



May 12, 2023

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

**SCRIP CODE: 543748**

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

Dear Sir/Madam,

**Sub:** Outcome of Board Meeting  
**Ref:** Regulation 30 and 33 of SEBI (LODR) Regulations, 2015  
(‘Listing Regulations’)

We wish to inform you that Board of Directors at their Meeting held on **Friday, May 12, 2023**, inter-alia considered and approved the following:

- A.** The Audited Financial Results and Statements of the Company (Standalone and Consolidated) for the Quarter and Year ended March 31, 2023, basis recommendation of the Audit Committee. In this regards we enclose;
- Audited Financial Results and Statements
  - Statement of Assets and Liabilities;
  - Cash Flow Statement;
  - Auditor's Report on the Financial Results & Statements;
  - Declaration in respect of Audit Reports with unmodified opinion for the year ended March 31, 2023.
- B.** “Aarti Pharmalabs Limited Performance Stock Option Plan 2023” ('PSOP 2023/' 'Plan') to create and grant not exceeding 7,00,000 (Seven lakh) Performance Stock Options convertible into equal number of equity shares of face value of Rs. 5/- each to the eligible employees as per the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, subject to the approval of the Members of the Company.
- C.** Appointment of Gokhale & Sathe, Chartered Accountants, (Firm Registration no. 103264W) as the Statutory Auditors of the Company for a period of five (5) years from the conclusion of the ensuing 4<sup>th</sup> Annual General Meeting (AGM) till the conclusion of the 9<sup>th</sup> AGM of the Company, basis recommendation of the Audit Committee, and subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

The meeting of the Board of Directors commenced at 3:30 p.m. and concluded at 6:50 p.m.

The above information is also available on the website of the Company: [www.aartipharmalabs.com](http://www.aartipharmalabs.com)

Please take the same on your records.

Thanking you,

Yours faithfully,  
**For AARTI PHARMALABS LIMITED**  
(Formerly known as Aarti Organics Limited)

NIKHIL NATU  
**COMPANY SECRETARY**  
ICSI M. NO. A27738

Encl: a/a

**AARTI PHARMALABS LIMITED**

[www.aartipharmalabs.com](http://www.aartipharmalabs.com) | CIN : L24100GJ2019PLC110964 | Email : [info@aartipharmalabs.com](mailto:info@aartipharmalabs.com)

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

AARTI PHARMALABS LIMITED ( Formerly Known as Aarti Organics Limited )

Audited Financial Results for the Quarter & Year Ended 31st March, 2023

(Rs in Lakhs)

Sr. No.	Particulars	Standalone Result				
		3 Months Ended			Year Ended	
		31st Mar 2023 (Audited)	31st Dec 2022 (Audited)	31st Mar 2022 (Audited)	31st Mar 2023 (Audited)	31st Mar 2022 (Audited)
1	INCOME					
	a) Revenue from Operations (Net)	37,427	35,933	36,470	1,51,125	94,102
	b) Other Income	(0)	4	251	128	251
	<b>Total Income</b>	<b>37,427</b>	<b>35,937</b>	<b>36,721</b>	<b>1,51,253</b>	<b>94,353</b>
2	EXPENSES					
	a) Cost of Materials Consumed	21,012	19,446	20,602	89,945	55,019
	b) Purchases of Stock-in-Trade	0	38	12	970	46
	c) Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(870)	(927)	302	(9,122)	(3,254)
	d) Employee Benefits Expense	3,094	3,289	2,929	12,216	7,998
	e) Finance Costs	580	512	440	2,049	1,134
	f) Depreciation and Amortisation Expenses	1,425	1,456	1,244	5,577	3,723
	g) Other Expenses	6,511	6,831	5,805	26,283	16,315
	<b>Total Expenses</b>	<b>31,752</b>	<b>30,645</b>	<b>31,333</b>	<b>1,27,917</b>	<b>80,981</b>
3	<b>Profit/(Loss) before Exceptional Items and Tax (1-2)</b>	<b>5,674</b>	<b>5,292</b>	<b>5,388</b>	<b>23,336</b>	<b>13,373</b>
4	Exceptional Items					
5	<b>Profit/(Loss) before Tax (3-4)</b>	<b>5,674</b>	<b>5,292</b>	<b>5,388</b>	<b>23,336</b>	<b>13,373</b>
6	TAX EXPENSES*					
	a) Current Year Tax	1,400	900	750	4,900	2,250
	b) Earlier Year Tax	0	313	0	313	0
	c) Deferred Tax	275	225	150	950	450
	<b>Total Tax Expenses</b>	<b>1,675</b>	<b>1,438</b>	<b>900</b>	<b>6,163</b>	<b>2,700</b>
7	<b>Net Profit/(Loss) from Ordinary Activities after Tax (5-6)</b>	<b>3,999</b>	<b>3,854</b>	<b>4,488</b>	<b>17,173</b>	<b>10,673</b>
8	Exceptional Items (Net of Tax Expense Rs.)					
9	Net Profit/(loss) for the period (7-8)	3,999	3,854	4,488	17,173	10,673
10	Profit/(loss) for the period attributable to					
	a) Owners of the Company	3,999	3,854	4,488	17,173	10,673
	b) Non Controlling Interest	0	0	0	0	0
11.00	OTHER COMPREHENSIVE INCOME					
	a. Items that will be reclassified to Statement of Profit and Loss	(63)	(27)	(52)	(70)	707
	b. Items that will Not be reclassified to Statement of Profit and Loss					
12	<b>Total Comprehensive Income for the period (10+11)</b>	<b>3,937</b>	<b>3,827</b>	<b>4,436</b>	<b>17,103</b>	<b>11,379</b>
13	Earnings per Equity share:					
	(1) Basic	4.41	4.25	4.95	18.95	11.78
	(2) Diluted	4.41	4.25	4.95	18.95	11.78
14	Paid-up Equity Share Capital (Face Value of Rs. 5/-each)				4,531	4,556
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year				1,39,327	1,23,871

1 The above results for the quarter and Year ended March 2023, have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on 12th May 2023

2 Effect of the approval of Scheme of Arrangement

The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited ("the demerged company") into its wholly owned subsidiary Aarti Pharmed Labs Limited (the resulting company), was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on September 21, 2022 (which came into effect on October 17, 2022).

a. Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e. from July 01, 2021.

Scheme was effective from Appointed date 1st July, 2021 and hence Standalone, Consolidated results for the year ended 31st March 2022 are reported with only Nine months as declared by Aarti Industries Limited for Period 1st July 2021 to 31st March 2022. For reason of same, Current year financial results for the Year Ended 31st March, 2023 are not comparable with previous years ended 31st March, 2022

3 The Company has been Assigned Rating - Crisil A+/Stable for its working capital limits from Banks

Place : Mumbai  
Date : 12th May 2023

**AARTI PHARMALABS LIMITED**

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AARTI PHARMALABS LIMITED ( Formerly Known as Aarti Organics Limited )

Audited Financial Results for the Quarter & Year Ended 31st March, 2023

(Rs in Lakhs)

Sr. No.	Particulars	Consolidated Result				
		3 Months Ended			Year Ended	
		31st Mar 2023 (Audited)	31st Dec 2022 (Audited)	31st Mar 2022 (Audited)	31st Mar 2023 (Audited)	31st Mar 2022 (Audited)
1	<b>INCOME</b>					
	a) Revenue from Operations (Net)	48,506	47,162	46,030	1,94,523	1,19,994
	b) Other Income	74	28	252	232	251
	<b>Total Income</b>	<b>48,580</b>	<b>47,191</b>	<b>46,282</b>	<b>1,94,755</b>	<b>1,20,246</b>
2	<b>EXPENSES</b>					
	a) Cost of Materials Consumed	22,699	23,786	24,243	1,01,430	61,124
	b) Purchases of Stock-in-Trade	7,468	4,856	5,422	28,082	16,292
	c) Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(667)	(1,568)	(788)	(12,536)	(4,905)
	d) Employee Benefits Expense	3,323	3,476	3,119	12,969	8,520
	e) Finance Costs	594	525	459	2,105	1,196
	f) Depreciation and Amortisation Expenses	1,595	1,625	1,407	6,254	4,212
	g) Other Expenses	7,685	7,988	6,472	30,374	18,269
	<b>Total Expenses</b>	<b>42,696</b>	<b>40,687</b>	<b>40,334</b>	<b>1,68,678</b>	<b>1,04,707</b>
3	<b>Profit/(Loss) before Exceptional Items and Tax (1-2)</b>	<b>5,884</b>	<b>6,503</b>	<b>5,948</b>	<b>26,077</b>	<b>15,538</b>
4	Exceptional Items					
5	<b>Profit/(Loss) before Tax (3-4)</b>	<b>5,884</b>	<b>6,503</b>	<b>5,948</b>	<b>26,077</b>	<b>15,538</b>
6	<b>TAX EXPENSES*</b>					
	a) Current Year Tax	1,424	1,200	902	5,599	2,733
	b) Earlier Year Tax	0	313	0	313	0
	c) Deferred Tax	174	222	159	817	468
	<b>Total Tax Expenses</b>	<b>1,597</b>	<b>1,735</b>	<b>1,061</b>	<b>6,729</b>	<b>3,313</b>
7	<b>Net Profit/(Loss) from Ordinary Activities after Tax (5-6)</b>	<b>4,287</b>	<b>4,769</b>	<b>4,887</b>	<b>19,349</b>	<b>12,225</b>
8	Exceptional Items (Net of Tax Expense Rs.)					
9	<b>Net Profit/(Loss) for the period (7-8)</b>	<b>4,287</b>	<b>4,769</b>	<b>4,887</b>	<b>19,349</b>	<b>12,225</b>
10	Profit/(loss) for the period attributable to					
	a) Owners of the Company	4,287	4,769	4,887	19,349	12,225
	b) Non Controlling Interest	0	0	0	0	0
11.00	<b>OTHER COMPREHENSIVE INCOME</b>					
	a. Items that will be reclassified to Statement of Profit and Loss	(505)	140	(52)	(345)	707
	b. Items that will Not be reclassified to Statement of Profit and Loss					
12	<b>Total Comprehensive Income for the period (10+11)</b>	<b>3,782</b>	<b>4,908</b>	<b>4,836</b>	<b>19,004</b>	<b>12,932</b>
13	Earnings per Equity share:					
	(1) Basic	4.73	5.26	5.39	21.35	13.49
	(2) Diluted	4.73	5.26	5.39	21.35	13.49
14	Paid-up Equity Share Capital (Face Value of Rs. 5/-each)				4,531	4,556
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year				1,51,317	1,34,092

1 The above results for the quarter and Year ended March 2023, have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on 12th May 2023

**2 Effect of the approval of Scheme of Arrangement**

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a.

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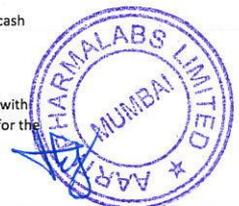
Place : Mumbai  
Date : 12th May 2023

**AARTI PHARMALABS LIMITED**

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# AARTI PHARMALABS

AARTI PHARMALABS LIMITED ( Formerly Known as Aarti Organics Limited )  
Standalone and Consolidated Balance Sheet as at 31st March, 2023

(Rs in Lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		As at 31st Mar 2023	As at 31st Mar 2022	As at 31st Mar 2023	As at 31st Mar 2022
<b>A</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-Current Assets</b>				
	(a) Property, Plant and Equipment	84,708	69,846	92,274	77,854
	(b) Capital work-in-progress	6,223	16,523	6,220	16,523
	(C) Right to use Assets	114	244	114	155
	(d) Goodwill			178	178
	(e) Other Intangible assets	18	23	18	23
	(f) Intangible assets under Development	3,967	2,214	3,967	2,214
	(g) Financial Assets				
	(i) Investments				
	(a) Investment in Subsidiary & Joint Control	1,352	1,352		
	(b) Investments (Others )	2,916	2,635	3,552	3,223
	(ii) Other Financial Assets	883	821	944	858
	(h) Other Non-Current Assets	249	-	249	148
	<b>Total Non-Current Assets</b>	<b>1,00,430</b>	<b>93,656</b>	<b>1,07,517</b>	<b>1,01,175</b>
<b>2</b>	<b>Current Assets</b>				
	(a) Inventories	53,768	44,438	60,204	47,545
	(b) Financial Assets				
	(i) Investments			3,818	
	(i) Trade Receivables	36,161	30,422	44,005	37,666
	(ii) Cash and Cash Equivalents	1,311	5,650	2,493	8,327
	(iii) Bank Balance Other than (ii) above	7		7	
	(iv) Loans	585	478	710	614
	(v) Other Current Financial Assets	3,347	7,000	3,581	7,702
	(c) Other Current Assets	718	1,040	758	961
	<b>Total Current Assets</b>	<b>95,897</b>	<b>89,027</b>	<b>1,15,576</b>	<b>1,02,815</b>
	<b>TOTAL ASSETS</b>	<b>1,96,327</b>	<b>1,82,683</b>	<b>2,23,093</b>	<b>2,03,990</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>Equity</b>				
	(a) Equity Share Capital	4,531	25	4,531	25
	(b) Equity Share Capital pending allotment	0	4,531	0	4,531
	(c) Other Equity	1,39,327	1,23,871	1,51,317	1,34,092
	(d) Non Controlling Interest				
	<b>Total Equity</b>	<b>1,43,858</b>	<b>1,28,428</b>	<b>1,55,849</b>	<b>1,38,648</b>
<b>2</b>	<b>Liabilities</b>				
	<b>Non-Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings			18	55
	(i) Lease Liabilities	53	153	53	153
	(ii) Provisions	0	0	132	0
	(b) Deferred Tax Liabilities (Net)	6,885	5,935	7,884	7,067
	(c) Other Non-Current Liabilities				
	<b>Total Non-Current Liabilities</b>	<b>6,938</b>	<b>6,088</b>	<b>8,087</b>	<b>7,276</b>
	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	20,671	32,462	21,378	33,773
	(ii) Trade Payables due to				
	- Micro and Small Enterprises	1,265	2,114	1,265	2,114
	- Other Than Micro and Small Enterprises	20,710	11,047	33,410	19,344
	(iii) Others Financial Liabilities	1,474	898	1,692	1,189
	(b) Provisions	1,121	896	1,121	896
	(c) Current Tax Liabilities ( Net )	290	750	290	750
	(d) Other Current Liabilities				
	<b>Total Current Liabilities</b>	<b>45,531</b>	<b>48,167</b>	<b>59,157</b>	<b>58,067</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,96,327</b>	<b>1,82,683</b>	<b>2,23,093</b>	<b>2,03,990</b>

For AARTI PHARMALABS LIMITED

Hetal Gogri Chaudhary  
Vice Chairman & Managing Director

Place : Mumbai  
Date : 12th May 2023



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AARTI PHARMALABS LIMITED ( Formerly Known as Aarti Organics Limited )

Cash Flow Statement for the Year Ended 31st March, 2023

(Rs in Lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		For the Year Ended 31st March 2023	For the Year Ended 31st March 2022	For the Year Ended 31st March 2023	For the Year Ended 31st March 2022
<b>A.</b>	<b>Cash Flow from Operating Activities:</b>				
	<b>Net Profit before Tax and Exceptional/Extraordinary Items</b>	<b>23,336</b>	<b>13,373</b>	<b>26,077</b>	<b>15,538</b>
	<u>Adjustments for:</u>				
	Finance Costs	2,049	1,134	2,105	1,196
	Depreciation and Amortisation Expenses	5,577	3,723	6,254	4,212
	Dividend Income	(128)	(248)	(128)	(248)
	Interest income	0	(1)	(94)	(1)
	Profit on Sale of Assets/Investments	39	0	45	(4)
	Consolidated Adjustment	0	0	0	86
	<b>Operating Profit before Working Capital Changes</b>	<b>30,872</b>	<b>17,981</b>	<b>34,260</b>	<b>20,779</b>
	<u>Adjustments for:</u>				
	(Increase)/Decrease in Trade and Other Receivables	(2,184)	(8,571)	(2,076)	(10,251)
	(Increase)/Decrease in Inventories	(9,330)	(10,814)	(12,666)	(5,599)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	9,184	(3,580)	13,021	(7,186)
	<b>Cash Generated from Operations</b>	<b>28,542</b>	<b>(4,984)</b>	<b>32,538</b>	<b>(2,257)</b>
	Direct Taxes Paid	(5,673)	(1,500)	(6,238)	(2,113)
	<b>Net Cash Flow from Operating Activities (A)</b>	<b>22,869</b>	<b>(6,484)</b>	<b>26,300</b>	<b>(4,370)</b>
<b>B.</b>	<b>Cash Flow from Investing Activities:</b>				
	Addition to Property, Plant & Equipment/Capital WIP	(11,645)	(13,603)	(11,966)	(14,115)
	(Increase)/Decrease in Other Investments	0	0	(3,868)	(11)
	Dividend & Interest Income from Subsidiary Companies	128	248	4	248
	Interest income	0	1	94	1
	Profit on Sale of Assets/Investments	(39)	0	(45)	4
	<b>Net Cash Flow from Investing Activities (B)</b>	<b>(11,557)</b>	<b>(13,354)</b>	<b>(15,781)</b>	<b>(13,874)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities:</b>				
	Proceeds/(Repayment) of Borrowings	(11,791)	26,597	(12,429)	27,234
	Finance Costs	(2,049)	(1,134)	(2,105)	(1,196)
	Dividend Paid	(1,813)	0	(1,813)	0
	<b>Net Cash Flow from Financing Activities (C)</b>	<b>(15,653)</b>	<b>25,463</b>	<b>(16,347)</b>	<b>26,038</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(4,339)</b>	<b>5,625</b>	<b>(5,827)</b>	<b>7,794</b>
	Cash and Cash Equivalents (Opening Balance)	5,650	25	8,327	533
	<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>1,311</b>	<b>5,650</b>	<b>2,500</b>	<b>8,327</b>

For AARTI PHARMALABS LIMITED

  
 Hetal Gogri Gala

Vice Chairman &amp; Managing Director



Place : Mumbai

Date : 12th May 2023

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**gokhale & sathe (regd.)**  
chartered accountants  
308/309, Udyog Mandir No. 1,  
7-C, Bhagoji Keer Marg,  
Mahim, Mumbai 400 016

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## **Independent Auditors' Report on Audit of Standalone Financial Results**

To Board of Directors of  
Aarti Pharmed Labs Limited

### **Report on the Audit of the Standalone Financial Results**

#### **Opinion**

We have audited the accompanying standalone financial results of Aarti Pharmed Labs Limited ('the Company') for the quarter and year ended 31 March 2023 ('standalone financial results') attached herewith, being submitted by the Company pursuant to regulatory requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:

1. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
2. give a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards ('Ind AS') and other accounting principles generally accepted in India of the net profit and total other comprehensive income, and other financial information of the Company for the quarter and year ended 31 March 2023.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's Responsibilities for the Standalone Financial Results**

These standalone financial results have been prepared on the basis of the standalone financial statements.

The Company's Board of Directors are responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards under Section 133 of the Act read with rules mentioned thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.





## **gokhale & sathe (regd.)**

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This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.

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.

## **Other Matters**

### **I. Comparative Audited Standalone Financial Results**

- a) The comparative audited standalone financial results for the year ended 31<sup>st</sup> March 2022 includes numbers for the period 1 July 2021 (Appointed date) to 31 March 2022 of pharma business undertaking were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants of Aarti Industries Limited (demerged company) whose annual auditors report dated 27 May 2022 had expressed an unmodified opinion on financial statements.
- b) The comparative audited standalone financial results for the quarter ended 31<sup>st</sup> March 2022 of pharma business undertaking were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants of Aarti Industries Limited (demerged company) whose annual auditors report dated 27 May 2022 had expressed an unmodified opinion on financial statements.
- c) The comparative audited financial results of the Company for the quarter and year ended 31 March 2022 (prior to giving effect to scheme of arrangement) were audited by erstwhile statutory auditors of the Company, Jatin Vora & Associates, Chartered Accountants (FRN: 118024W) of Aarti Pharmed Labs whose annual auditors report dated 20 May 2022 had expressed an unmodified opinion on financial statements.

Our opinion is not modified in respect of above matters.

### **II. Effect of Scheme of Arrangement**

- a) The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited (“the demerged company”) to its wholly owned subsidiary Aarti Pharmed Labs Limited (“the resulting company” or “the Company”) between the two





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chartered accountants

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companies and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 ('Act') and all other applicable provisions of the Companies Act, 2013 ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September 2022. Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the resulting company from its Appointed Date i.e., from 1 July 2021.

- b) Pending receipt of the NCLT Order approving scheme of arrangement, financial statements of the Demerged Company (before giving effect to scheme of arrangement) for the year ended 31 March 2022 were approved by the Board of Directors of Demerged Company in their meeting held on 27 May 2022 and audited by erstwhile statutory auditors (refer para I (a) above). Subsequently, the same were approved by their shareholders in the general meeting held on 26 September 2022
- c) We, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company to fill casual vacancy caused due to resignation of Jatin Vora & Associates, Chartered Accountants, through resolution passed by shareholders of the Company through postal ballot on 10 January 2023.
- d) The management approached us to perform agreed upon procedures on standalone financial results prepared to give effect to scheme of arrangement. Accordingly, we have performed agreed upon procedures as per Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India and we report that as follows:
- standalone financial results of pharma business undertaking prepared by the management of the Company for period from 1 July 2021 to 31 March 2022 is as per accounting treatment and information mentioned in the scheme.
  - It is drawn from standalone financial statements prepared and audited by erstwhile statutory auditors of Demerged Company as mentioned in I (a) above.
  - It is extracted from the books of accounts maintained by the Company having records/information maintained for pharma business and speciality chemical business.

For GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 103264W

  
Chinmaya Deval  
Partner

Membership No.: 148652  
UDIN: - 23148652BGSVBV9699  
Place: Mumbai  
Date: 12 May 2023





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## **Independent Auditors' Report on Audit of Consolidated Financial Results**

To Board of Directors of Aarti Pharmalabs Limited

Report on the audit of the Consolidated Financial Results

### **Opinion**

We have audited the accompanying Statement of Consolidated Financial Results of Aarti Pharmalabs Limited ('Holding Company'), its subsidiaries and joint controlled entity (Holding Company together with its subsidiaries and joint controlled entity 'the Group') for the quarter and year ended 31 March 2023 ('Consolidated financial results'), being submitted by the Holding Company pursuant to regulatory requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

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 reports of the other auditors on separate financial statements / financial information of subsidiaries (refer other matter paras), the Statement:

1. includes the results of the following entities:
  - a. Subsidiaries**
    - i. Aarti USA Inc
    - ii. Aarti Pharmachem Limited
  - b. Joint Controlled Entity**
    - i. Ganesh Polychem Limited
2. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
3. give a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the Consolidated net profit and Consolidated total other comprehensive income and other financial information of the Group for the quarter and year ended 31 March 2023.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion.





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### **Management's Responsibilities for the Consolidated Financial Results.**

These Consolidated Financial Results have been prepared on the basis of the consolidated financial statements.

The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Results 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 Results by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the Financial Results/financial information of the entities within the Group to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the Consolidated Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Results.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.





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## Other Matters

### **I. Comparative Audited Consolidated Financial Results**

The comparative audited Consolidated Financial Results for the year ended 31<sup>st</sup> March 2022 (comprising of pharma business undertaking for the period 1 July 2021 (Appointed date) to 31 March 2022 and investment in subsidiaries and joint controlled entity received by the Holding Company as per scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountant of Aarti Industries Limited (“Demerged Company”) whose annual auditors report on demerged company Consolidated Financial Results dated 27 May 2022 had expressed an unmodified opinion on financial statements.

Our opinion is not modified in respect of above matter.

### **II. Effect of Scheme of Arrangement**

- a) The Scheme of Arrangement for the demerger of Pharma Business Undertaking from Aarti Industries Limited (“the demerged company”) to its wholly owned subsidiary Aarti Pharmalabs Limited (“the resulting company” or “the Holding Company”) between the two companies and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 (‘Act’) and all other applicable provisions of the Companies Act, 2013 ( “the Scheme”) was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on 21 September 2022. Accordingly, all the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the Company from its Appointed Date i.e. from 1 July 2021. Pursuant to demerger, investments in subsidiaries, namely, Aarti USA, Inc, Aarti Pharmachem Limited and investment in joint controlled entity namely, Ganesh Polychem Limited was transferred to the Holding Company. Further investment of Demerged Company in Aarti Pharmalabs Limited (earlier known as Aarti Organics Limited) is cancelled and as a result no longer remains subsidiary of the demerged company.
- b) Pending receipt of the NCLT Order approving scheme of arrangement, Consolidate financial statements of the demerged company (before giving effect to scheme of arrangement) for the year ended 31 March 2022 were approved by the Board of Directors of demerged company in their meeting held on 27 May 2022 and audited by erstwhile statutory auditors (refer para I above). Subsequently, the same were approved by their shareholders in the general meeting held on 26 September 2022.
- c) We, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company to fill casual vacancy caused due to resignation of Jatin Vora & Associates, Chartered Accountants, through resolution passed by shareholders of the Company through postal ballot on 10 January 2023.





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chartered accountants  
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- d) The management of the Company approached us to perform agreed upon procedures on Consolidated Financial Results prepared to give effect to scheme of arrangement. Accordingly, we have performed agreed upon procedures as per Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India and we report that as follows.
- Consolidated Financial Results prepared by the management of the Holding Company (comprising of pharma business undertaking along with investment in subsidiaries and joint controlled entity received as part of scheme of arrangement) for period 1 July 2021 to year ended 31 March 2022 is as per accounting treatment and information mentioned in the scheme.
  - It is drawn from Consolidated financial statements prepared and audited by erstwhile statutory auditors of Demerged Company as mentioned in I above.
  - It is extracted from the books of accounts maintained by the Demerged Company having records/information maintained for pharma business undertaking and speciality chemical business.

**III. Financial Results of Subsidiaries/Jointly Controlled Entity not audited by us.**

The Consolidated Financial Results include the audited Financial Results of 2 subsidiaries (including 1 foreign subsidiary) and 1 jointly controlled entity whose financial statements reflect total assets of Rs 28,863 Lakhs (before consolidation adjustments) as at 31 March 2023 and total revenues of Rs 44,108 Lakhs (before consolidation adjustments), total net profit after tax of Rs 2,177 Lakhs (before consolidation adjustments), total comprehensive income of Rs 1,902 Lakhs (before consolidation adjustments) and cash outflows (net) of Rs 1,498 Lakhs for the year ended on that date, as considered in the Consolidated Financial Results, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us by the Management, and our opinion on the Consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion is not modified in respect of above matters.

For GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 103264W

  
Chinmaya Deval  
Partner

Membership No.: 148652  
UDIN: - 23148652BGSVBW4394  
Date: 12 May 2023  
Place: Mumbai





**May 12, 2023**

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

**SCRIP CODE: 543748**

Dear Sir/Madam,

To,  
Listing/ Compliance Department  
**National Stock Exchange of  
India Limited**  
“Exchange Plaza”, Plot No. C/1,  
G Block, Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051  
**SYMBOL: AARTIPHARM**

**Sub:** Declaration in respect of Audit Reports with un-modified  
opinion for the Financial Year ended March 31, 2023.

**Ref:** Regulation 33 of SEBI (LODR) Regulations, 2015

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We hereby confirm and declare that the Statutory Auditors of the Company, Gokhale & Sathe, Chartered Accountants (Firm Registration No.: 103264W) have issued the Audit Report with un-modified opinion in respect of Annual Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2023.

Please take the same on your records.

Thanking you,

Yours faithfully,

**For AARTI PHARMALABS LIMITED**

(Formerly known as Aarti Organics Limited)

NIKHIL NATU

**COMPANY SECRETARY**

ICSI M. NO. A27738

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**AARTI PHARMALABS LIMITED**

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