



# PIONEERING SUSTAINABILITY BUILDING A STRONGER FUTURE

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Sustainability Report 2022-23

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# Introduction to Our Report

Our fifth Sustainability Report is a comprehensive reflection of our relentless commitment to fostering a diverse, accountable, sustainable, and prosperous organisation. As we embark on this journey towards progress and positive change, we are proud to share our continued efforts to build a better future for our Company, stakeholders, and the world.

Sustainability has always been at the heart of our business philosophy, and this report serves as a testament to the significance of addressing our planet's complex challenges. Within the pages of this report, you will discover a comprehensive overview of the initiatives and strategies undertaken.

As we progress on our sustainability journey, we recognise the vital role of accountability in driving positive change. We have implemented robust mechanisms to measure and report our performance, enabling us to track our progress, identify areas of improvement, and align ourselves with the expectations of our stakeholders. We remain steadfast in our pursuit of excellence in sustainability practices by holding ourselves accountable.

At the heart of our endeavours lies an unwavering dedication to sustainability, which extends beyond the realms of corporate obligation. This report underscores our unwavering commitment to reducing

our environmental footprint through energy-efficient operations, resource conservation, and waste reduction initiatives.

Our previous Sustainability Report (FY 2021-22) can be accessed [here](#)

## Reporting Scope and Boundary

Our report has been developed in accordance with GRI Standards 2021 and covers all Environment, Social and Governance (ESG) initiatives, activities, and operations within our speciality chemical business. We have identified material topics through a structured stakeholder engagement process and included relevant disclosures to enhance the comprehension of our sustainability initiatives and performance. This report covers the sustainability performance of our manufacturing plants located across five locations, including Vapi {Divisions – Acid (including Fertilizer and DMS), Amine, Alchemie, Organic (inclusive of R&D center), and Nascent; Pilot Plant – Apple}, Tarapur (Division – Topaz), Jhagadia (Divisions – Pearl, Ruby, Jade and Gold), Dahej (Divisions – Neo, Diamond and Saffron), Kutch (Division – Anushakti), Navi Mumbai (ARTC- Aarti Research and Technology Centre), Offices and all our Subsidiaries.

Exclusions: We have excluded the project sites, constructions, commissioning activities, and trading.

## Reporting References

This report is developed in adherence to the GRI 2021 standards and also aligns with the criteria set by the Sustainability Accounting Standards Board (SASB). The report showcases our dedication towards the United Nations Sustainable Development Goals (SDGs) and our adherence to the ten principles of the United Nations Global Compact (UNGC).

## Reporting Period

The reporting period for this Sustainability Report is from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023. Subsequent changes in the Board and Governance are highlighted via footnote at relevant places in the report.

## Company Contact Details

We welcome your feedback and suggestions on our approach towards sustainability. Please feel free to reach out to us at [sustainability@aarti-industries.com](mailto:sustainability@aarti-industries.com).

## External Assurance

This report has been externally assured by TUV Nord, an independent third party, through a limited

assurance process conducted in accordance with the requirements of the ISAE 3000 'Limited assurance', and the Global Reporting Initiative (GRI) Standards. The assurance statement is available on page 153 of this report.

## Forward Looking Statement

Certain statements in this Report regarding our business operations may comprise of forward-looking statements. The projected results and identified risks could differ from those in the forward-looking statements, which are based on industry trends and projections. Other than historical facts, performance highlights, objectives, strategy and mitigation plans, all other assertions fall under this category.

## Restatement

We have identified an error in the calculation of GHG emissions for the year 2021-22 and Non GHG emission in the year 2020-21, which impacted the disclosure of previous financial years. These values have been corrected in this year's report.

# Pioneering Sustainability, Building a Stronger Future

Established in 1984, Aarti Industries Limited (AIL) has four decades of expertise in the chemical industry. We have been catalysts for change, creating a circle of trust that empowers us to deliver lasting value. We globally rank among the 'Top 4' manufacturers in 75% of our product portfolio. As an industry leader, we understand our critical role in shaping the future and driving positive change. We take pride in our role as pioneers in corporate sustainability.

Our relentless determination to lead the change has exceeded expectations, seizing every opportunity to make a positive impact. Our unwavering commitment to sustainable practices have translated into tangible results, resonating within our organisation and far beyond.

Efficiency and resource optimisation are key pillars of our sustainability strategy. We have meticulously reviewed our operations and implemented measures that maximise efficiency, minimise waste, and reduce inefficiencies. We have undertaken an elaborate study on climate change and sustainability to understand the impacts of our operations on various ESG aspects and the impact of external factors on our business. Our continuous improvement initiatives span from process enhancements to adopting renewable energy sources.

However, our commitment to sustainability extends well beyond our organisational boundaries. We recognise that true leadership involves collaboration and collective action. We have built a formidable network of like-minded individuals and organisations through strategic partnerships, igniting a spirit of shared responsibility. Creating shared value for all stakeholders is our passion.

We are devoted to nurturing a safe and inclusive work environment, empowering our employees, and uplifting our local communities. Ensuring sustainability across our supply chain is a crucial aspect of our operations. We have proactively engaged with our suppliers, encouraging them to adhere to rigorous sustainability standards. By ensuring transparency and accountability across operations and the value chain, we create a seamless flow of growth and development, promoting responsible practices throughout the organisation and beyond.

The report represents a powerful testament to our unwavering dedication to driving positive change and promoting sustainability. With resolute determination, we address global challenges head-on, taking innovative strides towards a greener future. As we stand at the forefront of sustainable practices, the Sustainability report reflects our continuous pursuit of excellence and our commitment to leaving a profound and meaningful legacy for future generations. Together, we move ahead, overcoming obstacles, unlocking opportunities, and building a harmonious world where prosperity and sustainability coexist.



## AARTI INDUSTRIES AT A GLANCE

# Shaping the Future with the Right Chemistry

As a premier Indian manufacturer of speciality chemicals, we have established ourselves as a trusted partner of choice. Our customer-centric approach, unwavering commitment to technical expertise, and relentless focus on research and development has earned us the confidence of our clients.

With a profound grasp of the intricate interplay between chemistry and the environment, we proudly offer an extensive range of solutions, which includes product lines of Benzene and Toluene derivatives, Phenylenediamines, and Sulphuric Acid across various sectors, including pharmaceuticals, agrochemicals, polymers, fuel additives, surfactants, pigments, and dyes. Rooted in our unwavering sustainability principles, our product portfolio is custom-designed to fulfil the unique needs of our valued customers.

Fueled by our core values of 'Care', 'Integrity', and 'Excellence', we are relentless in our pursuit of developing and producing speciality chemicals that surpass the highest sustainability, efficiency, and effectiveness standards. Emphasising on product innovation alongside environmental responsibility, we have embarked on a journey to revolutionise the chemical industry. Through extensive research and development, we are committed

to reducing the environmental impact of chemical manufacturing and fostering a circular economy.

With a powerhouse team of 250+ passionate scientists, engineers, and industry experts in R&D, we channel our efforts to create sustainable alternatives to conventional chemicals and processes. Our unwavering belief in achieving economic growth and industrial progress without compromising our planet's health drives every endeavour we undertake.

In addition to our commitment to sustainability, we prioritise quality, safety, and adherence to regulatory compliance in all operations. We enhance the skills and capabilities of our employees by implementing a well-structured training framework focused on professional growth. This framework fosters motivation and a sense of belonging within the organisation, ultimately leading to increased productivity.

Collaboration lies at the heart of our approach. We proactively seek alliances with like-minded organisations, academic institutions, and industry leaders to cultivate innovation and push the boundaries of green chemistry. Together, we can expedite the adoption of sustainable practices and usher in profound change across the chemical industry.

## Inspiring Our 35+ Years of Growth

### Vision

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

### 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

### Mission

Delighted stakeholders

### Our Strengths

- Global player in benzene-based derivatives with integrated operations
- Strong focus on R&D and process innovation
- Well placed to benefit from industry tailwinds

### TOP 3

In Chlorination and Nitration globally

### TOP 2

In Hydrogenation globally

### 40+

Products in R&D pipeline

## Alternate to China and Europe

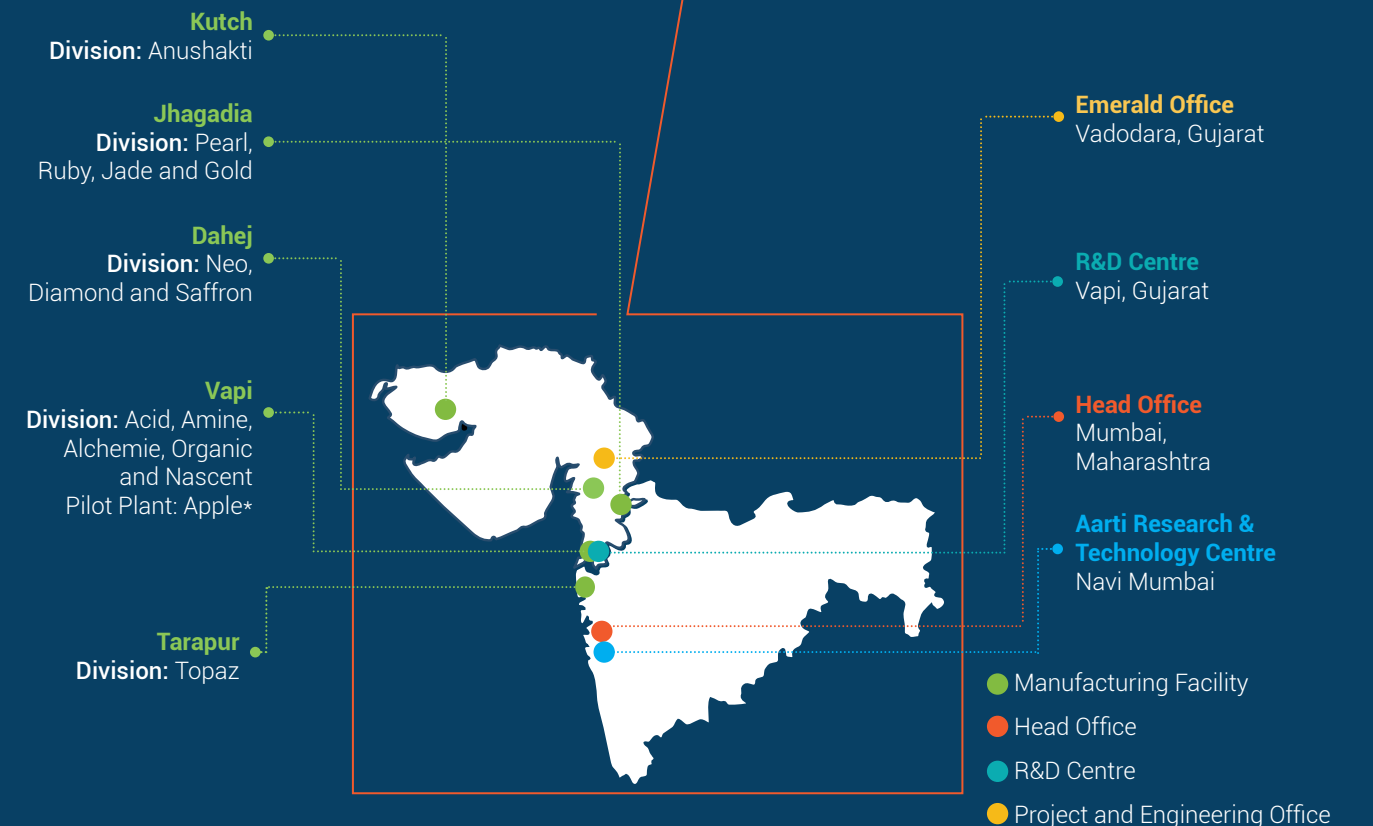
Fully backward integrated, lowcost, sustainable manufacturing opportunities in sunrise sectors

## Expanding Horizons: Our Global Presence

Our commitment to producing and supplying world-class speciality chemicals extends beyond borders, reaching over 60 countries worldwide. This global presence is a testament to our dedication to unlocking opportunities and laying a robust foundation for a stronger future.

Our operations are guided by our state-of-the-art 16 manufacturing facilities strategically situated in western India, encompassing locations like Vapi, Tarapur, Jhagadia, Dahej and Bhachau, near major ports, and cutting-edge R&D facilities in Navi Mumbai, Maharashtra, and Vapi, Gujarat. We wield substantial influence across continents.

Our strategic locations provide us with efficient export capabilities and the flexibility to meet the dynamic demands of our global customers. In our ambition to expand and fortify our global footprint, we actively seize every opportunity that comes our way. We forge strategic alliances, foster strong customer relationships, and capitalise on emerging markets, all in pursuit of our vision for a prosperous and impactful future.



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

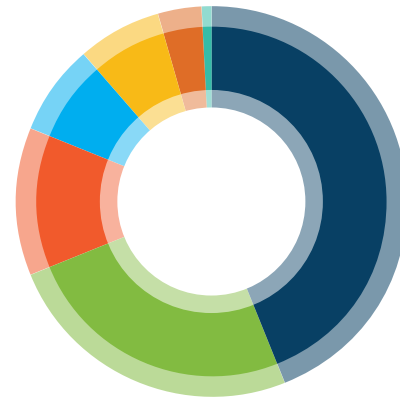
### Manufacturing Output

During the reporting period, our total production increased by 8% on a year-on-year basis from 802,002 metric tonnes in FY 2021-22 to 864,600 metric tonnes in FY 2022-23.

### Our Shareholding Pattern

We have enlisted our securities at both the nationwide Stock Exchanges the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Currently, AIL is categorised under Group A and is amongst top 500 Companies with market capitalisation ~ ₹18,783.14 Crore as on March 31, 2023.

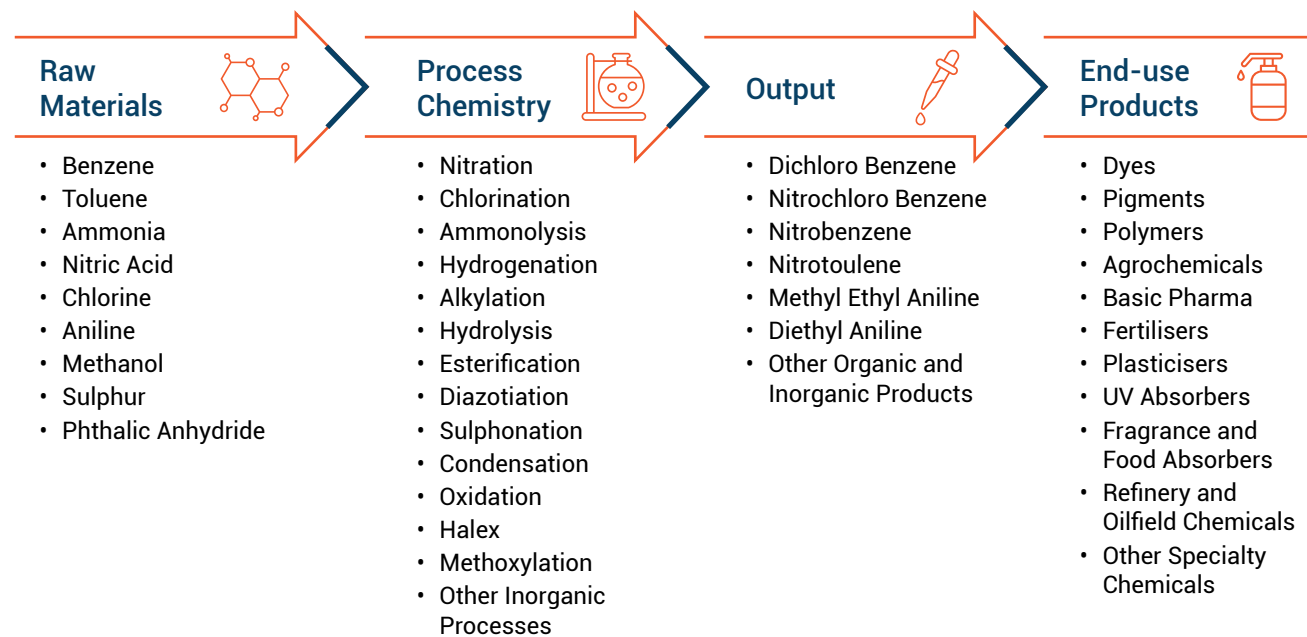
Our promoters hold a controlling stake with 44.07% shareholding. For a complete shareholding pattern, please refer [here](#).



Promoter and Promoter Group	44.07	Insurance Companies	7.51
Individuals	24.82	Mutual Funds	6.94
Foreign Portfolio Investors	12.32	Others	3.59
		Body Corporate	0.75

### Product Portfolio and Value Chain

We have embraced a strategic approach focused on value creation across the value chain. We strategically leverage the value chain, specialising in creating valuable products using Benzene and Toluene derivatives sourced from commodities.



Our focus is on innovation, aiming to convert by-products into marketable goods. This not only helps us advance towards sustainability by reducing the production of hazardous waste but also provides us with

a competitive advantage through strategic integration downstream. Our diverse product portfolio allows us to mitigate risks that may arise from shifting market preferences. Furthermore, it showcases our ability to adapt quickly and remain resilient in the market.

### Our Growth Strategy

We have identified key areas of strategic emphasis to capture immense prospects and adeptly manoeuvre through the constantly evolving market landscape. This strategic perspective drives us toward an exciting path of substantial expansion, enabling us

to leverage the limitless opportunities that await. Positioned on the verge of a transformative phase, we embrace this juncture, prepared to unlock our capabilities and spark a future teeming with unparalleled achievements. Our business growth strategy focuses on three key areas:

#### New Product Development



New Product Development which includes expanding the existing value chain, exploring new value chains and speciality products and adding new chemistry to our portfolio

#### Partnership with Leading Global Companies



Partnership with leading Global Companies to enhance existing partnerships and leverage opportunities

#### Sustainable Chemistries and Sunrise Sector



Sustainable Chemistries and Sunrise Sector to explore next-gen industries like Electronics, IT, 5G, EVs, and Smart Mobility, with strategic plans for battery and electronic chemicals, high-end polymers, and green chemistries

The focus is on bolstering capabilities and meeting demand through manufacturing expansions and investments in advanced facilities. Plans include speciality chemical blocks, Ethylation, Nitro Toluene capacity boosts, and versatile multi-purpose plants. Over ₹3,000 Crores will be invested in these endeavours. Efforts to diversify the product mix include developing value-added items and niche chemistries. A stable Nitric Acid supply facilitates resource allocation for innovation, reducing the need for backward integration. Sustainability practices encompass energy-efficient technologies, waste reduction, and

renewable energy sourcing. The aim is regulatory compliance, reputation enhancement, and contributing to a greener future.

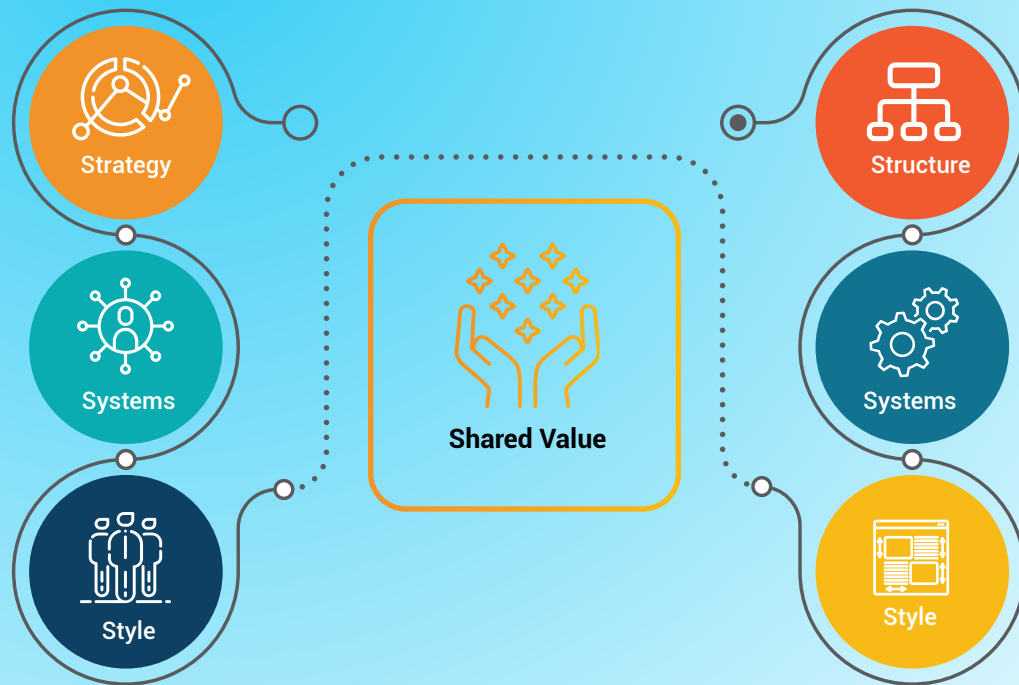
Over the past few years, we have invested substantially in various initiatives, including long-term contracts, scale-up activities, asset restoration, and debottlenecking projects. These strategic investments aimed to expand our manufacturing capabilities, broaden our market reach, and strengthen our industry position.



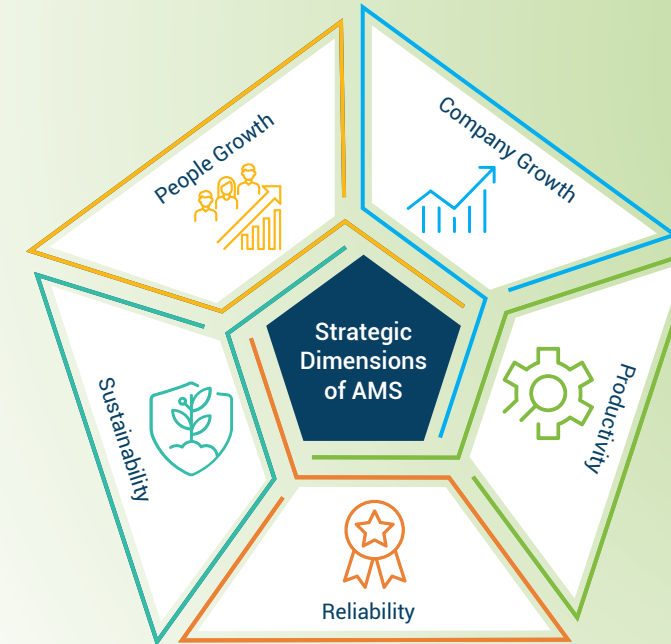
## Aarti Management System (AMS)

At Aarti Industries, we hold a steadfast commitment to our stakeholders, which is thoughtfully and explicitly articulated through our purpose, vision, mission, and values. As a prominent manufacturer of speciality chemicals, we embrace our responsibility to deliver value to all our stakeholders. To guide our actions in a responsible, which comprises the following shared values:

### Embracing the 7S Model



### 7 Pillars of Aarti Management System



For the efficient implementation of our strategy and shared values, we have created the Aarti Management System (AMS), an integrated approach that diligently addresses the needs of all stakeholders. Within the AMS framework, we have set up strategic objectives, placing emphasis on Sustainability, Reliability, Productivity, People Growth, and Company Growth. To ensure the successful execution of AMS, systems improvements and stakeholder engagement, we have identified seven pivotal pillars for governance.



## From the Chairman's Desk

Dear Stakeholders,

### Greetings,

With immense pleasure and a profound sense of duty, I am proud to unveil our fifth Annual Sustainability Report. The past year has been a remarkable journey of dynamic changes marked by economic shifts, diverse global challenges, and waves of transformation. In an era where chemicals and materials shape our modern lifestyle, the need for adaptation within the ever-evolving geopolitical landscape is paramount. This adaptation calls for both planned actions and quick responses.

Guided by our unwavering commitment to excellence, fortified by a powerful framework and propelled by our dedicated workforce, we have continued to grow as leaders in our field. As we set our sights on the coming horizons, chemical companies globally are hitting significant headwind events such as global destocking across all end usages, inflationary costs, higher interest rates, fluctuation in oil prices and impacts of recession/slowdown in various downstream sectors. The convergence of these factors is poised to make FY 2023-24 a year of strategic shifts. In this process of change, it is imperative for chemical sector companies to not only manage their own operations but also extend influence throughout the supply chain in this strategic shift.

We have seamlessly integrated Environmental, Social, and Governance (ESG) principles into our decision-making process. We are currently identifying diverse ESG-related risks and opportunities, spanning across occupational health, process safety, climate change impacts, data security, human rights, supply chain management, sustainable sourcing, etc. among others. Our business growth strategy is centered around incorporating ESG aspects into new product development, strengthening existing partnerships, and exploring opportunities in sustainable sectors.

Integrating sustainable practices throughout our organisation has added to more process and cost optimisation avenues. As we expand operations, our focus on ESG considerations is embedded in the design stage. Our dedication to sustainability is exemplified through our extensive range of ESG initiatives.

Climate change, a challenge of global proportions, is a call to action we must heed. We firmly believe that our destiny is intertwined with our planet's and society's wellbeing, and hence, have committed to the Science Based Target initiative (SBTi). We are in the process of preparing a robust action plan that encompasses reducing greenhouse gas emissions through energy efficiency measures, maximising renewable energy, and technology enhancement. We have signed a long-term renewable power purchase agreement of capacity 13.2 MW with an investment of ₹15.18 Crore as a part of a third-party group captive project, the project is commissioned and the supplies will start by the end of Q2 FY 2023-24. Based on existing efforts, we have achieved a reduction of 10% in specific energy consumption and a 5% reduction in specific GHG emissions from the baseline.

We have also embraced circularity by reusing and recycling waste, recovering valuable products from waste streams, and adopting innovative waste disposal methods such as waste co-processing in cement industries to reduce reliance on landfills and incineration. Numerous initiatives have been undertaken to enhance our water efficiency through water reuse and recycling. We have maintained our water recycling ratio to 44% despite an increase in water consumption by 11% compared to the previous fiscal year due to the extension of operational boundaries. Through a centralised online data monitoring and collection system, we're empowered to make informed decisions, identify emerging trends, and optimise operational efficiency through data-driven insights.

We are committed to the inherent safe design of our new products while continuously validating and accessing our existing operations. At AIL, we strive for safety excellence by utilising scientific tools to ensure the integrity in all our safety systems. To enhance the safety culture in AIL, we conducted a safety perception survey to enhance safety culture through the participation of more than 9000 employees and business partners; the outcomes were very encouraging. We have also strengthened our transportation safety by establishing the "Aarti Logistic Centre" to monitor the real-time movements of vehicles and guide them.

Our employees are our most valuable resource, and their wellbeing and empowerment are central to our company culture. We're dedicated to cultivating a diverse, inclusive, and secure workplace. To enhance gender diversity, we have improved infrastructure for female employees, implemented affirmative action, and offered guidance and counselling. This has enabled us to increase our female employees by 11% from FY 2021-22. We actively involve our staff through employee engagement efforts and a range of training programs. This has enabled us to enhance our employee engagement score from 3.97 to 4.14, a significant step towards being recognised as an exceptional workplace among our employees. Both of these surveys were conducted by leading global firms and had 100% employee participation. We aim to create a culture of safety

and well-being by nurturing a collective sense of responsibility and dedication to maintaining a secure environment.

As a responsible corporate citizen, we recognise our obligation to contribute to society. Our Corporate Social Responsibility (CSR) endeavours have uplifted local communities, supported marginalised groups, and fostered inclusive growth. During FY 2022-23, we have spent approximately ₹15 Crore on various CSR initiatives. Our CSR spans vital sectors like healthcare, education, women's empowerment, rural development, and environmental conservation. Through our initiatives, we have positively impacted the lives of more than 0.35 million individuals during FY 2022-23 with the common goal of empowering communities.

Ethical governance is our bedrock, displayed through unwavering adherence to integrity, compliance, and transparency across all levels our organisation, driven through the Aarti Management System (AMS). In our pursuit of excellence, we prioritise the safety and privacy of our data and customers' data. Robust cybersecurity measures and data protection initiatives underscore our commitment to safeguarding information. Our best-in-class operations, services and efforts have been recognised on esteemed forums, affirming our dedication to stakeholders and customers. We are in the final stage of formulating AIL's strategy "Aarti 4.0", which focuses on AIL's approaches to integrate ESG in strategic areas.

As I conclude, I am pleased to announce a significant development in our sustainable development endeavours. In June 2023, we secured a sustainability-linked loan of USD 130 million from International Finance Corporation (IFC). This financial support will partly augment our capex needs, aligning with our commitment to sustainable practices and reinforcing organisational progress.

I would like to express my gratitude to our stakeholders, including our valued shareholders, dedicated employees, and esteemed Board members. Through your unwavering support and commitment, we have made significant strides in becoming a responsible and well-rounded organisation.

Looking ahead, we remain steadfast in our determination to create sustainable value. We'll use innovation, collaboration, and conscientious practices to tackle challenges head-on and turn them into opportunities for progress. Our commitment extends beyond just our industry; we're dedicated to making the world a better place.

Together, we're shaping tomorrow with purpose and conviction.

Thank you,

**Rajendra V. Gogri**

Chairman and Managing Director



# ESG Highlights



## ENVIRONMENT

1,00,154

tCO<sub>2</sub>e of Emissions  
Avoided in FY 2022-23

~0.8

Million kWh of Energy  
Saved, FY 2022-23

44%

Water Recycled

92%

Waste Recycled

11

Zero Liquid Discharge Units

4%

Energy Utilised from Waste  
Heat Sources

0

Cases of Environmental  
Non-compliance



## SOCIAL

₹14.73 Cr.

Amount Spent Towards CSR

11%

Increase in Women Strength

4.14/5

Employee Engagement Score

0.15

LTIFR (Employees and Workers)

0

Fatalities

43%

Suppliers Assessed for ESG  
Parameters

4 out of 5

Customer Satisfaction Score



## GOVERNANCE

1

Manufacturing Unit  
Commissioned

₹7,283 Cr.

Total Revenue

₹545 Cr.

Net Profit

₹96.50 Cr.

R&D Expenditure

18.75%

Female Representation on  
the Board

0

Instances of Data Breach,  
FY 2022-23

0

Cases of Corruption and  
Anti-competitive Practices

## EXTERNAL INITIATIVES

# Upholding Global Standards for Sustainable Excellence

At AIL, we recognise the significance of collaboration in achieving sustainable business practices and, thus, employ the best practices and uphold internationally acknowledged standards and norms. Our unwavering commitment to excellence in the industry drives us to adhere to these benchmarks, bolstering the resilience of our operations, ensuring product quality, and securing the long-term viability of our business. The following list highlights the key norms and standards to which we proudly adhere:



AIL received a Gold Rating in the EcoVadis CSR assessment for 2023. The assessment evaluates the CSR management system of the organisation, including policies, actions and results.



CDP is a not-for-profit organisation that manages the global disclosure system for investors, companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. We attained a B rating for the CDP climate change questionnaire in CDP disclosure for FY 2021-22. Our rating is higher than the average 'B-' rating for the chemical sector companies.

We also improved our Supplier Engagement Rating (SER) from 'B-' to an 'A-' through our ongoing strategy to assess suppliers on ESG criteria, engage with them and highlight best practices.

## ISO Certifications



## Responsible Care





TfS is an international network of thirty-seven chemical companies aiming to assess and enhance environmental, social and governance performance within the chemical supply chain. Aligned with the principles of the UN Global Compact and Responsible Care®, TfS sets the standards for responsible practices in the supply chain.

We have proactively implemented measures to strengthen our systems and Processes for TfS audits, resulting in outstanding scores. These achievements showcase our dedication to sustainable and responsible business practices within the industry.

85

Anushakti

88

Organic Acid

94

Pearl and Ruby

95

Amine

## CRISIL

An S&P Global Company

CRISIL is an, S&P global company, rated 586 companies across 58 sectors in 2022 on the ESG risk related to their operations. CRISIL assigned relevant weights to E (35%), S (25%) and G (40%) attributes, to reflect the relative importance of these attributes. Companies are scored on a scale of 0 -100, where 100 is the highest score. AIL received an ESG score of 53 in 2022, classified as adequate by CRISIL.

## MORNINGSTAR SUSTAINALYTICS

Morningstar Sustainalytics has been providing high-quality, environmental, social and governance (ESG) research, ratings and data to institutional investors and companies for the past 30 years. Sustainalytics' ESG Risk Ratings are designed to help investors identify and understand financially material ESG risks at the security and portfolio level.

ESG Risk Rating is assigned to one of five ESG risk categories: negligible, low, medium, high, and severe. Each category captures a level of material financial impacts driven by ESG factors. AIL is categorised into the medium risk category by Sustainalytics, giving us a risk score of 23.

Negligib	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

### Membership of Associations



Indian Chemical Council



CHEMEXCIL - Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council



Indian Institute of Chemical Engineering



Gujarat Chamber of Commerce and Industry



Confederation of Indian Industry



United Nations Global Compact Network of India



Federation of Indian Export Organisation



Federation of Indian Chambers of Commerce & Industry (FICCI)



Chemicals and Petrochemicals Manufacturers' Association



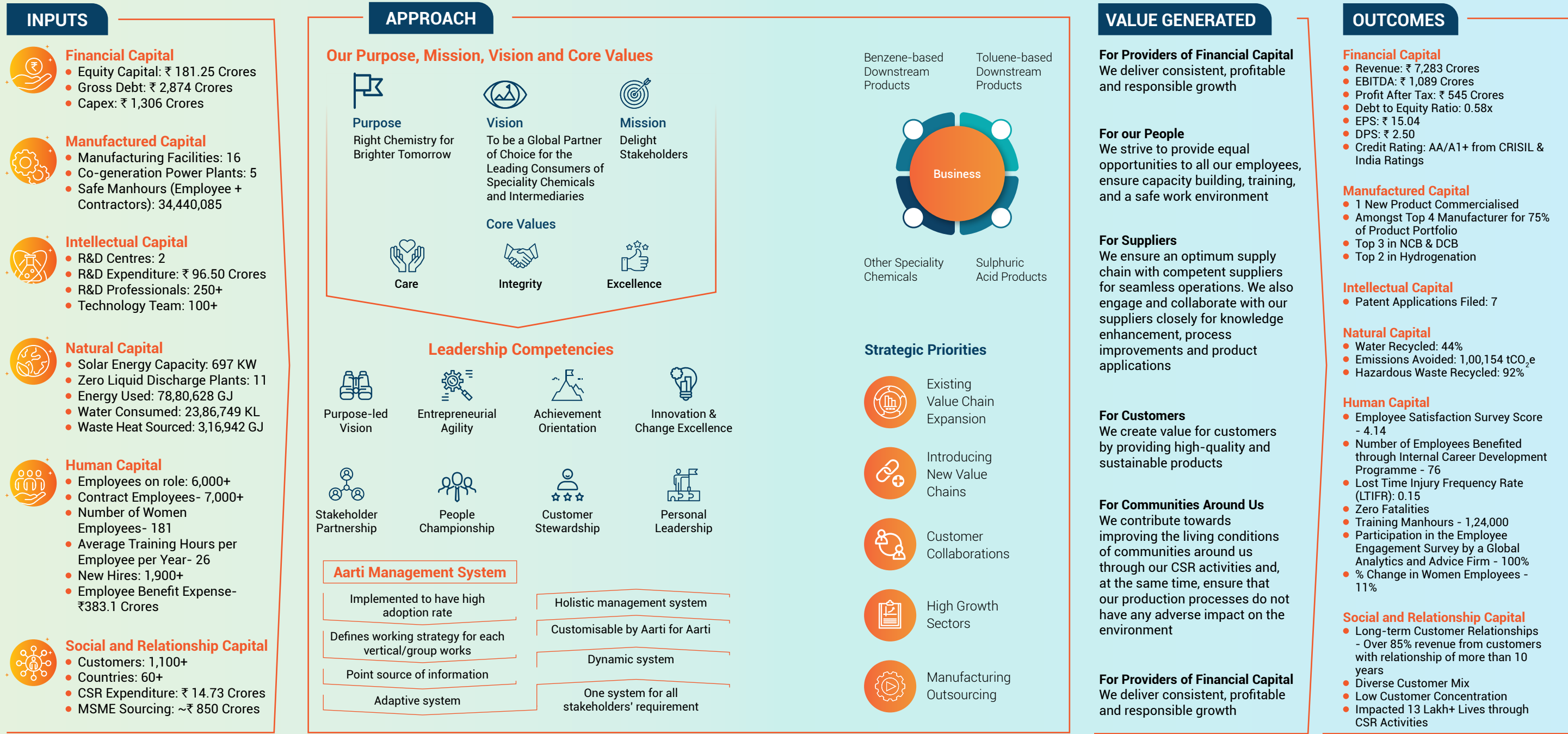
INDIAN SPECIALITY CHEMICALS MANUFACTURERS' ASSOCIATION

Indian Speciality Chemical Manufacturers' Association



VALUE CREATION MODEL

# Delivering Sustainable Outcomes



100+

Products

700+

Indian Customers

400+

Global Customers

16

Manufacturing Units

6,000+

Employees


# Fostering Long-term Relationships

## Stakeholder Engagement

At AIL, we believe that stakeholder value creation is an essential component to strengthen our business model and create long-term sustainability. Our organisation's mission of stakeholder partnership defines our commitment towards stakeholder consultation and prioritisation. Our stakeholders hold great prominence in our organisational goal-setting process and form the building block of our sustainability strategy development. We frequently communicate and collaborate with our key stakeholder groups to understand their needs and expectations. Our robust stakeholder engagement management allows us to gain insights and competitive advantage.

We have prioritised our key internal and external stakeholder groups based on their relevance and influence on the Company. Our tailored stakeholder communication channels allow us to effectively engage with different stakeholder groups. Our two-way communication with diverse stakeholder groups gives us a holistic understanding of our organisational performance and helps us in effective decision-making. The feedback received from our stakeholders is incorporated into our ESG and business-related goals and strategies.

**Customers**



**Channels of Communication**

- Video Conferencing
- Emails
- Customer Satisfaction Survey

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**Key Expectations**

- Quality and Timely Delivery
- Competitive Cost
- Responsible Production
- Transparency in Disclosure


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**Our Response**

- Improvement in Packaging and Labelling of Products
- Customer Survey to Cover ESG Topics
- Participation in Various Disclosures to Increase Transparency
- Timely Response to Query and Timely Resolution of Grievances

D|W|M|A|N

**Suppliers and Contractors**



**Channels of Communication**

- Supplier Meets
- Supplier Assessment
- Workshop on Sustainable Supply Chain Management
- MoU Agreements
- Contract Discussion Meetings
- Daily Toolbox Talks, Weekly Discussion Meetings
- Performance Review

---

**Key Expectations**

- On Time Payment
- Ethical Behavior
- Health & Safety
- Sustainable Growth


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**Our Response**

- Increase Coverage of Suppliers Sustainability Assessment
- Digitisation of Procurement Function to Simplify Work Process
- Capability Building of Suppliers and Contractors on Health and Safety Aspects through Training, Handholding, Assessment and other Engagements

W|N

**Local Communities**



**Channels of Communication**

- Regular Engagement to Understand Concerns and Requirement
- Community Engagement During CSR Initiatives

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**Key Expectations**

- Local Employment Generation
- Development Interventions


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**Our Response**

- CSR Policy and Actions to Support Development Interventions in Nearby Community in the Area of Education and Skill Development, Tribal and Rural Development, Livelihood Opportunities & Housing aid, Preference to Locals in Employment as Per their Education and Skill Sets

Q|N

**Investor and Lenders**



**Channels of Communication**

- Annual Reports and Sustainability Reports
- Investor/ Analyst Meets, calls Including Plant Visits
- Quarterly Results
- Company Website
- Stock Exchange Filings
- Media Release

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**Key Expectations**

- Economic Value Generated and Distributed
- Long-Term Value Creation
- Transparency
- Good ESG Governance
- High Reputation and Brand image


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**Our Response**

- We Deliver Consistent, Profitable and Responsible Growth
- Regular and Timely Sharing of Information Through Annual Report
- We have a Dedicated Investor Relations Department for Regular Interaction and Dissemination of Information to Shareholders
- We have Established Stakeholder Relationship Committee to Address Grievances and Increase Transparency

A/Q

**Employees**



**Channels of Communication**

- Leadership Development Interventions
- Web Based Performance Dialogue
- Continuous Feedback
- Anahata – Employee Assistance Program
- Nirvana – Employee Wellness Program
- Employee Induction
- Employee Experience
- Town hall Briefing
- Listening Tour
- Employee Engagement Survey
- Emails
- Quarterly/Publications
- Newsletters

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**Key Expectations**

- Diversity
- Quality of Work & Life
- Fair Wages and Remuneration Benefits
- Training and Development
- Career Growth
- Health & Safety


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**Our Response**

- We Ensure to Provide Equal Opportunities to all Our Employees, Ensure Capacity Building, Training, and Safe Work Environment Through Various Initiative
- Transparent Communication through platforms like CHRO connect, Kushal Varta etc., Recognition Programs like Arjan for Employees and Anant for Contractors, Quality and Productivity Enhancement Program Through Job Specific Training
- Focus on Enhancing Safety Culture and Excellence Through Employee Participation in Safety Engaging Initiatives

W|M|Q|Y|N

**Regulatory Bodies and Government Agencies**



**Channels of Communication**

- Open Invitations
- Specialised Programmes
- Seminars
- Media Releases
- Conferences
- Membership and Associations

---

**Key Expectations**

- Proactive Compliance
- Implementation of Compliance Management System
- Governance at Different Levels

---

**Our Response**

- Proactive Monitoring of Compliance Through Digital Compliance Management System (CMS) Platform
- Dedicated Compliance Cell at Corporate Level Looking After Existing and Emerging Compliance Requirements
- Regular Meetings with Regulatory Bodies such as State Pollution Control Board (SPCB), Central Pollution Control Board (CPCB), Ministry of Environment Forest & Climate Change (MoEF&CC), Directorate of Industrial Safety and Health (DISH)
- Schedule Assessment Program on Compliances

Q|N

**Frequency of Engagement**

D Daily      Q Quarterly  
 W Weekly    A Annually  
 M Monthly   N Need Base

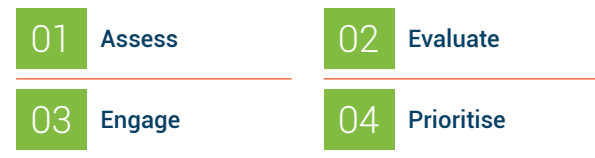
## Materiality Assessment

Reviewing and realigning internal sustainability strategies and actions is vital to the evolving business landscape and changing climate scenarios. Our materiality assessment process is conducted with due consideration of our stakeholders' views and internal business alignment with global sustainability trends.

During the reporting period, we reviewed and revised our existing ESG focal points with reference to various national and international sustainability standards and guidelines, peer review, and market trends to gain a comprehensive understanding of ESG issues that are material to our business operations. We consistently track pertinent business advancements, potential challenges, sustainability patterns, law amendments and stakeholder outlook. This process underscores our adaptability to seek and empower the organisation with enhanced resilience to withstand external business challenges.

To gain a holistic insight into the risks and opportunities associated with our sustainability performance, we have initiated the process of double materiality assessment. The double materiality exercise has assisted us in reporting not just our organisation's impact on the economy, environment, and society, but also the impact of society and the environment on our organisation.

### Approach for Impact Materiality



#### 01 Assess

In alignment with GRI 2021, we undertook an impact materiality assessment exercise during the reporting period. We engaged with an external third party to conduct a detailed desk review of our organisation's activities and its associated negative and positive impacts on the economy, environment, and people, including the impacts on their human rights and vice versa. Further, actual and potential impacts were identified based on our geographical presence, the

nature of our business, future projections, sectoral research and stakeholder consultation.

This two-fold approach of inward and outward influence through primary and secondary research involved review of peer practices, peer benchmarking, assessment of national and global regulations along with consideration the internal risk register.

#### 02 Evaluate

Post identification a list of relevant impacts, the severity of impacts was assessed through its scale, scope, irremediable character, and likelihood of occurrence of impacts as given below:

- The scale of impact was considered for how grave the impact is or could be.
- The scope of impact was determined based on how widespread the scope of impact is or could be.
- The irremediable character of impact was identified only for the negative impacts based on the level of difficulty in remediating the impact.
- The likelihood of impact was determined only for the potential impact based on the chances of occurrence of each impact. The likelihood of impacts was then determined based on the current status of our business and future outlook.

The rating for severity of impacts was determined on a scale of '0 to 5' to evaluate the final scoring for each impact and its associated material topics.

#### 03 Engage

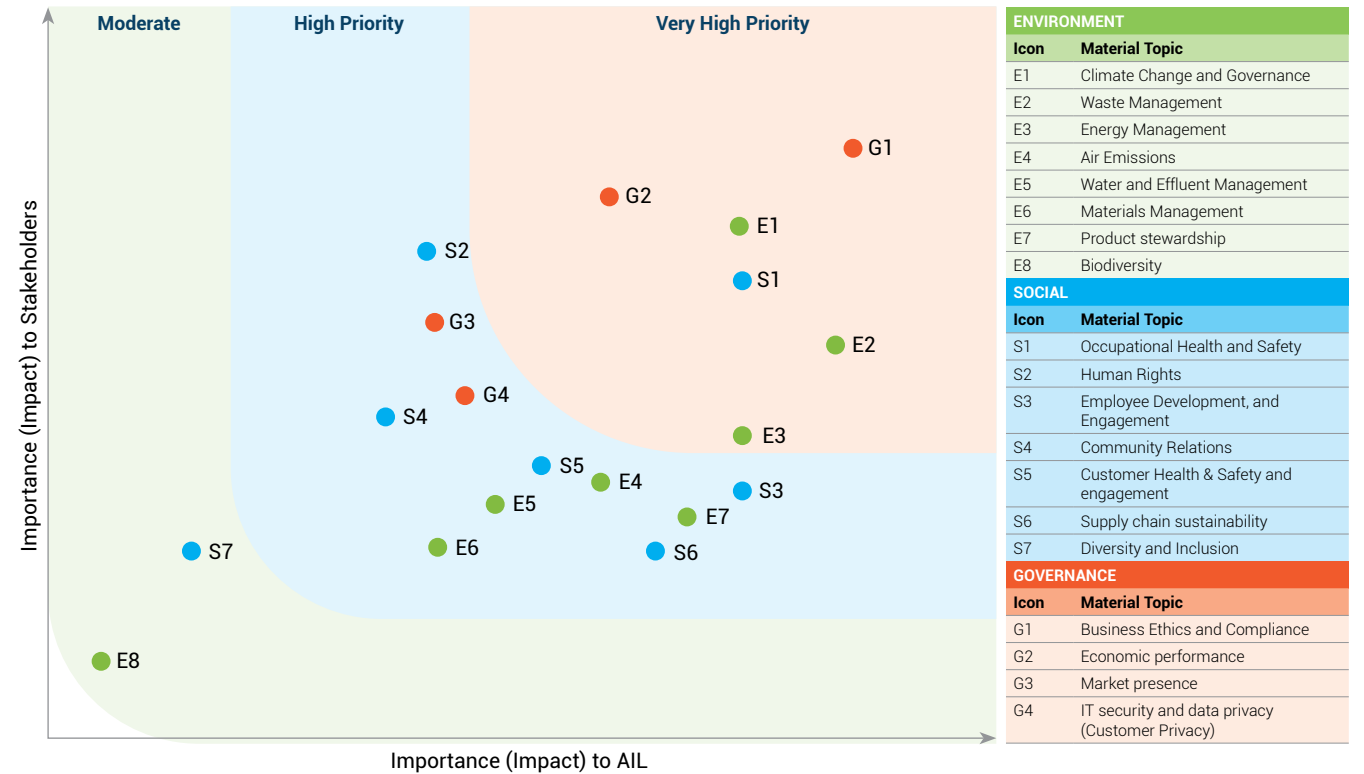
Our impact identification process was conducted with due consideration of current and emerging business risks and stakeholder expectations.

Inputs were gathered from key internal and external stakeholder groups, including employees, senior management, local communities, vendors and suppliers, shareholders, regulatory bodies and government agencies, customers, and Investors/bankers. The percentage weightage of each stakeholder group was assessed through engagement with our senior management team. The engagement was conducted through comprehensive surveys, forms, and interviews.

#### 04 Prioritise

The negative and positive impacts were arranged in the chronological order of its significance. A threshold was then set to identify the prioritised material topics

for reporting. These identified material topics were then reviewed and approved by our senior management.



### ENVIRONMENT

#### Climate Change and Governance

Our Strategy and Performance  
Environmental Stewardship- Climate Change Strategy

#### UN SDG Mapping



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#### Waste Management

Our Strategy and Performance  
Environmental Stewardship- Waste Management

#### UN SDG Mapping



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#### Materials Management

Our Strategy and Performance  
Environmental Stewardship- Material Management

#### UN SDG Mapping



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#### Water and Effluent Management

Our Strategy and Performance  
Environmental Stewardship- Water and Effluent Management

#### UN SDG Mapping



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#### Product Stewardship

Our Strategy and Performance  
Environmental Stewardship- Product Stewardship

#### UN SDG Mapping



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## SOCIAL

### Human Rights

**Our Strategy and Performance**  
Best Place to Work - Human Rights

#### UN SDG Mapping



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### Customer Health & Safety and Engagement

**Our Strategy and Performance**  
Fostering Long-term Relationships - Customer Relationship Management

#### UN SDG Mapping



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### Occupational Health and Safety

**Our Strategy and Performance**  
Best Place to Work - Occupational Health and Safety

#### UN SDG Mapping



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### Employee Development and Engagement

**Our Strategy and Performance**  
Best Place to Work - Employee Engagement

#### UN SDG Mapping



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### Supply Chain Sustainability

**Our Strategy and Performance**  
Fostering Long-term Relationships - Supply Chain Management

#### UN SDG Mapping



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### Community Relations

**Our Strategy and Performance**  
Fostering Long-term Relationships - Community Development

#### UN SDG Mapping



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## GOVERNANCE

### IT security and data privacy (Customer Privacy)

**Our Strategy and Performance**  
Catalysing Change, Growing Responsibly- Data Privacy, Cyber Security and Digitalisation

#### UN SDG Mapping



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### Business Ethics and Compliance

**Our Strategy and Performance**  
Best Place to Work - Business Ethics

#### UN SDG Mapping



Page 38

### Economic Performance

**Our Strategy and Performance**  
Catalysing Change, Growing Responsibly- Economic Performance

#### UN SDG Mapping



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### Market Presence



**Our Strategy and Performance**  
Shaping the Future with the Right Chemistry



#### UN SDG Mapping



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## OBJECTIVES AND TARGETS

Strategic Dimension	Indicator	Strategic Objectives for 2028	Metrics of Targets	Key Projects in FY 2022-23
 <b>Environment</b>	GHG Emission	Reduce GHG emission intensity by 20% from 2019-20 level	tCO <sub>2</sub> e per MT of Production	<ul style="list-style-type: none"> <li>Adopted Climate Budgeting and Conceptualised GHG Reduction Projects</li> </ul>
	Energy	Reduce Specific Energy Consumption by 20% from 2019-20 level	GJ per MT of Production	<ul style="list-style-type: none"> <li>Energy Audits</li> <li>Improved Energy Recoveries</li> <li>Initiatives on Reduction on Energy Losses</li> <li>Certification of all manufacturing facilities on ISO 50001: 2018</li> </ul>
	Water Consumption	Reduce Specific Water Consumption by 10% from 2019-20 Level	KL of Water Withdrawal per MT of Production	<ul style="list-style-type: none"> <li>Improved Water Recycling and Maintain Recycling Ratio of 44%</li> <li>11 Units are ZLD</li> <li>Developed 10,000 sqmt as Rainwater Catchment Area</li> </ul>
	Renewable Energy	25% of Total Energy from 2019-20 Level	% of Energy Share	<ul style="list-style-type: none"> <li>Invested ₹ 15.18 Crore in Sourcing of 13.2 MW Hybrid Renewable Energy</li> <li>Validation in Usage of Different Biofuel Commodities in Our Boilers</li> <li>695 KWH Onsite Solar Capacity and Investing Further</li> </ul>
 <b>Waste Management</b>	Waste Management	<ul style="list-style-type: none"> <li>Zero Waste to Landfill certification for all manufacturing locations</li> <li>50% reduction in incinerable waste</li> </ul>	<ul style="list-style-type: none"> <li>Number of Sites Certified by ZWL</li> <li>% of waste Diverted from Incineration Site</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with Cement Industries, and Pre-processors for Diverting Waste from Landfill and Incineration to Alternate Usage</li> <li>7,366 MT of Waste to Co-processing</li> <li>4,233 MT of Mixed Waste to Cement Industry</li> <li>Reduction in Moisture Content of Waste</li> <li>% Increase in Co-processing from Incineration</li> </ul>

Strategic Dimension	Indicator	Strategic Objectives for 2028	Metrics of Targets	Key Projects in FY 2022-23
 <b>Social</b> 	Fatality	Zero Fatalities	Incidences per Million Manhours	<ul style="list-style-type: none"> <li>Process Safety Studies and Validation</li> </ul>
	LTIFR	Less than 0.15 per Million Manhours	Incidences per Million Manhours	<ul style="list-style-type: none"> <li>Aarti Suraksha Survey</li> <li>Safety Capability Building Initiatives</li> </ul>
	TRIFR	Less than 0.5 per Million Manhours	Incidences per Million Manhours	
	Growth of Internal Talent	20% Workforce to be Ready to Take up Higher Responsibility	Percentage of the Workforce Moving to Next Level	<ul style="list-style-type: none"> <li>Identification of High Potential Employees</li> <li>Succession Planning</li> <li>Individual Development Plan</li> </ul>
	Employee Engagement Score	Employee Engagement Score of 4.5/5	Mean Score of 4.5 out of 5	<ul style="list-style-type: none"> <li>Managerial Effectiveness/ Swayam ka Vikas/ Effective Executive/Kshitij (Flagship Program)</li> <li>Child Education Assistance Program</li> <li>Metamorphosis for Executives</li> <li>Senior Leadership Connect</li> <li>Spot Recognition - ACCLAIM</li> <li>Infrastructural Development</li> </ul>
	Employee Well-being	Holistic Development of Team Members Focussing on Physical, Financial, Social and Career well-being	Well-being Index	<ul style="list-style-type: none"> <li>Conversation Platform</li> <li>Facility of Early Wage Access to Employees</li> <li>Nirvana Calendar Focussing on Holistic Well-being</li> <li>Equipping Managers with Coaching Techniques</li> <li>Engaging Pillar Heads with Team Under the Initiative of iEngage</li> </ul>

Strategic Dimension	Indicator	Strategic Objectives for 2028	Metrics of Targets	Key Projects in FY 2022-23
 <b>Governance</b> 	Policy Development	Identification of Gaps in Policies, Updating and Developing Required Policies to Strengthen Governance.	-	-
	Certification for IT Security	100% Certification by 2028	% of Site	<ul style="list-style-type: none"> <li>Certification Received for Technology Center and Pilot Plant</li> <li>Initiated Certification for Other Locations</li> </ul>



**RISK AND OPPORTUNITIES**

# Navigating Risks and Seizing Opportunities

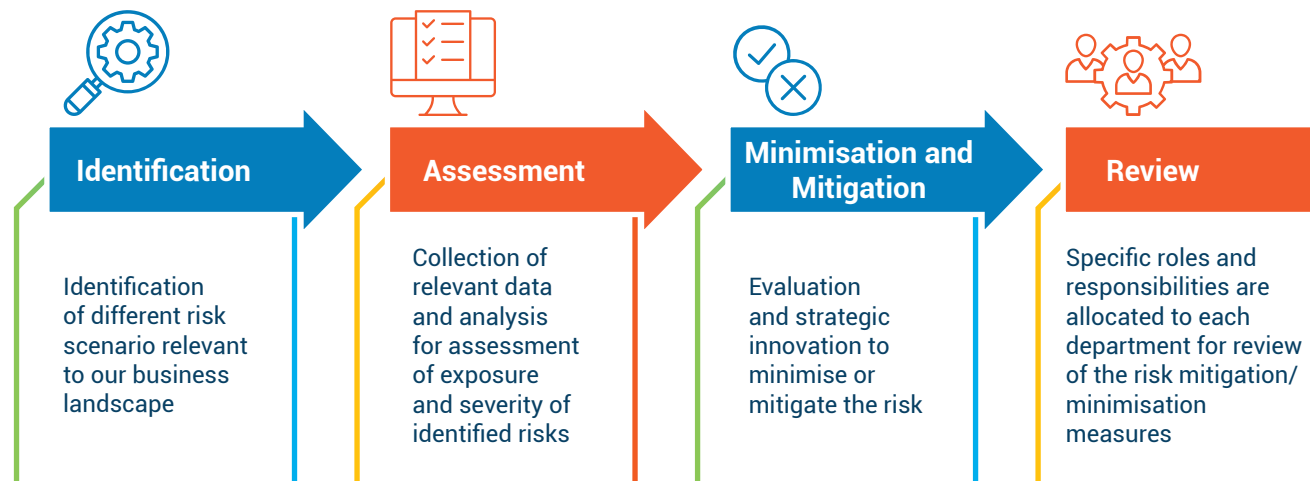
We firmly believe that a robust risk management mechanism is essential for ensuring resilient business operations. Through our risk management process, we make informed decisions, identify and assess risks associated with our business, and implement appropriate measures to minimise and mitigate these risks while capitalising on opportunities.

Our risk evaluation process helps us identify internal and external risks and opportunities. Our Risk Management Framework is designed in accordance with the seven pillars of Aarti Management System (AMS).

### Risk Governance and Mitigation Actions

We employ a well-organised and methodical process to identify and address our significant risks. Monitoring, evaluating, and reviewing these identified risks is the responsibility of our Risk Management Committee (RMC). The committee includes our Chairman, other Board members, along with the senior executive, i.e. our Chief Financial Officer (CFO). Regular reviews of our risk management process are conducted by the Board. Each department is assigned specific roles and responsibilities to assess and identify risks related to their operations. The primary goal of our Risk Committee is to capitalise on opportunities while effectively managing and avoiding risks through robust governance and review mechanisms.

We have successfully integrated Environmental, Social, and Governance (ESG) risks in our overall business risk management framework, with the Chief Manufacturing Officer (CMO) overseeing the management of these issues. We conduct a comprehensive threat and vulnerability assessment on a quarterly basis to evaluate potential risks that could impact our business. Consistent communication and review of our risk management practices ensure the effectiveness of our risk management programs.



### Risk Management Framework

Our Risk Management Framework seamlessly incorporates risk identification, prioritisation, management, and review to ensure effective risk mitigation. Every year, we conduct an exhaustive risk assessment study to evaluate emerging risks and devise appropriate mitigation measures. Our risk management approach adheres to legal requirements, specifically Regulation 32 of SEBI (LODR) Regulation 2015, to safeguard the interests of our business operations and minimise adverse consequences.

Given the nature of our business, we categorise our risks into areas such as business risk, procurement risk, process risk, ESG risk, and competitive risk, among others. We diligently evaluate potential risks at every stage of our business operations, including project planning and implementation.

To aid in the identification and prioritisation of risks, we have implemented a 5 x 5 risk matrix. This matrix allows us to gauge the likelihood and severity of each risk, providing a visual representation that enhances our ability to communicate and address potential issues more effectively.

### ESG Risks and Opportunities

By incorporating ESG criteria into our decision-making processes, we ensure responsible and ethical business practices. We actively engage with stakeholders, nurture

diverse and inclusive workplaces, and uphold the highest standards of governance. This multifaceted approach not only mitigates risks but also fosters long-term value creation, resilience, and societal impact. We have identified the risks and opportunities associated with our prioritised material topics and our approach towards adapting or mitigating the risks and leveraging identified opportunities. For more detailed information, kindly refer to Section A, General Disclosure of our Business Responsibility and Sustainability Report (BRSR) as part of the Annual report: [click here](#)

### Transforming our Risk Management Process

We have embarked on a transformative journey to enhance our risk management process by adopting the COSO framework. The COSO Framework will support us in understanding and prioritising risks and creating a strong link between risk, strategy and our operational performance.

By integrating its principles into our practices, we expect to augment our capacity to anticipate emerging risks, seize unforeseen opportunities, and strengthen our overall resilience. As we embrace its structured methodologies and principles, we anticipate promoting a culture of integrity and accountability, systematically identifying and prioritising potential risks, ensuring robust mechanisms for risk prevention, correction, and guiding our continuous evaluation and refinement process.





**CORPORATE GOVERNANCE**

# Leading with Prudence

Integrity, excellence and care are the guiding principles of our Corporate Governance philosophy. The ethical acumen, moral conduct and business competence of our founders and leaders have driven our organisation's business strategy. Our Board of Directors plays a key role in setting a strategic direction, and for embedding ethics and sustainability in our core values. We believe that strong leadership is important for continuous growth and our organisation's prudent year-on-year economic performance.

Our business operations, strategy, growth prospects and overall transformation are led by our visionary leadership. Our Board and Senior Management set the tone of AIL's corporate ethos and culture. Our leaders are guided by the Code of Conduct and Policy on Ethics and Fair Business Practices. We have established ourselves as a well-governed corporate with an excellent reputation as a 'Global Partner of Choice' - a precious recognition we want to protect, sustain and develop.

**Governance Structure**

The Board comprises a team of eminent industry experts with diverse skill sets, backgrounds and industry experience. ESG-related aspects are a core part of the Boardroom conversations. Our Board oversees the functioning of the Company and provides guidance to the operations along with reviewing and approving policies, assessing their effectiveness and taking care of the long-term interests of stakeholders and the organisation.



**Shri Chandrakant Gogri**  
Chairman Emeritus

**Our Board of Directors**



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



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



**Shri Parimal H Desai**  
Executive Director



**Shri Manoj Chheda**  
Executive Director



**Shri Renil Gogri**  
Executive Director



**Shri Kirit R Mehta**  
Executive Director



**Shri Ajay Kumar Gupta**  
Executive Director  
w.e.f. June 29, 2023



**Smt Hetal Gogri Gala**  
Non-Executive Director





**Shri Narendra Salvi**  
Non-Executive Director



**Shri KVS Shyamsunder**  
Independent Director



**Shri PA Sethi**  
Independent Director



**Shri Bhavesh R Vora**  
Independent Director



**Prof Ganpati D Yadav**  
Independent Director



**Smt. Priti P Savla**  
Independent Director



**Dr. Vinay G Nayak**  
Independent Director



**Shri Lalitkumar S Naik**  
Independent Director



**Smt. Natasha Treasurywala**  
Independent Director



**Prof. Aniruddha Pandit**  
Independent Director  
w.e.f. June 29, 2023



**Shri Shekhar Khanolkar**  
Independent Director  
w.e.f. June 29, 2023



**List of Core Skills/ Expertise/ Competencies Identified by the Board of Directors As Required in the Context of the Business (es) and Sector(s)**

- Industry Experience
- Leadership
- Finance and Banking
- Climate Action
- Operations, Technology, Sales and Marketing
- Understanding of Global Business
- Legal, Governance and Compliance
- ESG

**Board Committees**

- Audit Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Finance and Investment Committee
- Chairman

**Senior Management Team**



**Shri Chetan Gandhi**  
Chief Financial Officer



**Shri Raj Sarraf**  
Company Secretary



**Shri Pankaj Mehta**  
Head-Corporate Relations and Strategy



**Shri Prashant Potnis**  
Chief Scientific Officer



**Shri Manoj Sharma**  
Chief Human Resource Officer



**Shri Harendra Pandya**  
Chief Projects and Procurement Officer

### Board Meetings

The Board of Directors met 8 times in FY 2022-23. The details of the number of meetings of the Board held during the financial year and the details of attendance of each Director at these meetings are provided in the Corporate Governance Report forming part of the Annual Report [click here](#). The Maximum Gap between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

### Board Diversity

The composition of our board reflects a diverse mix of backgrounds, expertise, and gender representation. We believe diverse boards leads to better decision-making, improved governance, and enhanced long-term value creation. The Board of Directors of AIL conforms with the Listing Regulations, 2015 and the Companies Act, 2013.

As on March 31, 2023, our board comprises of sixteen members consisting of Six Executive Directors, Two Non-Executive Directors, and eight Independent Directors. Further, 2 Independent Directors and 1 Executive Director were appointed on board with effect from June 29, 2023, resulting in the board composition of 19 Directors. We have a Board Diversity Policy, which covers aspects such as gender, race, ethnicity, nationality and country of the board members, among others. This helps effective decision-making and risk management. The tenure of Independent Directors is three to five years. The tenure of the Managing Director is five years. The average tenure of the board is 14.6 years. The Chairman of the board is also one of the founder promoter members of AIL. His experience of over three decades in driving responsible chemistry has been a guiding light for the organisation to make foresighted and strategic decisions.

### Nomination and Remuneration Process

We have a Nomination and Remuneration Policy, which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel (KMPs) and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board Members. Directors are selected on the basis of their academic qualification, sectoral and functional expertise, integrity and probity in public life, and their ability to lead effective decision-making for the organisation. All of our Independent Directors are certified and listed on the Independent Directors Databank (IDDB).

Remuneration for Directors is determined by various factors such as individual and company performance, annual targets, and compensation market trends in the Industry, etc. We have linked the ESG performance and incentives for our executive management. Executive Directors are remunerated in the form of salary, prerequisites and allowances and variable commission based on the performance of the Company. Non-Executive Directors are paid sitting fees for attending meetings of the Board and its Committees. KMPs are remunerated in the form of salary, prerequisites, allowances and performance incentives.

In FY 2022-23, the median compensation for employees increased by 8% as compared to the previous year, while the ratio between the total annual compensation of the Chairman and Managing Director and the median employee compensation has increased from 196 during FY 2021-22 to 197 during FY 2022-23.

### Capacity Building and Performance Evaluation of Board

We believe that each individual is constantly in the process of learning and development. We design comprehensive training, awareness programs and familiarisation programs based on each individual's needs and to align with the changing global scenarios. In FY 2022-23, we trained our Board of Directors on the nature of the industry i.e., Business Overview and Trends, Sustainability, our Business Model i.e.,

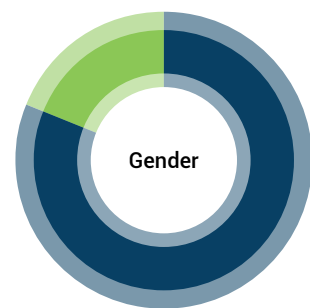
Strategic Roadmap and Risk Management, etc. We also provided training to our KMPs on Forex, CSR, Project Management, Fundraising, Takeover Rules, Insider Trading, Risk Management, Sustainability, Leadership Skills, etc.

We recognise the importance of Board evaluation in ensuring continuous improvement and effectiveness. We conduct annual board evaluations to assess the performance of the board as a whole, its committees, and individual directors, pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The evaluation process encompasses various aspects, including Board composition, skills, independence, decision-making, and Board dynamics. The insights gained from these evaluations inform our efforts to enhance Board effectiveness and strengthen corporate governance practices. As a part of the evaluations, Directors are required to provide their feedback on the overall functioning of the board, Board Committees and contribution by individual Directors using a structured questionnaire. The questionnaire consists of questions based on parameters such as Board/ Committee Structure, Board Meeting Practices, Board Effectiveness, Participation by Board Members in the meetings, etc. This mechanism is used to provide suggestions in areas of improvement to increase management and operational performance of the board.

### ESG Governance

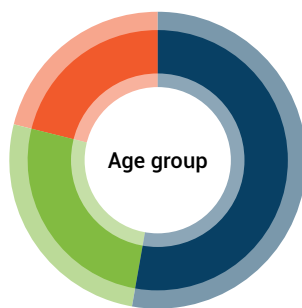
Business sustainability is a crucial element of business strategy. We have adopted a 'top-driven' approach to achieve this objective. The Chairman is directly accountable for sustainability and ESG initiatives and performance. The board reviews the performance on ESG issues quarterly. It further guides in the formulation of our policies and mandated strict implementation. The board has constituted the apex Sustainability Council for ESG-related matters of AIL. We have integrated sustainability into core business operations. It has incorporated qualitative and quantitative Key Performance Indicators based on sustainability parameters into the annual performance management of all levels of employees.

Board Diversity by Gender



Male **81.25%**  
Female **18.75%**

Board Diversity by Age



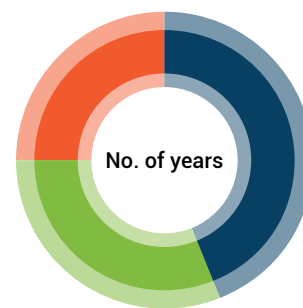
>= 60 Years **53%**  
50 - 60 Years **26%**  
<= 50 Years **21%**

Board Experience



>10 Years **44%**  
5 - 10 Years **31%**  
<5 Years **25%**

Tenure on Board



>10 Years **44%**  
5 - 10 Years **31%**  
<5 Years **25%**

(As on March 31, 2023)

**16**

Board Members

**8**

6 Executive Directors  
2 Non Executive Directors

**8**

Independent Director

**18.75%**

Female Representation on the Board



### Board Oversight

Led by the Chairman, the board provides a strategic direction to the decision-making processes related to various ESG aspects and also reviews the progress of ESG projects quarterly



### Management-level Governance

Apex Sustainability Council, an apex-level committee composed of various departmental heads responsible for assessing and deciding the action plan for ESG risk and opportunities for AIL. Progress is communicated to the council monthly

Zone Sustainability Council - Responsible for the implementation and execution of the ESG agenda, tracking and monitoring our ESG performance at respective the manufacturing location, council comprises team members from all departments, such as manufacturing, utility, civil, environment and safety, sustainability etc.



### Working Group

Corporate & site environment and sustainability teams for implementation of ESG agenda and actions

Our sustainability practices are governed by our Sustainability Council, which works towards integrating sustainability across all aspects of the organisation. The Council is an amalgamation of leaders across functions which brings diverse perspectives and expertise to achieve a holistic growth. The Council

is spearheaded by the Chairman and comprises key representatives from the Board, executive and senior management from all the zones.

The main responsibilities of the Council include:

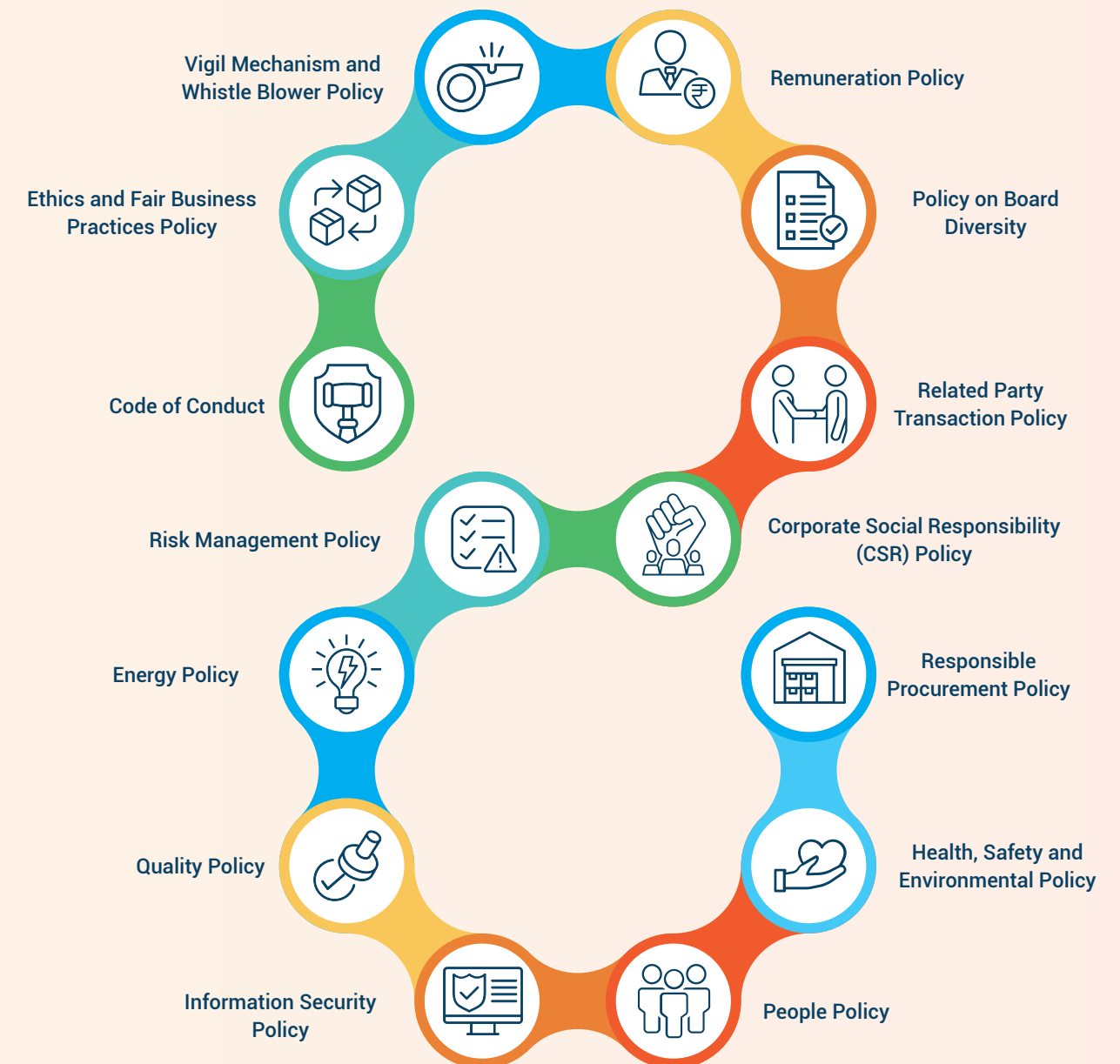
Advising the Board on ESG Topics	Strategy and Roadmap Development	Fostering a Culture of Sustainability and Holistic Development	Advising the Board on Implementation of Sustainability Management System	Assessment and Management of ESG Risks and Opportunities	Advising the Board on Applicable and Upcoming National and International laws, Regulations and Standards	Review AIL's Sustainability Performance Against Set Targets
----------------------------------	----------------------------------	--	--	--	--	---

The Sustainability Council meets once every quarter to review AIL's performance against set ESG targets, discuss issues and challenges, understand risks and opportunities, and determine the way forward.

### AIL's ESG Policies

Well-defined policies and frameworks are the backbone of AIL's systems and processes. We have implemented a range of board policies to ensure effective governance and mitigate risks. These policies are regularly reviewed and updated to align with evolving best practices and regulatory requirements. Our Board policies provide clear guidelines to Directors, enabling them to make informed decisions in the best interest of the company and its stakeholders.

Our policies guide us on labour practices and standards, environmental health and safety, board diversity and Independent Directors, reporting and grievance redressal, disciplinary action, and compliance with the code. Our policies help take proactive measures to ensure compliance with the regulatory norms at all times. The following policies and documents are available [here](#).



## Business Ethics

Ethical behaviour is a fundamental aspect of our corporate culture at AIL. We are committed to conducting business with honesty, fairness, and respect for all stakeholders. We believe that strong ethical values create a foundation for sustainable growth and build trust among our stakeholders.

Our business ethics framework emphasises the importance of ethical decision-making, fair competition, respect for human rights, and responsible supply chain practices. We integrate ethical considerations into our business processes, ensuring that our operations align with our core values and meet the expectations of our stakeholders.

We foster a culture of open communication, encouraging employees, stakeholders and directors to raise ethical concerns or report potential violations through our whistleblower mechanism. We handle these reports diligently and take appropriate actions to address any identified issues, thereby reinforcing our commitment to ethical conduct.

## Code of Conduct

We have adopted a Code of Conduct and a policy on Ethics and Fair Business Practices for our employees including the Managing Director. These serve as a guiding framework for the behaviour and actions of all employees and directors. It outlines our commitment to honesty, transparency, fairness, and compliance with applicable laws and regulations.

Our Code of Conduct and Policy on Ethics and Fair Business Practices cover a wide range of topics, including but not restricted to conflicts of interest, confidentiality, insider trading, bribery, and corruption. The policies provide clear guidelines on expected behaviour and encourages employees and directors to report potential violations or concerns through established channels. We maintain mechanisms

to ensure that such reports are handled promptly, confidentially, and with appropriate follow-up actions.

We are committed to conducting business with the utmost integrity and in compliance with all applicable anti-bribery laws and regulations. We have implemented robust Anti-bribery policies and procedures to prevent and detect any form of bribery or corruption within our organisation.

Our Anti-bribery policies outline our zero-tolerance approach to bribery and provide guidance to employees and directors on identifying and addressing potential risks. We have established internal controls and processes to monitor compliance and ensure that all business activities are conducted ethically and transparently.

We also have a mechanism in place where the board members who have any conflict of interest are determined through our annual independence disclosures, recusal from any meeting, dealing with any related party transactions, and Code of Conduct compliance.

We provide regular training and awareness programmes to our employees and directors to ensure they understand their responsibilities and the consequences of non-compliance. Each employee, including the Board of Directors, has to confirm their compliance with the Code of Conduct by signing an undertaking.

In FY 2022-23, no cases of disciplinary action were taken against Directors, Key Managerial Personnel (KMPs) and employees by any law enforcement agency for corruption and conflicts of interest. We also ensured compliance with all regulatory norms and did not have to pay any fines/penalties in proceedings with regulators/ law enforcement agencies/judicial institutions in the financial year.

## Whistleblower Policy

Our whistleblower policy seeks to define the mechanism for our employees and Directors to raise concerns regarding any misconduct within the organisation. The policy provides a framework to promote a responsible vigil mechanism along with procedures to raise concerns regarding any malpractice, serious irregularities, fraud, unethical business conduct, abuse, wrongdoing or violation of any Indian law. The policy also has a clause to protect employees and Directors from retaliation or discrimination when the employee or Director

reports any such cases. The report is reviewed by the Finance and Investment Committee and Ethics Committee, which then determine any disciplinary action as it may deem fit as per the applicable policies of the organisation and take preventive measures to avoid reoccurrence of the incident. We did not report any cases of Sexual Harassment, Discrimination at the workplace, Child Labour, Forced Labour/Involuntary Labour, Wages and other human rights-related issues in FY 2022-23.



**BUSINESS CONTINUITY AND RESILIENCE**

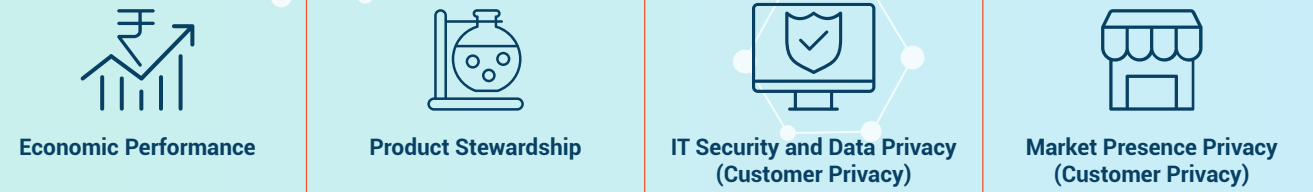
# Catalysing Change, Growing Responsibly

The Indian speciality chemicals industry holds substantial promise, driven by factors such as low per capita consumption of speciality chemicals compared to the global average. This gap signifies room for growth, particularly with urbanisation and rising disposable incomes propelling demand in sectors like food processing, personal care, and electronics. The potential for import substitution is also significant, aligning with the Government's focus on self-reliant India and supported by factors like low taxes, production-linked incentives, and 100% FDI in the chemical sector. Global supply chain shifts, such as the "China Plus One" and potential "Europe Plus One" approaches, offer favourable conditions for Indian players.

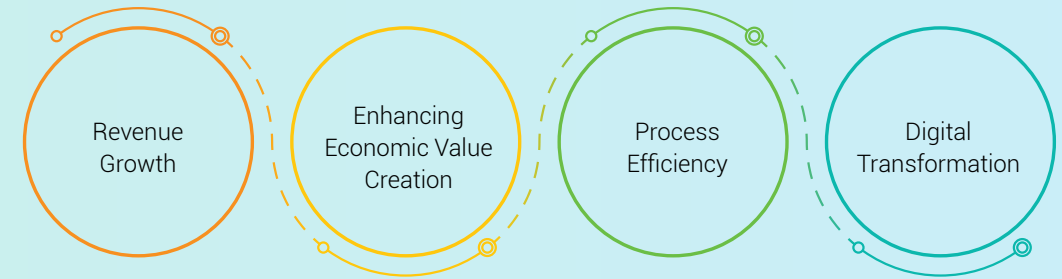
**Key Performance Highlights:**



**Identified Key Material Topic**



**Strategic Priorities**



**Drivers of Change**



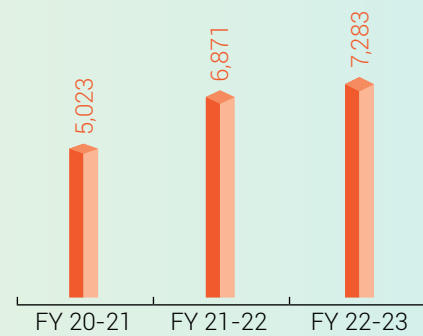
## Economic Performance

Our economic growth strategy is guided by our commitment to stakeholders and our responsibility towards sustainability. Our aspiration to become the partner of choice drives us to overcome challenges and strengthen our economic foundation. We continually strive to elevate our economic performance by using

a scientific and systemic approach to value creation through sustainable growth. During the reporting period, our revenues increased by 6% to ₹7,283 Crores as compared to the revenue generated in FY22 with Profit after Tax (PAT) of ₹545 Crores. We concluded the year with an impressive EBITDA of ₹1,089 Crores

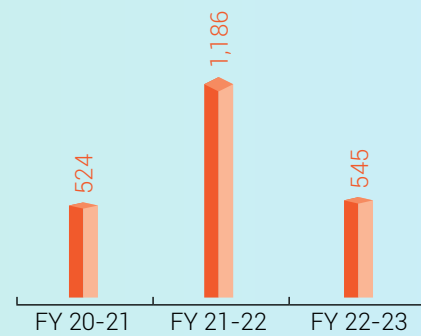
### Gross Turnover

(₹ in Crore)



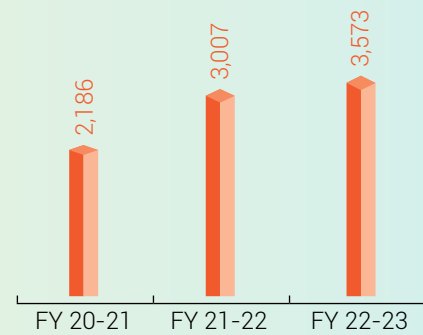
### Profit After Tax (PAT)

(₹ in Crore)



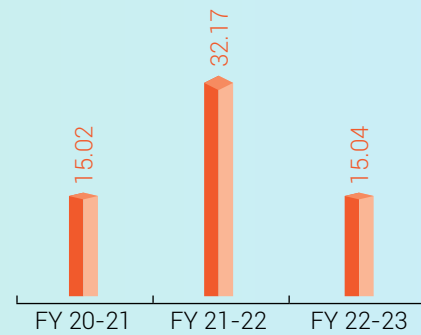
### Revenue from Exports

(₹ in Crore)



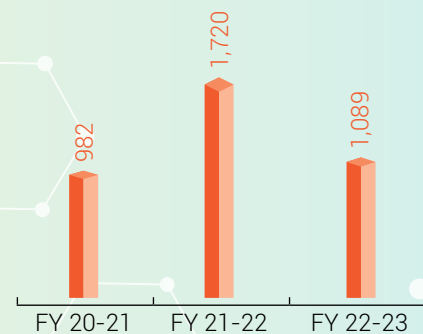
### Earnings per Share (EPS)

(in ₹)

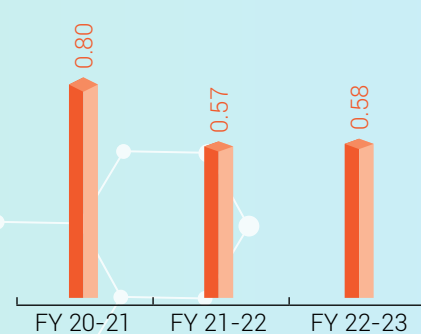


### Operating EBITDA

(₹ in Crore)



### Debt to Equity Ratio



Economic Value Generated	FY 2020-21 (in ₹ Crores)	FY 2021-22 (in ₹ Crores)	FY 2022-23 (in ₹ Crores)
Gross Revenue from Operations	5,023.2	6,871.05	7,282.61
Net Revenue from Operations (excluding GST)	4,506.1	6,085.51	6,618.58
Economic Value Generated from Investment and Other Sources	0.7	0.8	0.8
Net Profit	535.2	1,185.67	545.23
Operating Cost (including cost of raw materials, depreciation, and other expenses)	3,384.5	5,440.1	5,454.73
Employee Wages and Benefits	371.4	356.96	385.33
Interest Payments to Providers of Credit	86.3	102.33	168.28
Dividend/Payout to Shareholders	45.1	126.88	90.63
Payment to Government (taxes)	129.3	245.84	90.89
Community Investments	14.1	12.61	14.73
Retained Earnings	476.0	1,055.17	454.60

Note: The figures for FY 2021-22 are pre-demerger figures, and the figures of FY 21-22 and 22-23 are post demerger figures

For FY 2022-23, our consolidated financial data includes the following subsidiaries:

1. Aarti Corporate Services Limited
2. Shanti Intermediates Private Limited (through its Holding Company: Aarti Corporate Services Limited)
3. Nascent Chemical Industries Limited (through its Holding Company: Aarti Corporate Services Limited)
4. Alchemie (Europe) Limited
5. Innovative Envirocare Jhagadia Limited
6. Aarti Polychem Private Limited
7. Aarti Bharuch Limited
8. Aarti Spechem Limited

### Defined Benefit Plan Obligations and Other Retirement Plans

We provide our employees with several long-term incentives for their wellbeing. Our allowance to defined contribution plans is covered as part of income as incurred. Employee benefits such as medical insurance, life insurance, personal accident insurance, maternity

leave, paternity leave, study leave as part of Aarti-sponsored higher education, and provident fund are provided to employees. During the reporting period, ₹ 32.16 Crores was spent on defined benefit plan obligations and other retirement plans. During FY 2022-23, we have made political contributions to the tune of ₹ 63 lakh.

CONTRIBUTION TO DEFINED BENEFIT SCHEMES	FY 2020-21 (in ₹ Crores)	FY 2021-22 (in ₹ Crores)	FY 2022-23 (in ₹ Crores)
Contribution to Provident Fund	19.96	24.50	16.90
Contribution to Superannuation Fund	0.44	0.46	0.39
Contribution to Gratuity Fund	5.07	11.14	6.33

### Credit Ratings



**AA/Stable**  
CRISIL Rating

**AA/Stable**  
India Ratings and  
Research (Ind-Ra) Rating



**A1+**  
CRISIL Rating

**A1+**  
India Ratings and  
Research (Ind-Ra) Rating

### Financial Assistance Received from the Government

Particulars	FY 2020-21 (in ₹ Crores)	FY 2021-22 (in ₹ Crores)	FY 2022-23 (in ₹ Crores)
Tax Relief	8.03	2.07	21.40
Subsidies Received	1.76	51.19	41.45
Investment Grants	4.51	4.51	29.97





## Compliance

We have a strong compliance management approach in place. In collaboration with a globally renowned professional agency, our online compliance monitoring framework incorporates a high-end online compliance tool. Through its intuitive interface, the tool systematically monitors, tracks, and analyses legal obligations, minimising risks and ensuring adherence to laws. By centralising information, providing real-time updates, and generating insightful reports, this software empowers organisations to proactively manage compliance. Its robust features streamline documentation, compliance and reporting processes, enhancing transparency and accountability. Identified users across the locations monitor and report all applicable compliances through this tool on a real-time basis. In addition to monthly reviews at the functional level, the board reviews status of compliance and legal requirements and effectiveness of the set framework on a quarterly basis.

## Tax Governance

Our tax management strategy is developed in compliance with existing laws, tax legislations

and regulatory regulations. We are committed to conducting our business with the highest level of business ethics and compliance. We transparently communicate our tax practices in the public domain to promote trust and credibility with our stakeholders. Our tax governance, control and risk management systems are defined based on the evaluations by experience department, qualified tax professionals and framework through senior management consultation.

Our risk management framework is defined in a strategic and structured manner to mitigate risks effectively. The framework consists of the following steps for risk mitigation: identification, analysis, evaluation, treatment, mitigation, monitoring of the strategic, operational, legal and compliance risks. Our tax practices are undertaken with due consideration of our stakeholder groups. We actively engage with tax authorities through cooperative compliance agreements, engaging on tax risks, etc. to ensure cooperative compliance. Our public policy advocacy on tax is governed by our policy advocacy department and the tax team. These departments present their views and concerns with respect to any tax policy changes on tax matters that are relevant to our sector.

 <b>Tax Principle</b>	Tax principles are built on our core values of Integrity, Excellence, and Care
 <b>Tax Governance</b>	Tax governance structure is based on evaluations by experience department, qualified tax professionals, and senior management consultations for decision making
 <b>Compliance</b>	As regulatory compliance is a key objective for the company, tax compliance is a priority in each jurisdiction where the company operates
 <b>Tax Planning</b>	We endeavour to operate in an efficient and legally compliant manner and may seek external advice in relation to tax matters or areas of complexity or uncertainty to support Aarti Industries in complying with its tax strategy
 <b>Tax Risk Mitigation Strategy</b>	Our Risk Management Framework encompasses practices related to identification, analysis, evaluation, treatment, mitigation, monitoring of the strategic, operational, legal and compliance risks to achieve the key business objectives
 <b>Advocacy</b>	We have built and deployed a robust advocacy process. Our Policy Advocacy Department and the tax team present their views and concerns with respect to any tax policy changes on generic tax matters that concern the industry as a whole
 <b>Engagement and Tax Authorities</b>	We engage with tax authorities, with honesty, integrity, respect and fairness and in a spirit of cooperative compliance

## Tax Jurisdiction

Tax Jurisdiction	India	Europe
Name of Resident Entities	<ul style="list-style-type: none"> <li>• Aarti Industries Ltd</li> <li>• Aarti Corporate Service Limited</li> <li>• Nascent Chemical Industries Limited</li> <li>• Shanti Intermediates Private Limited</li> <li>• Innovative Envirocare Jhagadia Limited</li> <li>• Aarti Polychem Private Limited</li> <li>• Aarti Spechem Limited</li> </ul>	Alchemie Europe Limited
Primary Activities of the Organisation	Manufacturing of speciality chemicals	Trading in chemicals and pharmaceuticals Products through an office
Number of Employees and Basis of Calculation for this Number	6,184	1
Total Employee Remuneration	₹ 383.10 Crore	GBP 37662
Taxes Withheld and Paid on the Behalf of Employees	0	0
Taxes Collected from Customers on Behalf of Tax Authority	₹ 661.37 Crore	-
Industry Related and Other Taxes or Payments to Government	0	0
Significant Uncertain Tax Positions	0	0
Revenues from Third Party Sales	₹ 7,226.45 Crore	GBP 1,24,87,699
Revenues from Intra Group Transactions with Other Tax Jurisdictions	0	0
Profit/Loss Before Tax	₹ 545.75 Crore	GBP 3,22,246
Tangible assets other than cash and cash equivalents	0	GBP 17,25,967
Corporate income tax paid on cash basis	0	0
Corporate income tax accrued on profit/loss	₹ 67.40 Crore	0
Reasons for difference between corporate income tax accrued on profit/loss and the tax due if the stationary tax rate is applied to profit/loss before tax'	0	0
The time period covered by the information reported above	01.04.2022 to 31.03.2023	01.04.2022 to 31.03.2023

### Cybersecurity, Digitisation and Data privacy

With the increasing prevalence of digitalisation, incidents of cybersecurity breaches are on the rise across the globe. Guided by our vision to be world class and shaping the future, we have embarked on the journey of digital transformation. By utilising the best available technologies and pioneering solutions we are reducing our vulnerability to cyber-attacks and protecting our critical information systems. This will enable us to have a stronger future.

Our information security journey commenced in 2021 when we implemented a new IT governance structure and established the IT Leadership Team. During this time, we developed the Information Security Policy and Information Security Management System (ISMS) element guidelines, which are accessible to employees. As a testament to our commitment to information security, we received ISO 27001 certification in 2021.

### Information Security Governance

We have an Information Security policy in place which guides our Data Privacy, Cybersecurity and Digitalisation practices. The strategic blueprint outlines roles, responsibilities, and decision-making pathways, ensuring a robust shield for our sensitive resources. Our governance approach integrates risk evaluation, compliance, and ongoing vigilance, harmonising security strategies with our business goals.

The Board exercises vigilant oversight on IT governance, recognising its pivotal role in our strategic operations. Board members actively engage in shaping IT policies, aligning technology initiatives with business objectives, and ensuring robust cybersecurity measures. We have established an IT Leadership team led by the Chief Information Officer (CIO).

Information Security (IS) governance, serves as the guiding force that enables us to make informed decisions, allocate resources effectively, and implement measures to protect our sensitive data.

### Information Security Management



Our Information Security Management is guided by Information Security Policy. This policy serves as the cornerstone of our commitment to safeguarding sensitive data and ensuring the secure handling of information across all levels of our organisation. The policy outlines our dedication to maintaining the confidentiality, integrity, and availability of data. It encompasses guidelines for data classification, access controls, encryption, incident response, and employee awareness. Our policy is regularly reviewed and updated to address emerging threats and align with best industry practices.

We adhere to the internationally recognised ISO 27001 standard for Information Security Management. This framework provides a structured approach to identifying risks, implementing controls, and continuously improving our information security practices. Achieving ISO 27001 certification demonstrates our unwavering commitment to maintaining a robust security posture. We have established an Information Security Management System (ISMS) that incorporates risk assessments, security controls, regular audits, and employee training. This systematic approach ensures that our information security measures are consistent, effective, and in line with global standards.

We conduct regular audits and assessments to ensure the effectiveness of our information security practices. Internal audits are performed to evaluate the implementation of security controls, identify vulnerabilities, and address any gaps. Additionally, third-party assessments are conducted to provide an unbiased evaluation of our security measures. These assessments help us identify areas for improvement,

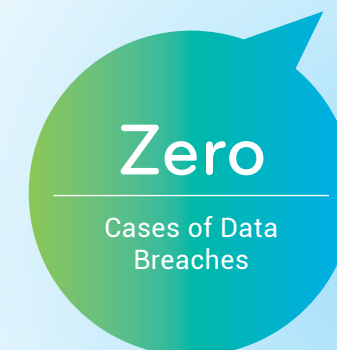
validate our adherence to ISO 27001 standards, and ensure that our information security strategy remains robust and up-to-date.

### Data Privacy

At AIL, we hold the utmost regard for data privacy and have implemented a comprehensive Data Privacy Policy to protect the confidentiality, integrity, and privacy of sensitive information. Our policy ensures that personal and confidential data is collected, processed, and stored. We have implemented stringent data privacy measures, including encryption, access controls, and secure data storage protocols. Access controls are enforced to restrict data access based on roles and responsibilities. Regular data backup and recovery procedures are in place to mitigate the risk of data loss. Furthermore, we comply with applicable data protection regulations and laws, ensuring that personal data is handled with the utmost care and compliance.

As part of our UNNATI programme, which supports our digital transformation journey, we have prioritised initiatives such as Data Classification and Data Leak Prevention, we ensure that sensitive information is properly identified, classified, and safeguarded against leaks or unauthorised access. Our brand protection efforts aim to preserve the integrity and reputation of our organisation, while Data Rights Management ensures that data is handled in accordance with legal and regulatory requirements.

Through the UNNATI programme, we continue to strengthen our data protection practices, bolster our security posture, and maintain a proactive approach to safeguarding valuable information assets.



## Incident Response Management



### Phishing, Ransomware, Smishing, and Vishing Attack Simulation

In April, we conducted an extensive simulation to assess our employees' response to phishing attempts and other cyber-attacks. This rigorous exercise allowed us to evaluate our preparedness and identify areas for enhancement.



### Cyber Wargame

We have ambitious plans to conduct table top breach scenarios alongside our Senior Leadership team. This strategic exercise aims to create a comprehensive mind map of effective responses and develop a specialised playbook tailored for major breaches. By engaging in these simulations, we fortify our readiness to combat potential cyber threats.



### Cyber Insurance

To bolster our cybersecurity defences, we have proactively insured AIL and its subsidiaries against cyber-attacks. Post-breach activities are managed by a trusted broking agency. We are delighted to report that during the reporting periods, we have remained unscathed by any data breaches.

We are eagerly embracing the future, riding the waves of digital transformation to meet evolving business needs. With innovation and adaptability, we are open to revolutionising operations and unlocking new possibilities. Determined to stay ahead, we aim to shape a future that surpasses expectations and propels AIL to unparalleled success.



Under our proactive Incident Response Management, we have implemented several impactful initiatives.

These initiatives exemplify our resolute commitment to proactive Incident Response Management. By conducting realistic attack simulations, organising strategic tabletop exercises, and securing comprehensive cyber insurance, we establish a robust security posture. Through relentless improvement and unwavering vigilance, we prioritise safeguarding our organisation and its invaluable data assets from the ever-evolving landscape of cyber threats.

We launched the 'Information Security Awareness for Everyone- iSAFE Initiative' in March 2022 for all our employees. They underwent regular training to ensure they understand their responsibilities in safeguarding data privacy and handling sensitive information appropriately.

## Digitalisation and Automation in Manufacturing

We continually assess our equipment needs and invest in advanced technologies that align with our sustainability goals. By leveraging process automation, data analytics, and artificial intelligence, we improve process control, product quality, and safety performance. Additionally, we prioritise regular maintenance and upgrade to ensure the reliability and longevity of our equipment, thereby minimising downtime and maximising productivity.



## Implementation of a Smart Manufacturing Digital Platform

### Real - time Manufacturing Insights (RTMI)

In line with our endeavour to transform into a Data Driven Organisation wherein business decisions are driven objectively through Analytics and wherein a piece of information can be provided anytime and anywhere, we implemented a Smart Manufacturing Intelligence System at one of our manufacturing divisions during FY 2022-23. Smart Manufacturing Intelligence System is a cloud-based, multi-channel, IT-OT enabled platform that ensures real-time monitoring and the advanced insight into Process, Operation, Energy/Utility, enabling conversion of large amounts of data into real knowledge which will help in driving business results based on that information. Conventionally, the DCS-related data used to be available in real-time only to operators in the DCS room. Additionally, getting access to the DCS data involved manual work and also the further analysis on the same by the Process

team was a manual activity. The implementation of RTMI system has not only automated data transfer from the DCS and PLCs to save the time-series data on cloud (as a historian) but has also automated triggers for any deviations in the process parameters. The system also provides an engaging user interface for doing any further analysis on the process parameters – thereby enabling a faster RCA and a single source of truth for all operations data. Once the capabilities of these platform get effectively harnessed, the next steps would be to explore predictive analytics to predict asset failures, process deviations, etc. The system provides in-depth information of manufacturing operations and will create limitless opportunities for improving process performance, productivity, reliability, sustainability and reduction in losses and wastages.

## RTMI - A Digital Platform for Smart Manufacturing

Industry 4.0, IIoT, Analytics, Real-time intelligence, decision making & advanced insights into -

### Process Performance

# Real Time Process Analysis:  
- End to End process monitoring & analytics  
- Performance deviation & anomaly detection  
- Creating and monitoring KPI (soft tags)

### Energy Performance

# Power, Steam, NG, Comp Air, Chiller Water, NZ

### Asset Performance

# Asset Performance  
- Efficiency, OEE, Asset utilisation, MTBF, MTTR, Online Stoppage / BD Analysis

### Quality Performance

# All Quality Parameters



### Visibility

- Single source of truth
- Real-time information on performance of process, Assets, Energy, Quality.
- Actionable Insights
- Graphical reports & dashboards



### Operations

- Lower defect rate and higher efficiency
- System captured OEE
- Quicker corrective actions
- Enhanced control over process
- Paper-less operations



### User experience

- Intuitive & easy to use
- Access from anytime, anywhere – PC, smartphone, tablet
- Better collaboration amongst the department

## Our Manufacturing Capabilities

Our operations are mainly located in the Indian states of Maharashtra and Gujarat. Our manufacturing facilities are spread across three zones – Vapi and Tarapur (Zone I), Jhagadia (Zone II), Dahej and Bhachau (Zone III). We also have two R&D facilities situated in Vapi and Navi Mumbai, respectively. Our facilities and systems are strategically located to optimise logistics and reduce transportation costs and emissions. Furthermore, we are also continually assessing and strengthening our infrastructure to enhance overall operational efficiency, reduce energy consumption, and minimise waste generation.

Our core focus lies in the production of speciality chemicals, where we demonstrate our expertise in manufacturing a wide array of solutions derived from benzene, toluene, nitric acid, chlorine, methanol, aniline, sulphur, and other value chains. These components undergo a meticulous blend of chemical reactions, akin to the art of alchemy, resulting in the creation of unique and valuable compounds.

We undertook a study to understand areas for optimising our operational efficiency through process changes. This study helped us to significantly reduce our resource consumption while enhancing the quality and quantity of output. Successful pilot studies are commercialised and replicated at other divisions as well.

### Strengthening our Presence

During the year, we successfully commercialised the facility for a third long-term contract and two speciality chemical process blocks at our Jhagadia location. The expansion of our NCB facility at Vapi and other speciality chemical blocks is progressing well, and we anticipate these expansions to become operational in a phased manner in the coming year.

Additionally, we have embarked on expanding our Ethylation capacity at the Dahej SEZ, with a threefold increase. We have initiated the debottlenecking of our NitroToluene capacities, targeting an increase of approximately 50% in capacity. This strategic move enables us to cater to high-growth applications in the agrochemical sector. We anticipate the commercialisation of these debottlenecking units in FY 2024-25, further enhancing our market presence.

Our significant undertaking has been the establishment of a new state-of-the-art Pilot Plant, a multipurpose plant, and capabilities for the new Chlorotoluene value chain at our upcoming Zone IV in Jhagadia, Gujarat.

Cutting-edge equipment and technology play a pivotal role in driving innovation, improving operational efficiency, and maintaining a competitive edge. We recognise the significance of investing in modern and efficient equipment to optimise production processes and enhance our environmental performance. We have incorporated various environmental and social considerations from the design stage. The Zone IV project aligns with our strategy to provide locally produced chemicals that are currently imported by the pharmaceutical and agrochemical industries. This will help strengthen our value chain, foster customer relationships, and enhance our manufacturing and technological capabilities, positioning us in a better place for future expansion and a wider range of product offerings.

### Operational Excellence

We understand that effectively managing and enhancing our manufactured capital is essential for sustainable growth, innovation, and value creation. Infrastructure and facilities form the backbone of our manufacturing operations.

We prioritise investments in robust and sustainable infrastructure to support our business needs. Our manufacturing facilities adhere to stringent quality and environmental standards, ensuring that we meet regulatory requirements while minimising our impact on the environment. We regularly invest in upgrading our facilities to incorporate the latest technologies, improve process flow, and enhance safety measures.

We have initiated an Operational Excellence journey with focus to improve reliability. Initiatives like OEE (Overall Equipment Effectiveness) improvement, Quality Circles, 5S, Autonomous Maintenance and thorough investigation of T-IHC (Throughput Incident of High Consequence) deviation have resulted in improvement in reliability through involvement of the associate family and in turn has benefitted us in achieving our safety and sustainability objectives. Implementing Model Plant Initiative to improve plant infrastructure thereby enhancing safety and reliability. This initiative inculcates a sense of ownership and sustenance in employees at all levels.

**₹3,000 Crores**

Planned Capital Expenditure



## Optimisation in Process to Increase Production

One of our breakthroughs involved increasing production by over 800 MT/year through a reduction in batch time. Our team started by pinpointing the problem and conducting a GEMBA walk to identify three main causes. Using fishbone quality improvement tools, we performed cause and effect analysis. After identifying the root cause, we implemented corrective actions like increased recirculation, preheating, and changes in digestion time. This is projected to boost turnover by approximately 2.50 crore.



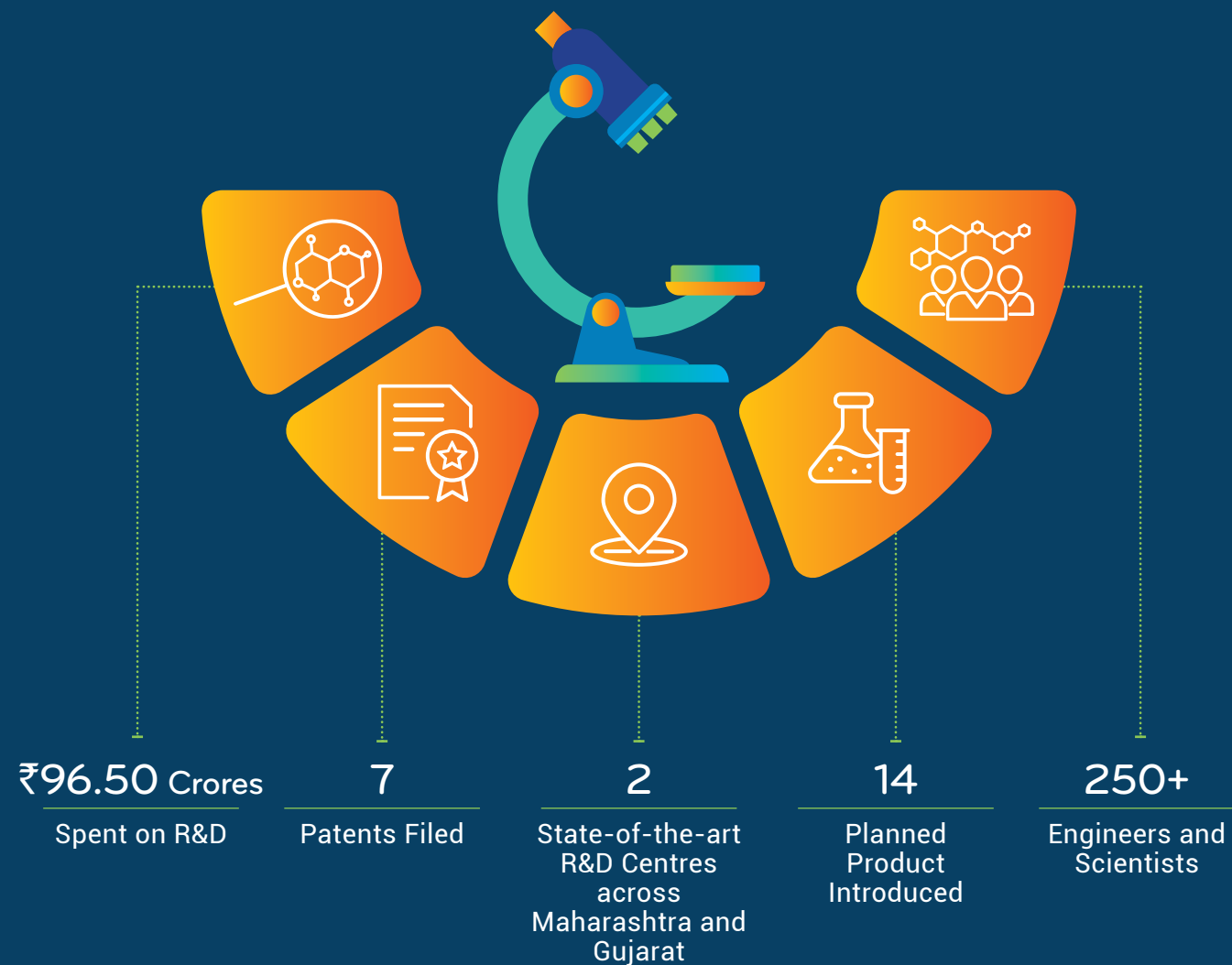
## Reduction in Wastage of QC Material

At one of our manufacturing divisions, excess samples collected for Quality Check (QC) were getting wasted. Previously after the completion of QC the excess materials were sent to the effluent treatment plant. This was resulting in the wastage of material thereby increasing the cost of raw materials procured. This was identified by our team as a problem statement to which they utilized the various quality circle tools available with them to resolve. We made changes in the Standard Operating Procedures (SOPs) of sample collection and analysis. By segregating the sample while collecting and analysing it, we achieved zero wastage. At present, all the excess material after QC is recycled back into the process resulting in saving of more than ₹15 lakhs in OPEX and also reducing our environment footprint as the wastage of material was reduced to zero.

## Innovation Capabilities

Our unwavering dedication to drive change and transform the chemical manufacturing process through strong research and innovation capabilities helps us stand out as a partner of choice. We harness our robust research and development expertise and embrace opportunities to explore fresh avenues for our business. Nurturing a culture of innovation, we continuously develop a wide diverse range of products. Our cutting-edge research and development infrastructure empowers us to deliver distinct and value-added offerings to our customers. We invest in state-of-the-art technologies that drive safer, innovative, and sustainable practices.

### Our R&D Focus Areas



### Our R&D Strengths

We have a dedicated team of scientists that develop strategic chemistries as per business requirements. Our expertise in chemical processes encompasses both large-scale production at plant and small-scale operations in laboratories. Our manufacturing expertise covers a wide range of chemistries such as Ammonolysis, Chlorination, Diazotisation, Halex (Flourination), Hydrogenation, Nitration, etc. These chemicals are extensively used in manufacturing of raw materials and intermediates in various industries like agrochemicals, colourant, polymer, pharmaceuticals, and more.

We are focused towards getting our chemistry right at our R&D stage by integration of sustainability criteria. Our meticulous product development plan and review process allows us to carefully evaluate product synthesis options by taking into consideration factors like cost efficiency, environmental impact, safety, and overall effectiveness. These factors are then evaluated in our Pugh Matrix to identify the most efficient option. One of the key criteria in R&D process is the recyclability of by-products to promote circularity in our operation. In the past three years, we have filed seven patents for various new innovations.

Our R&D centres are located at Navi Mumbai in Mumbai, and Vapi in Gujarat. The centre has an ultra-modern synthesis laboratory which is staffed by over 250+ engineers and scientists along with 19 PhDs. This facility serves as a platform for us to explore fresh partnerships and market opportunities for our chemistries and strategic technologies.



### Product Stewardship

Our commitment to product stewardship is reflected through our process for sourcing raw materials and managing our supply chain. We strive to make our products more environment friendly by improving the efficiency of our systems, developing innovative solutions, and reducing waste wherever possible. Our focus is on making our products more circular, with a minimised environmental impact throughout their life cycle.

We have a dedicated R&D team to develop sustainable products with minimal resource consumption and positive impact on the planet. We collaborate with our supply chain partners to ensure that our operations are safe and sustainable. This approach has strengthened our brand reputation and positioned us attractively in a market where customers are increasingly seeking sustainable products. We benchmark our products against industry standards and adhere to Global Product Stewardship (GPS) norms, as well as comply with applicable regulatory and voluntary standards. We also ensure compliance to EU REACH regulations since a significant chunk of our products is exported.

We have conducted products' carbon footprint analysis of more than 80% of our products and strive to minimise their entire life cycle environmental impact

### Our Risk Management Approach for New Product Development

Risk Management Approach	High Priority 8/CMR	High Priority 7/CMR	Medium Priority 4,5,6	Low Priority 2,3
Elimination	✓	✓		
Substitution	✓	✓		
Isolate	✓	✓		
Engineering Controls	✓	✓	✓	✓
Administrative Controls	✓	✓	✓	✓
PPE	✓	✓	✓	✓

through safer chemistry and more efficient production systems. We have also implemented a process to assess the ESG impacts of our products during the product development stage. The ESG impacts are factored into the decision-making process.

### Risk Characterisation and Risk Management

Our Product Safety Stewardship initiative encompasses the thorough consideration and resolution of health, environmental, and safety aspects across the complete lifecycle of our products. An essential component of this program is Risk Characterisation, which comprises two core elements: hazard and exposure.

We follow a structured procedure to prioritise products, pinpointing substances that necessitate comprehensive evaluation, assessment, and management of risks. Product risk management involves the implementation of measures to analyse and address risks. These measures encompass methods aimed at mitigating the impact or controlling the adverse consequences on health and the environment stemming from identified hazards and foreseeable exposures throughout a product's lifecycle.

### Life Cycle Technology Management (LCTM)

We have developed the Life Cycle Technology Management (LCTM) framework to strengthen our efforts in advancing our existing product enhancements. This comprehensive approach focusses on amplifying efficiency and dependency across our processes. Troubleshooting, refining procedures, and uplifting quality standards are integral components of this framework. Our overarching objective is twofold: to curtail carbon emissions and to mitigate the environmental footprint of our products. The LCTM framework operates as a multifaceted tool, encompassing troubleshooting measures, addressing plant-specific requirements, and optimising production aspects such as process refinement, yield enhancement, and capacity expansion through efficient product management. This holistic strategy spans the entire lifecycle of our offerings, from conception to disposal. We have successfully completed 58 projects under the LCTM framework with an additional 4 projects in the pipeline and few more in the conceptual stage. As we continue to execute the LCTM framework, we are looking forward to fostering innovation, driving efficiency, and upholding our responsibility towards a greener and more sustainable future.

### Knowledge Management

We have a specialised team dedicated to Knowledge Management, operating within the area of R&D Excellence. The primary goal is to fortify our strategies and construct a comprehensive roadmap for the adept management of Intellectual Property (IP). This encompasses a multifaceted approach that includes securing IP rights, safeguarding both the organisations and third-party IPs, and offering guidance on non-infringing pathways for synthesis and processes. Ensuring our IP needs are met on both domestic and international fronts, we have established a strong partnership with a reputable and highly proficient External Patent Attorney.

In parallel, Knowledge Management is instrumental in conducting in-depth technology landscapes tailored to meet specific demands of our business. This intricate analysis allows for the optimal utilisation of literature-based knowledge and competitive intelligence in technology, thereby providing a distinct edge through techno-economic and regulatory insights. The safeguarding of our knowledge is further strengthened through the rigorous implementation of ISO 27001 practices, particularly focusing on Confidentiality, Integrity, and Availability under the umbrella of our Information Security Management System (ISMS).

The tangible results of these endeavours are evident. Knowledge Management has been pivotal in fortifying the organisation's Intellectual Property portfolio, a feat reflected in the publishing of seven patent applications. This comprehensive approach, spanning from strategy and protection to cutting-edge insights and secure implementation, underscores AIL's commitment to a robust and forward-thinking approach to Intellectual Property Management.

### Our Technology Focus

Technology plays a crucial role in our research and development process. Our technology team at Vadodara has 120 engineers having expertise in design, development, engineering, pilot plant operations and commissioning that help us to explore new partnerships and market opportunities. Further, we actively collaborate with industry peers, start-ups, academia, and other stakeholders to encourage innovation and co-create solutions. We have adopted innovative technologies to integrate the principles of 'Green Chemistry' into our manufacturing operations. We are also a member of technology platform such as SusChemE and participate in learning the new technologies that benefit the mankind. We were the silver sponsors for the event of SusChemE 1.0 and SusChemE 2.0.

## Key Technology Enhancement Initiatives Undertaken during the Reporting Period



To facilitate the expansion of upcoming products, we have commenced the work to set up a new pilot plant. We are exploring opportunities to enhance our capabilities and integrate latest technology advancements for process intensification.



To expand our reach into new market segments, we successfully conducted scaling up of our new chemical processes such as Photochemistry, Fluorination chemistry, and Grignard chemistry, among others.



We are also exploring novel technologies like pinch technology, carbon capture, and extractive distillation for implementation in our new product development endeavours.



The technology capabilities with respect to Computational Fluid Dynamics, Process Simulations, and safety tools are boosting the overall efficiency, accuracy, and reliability of our engineering and manufacturing processes.



We strive to improve the existing manufacturing plants to increase productivity, optimise workflow, and implement advanced automation technologies to stay at the forefront of the innovation in the industry and meet the growing demands of our customers.

## Technological Enhancement in Distillation Process

The case study is related to the in-house developed distillation process for a very challenging separation, which is highly energy intensive. However, with innovative ideas through principles of process intensification, pinch technology and heat integration, we could reduce energy consumption by 60%.

Following is the brief of ideas to reduce energy consumption from approximately by approx 60%.

**A**

Conventional distillation process is intensified by replacing it with extractive distillation process through introduction of solvent.

**B**

The overall process consists of a series of distillation columns with appropriate heat integration principles, two sequential columns are designed to operate at different process conditions with steam generation in the condenser which is being utilised as hot utility in the reboiler. This reduced overall energy consumption by approximately 60%.

Basically, the above intensifications had a significant impact on energy reduction as well as capital intensity of process steam (boiler size).

## Project Management

Sustainable project management has emerged as a critical component of responsible business operations. Integrating and pioneering sustainable practices into project management has become essential for a stronger and sustainable future. This section delves into key sustainable project practices that we have adopted, showcasing our commitment to environmental stewardship, social responsibility and long-term viability.

Our projects commence with a thorough emphasis on sustainable design and planning and are geared towards optimising energy consumption, utilising renewable materials, safe execution and promoting efficient space utilisation. This is achieved by a dedicated team in collaboration with various critical functions and leadership teams at AIL. We understand the importance of various external stakeholders in timely and successful completion of a project, and maintaining the social license to operate. Fostering collaboration and engagement between stakeholders, ensures that the project aligns with needs of various stakeholders, thereby mitigating adverse negative impacts.

Our commitment to pioneering sustainability practices is reflected in the selection of eco-friendly construction techniques and materials. We prioritise recycled, locally-sourced, and low-impact materials that reduce resource depletion and greenhouse gas emissions. In addition to the concept of 3R's in design we also lay emphasis on usage of energy-efficient technologies and systems, we also explore the possibility of using renewable energy at the design and concept stage itself, thereby reducing reliance on fossil fuels and decreasing carbon emission. We ensure that in the design phase itself green spaces are marked and developed along with project implementation thereby contributing to the overall ecological health of the area we operate in.

For controlling the project cost and overseeing the implementation of various sustainable project practices we have developed effective and rigorous management structures, regular audits of project sites and feedback mechanisms enable us to identify areas for enhancement, adapt strategies, and continual improvement.

Pioneering sustainable project practices not only aligns with our vision and values but also positions us as a responsible leader in the industry.

## Enhancement of Safety Culture in Project

Safety plays a pivotal role in timely and successful completion of a project. At AIL, we lay special emphasis on safety during the project stage. To enhance safety in the project phase, we have developed Safety Universe Documents for the expansion pillar, considering different phases of projects in alignment with Aarti Management System to ensure safe construction for achieving excellence in project safety management.

We have created a collaborative work environment to safeguard each and everyone working at our project sites demonstrating our organisation value of "Care" through various initiatives and best practices.

We treat all our contractors and suppliers as Business Partners and support them in strengthening their safety management system by sharing and facilitating our best practices. This has helped us to ensure safe construction across project sites without major incidents.

To further strengthen the safety culture we lay special emphasis on training. We have initiated training needs identification and development of training matrix for the project team. Training was imparted through different modes to enhance competency and knowledge on various safety aspects. During the reporting period, 100% of the workmen working at site were imparted site safety induction training. Other than induction training, workmen and employees are provided with job specific training considering prevailing risks based on the phase of projects. During FY 2022-23, we achieved 14.68 hours / person / year training hours for the project team. All the efforts have resulted in achieving 4.57 million safe man hours during FY 2022-23.

Initiatives are	
• Cross-functional Intersite Audits	• Last Minute Risk Assessment
• Monthly Recognition	• Safety Reviews
• Leaders Walkthrough	• Robust Governance Mechanism
• BBS	

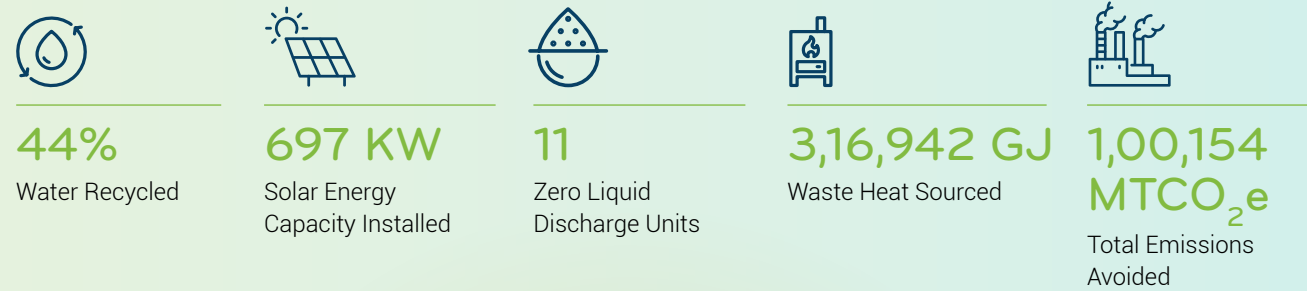
**ENVIRONMENTAL STEWARDSHIP**

# Nurturing Nature, Securing the Future

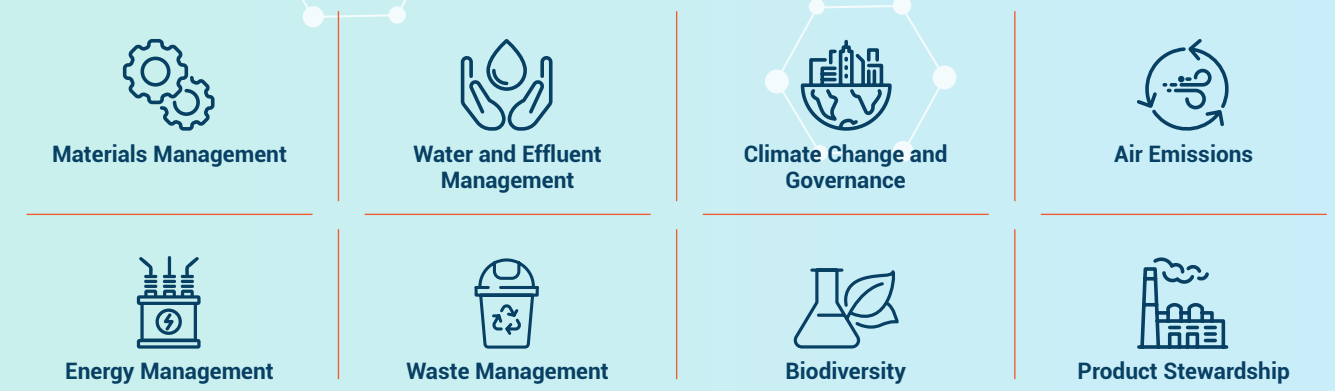
At AIL, we endeavour to become a knowledge-leader and sustainable organisation and are committed to reducing our environmental footprint. We understand that our operations have an impact on the planet, and thus it's not just a responsibility but a moral obligation to ensure minimal impact on the planet. From product development to our daily operational activities, environmental consciousness is at the core of everything that we do. We are dedicated to being accountable and making meaningful strides towards our commitment to sustainability. Transparency being paramount to us, we strive to communicate our progress, success and challenges transparently through our Sustainability Report.

We strive to not only enhance the environmental performance of our processes but also reduce the carbon footprint of our products by implementing sustainable business practices and supporting sustainability efforts across our entire value chain.

**Key Performance Highlights**



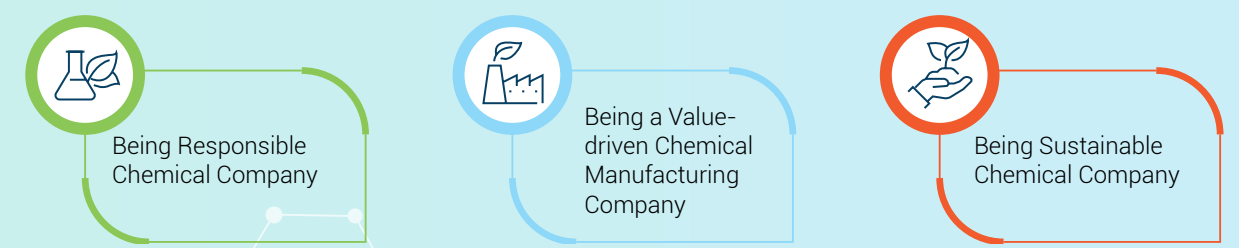
**Identified Key Material Topics**



**Strategic Priorities**



**Drivers of Change**





## Climate Change

Being a chemical company, we realise that we have a greater responsibility of conserving our environment and working towards mitigating climate change. We have established an integrated risk management system to ensure business sustainability by promptly identifying, assessing, and mitigating risks. Furthermore, we adopted a precautionary approach to identifying and managing climate change-related risks and opportunities affecting our organisation.

We are also working on incorporating climate action governance throughout the organisation. This includes defining the roles and responsibilities of everyone in evaluating and handling climate-related risks and opportunities. Additionally, we intend to include the process of addressing climate-related concerns in various aspects such as assessing and directing strategy, managing risks, creating annual budgets, monitoring implementation and performance, and overseeing significant capital expenditures, acquisitions, and divestitures.

During the reporting period, we have committed to setting science-based Target under Science Based Target initiative (SBTi). Furthermore, we are in the process of setting climate-related targets and are also exploring climate-related financial opportunities.

## Climate Risk and Scenario Analysis

Climate risks have emerged as the primary concern for global risk perceptions over the upcoming decade. Our approach involves creating a comprehensive risk register and identifying climate risks and opportunities that affect our organisation.

We prioritise these risks based on their temporal proximity along with substantial financial and reputational consequences. Substantive financial impact is outlined by us in terms of losses in gross revenue. Social and reputational impact encompasses factors like negative media coverage, community protests, and eroded stakeholder confidence. This proactive methodology reflects our commitment to navigating climate-related challenges while acknowledging the evolving nature of our understanding of climate change.

We recognise the imminent threat of climate change to our business and have developed a detailed profile of risks and opportunities arising from climate change by carrying out physical and transitional risks assessment. We have further associated our time horizons to align with national climate action commitments and global climate goals. We have also identified various climate-related issues having a material financial impact on the organisation.

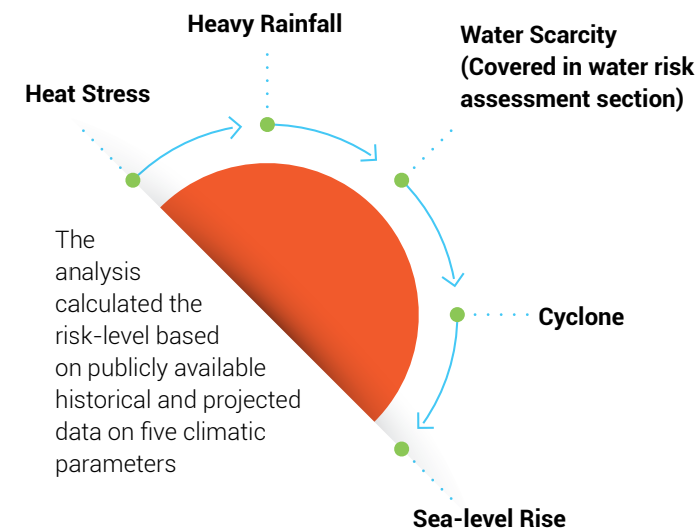
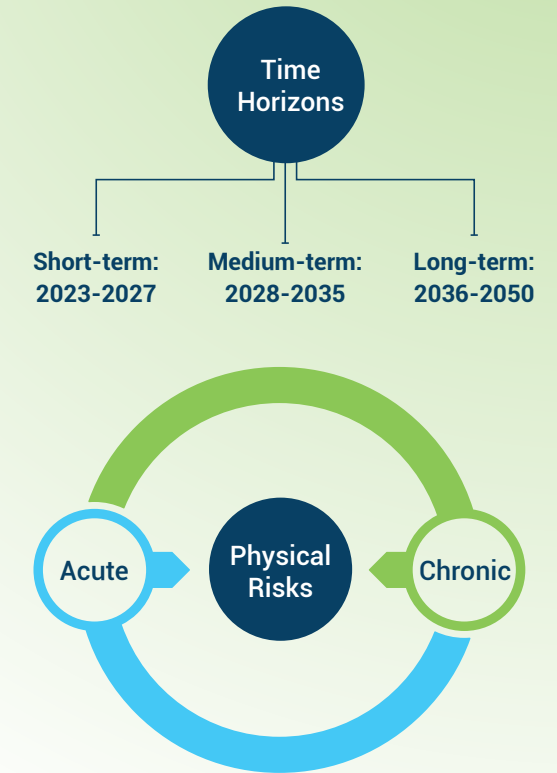
## Physical Risks

Physical climate risks are integral considerations in our strategic planning. We conducted assessments to identify vulnerabilities across our operations. Our commitment extends to implementing robust adaptation measures, such as enhancing infrastructure resilience, reinforcing disaster response protocols, and fostering community engagement to minimise disruptions and uphold the wellbeing of our stakeholders.

The analysis used two types of Representative Concentration Pathways (RCP) as defined by the Intergovernmental Panel on Climate Change (IPCC) for assessing physical climate change risks for our operations across India:

- The Optimistic Scenario (RCP 4.5) where emissions stabilise by 2100 and global temperature increase is limited to below 2°C
- The Business-as-usual Scenario (RCP 8.5) where emissions continue to increase till 2100 as per current rates leading to global temperature increase of up to 3.7°C

Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. We assessed the risks for a timeframe of 2023-2050 and categorised the risks into short, medium and long-term time horizons.



The risk assessment framework is based on two parameters

### Probability of Occurrence

- It is defined as the likelihood of occurrence of a given climatic incidence at the regional (district) level due to projected changes in the climatic parameters.

### Expected Impact

- It is defined as the extent of the impact that AIL is likely to witness from identified climatic change-related physical events. The extent of the impact is a function of AIL's resilience to identified risks.

Assessment of the risk is carried out at the district level for our manufacturing units situated in Gujarat and Maharashtra state. The risk levels are presented by using below categories:

### Risk Levers

Level	Definition for Assessing Risk Levels
<b>Extreme</b>	<ul style="list-style-type: none"> <li>- The probability of occurrence is Extreme, while the expected impact is High or Extreme</li> <li>- The probability of occurrence is High, while the expected impact is Extreme</li> </ul>
<b>High</b>	<ul style="list-style-type: none"> <li>- The probability of occurrence is High, while the expected impact is Medium or High</li> <li>- The probability of occurrence is Medium while the expected impact is High or Extreme</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>- The probability of occurrence is High, while the expected impact is Low</li> <li>- The probability of occurrence is Medium while the expected impact is Medium</li> <li>- The probability of occurrence is Low while the expected impact is High or Extreme</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>- The probability of occurrence is Low/Negligible while the expected impact is Low or Medium</li> </ul>

Overall risk-level for heavy rainfall like situation impacting the units in Gujarat is likely to be low-risk during all timeframes. For the manufacturing unit situated in Maharashtra, it is expected to be low-risk in short-term and medium-term and medium-risk in long-term. On the other hand the overall risk-level of heat stress like situation impacting the units in Gujarat is likely to be medium in all the time frame. In Maharashtra it is anticipated to be low in all time frames. The overall risk-level for cyclones impacting the units in Gujarat is low-medium and in Maharashtra is likely to be low. Sea-level rise is anticipated to have low-risk in short and medium-term and medium risk in long-term, both in manufacturing locations in Gujarat and Maharashtra.

The final calculation of each risk is a culmination of the analysis undertaken on the probability of occurrence/exposure and expected impact and can be estimated using the probability vs. impact matrix. Based on the physical climate risk assessment, we are in the process of developing a financial model to determine the financial losses that we may incur due to the emerging physical risks in the short, medium and long-term.

### Transition Risks

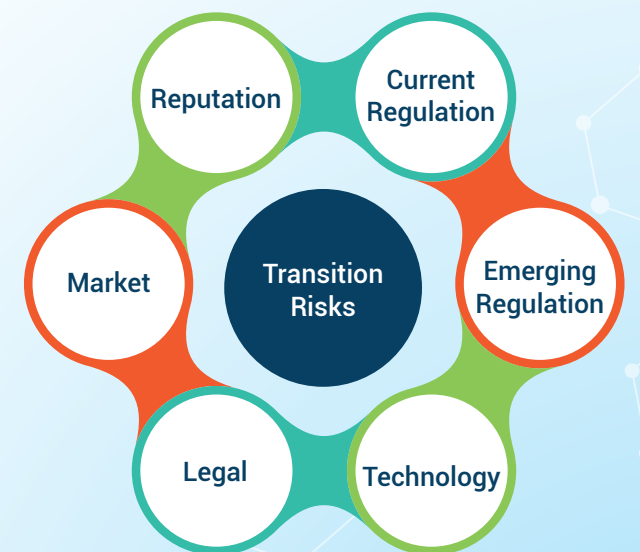
The dynamic landscape of transitional climate risks demands proactive strategies. We conducted a transition risk assessment to evaluate the potential financial, operational, and reputational risks associated with the transition to a low-carbon economy. Transition risks could include changes in regulations or policy, technological advancements, or changes in consumer behaviour, which could impact the demand for the business's products or services. By discerning potential impacts on our product portfolio, markets, and value chains, we position ourselves to capitalise on emerging opportunities and proactively manage risks.

For assessing the impacts of the identified risks on our business operations, an in-depth scenario analysis was conducted. The chosen scenarios for this assessment have been defined by the International Energy Agency (IEA). These scenarios are based on the shared policy goals of meeting energy security, economic development and environmental sustainability, which would require technology development and innovation. WEO-2021 scenarios are differentiated primarily by assumptions regarding government policies.

The scenarios, Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS), have been utilised for the assessment of transition climate risks:

- a. The **Optimistic Scenario (SDS)**, a normative scenario modelled considering a 'Well below 2°C' pathway, which provides a sector pathway with the aim of achieving:
  - i. Universal access to modern energy services (SDG 7)
  - ii. Goals of international climate agreements, including those of the Paris Agreement (SDG 13) in a cost-effective manner
  - iii. Consistent with meeting global net-zero CO<sub>2</sub> emissions from the energy system as a whole
- b. The **Business-as-usual Scenario (STEPS)**, an exploratory scenario modelled considering around 2.5 °C in the 2100 pathway. It takes into account existing energy and climate-related policies (as of mid-2022) and recently announced commitments and plans, including those yet to be formally adopted. It does not assume any future changes to existing and announced policies and measures.

The various types of transition risks identified can be understood as follows:



The identified risks are measured in the short, medium and long-term based on the impact of the risks in terms of financial and reputational implications. Additionally, we have also identified opportunities on the path to transitioning to a low-carbon economy through green financing, circular operations and developing green products. The opportunity levels are assigned based on the techno-commercial feasibility of each opportunity over the short, medium and long-term.

Risks Identified	Description	Time Horizon
Emission Reduction	As India plans to achieve net zero by 2070, technologies to reduce carbon emissions will be needed to be put in place. The chemical sector as-a carbon-intensive industry is likely to take significant mitigation measures to reduce its overall carbon footprint.	Short to Long-term
Carbon Taxation	Carbon Taxation is a cost imposed on carbon emissions with the aim of capturing the social cost of carbon. It can take various forms like an emission trading scheme, imposing higher taxes on fossil fuels or withdrawal of fossil fuel subsidies.	Long-term
Water Management	Chemical industries are one of the most significant contributors to liquid waste discharge in water bodies. The sector is likely to face challenges and restrictions in the withdrawal of water for its processes.	Long-term
Waste Management	The Government of India recently banned single-use plastic and seeks to reduce multi-layered plastic usage to combat the issue of plastic pollution. The chemical industry is dependent on plastic as the prime packaging material for its products.	Long-term
Negative Impacts on Community and Biodiversity	The reputational risks to a business can range from the perceived impact on the local community from company operations to pollution and harm to the natural ecosystem.	Long-term

Opportunities Identified	Description	Time Horizon
Circular Economy	A circular economy seeks to enhance the efficiency of resource usage and lower waste generation. It creates a closed circular loop between raw material and the final product. Organisations can employ circular economy in their operations by deploying the waste generated in industrial processes.	Medium to Long-term
Green Investment	Climate-conscious investors are looking to invest in a company with strong Environment, Social and Governance (ESG) fundamentals. The Government of India too, recently issued its first tranche of Sovereign Green Bonds to finance its climate ambition. Climate bonds can prove to be a useful instrument to fill the finance gap.	Long-term
Developing Green Products	As the demand for green products increases, it is likely that sustainable alternatives are likely to be the frontier of innovation for chemical companies. Some types of sustainable chemicals that are climate-friendly are nitrate-based fertilisers and eco-friendly dyes among others.	Long-term

Through these comprehensive studies, we are examining the implications of moving towards a low-carbon economy. While we recognise that climate change poses risks to current business models, we believe there are opportunities for companies like ours to proactively tackle climate change in a competitive environment. We are currently in the process of developing metrics and targets to assess and manage the identified climate risks for our organisation.

### Our Emissions Footprint

As a conscientious organisation, we are committed towards reducing our carbon footprint and making a positive impact on national and global efforts to achieve net-zero emissions. Our efforts to achieve this goal include addressing both direct and indirect sources of greenhouse gas (GHG) emissions.

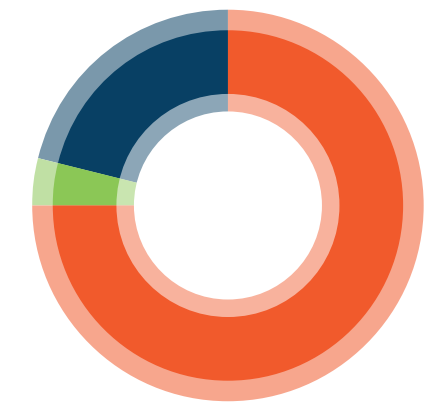
Direct GHG emissions result from the stationary combustion of fossil fuels such as coal, natural gas, diesel, and low-density fuel oil as well as process emissions from our operations. In addition to direct emissions, we also account for indirect emissions resulting from the consumption of purchased electricity and steam.

### GHG Emissions

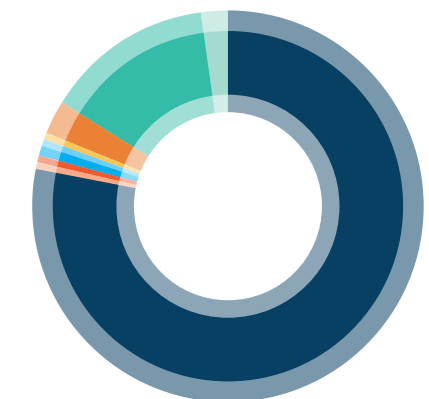
During the reporting period, our Scope 1 emissions, which include direct emissions from our operations, were 6,85,701 tCO<sub>2</sub>e. Our Scope 2 emissions, which include indirect emissions from our consumption of purchased electricity and steam, were 1,34,478 tCO<sub>2</sub>e. Our Scope 1 and Scope 2 emissions have increased by 16%, and GHG intensity by 6% from 0.89 tCO<sub>2</sub>e/MT to 0.95 tCO<sub>2</sub>e/MT during the reporting period due to increase in scope boundary by inclusion of Gold Division (Zone II) having activities of pre-commissioning and commissioning. In addition to this, erection and commissioning activities for capacity enhancement and introduction of new products at Jade Zone II), Organic (Zone I), Acid (Zone I) and Anushakti (Zone III) divisions have also contributed to increase in intensity. The increase in production by 8% has also contributed to increase in emission.

Our Scope 3 emissions, which encompass all other indirect emissions resulting from our business activities, accounted for 24,76,877 tCO<sub>2</sub>e. Our Scope 3 emissions have increased by 59% owing to an increase in purchase of raw materials.

### GHG Emissions FY 2022-23

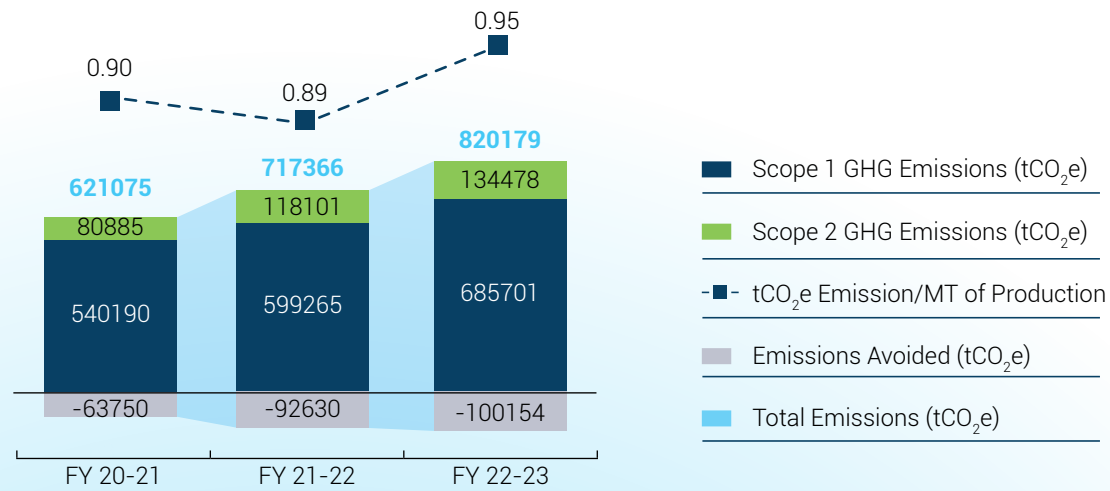


Scope - 1	21%
Scope - 2	4%
Scope - 3	75%



	Emission Contribution (tCO <sub>2</sub> e)
Coal	79%
Biomass	<1%
HSD	<1%
Natural Gas	1%
Furnace Oil	<1%
LDO	<1%
Process CO <sub>2</sub> e Emissions	4%
Electricity*	15%
Steam	2%

\*At present, we are procuring the electricity from the grid and hence our market based and location based emission are same.



EMISSIONS CATEGORY	TOTAL EMISSIONS (tCO <sub>2</sub> e)- 2020-21	TOTAL EMISSIONS (tCO <sub>2</sub> e)- 2021-22	TOTAL EMISSIONS (tCO <sub>2</sub> e)- 2022-23
<b>SCOPE 1 EMISSIONS</b>			
Coal	512,616	563,069	647,358
Biomass	0	0	7
HSD	669	673	1,064
Natural Gas	6,636	4,579	4,353
Furnace Oil	691	73	0
LDO	437	607	768
Process CO <sub>2</sub> Emissions	19,141	30,263	32,152
<b>Total Scope-1</b>	<b>540,190</b>	<b>599,265</b>	<b>685,701</b>
<b>LOCATION-BASED SCOPE 2 EMISSIONS</b>			
Electricity	68,973	101,791	121,801
Steam	11,912	16,310	12,677
<b>Total (Location-Based Scope 2)</b>	<b>80,885</b>	<b>118,101</b>	<b>134,478</b>
<b>MARKET-BASED SCOPE 2 EMISSIONS</b>			
Electricity	68,973	101,791	121,801
Steam	11,912	16,310	12,677
<b>Total (Market-Based Scope 2)</b>	<b>80,885</b>	<b>118,101</b>	<b>134,478</b>
<b>Grand Total Scope 1 and Location-Based Scope 2 Emissions</b>	<b>621,075</b>	<b>717,366</b>	<b>820,179</b>
<b>Grand Total Scope 1 and Market-Based Scope 2 Emissions</b>	<b>621,075</b>	<b>717,366</b>	<b>820,179</b>
<b>SCOPE 3 EMISSIONS</b>			
Purchased Goods and Services	959,099	1,189,713	1,940,352
Capital Goods	143,313	135,113	19,485
Fuel & Energy Activities	105,432	120,572	222,076
Upstream T&D	27,279	52,148	130,081
Waste in Operations	6,693	11,108	10,815
Business Travel	54	161	79
Employee Commuting	4,692	15,653	8,412
Upstream Leased Assets	10	6,190	330
Downstream T&D	8,624	25,392	115,978
Processing of Sold Products	Not applicable	Not applicable	1,718
Use of Sold Products	Not applicable	Not applicable	14,296
End of Life Treatment of Sold Products	Not applicable	Not applicable	13,207
Downstream Leased Assets	Not applicable	Not applicable	Not applicable
Franchises	Not applicable	Not applicable	Not applicable
Investments	2,898	Not applicable	47
<b>Total Scope-3 Emissions</b>	<b>1,258,095</b>	<b>1,556,051</b>	<b>2,476,876</b>
<b>Total Biogenic Emissions</b>			<b>387</b>

With an aim to reduce our Scope 1 and Scope 2 emissions, we have undertaken various interventions, some of which include:

- Reduction in energy consumption through equipment upgrades
- Reduction in GHG emissions through process optimisation
- Measures to ensure enclosure of emission sources and airtightness of equipment
- Implemented process for recovery/abatement of NOx
- Work process implemented to reduce, recycle or reuse hazardous waste
- Measures to re-use process by-products
- Enhancement in Waste Heat Recovery System
- Purchase of renewable energy through Purchase Power Agreement
- Installation of onsite solar power plant
- Replacement of coal with biomass
- Substituting of incineration of waste with co-processing

Through ongoing efforts to reduce our carbon footprint, we hope to make a meaningful contribution to global efforts to combat climate change.

We recognise the urgency to address climate change and its far-reaching impacts and thus are committed to supporting India's decarbonisation goals. We are continually researching and exploring ways to reduce our products' carbon footprint and make them more sustainable.

Currently, around 84% of our energy demand is satisfied by coal. We have developed plans to reduce reliance on fossil fuels. We aim to reduce the share of coal and replace it with renewable sources. By transitioning to sustainable energy sources, optimising resource usage, and implementing energy-efficiency practices, we are actively working towards a more sustainable future.

We collaborate with our value chain partners to co-create solutions that drive meaningful change. We continue to conduct our operations sustainably along with a focus on decarbonisation of our value chain. We align our business strategy with several approaches to strengthen our existing initiatives and inspire new ones throughout our supply chain, including incorporating sustainability in procurement contracts, assessing supplier risks and performance, and reducing GHG emissions. We align with the Paris Agreement, SBTi, and the UN SDGs, and aim to leverage all players in the value chain to help them achieve their respective decarbonisation goals.

We are dedicated to leaving a positive legacy and to inspire others to join us on this journey. Through collective action, innovation, and unwavering commitment, we can create a brighter future for all.

### Calculation Methodology

To calculate emissions for all our direct emission-related activities, we use emission factors as per IPCC Guidelines for GHG inventories (2006). For indirect emissions resulting from the consumption of purchased electricity, we use emission factors from Baseline Carbon Dioxide Emission Database Version 17 of CEA. Furthermore, we used emissions factors from publicly available databases such as IPCC and Ecoinvent, among other relevant sources to calculate Scope 3 emissions.



We follow relevant standards, protocols, and methodologies to collect activity data and calculate emissions, including the India GHG Inventory Programme, the IPCC Guidelines for National Greenhouse Gas Inventories, 2006, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), and the Greenhouse Gas Protocol: Scope 2 Guidance. By using these established standards and methodologies, we can confidently report our emissions and take necessary steps to reduce our impact on the environment. We remain committed to continuing to improve our methods for measuring and reducing our carbon footprint.

### Scope-3 Screening Methodology

As a responsible organisation, we recognise the significance of Scope 3 emissions in our value chain. We have carried our screening for Scope 3 emission using GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We have utilised size, influence, risk and peer practice for screening and prioritisation of each Scope-3 category. Based on the categorisation and relevance to ALL's operation specific categories were finalised for reporting. We have reported emission for 13 out of 15 categories, subsequently we have collected primary activity data from the Enterprise Resource Management (ERM) system of ALL for relevant categories. We have used secondary emission factors to calculate the category wise emission.

### GHG Inventory Quality Management

We have developed a robust process to ensure the high quality of GHG inventory. We have a tier-3 methodology for mapping all the primary activities source for data collection in our digital platform as per GHG inventory programme. All the data received on the platform are backed up by utility bills, data from the ERM system and laboratory analysis. It is then reviewed and approved at two levels after submission. This pool of data is later approved by third party auditors during assurance.

### Energy Management

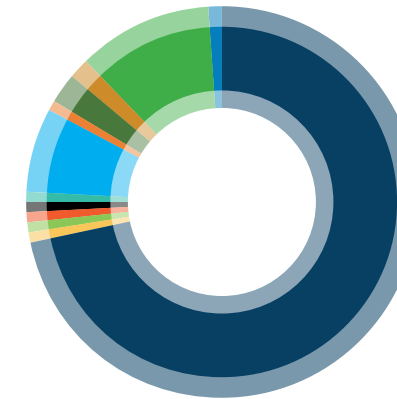
Being an energy-intensive company, we ensure that our energy management practices are robust and efficient. We focus on energy efficiency and process optimisation methods to reduce our energy consumption and our dependency on fossil fuels.

We have adopted an IT-based Energy Management System (EnMS) to manage and optimise our energy demand and supply. Implementation of EnMS has provided efficient means of controlling, monitoring, and conserving energy. It has facilitated the monitoring of critical electrical data and parameters, providing auto generated customised energy reports and providing real-time data for electrical systems.

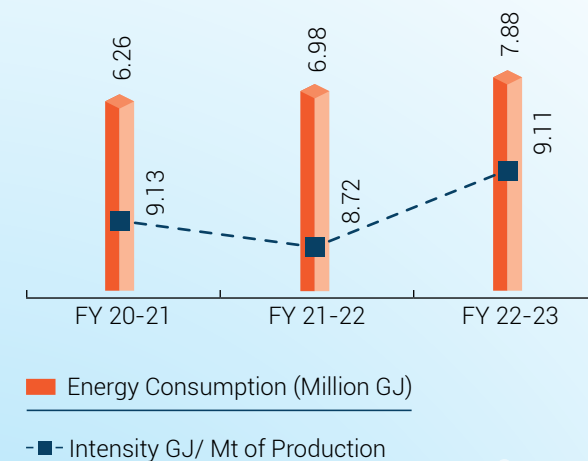
### Energy Consumption

Our primary sources of energy consist of coal, diesel, natural gas, grid electricity, and purchased steam. During the reporting period, we consumed 7.88 million GJ of energy, compared to 6.98 million GJ in FY 2021-22. The increase in the absolute energy consumption is due to change in reporting boundaries and an increase in production of 8 % compared to FY 2021-22. Our specific energy use has increased by 4.36 % from 8.72 GJ/MT in FY 2021-22 to 9.10 GJ/MT. The increase in specific energy consumption is due to increase in scope boundary by addition of Gold Division (Zone II) having activities of pre-commissioning and commissioning. In addition to this, erection and commissioning activities for capacity enhancement and introduction of new products at Jade (Zone II), Organic (Zone I), Acid (Zone I) and Anushakti (Zone III) divisions have also contributed to increase in energy intensity. Our total energy intensity in GJ/ INR of turnover was 0.0000113. Energy intensity has been calculated using energy consumption within the organisation, including all sources of direct as well as indirect energy.

### Type of Fuel

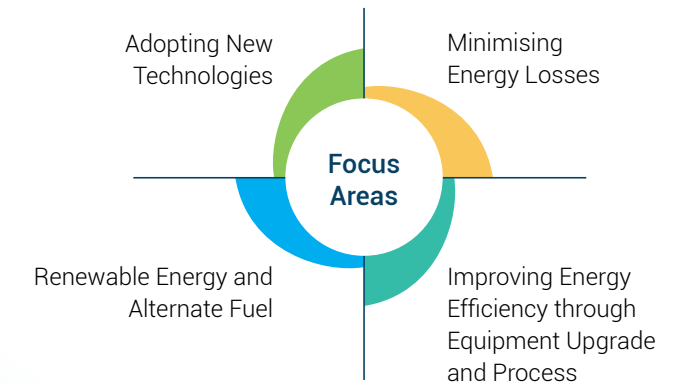


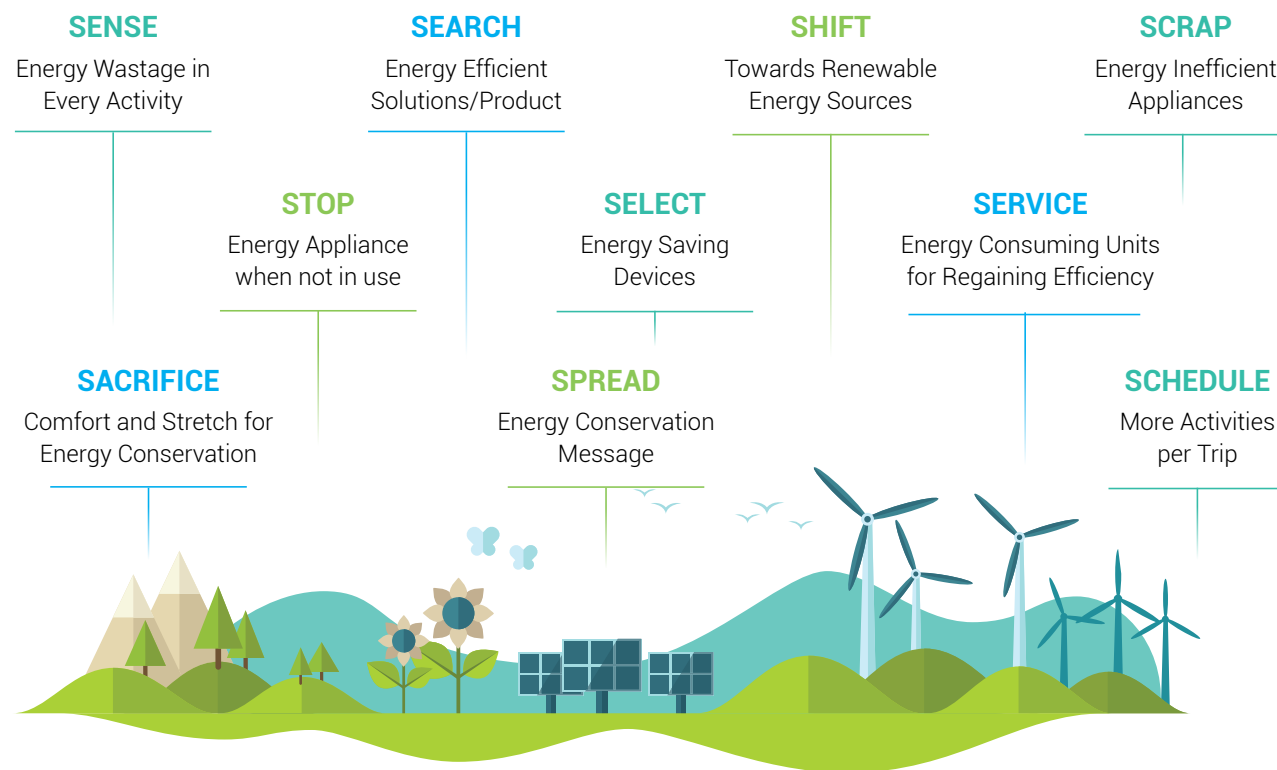
Coal	85.12%	Power Consumed from WHRB	0.92%
Biomass	0.04%	Steam Consumed from WHRB	3.11%
Diesel	0.18%	Purchased Steam	1.67%
Natural Gas	0.98%	Solar power Generated	0.01%
Furnace Oil	0.00%		
LDO	0.13%		
Electricity Purchased	7.84%		



### Energy Conservation

In line with our commitment to reduce carbon footprint, we have established an Energy Conservation Cell at each location to conceptualise and implement energy-saving initiatives. To encourage employee participation, we invite all employees to provide ideas and suggestions for potential energy-saving projects. We have also encouraged them to conceptualise and implement quality circle projects focused on energy-saving. During the reporting period, we invested over ₹38 Crore on energy efficiency projects. Based on our energy efficiency initiatives, we have saved approximately 0.8 million KWH of energy in FY 2022-23. The focus areas and our approach for energy conservation and carbon emission reduction are:





We recognise that diversifying our energy sources is a crucial aspect in our decarbonisation journey. To reduce the carbon footprint of our operations, we have formulated strategies to reduce coal usage by introducing alternate sources of fuel such as using coal-biomass mixture of different commodities in coal-based boilers and installing natural gas-based boilers wherever feasible. We have installed cogeneration power plants at our various locations to optimise coal usage and increase the overall efficiency of energy use. We also took a successful trail for the usage of biomass for replacing coal gradually in order to reduce carbon emissions.

We have undertaken several energy conservation initiatives across all our divisions. These include investing in energy-efficient technologies and equipment and identifying and addressing energy consumption hotspots through systemic and process alterations. Moreover, we successfully commissioned the new SO<sub>3</sub> converter at our Acid plant wherein energy efficiency was improved by 10%.

The process improvement in the distillation section has resulted in a reduction of the reflux ratio and reduced steam consumption. Additionally, we have utilised the

energy required to evaporate chlorine to get chilled water in the liquid chlorine section, resulting in the use of the chlorine chiller to generate cooling.

Some of our other energy conservation initiatives include:

- External energy audit conducted to identify energy-saving potential
- Standardisation of IE3 motor procurement
- In-house development motor efficiency test bench at Central Workshop
- Energy conservation through air leakage internal audit, steam audit and boiler efficiency study
- Talent Capability Building - Nominated team members for BEE (Bureau of Energy Efficiency) certificate energy audit and energy manager
- Implementation of 'Employee Suggestion Scheme' for energy conservation

Our efforts in energy efficiency have been recognised, and we have won the National Energy Efficiency Circle Competition for large-scale deployment of energy efficiency motors. Additionally, we have BEE (Bureau of Energy Efficiency) Certified Energy Managers to build competencies. We remain committed to reducing our carbon footprint and implementing sustainable practices across our operations.

### Alternate Energy Solutions

Our commitment to integrate sustainability and reduce our carbon footprint has led us to explore various avenues to increase our energy consumption from alternate energy solutions, including renewable sources and waste heat recovery systems. We are pleased to share that we have made significant strides in this direction.

### Renewable Energy

We have recently entered into a power purchase agreement (PPA) for 13.20 MW of hybrid renewable energy through a group captive model. We have invested ₹15.18 Crore in this initiative, which is expected to result in a reduction of CO<sub>2</sub> emissions by 38,394 tCO<sub>2</sub>e per annum. The project is commissioned and connected to the grid during Q1 FY 2023-24.

This initiative helps us achieve our sustainability objectives while also contributing to the larger goal of mitigating climate change.

In addition, we have also installed 697 MW of rooftop solar at different manufacturing units. This has generated close to 207 Mwh of renewable energy.

### Waste Heat Recovery System

We have conceptualised and implemented several waste heat recovery projects to improve our operational efficiencies. One of these projects was installing waste heat recovery boilers at our manufacturing locations to generate steam for process heating and power generation. Further, we have invested ₹ 150 Crore in enhancement of waste heat recovery. Our phase I initiative has enabled us to improve the steam economy by 20% thus reducing appr. 10,000 mt of CO<sub>2</sub> emission. Our phase II initiative will enhance waste heat recovery capacity by 35% thus enabling us to reduce CO<sub>2</sub> emission further by 17,000 mt.

### Energy Efficiency Improvement

During the reporting period, we invested over ₹38 Crore on energy efficiency projects. Our energy efficiency efforts include retrofitting with modern and energy-efficient devices and equipment, debottlenecking waste heat recovery systems and identifying and managing operational bottlenecks, some of which include the replacement of equipment with energy efficient design, air compressors with Variable Frequency Drive (VFD), air conditioners with Variable Regulating Volume (VRV) systems. Based on our energy efficiency initiatives, we have saved approximately 0.8 million KWH of energy in FY 2022-23.

We have also significantly invested in energy recovery from the distillation condenser and recycle back them in the low pressure steam system for heating thus eliminating the requirement of fresh energy. During FY 2022-23, by recovering energy from distillation condensers in the form of steam, we have avoided 1,00,154 tCO<sub>2</sub>e emissions.



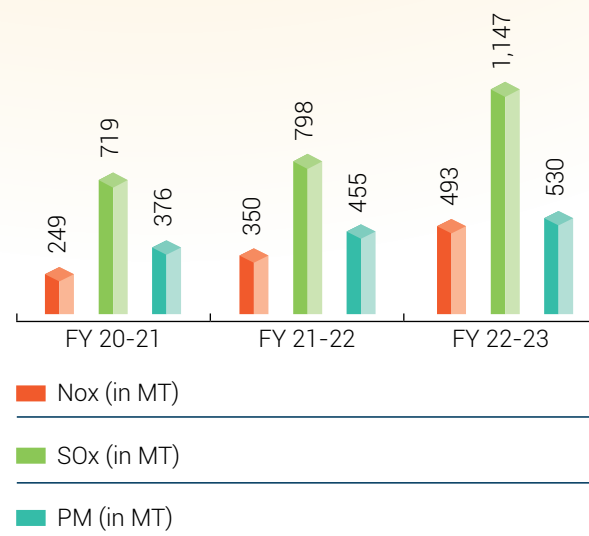
### Process Optimisation

One of our hydrogenation reaction required eight hours for completion. After thorough analysis of the process and applying the 8D methodology of improvement, a bottleneck was identified in the heat removal system. Hydraulic calculations were done to understand how the process could be made more efficient. Investment was made in assets to eliminate the bottleneck and improve the efficiency after testing on the softwares. It has enabled us to reduce the hydrogenation reaction time by approximately 50%.

## Air Emissions

Our manufacturing operations are linked to various air emissions, including nitrogen oxides, sulphur oxides, particulate matter, and Volatile Organic Compounds (VOCs). We are committed to maintaining these emissions well below the standards set by the Air (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986, along with their subsequent amendments. With the aim of reducing air emissions arising from our operations, we have undertaken following initiatives:

- Installation of Online Continuous Emission Monitoring System (OCEMS) for real time monitoring of emissions
- Automatic Lime Dosing along with coal to reduce SO<sub>2</sub> emission at our all facilities
- Installation of process scrubbers to treat waste gas from manufacturing processes
- Installation of Air Pollution Control Measures (APCM) such as bag filters, ESP, dust collector, scrubbers, etc. to control flue gas emission
- Periodical measurement of process gas, flue gas and ambient air parameters
- Installation of covered conveyor belt for coal and calcium carbonate handling
- Installation of water sprinklers system in coal and ash handling area
- Installation of dust extraction systems
- Green Belt Development



Our air emission has increased due to an increase in coal consumption during FY 2022-23.

Process emissions from manufacturing activities are abated by installations of scrubbing mechanisms, where various scrubbing solutions are used for the absorption of process gases. Process emissions from manufacturing activities are abated by installations of scrubbing mechanisms, where various scrubbing solutions are used for the absorption of process gases. We have also implemented Leak Detection and Repair (LDAR) programs to detect and control fugitive emissions, VOCs, etc. In addition we have installed online sensors for hazardous gases. Furthermore, we have implemented several measures for minimising NOx emissions:

- Scrubbing NOx to produce Nitrosyl Sulphuric Acid
- Installation of water and caustic scrubbers for abatement of NOx
- Installation of a scrubber system for storage tanks
- Installation of a multi-stage scrubbing system for NOx from the nitration process

Our air emissions from all our operations are measured and monitored through an online monitoring system. All our systems are connected to the Central Control Pollution Board (CPCB) server. We do not use any Ozone Depleting Substance (ODS) in our manufacturing operations; therefore, there are no emissions of ODS from our manufacturing facilities.

## Noise Emission and Vibration

AIL understands the need to address less obvious concerns in the chemical industry – noise and vibration. Excessive noise from machinery and processes can impact the wellbeing of our workforce and nearby community. To mitigate this, we integrate acoustic enclosures and advanced vibration dampening systems into our facility design. These measures not only protect our employees but also ensure efficient equipment performance over time. We also carry out regular monitoring of equipment noise and ambient noise in and around our manufacturing units. Vibration, closely tied to machinery, is also managed through regular maintenance. Using technology for ease of tracking and timely compliance we have prepared a SAP based preventive monitoring schedule for measuring noise and vibration of all our

rotating equipment. We have assigned responsibility to individual activity owners with starts and end dates in SAP. This proactive approach aligns with our dedication to the wellbeing of our employees, community, and environment.

## Water and Effluent Management

We utilise water for various purposes such as heating and cooling, producing steam, preparing solvents and reaction media, extractive or absorptive reagents, product rinsing, distillation, and washing in their chemical processing operations. Our processes are water-intensive. Hence, water conservation and management are of utmost importance to us.

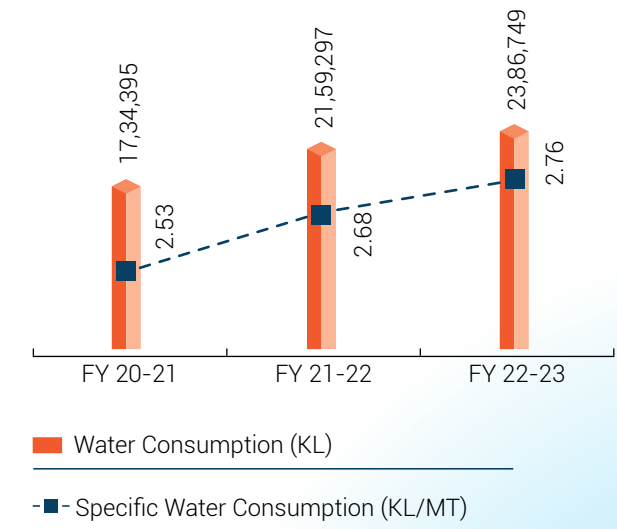
All our manufacturing locations monitor water-related data on a daily basis and keep a record of the same. Our corporate team collects this data from all manufacturing locations on a monthly basis with the help of an online tool.

## Water Withdrawal and Consumption

Fresh water is the main resource for our production process and 84% of fresh water withdrawn is used in the cooling process. In FY 2022-23, freshwater withdrawal was 100% of the total water withdrawn by AIL i.e., we do not use any brackish water in our operations. Water withdrawal at AIL accounted for 26,02,734 KL in FY 2022-23. Of the total water withdrawal, 99.75% was sourced from third parties whereas only 0.25% was from rainwater. Water withdrawal in FY 2022-23 has increased by 11%

as compared to the previous reporting period. The increase in water withdrawal is on account of the commissioning of one new site, stabilisation of two units that were commissioned during Q4 FY 21-22 and increase in production.

Our total water consumption during the reporting period was 23,86,749 KL, an increase of around 11% from the previous year. This increase was due to an increase in production in the reporting period. In FY 2022-23, our specific freshwater consumption was 2.76 KL/MT. The water intensity with respect to turnover accounted for 0.0000328 KL/INR in the reporting period.

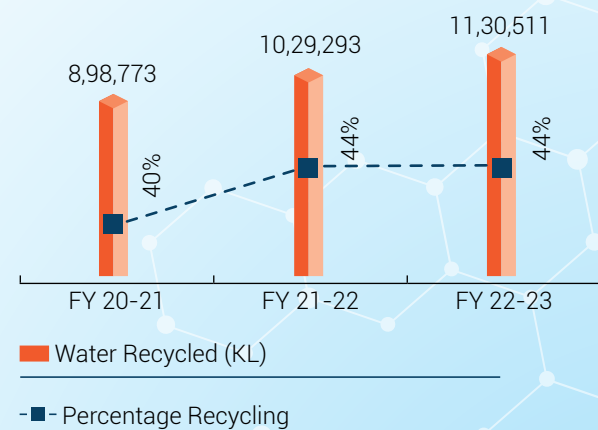




### Water Recycling

We have adopted the 3R approach of 'Reduce, Reuse and Recycle' to reduce our water wastage. We have built in-house water treatment plants to recycle used water and further use it for industrial operations. Currently, 11 out of 16 of our manufacturing units are Zero Liquid Discharge (ZLD). We are working towards making all our facilities ZLD-ready, which will increase the amount of water recycled by us, thereby reducing our freshwater consumption. We have also adopted a proactive ZLD approach, which will be incorporated during the conceptualisation and designing phase of new projects.

The total water recycled during FY 2022-23 was 11,30,511 KL as against 10,29,293 KL in FY 2021-22. We have recycled steam condensate of about 50% in boilers. Our various measures like ZLD facilities, steam/MEE condensate recovery, STP-treated water recycling and RO permeate recycling, among others have helped in recycling 44% of the water withdrawn.



### Rainwater Harvesting

We are taking a proactive approach towards water conservation and have established rainwater harvesting systems in various locations. We have more than 10,000 Sq. m. catchment areas in locations such as Tarapur, Vapi, Jhagadia, and Dahej. We collect rainwater and use it in our cooling towers. The collected water is stored in a raw tank and routed to the main GIDC water tank, reducing our reliance on freshwater sources.

The rainwater harvesting system has been successful in collecting a considerable amount of water, for FY 22-23 we have reused 6,547 KL of rainwater in the process. This has enabled us to minimise impact on the local water resources. In line with our commitment to sustainable water management practices, we have planned to expand their catchment area across our facilities. This expansion will increase our rainwater harvesting capacity and further reduce our reliance on freshwater sources.

### Water Risk Management

Water availability is critical for our operations as fresh water is 74% of the total water consumed by us. We have used the Aqueduct Water Risk Atlas tool developed by the World Resources Institute (WRI) to assess the level of water stress in each district of our operations. The tool provides estimates for water demand, supply, water stress, and seasonal variability under RCP 4.5 and RCP 8.5 scenarios using the projections for climate variables, and socio-economic variables based on the Shared Socio-economic Pathways.

We acknowledge that most of our sites are categorised as high-risk as they are located in high-stress water areas in the state of Gujarat, India. We have carried out water risk using the parameter of water stress which is the ratio of total water withdrawals to available renewable surface and groundwater supplies in the region. Water withdrawals include domestic, industrial, irrigation, and livestock consumption as well as non-consumptive uses. Assessment of the risk is carried out at the location level for our manufacturing units situated in Gujarat and Maharashtra state. The risk levels are calculated based on probability of occurrence and expected impact of those risks on AIL into below categories:

Level	Threshold for Evaluating the Expected Impact
Low	Lower or minimal exposure to physical infrastructure damages and no financial losses or operational shutdown and no occurrence of any extreme event in the past
Medium	Exposure to physical infrastructure damages with presence of adaptive and preparedness measures to mitigate the impact of the physical climate change risks
High	Higher exposure to physical infrastructural damages and financial losses; less/no mitigative and adaptive action plans and measures to address the risk
Extreme	Irreversible damage with high exposure lasting for a long period with no mitigatory and adaptive measures

The risk of water scarcity at our units is calculated for short (2023-2027), medium (2028-2035) and long (2036-2050) terms. As per the assessment risk, water scarcity at our manufacturing units located in Jhagadia remains low in all time frames. At Dahej, the risk manufacturing units are falling between medium-risk to low-risk in all time frames. At Vapi, the risk due to water scarcity is expected to remain low in all time frames. At manufacturing locations in Tarapur and Bhachau, the water risk is expected to be low and medium, respectively in all time frames.





The scenario analysis carried out for the identification of water risk and water stress areas has assisted us in devising our strategy on water. We have identified goals and targets at the company-level and also set water-related targets for each manufacturing location.

We engage with our suppliers, customers, local communities, investors and regulators on water-related issues. Currently, we are assessing the critical vendors for the water risk associated with their operations. Since approximately 70% of our suppliers are repeat suppliers, we are in the process of identifying water risk based on the water stress area where they are located, the basin area from which water is sourced by them, and their compliance with local regulations. Based on this exercise, we are in the process of identifying the suppliers with significant water risk by taking into account the substantial financial impact - quantitative, substantial social and or environmental impact - qualitative, substantial impact on our company's reputation.

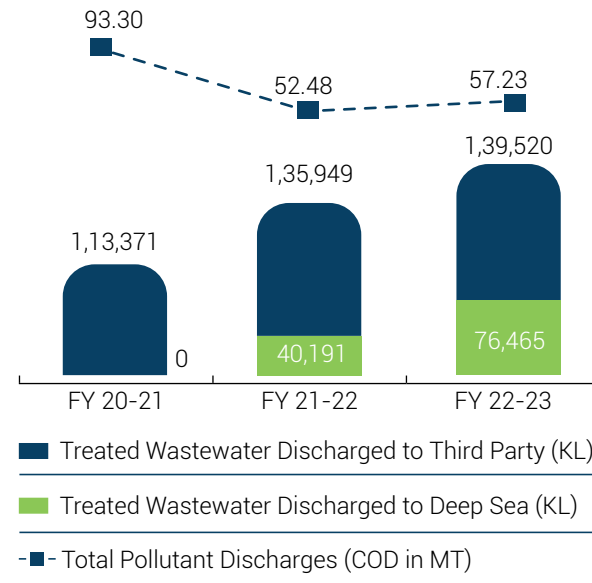
### Effluent Management

If the wastewater generated is not treated to the required level, it may have an impact on both flora and fauna. Thus, effluent management plays a pivotal role in preserving the environment, safeguarding human health and promoting sustainable development.

The generated wastewater is contaminated with chemicals, hence it is treated to the highest level (tertiary treatment) of treatment. 97% of the total wastewater generated at all our manufacturing locations is treated in the tertiary wastewater treatment plant located within our boundary.

Post-treatment, the water is either recycled back into the operations or sent to third parties for further treatment and disposal. We measure the quantity and quality of the treated wastewater. The quality of treated wastewater discharged is analysed daily through in-house labs and verified through a third party on a monthly basis. We report the quality of treated water to the regulatory authorities on a real-time basis and also on a regular interval based on regulatory requirements. The third party to whom we send the treated water are also required to report the quantity and quality of their discharge to regulatory authorities. Our Effluent Treatment Plants (ETP) are equipped with state-of-the-art technologies.

Only 3% of the wastewater is treated in the primary treatment plant located within our facility. Post-primary treatment, this wastewater is sent to a third party for tertiary treatment before final discharge.



Our total effluent discharge has increased by 23% from 1,76,140 KI in FY 2021-22 to 2,15,985 KI in FY 2022-23. The increase in the discharge is due to the stabilisation of the newly commissioned manufacturing plants, a change in regulatory approvals for the discharge of treated wastewater to sea and an increase in production by 8% compared to the previous year.

About 85% of the treated effluent quantity is recycled back into the process whereas 15% is sent to Common Effluent Treatment Plant (CETP) for further treatment and deep-sea discharge.

### Approach to Water Conservation

Water consumption and water intensity is paramount for us and we have adopted several strategies to achieve this objective. One of our key initiatives is to optimise our processes and operations to minimise water usage. This involves identifying areas where water consumption can be reduced and implementing measures such as process modifications, equipment upgrades, and operational changes. Several water conservation measures that have been implemented include, installation of cooling systems with reduced water consumption, monitoring and preventing groundwater contamination, treating or reducing

pollutants discharged into water, solvent recovery from wastewater streams, among others.

We use effluent treatment plants and reverse osmosis processes to reduce freshwater consumption, and any rejects from these processes are further treated in Multi Effect Evaporator (MEE) and Agitated Thin Film Dryer (ATFD) systems to minimise reliance on freshwater.

We also invest in advanced technologies to improve our water efficiency and reduce our water footprint. For instance, we are actively working towards reducing the amount of water being discharged from our manufacturing locations by adopting process improvements such as recycling condensate and Reverse Osmosis (RO) permeate. These steps help us to minimise the volume of effluent generated, which in turn reduces the requirement for freshwater and decreases the load on our effluent treatment plants. By adopting these technologies, we can reduce our water usage considerably.

We are also exploring alternative water sources to supplement our freshwater supply. By using alternative water sources, we can reduce our reliance on freshwater and minimise our impact on local water resources.

## Water Conservation

A focus approach is adopted to reduce the natural resource consumption as a part of sustainability strategy. A gemba walk was conducted at one facility along with the worker and 12 themes were identified under governance, engineering control, recycling and waste reduction. These 12 themes were evaluated on 8D principles and action plans were prepared and implemented. This focused approach has enabled the reduction in water consumption by 10% on intensity basis

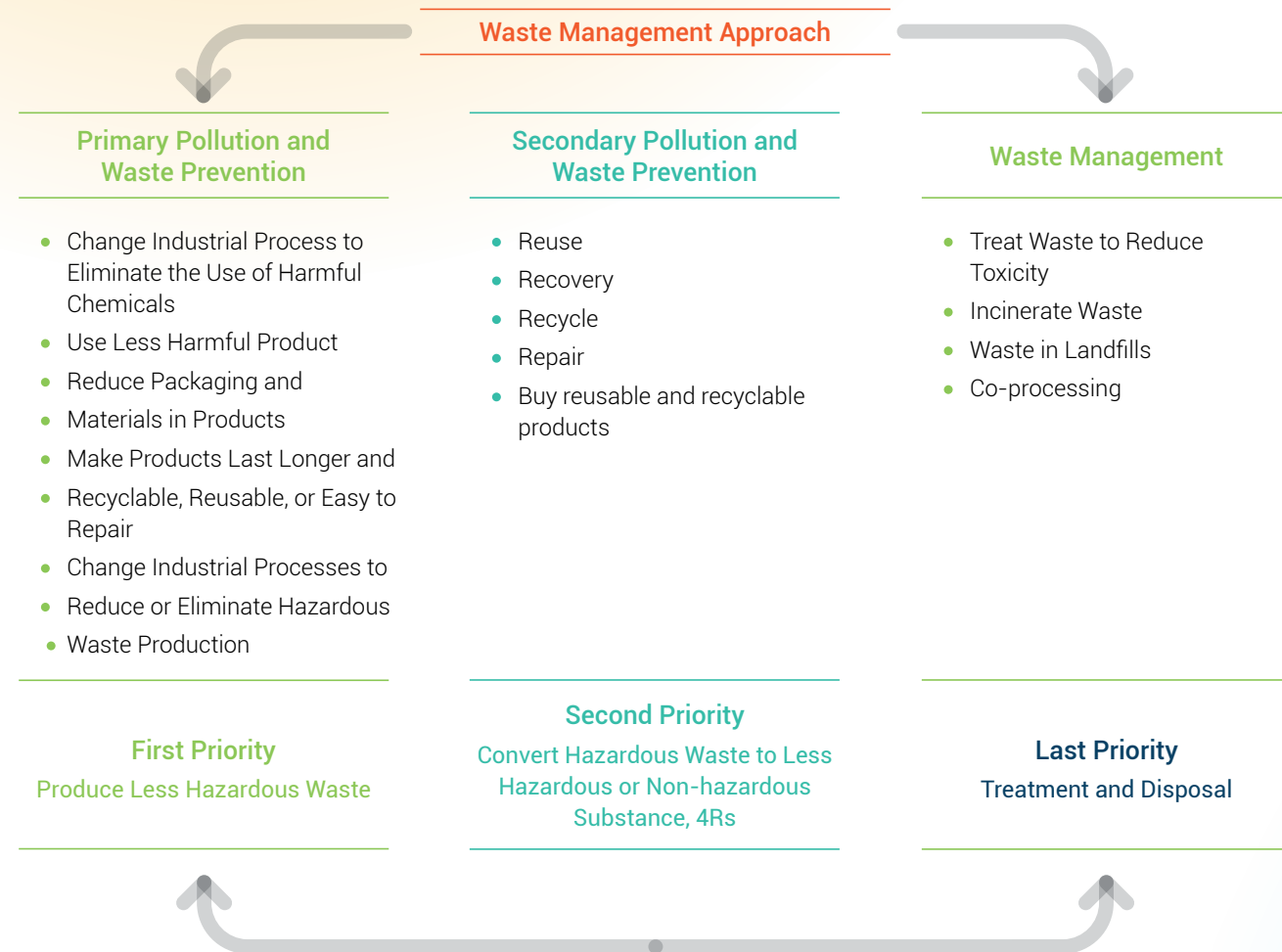
This proactive approach to water management demonstrates our commitment to being a responsible company.



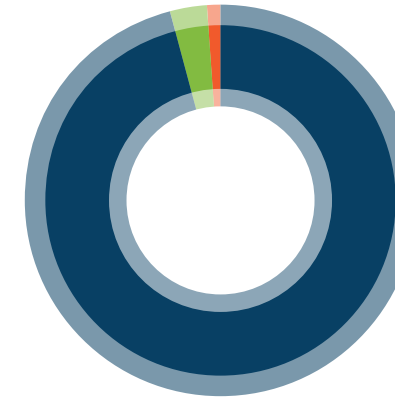
## Waste Management

As a speciality chemical company, we deal with substances that are inherently hazardous in nature. Due to the nature of chemistry, our operations inevitably lead to hazardous waste generation. However, our R&D and technology management teams are continually working to minimise waste generation by enhancing the performance of existing technologies and considering sustainability principles in the development of new products. Based on our different operating scenarios and the kind of waste generated. We have divided our waste management approach into three priorities based on our different operating scenarios and the kind of waste generated. This systematic approach enables us to handle hazardous and non-hazardous waste responsibly and sustainably.

We continuously strive to reduce waste generation and have put in place strong systems for managing and disposing of the waste generated. We have a detailed 'Guideline on Waste Management' document to define and standardise the waste handling, storage and disposal process. The guideline has established standardised protocols for waste identification, segregation and categorisation as hazardous and non-hazardous waste, liquid hazardous spent acid, radioactive waste, battery waste, e-waste, biomedical waste, plastic waste, fly ash, construction and demolition waste, and municipal waste, among others. Our waste management policies are designed to comply with legal requirements and industry-best practices.



## % Contribution to the Total Waste Generated



Hazardous waste	93
Non-hazardous waste	6
Other waste	<1

Our total waste generated in FY 2022-23 was 5,34,135 MT, an increase of around 29% from the previous year. Hazardous waste accounted for 4,95,676 MT, non-hazardous waste 38,219 MT and other waste such as biomedical waste, plastic waste, E-waste and battery waste to the tune of 240 MT. As most of our products are business-to-business, hazardous waste generated during the usage of our products is handled by our customers as per the respective regulatory approvals. Only one product manufactured falls in the Business to Customer (B2C) product category; the plastic used by us in the packaging of this product is collected

back from the market under Extended Producer Responsibility (EPR). The total waste generated by us during FY 2022-23 is given below.

Type of Waste Generated	FY 22-23 (mt)
Hazardous Waste	4,95,676
Non - Hazardous Waste	38,219
E-Waste	21
Battery Waste	17
Biomedical Waste (BMW)	0.1
Plastic Waste Collected Under EPR	202

## Hazardous Waste and its Responsible Management

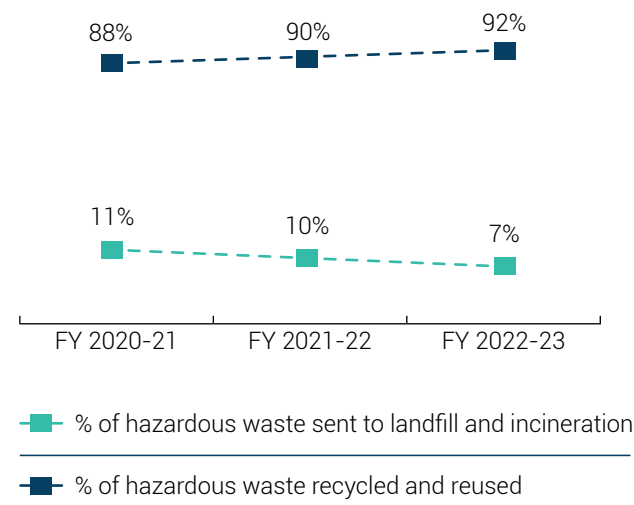
At AIL, 4,95,676 MT of hazardous waste was generated, of which 92% of the waste was recycled and reused of which 37% was utilised in the same unit, and the rest, 55% was sent to other authorised recyclers. 6% of the total hazardous waste generated is sent to landfilling and rest 1% each to co-processing and incineration.

Mode of Treatment	% of the Total Waste Disposed
Recycled	55%
Reused	37%
Landfill and Incineration	7%
Co-processing	1%



We undertook several initiatives to reduce our hazardous waste and improve our hazardous waste management. These measures include the development of waste management guidelines, the introduction of a comprehensive checklist for all vehicles carrying hazardous waste, 24/7 live tracking of these vehicles through our Aarti Logistics Centre (ALC), and introduction of an audit and approvals system for end-users of hazardous waste. We have also completed Rule 9 trials conducted by CPCB and obtained CPCB SOP for HCL conversion into CaCl<sub>2</sub>. Additionally, our initiatives helped divert hazardous waste from landfill to co-processing, thereby reducing landfill loads.

### Hazardous Waste Disposal



The sites of all our partnered vendors responsible for reusing and processing the waste are audited by our audit team for the integrity of their operations and utilisation of the hazardous waste in a safe and environmentally sound manner. Their waste handling procedures are validated. The vendors that are successfully evaluated become part of our approved vendor list. In the FY 2022-23, we audited 16 new end-users.

### Non-hazardous Waste and its Responsible Management

During the reporting period, a total of 38,219 MT of non-hazardous waste was generated, an increase of approximately 13% compared to last year. 99% of non-hazardous waste was recycled by us, 1% was sent for landfilling, and less than 1% was incinerated and reused.

### Other Waste

Other than Hazardous and non-hazardous waste, we generate E-waste, BMW and Plastic waste from our operations. During the reporting period, we generated 21 MT of E-waste, which was sent to recyclers and disposed of following E-waste (management) rules as amended. We also generated 0.1 MT BMW during the reporting period. BMW waste was sent to an authorised incinerator as mandated by BioMedical Waste Management Rules as amended. At AIL, we do not generate any radioactive and construction and demolition waste. We are registered under the 'Brand Owner' category on the CPCB EPR Portal, as one of our products is categorised in the B2C product category. A detailed waste collection plan has been developed and submitted to the Central Pollution Control Board. The registration has been completed for the same. In FY 2022-23, we reclaimed 202 MT of plastic packaging. In addition, all the plastic waste generated by us is managed as per Plastic Waste Management Rules as amended.

### Circularity in Waste Management

At AIL, we have adopted the 4R approach of 'Reuse, Recycle, Recover and Repair' for waste prevention. This creates opportunities for refurbishment, recycling, and reusing, resulting in an alternative source of material input for processes. We are committed to transitioning towards a circular economy by minimising waste generation and adopting a holistic approach for waste management, which includes the use of low-impact practices and innovative, resource-efficient technologies. Our efforts towards a circular economy include in-house utilisation of by-products and spent acids, co-processing of hazardous waste, sending fly ash to brick manufacturers, recycling of used oil, composting of food waste into fertiliser, and selling them to end-users, etc.



## Waste Management Initiatives

We have adopted several new waste management initiatives with the aim of reducing waste being sent out of our system, especially for landfilling. Some initiatives which have led to significant changes in our waste management practices are as follows:

- We adopted an efficient waste management initiative to divert waste incineration to co-processing, leading to enhanced waste management practices and decreased environmental footprint. This initiative has a saving potential of ₹140 lakhs in waste management cost and a CO<sub>2</sub> reduction potential of 145 TPA.
- We diverted 34.31 MT of mixed waste generated towards co-processing due to high calorific value of waste. Additionally, CaCl<sub>2</sub> sludge of 4,198.22 MT generated in the process is sent to co-processing, resulting in huge savings. Further, diversion of CaCl<sub>2</sub> sludge resulted in saving of 1,278 MT CO<sub>2</sub>e in FY 2022-23.
- We ensure that plastic waste is sent to recyclers for recycling instead of landfilling after shredding.
- We made process changes to divert ~200 KLD of chemicals from the top layer of the Agitated Thin Film Dryer (ATFD) from the Multi Effect Evaporator to be reused in the process. This led to a CO<sub>2</sub> reduction of ~368 TPA.
- Diversion of vent tank wastewater to pre-processing resulted in a CO<sub>2</sub> reduction of 51 TPA.

### Significant Spills

Spills harm human and ecological health due to the hazardous nature of our materials, products, and waste products. We are cognisant of the severe hazards connected with such spills, and thus, we closely adhere to SOPs and adopt engineering solutions to prevent spills of any kind. To neutralise and collect free liquids and stop them from harming fresh water or groundwater, we have designed and applied spill response and clean-up techniques. We have implemented cutting-edge spill management procedures that make use of cutting-edge safety equipment and supplies.

We use the American Petroleum Institute (API 754) classification for spill management. As per this system, events are classified into Tier-I, Tier-II, Tier-III, and Tier-IV categories. Tier-I is the most severe event having significant consequences, while Tier-IV refers to deviations from the prescribed SOPs. No major chemical spills fell into the Tier-I category during the reporting period.

### Advocating Best Waste Management Practices

We regularly engage with key external stakeholders like Gujarat Industrial Development Corporation (GIDC) and Gujarat Pollution Control Board (GPCB). GIDC and GPCB are a part of several multilateral committees within the Vapi Industries Association (VIA), such as Environment, Water and Underground Drainage, PPF and Taxation. Several pressing and common issues of several industries are discussed within the ambit of these committees. Our representatives often chair or take the lead in these meetings and contribute to providing solutions. Notable examples are our contributions to the sound management of hazardous and solid waste, water recycling and various capacity-building efforts.



## Biodiversity

Having a thriving biodiversity is crucial for promoting stability and resilience in ecosystems, as well as for ensuring a stable supply chain. As a major player in the chemicals supply chain, we believe that we can contribute to solving the biodiversity crisis. We recognise that the decisions we make today will have far-reaching implications for the future. Therefore, we place great importance on biodiversity, understanding its significance and impact, and are committed to conducting research and implementing best practices to lead by example. Our executive management is responsible to ensure that none of our operations are in IUCN Red list areas.

Most of our manufacturing operations are in Notified Industrial Estate, and thus, there are no significant effects on the biodiversity ecosystem. To proactively prevent any adverse effects on biodiversity, resulting from our business operations, we have made a commitment to ensure that any future production sites will not be situated near protected areas, including those safeguarding species and habitats that are vulnerable or have significant biodiversity value.

We take proactive measures during our initial assessments to minimise any potential harm to biodiversity, and we have also pledged to refrain from deforestation during any future business expansion or operations at AIL. We have developed a green belt in the vicinity of our manufacturing plants in accordance with prescribed norms and industry practices. We have allocated a budget for the development of the green belt. In FY 2022-23, we planted a total of 10,000+ trees in different locations across Gujarat and Maharashtra as a part of afforestation initiatives.

## Materials Management

We deal with several hazardous substances in our functioning owing to the nature of our business. However, we are committed to sourcing our raw materials from sustainable sources and are continuously working to integrate sustainability practices across our value chain. We prioritise the use of environmentally and socially responsible materials, products, and services that offer high performance, safety, and long-lasting value. Our focus is on promoting sustainable consumption, supporting sustainable markets for recyclable materials, and contributing to sustainable development through community and societal progress.

We use Benzene and Toluene and their derivatives as major raw materials in most of our operations. We evaluate the potential for value addition and marketability of various co-products and by-products produced in our operations.

Parameters	Units	FY 2022-23
Directly Sourced Raw Material	MT	12,13,136
Materials Recycled (Same Division)	MT	1,81,997
Materials Recycled (Other Division)	MT	2,71,460
Associate Process Materials (APM)	MT	31,373
Packaging Materials	MT	12,513

We reuse spent acid and hazardous waste generated in our plants within our boundaries. During the reporting period, we reused 27% of the total raw material, which amounted to 1,81,997 MT in the same unit of AIL and 2,71,460 MT in other units of AIL.

## Environmental Compliance

Complying with relevant laws and regulations is essential for any business to maintain its operations. At AIL, we are committed to abide by all environmental norms and regulations at our manufacturing operations and Corporate Office as set forth by the relevant regulatory authorities. To guarantee and adhere to the legal and regulatory framework, we have implemented a third-party managed IT-based Compliance Management System, which houses all applicable regulations and necessary compliances. It has an in-built alert system that notifies relevant personnel about upcoming compliance procedures.

We have implemented a license module within our compliance management system to track all applicable licenses, their validity periods, and application processes. Our personnel are informed well in advance about the license renewal deadlines. We have set

an internal quality control criterion of applying for renewals at least 90 days in advance to avoid delays in the renewal process. Thus, all enquiries related to environmental compliance are resolved promptly.

We have established a compliance governance system to monitor compliance at different levels through internal audit protocols reviewed by the Company directors. We undergo focused third-party compliance audits of our systems and processes regarding compliance aspects. During FY 2022-23, we did not incur any fines or penalties with regard to any environmental violations. Moreover, we have adopted a proactive approach to ensure adherence to the best compliance management practices. We provide specialised training to our employees to stay informed about applicable regulations.

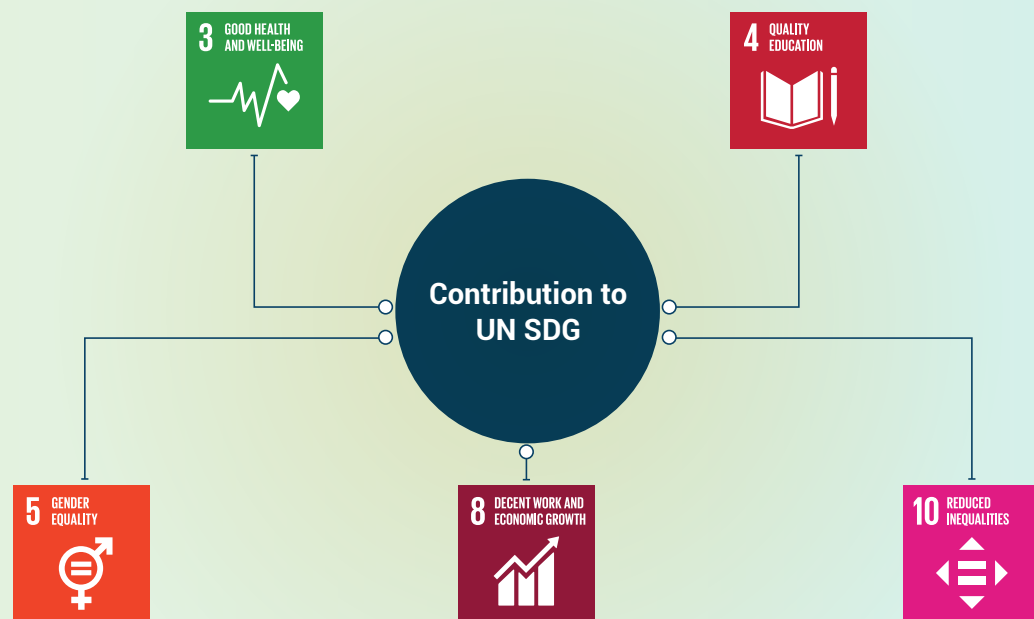


**EMPOWERED WORKFORCE**

# Creating an Empowering Workplace

In the dynamic landscape of success, the heart of any organisation beats resolutely with its workforce, which possesses the capabilities, dedication, and wellbeing to fuel growth. Embracing the profound impact of our employees, we thrive on their diverse perspectives, skills, and experiences that ignite innovation and enable seamless adaptation to the ever-evolving market. United in our vision, we cultivate an inclusive, empowering, and growth-driven environment, unlocking the boundless potential of our team. Our unwavering commitment to 'attract, hire, and retain talent' resonates through purposeful policies and guidelines, propelling human capital development across all levels and divisions.

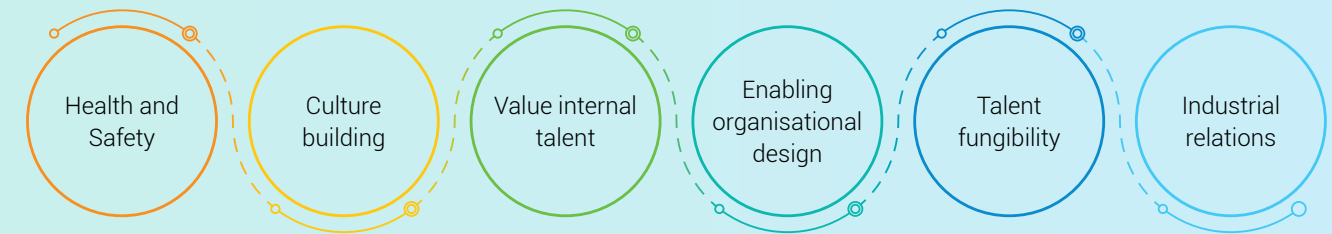
**Key Performance Highlights:**



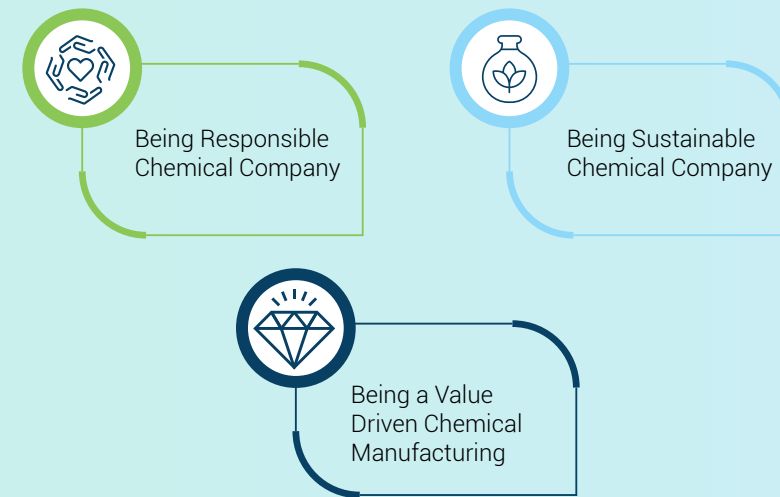
**Identified Key Material Topic**



**Strategic Priorities**



**Drivers of Change**



## Empowered Workforce - Fueling Responsible Growth

Our valued employees drive our growth journey with diverse skill sets and dedication. They inspire our purpose of 'Right Chemistry for a Brighter Tomorrow' through responsible operations guided by our core values. With 2,736 permanent employees and 26 other-than-permanent employees, we build a robust workforce on a foundation of our core values of 'Care, Integrity, and Excellence'. Additionally, we have 3,449 permanent workers and 7,262 other-than-permanent workers, shaping our success together.

### Details of Employees and Workers (FY 2022-23)



Particulars	Male	Female	Total
<b>Employees</b>			
Permanent	2,582	154	2,736
Other than Permanent	25	1	26
<b>Total Employees</b>	<b>2,607</b>	<b>155</b>	<b>2,762</b>
<b>Workers</b>			
Permanent	3,422	27	3,449
Other than Permanent	6,918	344	7,262
<b>Total Workers</b>	<b>10,340</b>	<b>371</b>	<b>10,711</b>

Particulars	Maharashtra	Gujarat
<b>Employees</b>		
Permanent	458	2278
Other than Permanent	12	14
<b>Total Employees</b>	<b>470</b>	<b>2292</b>
<b>Workers</b>		
Permanent	200	3249
Other than Permanent	515	6747
<b>Total Workers</b>	<b>715</b>	<b>9996</b>

## Comprehensive Employee Benefits

Employees are our utmost priority. We go the extra mile to ensure their wellbeing. We offer a range of comprehensive benefits, including health insurance, term life insurance, group personal accident insurance, the Employee Pension Scheme, the Employee Provident Fund, and the Employee State Insurance Corporation Scheme (where applicable). We support the educational pursuits of our employees through higher education assistance and child education support with scholarships. Financial flexibility is also provided through early wage access, and we offer convenience with company-owned car schemes, subsidiary transport, and canteen facilities. Our commitment to holistic employee welfare fosters a thriving workplace culture, empowering our team members to flourish personally and professionally. 100% of our permanent employees are provided with the employee benefits listed above.



**100%**

Employees and Workers provided with Health Insurance, Accident Insurance and Parental Leave



**100%**

Employees and Workers Provided with Provident Fund, Gratuity and Other Retirement Benefits

## Progressive Parental Leave Policy

We have a progressive parental leave policy offering 30 weeks of maternity leave, exceeding the regulatory requirement of 26 weeks of leave and 5 days of paternity leave for all our employees. In FY 2022-2023, 391 males and 7 females have availed leave with a 100% return-to-work rate, i.e. all the employees who availed the leaves have returned to work on completion of those leaves. The retention rate\* for male employees was 57% and 100% for female employees.



**100%**

Return-to-Work Rate



**100%**

Retention Rate for Females



**57%**

Retention Rate for Males

\* Number of employees who returned to work after parental leave ended, who were still employed 12 months after their return

## Talent Management

The talent management philosophy at AIL caters to individual and organisational needs through talent assessment, segmentation, development, and reviews. We strengthen workforce capabilities by offering development programs, leadership initiatives, job rotations, and cross-functional assignments, aiming to be a 'Preferred Employer of Choice.' Our integrated approach seamlessly weaves High Potential (HiPo) identification, succession planning, and career management.



### Leadership Competency Development Program

Our development program enhances critical leadership competencies. It equips aspiring leaders with the knowledge, skills, and tools necessary to excel in leadership roles. The programme includes workshops, seminars, and coaching sessions to provide a comprehensive learning experience.



### Capstone Projects

These are collaborative projects involving Aarti Industries Limited employees who work on real-world challenges in partnership with industrial organisations. The academic programmes help them acquire theoretical knowledge and practical skills for developing innovative solutions or recommendations for the industry partner.



### Higher Education

We encourage our leaders to take up professional courses from reputed institutions to further develop their functional and technical skills in line with their current and future role requirements and aligned with AIL's broader goals.



### Manager Development Program

This initiative focuses on elevating leadership skills and enhancing the capabilities of managers. Assessments are conducted to evaluate managers' proficiency in their current roles and identify gaps for the next level. Individual development plans are created to help managers acquire the necessary competencies and skills.



### Gurukul

Gurukul is a mutual journey of growth and development where our senior executive leaders (Gurus) train leaders (Shishyas) to excel in their current roles and prepare them for potential positions. This initiative fosters a learning environment, enhances leadership capabilities, and provides organic opportunities for leadership development. Gurukul also incorporates reverse mentoring, allowing Gurus to learn from Shishyas.



### Meraki

Meraki is our mentoring programme for campus hires. Each hire is assigned a mentor from the leader. The programme supports new hires in developing a rapport, identifying strengths and areas for improvement, and building competencies for success in their current role. It also provides a better understanding of the organisation's processes and systems.

### Nurturing Future Leaders: Aaghaz: A Holistic Learning Journey for Campus Recruits

Aaghaz, our comprehensive induction program, is tailored for campus recruits, offering a unique blend of classroom and on-the-job training led by our subject matter experts and senior leadership team.



**261**  
Number of new Joinees Through Campus Placements

During Aaghaz, recruits are introduced to ALL's business functions, culture, values, and mission while also getting the opportunity to interact with our esteemed leadership team and gain valuable insights from their vast expertise.

Following Aaghaz, we offer our management trainees a one-year development program called Progressio. This plan includes functional training, plant visits, engaging projects, and exposure to relevant areas. We take pride in onboarding bright talents from renowned institutes and nurturing them through various learning interventions, creating a robust pipeline for future leadership roles.



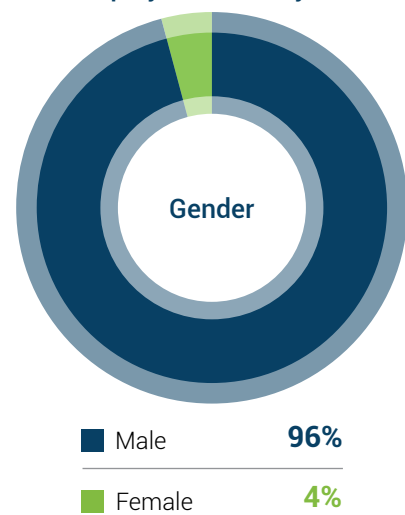
**18%**  
Female Hired in Campus Placement

At ALL, we are dedicated to empowering our employees to reach their full potential and drive the success of our organisation.

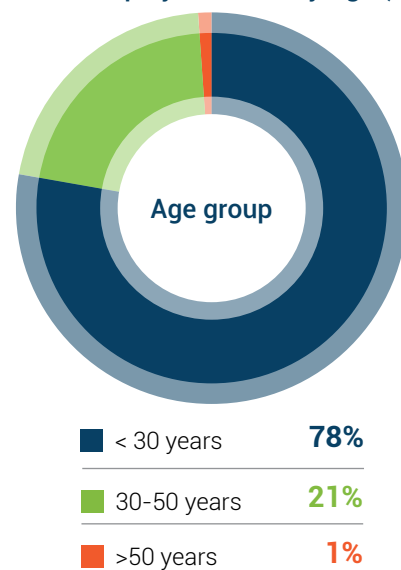
### Transparency in Hiring

We uphold transparency and equality in hiring, valuing every candidate's potential—no discrimination based on age, gender, race, religion, or any other status. Our recruitment process sources top talents from esteemed institutes. In the reporting period, 1,920 employees were hired. The bifurcation of the total employees hired based on gender and age group is given below. 56% of the senior leaders hired during the reporting period were from the local community.

New Employees Hired by Gender (%)



New Employees Hired by Age (%)

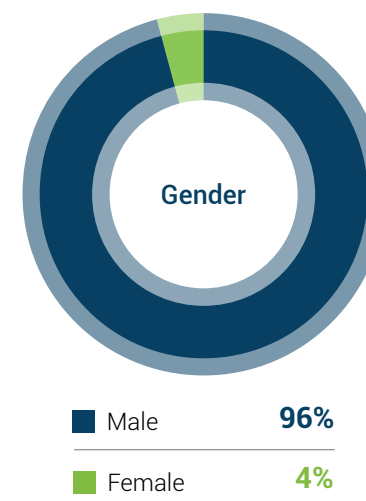


### Nurturing Talent and Fostering Growth

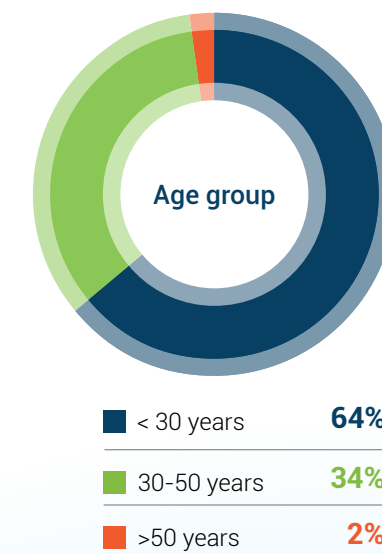
The chemical industry is on the brink of a Golden Era, with most key players expanding their capacities to meet growing demands. This surge in industry growth has led to a significant increase in the demand for skilled talent in the market. Recognising this trend, ALL deep-dived to identify and nurture top talent from within the organisation to take up critical positions. In the fiscal year 2022–23, we demonstrated a strong commitment to nurturing internal talent and providing growth opportunities to our workforce. Around 20% of employees were given internal growth opportunities. We focused on developing the capabilities of our employees to equip them for next-level roles within the organisation.

During FY 2022-23, ALL experienced a turnover rate of 24.54% among permanent employees and 28.06% among workers. While the chemical industry's competitive landscape challenges talent retention, our holistic approach to employee engagement and growth opportunities is crucial in mitigating turnover.

Employee Turnover by Gender (%)



Employee Turnover by Age (%)



### Employee Engagement

At ALL, we value communication and interactions, creating a vibrant workplace culture. Through platforms like Coffee With Gen Z, Aarti Utsav, Kushal Varta, Samvad, Pehal, Ullhaas, etc., we strengthen employee bonds for an enriching experience.



### Metamorphosis

At ALL, we foster co-creation, inclusivity, and excellence. Our transformative initiative, Metamorphosis, led by the CHRO, empowers employees through 'Believe, Belong, Become' motto. Interactive sessions offer insights into our purpose, culture, and future plans while enhancing professional and personal skills.

CHRO and senior leaders' direct on-floor engagement with 1500+ employees across locations establishes a new era of employee engagement, fostering quick resolutions by the CHRO and leadership. Metamorphosis received a positive response, with 96% finding it helpful and 94% eager to participate again. Empowering Aarti Engaging Leaders promotes growth, excellence, and open organisational communication.

### Conversation

We have a dedicated conversation platform to support managers in enhancing the engagement of their team members. This platform empowers managers to engage in meaningful interaction and foster open and supportive dialogue.

### Employee-Oriented Policies

Our employee-oriented policies prioritise wellbeing and value our diverse employees. They include internal talent prioritisation, equal opportunities, transparency, financial assistance, higher education promotion, flexible working hours, and child education assistance.

### Employee Assistance Program (EAP)

Our EAP platforms, such as 1 to 1, offer confidential and professional support services to address personal challenges affecting employee wellbeing. These services encompass counselling, financial guidance, and mental health resources (FY April 22 to March 23 : Average 1632 Nos.) (FY April 23 to July 23: Average 2180 Nos.)

### Employee Engagement Survey

We collaborated with a leading global analytics and advice firm to conduct an employee engagement survey, providing valuable insights into our employees' experiences, sentiments and areas of improvement. This was the third year of the engagement survey and we achieved a 100% participation rate, leading to a significantly increased engagement score in all 12 dimensions.

### Empowering Talent - Training and Development

Enhancing performance, motivation, and innovation while ensuring compliance and reduced turnover. Our training programmes fall under the categories of behavioural, compliances and Code of Conduct, functional, sustainability, systems and other courses. Every employee at AIL is mandated to get at least four-man-days of training per annum, which is equivalent to 32 hours of training. During the reporting period, we imparted 1,44,517 man-hours of training to our employees. 100% of our employees were provided training on health and safety measures and skill upgradation. Furthermore, 100% of our Board of Directors (BoD), Key Managerial Personnel (KMPs) and 73.35% of workers were provided training on ESG topics. We collaborate with online educational platforms like EdX, Coursera, Class Central, Udemy, Ted Talks, YouTube, etc., to facilitate external learning opportunities for all employees.

### Average Hours of Training (By Gender and Employee Category)

Category	Male	Female	Overall
Senior Professional	483	19	25
Professional	2302	165	30
Paraprofessional	2569	29	19
<b>Total</b>	<b>5354</b>	<b>213</b>	<b>26</b>

### % of Total Hours (FY 2022-23)



Functional	39.75%
Behavioural	20.23%
Sustainability	16.94%
Induction	12.25%
System	10.25%
Compliance	0.59%

### A Creative Capability Building Approach

#### First Time Managers Program

Newly promoted managers can enhance their team management skills through the First-time Manager program. This program emphasises learning agility, emotional intelligence, trust, and delegation to support individual growth. During FY 2022-23, FTMs were trained on all behavioural competencies, with six days of classroom training and two days of group coaching per month.

#### Progressio

Progressio is a comprehensive year-long development plan for campus hires, promoting engagement and continuous learning. It includes field visits, cross-functional collaboration, guided projects, mentoring, feedback, and presentations.

#### Operations Training

We conduct operations training programmes to enhance blue-collared workers' knowledge, skills, and abilities. These programmes aim to identify skill gaps and provide targeted training, resulting in improved employee productivity, engagement and career advancement opportunities.



## Voice Surveys: Nurturing Exceptional Employee Engagement

In 2020, we initiated Voice Surveys (Voice 1.0, 2.0 and 3.0) by a leading global analytics and advice firm, culminating in remarkable progress through Voice 3.0, a testament to our enduring commitment to an engaged culture.

Our dedication to employee experience shows remarkable headway in crucial areas - materials and equipment, opportunities to do best, recognition and best friend at work, notably a trust percentile of 77, fostering boosted trust, commitment and enhanced performance.

### Laying the Foundation and Building Momentum

Voice 1.0 marked a pivotal step in our journey as a 'Preferred Employer of Choice' with a 3.95 Grand Mean score with the introduction of the following measures:

- flexible working hours,
- employee recognition, and
- streamlined processes.

In the subsequent year, Voice 2.0 resulted in a marginal score increased to 3.97 with embracing of:

- 5-Day Work Week Policy,
- Investment in Workplace Infrastructure,
- Recognition of Employee Achievements,
- Innovative Engagement Initiatives, and
- Child Education Policy

### Voice 3.0: A Leap Forward

In 2022, we moved ahead with the launch of Voice 3.0, driving substantial progress from 3.97 to 4.14 in the Grand Mean score, reaffirming our commitment to enhance employee engagement.

The initial surveys gave us a critical headstart on our journey towards excellence. The Voice 3.0 underscored three resounding imperatives with crystal clear resonance-

- Nurturing managerial excellence, fostering impactful development conversations,
- Timely celebration of well-deserved recognition,
- The Velocity and precision of our decision-making processes.

### Key Success Indicators

- Engagement Score surged from 3.95 to an impressive 4.14.
- Engaged Workforce grew from 43% to 54%.
- Engagement Ratio improved from 4:1 to 7:1.
- Employee Experience elevated from 3.72 to 4.22.
- Culture score enhanced from 3.91 to 4.05.
- Pride Score grew from 4.32 to 4.36.
- Growth and Development progressed from 3.90 to 4.06.
- The professional Clan's engagement scores surged from 3.93 to 4.11, with 1,579 out of 2,030 participants contributing positively.

### Charting the Future: Roadmap for Ongoing Engagement Excellence

Our journey from Voice 1.0 to Voice 3.0 reflects an unwavering commitment to enhancing employee engagement. Diligent analysis and strategic actions resulted in increased engagement, a positive culture, and alignment with our vision and mission.



### Swayam Ka Vikas

Our growth strategy's core lies in a solid commitment towards employee development. The initiative Swayam Ka Vikas focuses on enhancing soft skills among our associate family employees. To ensure its success, it involves 'Train the Trainer' sessions with Inchargers and Managers.

#### Training of Contract Workers

We believe in thriving together. Hence, empowering contract workers is vital for the success of our business. In the reporting period, workers received 84,419 manhours of training, each benefiting from 12.36 hours of skill-building.

#### Training of Security Personnel

At AIL, safety is our utmost priority. Security personnel receive comprehensive briefings on relevant policies, undergo emergency response and fire safety training and benefit from specialised role-based training. In the reporting period, they received 5931.3 manhours of training, averaging 15.4 hours per guard.

#### Performance Management

Performance appraisal was carried out on time for all our eligible employees. We have a well-defined digitised structured performance management system. Line managers continuously engage with the reportees to provide constructive feedback and guide them to grow professionally and personally. Each employee is provided with well defined goals and key performance indicators at the start of the appraisal cycle. An attempt is made to keep goals Specific, Measurable, Relevant, and Time-bound (SMART). Sustainability-related parameters are also a part of set KPIs for each level of employee. The performance incentive of mid and senior-level personnel is linked with the sustainability performance of the Company. 100% of our employees and workers are provided with performance and career development reviews. Around 1000 employees and workers were promoted or upgraded in FY 2022-23.



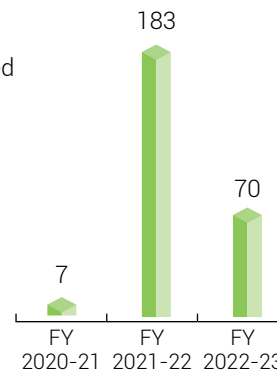
### Eklavya

The Eklavya programme is carefully crafted for Field Operators and DCS Supervisors to upskill them and fuel their career growth. This role-based skill development programme has technical and behavioural modules, including on-the-job training. This programme has enabled more than 50 employees to take up higher-level roles during the year.

At AIL, we nurture the spark of creativity, knowing that a single idea can ignite a wildfire of innovation. Each employee's unique experiences and knowledge fuel this creative potential, driving us to cultivate a platform where everyone can share their insights, views, and ideas. 'Aarti Talks' - a unified space for limitless idea exchange, regardless of the titles or roles. With an 'Inspire and be Inspired' theme, we encourage the power of expression to inspire and empower one another to learn and grow.

#### Navodaya

Our strategically conceptualised and implemented initiative Navodaya - our Internal Job Posting initiative launched with an aim to develop almost 80% of employees with next level competencies and 20% employees in each family for higher responsibility, has grown during the reporting period and during FY 2022-23, 70 employees took different or higher roles in the organisation through Navodaya program. The employees taking up higher roles were given one month time to shift to new job roles and were further provided with on the job training for 90 days.



**26 HOURS**

Average Hours of Training per Year per Employee in 2022-23



**28 HOURS**

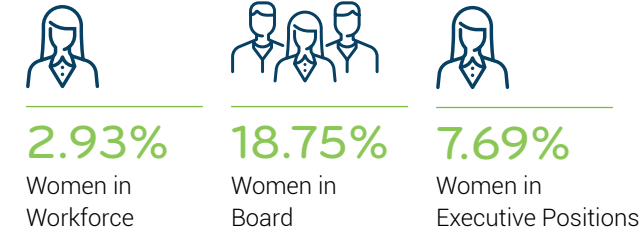
Average Hours of Training per Year per Employee in 2021-22



**28 HOURS**

Average Hours of Training per Year per Employee in 2020-21

### Embracing Diversity and Equal Opportunity



At AIL, we champion a diverse workforce that fosters creativity and innovation through varied perspectives and experiences. Our merit-based, fair, and transparent recruitment process shows our commitment to equality. We value knowledge, competencies, and cultural fit without discrimination based on age, sex, gender, race, colour, origin, caste, religion, marital status, ethnic origin, disability, or sexual orientation.

We embrace and celebrate workplace diversity while promoting inclusivity. Our initiatives, such as "Metamorphosis," foster transparent communication and bridges hierarchical gaps across levels. With a culture that emphasises the absence of hierarchy, we maintain an open-door policy, ensuring easy accessibility to our leadership team. Our inclusive practices extend beyond our employees to encompass contract staff, family members, and the local community through various initiatives.



Women's Day Celebration

**Woman Marathon**  
Female employees from Zone I team participated in Womethon, a Night Marathon (5 km) organised by JCI (Junior Chamber International). In a run for women empowerment, Womethon raised awareness about cervical cancer among participants.



### Promoting Gender Diversity

Embracing diverse perspectives, we prioritise gender diversity to enrich our work culture and decision-making by offering all employees equal opportunities, growth, and privileges. We invested in initiatives like Anahata, Nirvana, and leadership programs to enhance women's representation. Our Work from Home Policy supports work-life balance; training sessions on POSH and Self Protection ensure safety and wellbeing. To adopt measures for child-care support, we have creche facilities for our employees at our sites. We foster an inclusive and diverse workplace.

#### We Aim to Set Up a Plant Fully Operated by Women



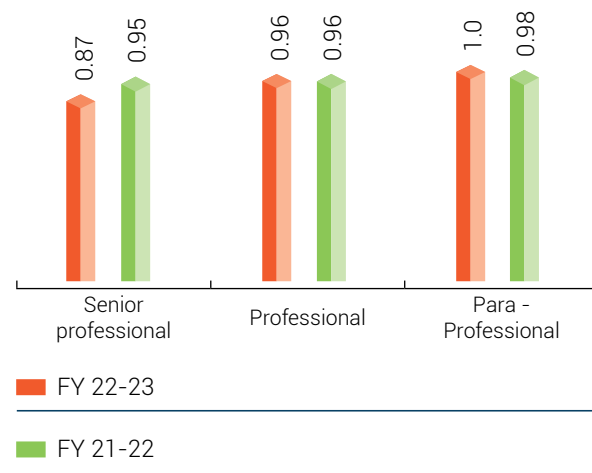
**Self-defence Training**  
A self-defence training was organised for on-roll and off-roll women employees at Zone I. The event was held at the Sports Club of Vapi and received participation from around 60 employees.

**Women Health Awareness**  
A Gynaecologist session was organised at Dahej for all women workforce, including employees, apprentices and contract. The session focused on the importance of exercise and diet in PCOD/PCOS and vaginal hygiene with free consultation. It served as a medium of free communication with regard to undiscussed queries and doubts.

### Empowering Pay Parity

Pay transparency drives us to bridge the gender pay gap. Together, we build an inclusive and equal workplace at AIL. The graph shows the unadjusted pay gap between male and female employees, as can be seen from the graph, females are paid similarly to their male counterparts for Professionals and Para professionals which constitutes 98% of our total workforce. The pay parity for Senior Professionals slightly declined (1.14 to 0.87) due to the promotion of two female leaders during the reporting period to Senior Professionals Category.

### Ratio of Median Salary by Gender (Female to Male)



### Inclusive Workplaces: Access for All

At AIL, we ensure discrimination-free workplaces for differently-abled employees. Following the Rights of Persons with Disabilities Act, 2016, all our premises are accessible. Wheelchair ramps and restrooms

### Differently-abled Employees and Workers



Particulars	Male	Female	Total
Type of Workforce	Male	Female	Total
Permanent Employees	22	2	24
Other than Permanent Employees	0	0	0
Permanent Workers	22	0	22
Other than Permanent Workers	0	0	0

provide easy movement and convenience, fostering an inclusive environment. We believe in ensuring a discrimination-free, safe and inclusive workplace for all. We have 24 differently-abled employees and 22 differently-abled workers.

### Living Wages

We are committed to complying proactively with all applicable statutory, regulatory, and other requirements of labour laws and is committed to go beyond the regulatory requirements wherever possible, as per the commitment of our people policy to provide the best working environment and experience for all employees. We aspire to pay living wages to all our employees and contract labours that are sufficient to meet a family's basic needs, including food, housing, transport, health, education, tax deductions and other necessities. By going beyond legal compliance, we ensure that all our employees have the income to support their needs and those of their dependents, raising standards of health and wellbeing.

We have compared the monthly wages of all our employees under the category of individuals and standard family with monthly living wages of July 2023 provided by Wage Indicator Foundation for the state of Gujarat. The details regarding the comparison are given below:

Category	% of Employees Falling in Category of Standard Family 2+2 - 1.8 working	% of Employees Falling in Category of Individual	% Paid Above Living Wages	Number of Employees Paid Below Living Wage
Paraprofessional	60%	40%	99.91	3
Professional	57%	43%	100%	0
Senior Professional	93%	7%	100%	0

We are providing living wages to 99.95% of our employees. The gap in living wages of employees is only 0.05% and AIL is committed to closing this gap during the next salary revision.

### Human Rights and Labour Practices

Guided by international standards and the Voluntary Principles Initiative, we prioritise human rights across our value chain and new relations. Our People Policy and HR Code Manuals reflect our commitment to respect and dignity for all, without discrimination. We ensure no child or forced labour in our boundary or supply chain. Harassment-free workplaces and employee rights are protected, including the freedom to join trade unions. Human rights assessments cover operations and value chain partners. Extensive training and a Vigil Mechanism ensure a safe and respectful work environment. Our CHRO, deputed as Ethics Officer, oversees investigations and addresses human rights concerns on priority.

During the reporting period, AIL had Zero reported violations of human rights concerning indigenous people, Zero cases of child or forced labour within our boundary, and zero discrimination instances.

At our manufacturing site at Tarapur, a significant portion of eligible employees are covered by a Collective Bargaining Agreement. AIL upholds the rights of its employees and workers to form and join trade unions, engage in negotiations and participate in collective bargaining under applicable laws and regulations. We are committed to respecting the rights of workers to form or join a trade union without fear of any form of intimidation or retaliation, as stipulated by the law. As per the regulatory requirement we have constituted works committees with equal number of representation from workers and members representing employers. The work committee are instrumental tools for workers to represent their queries and concerns to the management.

All our plants and offices underwent assessment for various human rights aspects. 100% of employees, including security personnel, received a Code of Conduct and human rights training. During this period, 100% of security personnel received HR policies and procedures training.

### Zero Tolerance: A Safe Workplace Against Sexual Harassment

Our Prevention of Sexual Harassment (POSH) Policy is accessible to all employees, including permanent employees/workers, employees/workers on probation, trainees, apprentices, contract workers, visitors, vendors, and any person visiting AIL. We have zero tolerance for sexual harassment and swiftly investigate all complaints. Training is mandatory, and we have a dedicated Internal Complaints Committee to handle any issues. No sexual harassment cases were reported during the reporting period.



### Grievance Redressal Mechanism

At AIL, we foster trust and longevity. We nurture strong bonds with our employees through collaboration and open communication. Our grievance redressal mechanism ensures transparency and provides a channel to address concerns, including working conditions, salaries, or other specified matters. Employment agreements and sexual harassment cases are handled individually, ensuring focused and dedicated attention to each issue.

We prioritise open communication to resolve issues. Employees can first discuss problems with their manager, but if they are unsatisfied with the provided solution, they can file a formal grievance with HR. Grievances are addressed fairly and promptly by a 3-tier committee. The grievance management process is communicated to all employees through various channels.

### Occupational Health and Safety

As a responsible chemical manufacturing company, we are cognisant of our responsibility to safeguard the health and safety of individuals, protect the environment, and maintain sustainable operations across AIL. Ensuring Occupational Health and Safety (OHS) remains one of our top priorities as we adopt and implement advanced processes and techniques to improve Health, Safety and Environment (HSE) and security performance across the Company. We follow the International Labour Organisation (ILO) guidelines for monitoring work-related hazards.

In line with our commitment to promote a safe and healthy work culture at AIL, we strive to prevent injury by sustaining an injury-free workplace with a mindset of zero tolerance towards any incident or injury. We continue to minimise risks related to health, safety, security, and environment during the design, development, manufacturing, handling, storage and distribution phases of our products.

### OHS Governance

An effective OHS governance contributes to the assurance on people's health, safety and well-being thereby ensuring operational continuity with safety and builds trust among

## MISSION ZERO

Zero Injuries to Our People, Contractors, and Visitors

Zero Tolerance of Unsafe Behaviour and Acts

Zero Compromise on Safety

Zero Impacts On Our Families and Communities

community and other stakeholders. It ensures employee wellbeing, regulatory compliance, social responsibility, operational efficiency, and a strong reputation in the industry. At AIL, we have a robust OHS governance system headed by the Corporate Safety and Compliance Head and dedicated teams responsible for OHS across all our sites and offices. Our HSE Policy guides the safety practices at AIL and is communicated to all our employees, contractors, customers, community, business associates and interested parties.

Demonstrating our commitment towards excellence, reliability and sustainability, all our sites are IMS certified (ISO 9001:2018, ISO 14001:2018, ISO 45001:2018), thereby signifying our compliance with quality, environment, and health and safety requirements.

### Board Oversight

The board headed by the Chairman plays a pivotal role in shaping AIL's OHS-related policies and strategies, ensuring compliance with all regulatory norms, maintaining transparent communication about safety performance, make informed decisions and foster continuous improvement. Progress of Health and Safety implementation is communicated to the board quarterly.

### Management-level Governance

The APEX Sustainability Council's governance mechanism covers safety-related aspects. Progress of Health and Safety implementation is communicated to APEX Sustainability Council monthly. The Chief Manufacturing Officer reviews Health and Safety status monthly at Zones.

### Working Group

The Safety Team, led by the Safety Head and zone safety team looks after policy implementation, risk management, training on health and safety, OHS performance monitoring, incident reporting and investigation, Implementing ground-level initiatives across the organisation to ensure the safety and wellbeing of AIL's workforce etc.

### Occupational Health and Safety Management System

We have implemented occupational health guidelines through Aarti Management System (AMS), which encompasses leading practices in occupational health such as proactive health monitoring, periodic health assessment, expert counselling sessions for both occupational and non-occupational health aspects. Additionally, we have implemented various codes and procedures to strengthen the safety system at AIL. All our employees, contract employees and visitors are covered under our Occupational Health and Safety Management System.

### Handling of Hazardous Chemicals

Handling of hazardous chemicals involves a huge element of risk. We are continuously evaluating potential hazards and reducing the impact of HSE risks on all personnel associated with AIL business operations, including customers and the community at large. In an effort to systematically mitigate the risks related to chemical handling, the following systems are in place:

- Safety Data Sheets (SDS) database
- Thermal stabilities studies for Raw materials, intermediates, residues and finished goods
- Powder safety studies for Products
- Chemical - Chemical Interaction matrix
- Chemical - Material Interaction matrix
- Area-wise PPE matrix
- Hazardous Area Classification
- Hazardous work permit
- Closed sampling setups

### Transportation Safety

As a Responsible and Sustainable organisation, AIL has taken many steps to ensure safe transportation of chemicals. One such step is setting up of Aarti Logistics Control Center. This control center is mutually helping transporters as well as AIL for safer transport of the chemicals on the road. Aarti logistics control center consists of 24x7 dedicated manpower along with well-equipped monitoring systems for tracking of vehicles. The following are the key deliverables of ALC:

- Proactive defensive driving behaviour development through live tracking of vehicles
- Take action in case of violations
- Support during handling of emergencies by coordinating with various agencies,
- Activating the quick response team and emergency response vehicle on a need basis



## Process Safety Management

Process safety is of paramount importance to us as it ensures the prevention of incidents and the release of harmful substances that could threaten human health, the environment, and the surrounding communities. Through the implementation of stringent process safety measures, comprehensive risk assessments, unyielding safety protocols, and highly effective emergency response plans, we ensure unparalleled protection for our employees and workers, facilities, and the broader public. Below are a few best practices to ensure inherent safe processes at each stage, from development to manufacturing.

Development		Projects			Manufacturing
Molecule Development at R&D	Pilot Scaleup	Pre-Commissioning	Commercial Scale-up	Project Construction and Post Commissioning	Steady State Plant Operation
ERA	HAZOP	Visual Inspection and System Operability	HAZOP	Project Construction	Cyclic HAZOP
Desktop	HIRA		HIRA	Project commissioning	HIRA
Thermal Studies	PSSR		QRA	PSSR	Safety Audits
Process Safety Experimental Report	Process Safety Information		SIL	Gap Assessment – Design Intent	MOC
	SOC Alarms and Interlocks		Sitting Facility/ Layout	Exposure Risk Assessment	PSSR
	Powder Safety Analysis	Powder Safety Analysis and ESD audits		QRA & SIL	
		Startup/Shutdown/NR Checklist and RA		SOC Alarm & Interlocks Testing	
				Pressure Systems Inspection	
				Startup/shutdown/NR checklist and RA	

Chemical Reaction Hazard and Fire and Explosion Hazard testing data required for interpretation and informed decision-making during plant design and processing are generated in-house through developed infrastructure and capability.

For all new and existing powder handling operations, we conduct powder safety studies, such as Minimum Ignition Energy (MIE), Minimum Autoignition Temperature of a Dust Cloud (MIT), Hot Surface Ignition Temperature of Dust Layers (LIT), powder resistivity, etc.

Robust Hazard Identification and Risk Assessment Procedure (HIRA) is completed along with the implementation of the Job Cycle Check procedure for each activity or step included in the SOP.

The process is improved by safety audits, storage condition validation, and process parameter validation. The results of these process evaluations are presented along with any remaining hazards and are used as input for design consideration.

### Process Safety Initiatives

- Daily Process Deviation Monitoring – enables our supervisors to promptly recognise and resolve any concerns, guaranteeing that the procedure stays compliant and Effective.
- Interlock Integrity Assurance – By rigorously testing, verifying, and monitoring the functionality of our interlock systems, we ensure reliable and fail-safe operations, minimising the risk of accidents and protecting both our employees and assets.
- Chlorine Handling System Enhancement
- Chemical interaction matrix is developed as part of our hazard identification process as it represents concisely the possible hazardous interactions between chemicals present in a plant and between chemicals and construction materials.
- Studies on Risk in Long Storage of Chemicals - to inform and advise those seeking to understand the multiple benefits and cost-efficiencies of proactive chemicals management.
- Segregation of Chemicals in a Warehouse - as the correct handling and storage of hazardous chemicals are essential to prevent injury and damage.
- Smoke and Fire Detection Systems and Deluge Systems in Warehouses - enabling early detection, speeding up response to life-threatening incidents, and maximising the protection of people and property.
- N2 PADDING on Flammable Solvent Storages where the N<sub>2</sub> gas blanket helps to maintain constant inert conditions for the product in the container, increasing safety and the shelf life of the solvent in the tank.

### Our Safety Performance

Our safety performance is monitored through the Aarti Management System (AMS), prepared monthly, comprising various leading and lagging indicators. We conduct periodic reviews of our HSE performance, and our senior leadership team discusses the outcomes from this review during the Apex Sustainability Council. During the reporting year, we received zero complaints from employees and workers on working conditions, health and safety practices. 100% of our plants and offices were assessed for working conditions, health and safety practices.

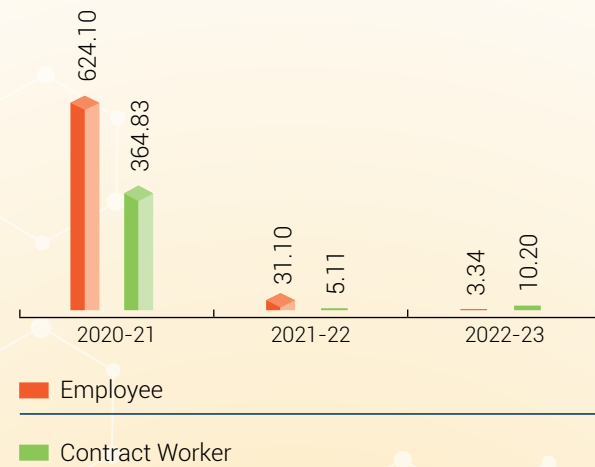


No fatalities were reported during FY 2022-23, outcome indicators Lost Time Injury Frequency Rate and Lost Time Injury Severity Rate (LTISR) are used as measures for our safety performance. During the reporting period we have reduced both frequency and severity rates for employees due to an increase in recordable work-related injuries of workers, the frequency and severity has increased slightly for them. Zero cases of high-consequence work-related injuries (excluding fatalities) were recorded during the reporting period. During FY 2022-2023 Rate of recordable Work Related Injury and Illness (TRIFR) excluding fatalities has reduced from 2.68 (FY 2021-22) to 1.94 for employees and 1.76 (FY 2021-22) to 1.62 for workers.

LTIFR (per Million Manhours)



LTISR (per Million Manhours)



### Occupational and Non-occupational Health Services

At AIL, the health and wellbeing of our employees and workers is one of our key priorities. Occupational health is a cornerstone of our sustainability efforts, we have a zero-tolerance policy for deviations. We organised vaccination camps for flu and COVID-19 and conducted annual medical check-ups supported by well-equipped Occupational Health Centres (OHCs). Pre-employment and periodic medical examinations are mandatory, with records being maintained. Employee assistance programs for mental health and periodic health training further contribute to our exceptional health initiatives. We organised several initiatives to promote a safe and healthy environment across our organisation. These include informative sessions on mental health, tobacco-free living, and the effects of alcohol.

#### Aarti Medical Board

AIL has a Medical Board comprising of highly qualified doctors, including specialists in diverse fields such as toxicology, cardiology, etc. We have 24x7 well-equipped Occupational Health Centres with a dedicated full-time medical team (Factory Medical Officers and Nurses) and state-of-the-art medical facilities (Lab for testing Methemoglobin, in-house G6PD testing; Audiometry, AED, Central Oxygen Line, Decontamination room, and Ambulances with advanced facilities) at our sites.

#### Training and Communication on OHS

At AIL, we recognise the significance of safety training in delivering a proactive approach to safety. We assess the training needs and provide HSE-related training and awareness sessions for our employees and workers as per the requirement, commencing from induction training during employee onboarding. The training sessions are conducted by internal and external trainers as required and, in a language, easily understood by workers.

During the reporting period, our employees and workers were trained on health and safety topics, including Material Safety Data Sheet (MSDS), National Fire Protection Association (NFPA) Diamond, material handling, work permit system, basic use of Personal Protective Equipment (PPEs), basics of fire and fire extinguisher, fire hydrant, emergency response, fire detection and alarm system, behaviour-based safety, general plant conditions, standing instructions, etc.

We have introduced E-Modules on Standing Instructions 111A (Health & Safety Requirements) with the following objectives - move to module-based training from the current state of manual training, extend the reach of these training modules to every employee on shop floors and offices, enhance the learning experience and enable assessment at the end of the training modules.

Category	Unit	FY 2022-23
Training on Safety - Senior Professional	Numbers	108
	Hours	676
Training on Safety - Professional	Numbers	1147
	Hours	8796
Training on Safety - Paraprofessional	Numbers	1619
	Hours	15071



### Hazard Identification, Risk Assessment, and Incident Investigation

Ensuring safety and reliability in our operations is of utmost importance at AIL. We emphasise on effectively assessing and managing risks to prevent any harm to individuals and the environment. We employ a thorough Hazard Identification and Risk Assessment (HIRA) for our routine activities to achieve this. HIRA is a qualitative technique that helps us evaluate potential hazards. Additionally, for non-routine tasks, we conduct Job Safety Analysis to identify and analyse job-related hazards. We then implement countermeasures to minimise risks. Moreover, we prioritise identifying the top risks specific to each plant to further reduce the associated risks in our day-to-day operations.

External assessments and certifications further validate our commitment to excellence. At AIL, our unwavering dedication to health and safety assessment guarantees the wellbeing and protection of our valued employees and other relevant stakeholders.

The risk assessment process has helped us identify significant risks and ensure adequate control measures for managing them effectively.

### Reporting Work-related Hazards and Hazardous Situations

To create a safe and supportive work environment, we have processes in place for workers to report work-related hazards and hazardous situations. We actively encourage incident reporting and investigation, allowing and recognising anyone in the plant to report unsafe conditions and unsafe acts for prompt action. Additionally, it protects workers against reprisals are crucial to ensure their safety and job security. The following are the channels for reporting work-related and hazardous situations by workers:

- Near-miss Incident Reporting Forms
- Reporting to Supervisors/Managers
- Reporting to Safety Committees
- General Plant Condition Check Sheets
- Safety Audits

We have policies and processes for workers to authorise them to stop any activity or operation in case they find it unsafe. These processes aim to provide employees with a safe working environment and empower them to take action if they identify potential risks.

### Worker Participation, Consultation and Communication on OHS

At AIL, we believe in involving workers in our decision-making processes. This is achieved through monthly gate meetings, where workers have a voice and contribute to important decisions. Workers also participate in process safety studies and incident investigations to capture their insights and recommendations. Further, they can also participate in auditing plant conditions and safety behaviour observation along with their buddy. Additionally, daily meetings are conducted to ensure regular communication and updates.

OHSMS documentation is easily accessible by displaying guidelines and alerts on notice boards. To enhance communication, we use various channels, including BE SAFE Huddles, and ensure that permits and guidelines are written in clear and understandable regional language. Training and awareness programmes are provided to equip workers with the required knowledge and skills.

### Joint Labour Management Committee

As mandated by the Factories Act we have constituted a joint labour committee of equal numbers of elected workers and company employees at all our manufacturing units, the committee meets monthly to discuss the safety and other concerns of workers. In addition to the joint labour committee, we have a canteen committee to resolve the concerns of workers in a time-bound manner.



### Initiatives for Building a Safety Culture



We have developed a range of tools and corrective actions to monitor and improve health and safety throughout the organisation. These include safety performance metrics, root cause analyses, incident reporting systems, safety inspections and audits, safety committees, training programmes, safety culture surveys and maintaining emergency response preparedness. These measures help us to effectively track safety performance, address potential hazards, and foster a culture of safety, accountability, and transparency, ultimately creating a safer and more productive work environment for all employees.

### Aarti Suraksha Survey

We initiated one of its first unique surveys called the 'Aarti Suraksha Survey.' The survey was conducted by one of the leading safety consulting companies. The objective of this survey and subsequent analysis was to provide an opportunity to measure and monitor safety culture's leading indicators, benchmark, and utilise insights to identify areas of improvement. The responses were collected through online and offline surveys from employees and contract workers. The Core Team of HR, Safety and IT worked in coordination with the operational team to make the survey a grand success, with participation by 9000+ participants.

The broad outcome of the survey is the feedback received from contract workers and factory employees that AIL has transformed its safety culture compared to past years and AIL is demonstrating its commitment towards safety by being a value-driven chemical company.



**STAKEHOLDER VALUE CREATION**

# Fostering Long-term Relationships

In the dynamic landscape of success, the heart of any organisation beats resolutely with its workforce, which possesses the capabilities, dedication, and wellbeing to fuel growth. Embracing the profound impact of our employees, we thrive on their diverse perspectives, skills, and experiences that ignite innovation and enable seamless adaptation to the ever-evolving market. United in our vision, we cultivate an inclusive, empowering, and growth-driven environment, unlocking the boundless potential of our team. Our unwavering commitment to 'attract, hire, and retain talent' resonates through purposeful policies and guidelines, propelling human capital development across all levels and divisions.

**Key Performance Highlights**

 <b>400+</b> Global customers	 <b>700+</b> Domestic customers	 <b>4 OUT OF 5</b> Customer Satisfaction Score	 <b>ZERO</b> Product recalls
 <b>ZERO</b> Cases of Breach of Customer Privacy and Loss of Customer Data	 <b>28 OUT OF 32</b> New Suppliers Assessed on ESG Aspects	 <b>1.85 LAKH+</b> Lives Impacted Through CSR Initiatives	

**Identified Key Material Topic**

 Customer Health & Safety and Engagement	 Supply Chain Sustainability	 Community Relations
--	--	--

**Contribution to UN SDGs**



**Strategic Priorities**



**Drivers of Change**



### Customer Centricity

At AIL, we foster a customer-centric culture that permeates throughout the organisation and guides decision-making at all levels. Embracing customer centricity helps us gain a competitive advantage, enhance customer loyalty and drive sustainable growth. It also helps us create long-term and mutually beneficial relationships with customers by constantly delivering superior value and satisfaction.

Our customers include end-user industries to whom we supply our products. We engage with our customers frequently to update them on business continuity and product supply and understand their needs, preferences and concerns. In case of any potential disruption of supplies, the customers and relevant stakeholders are informed well in advance to ensure seamless operations.

Our customer engagement approach involves communication through emails, video conferencing, in-house and third-party market research surveys, meetings, customer satisfaction surveys, brand campaigns, website, social media platforms, and grievance redressal mechanisms.

### Markets Served



**400+**  
Global Customers

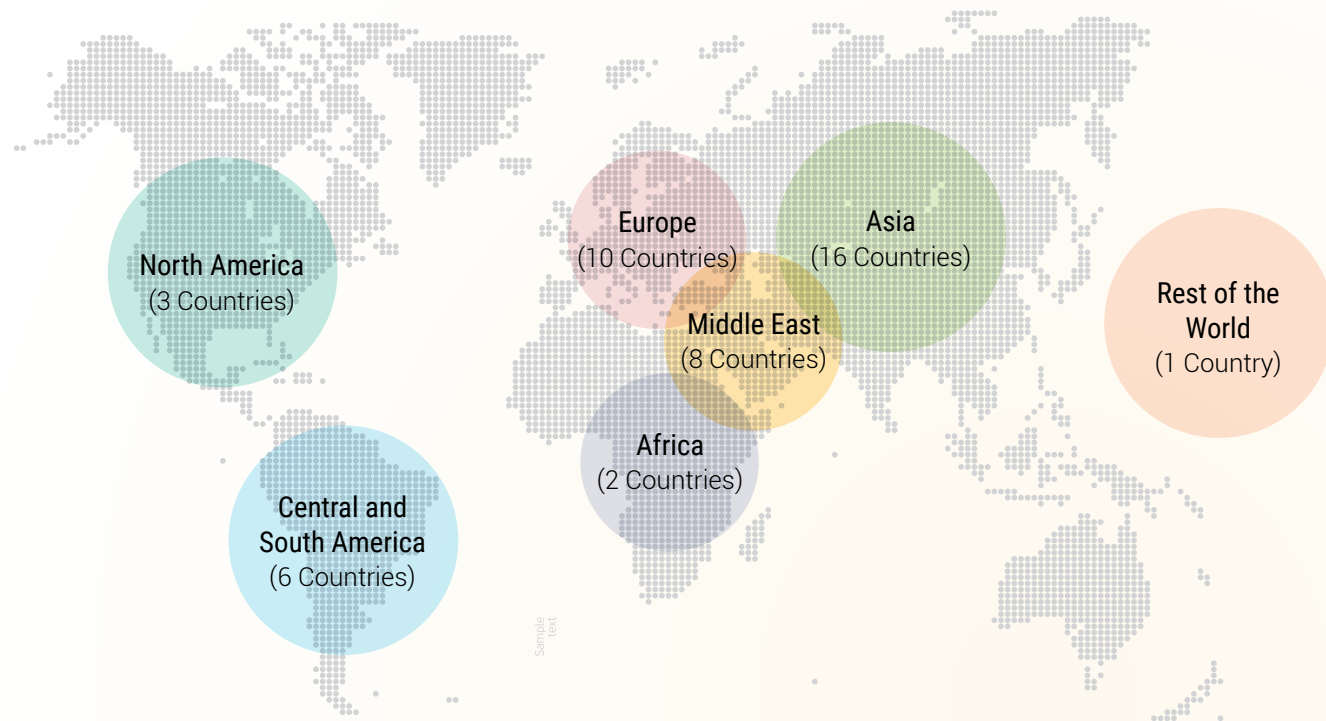


**700+**  
Domestic Customers

### Specialty Chemicals – Key End-Use Industries Served

Agro, Pharm, Polymers, Additives, etc.

### Geographies



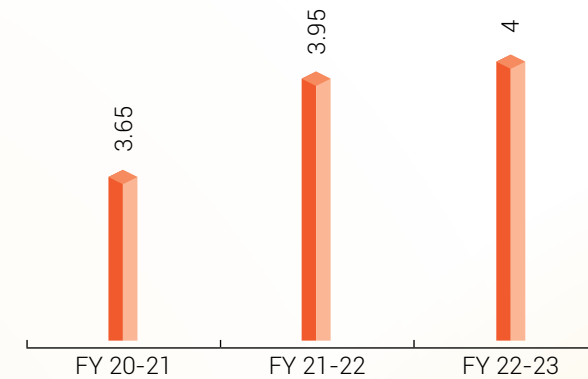
### Customer Satisfaction

Imbibing our customer-centric culture, we ensure that our customers are satisfied with our products and services. Increased customer satisfaction contributes to build a positive brand reputation and fostering trust among customers. This leads to increased customer retention rates, positive word-of-mouth, goodwill, increased competitive advantage and valuable feedback and insights.

We regularly undertake customer satisfaction surveys to understand our delivery quality and identify areas of improvement, including the health and safety of our customers. The survey is focused on three key areas:

- Packaging Quality
- Product Quality
- MSDS Information

### Customer Satisfaction Score (out of 5)



### Customer Health and Safety

As a speciality chemicals manufacturing firm, customer health and safety is our key priority. It is a core value that drives our commitment to excellence in everything we do. The chemical industry is subject to strict regulations and standards concerning health and safety. We believe that adhering to these regulations is a legal obligation and a moral responsibility. Implementing robust health and safety measures ensures compliance with regulatory requirements and adherence to our customer's health and safety standards.



### ZERO

Product Recalls

We adhere to GHS labelling and Material Safety Data Sheets (MSDS) regulations for documenting and communicating product specifications, hazards, and mitigation measures and maintaining information transparency with our customers regarding all our products. We further adopt the standards set forth by the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) rules of the European Union. Assessment of the health and safety impacts is carried out for all our product categories.

During the reporting period, we had 57 customer complaints, there were no reported incidents of non-compliance concerning product health and safety norms and standards. However, there were 10 complaints of minor incidents concerning product packaging and 2 complaints regarding labelling were duly addressed. No fine or penalty was imposed for the same.

At AIL, we believe in conducting fair and responsible practices in our business dealings with customers. We communicate transparently our economic, environmental, and social impacts of brands, products, and services. We disclose all the required information truthfully and factually, including the risks to the individual. Wherever required, we also educate our customers on the safe and responsible usage of products, including guidelines for product handling, and storing 100% of our products carry information about environmental and social parameters relevant to the product.

During the year, there were no incidents of non-compliance concerning marketing communications. 100% of our products were covered by and assessed for compliance with local and international regulations on product and service information and labelling.





### Product End Life

Each product manufactured at our facility has a defined self-life based on the study carried out by our R&D team. We have a complete process of handling the product at the end of life. If requested, we also support our customers in the treatment of the product at the end of its shelf life. During the reporting period, there were zero cases of product end-life treatment.

### Customer Data Privacy

During the reporting year, we did not receive any complaints concerning breach of customer privacy and loss of customer data. During the reporting period, we did not receive any complaints concerning breach of customer data from outside parties and regulatory bodies.

We have a comprehensive process to facilitate the timely redressal of consumer complaints. Our business, sales and marketing team are the primary point of contact for all customer complaints.

### Supply Chain Management

At AIL, we recognise the importance of a sustainable supply chain for our business continuity as we are heavily dependent on raw materials for production. We value the role of suppliers in our growth and success and hence we consider them as not just our vendors or suppliers but our "Business Partners" (BPs). Our commitment to sustainable procurement practices is underscored by a robust responsible procurement policy. Our responsible procurement policy serves as a guiding compass for supplier selection with a vision to be 'Global Partner of Choice'.

We prioritise partnerships with BP aligned with our policy's requirements on total compliance to applicable legal and other requirements related to Occupational Health, Safety, Environment, Quality, and other applicable ESG aspects. By explicitly mandating adherence to supplier code of conduct which involves compliance with laws, responsible labor practices, upholding human rights, ethical business conduct and environmental protection, our policy creates a foundation for a supply chain that upholds values of integrity and fairness. Our supplier code of conduct is based on widely accepted guidelines such as the United Nations Global Compact principles, the International Labour Organisation (ILO) conventions.

All the new business partners are required to undergo an ESG assessment through an online tool to assess the ESG and other risks involved before onboarding them. As part of the pre qualification process, business partners are required to respond to details regarding ESG practices adopted by them in day-to-day operations. During FY 2022-23 106 BP's were accessed out of whom, we have onboarded 1 raw material and 31 engineering goods and services business partners. 24 business partners were not onboarded owing to the high ESG risk and 51 due to other risks identified during the pre qualification assessment.

Following the principles of transparency we provide all our business partners with General Conditions of Contract (GCC) and General Conditions of Purchase (GPC) and other policies such as POSH, additional requirements of HSE and labour practices in addition to responsible procurement policy and Supplier Code of Conduct at the time of onboarding. All business partners are required to give written confirmation regarding the understanding and commitment to comply with these before the start of engagement.

Embedded within our responsible procurement policy is a commitment to source locally available materials/ products of required high quality whenever feasible. This mandate aligns with our goal of reducing carbon emissions associated with transportation while simultaneously fostering economic growth within the communities where we operate. During the FY 2022-23 we have spent a total of ₹3,060.6 crore on procurement of raw materials and ₹1,134 crore on purchasing engineering goods and services. Out of the total spent of ₹4,194.6 crore, 97% of engineering goods and services and 58% raw materials were sourced from local suppliers. To encourage the economic growth of the neighboring community and encourage local procurement we have sourced goods and services worth ₹1,024.8 crore (21%) from within the districts we operate in or from the neighboring districts. By prioritising local suppliers, we contribute to regional development and support sustainable economies.

### Diversity in Procurement

AIL is also committed to increasing diversity in the supply chain, and as part of the same, during FY 2022-23 we have procured ₹850 crore of goods and services from Micro Small and Medium Industries, this is an increase of 62% from last year. To encourage and participate in the growth of women led business we have identified goods and services that can be sourced from women led businesses and during FY 2022-23 we have done business worth ₹6.01 crore with women led businesses.

### Sustainable Procurement Strategy

Integral to our responsible procurement policy is the incorporation of environmental, social and governance performance metrics in evaluation of existing business partners. BPs are evaluated based on environmental criteria such as carbon emissions, climate actions, water usage and waste management practices,

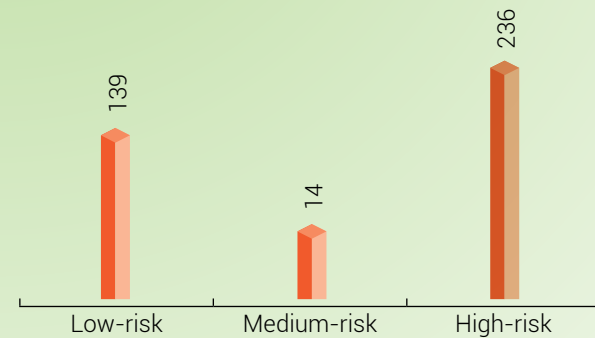
social criteria such as occupational health and safety practices and facilities provided by suppliers to their workforce, human rights and labour practices, remuneration, freedom of association, collective bargaining and governance topics such as anti bribery and anti corruption practices, compliance with regulatory requirements, material sourcing and trade control.

As per our strategy for assessment of existing BPs on the ESG criteria, we first identify the critical suppliers based on the spend in the preceding financial year. The engineering goods and services BPs who have done business worth more than ₹1 crore during previous financial year are identified and accessed for ESG risk during the following financial year. Similarly for the raw material and packaging material BPs critical suppliers are identified based on purchase volume i.e., more than 80% for the preceding financial year.

### Bifurcation of High-risk Suppliers During Last Three Years

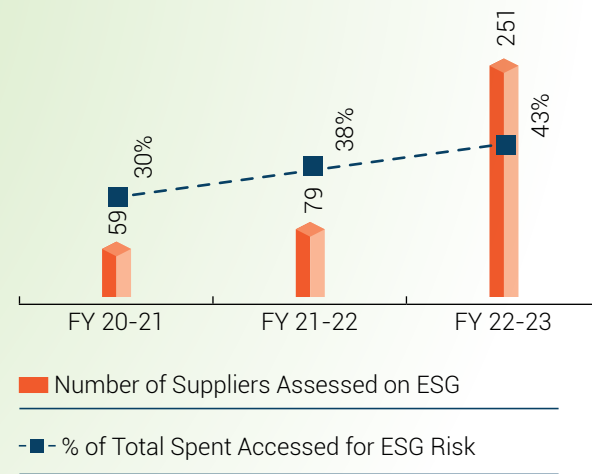
389

Total Suppliers Assessed



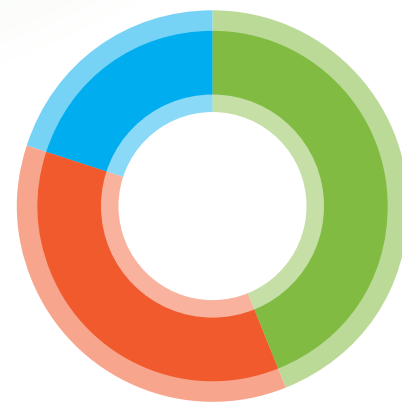
### Supplier Engagement

Based on the classification and following our responsible procurement policy to carry out continual improvement, we engaged with high-risk business partners on a continuous basis. Engagement was carried out by developing a Corrective and Preventive Action plan (CAPA) for the identified risk. By continuously engaging with BPs we have converted 84 (36%) BPs from high risk to medium or low risk.



During the last three years, we have identified 467 strategic BPs for ESG audit. Out of these, audit was done for 389 BPs (83%). We have increased our assessment and in FY 22-23, 43% of our spend is accessed for ESG risk and classified into high-risk, medium-risk and low-risk.

### Conversion of High-Risk to Low Risk



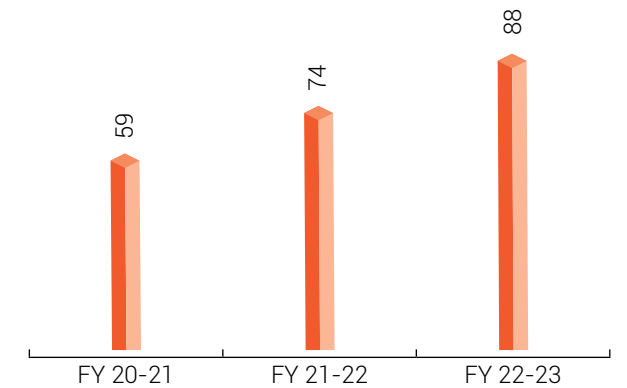
Total High-risk Supplier from FY 19-20 to FY 22-23	<b>236</b>
Engagement Ongoing from FY 19-20 to FY 22-23	<b>103 (44%)</b>
Converted to Medium and Low-risk from FY 19-20 to FY 22-23	<b>84 (36%)</b>
BPs put on Holiday from FY 19-20 to FY 22-23	<b>49 (20%)</b>

These metrics, tracking, assessment on ESG and continuous engagement not only ensure that our suppliers share our commitment to minimising ESG impacts but also encourage continuous improvement throughout the supply chain which is a requirement of our responsible procurement policy.

### Training and Capacity Building of Business Partners

Central to our policy-driven sustainable procurement strategy is a commitment to collaboration and capacity building. Our policy encourages partnerships with BPs to jointly enhance sustainability efforts. By sharing knowledge, providing resources, and offering training, we empower suppliers to embrace sustainable practices, contributing to a more responsible supply chain. During FY 2022-23, a sustainability awareness workshop was conducted through a third party expert for the BPs. The workshop aimed to enhance the understanding and awareness of sustainability principles and practices, importance of sustainability and its relevance to supply chain among 88 participants from various industries and encourage them to integrate sustainable strategies into their respective organisations. This program also achieved the objective of knowledge sharing among participants to drive sustainable initiatives.

### Training Imparted to Business Partners



### Training and Capacity Building of Buyers

We also understand the important role our procurement team (Buyers) plays in bringing about sustainability in procurement decisions. To encourage the buyers to make sustainable choices, we have sustainability related KPIs included in the annual goal setting exercise, buyers' performance evaluation at the end of the year is done on the sustainability related goals assigned to them at the start of the year. Buyers are also given refresher training on the topics of ESG during the FY 2022-23 covering benefits of integrating ESG considerations into procurement practices, guidance on incorporating ESG criteria in supplier selection, evaluation, and contracting processes. This training encouraged the team members to drive ESG-related initiatives and contribute to the organisation's sustainability goals. All the buyers 50 (100%) attended the training on ESG during FY 2022-23.

### Supplier's Recognition

We recognise the high-performing BPs every year based on their demonstration of commitment and enhanced performance on various parameters such as quality, timely delivery, improvement in environment performance, climate actions, improvement in social indicators, recognition received from third party on ESG, etc. during FY 2022-23. We have recognised 30 BPs for their performance on above mentioned parameters.

To provide a transparent and accessible resource to encourage all the BPs to adopt sustainable practices, we update and publish a list of sustainable business partners on our website every quarter. The list available on our website as of September 30, 2023.

### Conflict Material from Covered Countries

AIL's Code of Conduct developed as per the guidance provided by responsible procurement policy has strict guidelines for its BPs that prohibits them from obtaining conflict minerals in a manner which directly or indirectly finances or benefits armed groups in the countries that are conflict-affected or high-risk. We are committed to not source these "Conflict Minerals" from "Covered Countries."

By embedding values of sustainability within our procurement decisions, we not only drive positive change within our own operations but also influence our suppliers and peers to prioritise similar principles. Through this policy-driven approach, we underscore our role as a catalyst for sustainable transformation across the supply chain.

### Community Development

At Aarti Industries Limited, we strongly believe in the importance of ethical business practices and we resonate with the philosophy of giving back to the society as a mindful organisation. As a socially conscious entity, we empower communities and promote fair and comprehensive development. Our CSR endeavours, primarily guided by the Aarti Foundation, strive to bring about enduring transformation and uplift communities. Through collaboration with trusted partners, we expand the reach and effectiveness of our initiatives, addressing various critical issues faced by the local communities. By enabling the communities, we are constructing a more resilient, collaborative and enduring future.

We work with different NGOs and other non-profit organisations to design and implement the initiatives. With our stakeholders and dedicated teams, we are making a meaningful difference and shaping a brighter future for all.

In FY 2022-23, we undertook an impact assessment study for one of our key initiatives to understand the effectiveness of our initiative and we took feedback and recommendations to understand the concerns of the local community and take necessary actions. Further, we also ensured that there are no actual or potential negative impacts on local communities as a result of our operations.

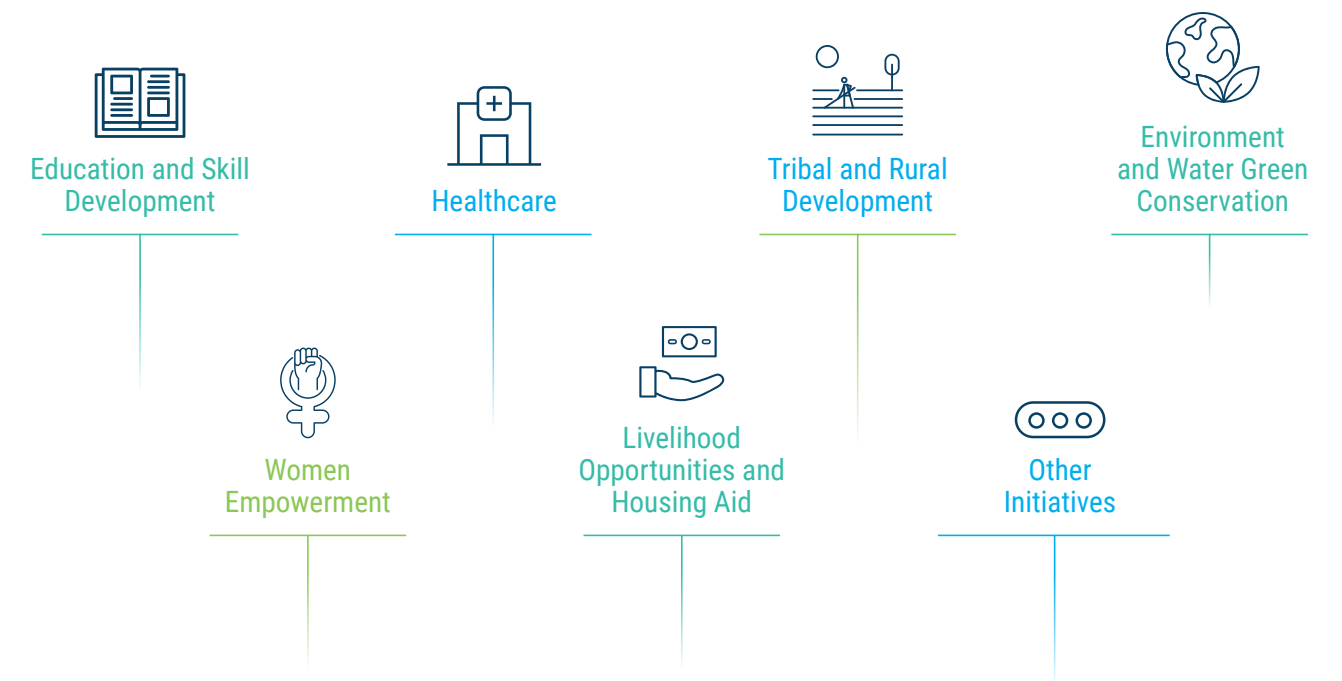


**₹ 14.73 Crores**

Total CSR Spend

The Aarti Foundation is responsible for driving our CSR efforts by implementing sustainable solutions to address challenges faced by communities, deliver exponential impact and inspire change. Our CSR initiatives mainly focus on community development and upliftment through various initiatives with focus on education, women empowerment, skill development, environmental care, rural development, and healthcare.

### Our Key Focus Areas



## Concept of Circularity in Supply Chain

To improve circularity and to bring the concept of 3Rs into procurement of material, various initiatives were taken during FY 2022-23.

**1**

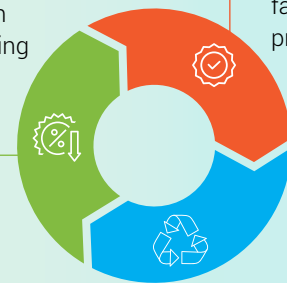
In an effort to optimise resource utilisation and reduce costs, we successfully implemented a procurement avoidance strategy through the utilisation of surplus and averaging material. This initiative, resulted in a significant saving of ₹ 27.21 Crore. This initiative was also aimed at minimise the need for new/fresh procurement by effectively managing existing inventory and leveraging surplus materials.

**2**

We have utilised 830 Kgs of MS scrap accumulated from the dismantled plant and damaged machine during FY 2022-23. We check the scrap quality before reusing for the possibility of re-utilisation in rack fabrication with the proper machining process.

**3**

We are committed to promoting the principles of reuse, repair, and recycling as part of our sustainability initiative. As a testament to this commitment, we have recently purchased six used MSGL (Mild Steel Glass Lined) tanks/ vessels from Peer Industries. These tanks/ vessels have been acquired to support our efforts in reducing waste, conserving resources, and minimising our environmental impact. Also for our commitment to reduction of resources, we have implemented digital gate pass, issuance reservation slip, QC compliance, etc. which save around millions of paper yearly thereby reducing the environmental impact of our operations.



### Education and Skill Development



₹ 7.75 Crores

Amount spent on Education and Skill Development



11,532

Lives Impacted

### Ongoing Initiatives



₹ 1.17 Crores

Funds Allocated



7,504

Lives impacted



### Financial Aid to Educational Institutes

As a part of our Financial Aid initiative, we facilitate financial aid to support the functioning of five educational institutions in Kutch, Ahmedabad, and Narmada. One of these institutions, Tulsi Vidya Mandir, a renowned school in the area, presently accommodates 406 students. Shree Ram-Krushna Dev Vidhya Sankul, a Gujarati Medium boarding school, focusses on primary and secondary education and has an enrollment of 200 students. Additionally, Jan Seva Charitable Trust operates a girls' hostel with a capacity for 80 residents, while Vicharta Samuday Samarthan Manch (VSSM) provides hostel facilities for up to 476 individuals.

Furthermore, the Yusuf Meherally Centre (YMC) oversees the functioning of Vallabh Vidyalaya and three Sagar Shalas, which play a vital role in offering primary education to the children of saltpan workers and fishermen who frequently migrate. Currently, there are around 73 students enrolled in these schools.

### Infrastructure Development Initiatives



₹ 4.35 Crores

Funds Allocated

### Building a Solid Foundation for Learning

In order to create optimal learning settings for students, Aarti Group contributes to the enhancement of school and institution infrastructure, both through the construction of new facilities and the enhancement of existing ones.

Aarti Group has provided assistance to **Shri Poona Kutchi Jain Samaj (SPKJS)** in constructing hostel accommodations at SPKJS, Nandu Bhavan. These well-appointed rooms are accessible to 10th and 12th grade students and come equipped with contemporary amenities.



₹ 0.10 Crores

Amount Spent



12

People Benefitted



### Sheth M.P. Rashtriya Shala Trust - Creating Infrastructure for Optimal Learning Environment in Mulund

The Sheth M.P. Rashtriya Shala Trust in Mulund is currently in the process of constructing a state-of-the-art education complex. The complex includes a degree college, a Gujarati medium school, and an English medium junior college, collectively accommodating 794 students each year. This complex creates an optimal learning environment, complete with contemporary amenities and centrally air-conditioned facilities for students. Enhancing the educational experience further is a multi-purpose hall that serves as a venue for diverse events and activities. By offering commerce and self-finance graduate and post-graduate courses, the complex significantly broadens educational opportunities in Mulund and its surrounding areas. The new education complex by the Sheth M.P. Rashtriya Shala Trust underscores its commitment to delivering a comprehensive educational journey within a cutting-edge facility. Our contribution of ₹ 3.25 Crores has played a pivotal role in realising this project, which seeks to empower students and address the gap between demand and the availability of high-quality higher education.

### Vallabh Vidya Vihar - Empowering Nomadic Communities

Vallabh Vidya Vihar, spread across an expanse of 18 acres in Village Pansar, Block Kalol, District Gandhinagar, Gujarat, is driven by the mission to make a lasting impact by empowering nomadic and underprivileged communities in Gujarat through education and skill-based learning. The children residing in Vallabh Vidya Vihar's hostels act as agents of transformation within their families and communities, effecting positive change through education and knowledge. In its Phase I, Vallabh Vidya Vihar can accommodate approximately 1,000 students. Crafted as an all-inclusive educational haven, Vallabh Vidya Vihar offers an extensive array of skill-oriented learning programs, fundamental education, and primary educational resources tailored to nomadic communities. This institute houses a museum that vividly illustrates the rich cultural heritage of the nomadic communities. The museum showcases their narratives, attire, musical instruments, tools, and folklore, serving to preserve and promote their unique traditions. Central to the enclave is a training center, where youth from nomadic communities not only embrace and refine traditional occupations but also acquire contemporary skills to navigate evolving

times. We dedicated an investment of ₹ 0.75 Crores to develop and establish this educational haven.



₹ 1.73 Crores

Funds Allocated



4,028

Lives Impacted

Through Scholarship and other welfare programmes, we provide support to underprivileged students for pursuing higher education. Gramin Vikas Samiti located in Mul, Chandrapur is supported by Aarti Industries Limited through scholarships, uniforms, stationery, notebooks, and food to 100 physically handicapped students.



₹ 0.03 Crores

Amount Spent



100

People Benefitted

### HDD Kanyashala

We supported HDD in the construction of school building and infrastructure.



₹ 0.26 Crores

Amount Spent



800

People Benefitted

In association with Shree Kutchi Visha Oswal Sthanakwasi Jain Mahajan, we established a scheme called "Dhanvallabh Educational Fund," under which scholarship is granted to needy people for higher education.



₹ 0.85 Crores

Amount Spent



126

People Benefitted

INSTITUTIONS	CATEGORY	PLACE	PEOPLE BENEFITTED	LIVES IMPACTED	AMOUNT SPENT (IN ₹ LAKHS)
Sushil Trust, Shree Ram-Krushna Dev Vidhya Sankul, Khadir, Ratanpar, Kutch	Ongoing	Ratanpar	200	800	26
Tulsi Vidya Mandir, Nana Bhadiya, Kutch	Ongoing	Nana Bhadiya	406	1,624	51.71
Vicharta Samuday Samarthan Manch (VSSM)	Ongoing	Ahmedabad	476	1,904	9
Yusuf Meherally Centre (Vallabh Vidyalaya + Sagar Shala)	Ongoing	Kutch	714	2,856	21.58
Jan Seva Charitable Trust, Sagbara (Girls' Hostel)	Ongoing	Sagbara, Gujarat	80	320	8.32
Shri Poona Kutchi Jain Samaj	Infrastructure	Pune	N.A.	N.A.	9.5
HDD Kanyashala	Infrastructure	Kutch	N.A.	N.A.	25.59
Shri M P Rashtriya Shala Trust	Infrastructure	Mumbai	N.A.	N.A.	325
Vicharta Samuday Samarthan Manch (VSSM)	Infrastructure	Ahmedabad	N.A.	N.A.	75
Shri K.V.O. Jain Mahajan, Mumbai	Scholarship	Mumbai	881	3,524	88
Shree Kutchi Visha Oswal Sthanakwasi Jain Mahajan	Scholarship	Mumbai	126	504	85
Others					50.62
<b>TOTAL</b>			<b>2,883</b>	<b>11,532</b>	<b>775.32</b>

## Healthcare



₹ 1.65 Crores

Amount Spent



44,552

People Benefitted

### Key Initiatives

#### Medical Infrastructure Development



₹ 1.54 Crores

Funds Allocated



44,448

Lives Impacted

#### Medical Grants



₹ 0.10 Crores

Funds Allocated



104

Lives Impacted

## Ujjaini Varishtha Nagrik Sangathan - Supporting Healthcare Needs of Specially-abled, Underprivileged Masses

Sewadham Ashram, a charitable organisation, offers a treatment, lifelong refuge, and rehabilitation services catering to a diverse spectrum including the homeless, differently-abled, acid victims, mentally challenged, and destitute individuals hailing from all corners of India. Inclusive and impartial, the organisation's services extend without bias towards caste, creed, gender, or religion, sustaining itself solely through the support of the public. Currently, Sewadham Ashram is in the process of constructing "Ankit Gram," a 30,000 sq. ft. healthcare campus aimed at providing specialised treatment and care for ailments such as T.B., HIV, and handicaps. This venture stands to benefit over 700 families residing within a radius of around 25-30 kilometers, offering them crucial access to imperative healthcare amenities. This healthcare campus will be a significant addition to the existing healthcare infrastructure in the area.

	CATEGORY	PLACE	PEOPLE BENEFITTED	AMOUNT SPENT (IN ₹ LAKHS)
Shri K Shah Sabarkantha Arogya Mandal	Healthcare	Vatrak	12	0.5
Bahubali Children's Hospital	Healthcare	Vapi	N.A.	2.22
Ujjaini Varishtha Nagrik Sangathan	Healthcare	Ujjain	N.A.	111
Matruvandana	Healthcare	Bidada, Kutch	64	35
BPNI, Maharashtra	Healthcare	Mumbai	44,372	5.7
Shri KVO Jain Mahajan, Mumbai	Medical Grant	Mumbai	104	10
Other Medical Grants	Medical Grant		N.A.	0.41
<b>Total</b>			<b>44,552</b>	<b>164.83</b>

### Tribal and Rural Development



₹ 1.47 Crores

Amount Spent on Tribal and Rural Development Initiatives



57,452

Lives Impacted

#### Key Initiatives

##### Tribal Development



₹ 1.06 Crores

Funds Allocated



50,985

Lives Impacted

##### Rural Infrastructure Development



₹ 0.41 Crores

Funds Allocated



57,452

Lives Impacted

### Shaping a Brighter Future for Mushar Community

The Mushar community, primarily occupied as landless tenant farmers or daily wage laborers, represents one of the most marginalised and overlooked segments of Indian society. Those hailing from the Mushar community have been long deprived of educational, healthcare, and nutritional resources, enduring generations of exploitation. Through collaboration with Bhansali Trust, we are actively leading a comprehensive community development initiative targeted at uplifting the Mushar community in Bihar. The key focus areas for interventions aimed at enhancing the lives of community members are outlined below:

- Education
- Nutrition
- Healthcare & Hygiene
- SHG Formation



₹ 1.00 Crores

Amount Spent



50,985

People Benefitted



150

Villages Covered



### Kutch Fodder, Fruit and Forest Development Trust

We contributed to the Khadir Area Development Project in Ratanpar.

Activities covered under the project:

- Establishment of Samridhi - Krishi Seva Kendra at Ratanpar Village
- Promotion of Chemical-free Farming - Demonstration Activity
- Animal Health Care: Drenching, Deworming and Primary Health Care of Small Ruminants
- Starting service of Pashupalakmitra at Ratanpar
- Construction of Farm Bund and Khet Talavdi at Individual Agriculture Land

- Preparation of Tree Guards for Tree Plantation
- Demonstration of Chemical-free Cumin Cultivation with four farmers
- Demonstration of Chemical-free Vegetable Cultivation with one farmer
- Workshop to understand Soil Health and Importance of Soil Testing



₹ 0.16 Crores

Amount Spent



6,467

People Benefitted



8

Villages Covered

DETAILS	PLACE	PEOPLE BENEFITTED	AMOUNT SPENT (IN ₹ LAKHS)
Bhansali Trust (Donation for upliftment of Mushar Community)	Bihar	50,985	100
Karunah Society for Development	Madhya Pradesh	N.A.	6
Kutch Fodder, Fruit & Forest Development Trust	Kutch	6,467	16.09
Livestock Development		N.A.	25.21
<b>TOTAL</b>		<b>57,452</b>	<b>147.3</b>

### Green Environment and Water Conservation



₹ 1.21 Crores

Amount Spent on Environment Conservation



83,620

People Benefitted

### Aarti Horticultural Services Pvt. Ltd - Nurturing Nature, Enhancing Landscapes

Aarti Horticultural Services Pvt. Ltd. has formed a robust alliance with Gujarat Industrial Development Corporation (GIDC) for green initiatives in Vapi, Gujarat. As part of this initiative, the Company undertakes tree planting and garden maintenance within Vapi's GIDC Estate, Gujarat. The goal is to enhance air quality, reduce heat island effects, and make the area aesthetically green and clean. Covering 12 gardens within the GIDC Estate, Aarti Horticultural Services Pvt. Ltd. fosters a sustainable and



environmentally conscious atmosphere by establishing tree growth and wildlife habitats. With a financial commitment of ₹0.42 Crores towards horticultural projects, Aarti Horticultural Services Pvt. Ltd. showcases a resolute dedication to environmental enhancement and the aesthetic upliftment of the area. Collaborating with GIDC, Aarti Horticultural Services Pvt. Ltd. has brought about positive transformations in the lives of 60,225 individuals residing within Vapi's GIDC estate through their ecological endeavours.

### Shree Siddhivinayak Sevabhavi Sanstha, Beed - Rejuvenating Rivers, Reviving Life

Shree Siddhivinayak Sevabhavi Sanstha is dedicated to enhancing water flow and agricultural productivity in Beed District by revitalising and expanding rivers, in partnership with various collaborators. Through river widening, the Trust has effectively bolstered water flow, ensuring a consistent and dependable water supply that,

in turn, has contributed to a rise in the water table across the region. This effort has led to improved water resources that directly benefit the agricultural sector. By increasing irrigation water availability, farmers are experiencing higher crop yields and overall agricultural advancement. The revival and widening of rivers within Beed District have yielded noteworthy ecological advantages. This endeavour contributes to ecological equilibrium, safeguards aquatic biodiversity, and secures a sustainable ecosystem for future generations. The Trust's primary focus lies in widening rivers across several villages in Beed District, including Surdi, Parbhani, Pategaon, Pimpalner, and Kukadgaon. These areas heavily rely on limited water sources for agriculture. The Trust's investment of ₹0.17 Crores underscores its commitment to this endeavour. These initiatives have notably impacted 7,815 lives, including farmers, their families, and the local community dependent on river-based livelihoods in Beed District.

DETAILS	CATEGORY	PLACE	PEOPLE BENEFITTED	AMOUNT SPENT (IN ₹ LAKHS)
Vapi Horticulture Activities	Environment	Vapi	60,225	42.23
Solar Lighting at Bhalgamda Village	Environment	Gujarat	2,880	12
Kutch Nav Nirman Abhiyan	Water Conservation	Kutch	12,700	47.42
Shree Siddhivinayak Sevabhavi Sanstha	Water Conservation	Beed	7,815	17.23
Others				2.26
<b>TOTAL</b>			<b>83,620</b>	<b>121.14</b>

### Women Empowerment



₹ 0.66 Crores

Amount Spent on Women Empowerment



1,80,950

People Benefitted

### Matruvandana - Senior Citizen Home and Healthcare Services

Matruvandana, situated in Bidada, Kutch, Gujarat, offers a respectful home for senior citizens, providing them with both a compassionate home environment

and access to quality healthcare services. The organisation aims to foster a nurturing setting wherein seniors receive comprehensive support and dignified living conditions. Senior citizens benefit from complimentary medical treatments, encompassing surgery, physiotherapy, consultations with qualified medical professionals, and free medications. In collaboration with the Jankalyan Medical Society, Matruvandana ensures high-quality healthcare for senior citizens, boasting fully-equipped ICU wards, physiotherapy facilities, and specialising care catering to conditions like eye care, prostate issues, and kidney stone diseases. With a total investment of ₹ 0.36 Crores, Matruvandana has emerged as a senior citizen home and healthcare provider, effectively serving 50 individuals so far.

### Tribal Integrated Development and Education Trust

Village Covered	<ul style="list-style-type: none"> <li>• 2,500+ Villages of 10 Dist. in Assam</li> <li>• 166 Villages of 3 Dist. in Meghalaya</li> </ul>
Total Staff	<ul style="list-style-type: none"> <li>• 153 at Assam &amp; 11 in Meghalaya</li> </ul>
Micro Credit Group (Self-Help Groups)	<ul style="list-style-type: none"> <li>• TIDE have formed 12,000+ Micro Credit Groups</li> <li>• Covering over 1,31,700+ Women (Families)</li> <li>• Most of the families are now debt free.</li> </ul>
Income Generation Projects	<p>There are various income generation projects carried out by TIDE</p> <ul style="list-style-type: none"> <li>• Agarbatti Making</li> <li>• Weaving</li> <li>• Bamboo Craft</li> <li>• Mushroom Farming</li> <li>• Tailoring Classes</li> </ul>
Training Camps for Women and Girls	<p>900 training and awareness camps were organised in Assam during the year for women and girls.</p> <ul style="list-style-type: none"> <li>• 40 participants were present in each camp</li> <li>• Total participants: 36,000</li> </ul> <p>These camps are organised to create awareness about various topics such as:</p> <ul style="list-style-type: none"> <li>• Hygiene</li> <li>• Vices like alcohol, tobacco, etc.</li> <li>• Injectable drug abuse which is common in North East</li> <li>• Importance of education,</li> <li>• Intruders like Bangladeshi</li> <li>• Supplementary income by various means</li> <li>• Family planning, organic farming, etc.</li> </ul>
Mental Health Care	<p>Under this project at present 1,000+ patients are treated. It is going to expand up to 2,000 patients in 2 years.</p>



₹ 0.30 Crores

Amount Spent



1,80,900

People Benefitted



3,155

Villages Covered

DETAILS	PLACE	PEOPLE BENEFITTED	AMOUNT SPENT (IN ₹ LAKHS)
Tribal Integrated Development and Education Trust	Assam, Meghalaya	1,80,900	30.00
Matruvandana	Bidada, Gujarat	50	35.00
<b>TOTAL</b>		<b>1,80,950</b>	<b>65.50</b>

## Livelihood Opportunities and Housing Aid



₹ 1.34 Crores

Amount Spent on Livelihood and Housing Aid



58

People Benefitted

### Shree KVO Jain Mahajan Mumbai - Vijay Vallabh Swayam Rojgar Yojna - Business Loan

Shree KVO Jain Mahajan located in Sion, Mumbai, has introduced the "Vijay Vallabh Swayam Rojgar Yojna - Business Loan" initiative, which extends interest-free loans to small and medium-sized entrepreneurs

who face challenges in securing bank financing, often due to factors like extensive paperwork and collateral requirements. By offering interest-free loans and simplifying the application process, this initiative has empowered individuals to initiate or expand their businesses, thereby fostering economic growth within the region. This scheme has facilitated loans of up to ₹ 5.00 Lakhs, which can be disbursed as a lump sum or in installments based on the business's requirements. The repayment plan is individually tailored to each applicant's capacity to pay from their business earnings, ensuring flexibility. The program, with an allocation of ₹ 1.00 Crores, has already assisted 31 individuals, enabling them to embark on business ventures and make valuable contributions to the local economy.

DETAILS	CATEGORY	PLACE	PEOPLE BENEFITTED	AMOUNT SPENT (IN ₹ LAKHS)
Shree KVO Jain Mahajan	Livelihood Opportunities	Mumbai	31	100
Kutchi Jain Foundation	Housing Aid	Mumbai	27	34
<b>TOTAL</b>			<b>58</b>	<b>134</b>

## Other Initiatives



₹ 0.30 Crores

Amount Spent on other CSR Activities

### Grievance Redressal Mechanism

We frequently interact with the local community at our manufacturing facilities to learn about their issues and grievances. We ensure stakeholders have a transparent

platform to voice concerns or offer suggestions regarding our CSR initiatives. Swift response, thorough investigation, and timely resolution form the core of our approach. Through open channels of communication, we uphold accountability, address grievances, and continually improve our CSR projects. This mechanism reflects our unwavering commitment to transparency, integrity, and social responsibility, fostering a sense of trust and collaboration with our stakeholders as we collectively work towards a brighter, more sustainable future.

## Social Impact Assessment

We believe it is vital to evaluate the outcome and effectiveness of our CSR initiatives. We carried out a Social Impact Assessment study to understand the tangible and intangible effects of our initiatives on various stakeholders and the community at large.

The Mushar community, which includes people from the Manjhi, Ravidas, and Pashwan castes, is one of the most marginalised and underserved groups in India. They are primarily engaged in landless tenant farming or daily wage labour and have been exploited for generations. The community lacks proper access to education, healthcare, and nutrition - basic human needs. We initiated a CSR program aimed at the integrated community development of the Mushar community. The programme focuses on specific areas of intervention to uplift the community.

### Objective of the Programme

The program had specific targets in education, health and hygiene, self-help group formation, and nutrition. The education initiative aimed to improve attendance and provide support through coaching classes and enrolment in the Vallabh Vidya Mandir school. The health and hygiene initiative focused on increasing awareness, providing generic medicines, and setting up mobile health camps. The self-help group formation aimed to increase savings and provide affordable credit. The nutrition initiative aimed to improve accessibility to nutritional food through seed packets and protein powder.

### Approach and Methodology

We conducted an impact assessment of this programme using reliable publications, inputs from the leadership team, beneficiaries, and knowledge partners. To assess the programme, a two-pronged approach was employed, comprising secondary data sources and literature, and primary data obtained through quantitative and qualitative methods through in-depth interviews (IDIs) and focused group discussions with stakeholders, as well as quantitative surveys of primary beneficiaries to gain a holistic perspective.

### Assessment Framework

The study aimed to determine the inclusiveness, relevance, and impact of the project and used the 'IRECS' framework for evaluation. The framework has defined five evaluation criteria - Inclusiveness, Relevance, Expectations, Convergence, and Service Delivery.

## Findings of the impact assessment exercise

### - Inclusiveness of the program:

The program focuses predominantly on women aged between 18 and 64 years. 98% of the respondents for this exercise were reported to be women.

### - Relevance of the Intervention:

The income status of parents of 88% of students enrolled in Vallabh Vidya Mandir was reported to be low, with over 50% of prospective beneficiaries needing special nutritional supplements. The lack of awareness about hygiene is evident from over 88% of respondents not taking daily baths before the intervention. Accessibility to healthcare services is also an issue, with over 74% of households having to travel over 5 km to reach the nearest healthcare center.

### - Expectations

The interventions related to health & hygiene, SHG formation, and educational interventions have been successful, with over 73% of villagers now aware of these interventions. There is an increased awareness and sensitivity among households on the importance of education, as 73% of households reported their wards attending coaching classes regularly. Over 71% of villagers are reaching out to paramedical staff or visiting health camps for treatment, and 70% of households can meet their family needs from the produce accounted for by seed packets. Additionally, 40% of prospective beneficiaries receiving protein powder have seen significant health improvements, and 94% of beneficiaries have taken a loan from SHGs ranging from ₹ 3000 to ₹ 5000 on average.

### - Convergence

The ongoing project implemented by Bhansali Trust involves awareness generation, capacity building, organising coaching classes, health camps, and more. Efforts are being made to converge the Self-Help Groups (SHGs) with Jeevika's initiatives to avail their benefits. Bhansali Trust acts as the implementing partner for the project, ensuring its success.

### -Service Delivery

Service delivery has been successful, with 60% of beneficiaries receiving vegetable seed packets once a year, 88% stating that health camps were organised within 2 km of their households, and health camps conducted every 15 days in 84% of villages, increasing patient-doctor interaction frequency.





### Way Forward

The ongoing programs has been effective in gradually improving the community's lifestyle, but there are areas which still need some kind attention. These include promoting education for high school students, reducing infant mortality, improving immunisation for children, generating awareness about family planning, linking beneficiaries to government schemes, and installing water pumps in villages to address water scarcity.

### Impact Stories



#### Healthcare

Bikesh Kumar, a resident of Shikri village, had to drop out of school in class 4 due to his family's financial constraints. He used to work at brick kilns, but his health started deteriorating, and since the nearest hospital was over 11 kms away, he was never taken for a detailed medical examination. However, when health camps started in the village, the village-level worker accompanied him, and he was diagnosed with Tuberculosis. He now regularly takes medicine from the hospital and receives protein powder as a supplementary nutritional diet from the project intervention, which has significantly improved his health. His parents feel thankful for the intervention and the availability of protein powder, which has sped up his recovery.



#### Healthcare

Chandu Manjhi, a 63-year-old resident of Shikri village in Fatehpur district, faces difficulties in accessing healthcare facilities due to the distance of the nearest healthcare centre from her home. This leads to increased expenses on travel, which is a burden on the household expenses due to their low family income. However, ongoing health camps in the villages have improved her accessibility and affordability to healthcare services, and the medicines prescribed are readily distributed at the camps. The paramedical worker regularly visits her home to ensure she takes her medicines and accompanies her to the health camp every time it is set up. The empathetic approach of the field staff makes her feel safe and secure, as if they shared a mother-daughter relationship.

## Awards and Accreditations



12th Exceed Environment Award for Environment Preservation



CII Most Innovative Environmental Project Award



Best Environment Friendly Company of the Year at FICCI Chemicals and Petrochemicals Award 2022



FICCI Award for Circular Economy in Waste Management



HR Innovation Award



The International Sudomo Quality Medal 2022" awarded during 47th International Convention of QC Circles - 2022 Jakarta

## UNGC Principles

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Principle 8	Undertake initiatives to promote greater environmental responsibility	60-83
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<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	70-71, 142-143	
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	302-3 Energy intensity	142	
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	302-5 Reductions in energy requirements of products and services	-	Most of our products are B2B oriented. Therefore, we have limited information about the energy requirements of sold goods category.

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	304-2 Significant impacts of activities, products and services on biodiversity	84	
	304-3 Habitats protected or restored	84	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	84	
<b>Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	68	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	68, 142	
	305-2 Energy indirect (Scope 2) GHG emissions	68, 142	
	305-3 Other indirect (Scope 3) GHG emissions	68, 142-143	
	305-4 GHG emissions intensity	143	
	305-5 Reduction of GHG emissions	69	
	305-6 Emissions of ozone-depleting substances (ODS)	74	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	144	
<b>Waste</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	80	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page Number	Remarks/ Reason for Omission
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	80-82, 144	
	306-2 Management of significant waste-related impacts	80-82	
	306-3 Waste generated	81-82, 144	
	306-4 Waste diverted from disposal	81-82, 145	
	306-5 Waste directed to disposal	81-82	
<b>Supplier environmental assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	110	
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	110	
	308-2 Negative environmental impacts in the supply chain and actions taken	110	
<b>Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	88	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	90-91, 147-148	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	All benefits are extended to all employees and workers
	401-3 Parental leave	88, 147	
<b>Labor/management relations</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	94	
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	94	Any operational changes in AIL are carried out by the Management of Change (MOC) process. All the affected employees are part of this MOC process during which all the employees affected by the change are trained and evaluated prior to assigning work to them.
<b>Occupational health and safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	98	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page Number	Remarks/ Reason for Omission
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	99	
	403-2 Hazard identification, risk assessment, and incident investigation	104	
	403-3 Occupational health services	103-105	
	403-4 Worker participation, consultation, and communication on occupational health and safety	104	
	403-5 Worker training on occupational health and safety	102-103, 151	
	403-6 Promotion of worker health	102-103, 105	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	104-105	
	403-8 Workers covered by an occupational health and safety management system	99	
	403-9 Work-related injuries	102, 150	
	403-10 Work-related ill health	150	
<b>Training and education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	93	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	94	
	404-2 Programs for upgrading employee skills and transition assistance programs	93-94	
	404-3 Percentage of employees receiving regular performance and career development reviews	94	
<b>Diversity and equal opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	34, 95	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	34, 95-96	
	405-2 Ratio of basic salary and remuneration of women to men	96	
<b>Non-discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	95-97	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	95-97	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page Number	Remarks/ Reason for Omission
<b>Freedom of association and collective bargaining</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	97, 111	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	97, 111	
<b>Child labor</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	97	
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	97	
<b>Forced or compulsory labor</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	97	
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	97	
<b>Security practices</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	97	
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	149	
<b>Rights of indigenous peoples</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	-	All our operations are located within industrial area and there were no cases of violation involving rights of indigenous people
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	-	
<b>Local communities</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	115	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	115-126	
	413-2 Operations with significant actual and potential negative impacts on local communities	125-126	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page Number	Remarks/ Reason for Omission
<b>Supplier social assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	110	
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	110-113	
	414-2 Negative social impacts in the supply chain and actions taken	112	
<b>Public policy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	44	
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	44	
<b>Customer health and safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	56, 109	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	56, 109	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	109	
<b>Marketing and labeling</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	109	
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	109	
	417-2 Incidents of non-compliance concerning product and service information and labeling	109	
	417-3 Incidents of non-compliance concerning marketing communications	109	
<b>Customer privacy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	110	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	110	

## Mapping with UN SDGs

Sustainable Development Goal	SDG Target	SDG Target Description	Page Number
	Target 1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	120-121, 124
	Target 3.9	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	69, 74, 78
	Target 3.6	By 2020, halve the number of global deaths and injuries from road traffic accidents	99
	Target 4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	120-121
	Target 4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	120-121
	Target 5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	95-96, 122-123
	Target 6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	75-79
	Target 7.a	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	70-73
	Target 8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	53-59
	Target 8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	86-97
	Target 8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	95-97
	Target 8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	86-97
	Target 8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	95-97

Sustainable Development Goal	SDG Target	SDG Target Description	Page Number
	Target 9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	52-53
	Target 10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	95-96
	Target 10.4	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	96
	Target 12.2	By 2030, achieve the sustainable management and efficient use of natural resources	56, 84
	Target 12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	56, 109
	Target 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	80-83
	Target 13.2	Integrate climate change measures into national policies, strategies and planning	62-67
	Target 14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	78
	Target 15.6	Promote fair and equitable sharing of the benefits arising from the utilisation of genetic resources and promote appropriate access to such resources, as internationally agreed	84, 111
	Target 16.5	Substantially reduce corruption and bribery in all their forms	38

## SASB Index

Topic	Metric	Category	Unit Of Measure	Code	Page Number/ Rationale
<b>Greenhouse Gas Emissions</b>	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tons(t) CO <sub>2</sub> -e, Percentage (%)	RT-CH-110a.1	67-68, 142-143
	Discussion of long-and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	RT-CH-110a.2	67-68
<b>Air Quality</b>	Air emissions of the following pollutants:	Quantitative	Metric tons(t)	RT-CH-120a.1	74, 143
	(1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)				
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy <sup>1</sup>	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	141-142
<b>Water Management</b>	(1) Total water withdrawn, (2) total water consumed, percentage of each region High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m <sup>3</sup> ), Percentage (%)	RT-CH-140a.1	144
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	RT-CH-140a.2	85
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	RT-CH-140a.3	76-78

Topic	Metric	Category	Unit Of Measure	Code	Page Number/ Rationale
<b>Hazardous Waste Management</b>	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons(t), Percentage (%)	RT-CH-150a.1	81-82, 145
<b>Community Relations</b>	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	n/a	RT-CH-210a.1	28-29, 125-126
<b>Workforce Health &amp; Safety</b>	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	149
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic)health risks	Discussion and Analysis	n/a	RT-CH-320a.2	100-105
<b>Product Design for Use-phase Efficiency</b>	Revenue from products designed for use- phase resource efficiency	Quantitative	Presentation currency	RT-CH-410a.1	
<b>Safety &amp; Environmental Stewardship of Chemicals</b>	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	Quantitative	Percentage (%) by revenue, Percentage (%)	RT-CH-410b.1	56, 109
	Discussion of strategy to (1) manage chemical of concern and (2) develop alternatives with reduced human and/or environmental impact	Discussion and Analysis	n/a	RT-CH-410b.2	53-54, 56, 109

Topic	Metric	Category	Unit Of Measure	Code	Page Number/ Rationale
<b>Genetically Modified Organisms</b>	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	Percentage (%) by revenue	RT-CH-410c.1	NIL
<b>Management to the Legal &amp; Regulatory Environment</b>	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	n/a	RT-CH-530a.1	17,
<b>Operational Safety, Emergency Preparedness&amp; Response</b>	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Quantitative	Number, Rate	RT-CH-540a.1	149
	Number of transport incidents	Quantitative	Number	RT-CH-540a.2	99



# ESG Data Pack - Index Highlighting all The Sustainability Performance Numbers of AIL for FY 2022-23

## SUSTAINABILITY PERFORMANCE DATA

This chapter provides our sustainability performance data for FY 2020-21, FY 2021-22 and FY 2022-23.

### Governance

**Number of Confirmed Information Security Incidents** (GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data)

FY 2020-21	FY 2021-22	FY 2022-23
0	0	0

**Number of Confirmed Corruption Incidents** (GRI 205-3 Confirmed incidents of corruption and actions taken)

FY 2020-21	FY 2021-22	FY 2022-23
0	1	0

### Environment

**Energy** (GRI 302-1 Energy consumption within the organisation, GRI 302-2 Energy consumption outside of the organisation)

Energy consumption (in GJ)			
Source	FY 2020-21	FY 2021-22	FY 2022-23
Coal	53,10,678	58,33,376	67,08,371
Biomass	-	-	3,426
Diesel	8,996	9,048	14,319
Natural Gas	1,18,167	81,548	77,532
Furnace Oil	8,841	942	-
LDO	5883	8,170	10,339
Purchased Electricity	3,14,306	4,65,624	6,17,588
Power Consumed from WHR	68,969	77,969	72,225
Steam Consumed from WHR	3,04,946	3,42,532	2,44,718
Purchased Steam	1,23,407	1,68,970	1,31,367
Solar Power	2,122	1,496	745
<b>Total Energy Consumption</b>	<b>62,66,316</b>	<b>69,89,677</b>	<b>7,880,630</b>

**Total Energy Consumption in MWH** (GRI 302-1 Energy consumption within the organisation, GRI 302-2 Energy consumption outside of the organisation, RT-CH-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable).

Energy Consumption (in Mwh)			
Source	FY 2020-21	FY 2021-22	FY 2022-23
Coal	1475188	1620382	1863436
Biomass	0	0	952
Diesel	2499	2513	3978
Natural Gas	32824	22652	21537
Furnace Oil	2456	262	0
LDO	1634	2269	2872
Purchased Electricity	87307	129340	171552
Power Consumed from WHR	19158	21658	20063
Steam Consumed from WHR	84707	95148	67977
Purchased Steam	34280	46936	36491
Solar Power	589	416	207
<b>Total Energy Consumption</b>	<b>1740643</b>	<b>1941577</b>	<b>2189064</b>

**Energy Intensity** (GRI 302-3 Energy Intensity)

Energy Intensity				
	Unit	FY 2020-21	FY 2021-22	FY 2022-23
Energy Intensity per Rupee of Turnover	GJ/INR	0.000086	0.000088	0.000157
Energy Intensity per Metric Tonne of Production	GJ/MT	9.13	8.72	9.10

**Emissions** (GRI 305-1 Direct Scope 1) GHG emissions, GRI 305-2 Energy indirect (Scope 2) GHG emissions, GRI 305-3 Other indirect (Scope 3) GHG emissions, RT-CH-110a.1. Gross global Scope 1 emissions, percentage covered under emissions- limiting regulations)

GHG Emissions				
Type of Emissions	Units	FY 2020-21	FY 2021-22	FY 2022-23
Scope 1	tCO <sub>2</sub> e	5,40,190	5,99,265	6,85,701
Scope 2	tCO <sub>2</sub> e	80,885	1,18,101	1,34,478
Scope 1+2 Emission	tCO <sub>2</sub> e	621,075	7,17,366	8,20,180
Scope 3	tCO <sub>2</sub> e	1258095	15,56,051	24,76,877

**Scope 3 Bifurcation in Upstream and Downstream** (GRI 305-3 Other indirect (Scope 3) GHG emissions)

Description	GHG Emission (tCO <sub>2</sub> e)		
	FY 20-21	FY 21-22	FY 22-23
Upstream Category	1246572	1530659	2331630
Downstream Category	11522	25392	145247
<b>Total</b>	<b>1258095</b>	<b>1556051</b>	<b>2,476,877</b>

**GHG Emissions Intensity** (GRI 305-4 GHG emissions intensity)

	Scope 1 and Scope 2 Emission Intensity			
	Unit	FY 2020-21	FY 2021-22	FY 2022-23
Scope 1 and Scope 2 Emissions per Rupee of Turnover	tCO <sub>2</sub> e/INR	0.0000124	0.0000091	0.0000113
Scope 1 and Scope 2 Emissions per Metric Tonne of Production	tCO <sub>2</sub> e/MT	0.90	0.89	0.95

**Renewable Energy Consumption** (GRI 302-1 Energy consumption within the organisation)

	Renewable Energy Consumption			
	Unit	FY 2020-21	FY 2021-22	FY 2022-23
In-house Solar Power Generation	Mwh	590	416	207
Energy Consumed from Biomass	Mwh	0	0	951
Total Renewable Energy Consumed	Mwh	590	416	1158

**Air Emissions** (GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions, RT-CH-120a.1. Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs))

	Air Emissions			
	Units	FY 2020-21	FY 2021-22	FY 2022-23
NOx	MT	249	350	493
SOx	MT	719	798	1,147
Particulate Matter (PM)	MT	376	455	530
Volatile Organic Compounds (VOC)	MT	-	-	50.13

**Water Withdrawal** (GRI 303-3 Water withdrawal)

Parameter	Unit	FY 2020-21	FY 2021-22	FY 2022-23
<b>Water Withdrawal by Source</b>				
Surface Water	KL	0	0	0
Groundwater	KL	0	0	0
Third party water	KL	18,47,766	23,29,428	25,96,187
Seawater	KL	-	-	-
Others (Rainwater)	KL	1,160	6,010	6,547
<b>Total Volume of Water Withdrawal</b>	KL	18,48,926	23,35,438	26,02,734
<b>Total Volume of Water Consumption</b>	KL	17,34,395	21,59,297	23,86,749
<b>Water Recycled</b>	KL	8,98,773	10,29,293	11,30,511
<b>Water Intensity per Rupee of Turnover</b>	KL/INR	0.0000418	0.0000273	0.0000328
<b>Water Intensity per Metric Tonne of Production</b>	KL/MT	2.53	2.69	2.76

**Effluent Discharge** (GRI 303-4 Water Discharge)

Parameter	Effluent Discharge by Destination (in Kl)		
	FY 2020-21	FY 2021-22	FY 2022-23
Surface Water	0	0	0
Groundwater	0	0	0
Seawater	0	40,191	76,465
Third parties	1,13,371	1,35,949	1,39,520
Others	0	0	0
<b>Total Effluent Discharged</b>	<b>1,13,371</b>	<b>1,76,140</b>	<b>2,15,985</b>

**Waste Bifurcation** (GRI 306-3 Waste Generation)

Parameter	Total Waste Generated (in MT)		
	FY 2020-21	FY 2021-22	FY 2022-23
Hazardous Waste	2,24,088	3,80,369	4,95,678
Other Non-hazardous Waste	32,992	33,711	38,219
E-Waste	12	8.99	20.95
Biomedical Waste (BMW)	0.364	0.22	0.1
Battery Waste	1.910	20.59	16.56
Plastic Waste Under EPR	-	-	202
<b>Total Waste Generated</b>	<b>2,81,772</b>	<b>4,14,109</b>	<b>5,34,135</b>

### Hazardous Waste Disposal Method

Parameters	Disposal (in MT)		
	FY 2020-21	FY 2021-22	FY 2022-23
Hazardous Waste Sent to Co-processing	2,061	3,431	7,366
Hazardous Waste Reused	85,359	1,01,497	1,81,998
Hazardous waste sent to Recycling	1,14,244	2,39,109	2,71,461
Hazardous Waste Sent to Landfill	19,619	30,874	28,515
Hazardous Waste Sent to Incineration	4,836	5,457	6,338

### Total Waste Recovered

Parameters	Total Waste Recovered (in MT)		
	FY 2020-21	FY 2021-22	FY 2022-23
Total Waste (Hazardous + Non Hazardous)	2,57,080	4,14,080	533897
Hazardous Waste Recycled (A)	1,14,244	2,39,109	2,71,461
Hazardous Waste Reused (B)	85,359	1,01,497	1,81,998
Non-hazardous Waste Recycled (C)	24,730	33,711	37,774
Non-hazardous Waste reused (D)	8,182	0	12
Total Waste Recovered (A+B+C+D)	232515	374556	491245
% of Waste Recovered	90	90	92

### Materials Management (GRI 301-1 Materials used by weight or volume, GRI 301-2 Recycled input materials used)

Parameters	FY 2020-21	FY 2021-22	FY 2022-23
Directly Sourced Raw Material	4,93,911	5,79,789	12,13,136
Materials Recycled (Same division)	85,359	1,01,497	1,81,997
Materials Recycled (Other division)	1,37,170	2,71,460	2,71,460
Associate Process Materials (APM)	8,351	13,650	31,373
Packaging Materials	2,563	26,645	12,513

### % Training on Environmental Issues Out of Total Trainings Imparted

Training Type	FY 20-21	FY 21-22	FY 22-23
Environmental Issue	5156 nos	5828 nos	6185 nos

### Social

#### Headcount by Gender (GRI 2-7 Employees, GRI 2-8 Workers who are not employees)

Particulars	Details of Employees and Workers					
	FY 20-21		FY 21-22		FY 22-23	
	Male	Female	Male	Female	Male	Female
<b>Employees</b>						
Permanent	2,010	102	3,040	157	2,582	154
Other than Permanent	114	5	67	2	25	1
Total Employees	2,124	107	3107	159	2607	155
<b>Workers</b>						
Permanent	2,329	2	2,627	4	3,422	27
Other than Permanent	8,412	176	6,062	375	6,918	344
Total Workers	379	379	8,689	379	10,340	371

#### Headcount for Employees by Designation and Age (GRI 2-7 Employees, GRI 405-1 Diversity of governance bodies and employees)

Designation	FY 20-21			FY 21-22			FY 22-23		
	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years
Senior Professional	10	301	51	15	399	79	17	383	82
Professional	917	778	55	885	1085	84	1,133	1,041	80
Paraprofessional	1473	1429	142	1403	1659	215	1,652	1,597	200
<b>Total</b>	<b>2400</b>	<b>2508</b>	<b>248</b>	<b>2303</b>	<b>3143</b>	<b>378</b>	<b>2,802</b>	<b>3,021</b>	<b>362</b>

#### % of Total Female Employees (GRI 405-1 Diversity of governance bodies and employees)

FY 2020-21	FY 2021-22	FY 2022-23
2.17%	2.76%	2.93%

#### % of Female Employees in Executive Position (GRI 405-1 Diversity of governance bodies and employees)

FY 2020-21	FY 2021-22	FY 2022-23
2.38%	3.83%	3.94%

#### % of Female Employees in Board Level (GRI 405-1 Diversity of governance bodies and employees)

FY 2020-21	FY 2021-22	FY 2022-23
13.33%	18.75%	18.75%

**Parental Leave** (GRI 401-3 Parental leave)

Parameters	FY 2020-21		FY 2021-22		FY 2022-23	
	Male	Female	Male	Female	Male	Female
Number of Employees Entitled to Parental Leave	5044	112	6559	210	6004	181
Total Employees Who Took Parental Leave	164	0	249	0	391	7
Total Number of Employees Who Returned to Work in the Reporting Period After Parental Leave Ended	164	0	249	0	391	7
Total Number of Employees Who Returned to Work After Parental Leave Ended and are Still Employed 12 Months after Their Return to Work in 2021-22	126	0	249	0	391	7
Return to Work Rate (%)	76.89	-	100%	-	100%	100%
Retention Rate (%)	-	-	-	-	57.03%	100%

**New Hires** (GRI 401-1 New employee hires and employee turnover)

New Hires – By Gender

Category	FY 2020-21		FY 2021-22		FY 2022-23	
	Male	Female	Male	Female	Male	Female
Senior Professional	105	6	56	6	55	2
Professional	522	35	677	55	778	66
Paraprofessional	487	3	696	2	1010	10
<b>Total</b>	<b>1114</b>	<b>44</b>	<b>1429</b>	<b>63</b>	<b>1843</b>	<b>78</b>

New Hires – By Age

Category	FY 2020-21			FY 2021-22			FY 2022-23		
	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years
Senior Professional	5	96	10	8	49	5	4	50	3
Professional	388	168	1	516	215	1	649	193	2
Paraprofessional	390	100	0	578	120	0	851	169	0
<b>Total</b>	<b>783</b>	<b>364</b>	<b>11</b>	<b>1102</b>	<b>384</b>	<b>6</b>	<b>1504</b>	<b>412</b>	<b>5</b>

**Workforce Turnover** (GRI 401-1 New employee hires and employee turnover)

Category	Workforce Turnover – By Gender					
	FY 2020-21		FY 2021-22		FY 2022-23	
	Male	Female	Male	Female	Male	Female
Senior Professional	22	1	59	4	77	2
Professional	111	12	385	33	594	55
Paraprofessional	183	1	429	1	849	4
<b>Total</b>	<b>316</b>	<b>14</b>	<b>873</b>	<b>38</b>	<b>1520</b>	<b>61</b>

Category	Workforce Turnover – By Age								
	FY 2020-21			FY 2021-22			FY 2022-23		
	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years
Senior Professional	1	17	5	7	47	9	1	71	7
Professional	81	33	9	277	131	10	403	240	6
Paraprofessional	129	37	18	313	101	16	600	237	16
<b>Total</b>	<b>211</b>	<b>87</b>	<b>32</b>	<b>597</b>	<b>279</b>	<b>35</b>	<b>1004</b>	<b>548</b>	<b>29</b>

**Employee Count by Religion** (GRI 405-1 Diversity of governance bodies and employees)

Sr. No.	Category	Unit	FY 2022-23				
			Hindu	Muslim	Christian	Sikh	Others
1	Senior Professional	Nos	451	11	3	0	8
2	Professional	Nos	2113	81	21	3	23
3	Paraprofessional	Nos	3311	150	6	0	4

**Security Training** (GRI 410-1 Security personnel trained in human rights policies or procedures)

Category	Security Guards Training Count - Human Rights		
	FY 20-21	FY 21-22	FY 22-23
Male	239	452	390
Female	5	10	8
<b>Total</b>	<b>244</b>	<b>462</b>	<b>398</b>

**Safety** (GRI 403-9 Work-related injuries, RT-CH-540a.1. Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) RT-CH-320a.1. (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees,RT-CH-540a.2. Number of transport incidents)

Work-related Injuries				
Parameter		FY 2020-21	FY 2021-22	FY 2022-23
Number of Fatalities as a Result of Work-Related Injury	Employees	1	0	0
	Workers	1	0	0
Rate of Fatalities as a Result of Work-Related Injury (per 1,000,000 Hours)	Employees	0.10	0	0
	Workers	0.06	0	0
Number of High-Consequence Work- Related Injuries (Excluding Fatalities)	Employees	0	0	0
	Workers	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities) (per 1,000,000 hours)	Employees	0	0	0
	Workers	0	0	0
Number of Man-Hours Worked	Employees	9,916,633	1,15,77,039	1,28,66,295
	Workers	16,961,274	1,87,99,029	2,15,73,790
Rate of Recordable Work-Related Injuries and Illness (per 1,000,000 hours)- TRIFR	Employees	2.12	2.68	1.94
	Workers	1.41	1.76	1.62
Lost Time Severity Rate (LTISR)	Employees	624.10	31.10	3.34
	Workers	364.83	5.11	10.20
Lost Time Injury Frequency Rate (per 1,000,000 manhours)- LTIFR	Employees	0.40	0.17	0.16
	Workers	0.24	0.11	0.14
Process Safety Incident Count (PSIC)		0	0	0
Process Safety Total Incident Rate (PSTIR)		0	0	0

**Work-Related Ill Health** (GRI 403-10 Work-related ill health)

Parameter	Work-related ill-health			
		FY 2020-21	FY 2021-22	FY 2022-23
Fatalities as a Result of Work Related-Ill Health	Employees	0	0	0
	Workers	0	0	0

**Worker Training on Occupational Health and Safety** (GRI 403-5 Worker training on occupational health and safety)

Category	Unit	FY 2022-23
Training on Safety - Senior Professional	Numbers	108
	Hours	676
Training on Safety - Professional	Numbers	1147
	Hours	8796
Training on Safety - Paraprofessional	Numbers	1619
	Hours	15071

**% of the Total Workforce Represented in Formal Joint Management Worker Health - Safety Committee**

(GRI 403-8 Workers covered by an occupational health and safety management system)

FY 2020-21	FY 2021-22	FY 2022-23
100%	100%	100%

**% of the Operational Site Subjected to Human Right Reviews and Human Rights Impact Assessment**

(GRI 2-24 Embedding policy commitments)

FY 2020-21	FY 2021-22	FY 2022-23
100%	100%	100%

**Average Hours of Training per Year per Employee** (GRI 404-1 Average hours of training per year per employee)

Training Type	% of total hours		
	FY 2020-21	FY 2021-22	FY 2022-23
Behavioral	12%	33.4%	20.2%
Compliance	3%	0.7%	0.6%
Induction	20%	4.0%	12.3%
Functional	20%	23.1%	39.7%
Sustainability	30%	38.8%	16.9%
System	15%		10.3%
<b>Total hours</b>	<b>145815</b>	<b>161867.0</b>	<b>144517.0</b>
Overall Average Training Hours	28	28	26

**% of Suppliers that have signed Code of Conduct**

FY 2020-21	FY 2021-22	FY 2022-23
100%	100%	100%

**% of all Operational Sites for which an Employee Health & Safety Risk Assessment has been Conducted**

FY 2020-21	FY 2021-22	FY 2022-23
100%	100%	100%

**% of Buyers Across all Locations who have Received Training on Sustainable Procurement**

FY 2020-21	FY 2021-22	FY 2022-23
90%	95%	100%

**Felicitation of Sustainable Business Partners**

FY 2020-21	FY 2022-23
74	30

**Customer Satisfaction**

FY 2020-21	FY 2021-22	FY 2022-23
3.65 out of 5	3.95 out of 5	4 out of 5



**Independent Assurance Statement**

**Introduction and Engagement**

Aarti Industries Limited (hereafter 'AIL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial ESG performance indicators disclosed in AIL Sustainability Report (hereinafter 'the Report') based on the principles of the Global Reporting Initiative (GRI) standards 2021. The reporting period runs from April 01, 2022 to March 31, 2023. This engagement was comprised a "limited assurance" of AIL's sustainability information following the ISAE 3000 (Revised) standard applied for assurance of the Report.

**Management's Responsibility**

AIL has monitored the ESG data and is responsible for identifying materiality, and related sustainability issues, establishing, reporting performance management, data management, and quality. The management of AIL is responsible for the information provided in the ESG data and the process of collecting, analysing, and reporting the information presented in web-based and printed forms, including website maintenance and its integrity. The AIL's management is responsible for accurately monitoring and reporting the ESG data following the applied criteria so that it is free of intended or unintended material misstatements. AIL will be responsible for archiving and reproducing the disclosed data for the stakeholders upon request.

**Scope and Boundary**

In particular, the assurance engagement included the following:

- a) Verification of the application of the principles as mentioned in the Global Reporting Initiative (GRI) Standards, and the quality of information presented in the ESG data over the reporting period;
- b) Review of the policies, initiatives, practices and performance described in the Report;
- c) Review of the non-financial disclosures made in the Report against the requirements of the GRI Standards;
- d) Verification of the reliability of the GRI Standards Disclosure on environmental and social topics by verifying sample data;
- e) Specified information was selected based on the materiality determination and needs to be meaningful to the intended users.

TUVI has verified the below-mentioned disclosures as per GRI Standard 2021:

Topic	Indicator	GRI Disclosure
Material Management	Proportion of spending on local suppliers	204-1
	Materials used by weight or volume	301-1
	Recycled input materials used	301-2
	Reclaimed products and their packaging materials	301-3
Market Presence	Ratios of standard entry level wage by gender compared to local minimum wage	202-1
	Proportion of senior management hired from the local community	202-2
Governance	Anti-corruption	205-1, 205-2, 205-3
	Anti-competitive behavior	206-1
Water	Water withdrawal, Water discharge, Water consumption	303-3, 303-4, 303-5
Waste	Waste generated	306-3
	Waste diverted from disposal	306-4
	Waste directed to disposal	306-5
Emissions	Direct (Scope 1) GHG emissions	305-1
	Energy indirect (Scope 2) GHG emissions	305-2
	Other indirect (Scope 3) GHG emissions*	305-3
	GHG emission intensity ratio	305-4
	Reduction of GHG emissions	305-5
	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	305-7
Energy	Energy consumption within the organization	302-1

	Reduction in energy consumption	302-4
Occupational Health and Safety	Workers covered by an occupational health and safety management system	403-8
	Work-related injuries	403-9
	Work-related ill health	403-10
Employment	New employee hires and employee turnover	401-1
	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2
Training	Average hours of training per year per employee	404-1
Employee Development and Engagement	Percentage of employees receiving regular performance and career development reviews	404-3
Human rights	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	407-1
	Operations and suppliers at significant risk for incidents of child labor	408-1
	Security personnel trained in human rights policies or procedures	410-1
Supply chain sustainability	New suppliers that were screened using social criteria	414-1
	Negative social impacts in the supply chain and actions taken	414-2
IT security and data privacy (Customer Privacy)	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1
Customer Health and Safety and Engagement	Incidents of non-compliance concerning the health and safety impacts of products and services	416-2
Local communities	Operations with local community engagement, impact assessments and development programs	413-1

\*GHG sources under Scope -3 emissions are considered for 12 categories.

The reporting boundaries for the above topics includes 13 division of Gujarat, 1 division of Maharashtra and also a research Centre in Navi Mumbai. Out of this onsite assessment was performed for below divisions.

- i. Organic - M/s. Aarti Industries Ltd., Plot No.: 801, 801/23, 806 & 807, Phase III, GIDC Estate, Vapi
- ii. Acid - Aarti Industries Ltd. (Acid Division), Plot No 802, 803, 804/3, Phase III, GIDC, Vapi- 396195
- iii. Fertilizer - Aarti Fertilizers (A Division of Aarti Industries), Plot No - 801/15 to 19,21 & 22, III Phase, GIDC, Vapi- 396195
- iv. Unit 1 - Aarti Industries Ltd. Plot No 758/1-2-3, GIDC Estate Jhagadia, Dist.-Bharuch
- v. Anushakti - Aarti Industries Ltd. (Anushakti Division), Plot No 1430/1, NH No. 8A Bhachau-370140, Tal: Bhachau Dist: Kutch.

Desk review was carried out for other AIL sites within the reporting boundary. Applicable boundaries for disclosures are explained in the Report.

### Limitations

TUVI did not perform any assurance procedures on the prospective information disclosed in the ESG data, including targets, expectations, and ambitions. Consequently, TUVI draws no conclusion from the prospective information. During the assurance process, TUVI did not come across any limitations to the agreed scope of the assurance engagement. TUVI is contracted by the AIL and answerable to the AIL's management only. TUVI verified the data on a sample basis; the responsibility for the authenticity of the data entirely lies with AIL. TUVI expressly disclaims any liability or co-responsibility in the case of erroneous data reported or for any decision a person or entity would make based on this assurance statement.

### Our Responsibility

TUVI's responsibility in relation to this engagement is to perform assurance and to express a conclusion based on the work performed. Our engagement did not include an assessment of the adequacy or effectiveness of AIL's strategy, management of ESG-related issues, or sufficiency of the Report against principles of GRI Standards, and ISAE 3000 (Revised) standard, other than those mentioned in the scope of the assurance. TUVI's responsibility regarding this verification is in reference to the agreed scope of work, which includes the verification of non-financial quantitative and qualitative information (KPIs) disclosed by AIL. The intended users of this assurance statement are the management of 'AIL'. This assurance engagement is based on the assumption that the data and information provided to TUVI by AIL are complete and true.

### Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosures. TUVI has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

- i. TUVI examined and reviewed the documents, data, and other information made available by AIL for non-

financial disclosures;

- ii. TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of AIL;
- iii. TUVI reviewed the level of adherence to reporting requirements of GRI standards.

### Opportunities for Improvement

The following are the opportunities for improvement reported to AIL. However, they are generally consistent with AIL management's objectives and programs.

1. The materiality analysis can be performed (following the provisions of ISO 14064-1) and accordingly the GHG emissions can be excluded for Scope 1 and 2
2. The Scope-3 emissions related to "pumping of water", "transmission loss due to import of electricity" can be reported in the subsequent years
3. The sustainability manual capturing the procedure of the monitoring the sustainability parameters can be developed.
4. Material categories are divided into E -> Engineering, I -> Instruments, S -> Steel equipment NA -> not belonging to above categories (approximately 9.5 % by value). The GHG calculations pertaining to the category "NA" can be calculated in the future reporting.

### Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on ESG performance reported along with the referenced information provides a fair representation of the material topics, related monitoring system, performance disclosures meet the general content and quality requirements of the GRI Standards. During the verification we have performed nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement is not prepared, w.r.t. scope of engagement.

**Disclosures:** TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements. AIL refers to general disclosure to report contextual information about AIL, while the Management Approach is discussed to report the management approach for each material topic.

**Universal Standard:** AIL followed GRI 1: Foundation 2021: Requirements and principles for using the GRI Standards; GRI 2: General Disclosures 2021: Disclosures about the reporting organization. General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices and reporting process and GRI 3: Material Topics 2021: Disclosures and guidance about the organization's material topics. GRI3 was selected for Management's Approach on reporting information about how an organization manages a material topic.

TUVI is of the opinion that this report has been prepared in reference with the GRI Standards.

**Topic Specific Standard:** 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to report information on the organization's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that AIL used to prepare its Report are appropriately identified and addressed.

**Limited Assurance Conclusion:** Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. TUVI found the sustainability information to be reliable in all material respects, with regards to the reporting criteria of the GRI Standards.

**Independence:** TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the Assurance Team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The Assessment Team was safeguarded from any type of intimidation.

**Quality control:** The Assurance Team complies with the Code of Ethics for Professional Accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In the context of Assurance, the following contemporary principles has been observed:

### Evaluation of the adherence to other contemporary Principles

**Inclusivity:** Stakeholder identification and engagement is carried out by AIL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

**Materiality:** The materiality assessment process has been carried out based on the requirements of the GRI Standards, considering topics that are internal and external to the AIL range of businesses. The Report fairly brings out the aspects and topics and their respective boundaries of the diverse operations of AIL. In

our view, the Report meets the requirements.

**Responsiveness:** TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e., disclosures on AIL policies and management systems, including governance. In our view, the Report meets the requirements.

**Impact:** AIL communicates its ESG performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Governance and other policies.

#### **Our Assurance Team and Independence**

TUVI is an independent, neutral third-party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "No Conflict of Interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with AIL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

**For and on behalf of TUV India Private Limited**



Manojkumar Borekar  
Project Manager and Reviewer  
Head – Sustainability Assurance Service



Date: 21-07-2023  
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