

February 3, 2023

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,

**Ref.: Regulation 30 and 33 of the SEBI
(LODR) Regulations, 2015.
Sub.: Outcome of the Board Meeting**

The Board of Directors at their meeting held today i.e. **Friday, February 3, 2023** inter-alia considered and approved the following;

- A)** The Audited Financial Results of the Company (Standalone and Consolidated) for the Quarter and nine month ended December 31, 2022, in this regards we enclose;
- Audited Standalone and Consolidated Financial Results for the Quarter and nine month ended December 31, 2022;
 - Auditor’s Report on the Financial Results (Standalone and Consolidated) for the Quarter and nine month ended December 31, 2022
- B)** The Board of Directors of the Company has declared Interim Dividend of ₹ 1/- (20%) per Equity Share of ₹ 5/- each for the Financial Year 2022 – 2023.

The Meeting of the Board of Directors commenced at 11:00 am and concluded at 5:05 pm.

Please take note of the same on your record.

Thanking you,

Yours faithfully,
For **AARTI INDUSTRIES LIMITED**


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



AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2022

(Rs in Lakhs)

Sr. No.	Particulars	Standalone Result					
		3 Months Ended			9 Months Ended		Year Ended
		31st Dec 2022 (Audited)	30th Sept 2022 (Audited)	31st Dec 2021 (Audited)	31st Dec 2022 (Audited)	31st Dec 2021 (Audited)	31st Mar 2022 (Audited)
1	INCOME						
	Revenue from Operations (Gross)	182,020	184,756	226,676	541,697	520,017	681,969
	Less: GST Collected	18,546	16,165	21,140	49,141	57,454	77,951
	a) Revenue from Operations (Net)	163,474	168,591	205,536	492,556	462,563	604,018
	b) Other Income	24	1	6	62	57	69
	Total Income	163,498	168,592	205,542	492,618	462,620	604,087
2	EXPENSES						
	a) Cost of Materials Consumed	91,638	78,539	73,205	257,943	207,752	283,264
	b) Purchases of Stock-in-Trade	11,484	5,170	5,323	22,570	13,392	21,042
	c) Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(8,132)	14,408	747	5,041	(12,571)	(19,700)
	d) Employee Benefits Expense	9,203	9,203	9,503	27,461	26,521	35,358
	e) Finance Costs	4,494	4,363	2,336	13,299	7,575	10,154
	f) Depreciation and Amortisation Expenses	8,201	7,279	5,708	22,640	18,117	24,418
	g) Other Expenses	30,687	34,471	27,860	95,897	82,410	112,971
	Total Expenses	147,575	153,433	124,682	444,851	343,196	467,507
3	Profit/(Loss) before Exceptional Items and Tax (1-2)	15,923	15,159	80,860	47,767	119,424	136,580
4	Exceptional Items	-	-	-	-	-	-
5	Profit/(Loss) before Tax (3-4)	15,923	15,159	80,860	47,767	119,424	136,580
6	TAX EXPENSES*						
	a) Current Year Tax	2,900	2,700	14,250	8,450	20,775	23,925
	b) Earlier Year Tax	-	-	-	-	-	-
	c) MAT Credit Utilised/(Entitlement)	(1,000)	(500)	(6,500)	(2,100)	(6,500)	(7,800)
	d) Deferred Tax	500	400	650	1,650	1,400	2,250
	Total Tax Expenses	2,400	2,600	8,400	8,000	15,675	18,375
7	Net Profit/(Loss) from Ordinary Activities after Tax (5-6)	13,523	12,559	72,460	39,767	103,749	118,205
8	Extraordinary Items (Net of Tax Expense Rs.)	-	-	-	-	-	-
9	Net Profit/(loss) for the period (7-8)	13,523	12,559	72,460	39,767	103,749	118,205
10	Profit/(loss) for the period attributable to						
	a) Owners of the Company	13,523	12,559	72,460	39,767	103,749	118,205
	b) Non Controlling Interest	-	-	-	-	-	-
11	Other Comprehensive Income	(239)	(1,387)	1,869	(3,677)	1,738	1,795
12	Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) (10+11)	13,284	11,172	74,329	36,090	105,487	120,000
13	Earnings per Equity share:						
	(1) Basic	3.73	3.46	19.99	10.97	28.62	32.61
	(2) Diluted	3.73	3.46	19.99	10.97	28.62	32.61
14	Paid-up Equity Share Capital (Face Value of Rs. 5/-each)	18,125	18,125	18,125	18,125	18,125	18,125
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year						431,979



AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2022

(Rs in Lakhs)

Sr. No.	Particulars	Consolidated Result					
		3 Months Ended			9 Months Ended		Year Ended
		31st Dec 2022 (Audited)	30th Sept 2022 (Audited)	31st Dec 2021 (Audited)	31st Dec 2022 (Audited)	31st Dec 2021 (Audited)	31st Mar 2022 (Audited)
1	INCOME						
	Revenue from Operations (Gross)	185,377	184,735	228,832	545,648	522,864	687,105
	Less: GST Collected	18,609	16,234	21,215	49,351	57,985	78,554
	a)Revenue from Operations (Net)	166,768	168,501	207,617	496,297	464,879	608,551
	b)Other Income	28	2	8	68	64	77
	Total Income	166,796	168,503	207,625	496,365	464,943	608,628
2	EXPENSES						
	a)Cost of Materials Consumed	91,573	78,428	73,099	257,705	203,929	279,406
	b)Purchases of Stock-in-Trade	12,652	5,811	7,624	24,524	18,310	27,088
	c)Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(6,655)	13,573	(151)	5,774	(14,427)	(21,048)
	d)Employee Benefits Expense	9,265	9,283	9,550	27,646	26,808	35,695
	e)Finance Costs	4,697	4,373	2,357	13,522	7,631	10,233
	f)Depreciation and Amortisation Expenses	8,210	7,289	5,724	22,674	18,324	24,640
	g)Other Expenses	31,065	34,705	28,515	96,929	84,411	115,399
	Total Expenses	150,807	153,462	126,718	448,774	344,986	471,413
3	Profit/(Loss) before Exceptional Items and Tax (1-2)	15,989	15,041	80,907	47,591	119,957	137,215
4	Exceptional Items	-	-	-	-	-	-
5	Profit/(Loss) before Tax (3-4)	15,989	15,041	80,907	47,591	119,957	137,215
6	TAX EXPENSES*						
	a)Current Year Tax	2,900	2,697	14,250	8,450	20,925	24,080
	b)Earlier Year Tax	-	-	-	-	-	1
	c)MAT Credit Utilised/(Entitlement)	(1,000)	(500)	(6,500)	(2,100)	(6,400)	(7,701)
	d)Deferred Tax	436	396	622	1,586	1,394	2,245
	Total Tax Expenses	2,336	2,593	8,372	7,936	15,919	18,625
7	Net Profit/(Loss) from Ordinary Activities after Tax (5-6)	13,653	12,448	72,535	39,655	104,038	118,590
8	Extraordinary Items (Net of Tax Expense Rs.)	-	-	-	-	-	-
9	Net Profit/(loss) for the period (7-8)	13,653	12,448	72,535	39,655	104,038	118,590
10	Profit/(loss) for the period attributable to						
	a)Owners of the Company	13,653	12,448	72,530	39,655	104,017	118,567
	b)Non Controlling Interest	-	-	5	-	21	23
11	Other Comprehensive Income	(846)	(1,387)	1,615	(4,284)	1,586	1,522
12	Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) (10+11)	12,807	11,061	74,145	35,371	105,603	120,089
13	Earnings per Equity share:						
	(1) Basic	3.77	3.43	20.01	10.94	28.69	32.71
	(2) Diluted	3.77	3.43	20.01	10.94	28.69	32.71
14	Paid-up Equity Share Capital (Face Value of Rs. 5/-each)	18,125	18,125	18,125	18,125	18,125	18,125
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year						433,473



Notes:-

- 1 The above results for the quarter and nine months ended December 31, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on February 3, 2023.
- 2 The Board of Directors has declared Interim Dividend of Re. 1 (20%) per equity share of Rs. 5/- each amounting to Rs. 36,25,04,035/- and fixed the February 15, 2023 as the Record Date in this regard.
- 3 Effect of the approval of Scheme of Arrangement
- 3.a The Scheme of Arrangement for the demerger of Pharma Undertaking from Aarti Industries Limited ("the Company" or "the demerged company") into its wholly owned subsidiary Aarti Pharmed Labs Limited ("the resulting company"), ("the Scheme") was approved by Honourable National Company Law Tribunal (NCLT), Ahmedabad Bench on September 21, 2022 (which came into effect on October 17, 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. July 01, 2021.
- 3.b Pending receipt of the NCLT approval for scheme of arrangement, financial statements of the Company (before giving effect to scheme of arrangement) for the quarter and nine months ended December 31, 2021 and year ended March 31, 2022 were approved by the Board of Directors in their meeting held on February 5, 2022 and May 27, 2022 respectively. Pursuant to the approval of the said scheme, we have recasted the historic audited financials from the Appointed date of 1st July 2021 to carry out the changes arising due to adoption of the scheme of arrangement. Hence the audited financials, mentioned above, in respect of the historic periods have been suitably recasted and thus are not comparable to the ones as announced in past in respective board meetings.
- 4 Pursuant to the approval of Scheme of Arrangement, Aarti Industries Limited now has only one segment, i.e. speciality chemical segment. Hence segment reporting is not applicable.
- 5 Revenue from Operation for the previous period i.e. quarter and nine months ended December 31, 2021, is inclusive of accrual of Termination fees of Rs. 63,125 Lakhs arising on account of the termination of a long term supply contract by the customer. Hence to that extent the figure are not comparable.
- 6 The Company has entered into forward contracts to hedge its exports. Mark to market gain/(loss) for such contracts as at the end of reporting period is recognised in these statements. Mark to market gain/(loss) in respect of near term contracts amounting to (Rs. 341 Lakhs) is expensed off in the P&L statement, while mark to market gain/(loss) in respect of long term contracts amounting to (Rs. 227 Lakhs) is adjusted under Other Comprehensive Income. The component adjusted under Other Comprehensive Income will be appropriately treated in P&L when the underlying cash-flow impact accrues.
- 7 The Company has further recognised revaluation gain/(loss) to the extent of (Rs. 1,080 Lakhs) in respect of its long term borrowings (ECBs) as at December 31, 2022 and included the same in its Finance Costs appearing above.
- 8 The Company has retained its Long Term Issuers & Bank Facilities credit ratings of AA/Stable from CRISIL and India Ratings.
- 9 The Company has repaid Commercial Papers on their respective due dates. The Commercial Papers (Listed and unlisted) outstanding as on December 31, 2022 was Rs. 15,000 Lakhs and Rs. 15,000 Lakhs, respectively. The Commercial papers (Short Term Debt) has been rated by India Rating and CRISIL and assigned is A1+ rating by both the rating agencies.



10 Other Disclosures:
A) Ratios:

Particulars	Standalone Result					
	3 Months Ended			9 Months Ended		Year Ended
	31st Dec 2022	30th Sept 2022	31st Dec 2021	31st Dec 2022	31st Dec 2021	31st Mar 2022
Operating Margin (%) (EBIDTA-Other Income)/(Gross Revenue)	15.71%	14.51%	39.22%	15.44%	27.90%	25.09%
Net Profit After Tax (in Lakhs)	13,523	12,559	72,460	39,767	103,749	118,205
Net Profit Margin (%) (PAT)/(Gross Revenue)	7.43%	6.80%	31.97%	7.34%	19.95%	17.33%
Debt Service Coverage Ratio (EBIT+Exceptional Items)/ (Interest Exp+Principal Repayments during the period)	1.12	1.74	6.72	1.53	4.23	3.43
Interest Service Coverage Ratio (Earnings before Interest and Tax/Interest Expenses for the period)	4.74	4.61	39.36	4.75	18.08	15.63
Net Worth (in Lakhs) (Equity Share Capital+Other Equity)	480,734	467,455	439,217	480,734	439,217	450,104
Debt-Equity Ratio (Total Debt)/(Total Equity)	0.65	0.67	0.59	0.65	0.59	0.57
Current Ratio (Current Assets)/(Current Liabilities)	1.06	1.03	1.33	1.06	1.33	1.39
Long Term Debt to Working Capital (Non-Current Borrowings Including Current Maturities of Non-current Borrowings)/ (Current Assets - Current Liabilities excluding current Maturities of Non-current Borrowings)	2.51	2.58	1.20	2.51	1.20	1.51
Current Liability Ratio (Total Current Liabilities)/(Total Liabilities)	0.67	0.70	0.62	0.67	0.62	0.62
Total Debts to Total Assets (Total Debts)/(Total Assets)	0.34	0.36	0.32	0.34	0.32	0.27
Debtors Turnover Ratio* (Value of Sales & Services)/ (Average Trade Receivables)	4.22	3.06	4.43	4.22	4.43	6.09
Inventory Turnover Ratio* (Cost Of Goods Sold)/(Average Inventories of Finished Goods,Stock-in- Process and Stock-in-Trade)	3.86	2.61	3.33	3.86	3.33	4.33



Particulars	Consolidated Result					
	3 Months Ended			9 Months Ended		Year Ended
	31st Dec 2022	30th Sept 2022	31st Dec 2021	31st Dec 2022	31st Dec 2021	31st Mar 2022
Operating Margin (%) (EBIDTA-Other Income)/(Gross Revenue)	15.57%	14.45%	38.88%	15.34%	27.89%	25.03%
Net Profit After Tax (in Lakhs)	13,653	12,448	72,535	39,655	1,04,038	1,18,590
Net Profit Margin (%) (PAT)/(Gross Revenue)	7.36%	6.74%	31.70%	7.27%	19.90%	17.26%
Debt Service Coverage Ratio (EBIT+Exceptional Items)/ (Interest Exp+Principal Repayments during the period)	1.13	1.73	6.71	1.53	4.24	3.45
Interest Service Coverage Ratio (Earnings before Interest and Tax/ Interest Expenses for the period)	4.58	4.57	39.00	4.67	18.02	15.57
Net Worth (in Lakhs) (Equity Share Capital+Other Equity)	4,81,581	4,68,930	4,40,780	4,81,581	4,40,780	4,51,670
Debt-Equity Ratio (Total DEbt)/(Total Equity)	0.65	0.67	0.59	0.65	0.59	0.57
Current Ratio (Current Assets)/(Current Liabilities)	1.04	1.02	1.32	1.04	1.32	1.22
Long Term Debt to Working Capital (Non-Current Borrowings Including Current Maturities of Non-current Borrowings)/ (Current Assets-Current Liabilities excluding current Maturities of Non-current Borrowings)	2.81	2.86	1.21	2.81	1.21	1.53
Current Liability Ratio (Total Current Liabilities)/(Total Liabilities)	0.67	0.70	0.62	0.67	0.62	0.62
Total Debts to Total Assets (Total Debts)/(Total Assets)	0.34	0.36	0.32	0.34	0.32	0.32
Debtors Turnover Ratio* (Value of Sales & Services)/ (Average Trade Receivables)	4.39	3.18	4.57	4.39	4.57	7.29
Inventory Turnover Ratio* (Cost Of Goods Sold)/ (Average Inventories of Finished Goods,Stock-in- Process and Stock-in-Trade)	3.76	2.51	3.22	3.76	3.22	4.35

* For calculation of these ratios consider 9 months Sales & COGS nos.

11 The figures for the previous period have been regrouped or rearranged wherever necessary.

12 The aforesaid Audited Financial Results will be uploaded on the Company's website www.aarti-industries.com and will also be available on the website of

Place: Mumbai
Date: February 3, 2023

For AARTI INDUSTRIES LIMITED

RAJENDRA V. GOGRI
 CHAIRMAN AND MANAGING DIRECTOR




Independent Auditors' Report on Audit of Standalone Financial Results

To Board of Directors of
Aarti Industries Limited

Report on the Audit of the Standalone Financial Results

Opinion

We have audited the accompanying standalone quarterly financial results of Aarti Industries Limited (“the Company”) for the quarter ended 31 December 2022 and the year-to-date results for the period from 1 April 2022 to 31 December 2022, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (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 these 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 Standard 34 “Interim Financial Reporting” (“Ind AS-34”) prescribed under section 133 of the Companies Act 2013 read with relevant rules thereunder 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 quarter ended 31 December 2022 and year to date results for the period 1 April 2022 to 31 December 2022.

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 quarterly financial results as well as the year-to-date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these 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 Standard 34, 'Interim Financial Reporting' 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.

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 the Company's internal control.
- 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.
- 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 financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the interim standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed standalone 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 interim condensed 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.





Other Matters

I. Comparative Audited Standalone Financial Results

- a) The comparative audited standalone financial results for quarter and nine month ended 31 December 2021 (before giving effect to scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose audit report dated 5 February 2022 had expressed an unmodified opinion on financial statements.
- b) The comparative audited standalone annual financial results for the year ended 31 March 2022 (before giving effect to scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose annual auditors report dated 27 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 Company” or “the demerged company”) to its wholly owned subsidiary Aarti Pharmed Labs Limited (“the resulting 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 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 Company (before giving effect to scheme of arrangement) for the year ended 31 March 2022 were approved by the Board of Directors in their meeting held on 27 May 2022 and audited by erstwhile statutory auditors (refer para I (c) above). Subsequently, the same were approved by the shareholders in the general meeting held on 26 September 2022.
- c) In annual general meeting held on 26 September 2022, we, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company in place of Kirtane & Pandit, LLP, Chartered Accountants (retiring auditors). Considering this management approached us to perform agreed upon procedures on standalone financial results prepared to give effect to scheme of arrangement.





- d) 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:
- recasted standalone financial results prepared by the management of the Company for the nine-month ended 31 December 2021 and year ended 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 as mentioned in I (a) and I (b) 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

Tejas Parikh
Partner
Membership No. 123215
UDIN: -23123215BGQKZX2212
Place: Mumbai
Date: 3 February 2023





Independent Auditors' Report on Audit of Consolidated Financial Results

To Board of Directors of Aarti Industries Limited

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying Statement of Consolidated Financial Results of Aarti Industries Limited (“Holding company”) and its subsidiaries (holding company and its subsidiaries together referred to as “the Group”) for the quarter ended 31 December 2022 and for the period from 1 April 2022 to 31 December 2022 (“the Statement”), being submitted by the Holding company pursuant to the requirement of Regulation 33 of the SEBI (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:
 - i. Aarti Corporate Services Limited
 - ii. Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited)
 - iii. Nascent Chemical Industries Limited (through its Holding Company: Aarti Corporate Services Limited)
 - iv. Alchemie (Europe) Limited.
 - v. Innovative Envirocare Jhagadia Limited
 - vi. Aarti Polychem Private Limited
 - vii. Aarti Bharuch Limited
 - viii. Aarti Spechem 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 Standard 34 “Interim Financial Reporting” (“Ind AS-34”) prescribed under section 133 of the Companies Act 2013 read with relevant rules thereunder 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 quarter ended 31 December 2022 and year to date results for the period 1 April 2022 to 31 December 2022.





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.

Management's Responsibilities for the Consolidated Financial Results.

These quarterly financial results as well as the year-to-date consolidated financial results have been prepared on the basis of the interim 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 Standard 34, 'Interim Financial Reporting' 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.
- 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 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.

Materiality is the magnitude of misstatements in the interim consolidated financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim 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 interim 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.

Other Matters

I. Comparative Audited Consolidated Financial Results

- a) The comparative audited consolidated financial results for quarter and nine month ended 31 December 2021 (before giving effect to scheme of arrangement) to were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose audit report dated 5 February 2022 had expressed an unmodified opinion on financial statements.
- b) The comparative audited consolidated annual financial results for the year ended 31 March 2022 (before giving effect to scheme of arrangement) were audited by erstwhile statutory auditors, Kirtane & Pandit, LLP (FRN: 105215W/W100057), Chartered Accountants whose annual auditors report dated 27 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 Company” or “the demerged company”) to its wholly owned subsidiary Aarti Pharmalabs Limited (“the resulting 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 resulting 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 Aarti Pharmalabs Limited. Further investment in Aarti Pharmalabs Limited (earlier known as Aarti Organics Limited) is cancelled and as a result no longer remains subsidiary of the Holding Company.
- b) Pending receipt of the NCLT Order approving scheme of arrangement, consolidated financial statements of the Company (before giving effect to scheme of arrangement) for the year ended 31 March 2022 were approved by the Board of Directors in their meeting held on 27 May 2022 and audited by erstwhile statutory auditors (refer para I (b) above). Subsequently, the same were approved by the shareholders in the general meeting held on 26 September 2022.
- c) In annual general meeting held on 26 September 2022, we, Gokhale & Sathe, Chartered Accountants (FRN: 103264W) were appointed as statutory auditors of the Company in place of Kirtane & Pandit, LLP, Chartered Accountants (retiring auditors). Considering this management approached us to perform agreed upon procedures on consolidated financial results prepared to give effect to scheme of arrangement.
- d) 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
 - recasted consolidated financial results prepared by the management of the Holding Company for the quarter and nine months ended 31 December 2021 and 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 as mentioned in I (a) and I (b) above.
- It is extracted from the books of accounts maintained by the Holding Company having records/information maintained for pharma business and speciality chemical business.

III. Financial Results of Subsidiaries not audited by us.

- a) The consolidated financial results include the audited financial results of 5 subsidiaries whose interim financial Results/ financial information reflects total revenues of Rs. 411.51 lakhs and Rs. 1,373.57 lakhs and total net loss after tax of Rs. 15.71 lakhs and net profit after tax Rs.55.56 lakhs for the quarter ended 31 December 2022 and for the period 1 April 2022 to 31 December 2022 respectively as considered in the consolidated financial results, which have been audited by their respective independent auditors. The independent auditors' reports on interim financial statements/Financial Results/financial information of these entities have been furnished to us 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.
- b) The consolidated financial results include the unaudited financial results of 1 foreign subsidiary whose interim financial Results/ financial information reflects total revenues of Rs. 3,902.20 lakhs and Rs. 9,992.22 lakhs and total net profit after tax of Rs 171.43 lakhs and net loss after tax Rs. 45.46 lakhs for the quarter ended 31 December 2022 and for the period 1 April 2022 to 31 December 2022 respectively as considered in the consolidated financial results. These unaudited financial statements have been furnished to us by the board of directors and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited interim financial statement. In our opinion and according to the information and explanations given to us by the Board of Directors, these interim financial statements is not material to the Group.

Our opinion is not modified in respect of above matters.

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

Tejas Parikh
Partner

Membership No. 123215

UDIN: -23123215BGQKZY1421

Date: 3 February 2023

Place : Mumbai

