



Unlocking Opportunities.
Building a Stronger Future.



INDEX

02-15

AARTI INDUSTRIES AT A GLANCE

- 02 Corporate Overview
- 04 Our Journey
- 06 CMD's Message
- 08 Business Portfolio
- 12 Geographic Footprint
- 14 Performance Highlights

16-55

OUR APPROACH TO VALUE CREATION

- 16 Our Capitals
- 18 Stakeholder Engagement
- 20 Growth Strategy
- 24 R&D Capabilities
- 26 Scaling Capabilities
- 28 Environment, Social
and Governance
- 30 Environment
- 32 CSR
- 44 People
- 50 Digital Infrastructure
- 52 Governance

56-164

GOVERNANCE AND REPORTS

- 56 Board of Directors
- 59 Senior Management Team
- 63 Management Discussion
and Analysis
- 71 Director's Report
- 93 Corporate
Governance Report
- 122 Business Responsibility &
Sustainability Report

165-278

FINANCIAL STATEMENTS

- 165 Standalone
- 225 Consolidated

279-302

ANNUAL GENERAL MEETING

- 279 Notice



Know more about Aarti Industries
<https://www.aarti-industries.com>



Unlocking Opportunities. Building a Stronger Future.

The Indian chemical industry is poised for remarkable growth, with speciality chemicals being the fastest-growing segment. Aarti Industries Limited's success is driven by innovation, agility, and a commitment to sustainability. We leverage our core strengths, expertise, unique products, operational excellence, and highly skilled teams to achieve sustainable growth and a competitive edge. Our focus is on simplifying operations and expanding our portfolio with the **"Right Chemistry, For a Brighter Tomorrow"**.

**Our way forward is
unlocking opportunities for a thriving tomorrow...**



Corporate Overview

Bringing Sustainable Chemistry to Human Lives

Established in 1984, Aarti Industries Limited is a leading global speciality chemical company specialising in benzene-based derivatives. With a presence in over 60 countries, we leverage our expertise in process chemistry, innovation, and engineering to provide customised solutions for various downstream industries. Sustainability being the core of our strategy, we prioritise the use of green chemistry to provide long-term solutions to our stakeholders.

Inspiring Our 35+ Years of Growth

Vision

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

Mission

Delighted stakeholders

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

Key Numbers that Define Us

100+

Products

1,100+

 Domestic & Global
Customers

60+

 Countries Where
We Export

6,000+

Employees

16

 Manufacturing
Facilities

2

 State-of-the-art
R&D Centres

11

 Zero Liquid
Discharge Plants

5

 Co-generation
Power Plants

Our Strengths



Global player in benzene-based derivatives with integrated operations

Top 3

In Chlorination and Nitration Globally

Top 2

In Hydrogenation Globally



Well placed to benefit from industry tailwinds

Alternate to China & Europe

Fully backward integrated, low-cost, sustainable manufacturing opportunities in sunrise sectors



Well diversified across multiple dimensions

100+

Multi-product

60+

Countries

400+

Global Customers

700+

Domestic Customers



Strong focus on R&D and process innovation

40+

Products in R&D Pipeline



Thrust on Sustainability

44%

Water Recycled

0.15

LTIFR

Our Journey

Successful Journey; Promising Future

Forged in the crucible of time, Aarti Industries Limited's remarkable journey and history reign supreme, laying the bedrock for our present triumphs and future ambitions. Our storied legacy speaks volumes of evolution, relentless growth, and indomitable resilience, epitomising our adaptability, innovation, and unwavering pursuit of opportunity. This tapestry of our rich

PHASE 1

Building a Base (1984-2013)

1984

- Incorporated Aarti Organic Private Limited

1986

- Commenced 1,200 TPA Unit for Nitro Chloro Benzenes (NCB) in Sarigam, Gujarat

1990

- Set up the first large scale organic plant in Vapi (4,500 TPA for NCB)

1992

- Aarti Industries Limited got listed on NSE and BSE

1997-2001

- Set up a large scale hydrogenation & nitration unit at Jhagadia (Hydrogen gas via pipeline)

2004-08

- Expanded NCB and Sulphuric acid capacity
- Set up large scale speciality chemical unit in Kutch

2011

- Upgraded hydrogenation unit from batch to continuous
- Custom Synthesis division at Vapi received USFDA approval
- Commenced bulk shipment for global market

history paves the way for unparalleled excellence, commanding the stage for our ceaseless voyage in unlocking opportunities and constructing an unyielding future. With each stride, we embark on an uncharted path, driven by an insatiable hunger for progress, leaving an indelible mark that shapes industries and fuels future generations' dreams.

PHASE 2

Sustained Growth (2013-2018)

2013

- Merged manufacturing division of Anushakti Chemicals and Drugs Ltd.
- Total Income crossed 2,000 crores; exports crossed 1,000 crores

2014

- First Time Concentration Plant in India

2016

- Commissioned ethylation facility at Dahej SEZ. (ethylene gas via pipeline)
- Expanded NCB capacity from 57 to 75 ktpa

2017

- Commenced functioning of calcium chloride facility
- Started operations at co-gen and solar power plants

2018

- Commissioned the Nitro Toluene Plant
- Signed two large multi-year contract with global players

PHASE 3

Future-Ready (2019-2023)

2019

- Commissioned the nitrotoluene hydrogenation facility at Jhagadia
- Signed another multi-year contract with a global player

2020

- Operationalised Phase 1 Unit at Dahej SEZ for agrochemical intermediates & Speciality Chemical
- Operationalised Aarti Research & Technology Centre at Navi Mumbai

2021

- Operationalised Phase 2 Unit at Dahej SEZ for agrochemical intermediates & Speciality Chemical
- Commercialised chlorination unit at Jhagadia

2022

- Demerger of Pharmaceutical business
- Commercialised facility for 2nd long-term contract

2023

- Commercialised a manufacturing facility at Jhagadia for 3rd long-term contract
- Commercialised Speciality Chlorination Block at Jhagadia

Chairman and Managing Director's Message



Dear Stakeholders,

It gives me immense pleasure to share our performance for the year gone by and our aspirations for the journey ahead.

The previous year was no walk in the park. We faced rising energy prices, inflation, and a challenging business environment. Global economic challenges, including the aftermath of the pandemic, the Russia-Ukraine conflict, and supply-side shocks, made things even more complicated. Despite all these hurdles, the Indian economy has steadily recovered. India's GDP grew by a strong 7.2% in FY23, setting the stage for a return to pre-pandemic growth levels. This growth story is nothing short of incredible, with India's manufacturing prowess gaining global recognition and a shift in the supply chain in our favour.

Industry Embarking on a Golden Decade of Growth and Dominance

Over the past decade, the speciality chemical industry has experienced exponential growth. It's a crucial contributor to initiatives like Make in India and Atmanirbhar Bharat Abhiyaan, positioning itself as a significant player on the global stage. With rapid economic growth, an expanding working class populace, rising incomes, strong talent pool and lower skilled-labour costs, India has the potential to become a key player in the global chemicals industry. As global companies seek to diversify their supply chains, India's compelling value proposition and changing geopolitical landscape make it an attractive destination.

The sector is becoming a reliable supplier for global companies looking to de-risk their operations through a China+1 and Europe+1 strategy. The speciality chemicals segment in India is performing robustly with strong market attractiveness and projected significant long-term growth rates. With favourable policy reforms expected to stimulate demand for various chemicals, the industry will benefit from India's strong macroeconomic indicators and crucial role in building blocks and raw materials for major sectors. This truly seems like the 'Golden Decade' for the Indian chemicals industry.

Resilient Performance

Despite a challenging external environment and a slowdown in some of end-use industries, we reported a resilient performance in FY 2022-23. Our revenue increased by 17% to ₹ 7,283 crores, with a Profit after Tax (PAT) of ₹ 545 crores. We concluded the year with an impressive EBITDA of ₹ 1,089 crores, showcasing the robustness of our business model. Our exports constituted nearly half of our total revenue, and the share of value-added products saw significant growth.

During FY 2022-23, we accomplished two significant milestones. First, we successfully completed the demerger of our pharmaceutical business into a separate entity named Aarti Pharmed. This strategic move will help us achieve operational efficiencies. Second, we forged a long-term strategic arrangement with Deepak Fertilisers and Petrochemicals to supply Nitric Acid, a key raw material for our operations. This arrangement guarantees a reliable and uninterrupted supply, mitigating potential disruptions in our supply chain and also meets our needs for backward integration.

Outlook

While we remain on a stable and strong long term growth trajectory, we are witnessing significant headwinds in FY 2023-24, which would have an impact on our performance for the year. Globally, the demand outlook for a short term, has been impacted primarily due to significant inventory corrections across various sectors including Agrochemicals and also on account of macro recessionary trends which is being witnessed across various discretionary applications. As a result, the margins for various products would also be impacted in FY 2023-24 (especially in H1FY2023-24, with progressive improvements to come in H2FY2023-24).

Focus Areas for Future Growth

Looking ahead, we are excited about the opportunities in the Indian chemicals sector. We have defined strategic focus areas to fulfil our vision of building Aarti 4.0. Our commitment to manufacturing excellence, research and development, customer relationship management, and sustainability positions us well for future growth. Our strategy emphasises agility, collaboration, and challenging the status quo.

We are expanding our portfolio of value-added products, establishing multipurpose plants, and venturing into sustainable chemistries and sunrise sectors. We have initiated the construction of multipurpose plants and are introducing the Chlorotoluenes value chain. Our capacity expansion initiatives, such as NCB expansion, Acid Revamp, Nitrotoluene and Ethylation expansion are on track and will be commissioned gradually over the next two years.

With our R&D and innovation capabilities, we are also exploring new chemical value chains and developing value-added products with immense potential. During the last fiscal year, we invested over ₹ 1,300 crores towards growth initiatives, and we plan to invest around ₹ 3,000 crores over the next couple of years. We will focus on building niche products and chemistries, including Chlorotoluene and

various downstream products, which will help us in import substitution and export opportunities for global markets. We are also venturing into sustainable chemistries and sunrise sectors, such as battery chemicals, high-end polymers, and innovative materials, which will likely shape the future of the chemicals industry.

Advancing Towards Sustainable Future

ESG (Environmental, Social, and Governance) is our top priority and we integrate ESG principles into our operations and strategy, fostering inclusivity, diversity, and ethical business practices. Our industry is facing varied physical and transition risks related to ESG such as climate change, water risk, occupational health and safety risk, data privacy risk to name a few. We prioritise minimising our environment footprint through energy efficiency, responsible waste management, and sustainable sourcing. We have made significant strides to reduce emissions, conserve energy, and optimise water usage across our operations by taking targets and tracking them on a regular interval.

We foster a diverse, inclusive, safe, incident and injury free workplace, supporting social well-being and empowerment by involving employees in engagement initiatives, providing training on safety and social perspective, conducting safety perception and employee engagement surveys to understand the pulse of the employees and work for strengthening safety culture and ensuring workforce engagement in Aarti Industries Limited. In our recent employee engagement survey by a leading global analytics and advice firm, we achieved a remarkable 100% participation rate and a significant increase in engagement scores across all key areas. Our safety survey, conducted by a top safety consulting company, also received a strong response, including participation from contractual employees. To ensure data privacy of our own data and customers' data, we are making our IT infrastructure secure and protected. Our governance practices ensure integrity, compliance, and transparency.

We strongly believe in growing while giving back to society. We continue to invest in uplifting local communities, supporting marginalised sections, and ensuring inclusive development with healthcare, education, environmental protection initiatives, etc. During FY 2022-23, we spent approximately ₹ 15 crores on CSR initiatives. We remain responsive and resilient by staying at the forefront of emerging sustainability trends, regulations, and best practices.

I sincerely express my gratitude to our stakeholders, including shareholders, for their unwavering support. Our employees have played a vital role in achieving our objectives, while the guidance of our esteemed Board members has been invaluable. We thank everyone for being part of our prosperous journey. We are confident of seizing the abundant opportunities and accelerating our growth trajectory while pursuing sustained value creation.

Best Regards,

Rajendra V. Gogri

Chairman and Managing Director

Business Portfolio

Frontrunners with a Diversified and Integrated Portfolio

We offer a wide range of over 100 diverse products that precisely align with our customers in 60+ countries. Our research and development efforts drive us to provide cutting-edge solutions, and our diverse portfolio protects us from market fluctuations in speciality chemicals and ensures consistent profitability.

At Aarti Industries, we don't just create chemistries; but we create possibilities. We are the catalysts that enable our partners to achieve extraordinary feats, empowering them to reach new heights of success. Our unwavering presence and our commitment to excellence make us a trusted and reliable partner in the journey towards progress.

Speciality Chemicals are at the core of Aarti Industries' business. We skillfully manufacture a wide range of solutions based on the benzene, toluene, nitric acid, chlorine, methanol, aniline, sulphur, and other value chains to create a magical blend of chemical reactions. With each formula, we unlock the secrets of alchemy, creating unique and valuable compounds. Our expertise

in this field extends globally as we cater to the unique needs of major chemical companies, helping them achieve unparalleled success. We have built a diverse customer base by cultivating relationships and maintaining a steady revenue stream.

Thriving Presence in Varied Industries

Aarti Industries Limited reigns as an unrivalled force, standing firm with an unwavering presence across diverse end-use segments. From agrochemicals to dyes and pigments, additives to polymers, and FMCG, we traverse the expanse of industries with unparalleled dexterity. Our extensive portfolio is a testament to our multifaceted prowess, as we flawlessly adapt to the ever-evolving demands of a diverse market landscape.

Key End-Use Industries



Agrochemicals



Pharmaceuticals



Dyes/pigments



Fuel Additives

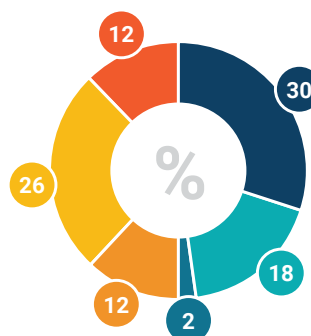


Polymer Additives



Other industries (FMCG, rubber, chemicals, etc.)

Revenue Break-up segment-wise FY 2022-23 (%)



Agrochemicals Pharmaceutical
 FMCG Dyes & Pigments
 Polymer & Additives Other Discretionary