Amounts in cash flow hedge reserve((Gain)/loss)	INR 52.29 Crs	INR (2.04) Crs

Derivatives not designated in a hedge relationship

The following derivative is not designated in a hedging relationship and is measured at fair value through profit or loss under Ind AS 109. Its fair value and the related gain/(loss) are disclosed below

(₹ In Crs)

Not designated in a hedge	Nominal Value	Fair Value (MTM)	Level	Gain/(loss) in P&L
Currency Swap on FC Borrowing	371.45	410.52	Level 2	39.07

b) 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 Group's exposure to the risk of changes in market interest rates relates primarily to long-term debt obligations with floating interest rates.

(₹ in Crs)

Borrowings	As at March 31, 2026	As at March 31, 2025
Non-Current - Floating	2,187.72	2,107.73
Non-Current - Fixed	-	(18.75)
Current	2,733.28	1,680.42
TOTAL	**4,921.01**	**3,769.40**

Interest Rate Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant. The Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Crs)

Basis Points	FY 2025-26	FY 2024-25
50	(24.61)	(18.85)
(50)	24.61	18.85

c) Commodity Price Risk

The Group has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Group's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy the Group enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures Options and Swap contracts to hedge its commodity and freight exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

46. CAPITAL MANAGEMENT:

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

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

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Gross Debts	4,921.01	3,789.55
Less: Cash and Marketable Securities	610.58	297.63
Net Debt (A)	**4,310.43**	**3,491.93**
Total Equity (B)	5,955.27	5,605.22
Net Gearing ratio (A/B)	**0.72**	**0.62**

47. INVESTMENTS IN JOINT VENTURES

A.1 Accounting Policy for Joint Ventures

The Group has interests in the following joint venture, which is accounted for using the equity method in these financial statements. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Distributions received from the investee reduce the carrying amount of the investment. The Group has 50% voting rights in the joint venture.

A.2 Information about Joint Ventures

Joint Venture Details

Particulars	Augene Chemical Private Limited
Principal place of business	801:801/23, GIDC Estate Phase III, Vapi 396 195, Gujarat
Country of incorporation	India
Proportion of ownership interest/voting rights	50%
Nature of relationship	Manufacturing of Chemicals and Chemical Product
Measurement method	Equity method

Summarised Financial Information

The table below provides summarised financial information for Augene Chemical Private Limited. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance Sheet		
Current assets	56.27	2.59
- Cash and cash equivalents	0.61	2.17
Non-current assets	150.28	43.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Current liabilities	30.75	0
- Current financial liabilities (excluding trade payables and provisions)	30.74	NIL
Non-current liabilities	101.84	NIL
- Non-current financial liabilities (excluding trade payables and provisions)	101.84	NIL
Net assets	73.96	46.39

(₹ in Crs)

Statement of Profit and Loss	Year ended March 31, 2026	Year ended March 31, 2025
Revenue	NIL	NIL
Profit/(loss) from continuing operations	(0.31)	(0.12)
Post-tax profit/(loss) from discontinued operations	NIL	NIL
Other comprehensive income	NIL	NIL
Total comprehensive income	(0.31)	(0.12)
Depreciation and amortisation	0.00	NIL
Interest income	NIL	NIL
Interest expense	1.86	NIL
Income tax expense/(credit)	NIL	NIL

Reconciliation to Carrying Amounts

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Opening net assets	46.39	0.05
Profit/(loss) for the year	(0.31)	(0.12)
Other comprehensive income	NIL	NIL
Dividends paid	NIL	NIL
Other adjustments	27.88	46.46
Closing net assets	73.96	46.39
Company's share in %	50%	50%
Company's share in ₹	36.98	23.20
Goodwill	NIL	NIL
Other adjustments	NIL	NIL
Carrying amount	36.98	23.20

Share of Profit/(Loss) and Other Comprehensive Income

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Share of profit/(loss)	(0.16)	(0.06)
Share of other comprehensive income	NIL	NIL
Share of total comprehensive income	(0.16)	(0.06)
Dividends received	NIL	NIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

Commitments and Contingent Liabilities

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital commitments in relation to interests in joint ventures	10.50	55.98
Contingent liabilities incurred relating to interests in joint ventures	NIL	25.89
Share of contingent liabilities incurred jointly with other investors	NIL	NIL
Contingent liabilities arising because the entity is severally liable for the liabilities of the joint venture	NIL	NIL

As on date of Conversion, All the Assets & Liabilities of the subsidiary has been derecognised while Group has not received any consideration from the transaction, only control has been lost since subsidiary has not started its business operations on the conversion date there is no material change which needs to be disclosed in financial statements.

A.3 Accounting Policy for Joint Ventures

The Group has interests in the following joint venture, which is accounted for using the equity method in these financial statements. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Distributions received from the investee reduce the carrying amount of the investment. The Group has 49% voting rights in the joint venture.

A.4 Information about Joint Ventures

Joint Venture Details

Particulars	Re-Aarti Private Limited
Principal place of business	Level 11B, Aurobindo Galaxy, Hitech City Road, Cyberabad, Hyderabad, Shaikpet, Telangana, India, 500081
Country of incorporation	India
Proportion of ownership interest/voting rights	49%
Nature of relationship	Collection of non-hazardous waste/Environmental services
Measurement method	Equity method

Summarised Financial Information

The table below provides summarised financial information for Re-Aarti Private Limited. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance Sheet		
Current assets	4.57	2.59
- Cash and cash equivalents	2.80	2.17
Non-current assets	14.57	43.8
Current liabilities	0.13	NIL
- Current financial liabilities (excluding trade payables and provisions)	0.13	NIL
Non-current liabilities	15.47	NIL
- Non-current financial liabilities (excluding trade payables and provisions)	15.47	NIL
Net assets	3.55	46.39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(₹ in Crs)

Statement of Profit and Loss	Year ended March 31, 2026	Year ended March 31, 2025
Revenue	NIL	NIL
Profit/(loss) from continuing operations	0.07	(0.12)
Post-tax profit/(loss) from discontinued operations	NIL	NIL
Other comprehensive income	NIL	NIL
Total comprehensive income	0.07	(0.12)
Depreciation and amortisation	0.00	NIL
Interest income	NIL	NIL
Interest expense	0.06	NIL
Income tax expense/(credit)	NIL	NIL

Reconciliation to Carrying Amounts

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Opening net assets	0.01	0.00
Profit/(loss) for the year	0.07	0.00
Other comprehensive income	NIL	NIL
Dividends paid	NIL	NIL
Other adjustments	19.06	0.01
Closing net assets	19.15	0.01
Company's share in %	49%	49%
Company's share in ₹	0.00	0.00
Goodwill	NIL	NIL
Other adjustments	NIL	NIL
Carrying amount	0.04	0.01

Share of Profit/(Loss) and Other Comprehensive Income

(₹ in Crs)

Particulars	FY 2025-26	FY 2024-25
Share of profit/(loss)	0.04	NIL
Share of other comprehensive income	NIL	NIL
Share of total comprehensive income	0.04	NIL
Dividends received	NIL	NIL

Commitments and Contingent Liabilities

(₹ in Crs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital commitments in relation to interests in joint ventures	14.57	NIL
Contingent liabilities incurred relating to interests in joint ventures	NIL	NIL
Share of contingent liabilities incurred jointly with other investors	NIL	NIL
Contingent liabilities arising because the entity is severally liable for the liabilities of the joint venture	NIL	NIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

48. RATIO ANALYSIS:

(₹ in Crs)

Particulars	Numerator	Denominator	As at March 31, 2026	As at March 31, 2025	% Variance
Current Ratio	Total Current Assets	Total Current Liabilities	0.83	0.80	3.87%
Debt-Equity Ratio	Total Debt	Total Equity	0.83	0.68	21.52%
Debt Service Coverage Ratio (a)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest + Principal repayments of Long Term Borrowings	1.46	0.92	58.70%
Return on Equity Ratio	Net Profits after Taxes	Average Total Equity	7.25%	6.07%	19.47%
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	3.04	4.4	(30.98%)
Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	8.24	9.8	(15.92%)
Trade Payables Turnover Ratio	Purchase of materials and stock in trade	Average Trade Payables	3.81	4.69	(18.86%)
Net Capital Turnover Ratio (c)	Revenue from Operations	Working capital = Current assets – Current liabilities	-	-	-
Net Profit Ratio	Net Profit after Tax	Revenue from Operations	5.06%	4.10%	23.38%
Return on Capital Employed	Earnings before Interest and Taxes & Depreciation	Average Capital Employed = Total Net Worth + Net Debt	12.11%	11.64%	4.01%
Return on Investment	Profit for the year	Total Equity	7.00%	5.90%	18.64%

Notes for Ratio:

a) Debt Service Coverage Ratio increased due to lower finance cost and principal repayments of loans during the year.

b) Trade Receivable turnover ratio increased due to increase in Revenue & increase in receivables proportionate to last year

c) Net Capital Turnover Ratio is not meaningful for the company due to negative working capital arising from its business operations. Current ratio is provided as an alternative liquidity metrics.

49. OTHER DISCLOSURES

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Group do not have any transactions with companies struck off. under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

(iii) As of March 31, 2026, the perfection of security at Registrar of Companies (ROC) Gujarat is pending and under process in respect of Long Term loan facility of ₹ 1224 Crs. The said was pending for the want of completion of trusteeship arrangement, receipt of NOC from various lenders, etc. Further, the satisfaction of charges with Registrar of Companies (ROC) Gujarat is pending/under process in respect of Long Term Loan and Working Capital facilities of ₹ 722 Crs as the relevant documents related to satisfaction of the same were being finalised with the respective lenders. The necessary actions in regard to above are underway and the formalities in this regard are expected to be completed in due course. Apart from that all other charges are in order/have been duly satisfied, as may be applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (Contd.)

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) Neither the Group and nor any of its director or promotor has been declared a wilful defaulter by any bank, financial institution, or other lender during the financial year.

(ix) **Events after the reporting period**

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a Group, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

As on May 04, 2026 there were no material subsequent events to be recognised or reported that are not already disclosed.

50. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

For and on behalf of the Board

Uday Girjapure
Partner
M.No. 161776

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Suyog K. Kotecha
Chief Executive Officer and
Executive Director
DIN: 10634964

Chetan Gandhi
Chief Financial Officer
ICAI M.No. 111481

Raj Sarraf
Company Secretary
ICSI M.No. A15526

Place: Mumbai
Date: May 04, 2026

ESG DATA PACK - INDEX HIGHLIGHTING ALL THE SUSTAINABILITY PERFORMANCE NUMBERS OF AIL FOR FY 2025-26

SUSTAINABILITY PERFORMANCE DATA

Governance

Number of confirmed incidents on breach of information secuirty and action taken- (GRI 418-1)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Customer privacy and losses of customer data	Number	0	0	0	0

Number of Confirmed breaches against employees and action taken (GRI 205-3)

Types of breaches	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Corruption or Bribery	Number	0	0	0	0
Discrimination or Harassment	Number	0	0	0	0
Conflicts of Interest	Number	0	0	0	0
Money Laundering or Insider trading	Number	0	0	0	0
Anti Competitive practices	Number	0	0	0	0

Number of Confirmed breaches against suppliers/Business partners and action taken (GRI 205-3)

Types of breaches	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Corruption or Bribery	Number	0	0	0	0
Customer privacy and losses of Customer data	Number	0	0	0	0

Number of public legal cases regarding corruption brought against the organization or employees (GRI 205-3)

Types of breaches	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Corruption or Bribery	Number	0	0	0	0
Customer privacy and losses of customer data	Number	0	0	0	0

Training on Business ethics (GRI 205-2)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Employees trained on business ethic	Number	6,185	6,100	5,868	5,824
	%	100	100	100	100

Due Diligence of Trading Partners on Corruption and Information Security Criteria

Business Partners	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
No of target Trading partner	Number	-	-	9	12
No of Trading Partner assessed	Number	-	-	7	9
% of Trading partner assess against target	%	-	-	78%	75%

Audit on business ethic's internal controls

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
No of internal audits on business ethics issue	Number	28	28	28	28
% of sites covered under under business ethics audit	%	100	100	100	100

ESG DATA PACK (Contd.)

Training on information security

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Employees trained on information security	Number	6,185	6,100	5,868	5,824
	%	100	100	100	100

Country-by-country reporting (GRI 207-4)

Tax Jurisdiction	India	UK	UAE	USA
Name of Resident entities	Aarti Industries Limited Nascent Chemical Industries Limited Shanti Intermediate Private Limited Aarti Corporate Services Limited Innovative Envirocare Jhagadia Limited Aarti Polychem Private Limited Aarti Bharuch Limited Aarti Circularity Limited Augene Chemical Private Limited	Alchemie Europe	Aarti Chemical Trading-FZCO	Aarti Chem Trading USA Inc
Primary activities of the organization	Manufacturing	Trading	Trading	Trading
Number of employees and basis of calculation for this number	5,824	2	1	0
Total Employee remuneration	INR 4,219 Million	GBP 13,794.36	AED 3,410	0.00
Taxes withheld and paid on the behalf of employees	INR 88 Million	0	0	0.00
Taxes collected form customers on behalf of tax authority	INR 7,323 Million	GBP 51,169	0	0.00
Industry related and other taxes or payments to government	0.00	0	0	0.00
Significant uncertain tax positions	0	0	0	0
Revenues from third party sales	0.00	GBP 38,46,098.54	AED 39,99,22,537.68	USD 75,79,0174
Revenues from intra group transactions with other tax jurisdictions	INR 18,499 Million	0	0	0.00
Profit/loss before tax	INR 3,535 Million	GBP -25,134	AED 37,28,697	USD 75,0562
Tangible assets other than cash and cash equivalents	INR 63,060 Million	GBP 11275	AED 2741	0.00
Corporate income tax paid on cash basis	INR 132 Million	0	AED 683.39	USD 66,752

ESG DATA PACK (Contd.)

Tax Jurisdiction	India	UK	UAE	USA
Corporate income tax accrued on profit/loss	INR 640 Million	0	AED 29,1000	USD 14,5987
Reasons for difference between corporate income tax accrued on profit/loss and the tax due if the stationary tax rate is applied to profit/loss before tax'	NA	NA	To be paid in current year	NA
The time period covered by the information reported above	01.04.2025 to 31.03.2026	01.04.2025 to 31.03.2026	01.04.2025 to 31.03.2026	01.04.2025 to 31.03.2026

Environment

Energy consumption- (GRI 302-1, GRI 302-2)

Source	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Coal	GJ	67,08,371	59,05,285	59,31,627	67,99,022
Diesel	GJ	14,319	14,391	20,292	57,477
Natural Gas	GJ	77,532	78,111	1,27,440	1,36,072
Furnace Oil/LSHS	GJ	0	8,262	1,16,491	84,233
LDO	GJ	10,339	8,458	8,811	4,952
Power Consumed from WHRB	GJ	72,225	71,754	71,087	38,599
Steam consumed from WHRB	GJ	2,44,718	4,11,209	4,15,773	6,06,551
Purchased steam	GJ	1,31,367	5,88,866	6,32,093	6,24,258
Purchased Electricity	GJ	6,17,588	5,63,183	5,50,692	6,87,866
Total non-renewable energy consumption	GJ	**78,76,459**	**76,49,519**	**78,74,304**	**90,39,030**
Bio Mass	GJ	3,426	6,134	1,933	7,377
Renewable Power	GJ	0	53,580	1,97,746	1,84,454
Solar Power Generated	GJ	745	1,372	1,787	1,575
Total renewable energy consumption	GJ	**4,171**	**61,086**	**2,01,465**	**1,93,406**
Total energy consumption	GJ	**78,80,630**	**77,10,605**	**80,75,769**	**92,32,436**
% of total energy consumption from renewable sources	GJ	**0.05%**	**0.79%**	**2.49%**	**2.09%**

ESG DATA PACK (Contd.)

Energy consumption- (GRI 302-1, GRI 302-2)

Source	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Coal	MWH	18,63,436	16,40,370	16,47,675	18,88,619
Diesel	MWH	3,978	3,998	5,637	15,966
Natural Gas	MWH	21,537	21,698	35,400	37,798
Furnace Oil/LSHS	MWH	0	2,295	32,359	23,398
LDO	MWH	2,872	2,349	2,448	1,375
Power Consumed from WHRB	MWH	20,063	19,932	19,746	10,722
Steam consumed from WHRB	MWH	67,977	1,14,226	1,15,493	1,68,487
Purchased steam	MWH	36,491	1,63,575	1,75,581	1,73,405
Purchased Electricity	MWH	1,71,552	1,58,976	1,53,572	1,91,074
Total non-renewable energy consumption	MWH	**21,87,905**	**21,27,419**	**2187911**	**2510843**
Bio Mass	MWH	952	1,704	537	2049
Renewable Power	MWH	0	15,482	39,586	51,237
Solar Power Generated	MWH	207	381	496	437
Total renewable energy consumption	MWH	**1,159**	**17,567**	**40,619**	**53,724**
Total energy consumption	MWH	**21,89,064**	**21,44,985**	**22,28,530**	**25,64,567**
% of total energy consumption from renewable sources	MWH	**0.05%**	**0.82%**	**1.82%**	**2.09%**
% of total energy consumption from grid	MWH	**99.95%**	**99.18%**	**98.18%**	**97.91%**

Energy Intensity- (GRI 302-3)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Energy Intensity per Rupee of Turnover	GJ/INR	0.000108	0.00011	0.0001004	0.0001024

Scope 1 and Scope 2 Emission Intensity- (GRI 305-4)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Scope 1 and Scope 2 Emissions per Rupee of Turnover	TCO_2e/INR	0.0000113	0.0000111	0.0000098	0.000010

GHG Emission Details

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
SCOPE 1 EMISSIONS					
Coal	tCO_2e	6,47,358	5,69,860	5,72,402	6,56,354
Biomass	tCO_2e	7	12	3.85	10
HSD	tCO_2e	1,064	1,071	1,509	4,273
Natural Gas	tCO_2e	4,353	4,400	7,168	7,641
Furnace Oil	tCO_2e	0	0	0	0
LSHS	tCO_2e	0	642	9,051.33	6,540
LDO	tCO_2e	768	629	655.58	368
Process CO_2e emission	tCO_2e	32,152	29,005	30,033	31,737
Total Scope 1	tCO_2e	**6,85,701**	**6,05,619**	**6,20,823**	**7,06,923**
LOCATION-BASED SCOPE 2 EMISSIONS					
Electricity	tCO_2e	1,21,801	1,24,913	1,51,581	1,72,040
Steam	tCO_2e	12,677	56,826	60,997	60,241
Total (Location - Based Scope 2)	tCO_2e	**1,34,478**	**1,81,738**	**2,12,578**	**2,32,281**

ESG DATA PACK (Contd.)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
MARKET-BASED SCOPE 2 EMISSIONS					
Electricity	tCO_2e	1,21,801	1,13,827	1,11,647	1,35,662
Steam	tCO_2e	12,677	55,396	59,363	60,241
Total (Market - Based Scope 2)	tCO_2e	**1,34,478**	**1,69,223**	**1,71,010**	**1,95,903**
Total Scope 1 and location based scope 2 emission	tCO_2e	**8,20,180**	**7,87,358**	**8,33,400**	**9,39,205**
Total Scope 1 and market based scope 2 emission	tCO_2e	**8,20,180**	**7,74,843**	**7,91,833**	**9,02,827**
Avoided emissions	tCO_2e	1,00,230	97,718	1,57,900	2,79,533
SCOPE 3 EMISSIONS					
Purchased Goods and Services	tCO_2e	19,40,352	17,16,667	16,10,930	16,05,357
Capital Goods	tCO_2e	19,485	27,518	17,183	22,120
Fuel and Energy Activities	tCO_2e	2,22,076	1,66,078	1,71,184	1,73,692
Upstream T&D	tCO_2e	8,279	11,308	74,886	83,155
Waste in Operations	tCO_2e	10,815	9,277	7,926	17,744
Business Travel	tCO_2e	79	207	515	671
Employee Commuting	tCO_2e	8,412	12,748	14,131	19,571
Upstream Leased Assets	tCO_2e	330	1,213	1,427	1,461
Total Upstream GHG Emissions	tCO_2e	**22,64,405**	**20,04,172**	**18,98,182**	**19,23,771**
Downstream T&D	tCO_2e	8,279	11,308	22,088	29,101
Processing of Sold Products	tCO_2e	1,718	3,165	3,555	5,486
End of Life Treatment of Sold Products	tCO_2e	13,207	10,741	17,356	19,778
Investments	tCO_2e	47	24	<5	<5
Total Downstream GHG Emissions	tCO_2e	**34,547**	**64,413**	**42,999**	**54,365**
Total Scope-3 Emission	tCO_2e	**23,01,952**	**20,68,585**	**19,41,181**	**19,78,136**
Total Biogenic Emissions	tCO_2e	387	687	216	269
Total Scope 1 + Scope 2 (market based) + Scope 3 emission	tCO_2e	**8,20,180**	**7,74,843**	**27,33,014**	**28,80,963**

Water Withdrawal (GRI 303-3)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Water Withdrawal by Source					
Surface Water	KL	0	0	0	0
Groundwater	KL	0	0	0	0
Third party water	KL	25,96,187	26,57,491	26,82,032	29,90,673
Seawater	KL	0	0	2,40,995	2,57,353
Others (Rainwater)	KL	6,547	8,223	8,507	8,025
Total Water Withdrawal	KL	**26,02,734**	**26,65,714**	**29,31,534**	**32,56,051**
Total Fresh Water withdrawal (excluding saltwater)	KL	**26,02,734**	**26,65,714**	**26,90,539**	**29,98,698**

Effluent Discharge by Destination (GRI 303-4)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Surface Water	KL	0	0	0	0
Groundwater	KL	0	0	0	0
Seawater	KL	76,465	1,02,756	1,57,414	84,155
Third parties	KL	1,39,520	1,32,988	1,25,633	2,75,181
Others	KL	0	0	0	0
Total Effluent Discharged	KL	**2,15,985**	**2,35,744**	**2,83,047**	**3,59,336**
Total effluent discharge (excluding saltwater)	KL	**1,39,520**	**1,32,988**	**1,25,633**	**2,75,181**
Total Pollutant Discharge (COD in MT)	MT	**57.2**	**59.6**	**64.3**	**62.6**

Water consumption in areas with water stress as per WRI- AQUEDUCT Water Risk Atlas (GRI 303-5)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total net freshwater consumption in water-stressed areas = (Total water withdrawals - Total water discharges)	KL	23,86,749	24,29,970	26,48,486	28,96,715
Water Intensity per Rupee of Turnover	KL/INR	0.0000328	0.0000347	0.0000329	0.0000321
Data coverage	% of operational sites	100	100	100	100

Water consumption (GRI 303-5)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total net freshwater consumption = (Total water withdrawals - Total water discharges)	KL	23,86,749	24,29,970	26,48,486	28,96,715
Water Intensity per Rupee of Turnover	KL/INR	0.0000328	0.0000347	0.0000329	0.0000321
Data coverage	% of operational sites	100	100	100	100

Business impact of Water related incidents (306-3)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
No of water related incidents	Nos	0	0	0	0
Total actual and opportunity costs (e.g. forgone income) from water-related incidents	INR	0	0	0	0

Total Waste Disposal (Hazardous and Non-hazardous) (GRI 306-3,306-4, 306-5)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total waste generated	MT	3,91,686	4,38,519	4,68,020	5,35,660
Total waste Reuse	MT	12	35.42	59.7	29.94
Total waste sent to recyclers/recyled within AIL	MT	3,49,023	3,96,672	4,22,894	4,90,092
Total waste recycle/reused	MT	3,49,035	3,96,708	4,22,954	4,90,122
Total waste to co-processing (waste incinerated with energy recovery)	MT	7,366	11,462	19,193	20,219

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total waste incinerated without energy recovery	MT	6,366	4,469	4,483	5,438
Total waste landfilled	MT	28,919	25,880	21,391	19,882
Total waste disposed	MT	42,651	41,811	45,066	45,539
Total weight of waste recovered	MT	3,56,401	4,08,170	4,42,147	5,10,341
Percentage of total waste from company operations diverted from landfills	%	91%	93%	94%	95%

Non-hazardous Waste Management

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Non-Hazardous Waste Generated (MT)	MT	42,332	31,842	28,495	35,603
Non-Hazardous Waste Recycled/Reused (MT)	MT	41,899	31,728	28,482	35,589
Non-Hazardous Waste Disposed (MT)	MT	433	114	13	14
Waste Landfilled	MT	405	111	13	14
Waste Incinerated With Energy Recovery	MT	0	0	0	0
Waste Incinerated Without Energy Recovery	MT	28	3	0	0
Waste Otherwise Disposed	MT	0	0	0	0
Waste With Unknown Disposal Method	MT	0	0	0	0

Waste Generated - by Category

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Plastic Waste under EPR	MT	202	300	716	695
E-Waste	MT	21	14	25	45
Biomedical Waste	MT	0.1	0.07	0.07	0.04
Construction and Demolition Waste	MT	0	0	0	0
Battery Waste	MT	17	8	22	32
Total	MT	240	322	763	772.04

Return on Environment investments, (in Crore)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Capital Investments	INR	25,56,31,281	12,94,38,494	1,02,10,71,887	60,02,02,181
Operating Expenses	INR	91,66,00,000	1,23,92,67,742	1,06,51,32,572	1,38,46,00,000
Total Expenses = Capital Investment + Operating Expenses	INR	1,17,22,31,281	1,36,87,06,236	2,08,62,04,459	1,98,48,02,181
Savings, cost avoidance, income, tax incentives, etc.	INR	12,70,00,000	15,88,00,000	20,00,00,000	19,84,80,218
% of operations covered	%	100%	100%	100%	100%

ESG DATA PACK (Contd.)

Significant accidental pollution events from spills and leakages (306-3)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Water pollution event	Number	0	0	0	0
Land pollution event	Number	0	0	0	0
Air pollution event	Number	0	0	0	0
Total accidental pollution event	Number	0	0	0	0

Employees trained on specific environmental issues (GRI 404)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Employees trained	Number	6185	6100	5868	5824
% of employees trained on specific environmental issues	%	100	100	100	100

Environment violations and fines (GRI 2-27)

Paramter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of violations of legal obligations/ regulations	Number	0	0	0	0
Amount of fines/penalties related to the violations	INR	0	0	0	0

Social

Work-related Injuries (GRI 403-9)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of Fatalities as a Result of Work-Related Injury	Employees	0	0	0	0
	Workers	0	0	2	0
Rate of Fatalities as a Result of Work-Related Injury (per 1,000,000 Hours)	Employees	0	0	0	0
	Workers	0	0	0.11	0
Number of High-Consequence Work- Related Injuries (Excluding Fatalities)	Employees	0	0	0	0
	Workers	0	0	0	0
Rate of high-consequence workrelated injuries (excluding fatalities) (per 1,000,000 hours)	Employees	0	0	0	0
	Workers	0	0	0	0
Number of Man-Hours Worked	Employees	1,28,66,295	1,25,00,073	1,26,83,431	1,20,00,585
	Workers	2,15,73,790	1,58,11,321	1,86,67,622	1,94,03,018
Number of Recordable work-related accidents	Employees	20	10	14	11
	Workers	27	22	18	25
Number of days lost to recordable work-related injuries, fatalities and ill health	Employees	43	67	0	0
	Workers	220	0	13,836	3,629
Rate of Recordable Work-Related Injuries and Illness (per 1,000,000 hours)- TRIFR	Employees	1.94	0.8	1.1	0.92
	Workers	1.62	1.39	0.91	1.29
Process Safety Incident Count (PSIC)		0	0	0	0
Process Safety Total Incident Rate (PSTIR)		0	0	0	0
Number of transport incidents		0	0	1	2

ESG DATA PACK (Contd.)

Work-Related Ill Health (GRI 403-10 Work-related ill health)

Parameter		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Fatalities as a Result of Work Related- ill Health	Employees	0	0	0	0
	Workers	0	0	0	0

Employee Training on Occupational Health and Safety (GRI 403-5)

Paramter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of training hours	Hours	24,543	37,110	53,220	58,045
Number of Employees trained on specific Health and safety issues	Number	2,874	4,878	6,163	6,525
%of employees trained on specific Health and safety issues	%	46%	80%	100%	100%

Worker Training on Occupational Health and Safety (GRI 403-5 Worker training on occupational health and safety)

Category	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Training on Safety - Non Permanent Worker	Number of Non Permanent Worker	32,625	20,976	40,444	21,765
	Hours	54,572	42,709	68,186.5	35,496

Operational site assessed for Employee Health and safety risk (403-2)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of employee health and safety risk assessment conducted	No.	222	186	78	84
Percentage of operational sites assessed on Employee Health and safety risks	%	100	100	100	100

Headcount by Gender (GRI 2-7 Employees, GRI 2-8 Workers who are not employees)

Details of Employees and Workers	FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
	Male	Female	Male	Female	Male	Female	Male	Female
Employees								
Permanent	2,582	154	2,496	154	2,287	156	2,134	152
Other than Permanent	25	1	33	3	14	1	15	1
Total Employees	2,607	155	2,529	157	2,301	157	2,149	153
Workers								
Permanent	3,422	27	3,416	34	3,383	42	3,498	40
Other than Permanent	6,918	344	8,920	388	7,610	421	6,928	315
Total Workers	10,340	371	12,336	422	10,993	463	10,426	355

ESG DATA PACK (Contd.)

Headcount for Employees by Designation and Age (GRI 2-7 Employees, GRI 405-1 Diversity of governance bodies and employees)

Category	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
By Gender				
Male	6,004	5,912	5,670	5,632
Female	181	188	198	192
By Age				
Under 30 years	2,802	2,679	2,386	2,132
30-50 years	3,021	3,039	3,349	3,345
Over 50 years	362	382	133	347
By Management				
Top Management employees	6	5	5	10
Senior Management employees	126	129	127	125
Middle Management employees	350	336	345	329
Junior Management employees	2,254	2,180	1,966	1,822
Supervisory/Technician employees	3,449	3,450	3,425	3,538
Total Headcount	**6,185**	**6,100**	**5,868**	**5,824**

New Hires - (GRI 401-1)

Details of Employees and Workers	FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
	Total number	Ratio in %	Total number	Ratio in %	Total number	Ratio in %	Total number	Ratio in %
By Gender								
Male	1,843	96	1,237	96	929	94	1,081	97
Female	78	4	51	4	60	6	33	3
By Age								
Under 30 years	1,504	78	1,008	78	775	78	771	69
30-50 years	412	21	279	22	214	22	342	31
Over 50 years	5	0	1	0	0	0	1	0
By Management								
Top Management employees	0	0	0	0	1	0	0	0
Senior Management employees	19	1	5	0	4	0	3	0
Middle Management employees	38	2	23	2	25	3	8	1
Junior Management employees	844	44	593	46	482	49	335	30
Supervisory/Technician employees	1,020	53	667	52	477	48	768	69

Employee Turnover (GRI 401-1)

Parameter	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total employee turnover rate %	26%	22%	20%	22%
Voluntary employee turnover rate %	26%	22%	20%	22%

Employee Turnover Rate, by gender

Parameter	Turnover Rate %			
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Male	25.32%	21.94%	20.12%	19.89%
Female	33.70%	24.93%	24.87%	24.62%

ESG DATA PACK (Contd.)

Employee Turnover Rate, by age

By Age	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Under 30 years	35.83%	31.27%	29.73%	32.63%
30-50 years	18.14%	15.25%	13.31%	11.95%
Over 50 years	8.01%	9.14%	13.59%	15.83%
Total				

Wages Based on Management Position

	Average Male Salary (FY 25)	Average Female Salary (FY 25)	Average Male Salary (FY 26)	Average Female Salary (FY 26)
Executive Level (Base Salary)	5991861	6558935	6307511	6007134
Executive Level (Base Salary + other cash incentives)	7230917	8102664	7255850	6961468
Management Level (Base Salary)	941386	954126	1081850	1100990
Management Level (Base Salary + other cash incentives)	1006365	1015379	1157827	1175532
Non-Management Level (Base Salary)	395007	412917	456803	510994

Worker participation, consultation and communication on occupational health and safety & remediation processes - (GRI 403-4, GRI 2-25)

Particular	FY 2023-24	FY 2024-25	FY 2025-26
Number of suggestions received	85	99	295
Number of suggestions resolved	85	88	295
Number of suggestions in progress	0	11	0

Parental Leave (GRI 401-3)

Details of Employees and Workers	FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of Employees Entitled to Parental Leave	6,004	181	5912	188	5670	198	5632	192
Total Employees Who Took Parental Leave	457	5	443	11	362	9	367	15
Total Number of Employees Who Returned to Work in the Reporting Period After Parental Leave Ended	457	5	443	11	362	9	367	15
Total Number of Employees Who Returned to Work After Parental Leave Ended and are Still Employed 12 Months after Their Return to Work.	142	0	310	3	321	9	322	9
Return to Work Rate (%)	100%	100%	100%	100%	100%	100%	100%	100%
Retention Rate (%)	57.03%	-	67.83%	60.00%	72.46%	81.82%	88.95%	100%

Average Hours of Training per Year per Employee (GRI 404-1)

Type of Training	% of Total Hours			
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Behavioural	20	28	18	17
Compliance	1	2	6	9
Functional	40	26	33	34
Sustainability	17	17	24	27
System	10	9	17	11
Progressio (Emerging Talent Development Program)	-	2	1	1
Induction	12	14	2	2

ESG DATA PACK (Contd.)

Security Training (GRI 410-1 Security personnel trained in human rights policies or procedures)

Category	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Male	390	228	873	252
Female	8	7	10	12
Total	398	235	883	264

Training for Workers

Category	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Manhours of training	84,419	93,597	43,991	16,683
Man-days	12.36	11.97	4.5	3

Refresher Training

Pillar	Unit	Anti-bribery and Corruption	Climate Change	Code of Conduct	Diversity & Inclusion	Human Rights, Discrimination and Harassment	Information Security and Data Privacy	POSH	Workplace Health and Safety
Employee coverage	%	100	100	100	100	100	100	100	100

Note: This is for Permanent employees only

Employee engagement score	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Employee engagement score	Out of 5	4.14	4.42	4.72	4.6

Operational site assessed for human rights impact or risks

Employee engagement score	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of human rights risk assessment conducted	Division no.	16	16	16	16
Percentage of operational sites assessed for human rights impact or risks	%	100	100	100	100

Employee benefits (GRI 401-2)	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total employee-related expenses (salaries + benefits):	INR in Cr	383.1	401.66	420.16	419.87

Employee covered with Health Care (GRI 403-6)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Percentage of Employees covered Health care (Annual health check, health and mental wellbeing consultation, maternity benefits, insurance, etc)	%	100	100	100	100

Employee covered by Collective bargain agreement (GRI 407-1)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of employees covered by collective agreements,	Number	74	75	72	72
Percentage of permenant employees covered by collective agreements,	%	2.70	2.83	2.95	2.04

ESG DATA PACK (Contd.)

Career Management and Skill development (GRI 404-3)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of employees who received skill development training	Number	2976	5647	5609	5824
Percentage of employees who received skills-related training	%	100	92	94	100

Performance management (GRI 404-3)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Percentage of employee received regular performance and career development reviews	%	100	100	100	100
No of employee promoted to next level	Number	1000	936	781	818

Child labor, forced labor, and human trafficking (GRI 408)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of child or forced labor incidents reported	Number	0	0	0	0

Diversity, equity and inclusion (GRI 405-1)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of discrimination or harassment incidents reported,	Number	0	0	0	0
Percentage of employees trained on diversity, equity, and inclusion	%	100	100	100	100
Percentage of employees trained on Human rights, Discrimination and harrassment	%	100	100	100	100
% of employee trained on whistleblower procedure	%	100	100	100	100

Human Capital Return on Investment

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total Revenue	INR	66194400000	63816600000	72713200000	90184339306
Total Operating Expenses	INR	46290700000	52545600000	61888800000	69556800000
Total employee-related expenses	INR	4420800000	4037400000	4224200000	4198700000
Resulting HC ROI		5.50	3.79	3.56	5.91
Total Employees	Nos.	6185	6100	5868	5824

Ratio of the annual total compensation for the highest paid individual, to the median annual total compensation for all employees

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
CMD-employee pay ratio	Ratio	197	139	99	104

Average unadjusted paygap

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
% female to male unadjusted pay gap for employees	%	0.92	0.87	0.92	0.95
% female to male unadjusted pay gap for worker	%	0.99	1	1.04	1.09

ESG DATA PACK (Contd.)

Diversity % in Employees and Executives

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Employees from minority group	%	5.01	6.13	5.51	5.29
Executives from minority group	%	3.57	3.73	1.52	2.22

Workforce breakdown by Ethnicity

Parameter	North	North East	Central	East	West	South
Permanent Employees	99	7	250	128	1754	49
Permanent Workers	48	0	312	234	2933	10

% of Female Employees in Board Level (GRI 405-1 Diversity of governance bodies and employees)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
% female employees in Board	%	18.75	14.29	14.29	14.00

Proportion of senior management hired from the local community

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Proportion of senior management hired from the local community	%	56.00%	57.00%	60.00%	75.00%

Sustainable Procurement

Training and capability building on sustainable procurement (GRI-414)

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
No of buyers covered in sustainable procurement training	Nos	88	62	94	31
Percentage of buyers across all locations who have received training on sustainable procurement	%	100	100	100	100

Training and Capacity-Building of Business Partners (GRI-414)

Parameter	Unit	FY23	FY24	FY25	FY26
Number of BPs trained	Nos	88	113	76	73

Supplier Commitment Status to Sustainability Criteria

Parameter	Unit	FY23	FY24	FY25	FY26
Percentage of targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements	%	100	100	100	100
Percentage of targeted suppliers that have signed the sustainable procurement charter or supplier code of conduct	%	100	100	100	100

No of supplier rewarded for their improved sustainability performance

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Supplier rewarded for improved sustainability performance	Nos	30	34	8	29

ESG DATA PACK (Contd.)

Details on Procurement spent

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
% of procurement spend (within India)	%	68	77	67	64
% of diverse suppliers on spend (MSME/Women Enterprises/Minority owned)	%	21	25	19	17

Status of Corrective Actions of BP's

Supplier Screening	FY 2025-26
Total number of Tier-1 suppliers	302
Total number of significant suppliers in Tier-1	302
% of total spend on significant suppliers in Tier-1	66
Total number of significant suppliers in non Tier-1	0
Total number of significant suppliers (Tier-1 and non Tier-1)	302

Coverage and progress of our supplier assessment program	FY 2025-26	Target - Number of Suppliers
Total number of suppliers assessed via desk assessments/on-site assessments	195	302
% of unique significant suppliers assessed	65	-
Number of suppliers assessed with substantial actual/potential negative impacts	7	
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100	
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	

Corrective action plan support	FY 2025-26	Target - % of Suppliers
Total number of suppliers supported in corrective action plan implementation	7	100
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100	-

Capacity building programs	FY 2025-26	Target - Number of Supplier
Total number of suppliers in capacity building programs	229	250
% of unique significant suppliers in capacity building programs	75.83	-

Spent Diverse with Business Partners	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Women-Owned Business Enterprise	%	3	2	2	3
Minority-Owned Business Enterprise	%	2	1	1	1
Veteran-Owned Business Enterprise	%	3	1	1	<1
Differently-Abled Business Enterprise	%	2	1	<1	<1

Customer health and safety incidents

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Number of incidents related to products Safety at the customer's end	Number	0	0	0	0

ESG DATA PACK (Contd.)

Anti-Competitive Behaviour

Non-compliance with laws and regulations in the social and economic area and fines	FY 2024-25	FY 2025-26
Number of Confirmed Incidents	0	0
Nature of Incidents	0	0
Legal Action Taken	0	0
Status/Main Outcomes of Completed Legal Actions	0	0

Project Wise CSR spend in FY26

Education & Skill Development

Institutions	Category	Place	Beneficiaries	Amount Spent (in Lakh)	Area of Support
Tulsi Vidhya Mandir	Ongoing	Nana Bhadia, Kutch	449 Students	85	Rural School Education
Yusuf Meherally Centre	Ongoing	Mundra, Kutch	500 Students	47,50	Education for Migrantn and Marginalised Children
V-Excel Educational Trust	New Initiatives	Nashik		25	Inclusive Education for Children with Special Needs
Rotary Club of Mulund	New Initiatives	Mulund, Mumbai		25	Vocational Education and Skill Development
Swapath Trust	Ongoing	Dang, Gujarat	250 Students	23.81	Education for Tribal Children Education support
Sushil Trust	Ongoing	Ratanpar, Kutch	278 Students	23.2	Residential Education Rural Education and School Infrastructure
VSSM	Ongoing	Pansar & Banaskantha	"653 Studends"	9	Residential Education and Learning Access
Setu Abhiyan	New initiative	Bhuj, Kutch	58 Students	3	Rural School Education

Child Care & Healthcare Facilities

Institutions	Category	Place	Beneficiaries	Amount Spent (in Lakh)	Area of Support
Tirthankar Mahavir Jain Hospital	Ongoing	Nalanda, Bihar	12,992 Patients Treated	203	Affordable Secondary and Tertiary Healthcare
BPNI Maharashtra	New Initiative	Malad, Mumbai		11.59	Maternal And Child Nutrition
Blood Donation Camps	Ongoing	AIL Vapi & Jhagadia	970 Donors	9.26	Community blood donation and emergency care
Help Care Society	New Initiative	New Delhi	150 Children	7.5	Support for physically challenged and underprivileged children

ESG DATA PACK (Contd.)

Women Empowerment & Livelihood

Institutions	Category	Place	Beneficiaries	Amount Spent (in Lakh)	Area of Support
Yusuf Meherally Centre	Ongoing	Kutch	105 Women	6.5	Skill development and livelihood opportunities
Samast Mahajan	New Initiative	Ahmedabad	18 Families	40	upliftment of economically weaker individuals and self-employment opportunities
Shrujan Living & Learning Design Centre	Ongoing	Bhuj, Kutch	1,300+ Artisans & Families	15	promoting India's craft education

Tribal & Rural Development

Institutions	Category	Place	Beneficiaries	Amount Spent (in Lakh)	Area of Support
Bhansali Trust	Ongoing	Gaya, Bihar	2,824 SHG Members	75	Integrated rural Development
Karunah Society for Development	Ongoing	Betul, MP	200+ Patients	15	Tribal Development and community health
Gram Swarajya Samiti Maharashtra	Ongoing	Maharashtra	Multiple Villages	2.5	Integrated rural Development
Public Infrastructure Support- Havya IT Solution , New PC World , Parakh Power Systems	Ongoing	Bharuch		8.58	Public Infrastructure Support

Other Initiatives

Institutions	Category	Place	Beneficiaries	Amount Spent (in Lakh)	Area of Support
Blind Welfare	Ongoing	Vikhroli, Mumbai	3,952 People	19.76	Citizen welfare
Housing Aid	New Initiative	Sion, Mumbai	8 Families	50	Citizen welfare
Senior Citizen Welfare	New Initiative	Bidada, Kutch	44 Eldery people	3	Citizen welfare
Sadbhavana Seva Foundation	New Initiative	Rajkot	-	50	Citizen welfare

GRI INDEX

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	2-2 Entities included in the organization's sustainability reporting		2
	2-3 Reporting period, frequency and contact point		2-3
	2-4 Restatements of information		3
	2-5 External assurance		3, 456-462
2. Activities and workers	2-6 Activities, value chain and other business relationships		16-23,25-31
	2-7 Employees		128, 254,448
	2-8 Workers who are not employees		254,447
3. Governance	2-9 Governance structure and composition		12-15, 172, 233-241
	2-10 Nomination and selection of the highest governance body		173-174
	2-11 Chair of the highest governance body		12-15,172
	2-12 Role of the highest governance body in overseeing the management of impacts		12-15,172
	2-13 Delegation of responsibility for managing impacts		12-15,172
	2-14 Role of the highest governance body in sustainability reporting		3, 67,69
	2-15 Conflicts of interest		175-176,266-267
	2-16 Communication of critical concerns		67, 145, 174
	2-17 Collective knowledge of the highest governance body		172, 231-232
	2-18 Evaluation of the performance of the highest governance body		173, 198-200, 238-239
	2-19 Remuneration policies		174,237
	2-20 Process to determine remuneration		174, 236-239
	2-21 Annual total compensation ratio		216, 451
4. Strategy, policies and practices	2-22 Statement on sustainable development strategy		4-11
	2-23 Policy commitments		176
	2-24 Embedding policy commitments		176
	2-25 Processes to remediate negative impacts		39-41,140,201,256, 272,281,294
	2-26 Mechanisms for seeking advice and raising concerns		39-41,140,201,256, 272,281,294
	2-27 Compliance with laws and regulations		205,111, 174
	2-28 Membership associations		65, 292
5. Stakeholder engagement	2-29 Approach to stakeholder engagement		38-41
	2-30 Collective bargaining agreements		272,450

GRI Standard	Disclosure	Justification for Omission/ Remarks	Page No
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics		42-43
	3-2 List of material topics		44-51
	3-3 Management of material topics		44-51
Biodiversity			
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss		110-111
	101-2 Management of biodiversity impacts		110-111
	101-3 Access and benefit-sharing	This disclosure is relevant for organizations that use genetic resources to conduct research and development on the genetic or biochemical composition of resources, including through the application of biotechnology- As AIL is not involved in this activity this is not applicable to us.	
	101-4 Identification of biodiversity impacts		111
	101-5 Locations with biodiversity impact		111
	101-6 Direct drivers of biodiversity loss		111
	101-7 Changes to the state of biodiversity		111
	101-8 Ecosystem services		111
Governance Disclosure			
Economic Performance			
GRI 202: Economic Performance 2016	201-1 Direct economic value generated and distributed		32-33, 81
	201-2 Financial implications and other risks and opportunities due to climate change		70-73
	201-3 Defined benefit plan obligations and other retirement plans		81
	201-4 Financial assistance received from government		81
Market Presence			
GRI 3: Material Topics 2021	3-3 Management of material topics		134,280, 451-452
GRI 203: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		134,280, 451
	202-2 Proportion of senior management hired from the local community		452
Indirect Economic Impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics		152-162
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		152-162
	203-2 Significant indirect economic impacts		152-162

GRI Standard	Disclosure	Justification for Omission/ Remarks	Page No
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics		163-168,453
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		166-167,453
Anti-Corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics		265,439,450
Anti-Corruption	205-1 Operations assessed for risk related to corruption		439
	205-2 Communication and training about anti-corruption policies and procedures		265,450
	205-3 Confirmed incidents of corruption and actions taken		266, 439
Anti-competitive Behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics		175, 439, 454
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices		175, 439, 454
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics		81-82, 440-441
GRI 207: Tax	207-1 Approach to tax		81-82
	207-2 Tax governance, control, and risk management		81-82
	207-3 Stakeholder engagement and management of concerns related to tax		
	207-4 Country-by-country reporting		440-441
Environmental Disclosure			
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics		106
Materials 2016	301-1 Materials used by weight or volume		106
	301-2 Recycled input materials used		106
	301-3 Reclaimed products and their packaging materials		106
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics		99-101, 222-223, 283, 441-442
Energy 2016	302-1 Energy consumption within the organization		99,283,441-442
	302-2 Energy consumption outside of the organization	We are currently in the process of tracking our energy consumption outside the organisation and will be reporting on it in the upcoming years	NIL
	302-3 Energy intensity		283, 442
	302-4 Reduction of energy consumption		100-101, 222-223
	302-5 Reductions in energy requirements of products and services	Most of our products are B2B oriented. Therefore, we have limited information about the energy requirements of sold goods category.	NIL

GRI Standard	Disclosure	Justification for Omission/ Remarks	Page No
Water and Effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics		107-110, 443-444
Water and Effluents 2018	303-1 Interactions with water as a shared resource		107-110
	303-2 Management of water discharge-related impacts		109
	303-3 Water withdrawal		108, 443
	303-4 Water discharge		109, 444
	303-5 Water Consumption		108, 444
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics		110-111
Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		110-111
	304-2 Significant impacts of activities, products and services on biodiversity		110-111
	304-3 Habitats protected or restored		110-111
	304-4 IUCN red list species and national conservation list species with habitats in areas affected by operations		110-111
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics		100, 103, 207, 222-223,442-443
Emissions 2016	305-1 Direct (Scope 1) GHG emissions		102, 442-443
	305-2 Indirect (Scope 2) GHG emissions		102, 442-443
	305-3 Other indirect (Scope 3) GHG emissions		102, 442
	305-4 GHG emissions intensity		102, 442-443
	305-5 Reduction of GHG emissions		100, 222-223
	305-6 Emissions of ozone-depleting substances (ODS)		207
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions		103
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics		104-105, 444-445
Waste 2020	306-1 Waste generation and significant waste-related impacts		104-105, 444-445
	306-2 Management of significant waste-related impacts		104-105, 444-445
	306-3 Waste generated		104-105, 444-445
	306-4 Waste diverted from disposal		104-105, 444-445
	306-5 Waste directed to disposal		104-105, 444-445

GRI Standard	Disclosure	Justification for Omission/ Remarks	Page No
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		164, 453
308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		164
	308-2 Negative environmental impacts in the supply chain and actions taken		453
Social Disclosures			
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics		130,132, 133, 270, 448
Employment 2016	401-1 New employee hires and employee turnover		130, 448
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	All benefits are extended to all employees and workers	132
	401-3 Parental leave		133,270
Labor/Management Relations			
GRI 3: Material Topics 2021	3-3 Management of material topics		NIL
Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Any operational changes in AIL are carried out by the Management of Change (MOC) process. All the affected employees are part of this MOC process during which all the employees affected by the change are trained and evaluated prior to assigning work for them.	NIL
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		142, 144, 146, 147, 148, 273, 275, 449
Occupational Health and Safety 2018	403-1 Occupational health and safety management system		144, 273
	403-2 Hazard identification, risk assessment and incident investigation		146, 273
	403-3 Occupational health services		144
	403-4 Worker participation, consultation and communication		
	on occupational health and safety		147, 449
	403-5 Worker training on occupational health and safety		147-148
	403-6 Promotion of worker health		142-149
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		142-149
	403-8 Workers covered by an occupational health and safety		
	management system		144, 273
	403-9 Work-related injuries		275,446
	403-10 Work-related ill health		275,446

GRI Standard	Disclosure	Justification for Omission/ Remarks	Page No
Training & Education			
GRI 3: Material Topics 2021	3-3 Management of material topics		133,136, 272, 449, 451
Training & Education 2016	404-1 Average hours of training per year per employee		24, 128, 136, 449
	404-2 Programs for upgrading employee skills and transition assistance programs		133, 272
	404-3 Percentage of employees receiving regular performance and career development reviews		275, 451
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics		172,198, 451
Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		130, 139, 172,198,448
	405-2 Ratio of basic salary and remuneration of women to men		280, 451
Non-Discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics		140-141, 439
Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		140, 439
Freedom of Association and Collective Bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics		140-141,450
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		450
Child Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		140-141, 281-282, 451
Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		140-141, 281-282, 451
Forced or Compulsory Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		140-141, 281-282, 451
Forced or Compulsory Labor 2016	Forced or Compulsory Labor 2016		140-141, 281-282, 451
Security Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics		141, 450
Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures		141, 450
Rights of Indigenous Peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics		140
Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	All our operations are located within industrial area and there were no cases of violation involving rights of indigenous people	NIL

GRI Standard	Disclosure	Justification for Omission/ Remarks	Page No
	Local Communities		
GRI 3: Material Topics 2021	3-3 Management of material topics		150-162
Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs		150-162
	413-2 Operations with significant actual and potential negative impacts on local communities		150-162
	Supplier Social Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics		164, 453
Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		164
	414-2 Negative social impacts in the supply chain and actions taken		453
	Public Policy		
GRI 3: Material Topics 2021	3-3 Management of material topics		81
Public Policy 2016	415-1 Political contributions		81
	Customer Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics		169-170
Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		169-170
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		169-170
	Marketing and Labeling		
GRI 3: Material Topics 2021	3-3 Management of material topics		91,169,296,,297
Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		91,169,297
	417-2 Incidents of non-compliance concerning product and service information and labeling		91
	417-3 Incidents of non-compliance concerning marketing communications		47, 91, 296
	Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics		125, 439
Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		125, 439

SASB INDEX

Topic	Metric	Category	Unit of Measurement	Code	Page Number/ Rationale
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	Quantitative	Metric tons(t) CO_2-e, Percentage (%)	RT-CH-110a.1	442-443
	Discussion of long-and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	RT-CH-110a.2	67
Air Quality	Air emissions of the following pollutants: (1) NOx (excludingN2O), (2) SOx, (3) volatile organic compounds (VOCs), (4) hazardous air pollutants (HAPs)	Quantitative	Metric tons(t)	RT-CH-120a.1	103
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	99, 283, 441, 442
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each region High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	RT-CH-140a.1	443, 444
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	RT-CH-140a.2	446
		Discussion and Analysis	n/a	RT-CH-140a.3	107-108
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons(t), Percentage (%	RT-CH-150a.1	104-105, 269
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	n/a	RT-CH-210a.1	151-162
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	446
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	n/a	RT-CH-320a.2	142, 144
Product Design for Use-phase Efficiency	Revenue from products designed for resource efficiency	Quantitative	Presentation currency	RT-CH-410a.1	119

Topic	Metric	Category	Unit of Measurement	Code	Page Number/ Rationale
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Quantitative	Percentage (%) by revenue, Percentage (%)	RT-CH-410b.1	169, 297
	Discussion of strategy to (1) manage chemical of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and Analysis	n/a	RT-CH-410b.2	119-120
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	NIL
Management to the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	n/a	RT-CH-530a.1	111
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Quantitative	Number, Rate	RT-CH-540a.1	446
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	446

UNGC PRINCIPLES

UNGC Principles	Description of the Principle	Section in Report
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	140
Principle 2	Make sure that they are not complicit in human right abuses	140,141, 450
Principle 4	The elimination of all forms of forced and compulsory labour	140, 141, 451
Principle 5	The effective abolition of child labour	140, 451
Principle 6	The elimination of discrimination in respect of employment and occupation	138,139, 451
Principle 7	Business should support a precautionary approach to environmental challenges	96-111, 176
Principle 8	Undertake initiatives to promote greater environmental responsibility	96-111
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	100-101, 223
Principle 10	Business should work against corruption in all its forms, including extortion and bribery	175-176, 449

UNSDG MAPPING

Sustainable Development Goal	SDG Target	SDG Target Description	Page Number
1 NO POVERTY	Target 1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	155, 160, 162
4 QUALITY EDUCATION	Target 4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	155, 156 - 157, 161
5 GENDER EQUALITY	Target 5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	155, 156, 160
6 CLEAN WATER AND SANITATION	Target 6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	107-110
10 REDUCED INEQUALITIES	Target 10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	155, 454, 157
	Target 10.4	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	157
	Target 12.2	By 2030, achieve the sustainable management and efficient use of natural resources	106
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Target 12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	99-105
	Target 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	100-106
14 LIFE BELOW WATER	Target 14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	107-111
15 LIFE ON LAND	Target 15.6	Promote fair and equitable sharing of the benefits arising from the utilisation of genetic resources and promote appropriate access to such resources, as internationally agreed	155, 162
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Target 16.5	Substantially reduce corruption and bribery in all their forms	175, 439
17 PARTNERSHIPS FOR THE GOALS	Target 17.16	Enhance global partnership for sustainable development	114, 159
	Target 17.17	Encourage and promote effective public, public-private, and civil society partnerships	

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Independent Assurance Statement

To
The Directors and Management,
Aarti Industries Limited (AIL),
Plot No.-801/23, G.I.D.C Estate, Phase III,
Vapi-396 195, Dist.-Valsad, Gujarat, India.

Aarti Industries Limited (hereafter 'AIL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial information disclosed in ESG KPIs (Key Performance Indicators) of AIL (hereinafter 'the ESG data') based on the principles of the Global Reporting Initiative (GRI) standards. The reporting period runs from 1st April 2025 to 31st March 2026. This engagement comprised a combination of "Reasonable" and "Limited" assurance (refer para "Scope and Boundary" below) of AIL's sustainability information following the ISAE 3000 (Revised) standard applied for assurance of the Report.

TUVI confirms that, prior to acceptance of the engagement, the preconditions for the assurance engagement were assessed in accordance with ISAE 3000 (Revised). TUVI determined that the subject matter is supported by suitable criteria (GRI Standards 2021 and the <IR> framework), management has acknowledged its responsibility for the preparation and presentation of the sustainability information and for providing access to relevant records, and that sufficient appropriate evidence was expected to be available to support the assurance conclusion. Accordingly, the engagement was accepted and performed in accordance with ISAE 3000 (Revised), comprising a combination of **"Reasonable"** and **"Limited"** assurance over sustainability disclosures for the reporting period from **1st April 2025 to 31st March 2026**.

The assurance process was conducted with reference to the following applicable frameworks and guidelines:

- *GRI Standards 2021, including GRI 1: Foundation, GRI 2: General Disclosures, GRI 3: Material Topics, and applicable Topic-specific Standards (200, 300, and 400 series); and*
- *IIRC Integrated Reporting Framework (<IR>).*

Management's Responsibility

AIL is responsible for monitoring its ESG data and identifying material sustainability issues relevant to its operations, including the identification of materiality through an appropriate materiality determination process. AIL's management holds full responsibility for the collection, analysis, preparation, and disclosure of ESG data — including its availability in both web-based and printed formats — as well as the maintenance and integrity of the company's website where such information is presented. Management is accountable for the establishment, maintenance, and quality of performance management systems, data governance, and quality control measures, and for preparing the ESG disclosures with reference to the applied criteria of the GRI Standards. AIL is responsible for ensuring that the disclosed ESG data is accurate, complete, and free from material misstatements, whether intentional or unintentional, for all GRI-based disclosures referenced in this statement, thereby maintaining the trust and confidence of stakeholders in the reported information. Additionally, AIL is responsible for the archiving and reproducibility of the disclosed ESG data, making it available to relevant stakeholders upon request, and for ensuring compliance with applicable laws.

Scope and Boundary

The scope of this assurance engagement conducted by TUVI covered the verification of non-financial ESG disclosures included in AIL's Sustainability Report, prepared with reference to the GRI Standards 2021 and the <IR> framework.

The assurance engagement included the following activities:

i. Review and verification of the ESG data content in accordance with material topics identified through the materiality determination process, consistent with the principles of the GRI Standards, and assessment of the quality, clarity, and completeness of the reported sustainability information;
ii. Examination of key governance-related policies and practices referenced in the Report, including the Code of Conduct, Corporate Social Responsibility (CSR) policy, Prevention of Sexual Harassment (POSH) policy, the Whistle Blower mechanism, and other related policies, along with the corresponding management approach, initiatives, practices, and performance disclosures as per the GRI Standards;
iii. Review of the non-financial disclosures presented in the ESG data for alignment with the applicable requirements of the GRI Standards;
iv. Verification of the reliability of selected disclosures related to environmental and social topics, through sampling and testing of supporting data and documentation;
v. Confirmation that specified disclosures were selected based on materiality determination and are meaningful and relevant to the Report's intended stakeholders; and
vi. Verification of supporting evidence on a sample basis for the disclosures listed below.
vii. For disclosures covered under Reasonable Assurance, TUVI applied a higher level of work that included document verification, substantive testing, recalculation, and analytical review procedures, sufficient to express a positive

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conclusion. For disclosures covered under Limited Assurance, TUVI applied enquiry-based and analytical procedures, desk review, and targeted substantive checks sufficient to express a negative assurance conclusion. The applicable level of assurance for each GRI disclosure is explicitly stated in the table below (R = Reasonable Assurance; L = Limited Assurance).

TUVI has verified the below-mentioned disclosures as per GRI Standard 2021 (R-> Reasonable Assurance, L-> Limited Assurance):

Topic Standards	Disclosures
GRI 202: Market Presence	202-1 (L), 202-2 (L)
GRI 204: Procurement Practices	204-1 (R)
GRI 205: Anti-Corruption	205-1 (L), 205-2 (L), 205-3 (L)
GRI 206: Anti-competitive Behavior	206-1 (L)
GRI 301: Materials	301-1 (L), 301-2 (L), 301-3 (L)
GRI 302: Energy	302-1 (R), 302-2(R), 302-3(R), 302-4(R), 302-5(R)
GRI 303: Water and Effluents	303-3 (R), 303-4 (R), 303-5 (R)
GRI 304: Biodiversity	304-1 (L), 304-2 (L), 304-3 (L), 304-4 (L)
GRI 305: Emissions	305-1(R), 305-2(R), 305-3(L), 305-4(R), 305-5(R), 305-6(R), 305-7(L)
GRI 306: Waste	306-3 (R), 306-4 (R), 306-5 (R)
GRI 308: Supplier Environmental Assessment	308-1 (L), 308-2 (L)
GRI 401: Employment	401-1(R), 401-2(R), 401-3(R)
GRI 402: Labor/Management Relations	402-1 (L)
GRI 403: Occupational Health and Safety	403-1(L), 403-2(L), 403-3(L), 403-4(L), 403-5(L), 403-6(L), 403-7(L), 403-8(L), 403-9(R), 403-10(L)
GRI 404: Training and Education	404-1(L), 404-2(L), 404-3(L)
GRI 405: Diversity and Equal Opportunity	405-1(L), 405-2(R)
GRI 406: Non-Discrimination	406-1(R)
GRI 407: Freedom of Association and Collective Bargaining	407-1 (L)
GRI 408: Child Labour	408-1 (R)
GRI 409: Forced or Compulsory Labour	409-1 (R)
GRI 410: Security Practices	410-1 (L)
GRI 413: Local Communities	413-1(L), 413-2(L)
GRI 414: Supplier Social Assessment	414-1(L), 414-2(L)
GRI 416: Customer Health and Safety	416-1(L), 416-2(R)
GRI 417: Marketing and Labeling	417-1(L), 417-2(L), 417-3(R)
GRI 418: Customer Privacy	418-1 (L)

**GHG sources under Scope -3 emissions are considered for 12 categories, namely: (1) Purchased goods and services; (2) Capital goods; (3) Fuel- and energy-related activities; (4) Upstream transportation and distribution; (5) Waste generated in operations; (6) Business travel; (7) Employee commuting; (8) Upstream leased assets; (9) Downstream transportation and distribution; (10) Processing of sold products; (11) Use of sold products; and (12) End-of-life treatment of sold products.*

The Scope 3 boundary was determined by AIL on a relevance basis in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard. The remaining categories defined under that Standard – namely Downstream leased assets, Franchises, and Investments – have not been reported, as AIL has assessed them to be not relevant or not applicable to its operations and business model for the reporting period (AIL does not operate a franchise model, holds no material downstream leased assets, and reports no material financed-emission investments within the reporting boundary). TUVI reviewed the reasonableness of these exclusions and the supporting rationale. Should any of these categories become relevant in future periods, or should a recalculation be triggered by a significant change in methodology, emission factors, organisational boundary, or the identification of a material error, AIL's policy is to recalculate and disclose the affected categories together with the rationale for the change.

The reporting boundary for the above topics includes 15 divisions in Gujarat, 1 division in Maharashtra, a Research Centre in Navi Mumbai, one pilot plant in Gujarat, the Corporate Offices in Mumbai and Vadodara, and the following subsidiaries of AIL: Aarti Corporate Services Limited, Aarti Polychem Private Limited, Innovative Envirocare Jhagadia Limited, Alchemic (Europe) Limited, Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited), Aarti Bharuch

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Limited, Aarti Circularity Limited (formerly known as Aarti Spechem Limited), Aarti Chemical Trading FZCO, Augene Chemical Private Limited (a JV with Superform Chemistries Limited), Re Aarti Private Limited, a partnership between Aarti Circularity Limited (wholly owned subsidiary of the Company) and Re Sustainability Limited and Aarti Chemical Trading USA INC (through its Holding Company: Aarti Chemical Trading – FZCO). A set of on-site and remote verifications was conducted at the following locations:

The reporting boundary above has been determined using the operational control approach, covering all entities over which AIL exercises operational control. This approach is consistent with the GHG Protocol Corporate Standard and GRI Standards boundary requirements. Subsidiaries and joint ventures are included where AIL holds operational control; the basis is consistent with the financial consolidation boundary disclosed in AIL's audited financial statements.

Sr No.	Division Name	Audit Date	Onsite Visit / Remote Verification	Address
1	Unit – I (Pearl and Ruby)	15/01/2026 to 16/01/2026	Remote verification	AIL (Unit-I), Plot No. 758/1,2 &3 P.B. No.23, G.I.D.C., Jhagadia - 393110. Dist-Bharuch, Gujarat, India.
2	Unit – II (Jade and Gold)	15/01/2026 to 16/01/2026	Remote verification	AIL (Unit-II), Plot No 756/2A&B 756/3A&B 756/4A&B 756/5A&B 756/6 756/7, 756/8 756/9 778 & 779 GIDC Jhagadia Bharuch 393110
3	ARTC	09/03/2026 to 09/03/2026	Remote verification	Aarti Industries Limited, Plot No. A-94/1 & A-94/1/1, MIDC, TTC industrial area, Kopar Khairane, Navi Mumbai, Maharashtra 400710
4	Head Office - Mumbai	16/04/2026 to 17/04/2026	Onsite visit	4th floor, Tower C, Embassy 247 Park, Gandhi Nagar, Vikhroli West, Mumbai 400083, Maharashtra, India
5	Emerald - Vadodara	16/04/2026 to 17/04/2026	Remote verification	3rd floor, Block No 1, Keval Corporate Park, Opp. Chhani GEB Sub Station Channi Road, Channi, Vadodara-390002, Gujarat, India
6	Neo	01/12/2025 to 3/12/2025	Remote verification	M/s. AIL., Plot No. Z/103/H, Dahej SEZ II, Ta. Vagra, Dist Bharuch.
7	Saffron	01/12/2025 to 3/12/2025	Remote verification	M/s. AIL., Plot No. Z/1111/B, SEZ II Dahej, Ta. Vagra, Dist Bharuch.
8	Diamond	01/12/2025 to 3/12/2025	Remote verification	M/s. AIL., Plot No. Z/103/C, GIDC Estate Dahej SEZ II, Ta. Vagra , Dist Bharuch
9	Anushakti	01/12/2025 to 3/12/2025	Remote verification	M/s. Aarti Industries Limited (Anushakti Division), Survey No. 1430/1, National highway no. 8-A, Bhachau, Kutch. Gujarat 370140
10	Organic	05/03/2026 to 06/03/2026	Remote verification	Organic Division: M/s. AIL., Plot No.: 801, 801/23, 806 & 807, Phase III, GIDC Estate, Vapi
11	Acid including DMS and Fertilizer	05/03/2026 to 06/03/2026	Remote verification	**Acid** - AIL. (Acid Division), Plot No 802, 803, 804/3, Phase III, GIDC, Vapi-396195 **DMS** - AIL. (DMS Division) Plot no .801/15 TO 19,21 & 22, Phase-III, GIDC estate, City: -VAPI, Dist: Valsad, Tal: Pardi, SIDC: Vapi **Fertilizer** - Aarti Fertilizers (A Division of Aarti Industries), Plot No - 801/15 to 19,21 & 22, III Phase, GIDC, Vapi-396195
12	Alchemie	05/03/2026 to 06/03/2026	Remote verification	M/s. AIL, Plot No.902,923 and 930, Phase III, GIDC Estate, Vapi - 396195
13	Amine	09/03/2026 to 09/03/2026	Remote verification	M/s. AIL., Plot No.: 285,286/1, A-1 322/12, 23& 24, Phase III, GIDC Estate, Vapi - 396195
14	Nascent	09/03/2026 to 09/03/2026	Remote verification	M/s. Aarti Industries Limited (Nascent Division), PLOT NO: 24, Phase-I, GIDC, Vapi - 396195, Tal: Pardi, Dist: Valsad.
15	Apple	09/03/2026 to 09/03/2026	Remote verification	M/s. Aarti Industries Limited (Apple Organic Division), Plot No. 609/610, 100 Shed Area, GIDC Estate, Pardi, Vapi Dist. Valsad
16	Topaz	09/03/2026 to 09/03/2026	Remote verification	M/s. Aarti Industries Limited, Unit-II, Plot No. L-5, L-4, L-8, L-9/1, MIDC, Tarapur, Boisar.

The assurance activities were carried out together with a desk review of entire plants and offices as per reporting boundary.

Our Responsibility

TUVI's responsibility under this assurance engagement is to perform independent assurance over AIL's ESG data, prepared with reference to the GRI Standards, and to express a conclusion based on the procedures conducted. This engagement was carried out with reference to the agreed scope of work, specifically focused on selected non-financial ESG indicators, comprising a combination of Reasonable and Limited assurance in accordance with ISAE 3000 (Revised). The engagement focused on verifying the accuracy and completeness of selected ESG disclosures and expressing a conclusion thereon in accordance with ISAE 3000 (Revised). It did not extend to evaluating AIL's overall sustainability strategy, governance, or management systems, nor an assessment of the sufficiency of the ESG data against the overarching principles of the GRI Standards or ISAE 3000 (Revised), beyond the elements explicitly covered within the defined scope.

The ESG data was verified on a sample basis; the responsibility for the accuracy, completeness, and authenticity of the information remains solely with AIL. AIL is also accountable for the archiving and retention of all related data for a reasonable period to support transparency and traceability. TUVI does not assume liability or co-responsibility for: (1) any inaccuracies

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or erroneous data reported by AIL; or (2) any decisions made by individuals or entities based on this assurance statement. This assurance is provided on the assumption that all data and information made available to TUVI by AIL were complete, accurate, and true to the best of AIL's knowledge. This assurance statement does not endorse any environmental and social claims (related to the product, manufacturing process, packaging, or disposal of product, etc.) or any advertisements by AIL. TUVI does not permit use of this statement for greenwashing or misleading claims.

Assurance Methodology

TUVI adopted a risk-based approach, concentrating verification efforts on the KPIs and disclosures of high material relevance to AIL and its stakeholders. The primary objective was to evaluate the reliability and accuracy of the reported ESG data, with emphasis on the effectiveness of the underlying data management systems, information flows, and internal controls. As part of the engagement, TUVI conducted the following activities:

1. Document and Data Review

a) Examination of pertinent documents, datasets, and supporting evidence provided by AIL, covering the management approach and performance disclosures for all reported ESG KPIs, conducted on a sample basis with focus on non-financial information disclosures;

b) Evaluation of the quality, clarity, and completeness of the disclosed information against the applicable requirements of the GRI Standards; and

c) Review of AIL's approach to stakeholder engagement and the process for identifying and prioritising material ESG topics, ensuring alignment with the principles of the GRI Standards.

2. Stakeholder Interviews

a) Engaged with key personnel, including data owners, process managers, and decision-makers across relevant functions of AIL, during both onsite verification and remote assessments, to gather insights and corroborate reported information; and

b) Reviewed qualitative statements included in the ESG disclosures to assess their consistency with the responses received during interviews and the supporting evidence reviewed.

3. Process and System Assessment

a) Conducted sample-based evaluations of the implementation of ESG-related policies as described in the Report, to verify adherence and operational effectiveness; and

b) Assessed the systems and procedures for generating, collecting, managing, and reporting both quantitative data and qualitative information included in the ESG disclosures, including data flows, aggregation procedures, and supporting records, to understand the context in which the reported data was prepared.

4. Substantive Testing For social KPIs including safety, employment, and waste, TUVI performed evidence triangulation by cross-referencing reported values against division-level registers, HR records, contractor logs, and regulatory returns to confirm accuracy and completeness.

TUVI performed walkthrough procedures to understand ESG data flows and processes, and substantive testing including document verification, recalculation, analytical review, and data traceability checks for selected KPIs and disclosures. Examples of KPI-category procedures applied:

a) **GHG Emissions** — recalculation of Scope 1 and Scope 2 emissions from primary fuel and energy consumption data using applicable emission factors; reconciliation of fugitive emission records; for Scope 3 emissions, review of the category-wise methodology applied by AIL in line with the GHG Protocol Corporate Value Chain (Scope 3) Standard, following a methodology hierarchy that prioritises supplier-specific data where available and otherwise applies spend-based or hybrid estimation approaches;

b) **Energy** — cross-verification of meter readings against utility bills for manufacturing plants; validation of energy consumption mix and energy intensity calculations;

c) **Water** — review of water intake records at plant level; traceability to source-wise water withdrawal records and consent/permit documentation; review of water discharge and recycling records;

d) **Safety** — verification of Lost Time Injury Frequency Rate (LTIFR) calculations against plant-level incident registers and HR records; review of occupational health and safety management systems; and

e) **Waste** — reconciliation of hazardous and non-hazardous waste disposal records against applicable regulatory returns and third-party disposal manifests.

5. Sampling Methodology

TUVI applied a risk-based sampling methodology to select representative samples of ESG disclosures, considering materiality, risk of misstatement, data complexity, estimation uncertainty, nature and scale of operations, geographical spread of facilities, and site contribution to ESG impacts. Sample selection prioritised locations with significant operational impact and KPIs with higher inherent risk. The combined onsite verification and desk review ensures comprehensive coverage of key environmental, social, and safety KPIs across all reporting units, providing a fully evidenced and representative basis for the assurance conclusion on AIL's ESG data. The intensity of detailed verification applied across disclosure categories reflected the risk-based approach described above and may be summarised as follows: Environmental disclosures (GRI 301–306, 308) were subjected to the most extensive verification, reflecting their higher inherent risk and quantitative significance; Social disclosures (GRI 401–418) received a high level of verification; and Governance and economic disclosures (GRI 202, 204, 205, 206) received a

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verification level proportionate to their assessed risk. For the quantitative environmental KPIs (energy, water, waste, and GHG emissions), site-level verification covered all sixteen manufacturing divisions, with the remaining pilot, research centers plant and offices and subsidiaries covered through desk review, so that all sites within the defined reporting boundary were covered under the engagement. The differential intensity of verification across categories reflects the risk-based approach, under which greater verification effort was directed to categories with higher inherent risk, estimation uncertainty, and stakeholder sensitivity.

KPI-Specific Materiality Approach: A KPI-specific materiality approach was applied to selected samples: (i) a **5% quantitative threshold** was applied to volume-based KPIs (GHG emissions, energy, water, and waste), determined based on benchmarking with industry practice for non-financial ESG assurance engagements, inherent risk assessment of each KPI category, and relative contribution of sampled sites to total reported values; and (ii) a **qualitative zero-tolerance threshold** was applied to high-risk ESG indicators — fatalities, permanent disabilities, regulatory non-compliances, and incidents of forced or child labour — for which any occurrence, misstatement, or omission is treated as material irrespective of magnitude, with qualitative judgment overriding the quantitative threshold for these KPIs. This KPI-specific materiality framework ensures that qualitative issues of significant stakeholder concern are not understated by the application of a uniform quantitative threshold.

Where disclosures are based on estimation or standard assumptions, the estimation uncertainty has been acknowledged and factored into the assurance conclusion. The ESG data was evaluated against the following criteria: stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality, relevance, sustainability context, accuracy, reliability, comparability, clarity, and timeliness, as prescribed in the GRI Standards.

Opportunities for Improvement

The following are the opportunities for improvement reported to AIL. However, they are generally consistent with AIL management's objectives and programs. AIL has already identified the topics below, and the Assurance team endorses the same to achieve the sustainability goals of the organization.

i. **Publish Product Carbon Footprint / LCA for Key Products**
   AIL may undertake and disclose product-level carbon footprint or Life Cycle Assessment for selected high-volume and export-oriented products, particularly from benzene, toluene and sulphuric acid value chains.

ii. **Develop a Site-wise Low Carbon Energy Transition Roadmap**
   AIL may develop a site-wise energy transition roadmap covering coal reduction, renewable electricity scale-up, biomass/alternate fuel trials, electrification opportunities, waste heat recovery and technology-based energy efficiency projects.

Our Conclusion

Engagement Type: Independent assurance engagement over AIL's ESG disclosures, comprising a combination of Reasonable and Limited assurance, prepared with reference to the GRI Standards. The engagement was conducted in accordance with ISAE 3000 (Revised).

Applicable Criteria: GRI Standards 2021 (GRI 1: Foundation, GRI 2: General Disclosures, GRI 3: Material Topics, and applicable Topic-specific Standards).

In our opinion, and based on the scope of this assurance engagement, the ESG disclosures provided by AIL offer a fair representation of material topics and are aligned with the content and quality requirements of the applicable GRI Standards. AIL has appropriately disclosed KPIs and actions aimed at creating value over the short, medium, and long term, with underlying data management processes reflecting a commitment to transparency and integrity. The practitioner applied professional judgment and maintained professional scepticism throughout the engagement, consistent with the requirements of ISAE 3000 (Revised). TUVI did not perform any assurance procedures on prospective information, such as targets, forecasts, expectations, and ambitions disclosed in the Report. Consequently, TUVI draws no conclusion on such prospective information. This assurance statement has been prepared in accordance with the terms of the engagement and is limited to the scope and boundaries defined therein.

Disclosures: TUVI is of the opinion that AIL's ESG disclosures generally meet the requirements of the GRI Standards. The following reporting elements have been appropriately addressed:

Universal Standards:

1. GRI 1: Foundation 2021 — requirements and principles for using the GRI Standards;
2. GRI 2: General Disclosures 2021 — disclosures about AIL's organizational profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process; and
3. GRI 3: Material Topics 2021 — disclosures and guidance about AIL's material topics and management approach.

Topic-Specific Standards: The GRI 300 Series (Environmental topics) and GRI 400 Series (Social topics) were applied to report AIL's impacts on relevant environmental and social issues. TUVI is of the opinion that the material topics and associated Topic-specific Standards are appropriately identified and addressed in AIL's ESG disclosures.

Reasonable Assurance Conclusion: In our opinion, the GRI disclosures identified as subject to Reasonable Assurance (marked "R" in the scope table) have been prepared, in all material respects, in accordance with the applicable GRI Standards 2021 criteria and fairly represent AIL's performance on the respective ESG topics for the reporting period.

Limited Assurance Conclusion: Based on the procedures performed for the GRI disclosures identified as subject to Limited Assurance (marked "L" in the scope table), nothing has come to our attention that causes us to believe that the information was not prepared, in all material respects, in accordance with the applicable GRI Standards 2021 criteria.

Assurance Conclusion: Based on the procedures performed, using risk-based methodologies, data validation techniques, conflict of interest mitigation, and thorough documentation of evidence, nothing has come to our attention that causes us to believe that the information subject to this assurance engagement was not prepared, in all material respects, in accordance with the applicable reporting criteria of the GRI Standards. TUVI found the ESG data and information to be reliable in all material respects with regard to the reporting criteria. The identified KPIs were verified at a combination of Reasonable and Limited levels of assurance, with the applicable level of assurance explicitly stated for each KPI, thereby enhancing stakeholder confidence and reinforcing transparency and credibility in AIL's ESG reporting practices.

Principles Observed in the Assurance Process:

Stakeholder Inclusiveness: Stakeholder identification and engagement has been carried out by AIL on a periodic basis to identify key stakeholder concerns as material topics. In our view, the ESG disclosures meet the requirements.

Sustainability Context: AIL has established the relationship between ESG and organizational strategy within the Report, as well as the context in which disclosures are made. In our view, the ESG disclosures meet the requirements with regard to sustainability context.

Materiality: The materiality determination process has been conducted based on the requirements of the GRI Standards, considering the involvement of internal and external stakeholders across the upstream and downstream value chain. The Report fairly brings out the material aspects, topics, and their respective boundaries across AIL's operations. In our view, the ESG disclosures meet the requirements.

Responsiveness: TUVI believes that the responses to the material aspects identified through the materiality determination process are fairly articulated in the Report through disclosures on AIL's policies, management systems, and governance. In our view, the ESG disclosures meet the requirements.

Impact: AIL communicates its sustainability performance through regular, transparent internal and external reporting, aligned with the GRI Standards, as part of its policy framework encompassing environmental, social, ethical, and other policies. AIL reports on sustainability performance to the Board of Directors, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues.

Completeness: The Report has fairly disclosed the selected non-financial KPIs as per the GRI Standards. In our view, the ESG disclosures meet the requirements.

Reliability: The majority of the data and information was verified by TUVI's assurance team during the hybrid assessment — a combination of onsite visits, web-based meetings, and desk reviews — and found to be fairly accurate. Some inaccuracies identified during the verification process were attributable to transcription, interpretation, and aggregation errors, and these have been corrected. TUVI concludes that the ESG data and information presented in the Report are fairly reliable and acceptable in reference to the GRI Standards. In our view, the ESG disclosures meet the requirements.

Neutrality: The disclosures related to ESG issues and performance are reported in a neutral tone in terms of content and presentation. In our view, the ESG disclosures meet the requirements.

Independence: TUVI conducted this engagement in compliance with the IESBA (International Ethics Standards Board for Accountants) Code, which adopts a threats-and-safeguards approach to independence. The assurance team was selected to avoid risks of self-interest, self-review, advocacy, familiarity, or intimidation, ensuring objectivity throughout the engagement.

Quality Control: TUVI maintains a comprehensive system of quality control in line with the International Standard on Quality Control (ISQC). The assurance team adhered to the IESBA Code's fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. All procedures were conducted in accordance with applicable ethical and professional standards.

Our Assurance Team and Independence

TÜV India Private Limited (TUVI) is an independent and neutral third-party assurance provider, delivering sustainability assurance services through a team of qualified environmental and social specialists. TUVI affirms its independence, impartiality, and objectivity in relation to this assurance engagement in accordance with ISAE 3000 (Revised), maintained through internal conflict-of-interest checks, adherence to a documented code of ethics, separation of assurance and advisory functions, reviewer oversight, and quality control procedures.

TUVI confirms that no non-assurance services were provided to AIL during the reporting year that could create self-review, advocacy, familiarity, self-interest, or other independence threats, including preparation of GRI disclosures, ESG strategy development, target setting, ESG data system design, GHG inventory calculations, internal ESG audits, materiality assessments, or KPI improvement advisory services. TUVI was not involved in the preparation of any content or data presented in AIL's ESG Report, with the sole exception of this independent assurance statement. No engagements undertaken during the reporting year compromised the objectivity, independence, or impartiality of TUVI's findings, conclusions, or recommendations.

TUVI follows the IESBA (International Ethics Standards Board for Accountants) Code, which adopts a threats-and-safeguards approach to independence. The Assurance Team was selected to avoid situations of self-interest, self-review, advocacy, and familiarity, and was safeguarded from any form of intimidation throughout the engagement. TUVI further maintains complete neutrality and impartiality with respect to all individuals engaged during the course of the assurance process.

Quality Control: The Assurance Team complies with the Code of Ethics for Professional Accountants issued by IESBA, founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In accordance with the International Standard on Quality Control, TUVI maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

This assurance statement has been prepared in accordance with the terms of the engagement and ISAE 3000 (Revised) requirements.

For and on behalf of TUV India Private Limited

Date: 09/06/2026
Place: Mumbai, India
Project Reference No: 8124249039
Revision:02

CIN: L24110GJ1984PLC007301

Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Dist. Valsad, Gujarat - 396 195

Website: www.aarti-industries.com; **Email:** investorrelations@aarti-industries.com

Telephone: +91 7486036572, +91 7486041011; **Fax:** 0260-2401322

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the members of **AARTI INDUSTRIES LIMITED ("Company")** is scheduled to be held on **Monday, September 21, 2026** at **11:00 a.m. (IST)**, through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), to transact the following business;

ORDINARY BUSINESS

1. To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2026 together with the reports of the Board of Directors' and Auditors' thereon.

2. To declare dividend @ 20% i.e. ₹ 1/- (Rupee One Only) per Equity Share for the year ended March 31, 2026.

3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   To appoint a Director in place of Shri Ajay Kumar Gupta (DIN: 08619902), who retires by rotation and being eligible, has offered himself for re-appointment as a Director of the Company.

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company, be and is hereby accorded to re-appointment of Shri Ajay Kumar Gupta (DIN: 08619902) as a Director, liable to retire by rotation."

4. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   To appoint a Director in place of Shri Suyog K. Kotecha (DIN: 10634964), who retires by rotation and being eligible, has offered himself for re-appointment as a Director of the Company.

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company, be and is hereby accorded to re-appointment of Shri Suyog K. Kotecha (DIN: 10634964) as a Director, not liable to retire by rotation."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   To Re-Appoint Shri Rashesh C. Gogri (DIN:00066291) as a Non-Executive Director of the Company w.e.f. October 01, 2026.

   "RESOLVED THAT pursuant to the provisions of Sections 152, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules"), and Regulation 17(1D), 17(1C), 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s), modification(s), substitution(s) or re-enactment(s) thereof, for the time being in force) ("Listing Regulations"), and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on July 30, 2026 and subject to such approvals, permissions and sanctions as may be required, the consent of the members of the Company be and is hereby accorded to the Re-appointment of Shri Rashesh C. Gogri (DIN: 00066291) as Non-Executive Director of the Company, liable to retire by rotation, w.e.f. October 01, 2026 on such terms and conditions including remuneration as set out in the statement annexed to the Notice.

   RESOLVED FURTHER THAT the Executive Directors and the Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution, including filing the requisite statutory forms with the Registrar of Companies and making necessary disclosures to the Stock Exchanges."

6. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   To appoint Shri Suyog K. Kotecha (DIN: 10634964) as the Managing Director of the Company w.e.f. October 01, 2026 for a period of 5 Years.

   "RESOLVED THAT in supersession of the Ordinary Resolution passed by the Members of the Company at the Annual General Meeting held on August 02, 2024 and pursuant to the provisions of Sections 152, 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on July 30, 2026, the consent of the members of the Company be and is hereby accorded to the appointment of Shri Suyog K. Kotecha (DIN: 10634964) as the Managing Director ('MD') of the Company, not liable to retire by rotation, for a period of 5 (Five) years with effect from October 01, 2026 up to September 30, 2031 (both days inclusive), on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice.

   RESOLVED FURTHER THAT the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, be and is hereby authorised to alter, vary, or modify the terms and conditions of the said appointment including remuneration, performance-linked incentives and perquisites (within overall ceiling stated in the explanatory statement), as it may deem fit.

   RESOLVED FURTHER THAT the Executive Directors and the Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, and things and to execute all such documents, instruments and writings as may be considered necessary, proper, or expedient to give effect to this resolution, including filing the requisite statutory forms with the Registrar of Companies and making necessary disclosures to the Stock Exchanges."

7. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

   To approve payment of Profit Related Commission to the Non-Executive Directors.

   "RESOLVED THAT in suppression of resolution dated August 02, 2024, pursuant to the provisions of Sections 197, 198, and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules") and Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s), modification(s), substitution(s) or re-enactment(s) thereof for the time being in force) ("Listing Regulations"), and based on the recommendations of the Nomination and Remuneration Committee and the the Board of Directors at their respective meetings held on July 30, 2026, and subject to such other approvals, permissions and sanctions as may be required, consent of the Members of the Company be and is hereby accorded for the payment of profit-related commission to the Non-Executive Directors of the Company (including Independent Directors) for a period of five (5) years effective from April 01, 2026 to March 31, 2031 as under:

   a) Total commission payable to all Non-Executive Directors cumulatively in any financial year shall not exceed 1% (one percent) of the net profit of the Company computed in accordance with Section 198 of the Companies Act, 2013, subject to an individual ceiling up to ₹ **30,00,000/- (Rupees Thirty Lakhs only)** per annum for each individual Non-Executive Director;

   b) The exact allocation, proportion, and manner of distribution of commission among the Non-Executive Directors shall be determined annually by the Board of Directors based upon the recommendation of the Nomination and Remuneration Committee based on transparent, objective performance criteria, including individual contribution, committee chairmanship/ membership, meeting attendance, and overall Company performance.

   RESOLVED FURTHER THAT the profit-related commission shall be payable over and above the sitting fees for attending meetings of the Board and its Committees, as well as the reimbursement of actual

expenses incurred in the discharge of their duties as Directors, in accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Company.

RESOLVED FURTHER THAT the Executive Directors and the Key Managerial Personnel be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

8. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   To approve payment of remuneration of the Cost Auditors for FY 2026-27.

   "RESOLVED THAT pursuant to Section 148(3) read with section 141 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors), Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 4,00,000/- (Rupees Four Lakhs only) per annum plus Tax as applicable and reimbursement of out of pocket expenses to be paid to Smt. Ketki D. Visariya, Cost Accountant (Membership Number: 16028), being the Cost Auditor appointed by the Board of Directors of the Company to conduct an audit of the cost records and related books maintained by the Company in respect of Organic and Inorganic Chemicals and Fertilisers for the Financial Year 2026-27 be and is hereby approved.

   RESOLVED FURTHER THAT the Executive Directors and/or any of the Key Managerial Personnel of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

July 30, 2026

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

NOTES

1. The Ministry of Corporate Affairs, Government of India ("MCA") vide its General Circular Nos. 14/2020, 20/2020, 02/2021, 19/2021, 21/2021, 02/2022, 10/2022, 09/2023, 09/2024 and 03/2025 dated April 08, 2020, May 05, 2020, January 13, 2021, December 08, 2021, December 14, 2021, May 05, 2022, December 28, 2022, September 25, 2023, September 19, 2024 and September 22, 2025 respectively, and other circulars issued in this respect ("MCA Circulars") allowed, inter-alia, to conduct AGM through VC/OAVM facility in accordance with the requirements provided in paragraph 3 and paragraph 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India ("SEBI") also vide its Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024 has provided certain relaxations from compliance with certain regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The members can attend and participate in the AGM through VC/OAVM.
2. Pursuant to the above referred MCA Circulars, the facility, to appoint a proxy to attend and cast vote, for the members is not available for this AGM. However, the body corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.
3. In line with MCA Circulars read with circulars issued by Securities Exchange Board of India (SEBI) vide SEBI/HO/CFD/PoD-2 dated October 03, 2024 (hereinafter referred to as "SEBI Circular for AGM"), the Notice of 43rd AGM along with the Annual Report for FY 2025-26 is being sent only through electronic mode to those members whose email addresses are registered with the Company's Registrar & Share Transfer Agents, Link Intime India Private Limited ("RTA")/Depositories. A letter containing the web link, along with the exact path to access the complete details of the Annual Report, is being sent to shareholders who have not registered their email address with the Company's RTA or DP. The physical copies of such statements and Notice of AGM will be dispatched only to those shareholders who request for the same.
4. Members may note that the Notice of the 43rd AGM along with the Annual Report for FY 2025-26 is also available for download on the website of the Company at www.aarti-industries.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL, www.evoting.nsdl.com.
5. Since the AGM is being held through VC/OAVM, physical attendance of shareholders has been dispensed with. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Pursuant to Section 113 of the Act, Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) attending the meeting through VC/OAVM are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorisation etc. authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorisation shall be sent to the scrutiniser by email through its registered email address to narasimhan.b8@gmail.com/ab@bnpassociates.in/support@bnpassociates.in with a copy marked to evoting@nsdl.com.
7. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, April 01, 2019, except in case of request received for transmission or transposition and relodged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 02, 2020, had fixed March 31, 2021, as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In terms of the SEBI Circular dated July 02, 2025, the shareholders are hereby informed that a Special Window had been opened for re-lodgment of transfer deeds, which were lodged prior to the deadline of April 01, 2019 and rejected/returned/not attended due to deficiency in the documents/process or otherwise. The re-lodgment window remained open for a period of six months i.e. from July 07, 2025 till January 06, 2026. Further Special Window is open for a period of one year from February 5, 2026 to February 4, 2027. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form were requested to consider converting their holdings to dematerialised form. Members were requested to intimate changes, if any, pertaining to their name, postal address, email address, mobile/phone numbers, PAN, mandates, nominations and bank details etc., to their Depository Participants

("DPs") in case shares are held by them in electronic form and to the MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) in Form ISR-1 in case the shares are held by them in physical form. Members can contact the Company or the Company's Registrars and Transfer Agents, MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on the Company's website www.aarti-industries.com.

8. Shareholders desirous of receiving communication from the Company in electronic form may register their email addresses with their respective depository participants. Further, shareholders are also requested to approach their depository participant to register their email address in their demat account details as per the process defined by the respective depository participant. Members, who hold shares in physical form are requested to provide their email addresses to the MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) by sending an e-mail at investor.helpdesk@in.mpms.mufg.com or to the Company at investorrelations@aarti-industries.com.

9. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.aarti-industries.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited), in case the shares are held in physical form. Further, if members desire to opt-out/cancel the nomination and to record a fresh nomination, are requested to submit Form ISR-3 (in case of shares held in physical form) or SH-14 (in case of shares held in electronic mode).

10. SEBI has mandated listed companies to issue securities in dematerialised form only while processing service requests for the issue of duplicate securities certificates; claims from unclaimed suspense accounts; renewal/exchange of securities certificates; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR–4. It may be noted that the service request can be processed only, if the respective folio is KYC Compliant.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited), the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making the requisite changes.

12. In the case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.

13. The Company has fixed **Monday, September 14, 2026** as the 'Record Date' for determining members' entitlement to the Final Dividend for the financial year ended March 31, 2026, if approved at the AGM.

14. If the Final Dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such Dividend subject to deduction of tax at source will be made within a statutory timeline of 30 days as under:

    a) To all Beneficial Owners in respect of shares held in dematerialised form as per the data made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as at the close of business hours on Monday, September 14, 2026;

    b) To all members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as at the close of business hours on Monday, September 14, 2026.

15. During the year the Company has transferred the unclaimed amount of the Dividend 2017 -18 and Interim Dividend for the year 2018 - 2019 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.

16. The Company has uploaded the information in respect of the Unclaimed Dividends, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aarti-industries.com.

17. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for the transfer of all shares in respect of which dividend has not been paid and claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) edition and (Gujarati) editions published from Ahmedabad for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to the Demat Account of IEPF Authority on its website at https://www.aarti-industries.com/ under "Investors Section."

18. Attention of the members is invited to the provisions of Section 124(6) of the Companies Act, 2013 with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time ("IEPF Rules"), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid and unclaimed for a continuous period of seven years, to IEPF. The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.

19. To register an email address for all future correspondence and update the bank account details, please follow the below process:

Physical Holding	Send a request to MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) at investor.helpdesk@in.mpms.mufg.com: To register email address, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy of both PAN card and Aadhar card) To update bank account details, please send the following additional documents/ information followed by the hard copies: a) Name of the bank and branch address b) Type of bank account i.e., savings or current c) Bank account no. allotted after implementation of core banking solutions d) 9-digit MICR code no., and e) 11-digit-digit IFSC code f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook/statement attested by bank
Demat Holding	Please contact your DP and follow the process advised by your DP

20. Since the AGM will be held through VC/OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Business at item nos. 5 to 8 above is annexed hereto and forms part of the Notice.

21. Relevant documents referred to in the Notice, Register of Directors/Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Companies Act 2013 and Register of Contracts maintained under Section 189 of the Companies Act 2013 and other relevant registers are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to investorrelations@aarti-industries.com till the date of the AGM.

22. Members seeking any information with regard to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company at least 5 days before the date of AGM through email at investorrelations@aarti-industries.com. The same will be replied by the Company suitably.

23. Shareholders may note that pursuant to the changes in the Income Tax Act as amended by the Finance Act, 2020, dividend income will be taxable in the hands of the shareholders and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to shareholders at the prescribed rates. In general, to enable compliance with TDS requirements, members are requested to complete and/or update their Residential status, PAN, Category with their depository participants ('DPs') or in case shares are held in physical form, with the Company/

Registrars and Transfer Agents ('RTA') by sending documents through email on or before Monday, September 14, 2026.

24. Voting through Electronic Means:

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 (LODR) Regulations, 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 in relation to e-voting Facility provided by Listed Entities, the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-voting 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 NSDL.

The members, whose names appear in the Register of Members/list of Beneficial Owners as on Monday, September 14, 2026 are entitled to vote on the resolutions, set forth in this Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of Monday, September 14, 2026. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut- off date i.e. Monday, September 14, 2026. may obtain the login ID and password by sending a request at investor.helpdesk@in.mpms.mufg.com and/or evoting@nsdl.com. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

The Board of Directors of the Company have appointed M/s BNP and Associates as the Scrutiniser to scrutinise the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at the Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and at the meeting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on **Friday, September 18, 2026 at 9:00 A.M.** and ends on **Sunday, September 20, 2026 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The members, whose names appear in the Register of members/Beneficial Owners as on the **record date (cut-off date) i.e. Monday, September 14, 2026,** may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the **cut-off date, being Monday, September 14, 2026.**

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. Existing **IDeA**S user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see the e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 5. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System 'MyEasi Tab' and then use your existing username & password. 2. After successful login, the Easi/Easiest 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 the Company. On clicking the e- Voting option, the user will be able to see the e-Voting page of the e-Voting service provider for casting their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

Type of shareholders	Login Method
	3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com. They can click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting pages by providing Demat Account Number and PAN No. from an e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile & email as recorded in the Demat Account. After successful authentication, users will be able to see the e-Voting option where the e-Voting is in progress and also be able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	Users can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, the users will be able to see the e-Voting option. Upon clicking on the e-Voting option, they will be redirected to the NSDL/CDSL Depository site after successful authentication, wherein they can see the e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and they will be redirected to the e-Voting website of NSDL for casting their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue during login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or calling at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue during login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contacting at toll free no. 1800-21-09911

B) Login method for e-Voting and joining virtual meetings for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to log-in to the NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open a web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can login at https://eservices.nsdl.com/ with your existing IDEAS login. Once you login to NSDL e-Services after using your login credentials, click on e-Voting and you can proceed to step 2 i.e. cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i. e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For members who hold shares in a demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12******, then your user ID is IN300***12******.
b) For members who hold shares in a demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12**********, then your user ID is 12**********
c) For members holding shares in physical form.	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 141016, then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using the NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting the check box.
8. Now, you will have to click on the "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join the General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join the General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of the Company for which you wish to cast your vote during the remote e-Voting period and cast your vote during the General Meeting. For joining a virtual meeting, you need to click on the "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to narasimhan.b@gmail.com/ab@bnpassociates.in/support@bnpassociates.in with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter etc. by clicking on "Upload

Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Mr. Amit Vishal, Deputy Vice President, NSDL, 022-2499 4360 or email at amitv@nsdl.com or Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.com at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide 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 investorrelations@aarti-industries.com.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investorrelations@aarti-industries.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in demat mode**.

3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.

2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see a link of "VC/OAVM" placed under the **"Join meeting"** menu against the Company name. You are requested to click on the VC/OAVM link placed under the Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of the Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investorrelations@aarti-industries.com. The same will be replied by the Company suitably.

6. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/folio number, PAN, mobile number at investorrelations@aarti-industries.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

7. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/ OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied to by the Company suitably.

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

July 30, 2026

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

ANNEXURE TO THE NOTICE

Explanatory Statement

(pursuant to Section 102(1) of the Companies Act, 2013)

Item no. 5

Shri Rashesh C. Gogri (DIN: 00066291), a member of the Promoter Group, has been associated with the Company since 1997. Currently he serves as the vice-chairman and Managing Director. The Shareholders in their 38th Annual General Meeting held on September 28, 2021 had approved his reappointment as the Managing Director for a period of 5 years from June 09, 2022 and valid until June 08, 2027.

The Company remains steadfast in its commitment to a structured, scalable, and future-ready governance model - placing the reins of day-to-day executive management firmly in the hands of a professional leadership team. Recognising this strategic transition and acknowledging the robust enterprise established by the Company through its focus on people, enhancement of technical capabilities, and fostering of enduring customer partnerships within a culture of excellence, Shri Rashesh C. Gogri, while remaining committed to the Company's long-term success, expressed his intention to focus on strategic oversight and provide institutional mentorship to the professional and executive management team as they leverage the Company's strong foundation to navigate its next phase of growth.

Reflecting this transition, Shri Rashesh C. Gogri has conveyed his consent to continue serving the Company as a Non-Executive Director, thereby transitioning from his role as Managing Director with effect from October 01, 2026. This evolution was not about stepping away from the Company, but about strengthening the institution that is built for the future. He further ensured that his commitment to the Company and its long-term success remains as strong as ever.

To ensure the Company continues to benefit from Shri Rashesh C. Gogri's vast industry expertise, deep technical acumen, and strategic insights, the Nomination and Remuneration Committee ("NRC") and the Board of Directors, at their respective meetings held on July 30, 2026, approved and recommended to the Members of the Company his appointment as a Non-Executive Director with effect from October 01, 2026, with his office being liable to retire by rotation pursuant to Section 152(6) of the Companies Act.

In order to ensure continuation of his directorship, mainly in accordance with the provisions of regulation 17(1D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, the Board recommends his appointment as non-executive director with effect from October 01, 2026.

Shri Rashesh C. Gogri has confirmed that he is not disqualified from being re-appointed as a Director in terms of Section 164 of the Act, is not barred or restrained from holding the office of Director by virtue of any order passed by the Securities and Exchange Board of India (SEBI) or any other statutory authority, and meets all applicable 'Fit and Proper' criteria.

As a Non-Executive Director, Shri Rashesh C. Gogri will be entitled to sitting fees, reimbursement of actual expenses incurred in the discharge of his duty as Director, as well as profit-related commission, strictly within the overall statutory limits prescribed under Section 197 of the Act and as approved by the Members of the Company for Non-Executive Directors. The NRC shall determine the commission distribution criteria on an annual basis after considering, inter alia, the Industry Trend, Individual Director's Contribution, Attendance & Participation in Meetings, Company's performance against budget, leadership provided on strategic matters and such other relevant factors as the NRC may consider appropriate.

Requisite disclosures pursuant to Regulation 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard on General Meetings (SS-2) are annexed to this Notice as Annexure - A.

Shri Rashesh C. Gogri and Smt. Hetal Gogri Gala, Non - Executive Director, being related to him are interested in the resolution. The other relatives of Shri Rashesh C. Gogri may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Your Board thus recommends the Resolution at Item No. 5 for your approval as an Ordinary Resolution.

Item no. 6

Shri Suyog K. Kotecha (DIN: 10634964) was appointed as an Executive Director of the Company for a tenure of five (5) consecutive years with effect from June 17, 2024 up to June 16, 2029.

During his tenure of about two years, Shri Suyog K. Kotecha has worked closely with the Board and the leadership team to strengthen strategic execution, deepen customer engagement, strengthen organisational capabilities and reinforce the Company's long-term growth agenda. Evaluating his performance, the Nomination and Remuneration Committee ("NRC") and the Board also noted that he has consistently demonstrated leadership maturity, deep technical expertise, and a forward-looking vision while maintaining a steadfast focus on ESG, safety, regulatory compliance, and sustainable growth amid evolving macroeconomic conditions and a dynamic business environment.

Further to strengthen Aarti Industries' governance framework while ensuring continuity of strategic oversight the Executive Directors from the Promoter Category have conveyed their intention to transition to Non-executive Role. Accordingly, the NRC and the Board of Directors have approved the transition with effect from October 01, 2026. Considering the proposal, from the existing Managing Directors Shri Rajendra V. Gogri and Shri Rashesh C. Gogri nominating Shri Suyog K. Kotecha as the New Managing Director with effect from October 01, 2026, the NRC and the Board of Directors, unanimously expressed their confidence in his ability to lead the Company through its next phase of growth.

Evaluating his performance and in recognition of his sustained contributions and in line with the Company's long-term governance framework, professionalisation strategy, the Board of Directors, at its meeting held on July 30, 2026, based on the recommendation of the NRC, approved the appointment of Shri Suyog K. Kotecha as the Managing Director ("MD"), for a period of five years from October 01, 2026, not liable to retire by rotation, subject to the approval of the Members of the Company. The leadership transition is the outcome of the Company's long-term succession planning and reflects its commitment to institutional leadership, robust governance and sustainable value creation.

Brief profile of Shri Suyog K. Kotecha is as follows:

Shri Suyog K. Kotecha aged ~46 years is a Chemical Engineer from UDCT, Mumbai (1998-2002) and has completed his Masters in Chemical Engineering from University of Twente, Netherlands (2002-04) and MBA from the Indian School of Business (2009-10), Hyderabad where he was part of 'Dean's list' for distinguished scholars.

Shri Suyog K. Kotecha has been leading knowledge partnership initiatives with Indian Chemical Council for over 10 years and has published several reports and thought articles in partnership with Industry and Government relevant to chemical industry in India.

Prior to joining the Company Shri Suyog K. Kotecha was leading Growth & Strategy for the Petrochemicals division at Reliance Industries Limited. He was a Partner with McKinsey & Company, Mumbai office. He co-led McKinsey's Chemicals & Agriculture Practice in India, specialising in petrochemicals, specialty chemicals, with deep expertise in corporate strategy and tech enabled performance transformations. Prior to McKinsey & Company, he worked in Chemicals, Oil & Gas sectors for 5 years across continents. At 'Shell Global Solutions' in the Netherlands, he worked on developing technologies for large capacity liquified natural gas plants. At 'Sulzer Chemtech' in Singapore, he led new product launches and business development for refinery and petrochemicals clients across Asia.

Recognising the leadership, strategic vision, and significant contributions of Shri Suyog Kotecha, and due to his elevation to the role of Managing Director of the Company with effect from October 01, 2026, Board on the recommendation of NRC approved his remuneration ceiling up to FY2031 as under and recommended for the approval of the Shareholders. The Company has relied upon benchmarking surveys of peer Companies conducted by the professional agency particularly on the best practices followed by them with respect to Compensation proposed for Shri Suyog K. Kotecha in the capacity of Managing Director of the Company.

Particulars	Remuneration Details		
Fixed Remuneration Salary (Rs. Lakhs p.a.)	**For FY 2026-27**	**Ceiling up to FY 2030-31**	
	400	650	Annual increments until FY 2031 will be determined by the Board on the recommendation of the NRC on an annual basis at its sole discretion. However, while determining the annual increments, the Board and NRC will consider factors like inflation, general increases recommended for other executives and the business context.
Variable Pay	Amount of maximum up to 200% of Fixed remuneration of the respective financial year (same will be part of the ceiling of 3% Commission cumulatively set for executive Directors). The variable pay shall be payable at the end of each Financial Year, during the Proposed Term of his appointment, subject to the Company's achievement of certain targets as determined by the Board or its Committee from time to time. The performance targets cover revenue growth, operating margin and such other annual parameters as decided by the Board or Committee.		
Performance Stock Options	Grant up to 1,25,000 options per annum These Options will vest as per the Company's PSOP-2022 plan and based on the achievement of certain strategic milestones at the end of each financial year. The strategic milestones include both qualitative, quantitative and those related to organisational development and such other appropriate measures as determined by the Board or its Committee annually		
Other terms[1]			
Severance and Notice Period	In line with the Company's Policy applicable to the employees of the Company.		

[1]He would be eligible for insurance, leaves etc. However, benefits pertaining to LTA, Car, Car Operating expenses, PF, Gratuity etc. would be part of overall fixed compensation.

Approval of the Members is being sought by way of an Ordinary Resolution for the appointment of Shri Suyog K. Kotecha as Managing Director with effect from October 01, 2026 up to September 30, 2031 (both days inclusive) on the terms and conditions set out hereinabove. Shri Suyog K. Kotecha is not disqualified from being appointed as a Director in terms of Section 164 of the Act and satisfies all conditions specified under Schedule V of the Companies Act, 2013. He has submitted his consent to act as Managing Director effective October 01, 2026, and confirmed that he is not barred or restrained from holding the office of Director by virtue of any order passed by the Securities and Exchange Board of India (SEBI) or any other regulatory authority. He fulfills the 'Fit and Proper' criteria laid down under applicable statutory guidelines and circulars.

A detailed profile and statutory disclosures prescribed under Regulation 36(3) of the SEBI Listing Regulations, Secretarial Standard on General Meetings (SS-2), and the Act are annexed to this Notice as Annexure - A.

The draft agreement to be entered into between the Company and Shri Suyog K. Kotecha is open for inspection by Members at the Registered Office of the Company on all working days between 11:00 AM and 1:00 PM up to the date of the ensuing Annual General Meeting.

Shri Suyog K. Kotecha is not related to any director or Key Managerial Personnel of the Company. Shri Suyog K. Kotecha is interested in the Resolution set out at Item No.6 of the Notice His relatives may be deemed interested to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the Directors, Key Managerial Personnel of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Your Board thus recommends the Resolution at Item No. 6 for your approval as an Ordinary Resolution.

Item no. 7

As part of the Company's continued commitment to strengthening its corporate governance framework and facilitating a strategic transition to a professional management-led leadership structure, Shri Rajendra V. Gogri, Shri Rashesh C. Gogri and Shri Renil R. Gogri, Promoter Executive Directors of the Company, will be transitioning to the role of Non-Executive Directors with effect from October 01, 2026.

To support its leadership transition to a professional management-led structure, the Nomination and Remuneration Committee ("NRC") & Board reviewed the remuneration framework applicable to its Non-Executive Directors. The NRC and the Board noted that the continued association of the promoter directors in a non-executive capacity would enable the Company to benefit from their industry expertise, strategic perspective and institutional knowledge while reinforcing the Company's professional management-led governance framework. In light of the expanded number of non-executive directors, it is recommended to fairly compensate the Non-Executive Directors (including Independent Directors).

Furthermore, the Non-Executive Directors, including the Independent Directors, have consistently demonstrated commitment towards the affairs of the Company through their active participation and oversight. They have maintained exemplary attendance at the meetings of the Board and its Committees and have actively contributed to the deliberations and decision-making process of the Board. The Board and NRC further noted that the role of Non-Executive Directors has expanded considerably in recent years. In addition to discharging their statutory and fiduciary responsibilities, beyond the routine Board meetings, they also participate in structured strategy meetings, wherein the Company's strategic direction, long-term business objectives and other key business initiatives are comprehensively deliberated.

Their diverse professional expertise, independent judgment and industry experience continue to make significant contributions towards strengthening the Company's governance framework, enhancing the quality of Board deliberations and supporting the Company's long-term sustainable growth.

Accordingly, based on the recommendation of the NRC, the Board at its meeting held on July 30, 2026, approved, subject to the approval of the Members, a revised remuneration structure for the Non-Executive Directors with effect from April 01, 2026 for a period of 5 years as below:

Modes of Compensation		Ceiling for each Non Executive Director (NED)	Aggregate Ceiling
A	Sitting Fee per meeting/per member	Based upon the Board/Committee membership and attendance in these meetings	Within the limit prescribed in Rule 4 of Companies (appointment and remuneration of the managerial personnel) Rules, 2014.
B	Profit Related Commission	To any single Non-Executive Director shall not exceed ₹ **30 Lakhs (Rupees Thirty Lakhs only)** per annum	The aggregate commission payable to all Non-Executive Directors collectively in any financial year shall not exceed **1% (one percent) of the net profits** of the Company.

In evaluating the proposed revision, the NRC and the Board also considered external benchmarking studies conducted by an independent professional agency covering remuneration practices adopted by comparable listed companies. The proposed revision is broadly aligned with prevailing market practices for companies of similar scale, complexity and governance standards.

Shri Rajendra V. Gogri, Shri Rashesh C. Gogri, and Shri Renil R. Gogri shall remain entitled to their approved executive remuneration—including fixed salary, perquisites, and performance-linked executive commission—strictly for the period up to September 30, 2026, during which they serve in an executive capacity. Effective October 01, 2026, upon their transition to Non-Executive Directors, all executive compensation shall completely cease, and they shall be eligible for non-executive commission strictly on a pro-rata basis for the remainder of the financial year (i.e., October 01, 2026, to March 31, 2027) under the revised non-executive commission framework. Consequently, no overlapping or dual compensation shall accrue to them in dual capacities for any portion of the financial year. The overall director remuneration payable to them in their non-executive capacity—even after accounting for the revised commission ceiling—will remain substantially lower than their historical executive pay.

The proposed commission to Non - Executive Directors shall be payable over and above the sitting fees for attending meetings of the Board and its Committees, as well as the reimbursement of actual expenses incurred in the discharge of their duties as Directors, in accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Company.

The Nomination and Remuneration Committee shall determine the commission distribution criteria amongst the Non - Executive Director on an annual basis after considering, inter alia, the Industry Trend, Individual Director's Contribution, Attendance & Participation in Meetings, Company's performance against budget, leadership provided on strategic matters and such other relevant factors as the NRC may consider appropriate.

Brief profile/Details of Non - Executive Directors, number of meetings attended by them, sitting fees paid during Financial Year 2025-26, Directorship, membership/ Chairmanship in other Companies, Number of shares held by them etc. forms part of Corporate Governance Report.

Shri Rajendra V. Gogri, Shri Rashesh C. Gogri, Shri Renil R. Gogri, and all the Non-Executive Directors of the Company and their respective relatives shall be deemed to be concerned or interested, financially or otherwise, in the proposed Special Resolution.

Pursuant to the provisions of Sections 197 and 198 of the Companies Act, 2013, read with Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, payment of remuneration by way of commission to the Non-Executive Directors, including Independent Directors, requires the approval of the Members.

Your Board of Directors thus recommend the resolution at item No. 7 for your approval as an **Special Resolution**.

Item no. 8

Pursuant to Section 148 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for the appointment of Cost Auditor to audit the Cost records for FY 2026-27 was recommended by the Audit Committee to the Board. The Board thereby reappointed Smt. Ketki Damji Visariya (Membership Number 16028) Cost Accountant, as Cost Auditor at the Board Meeting held on May 04, 2026, at a remuneration of ₹ 4,00,000/- per annum plus taxes as applicable. Smt. Ketki Damji Visariya has confirmed her eligibility for appointment as Cost Auditor.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be approved by the members. Hence this resolution is put for the consideration of the members.

Your Board of Directors thus recommend the resolution at item No. 8 for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Registered Office:
Plot Nos. 801, 801/23
GIDC Estate, Phase III,
Dist. Valsad, Gujarat

July 30, 2026

By order of the Board

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Annexure 'A'

As required by Regulation 36(3) of the Listing Regulations and the Secretarial Standards on General Meetings (SS-2) as laid down by ICSI, additional information relating to the particulars of Directors who are proposed to be appointed/re-appointed are given below:

Name of the Director	Shri Ajay Kumar Gupta	Shri Suyog K. Kotecha	Shri Rashesh C. Gogri
Director Identification Number	08619902	10634964	00066291
Date of Birth	January 04, 1964	October 09, 1980	June 03, 1974
Age (In years)	~ 62 Years	~46 years	~52 Years
Date of first appointment on the Board	June 29, 2023	June 17, 2024	June 09, 1997
Qualifications	Bachelor's degree in Chemical Engineering from Harcourt Butler Technical University, Kanpur	Chemical Engineer from UDCT, Mumbai (1998-2002), Masters in Chemical Engineering from University of Twente, Netherlands (2002-04) and MBA from the Indian School of Business (2009-10)	Bachelor's degree in Engineering (in its production branch) from the University of Bombay
Terms and conditions of appointment or re-appointment	Being re-appointed as a Director liable to retire by rotation and all other terms of his appointment as Executive Director shall remain the same	As per Resolution No. 4 & 6 of the notice read with explanatory statement thereto.	As per Resolution No.5 of the notice read with explanatory statement thereto.
Experience and expertise in specific functional area/Brief Profile	He is Chief Manufacturing Officer and has expertise in operations, technical services, and sustainability. He has over three and half decades of experience in chemical, petrochemical and speciality chemicals in all domains of manufacturing and projects, having worked in senior leadership roles in Companies like IPCL, Reliance Industries Limited, Grasim Industries Limited and Jubilant Life Sciences Limited.	He has experience of over 22 Years across the chemical and energy sectors. He blends technical depth with strategic insight to drive growth and transformation.	He has over 29 years of experience. He brings sharp business acumen and strategic vision. He led AIL's business strategy, sales, and procurement, driving the Company's expansion and project execution across global markets.
Remuneration last drawn (including sitting fees, if any)	In FY 2025-26, the remuneration paid was ₹ 3.91 Crores.	In FY 2025-26, the remuneration paid was ₹ 4.78 Crores. Remuneration excludes 65,300 stock options granted under the Aarti Industries Limited Performance Stock Option Plan 2022, during the year. The options vest in accordance with the terms of the Plan.	In FY 2025-26, the remuneration paid was ₹ 5.19 Crores.
Remuneration proposed to be paid	Within the overall limits approved by the shareholders in the 41st Annual General Meeting held on August 02, 2024.	As provided in explanatory statement	As provided in explanatory statement

Name of the Director	Shri Ajay Kumar Gupta	Shri Suyog K. Kotecha	Shri Rashesh C. Gogri
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any Directors, Managers and other Key Managerial Personnel of the Company	Not related to any Directors, Managers and other Key Managerial Personnel of the Company	Shri. Rashesh C Gogri is brother of Smt. Hetal Gogri Gala, Non - Executive Director of the Company.
Number of Meetings of the Board attended during the year	During FY 2025-26, he attended all the meetings of the Board. (7/7). Details of the Committee meeting attended are provided in Corporate Governance Report. During the current FY 2026-27 (till date of this notice) he attended all the meetings of the Board (6/6).	During FY 2025-26, he attended all the meetings of the Board. (7/7). Details of the Committee meeting attended are provided in Corporate Governance Report. During FY 2026-27 (till date of this notice) he attended all the meetings of the Board (6/6).	During FY 2025-26, he attended all the meetings of the Board. (7/7). Details of the Committee meeting attended are provided in Corporate Governance Report. During the current FY 2026-27 (till date of this notice) he attended all the meetings of the Board (6/6).
Directorships held in other Companies	Aarti Bharuch Limited	1. Aarti Chem Trading USA Inc. 2. Aarti Chemical Trading - FZCO (Dubai) 3. Aarti Corporate Services Limited 4. Aarti Circularity Limited 5. Innovative Envirocare Jhagadia Limited 6. Augene Chemical Private LImited 7. Aarti Polychem Private Limited (* The above companies are the Subsidiaries, JV of Aarti Industries Limited.)	1. Aarti Drugs Limited 2. Aarti Pharmalabs Limited 3. Anushakti Enterprise Private Limited 4. Alchemie Dye Chem Private Limited 5. Alchemie Multichem Private Limited 6. Alchemie Financial Service Limited 7. Gogri Finserv Private Limited 8. Crystal Millennium Realtors Private Limited 9. Alabhya Trusteeship Private Limited 10. Saswat Trusteeship Private Limited 11. Vahal Welfare Foundation 12. Aarti Chemical Trading - FZCO (Dubai) 13. Saykha Multichem Private Limited
Memberships/Chairmanships of Committees in other listed Companies	None	None	**Aarti Drugs Limited:** • Audit Committee: Member • Corporate Social Responsibility Committee: Member • Risk Management Committee: Member • Finance & Investment Committee: Member **Aarti Pharmalabs Limited:** • Nomination and Remuneration Committee: Member • Finance and Investment Committee: Chairman • Risk Management Committee: Chairman
Membership/Chairmanship of Committees in Aarti Industries Limited	CSR Committee: Member Risk Management & ESG Committee: Member Finance & Investment Committee: Member	Risk Management & ESG Committee: Member Finance & Investment Committee: Member	Audit Committee: Member Stakeholders' Relationship Committee: Member Risk Management & ESG Committee: Member Finance & Investment Committee: Member
No. of Shares held in the Company as on March 31, 2026	7,528	38,011	1,48,37,616
Names of Listed Companies from which the Director has resigned in the past three years	None	None	None

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AARTI INDUSTRIES

BSE Code - 524208

NSE Code - AARTIIND

CIN: L24110GJ1984PLC007301

Scan the QR Code for the Website

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Registered Office

Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi - 396 195, Dist. Valsad - Gujarat

Website: www.aarti-industries.com

Head Office

71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai - 400 080, Maharashtra

Corporate Office

Tower C, 4th Floor, Embassy 247, LBS Marg, Vikhroli (W), Mumbai - 400083, Maharashtra. India.