From Redefining to Realising Sustainability

Sustainability Report
2024-25

Aarti Drugs Limited

In our second Sustainability Report, Aarti Drugs Limited marks an important step forward. We have moved from redefining what sustainability means for our business to steadily and systematically integrating it across our operations, supply chain, and stakeholder ecosystem. This transition reflects our commitment to making sustainability a practical and operational reality.

Over the past year, we have strengthened ESG as a core element of our strategy. Sustainability is no longer treated as a parallel initiative or a compliance requirement; it now guides how we invest, operate, develop our people, and serve our customers and partners. It influences the way we run our plants, manage resources, and engage with our communities.

As one of India's leading manufacturers of APIs, intermediates, and specialty chemicals, we understand our responsibility to support sustainable pharmaceutical manufacturing and the opportunities this creates for long-term value creation. We remain committed to reducing our environmental footprint, enhancing workforce well-being, and contributing to the broader healthcare ecosystem.

This report presents clear, measurable progress backed by strengthened governance, improved data quality, and disclosures aligned with BRSR, GRI, and global pharmaceutical benchmarks. Our focus has been on building transparency, consistency, and reliability into our reporting and decision-making processes.

"From Redefining to Realising Sustainability" reflects more than a theme for this report, it represents a shift in how we plan, execute, and measure our actions. It shapes our approach to capital allocation, process improvements, and strategic direction across the organisation.

As we move forward, Aarti Drugs Limited remains committed to advancing sustainability in a responsible, thoughtful, and disciplined manner. We are building operations that are resilient, efficient, and aligned with emerging expectations for the future of pharmaceutical manufacturing.

This is the path we have chosen.
And this is the journey we are continuing with purpose.

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ABOUT THE REPORT

We are pleased to present Aarti Drugs Limited's second Sustainability Report, reflecting our continued commitment to embedding environmental, social, and governance (ESG) principles into our business strategy and decision-making. The Report captures our ongoing efforts to create long-term value for stakeholders while advancing responsible growth in the pharmaceutical sector. It highlights how we continue to integrate sustainability across our manufacturing operations, supply chain, and governance structure to drive transparency, accountability, and positive impact.

About the Report

Aarti Drugs Limited (ADL) (hereinafter referred to as 'Aarti Drugs' or 'The Company' or 'Our Company' or 'ADL' or 'We'), is part of the Aarti Group, is incorporated under the Companies Act, 1956 (now Companies Act, 2013) and listed on both the Bombay Stock Exchange (BSE) Limited and the National Stock Exchange (NSE) of India Limited.

In this Report, we present our continued progress in integrating sustainability into our business strategy and operations. The Report highlights material topics that influence our business and provides a comprehensive overview of our ESG performance for the financial year (FY) 2024–25.

Reporting Period

We have prepared this Sustainability Report for the period April 1, 2024, to March 31, 2025. Our sustainability reporting period aligns with our financial reporting cycle to ensure consistency, accuracy, and comparability across all disclosures. The Report includes relevant historical data to identify performance trends and evaluate progress over time.

Reporting Boundary and Scope

This Sustainability Report (hereinafter referred to as "the Report") reflects our ongoing commitment to responsible growth in the pharmaceutical sector. We align our operations with evolving industry standards, regulatory frameworks, and stakeholder expectations.

The reporting boundary includes our operations across nine manufacturing facilities (N-198, G-60, G-61, G-62, E-1, E-21, E-22, E-9/3, E-120, T-150, W-61 and K-40/41) and one non-manufacturing facility (S-33/34) in Tarapur, Maharashtra; two facilities in Sarigam, Gujarat (Sar-211 and Sar-2902); one facility in Saykha, Gujarat; and our Head Office in Mumbai, for the respective applicable disclosures.

ESG Reporting Approach

We integrate sustainability across our governance structure, business strategy, and operations. This Report outlines our ESG commitments, approaches, and outcomes guided by a comprehensive materiality assessment and stakeholder engagement process.

Key disclosure areas include:

- Business Environment and Governance Structure
- Climate strategy and environmental performance
- People and workplace practices
- Value chain and partner engagement

Reporting Frameworks

We have prepared this Report with reference to the Global Reporting Initiative (GRI) Standards 2021 and the Sustainability Accounting Standards Board (SASB) framework. The Report also aligns with the United Nations Sustainable Development Goals (UN SDGs) and supports the United Nations Global Compact (UNGC) Communication on Progress (CoP).

Our objective is to progressively align with EcoVadis assessment criteria to enhance ESG transparency and benchmarking.

A detailed GRI Content Index is provided on page 77.

External Assurance

BDO India Services Pvt. Ltd. conducted a Limited Assurance of this Sustainability Report in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) – Limited Assurance. The independent assurance statement is presented on page 81.

Feedback and Contact

We welcome feedback and queries regarding this Report and its contents. Stakeholders may contact us to share suggestions, request clarifications, or raise concerns.

Primary contact point for all report-related communications:
Name: **Mr. Rushikesh V. Deole**
Designation: Company Secretary
Telephone Number: (022) 2401 9025
E-mail ID: investorrelations@aartidrugs.com

We review all feedback received and incorporate relevant inputs into our ongoing sustainability initiatives to enhance transparency, improve disclosures, and strengthen stakeholder engagement.

Restatements of Information

We confirm that there are no restatements of information from previous reporting periods. All previously reported data and disclosures remain accurate, consistent, and unchanged.

A MESSAGE FROM OUR CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER

BEYOND BUSINESS, WE REMAIN COMMITTED TO PROTECTING THE HEALTH, SAFETY, AND WELL-BEING OF OUR PEOPLE. THROUGH ROBUST SAFETY PRACTICES, CONTINUOUS AWARENESS PROGRAMMES, AND A STRONG CULTURE OF PREVENTION, WE ARE BUILDING SAFER WORKPLACES AND DRIVING OPERATIONAL EXCELLENCE ACROSS OUR OPERATIONS.

ADHISH PATIL
Chief Financial Officer and
Chief Operating Officer

Aarti Drugs Limited is on a steady journey of growth and responsibility.

This is our second Sustainability Report and another step forward in how we align operational strength with environmental and social progress.

Over the past year, our teams have navigated a dynamic global landscape with discipline and focus. We continued to uphold the quality, reliability, and compliance standards that define our name in the pharmaceutical and specialty chemicals sectors. Even amid raw material volatility and pricing corrections, we maintained operational balance and protected margins through thoughtful execution and collaboration across our facilities.

A defining moment in this journey was the lifting of the U.S. FDA import alert for our Tarapur API facility. With this clearance, we can resume exports of key APIs including ciprofloxacin hydrochloride, zolpidem tartrate, raloxifene hydrochloride, celecoxib, and niacin to the U.S. market. This milestone reaffirms our commitment to regulatory excellence and strengthens our presence in high-value, regulated markets.

Our progress on sustainability continues to gain momentum. During the year, we invested in clean energy by acquiring a 26.25% equity stake each in Prozeal Green Power Nine Private Limited and Prozeal Green Power Six Private Limited, a Special Purpose Vehicle (SPV) for setting up captive solar power plants in Gujarat and Maharashtra. This initiative powers our Maharashtra and Gujarat facilities with renewable energy, reducing both cost and carbon footprint. It marks a decisive shift toward a low-carbon future for our operations.

Our efforts were also recognized externally. Aarti Drugs earned an EcoVadis Silver Medal, scoring 69 and placing us in the 89th percentile globally. This recognition reinforces our belief that transparency and consistent progress are the foundation of sustainable growth.

To strengthen our manufacturing base, we invested INR 177 crores in CapEx during FY 2025, channelled into capacity expansion, backward integration, and greenfield projects. The Saykha, Gujarat project for antidiabetic intermediates which operationalized in September '25 has transitioned into the scale-up phase. It has achieved nearly 30% utilization in its first quarter of operations, and we expect to ramp this up to nearly 50% by March and April 2026 and upwards to that in the following quarters. Our salicylic acid facility at Tarapur also achieved an important milestone as of now, scaling production to above 300 tons per month currently.

Innovation remains central to how we operate. Our R&D centres, accredited by the Department of Scientific and Industrial Research, continue to advance process optimization, technology transfer, and sustainable production methods. From energy-efficient laboratory systems to waste minimization and VOC control, our scientists and engineers are shaping solutions that lower environmental impact while enhancing product performance.

During the year under review, Standalone Revenue from operations of the Company was ₹2,17,365 lakhs as compared to ₹2,26,691 lakhs for FY 2023-24. The Company has achieved Export Sales of ₹76,921 lakhs as against ₹74,922 lakhs for the last year. Likewise, Consolidated Revenue from operations of the Company was ₹2,38,703 lakhs as compared to ₹2,52,858 lakhs for FY 2023-24. On Consolidated basis, the Company has achieved Export Sales of ₹86,533 lakhs as against ₹86,288 lakhs for the last year.

Beyond business, we remain committed to protecting the health, safety, and well-being of our people. Through robust safety practices, continuous awareness programmes, and a strong culture of prevention, we are building safer workplaces and driving operational excellence across our operations.

As we look ahead, our direction is clear; accelerate renewable energy adoption, scale green CapEx, strengthen supply chain sustainability, and integrate ESG performance into operational decision-making. These steps reflect our belief that growth and responsibility are not opposing forces but parts of the same path.

Together with the dedication of our people and the trust of our stakeholders, we will continue to build a company that grows responsibly, operates efficiently, and contributes meaningfully to a sustainable future.

Adhish Patil
Chief Financial Officer and Chief Operating Officer

GRI - 2-22

ABOUT AARTI DRUGS LIMITED

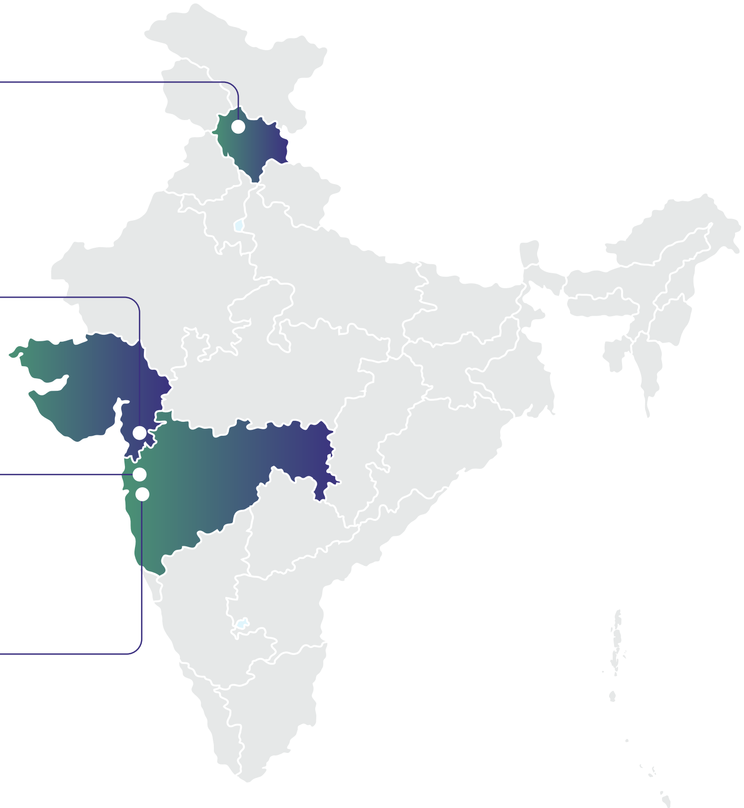
Aarti Drugs Limited (ADL), a public limited company headquartered in Mumbai, India, has driven pharmaceutical innovation since its incorporation in 1984 across Active Pharmaceutical Ingredients (APIs), Pharmaceutical Intermediates, and Specialty Chemicals.

Global Presence and Market Distribution

We export our products to more than 100 countries across six continents. Our leading export markets include - Mexico, Brazil, Kingdom of Saudi Arabia, Egypt, Netherlands, Türkiye, Pakistan, China, Bangladesh, and Indonesia. Exports contribute 66% of total revenue, while domestic sales account for 34%.

Manufacturing and Research & Development Facilities

We operate 13 manufacturing units and two Research and Development (R&D) centres:



Himachal Pradesh
Formulation Plant – Pinnacle Life Science Private Limited

Sarigam and Saykha
Specialty Chemical Plant

Maharashtra (Tarapur)
API Plant and Specialty Chemical Plant

R&D Centres
Tarapur (API process development) and Turbhe, Mumbai (Formulation R&D)

We maintain a total plant area of **1,26,642** square metres, with a monthly production capacity of **5,088** metric tonnes (MT)

Production Capacity and Output

61,053 MT	44,915 MT	11,621 MT	33,294 MT
Installed capacity	Current production	Captive production	Net production

Core Offerings

Active Pharmaceutical Ingredients (APIs):

Antibiotics
Ciprofloxacin Hydrochloride, Ofloxacin, Levofloxacin, Norfloxacin, Enrofloxacin

Anti-inflammatories
Diclofenac derivatives, Aceclofenac, Nimesulide, Celecoxib

Antiprotozoals
Metronidazole, Tinidazole, Metronidazole Benzoate

Antifungals
Ketoconazole, Tolnaftate, Fluconazole

Anti-diabetics
Metformin Hydrochloride, Pioglitazone, Vildagliptin, Teneligliptin

Cardioprotectants
Clopidogrel Bisulphate, Ticlopidine Hydrochloride

Others
Molecules across diverse therapeutic areas

Specialty Chemicals
- Benzenesulfonyl Chloride
- Chlorosulphonation Derivatives
- Other custom chemical products

Subsidiaries and Strategic Contribution

We operate through three key subsidiaries, enhancing global presence, portfolio diversity, and competitive advantage:

1. **Pinnacle Life Science Private Limited (Wholly Owned Subsidiary – Baddi, Himachal Pradesh):** Pinnacle Life Science drives pharmaceutical formulation innovation and accounted for nearly 13 percent of ADL's revenue in FY 2023-24. The subsidiary supports expansion into Latin America, select African nations, and Asia, leveraging government tenders and new export channels.

2. **Aarti Speciality Chemicals Limited (Wholly Owned Subsidiary – Mumbai, India):** Located in Mumbai, this subsidiary engages in manufacturing, trading, and processing of speciality chemicals and pharmaceutical products, enhancing Aarti Drugs' backend integration and product depth.

3. **Pinnacle Chile SpA and Pharma Go SpA (Subsidiaries – Santiago, Chile):** These subsidiaries strengthen ADL's footprint in Latin America, promoting pharmaceutical formulations through marketing, public tenders, and private sector partnerships, expanding ADL's presence in high-potential South American markets.

Together, these subsidiaries complement ADL's robust portfolio of 50+ compounds across therapeutic categories, enabling global scale, diversified revenue streams, and sustained leadership in the API and formulations value chain.

Mission and Vision

ADL's mission and vision reflect our commitment to sustainable growth, innovation, and responsible healthcare solutions. We aim to be a trusted leader in the pharmaceutical industry and a catalyst for positive change, delivering quality medicines while safeguarding the environment and contributing to an inclusive society.

Our Mission

- Seek global market leadership.
- Focus on growth and development of the products.
- Continue to create winning culture, operating in highest standards of ethics and values with co-operation among competitors.
- Strive for excellence in customer service, quality and R&D.

Our Vision

We shall become the first-choice vendor of bulk drugs and achieve a leadership position by:

- Assuring consistent quality and timely delivery at competitive price.
- Providing customized solutions and service to meet changing requirements of customers.
- Aim at customer orientation through continuous technology upgrade, high business ethics and new product development.
- Adopt processes supported by proven technologies, which are cost effective and safe.
- Choose the best and the most flexible manufacturing practices and methods.

Memberships and Associations

ADL maintains active membership in leading industry bodies to strengthen our role as a responsible and forward looking pharmaceutical organization. These memberships reflect policy advocacy, industrial collaboration, innovation, and sustainable growth.

State-Level Memberships

- Bombay Chamber of Commerce
- Tarapur Industrial Manufacturers Association (TIMA), Maharashtra
- Vapi Industrial Association

National-Level Memberships

- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Indian Institute of Chemical Engineering (IIChE)
- Pharmaceuticals Export Promotion Council of India (PHARMEXCIL)
- Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXCIL)
- Federation of Indian Export Organization (FIEO)
- Indian Merchants Chamber (IMC)

ADL's Sustainable Value Chain

We embed sustainability across our value chain from raw material sourcing to product delivery and end-of-life management—ensuring ethical, environmentally conscious, and socially inclusive growth.

Responsible Sourcing

- Prioritize local and high-quality suppliers to reduce environmental footprint and support supplier diversity
- Ensure all suppliers comply with ADL's Supplier Code of Conduct, covering Environmental, Social, and Governance standards
- Evaluate suppliers on climate action, social responsibility, and quality performance

Sustainable Manufacturing

- Focus on waste minimization, energy efficiency, and resource optimization
- Adopt advanced technologies to reduce energy consumption
- Maintain ISO 45001-certified facilities for occupational health and safety
- Conduct continuous employee training in safety and sustainability practices

GRI - 2-6, 2-28

Green Logistics and Distribution

Optimize transportation routes to minimize emissions

Use fuel-efficient vehicles and prefer sea transport over air to reduce carbon intensity

Train logistics teams on low-emission practices and partner with transport providers aligned with sustainability norms

Waste and Resource Management

Maintain strong systems for safe disposal of hazardous waste as per regulatory requirements

Focus on reuse, recycling, and repurposing materials to extend product lifecycles

Commit to circularity, reducing dependency on virgin resources

Sustainability Measures and Integration

We embed Environmental, Social, and Governance (ESG) principles across all operations:

Environment and Climate Change Policy
Reduce carbon footprint, optimize resources, and manage environmental impacts.

Health, Safety, and Environment Policy
Safeguard employee well-being while minimizing operational risks.

Advanced Waste Management Systems
Implement modern treatment methods to minimize environmental impact.

Efficient Resource Utilization
Continuously optimize water and energy use.

Green Chemistry Principles
Reduce hazardous substances and improve sustainability performance.

Guided by ISO 9001:2015 (Quality), ISO 14001:2015 (Environment), and ISO 45001:2018 (Health and Safety), our Integrated Management System (IMS) ensures sustainability is embedded at every stage of operations.

Key Focus Areas

Environmental Stewardship

Minimize environmental footprint, reduce waste, conserve water, and reduce greenhouse gas emissions through audits and continuous improvement.

Health and Safety

Maintain comprehensive safety protocols, conduct risk assessments, emergency drills, and employee training to promote a safety-first culture.

Quality and Compliance

Deliver safe, high-quality products meeting regulatory and customer expectations through a robust quality management system.

Stakeholder Engagement

Maintain transparent communication with customers, suppliers, employees, and communities to foster trust.

Integration into Business Processes

- Identify and address sustainability-related risks and opportunities to enhance resilience.
- Set measurable sustainability objectives with action plans for accountability.
- Allocate resources for infrastructure, technology, and workforce training to strengthen sustainability outcomes.

ADL's Commitment

By embedding sustainability into operations, ADL exceeds industry standards, builds resilience, and creates long-term value for stakeholders, society, and the environment.

MATERIALITY ASSESSMENT

At ADL, materiality assessment continues to be a central pillar of our sustainability strategy. It enables us to identify and prioritize the environmental, social, and governance (ESG) issues that hold the most significance for both our business operations and our stakeholders. As a pharmaceutical company, we recognize that our responsibilities extend beyond the development and manufacture of API and Intermediates. Our ability to create value is closely linked to how effectively we manage sustainability issues that influence business performance, community wellbeing, and environmental stewardship.

Through our materiality assessment, we aim not only to address the ESG factors most critical to ADL but also to understand where we can exert meaningful influence to drive positive outcomes. This process strengthens our ability to align business growth with broader societal and environmental objectives.

Stakeholder Engagement & Prioritization

Stakeholder engagement remains a crucial part of our materiality process. In FY 2024–25, we continued engaging with various internal stakeholders across our value chain to capture their perspectives on current and emerging sustainability issues. Each stakeholder group was assessed based on two key parameters:

- Their ability to influence ADL's performance and operations.
- The extent to which they are impacted by ADL's performance and operations.

By applying relative weightages to these parameters, we effectively prioritized stakeholder voices and incorporated their feedback into our materiality outcomes. This inclusive approach ensures that our ESG focus areas remain relevant and responsive to evolving stakeholder expectations.

Scoring

In FY 2023–24, ADL conducted a comprehensive materiality assessment to identify the ESG topics most critical to our business and stakeholders. The methodology followed for FY 2024–25 remains consistent with the approach previously adopted.

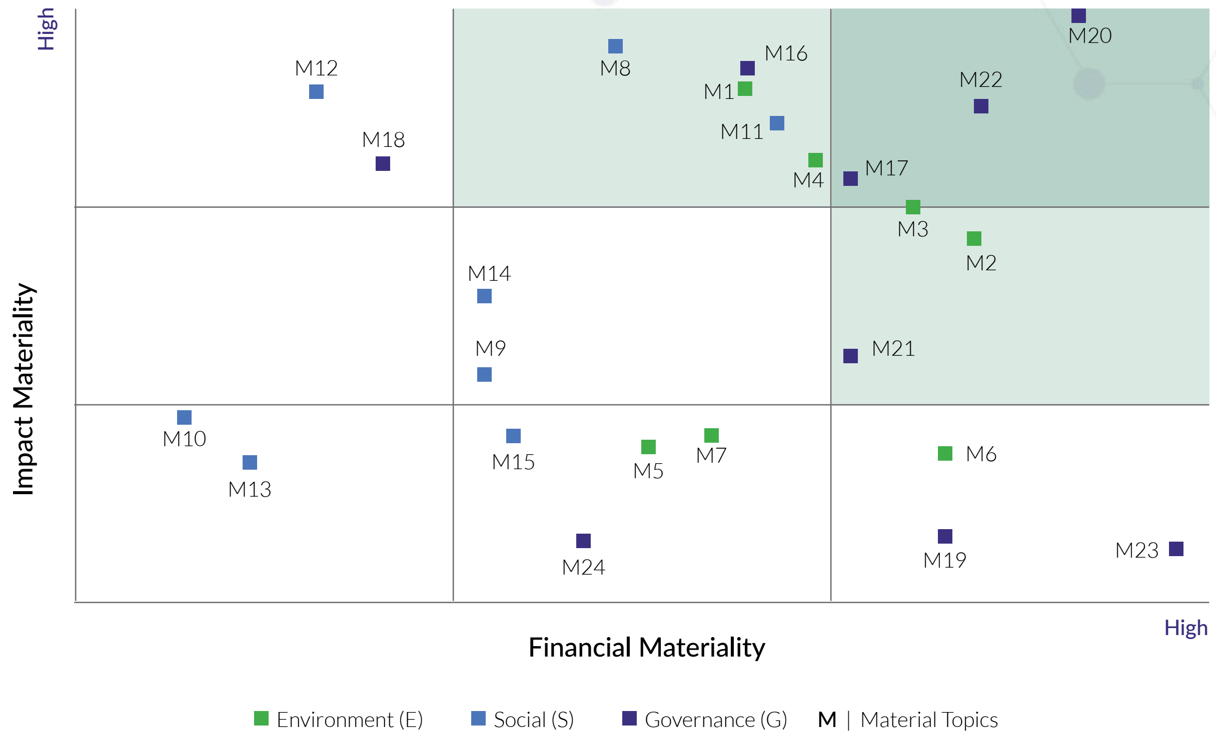
During the current reporting year, we did not repeat the entire exercise but instead validated the findings of the FY 2023–24 assessment through focused stakeholder discussions and management reviews. This validation confirmed that the prioritization of material issues remains relevant to our operations and stakeholder expectations.

Each topic continues to be viewed through two lenses:

- **Impact materiality –** the importance of each issue for stakeholders and society.
- **Financial materiality –** the significance of each issue for ADL's long-term business performance.

The resulting materiality matrix therefore reflects continuity, while also capturing any refinements in emphasis or relevance based on recent stakeholder feedback and sectoral developments.

Materiality Matrix for Aarti Drugs Limited



M1	Climate Change, Energy and Emission Management	M13	Diversity equity & Inclusion
M2	Waste and hazardous materials management	M14	Community Impact, Relations and Development
M3	Water and wastewater management	M15	Employee health, safety and wellbeing
M4	Sustainable Supply Chain & Responsible Procurement	M16	Corporate Governance
M5	Antimicrobial resistance	M17	Business Ethics
M6	Environmental sustainability	M18	Data Privacy & Integrity
M7	Product Sustainability	M19	Innovation Management
M8	Occupational health and safety	M20	Regulatory Compliance
M9	Talent attraction and retention	M21	Risk Management
M10	Availability and Affordability of medicines	M22	Economic Performance
M11	Product Safety	M23	Product Quality
M12	Human Rights	M24	Digital Business model and digitization

This report is focused on priority material topics identified through a comprehensive stakeholder engagement.

High Priority Topics

E

- Climate Change, Energy & Emissions Management
- Waste & Hazardous Materials Management
- Sustainable Supply Chain & Responsible Procurement
- Water & Wastewater Management

S

- Occupational Health & Safety
- Community Impact, Relations, and Development
- Product Safety

G

- Corporate Governance
- Regulatory Compliance
- Business Ethics
- Data Privacy & Integrity
- Economic Performance
- Risk Management

These topics represent the ESG issues most relevant to ADL's business continuity, compliance requirements, and stakeholder expectations. They will continue to guide our short-, medium-, and long-term sustainability strategy.

ADL's materiality assessment, grounded in globally recognized frameworks and strengthened through stakeholder engagement, underscores our commitment to addressing the most significant ESG priorities. The topics identified through this process highlight our focus on long-term value creation and are closely mapped to the United Nations Sustainable Development Goals (UNSDGs), reflecting our responsibility to contribute meaningfully to global sustainability ambitions.

Aarti Drugs Limited

GOVERNANCE IN ACTION

We maintain a strong governance framework built on accountability, regulatory compliance, and ethical conduct. Our approach emphasises data integrity, economic performance, and effective risk management. These efforts guide our focus across:

- Corporate Governance
- Regulatory Compliance
- Business Ethics
- Data Privacy and Integrity
- Economic Performance
- Risk Management

Governance Structure and Oversight

At ADL, we place governance at the centre of our operations. Our Board of Directors, executive leadership, and dedicated committees collectively ensure transparency, accountability, and ethical decision-making. We maintain a diverse and skilled Board with balanced tenure and expertise, following the Companies Act, 2013, and SEBI Listing Regulations, to ensure continuity, regulatory compliance, and long-term value creation for our stakeholders.

Shri Chandrakant V. Gogri
Chairman Emeritus

Shri Prakash M. Patil
Chairman, Managing Director & CEO

Shri Rashesh C. Gogri
Managing Director

Shri Harshit M. Savla
Joint Managing Director

Shri Harit P. Shah
Executive Director

Shri Uday M. Patil
Executive Director

Shri Narendra J. Salvi
Non-executive Director

Breakdown of Directors by Type

5	6	1
Executive Directors	Independent Directors	Non-Executive Director

Shri Hasmukh B. Dedhia
Independent Director

Shri Sandeep M. Joshi
Independent Director

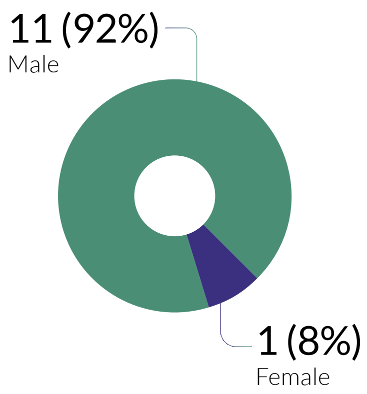
Shri Ajit E. Venugopalan
Independent Director

Prof. Bhaskar N. Thorat
Independent Director

Smt. Neha R. Gada
Independent Director

Shri Ankit V. Paleja
Independent Director

Breakdown of Directors by Gender



Shri Adhish P. Patil
Chief Financial Officer & Chief Operating Officer

Shri Vishwa H. Savla
Managing Director of the Pinnacle Life Science Private Limited (Subsidiary Company)

Sustainability in Governance and Operations

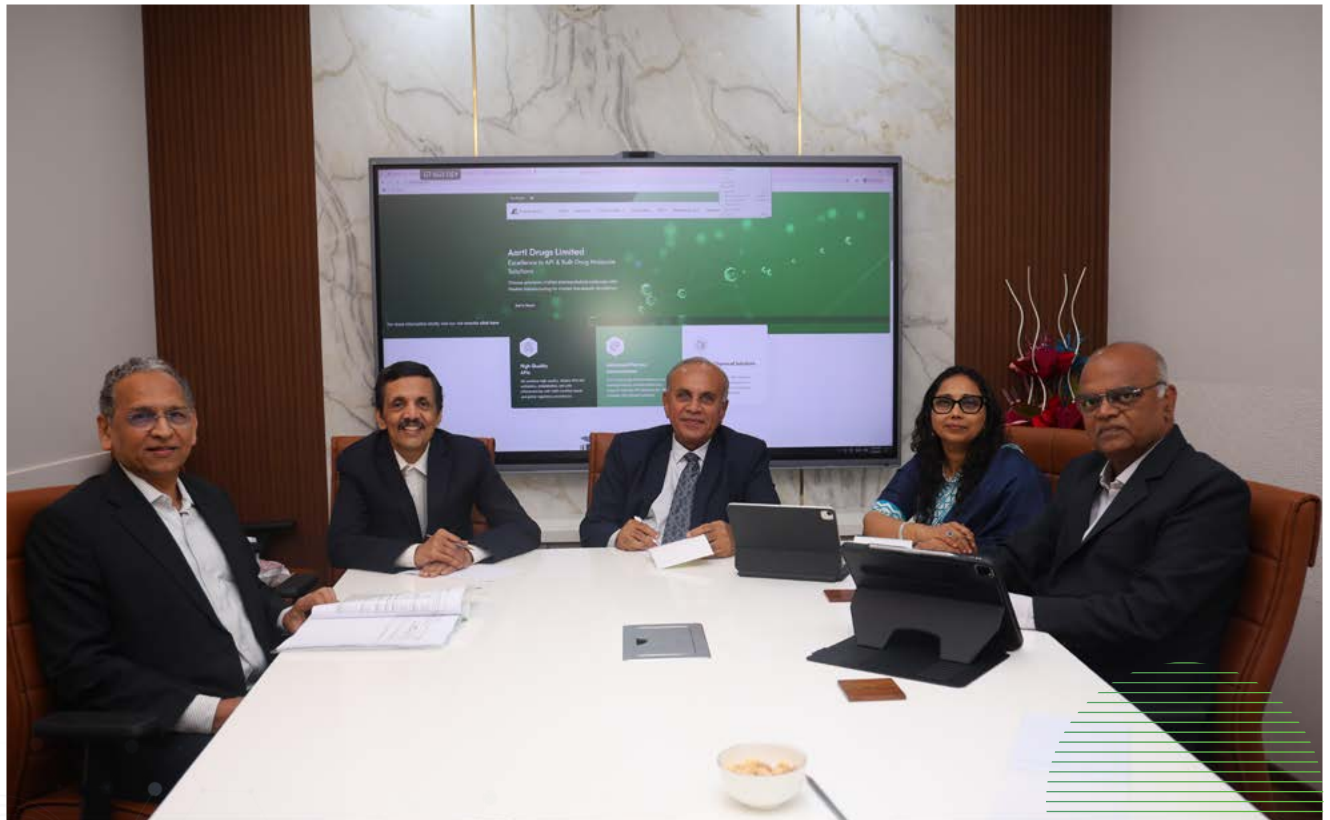
We embed sustainability into our governance structures and operations, creating a framework that supports long-term sustainable development. We ensure that the decisions we make today preserve the ability of future generations to meet their needs.

We actively minimize our environmental impact by adopting responsible practices across all operations. Our approach focuses on streamlining processes while maintaining a conscientious stance toward our environmental footprint. These efforts form a core part of our mission to foster a greener and more sustainable future.

Our diverse Board of Directors brings collective expertise that upholds the highest standards of governance and decision-making. Beyond business performance, we prioritize positive societal impact through initiatives such as tree planting, women's skill development programs, and healthcare support for underserved communities. Through these actions, we reinforce our commitment to social responsibility and contribute meaningfully to society.

Committees of the Board

Our governance framework integrates Board composition, specialized committees, risk management, and a robust policy environment to ensure accountability, compliance, and operational excellence. We exercise focused oversight in critical areas such as audit, strategy, ethics, sustainability, and finance through dedicated committees. Our structure enables transparent operations, responsible decision-making, and strategic guidance aligned with ADL's vision and mission.



GRI - 2-10, 2-13

Key Board Committees and Responsibilities

	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	CSR Committee	Stakeholders' Relationship Committee	Finance & Investment Committee
	Oversees financial reporting, internal controls, compliance, and auditor performance	Oversees nomination and selection of Board & committees; recommends appointment & remuneration of Directors, CEO, Senior Management	Identifies, assesses, and mitigates operational & financial risks; implements risk policies	Monitors CSR policy and initiatives; ensures social and environmental impact	Manages shareholder/ stakeholder concerns and grievances	Oversees financial strategy & investments; ensures alignment with company objectives
Shri Prakash M. Patil	M	M	C	M		C
Shri Rashesh C. Gogri	M		M	M		M
Shri Harshit M. Savla			M		M	M
Shri Harit P. Shah			M		M	M
Shri Uday M. Patil			M			M
Shri Narendra J. Salvi					M	
Shri Hasmukh B. Dedhia	C					
Shri Sandeep M. Joshi						
Shri Ajit E. Venugopalan	M					
Prof. Bhaskar N. Thorat		M	M	C		
Smt. Neha R. Gada	M	C				
Shri Ankit V. Paleja	M	M	M		C	
Shri Adhish P. Patil			M			
Shri Dhanaji L. Kakade			M			

Dedicated Sustainability Departments

We maintain a robust governance structure with dedicated departments that drive our sustainability initiatives. These departments report directly to the Chief Operating Officer (COO), providing regular updates on initiatives, timelines, and other key matters. This ensures a smooth flow of information and alignment with our sustainability objectives.

At the executive level, specialized committees reinforce our commitment to sustainability. These committees report periodically to the Board of Directors, primarily during quarterly Board meetings, sharing updates and insights on their respective areas.

Key Departments and Committees:

Environment, Health, and Safety (EHS) Department
Manages and enhances environmental and safety standards across the organization

Corporate Social Responsibility (CSR) Team
Drives social initiatives and community engagement programs

Human Resources (HR) Department
Oversees employee welfare, training, and adherence to ethical practices

Risk Management Committee
Monitors EHS activities and ensures compliance with applicable standards and regulations

CSR Committee
Reviews social initiatives to ensure alignment with corporate values and maximizes community impact

This governance framework ensures that sustainability remains embedded in both operational and strategic decision-making, with clear accountability across all levels of the organization.

Remuneration Policies for Governance and Senior Management

We maintain clear and transparent remuneration policies for members of the highest governance bodies and senior executives, designed to align performance with organizational objectives and sustainability outcomes.

Key Elements of Remuneration:

Remuneration Component	Details
Fixed Pay	Executive directors and senior executives receive a fixed salary
Variable Pay	Executive directors are eligible for Performance Linked incentives (profit-linked commissions). Senior executives receive annual increments based on performance evaluations
Sign-On Bonuses / Recruitment Incentives	Not applicable
Termination Payments	No termination payment mechanism exists

Link to Performance and Organizational Impacts:

Executive directors' Performance Linked incentives (profit-linked commissions) encourage decisions that drive sustainable growth, while senior executives' performance-linked increments foster accountability across environmental, social, and economic objectives.

Design and Oversight:

We design and determine remuneration policies in compliance with the Companies Act and SEBI Listing Regulations

The Nomination and Remuneration Committee (NRC) oversees the process and recommends remuneration for approval

Independent Board members participate in overseeing the process

Shareholders' views are considered for remuneration variations; for FY 2024–25, no shareholder approval was required

Business Ethics and Compliance

Our motto, "The Chemistry of Sustained Relationships," reflects a commitment to delivering products that contribute to societal betterment while following ethical, sustainable, and innovative practices. Key policies are publicly available or shared with stakeholders as required. All statutory policies receive Board approval, and functional heads oversee implementation, reporting progress to management and the Board.

We uphold the highest standards of business ethics. Our Code of Conduct and Policy on Ethics and Fair Business Practices provide clear guidance on conflicts of interest, confidentiality, insider trading, bribery, and corruption. Employees and directors are encouraged to report any violations or concerns through established channels.

Key Policies

Policy	Focus Area
Environment & Climate Change Policy	Guides actions to minimize environmental impact and manage climate-related risks.
Health, Safety & Environment (HSE) Policy	Maintains and enhances workplace safety and environmental standards.
People Policy	Oversees employee welfare, training, and ethical workplace practices.
Water Policy	Manages water use and promotes sustainable water practices.
Risk Management Policy	Identifies, assesses, and mitigates operational and ESG-related risks.
Code of Conduct	Provides guidelines for ethical behavior and Board/ Committee responsibilities.
Policy on Ethics & Fair Business Practices	Covers conflicts of interest, confidentiality, insider trading, bribery, and corruption.
Nomination & Remuneration Policy	Defines criteria for Board nominations and remuneration of directors, key managerial personnel, and employees.
Responsible Procurement Policy	Ensures ethical, fair, and sustainable supply chain practices.
Corporate Social Responsibility (CSR) Policy	Specifies CSR initiatives, activities, and expenditures.
Anti-Bribery & Anti-Corruption Policy	Enforces zero tolerance for bribery and corruption, with preventive and corrective measures.

Ethical Governance

Training Programs

We deliver targeted training programs to reinforce ethical conduct and workplace safety:

Ethics and Compliance Training: Covers the Code of Conduct, anti-bribery and anti-corruption policies, and responsible procurement practices. The training educates employees on ethical decision-making and the importance of adhering to organizational policies

POSH Training: Provides mandatory online training on the Prevention of Sexual Harassment to maintain a safe and respectful work environment. Programs are regularly updated to reflect current legal requirements and best practices

Reporting and Grievance Mechanisms

We prioritize ethical conduct and integrity across all operations. A robust Whistle-Blower Mechanism enables employees to raise critical concerns directly with the highest governance body. This mechanism fosters a culture where employees feel empowered and protected when reporting issues, reducing the likelihood of misconduct going unaddressed.

Reports are investigated promptly, and appropriate action is taken to mitigate risks, ensure compliance with legal and regulatory requirements, and uphold ethical standards. The Whistle-Blower Policy defines the scope, coverage, and processes for protected disclosures, including safeguards against victimization. In exceptional cases, employees may report concerns directly to the Chairperson of the Audit Committee.

Human Rights and Employment Principles

We commit to upholding human rights across all operations. The Code on Human Rights defines expectations for employees, contractors, vendors, suppliers, and other business partners. Key principles include:

Voluntary Employment
All employment is voluntary, with no tolerance for child or forced labour

Employee Rights
Employees have the right to join trade unions or seek recognised representation under local laws

Respect for Workers
We prohibit mistreatment, child exploitation, physical punishment, or involuntary servitude, and adhere to fair pay and employment laws

Diversity and Inclusion
We value diversity as essential for innovation and competitive advantage

We ensure a safe working environment for employees and collaborators and expect customers, suppliers, and partners to uphold similar human rights standards. Human rights risks are continually assessed, and violations may result in disciplinary action, including termination or legal consequences.

Ethics, Anti-Corruption, and Oversight

The Ethics Committee oversees anti-corruption policies and procedures, ensuring transparency across operations. Policies are displayed on noticeboards, the company website, and the HRIS portal for employees, reinforcing awareness and accessibility.

100%

01 Governance body members informed of anti-corruption policies and procedures

02 Employees informed of anti-corruption policies and procedures

03 Business partners informed of anti-corruption policies and procedures, including other relevant stakeholders

04 Governance body members trained on anti-corruption

05 Employees trained on anti-corruption

We have a Whistleblower Policy in place, and the Audit Committee reviews it annually to ensure effective monitoring and mitigation of corruption risks.

We uphold rigorous business ethics and ethical tax governance:

01 A dedicated Tax Department, led by the Tax Head, reports periodically to the Chief Financial Officer (CFO)

02 The Board of Directors reviews tax governance quarterly, including updates on show-cause or demand notices

03 MIS reports detailing pending and new tax demands are presented at each Board meeting

04 Three independent directors with Chartered Accountant expertise provide guidance on taxation, supported by internal and statutory auditors

05 The management team evaluates government policies and annual budgets to assess their impact on tax structure

06 Compliance Management Software (CMS) tracks all tax-related compliance, with reports presented to the Board

No incidents of corruption were reported during the year, demonstrating our ongoing commitment to integrity, transparency, and accountability across all operations.

Compliance with Competition Laws
We maintain strict adherence to anti-competitive, anti-trust, and monopoly regulations. During the reporting period, we had no legal action pending or completed in which we were identified as participants. Consequently, we recorded no decisions or judgments related to these matters.

This reflects our commitment to fair competition, ethical business practices, and regulatory compliance across all our operations.

GRI - 2-27, 205-3, 206-1

Building Trust Through Data Security

At ADL, we protect personal and confidential information for employees, customers, and business partners. We manage data securely and ethically, following established protocols to safeguard sensitive information.

We implement an Information Security Policy that covers confidentiality, integrity, availability, and compliance. The policy is applied across all business functions to prevent unauthorised access, modifications, or disruptions. We use digital tools to maintain information security and conduct regular training to ensure employees are aware of their responsibilities.

The ADL Board and the Sustainability Council oversee the implementation of the policy. They monitor compliance with legal and regulatory requirements and review the policy regularly to address emerging risks and industry developments.

We follow relevant data privacy laws and industry practices, including access controls, employee training, and an incident response plan to address potential data breaches. During the reporting period, we recorded no data breaches.

These measures form part of our broader focus on ethical business practices and regulatory compliance, supporting the trust of our stakeholders.

ZERO
data breaches in FY 2024-25

Economic and Financial Performance

We remain committed to creating long-term economic value through prudent financial management, operational excellence, and strategic investments. Despite evolving market conditions, the Company continues to focus on strengthening its business fundamentals, enhancing operational efficiency, and delivering sustainable value to its stakeholders.

Key Contributors to Financial Growth:

Expansion into high-growth segments
Focus on dermatology APIs and other specialty products has strengthened our market position

Enhanced Research & Development capabilities
Investment in innovation supports the development of niche products and reinforces our competitive advantage

Market Development
Entry into new geographies and expansion in existing markets has driven revenue growth and improved resilience

GRI - 418-1, 201-1

Financial Snapshot (FY 2024–25)

Amount (₹ Lakhs)

2,17,365	27,622	15,731	(13,728.81)
Revenue from Operations	Profit before Depreciation, Amortisation, Interest, and Tax (PBDIT)	Profit After Tax (PAT)	Purchase of Fixed Assets / Capital Work in Progress / Advances / R&D

Despite global economic uncertainties and sector-specific challenges, prudent management and strategic initiatives have ensured a positive financial trajectory. This approach has reinforced our financial foundation, enabled sustainable growth, and positioned us to meet rising demand in the global pharmaceutical industry.

FY 2024-25 (in ₹ Lakhs) **Economic value distributed**

2,18,723	1,35,834	8,525	2,968
Direct economic value generated	Cost of materials consumed	Employee wages and benefits	Finance Cost

4,144	443	66,808
Payments to government (Taxes)	Community investments	Economic value retained

Strategic Initiatives and Long-Term Economic Sustainability

We drive economic sustainability through targeted strategic initiatives, investing ₹177 Crore in capacity expansion and advanced technology. This includes a greenfield project in the dermatology segment to strengthen market presence. We continuously enhance operational efficiencies, targeting capacity utilization of 75–79% and aiming for a 10% increase in top-line growth.

We are actively expanding our product portfolio, focusing on oncology formulations, to fuel future growth. Combined with a strong balance sheet and manageable leverage ratios, these initiatives demonstrate our commitment to long-term economic sustainability and capturing emerging opportunities in the pharmaceutical sector.

Beyond market performance, we provide comprehensive employee benefits that support financial security and well-being. We offer Provident Fund and National Pension System (NPS) options in line with statutory requirements. Contributions to NPS and Provident Fund form part of employees' cost-to-company packages, and we encourage active participation to secure retirement benefits. Additionally, we maintain a gratuity fund through LIC and Aditya Birla Sun Life Insurance.

Our economic performance extends beyond financial metrics. By aligning growth objectives with social responsibility, we generate positive impact for all stakeholders, reinforcing our position as a responsible and forward-looking organization.

Managing Risks and Ensuring Accountability

At ADL, we recognize that risk is an inherent part of our business. We actively manage risks to support decision-making and achieve strategic, operational, and sustainability objectives.

We address a range of environmental, social, and governance (ESG) risks that could impact our operations. Environmental risks, such as regulatory changes or supply chain disruptions, may increase operational costs. Social risks, including reputation issues or challenges in attracting talent, can affect operational efficiency and market value. Governance risks, such as regulatory penalties or reduced investor confidence, may impact financial stability. By identifying and mitigating these risks, we aim to safeguard the company's economic resilience and long-term performance.

Oversight is provided through a structured governance framework. The Audit Committee monitors and prevents conflicts of interest. Directors disclose personal interests, including shareholding changes, and abstain from related discussions or decisions. We also disclose related party transactions biannually to stakeholders via stock exchanges, ensuring regulatory compliance and transparency.

Our Code of Conduct outlines ethical principles, expected behaviours, and responsibilities for directors, management, employees, agents, contractors, and consultants. It supports transparency and accountability and enables early detection and resolution of unethical practices, reducing legal, financial, and reputational risks.

The Risk Management Committee plays a central role in risk oversight. Through a dynamic risk management framework, the committee continuously identifies, evaluates, and implements measures to mitigate risks. It meets at least twice a year to review processes, monitor risks, and ensure that systems and methodologies effectively support the implementation of the Risk Management Policy.

Additional initiatives include:

- Implementing a third-party, IT-based Compliance Management System to centralize regulations and provide automated alerts for timely compliance.
- Maintaining grievance redressal mechanisms for customers, employees, and communities, with no significant non-compliance reported during the year.

This integrated approach embeds governance, accountability, and risk mitigation into ADL's operations and decision-making processes.

GRI - 2-15, 201-3

SUSTAINING ENVIRONMENTAL CHEMISTRY

We believe that true progress goes hand in hand while protecting the planet. Every improvement in our processes, every product we create, and every innovation we adopt reflects our responsibility toward nature. For us, sustaining environmental chemistry is not just a policy, it is a shared value embedded in how we think, act, and grow.

At ADL, we are passionate about protecting our planet and weaving sustainability into everything we do. From our manufacturing floors to our supply chains, we are committed to shrinking our environmental footprint with practical, innovative solutions.

Material Topics

- Climate Change, Energy & Emission Management
- Water and wastewater management
- Waste and hazardous materials management

Our Environment and Climate Change Policy lights the way, pushing us to reduce greenhouse gas emissions, conserving energy, managing water responsibly, and minimizing waste generation. To support these goals, we have integrated advanced technologies and systems across all our facilities. Each plant is equipped with air scrubbers, dust filters, fire suppression systems, and wastewater treatment units to maintain clean and compliant operations. We have also implemented waste-to-energy initiatives to further lower our carbon footprint.

By integrating environmental responsibility into all aspects of our operations, ADL strives to meet its sustainability goals while encouraging collective action among stakeholders. Our efforts reflect a strong commitment to climate action, energy efficiency, water stewardship, and responsible waste management.

Tackling Climate Change and Emissions

Climate change shapes our sustainability priorities, and we actively reduce our environmental impact through energy efficiency and decarbonisation. We set clear GHG reduction targets and support them with risk assessments and investments in cleaner technologies, deploying energy-efficient systems, promoting conservation, and regularly monitoring and reporting our emissions. Additionally, based on the nature and intended use of our products, downstream processing is not expected to result in material greenhouse gas emissions. Guided by our Environment and Climate Change Policy, we integrate climate considerations across product design, manufacturing, logistics, and procurement, strengthening climate resilience, reducing our carbon footprint, and managing emerging risks while enabling sustainable growth.

We target **20%** reduction in Scope 1 & 2 emissions by 2030 baseline 2025

To reduce emissions, we are phasing out coal-based boilers, increasing renewable energy use, and investing in advanced technologies. Key actions include:

01

Agro-based multi-fuel boiler

We transitioned from conventional fuels to agro-based alternatives, reducing reliance on fossil fuels and contributing to lower greenhouse gas emissions through the adoption of cleaner energy sources.

02

Steam condensate recovery system

We enhanced our steam system by installing a flash vessel and deaerator, improving energy efficiency through waste heat recovery and contributing to reduced greenhouse gas emissions

03

Employee commute management

We track emissions and promote carpooling and public transport to lower indirect (Scope 3) emissions

04

Freon (R-134a) chilling plant

By adopting energy-efficient screw and scroll compressors, we optimized the performance of our chilling plants, contributing to reduced electricity consumption and a lower carbon footprint.

05

Mechanical Vapour Recompression (MVR)

As part of our energy efficiency initiatives, we plan to install a Mechanical Vapour Recompression (MVR) system to optimize steam utilization and support our decarbonization efforts through reduced greenhouse gas emissions

Scope 1 Emissions

Scope 1 represents direct emissions from fuels we control, such as boilers and generators. Tracking these emissions helps us manage energy use and identify reduction opportunities.

Fuel Type	Unit	FY 2022-23	FY 2023-24	FY 2024-25
High-Speed Diesel	tCO_2e	216	225	262
Coal	tCO_2e	79,811	76,838	92,340
Light Diesel Oil	tCO_2e	408	423	468
Low Sulphur Heavy Stock	tCO_2e	44	1,554	1,158
Briquette	tCO_2e	886	982	1,017
Furnace Oil	tCO_2e	580	0	0
Total Scope 1 Emissions	tCO_2e	81,945	80,022	95,245

Scope 1 emissions include CO_2, CH_4, and N_2O. Calculations use fuel consumption and IPCC emission factors.

Scope 2 Emissions

Scope 2 covers indirect emissions from purchased electricity and steam. These power our production equipment and support heating processes.

Fuel Type	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Electricity	tCO_2e	52,335	58,470	62,037
Purchase Steam	tCO_2e	5,014	5,353	4,251
Total Scope 2 Emissions (Location-Based)	tCO_2e	57,349	63,823	66,288

Scope 2 We use grid emission factors from the Maharashtra State Electricity Board (MSEB) and the Central Electricity Authority (CEA) for calculations.

Total Emissions (Scope 1 + 2)

We combine Scope 1 and 2 to track overall operational emissions and measure efficiency relative to revenue and production output.

Fuel Type	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Total Scope 1 Emissions	tCO_2e	81,945	80,022	95,245
Total Scope 2 Emissions	tCO_2e	57,349	63,823	66,288
Total (Scope 1 + 2)	tCO_2e	1,39,294	1,43,845	1,61,533
Total Scope 1 and Scope 2 emission intensity in terms of physical output	tCO_2e / Production volume (MT)	4.17	3.93	4.65

Units Saykha, S-33/34, and the Head Office (HO) have been included within the reporting boundary for Scope 2 disclosures for FY 2024-25.

GRI - 305-1, 305-2

Scope 3 Emissions

Scope 3 includes indirect emissions across our value chain. Measuring these emissions helps us manage broader environmental impacts and identify reduction opportunities.

Categories (tCO_2e)	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Category 1 (Purchased goods and services)	tCO_2e	80,499	62,456	61,374
Category 2 (Capital Goods)	tCO_2e	2,158	3,647	635
Category 3 (Fuel and energy related activities)	tCO_2e	20,126	21,349	24,092
Category 4 (Upstream transportation and distribution)	tCO_2e	21,661	4,892	39,709
Category 5 (Waste generated in operations)	tCO_2e	4,165	5,584	8,861
Category 6 (Business travel)	tCO_2e	8	8	13
Category 7 (Employee commuting)	tCO_2e	801	810	925
Total	tCO_2e	1,29,416	98,746	1,35,610

Certain equipment/items under Scope 3 Category 1 and Category 2 have been classified based on the HSN code category bifurcation used by ADL. The categorisation of such items may vary across companies depending on their internal classification methodology.
The Company has assessed Scope 3 Categories 8 to 15 and determined them to be not applicable to its operations for FY 2024-25.

Parameter	Unit	FY 2024-25
Total Scope 3 Emissions	tCO_2e	1,35,610
Total GHG Emissions (Scope 1+2+3)	tCO_2e	2,97,144
GHG (Scope 1+2+3) Emissions Intensity	tCO_2e / production volume (MT)	8.56

Air Emissions

Air emissions are an important focus area in our environmental management system. Stack emissions are monitored regularly to ensure compliance with regulatory standards and to minimize impacts on air quality. Our key air pollutants include Particulate Matter (PM), Nitrogen Oxides (NOx), and Sulphur Oxides (SOx).

We have installed advanced air pollution control systems such as electrostatic precipitators (ESPs), scrubbers, and mechanical dust collectors to control emissions at source. Monitoring is carried out by accredited third-party agencies to ensure adherence to the Ministry of Environment, Forest and Climate Change, Central Pollution Control Board, and National Ambient Air Quality Standards.

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Particulate Matter (PM)	Tonnes	33	26	26
Nitrogen Oxides (NOx)	Tonnes	4	2	3
Sulphur Oxides (SOx)	Tonnes	24	20	21

GRI - 302-2, 302-4, 305-3, 305-4, 305-7

Responsible Consumption and Energy Efficiency

We integrate responsible energy use across operations, focusing on efficiency, process optimization, and technology adoption. Our energy strategy aims to reduce total energy consumption by 20% across all manufacturing sites by 2030 (Considering 2024-25 as baseline) while progressively transitioning to renewable energy and investing in low-carbon and circular technologies.

Energy Efficiency Measures

Chilling systems
Upgraded Freon (R-134a) plants with screw and scroll compressors.

HVAC efficiency:
Installed IE5 motor-based high-efficiency fans with VFD compatibility to enhance energy efficiency (0.3%).

Pre-heating systems
Installed Air and Water Pre-Heaters and a high-efficiency Thermic Fluid Heater to improve energy efficiency and reduce coal consumption.

LED lighting
Replaced 125 W sodium vapour lamps with 30–50 W LEDs across sites.

Cooling efficiency
Closed-loop cooling tower systems under installation to minimize energy loss.

GRI - 302-4

Renewable and Alternative Energy

We are progressively transitioning ten sites to renewable energy, reflecting our commitment to decarbonizing operations and enhancing energy independence. Our approach includes:

Renewable energy integration:

- Phase 1 (by 2026): We are going to install 5 MW solar energy at Sarigam, 13 MW solar energy, and 15 MW wind energy at Tarapur, achieving a 68% reduction in energy use at these sites.
- Phase 2 (by 2030): Complete the remaining transition by achieving a 100% renewable energy target.

Co-generation enhancements:

- We are going to install 1,900 kW and 1,700 kW back-pressure turbines for the co-generation power plant.
- Expected to offset 28.68% of current power consumption, generating 24,480,000 kWh annually.

Alternative fuel adoption:

- Planned dual-fuel boiler using spent glycol with coal (7,000 MT per year), pending GPCB approval.

Additional measures:

- Evaluate renewable energy procurement through utilities or renewable energy credits to strengthen our clean energy portfolio.

These initiatives advance our vision to decarbonize operations, enhance energy self-reliance, and support India's renewable energy goals.

Energy Consumption Performance

Parameter	Unit	FY 2022–23	FY 2023–24	FY 2024–25
Electricity consumption	GJ	2,81,500	2,93,984	3,07,199
Total fuel consumption	GJ	8,84,276	8,76,436	9,84,887
Steam purchase	GJ	3,32,125	3,54,122	281578
Total energy consumed	GJ	14,97,903	15,24,542	15,73,664
Energy intensity in terms of physical output	GJ/ Production volume (MT)	44.87	46.34	45.34

Resource Optimization & Initiatives

We are progressively increasing the use of renewable energy across ten sites to reduce dependence on conventional energy sources and support the decarbonisation of our operations.

We also implement structured measures to improve energy and resource efficiency across our manufacturing facilities. Multiple-effect evaporators installed at two units support the recovery of sodium sulphate, calcium fluoride, sodium acetate and potassium formate from process streams. These systems improve resource recovery and support the efficient management of process residues.

We conduct regular energy and steam audits to identify optimisation opportunities across plant and utility operations. Condensate recovery lines, flash vessels, deaerators and a Condensate Contamination Detection System with a polishing unit help improve steam and condensate recovery and reduce energy demand.

We are also installing a double-effect heating and chilling vapour absorption machine to improve energy efficiency.

Additional measures include the use of high-efficiency thermic fluid heating systems and the optimisation of ventilation systems across our operations.

These initiatives support the efficient use of energy and materials and contribute to reducing the environmental impact of our operations.

A Life Cycle Assessment (LCA) study was also conducted to evaluate the environmental impact associated with the production of Metronidazole (manufacturing capacity: 4800 TPA), following the methodological guidelines of ISO 14040 and ISO 14044. The assessment covered the complete life cycle of the product from raw material extraction to end-of-life (cradle-to-grave) using SimaPro software and databases from Ecoinvent v3.8. Environmental impacts were quantified using the ReCiPe 2016 Midpoint (E) V1.06 / World (2010) method, considering indicators such as global warming potential, ozone depletion, acidification, eutrophication, ecotoxicity, resource depletion and water consumption. The results indicated that raw material extraction is the most significant contributor to environmental impact across categories. A base case and a proposed mitigation scenario were evaluated, incorporating solvent recovery and reuse to reduce emissions. The proposed case demonstrates a 19.99% reduction in Global Warming Potential (GWP) and an overall impact reduction of 18.96% across all environmental categories.

Water and Wastewater Management

Water management is an integral part of ADL's operational and environmental strategy, supporting production continuity and ecological balance. To achieve this, we monitor and optimize water use across all sites, implement conservation measures, and apply advanced technologies to minimize consumption while maximizing recycling and reuse.

Our Water Policy embeds environmental protection principles into product and process design, as well as business decision-making. The policy guides our strategy, which focuses on water conservation, wastewater treatment, and sustainable discharge practices.

ADL actively works to reduce consumption, prevent wastage, and maintain compliance with environmental standards. Through structured practices and efficient management, the company minimizes its water footprint while maintaining operational efficiency and limiting environmental impact on surrounding communities.

Water Consumption and Discharge

Parameter	Unit	FY 2022-23	FY 2023-24	FY 2024-25
Water withdrawn from third-party source (MIDC)	KL	4,30,711	4,25,435	6,10,811
Total water consumption	KL	4,30,711	4,25,435	5,96,034
Total Water discharge	KL	20,530	14,395	14,777
Water intensity (per MT of product)	KL/Production volume (MT)	12.90	12.93	17.17

Units Saykha and S-33/34 have been included within the reporting boundary for consumption of water for FY 2024-25.

Water Use and Conservation

ADL monitors water use, optimizes processes, and implements measures to reduce consumption and maximize reuse. Teams follow the Water Management Standard Operating Procedure (SOP) to track usage, identify conservation opportunities, and implement water-saving practices.

Industrial effluents are treated according to pollution levels:

- Less-polluted streams (COD/TDS below 10,000 mg/L) are treated in Effluent Treatment Plants (ETPs), which include primary, secondary, and tertiary stages before discharge to a Common Effluent Treatment Plant (CETP).
- Highly polluted streams (COD/TDS above 10,000 mg/L) undergo treatment using Multiple Effect Evaporators (MEE) and Mechanical Vapour Recompression (MVR) systems. The recovered condensate is fully recycled, achieving Zero Liquid Discharge (ZLD).
- Domestic wastewater from canteens and sanitation areas is treated in Sewage Treatment Plants (STPs), with treated water reused for gardening.
- All effluents are routinely tested by a MoEFCC-accredited laboratory to ensure compliance with Environment, Health, and Safety (EHS) standards.

GRI - 303-3, 303-4, 303-5

Policy and Operational Measures

Our Water Policy sets measurable targets for reduction, reuse, and safe discharge. We:

- track and reduce water consumption through recycling and reuse systems
- implement cleaner technologies in manufacturing
- improve cooling tower efficiency with closed-loop systems to reduce scaling and maintain water quality

We conduct employee training programmes to reinforce responsible water use and disclose our water performance regularly to ensure accountability and track progress.

We continue to reduce water consumption, manage wastewater effectively, and comply with regulatory requirements to support sustainable operations.

Wastewater Management and Water Reuse

We have implemented a zero-discharge system, treating and recycling all sewage and trade wastewater. We convert treated effluents into manageable sludge for safe disposal. Treated sewage water is recycled for gardening and utility purposes, promoting water conservation practices. We distill and reuse low-COD treated water in utility systems to improve overall water efficiency.

Our R&D team has optimized water use in production. Multiple washing systems across six product lines have reduced water consumption by 50% compared to previous practices. We treat effluents through a two-stage process, allowing water to be recycled within production and utility stages. Solvent recovery systems further reduce fresh resource use and support circular resource management.

We plan to

01 Expand continuous process production to improve manufacturing efficiency

02 Reduce water consumption across all sites by 30% by 2030 (Considering 2024-25 as baseline)

03 Collect and reuse rainwater in storage tanks at all units

04 Treat and reuse 100% of sewage and trade effluents

05 Install sensor-based taps in washrooms to reduce water usage

These measures integrate wastewater management, reuse, and process optimization to improve resource efficiency and sustainability.

GRI - 303-2

Waste and Hazardous Material Management

At ADL, we manage waste to minimise environmental impact, promote recycling, and ensure the safe disposal of hazardous materials. We identify, segregate, and monitor all waste streams, handling them according to regulatory requirements and our Health, Safety, and Environment (HSE) Policy and Waste Management SOP.

Waste Generation and Disposal

Parameter	Unit	FY 2022–23	FY 2023–24	FY 2024–25*
Total Hazardous Waste	MT	30,617	36,339	38,768
Total Non-Hazardous Waste	MT	3,901	4,111	5,289
Total Waste Generated*	MT	34,518	40,450	44,056
Total Waste Directed to Disposal	MT	30,399	36,164	44,056
Waste intensity in terms of physical output	MT/Production volume (MT)	1.034	1.23	1.26

*In FY 2024, plastic waste has been classified under hazardous waste as it is used in wrapping of hazardous waste.
Empty drum disposal is recorded in different units across sites. A total of 4,610 empty drums reported in numbers (Nos.) has therefore not been included in the current waste intensity calculation. Going forward, we aim to standardise reporting units across sites and include empty drum disposal in waste intensity calculations from the next reporting year.

Approach and Practices

We manage hazardous waste through labelling, manifest systems, and authorized Treatment, Storage, and Disposal Facilities (TSDFs) or approved co-processing units. Non-hazardous waste is segregated at source and recycled or safely disposed. We prohibit any transboundary movement of hazardous waste.

We minimize waste through process optimization and lean manufacturing. For example- Process improvements in Metformin Hydrochloride production reduced hazardous waste generation. Mixed glycol is reused as boiler fuel, and other by-products are converted into saleable materials. High-calorific waste goes to cement kilns for co-processing, while lower-calorific waste is landfilled under controlled conditions.

We optimize material use and packaging by reducing scrap, replacing HDPE drums with fibre drums, LDPE bags with jumbo bags, and repurposing containers for hazardous waste. Production planning aligns output with demand, reducing overproduction and excess material handling.

This year, 7,491.3 MT of waste was sent for co-processing, and 5,827.8 MT of mixed glycol was reused as fuel, supporting circularity and reducing disposal volumes. Recycling bins for hazardous, non-hazardous, biomedical, and e-waste were installed across sites to reinforce segregation practices.

Targets

01 Reduce waste generation by 30% by 2030 (Considering 2024-25 as baseline)

02 Send 50% of waste for co-processing by 2030

03 Increase productivity by 20% while maintaining environmental compliance

04 Strengthen production planning and inventory optimization

05 Expand recycling infrastructure and maintain segregation standards

Through these measures, we integrate waste minimization, recycling, and circularity into our operations, supporting sustainable production and reducing environmental impact across all sites.

Cleaner Production and Resource Optimization

At ADL, we focus on reducing environmental impact by adopting cleaner, more efficient production processes and managing natural resources responsibly through reuse, recovery, recycling, and repair.

Our R&D team developed innovative and sustainable manufacturing processes to improve product quality, optimize resource and energy use, reduce hazardous waste and solvent consumption, and enhance operational efficiency while minimizing environmental and occupational risks.

We recover and reuse by-products such as Sodium Sulphate, Spent Glycol, Ammonium Sulphate, and Formamide, converting them into saleable materials and supporting a circular economy. Water conservation initiatives included installing orifices in pipelines, using recycled water for toilets, substituting fresh water with treated water for landscaping, and collecting rainwater for reuse as utility makeup water.

We engage employees through training, awareness campaigns, recognition programmes, and events such as World Environment Day to promote responsible resource use. Material and packaging efficiency measures include reducing production scrap, reusing packaging, switching from HDPE drums to fibre drums, replacing LDPE bags with jumbo bags, and repurposing discarded containers for hazardous waste.

These initiatives integrate process efficiency, pollution prevention, water conservation, and circular resource management, supporting ADL's sustainable operations and environmental objectives.

ADVANCING SOCIAL WELLBEING

At Aarti Drugs Limited, we recognise that sustainable growth begins with our people and the communities we serve. Our social responsibility approach focuses on building safe, inclusive, and supportive workplaces while strengthening community relationships through targeted development initiatives.

We integrate employee well-being, capability building, human rights, and ethical conduct into our operations. Robust safety systems and responsible labour practices guide our internal commitments, while our community programs aim to enhance livelihoods, access to essential services, and long-term resilience. Through these efforts, we convert our social priorities into measurable impacts that support our workforce, build stakeholder trust, and align with global sustainability expectations.

Material Topics

- Occupational Health & Safety
- Community Impact, Relations & Development
- Product Safety

Our People

At Aarti Drugs Limited, we build our strength through a workforce that brings diverse skills, perspectives, and experiences. Our team remains central to our performance, resilience, and long-term sustainability.

Workforce Profile

Our Board of Directors consists of 12 members, including one woman director, ensuring representation in strategic decision-making.

In FY 2024–25, our workforce distribution was as follows:

Number of employees FY 2024-25 (Head Count)

Female	Male	Total
203	1,314	1,517

Number of permanent employees FY 2024-25 (Head Count)

Female	Male	Total
131	808	939

Number of permanent employees FY 2024-25 (Head Count) (Age)

Under 30 years	30-50 years	50 and above years	Total
351	465	123	939

Number of Other than permanent employees FY 2024-25 (Head Count)

Female	Male	Total
72	506	578

Number of workers FY 2024-25 (Head Count)

Female	Male	Total
36	1,312	1,348

Number of permanent workers FY 2024-25 (Head Count)

Female	Male	Total
1	344	345

Number of Other than permanent workers FY 2024-25 (Head Count)

Female	Male	Total
35	968	1003

Note: The limited assurance covers only the disclosure related to permanent employees and permanent workers. Data relating to other than permanent employees and workers, including the total employee and worker headcount, is outside the scope of limited assurance for FY 2024-25.

Our workforce profile also reflects a strong base of experienced personnel, with around 48% of permanent workers falling within the 30–50 years age group, supporting operational expertise and continuity. We remain committed to fostering a diverse and inclusive workplace. Women account for 13.95% of permanent employees while 2.67% of workers are women. Given the nature of our manufacturing operations, the overall workforce has a higher male representation, especially in operational roles. However, women's representation at the Head Office is significantly higher, at approximately 40%, reflecting stronger gender diversity in corporate and administrative functions. We continue to focus on improving gender balance across departments and levels. We also employ two differently abled employees and two differently abled workers, reinforcing our commitment to inclusion.

Employee Retention and Turnover rate

We track retention and turnover to support workforce stability and operational continuity. In FY 2024–25, turnover increased slightly among permanent employees.

	2024-25			2023-24			2022-23		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent employees									
	12 (10.26%)	68 (9.25%)	80 (9.38%)	12 (12%)	56 (8.64%)	68 (9.08%)	7 (7.14%)	51 (7.92%)	58 (7.82%)
Permanent workers									
	0 (0%)	16 (4.99%)	16 (4.98%)	0 (0%)	7 (2.46%)	7 (2.46%)	0 (0%)	4 (1.55%)	4 (1.55%)

GRI - 2-7, 2-8, 401-1

Employee Well-Being

We prioritize the health, safety, and financial security of our workforce.

Key benefits include

- 100% of permanent employees and workers covered under health and accident insurance.
- Accident insurance extended to all non-permanent employees and workers.
- Full maternity benefits provided to female permanent employees and workers.
- Accessibility improved through lifts for individuals with mobility challenges.
- Flexible working hours to support work-life balance.
- Statutory retirement benefits such as PF, NPS, and gratuity

These measures help us maintain a workplace where employees feel supported, secure, and valued.

Parental leave

In line with its commitment to employee well-being and inclusive workplace practices, Aarti Drugs Limited provides maternity leave benefits in accordance with the Maternity Benefit Act and applicable company policies. These provisions are intended to support the health and well-being of employees during maternity, while ensuring continuity, care, and balance between personal and professional responsibilities. In FY 2024–25, all female permanent employees who took parental leave returned to work and were retained. No male employees availed parental leave in the reporting year.

Employee Training

We actively support the growth and empowerment of our employees as a core part of our broader sustainability agenda. We recognize that developing knowledge and capabilities is critical for enabling employees to achieve their individual goals while contributing to organizational objectives. To facilitate this, we provide training programs that are available across all business units, guided centrally by HR, while allowing teams the flexibility to address role-specific and operational needs.

In FY 2024, we conducted Internal Auditor training for employees on ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health & Safety) standards through a certified third-party agency. These training programs enhance our teams' ability to maintain quality, implement effective environmental practices, and ensure occupational health and safety across all operations. Additionally, we support continuous learning by reimbursing employees for external certifications they pursue, thereby cultivating a culture that values skill development and professional growth. Employees were trained in HR policies and codes related to leave management, maternity, time and attendance, overtime, travel, retirement, and performance enhancement plans. Plants also focused on vendor management, background and reference checks, and pre-employment medical protocols, reinforcing our commitment to fair labour practices and health and safety.

Stress Management Training was conducted, and the evaluation forms were used to assess employees' understanding of key stress concepts, major workplace stressors, and physiological and psychological stress responses. The training effectively reinforced practical stress management knowledge and improved participant awareness and coping capability.

A total of **1,755.5 man-hours** of employee development and compliance training was conducted in FY'25 for permanent and non-permanent employees.

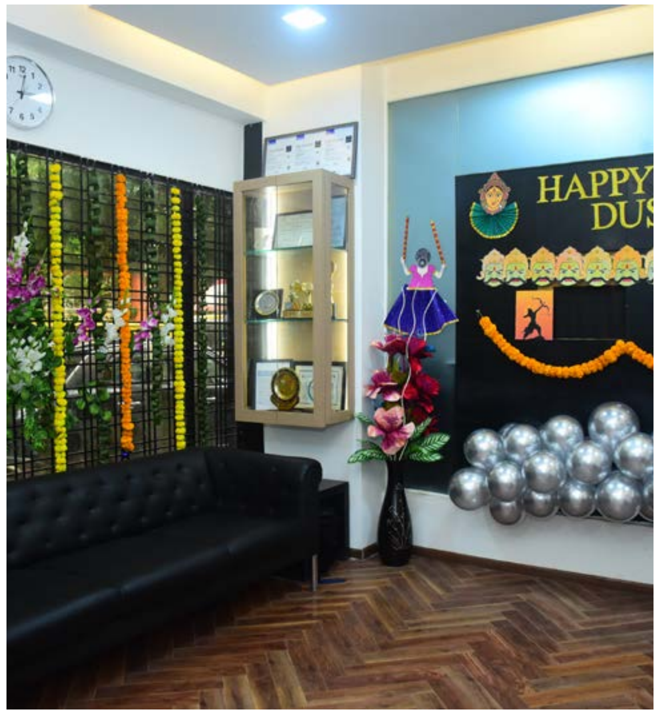
GRI - 401-2, 401-3, 403-3, 403-6, 404-2

Employee Engagement Programmes

At Aarti Drugs Limited, we place our employees at the center of our growth journey. Our focus is on creating an environment that is collaborative, inclusive, and supportive, where every individual feels valued and motivated. Through a range of initiatives, we aim to strengthen team connections, celebrate achievements, and promote holistic well-being. In line with our commitment to fair representation and open communication, elections for trade union representatives are conducted in accordance with applicable labour regulations.

Service Appreciation Programme

Recognizing loyalty and dedication is central to our culture. We conducted a Service Appreciation event at our Head office to honour employees who have contributed significantly. This initiative reinforces our commitment to acknowledging our employees' service and fostering a sense of pride among our workforce.



Retirement Ceremonies

We also organised Retirement ceremonies to celebrate the careers of employees concluding their professional journey with us. These events provide an opportunity to express gratitude and ensure that retiring colleagues leave with respect and cherished memories.

Cricket Tournament

To promote health and team spirit, we hosted a Cricket Tournament, which saw enthusiastic participation across departments. These activities help build stronger interpersonal relationships while encouraging a healthy lifestyle.

Tree Plantation

At Aarti Drugs Limited, we believe that sustainability begins with active participation. To strengthen our environmental commitment and engage employees meaningfully, we organized a Tree Plantation Drive at our Sarigam facility. This initiative was designed not only to enhance green cover and contribute to ecological balance but also to create a sense of ownership and pride among employees

Festive and Cultural Celebrations

We believe shared celebrations strengthen workplace bonds. During FY 2024-25, we organized events for Diwali, Dussehra, and Ganesh Chaturthi, encouraging employees to come together and experience the joy of cultural traditions.

Yoga for Stress Management

As part of our Women's Day celebrations, we organized a Yoga Session focused on stress management and holistic well-being. This initiative was designed to empower women employees by providing them with practical tools to manage stress, strengthen mindfulness and enhance overall health.

Performance and career development reviews

We believe that regular performance and career development discussions help our employees and workers enhance their capabilities, align individual goals with business priorities, and identify opportunities for continuous learning and growth. Our review process provides constructive feedback and supports their professional development.

Employees meeting the prescribed eligibility criteria participate in a formal performance and career development review process. During FY 2024–25, the formal review process covered 100% of eligible permanent employees.

Permanent Employees by Gender

Category	Total Employees	Eligible Employees	Eligibility %
Female	131	117	89.31%
Male	808	668	82.67%
Total	939	785	83.6%

Employee Engagement Survey

We periodically conduct employee satisfaction and engagement surveys to gather feedback on key areas such as work environment, leadership communication, growth and development opportunities, compensation and benefits, and overall workplace satisfaction. The insights help us identify improvement areas and strengthen employee engagement across the organization.

Occupational Health & Safety (OHS)

At ADL, we implement a comprehensive Occupational Health & Safety (OHS) management system across all sites to prevent injuries and incidents and to foster a disciplined safety culture at every level. Our approach supports our mission to lead the pharmaceutical sector through sustainable practices while upholding quality, affordability, and ethical standards. Guided by our vision to deliver safe, adaptable, and future-ready processes, we design efficient workplaces, prioritize employee well-being, and engage all personnel in maintaining a safe environment.

Implementation of Occupational Health and Safety (OHS) Management System

We operate our OHS system in compliance with applicable legal requirements and standards, including the Factories Act, 1948, the Maharashtra Factories Rules, 1963, and ISO 45001:2018. The system covers all permanent and temporary employees and workers, aiming to achieve a workplace free of injuries and incidents while cultivating a strong safety culture throughout the organization.

11 of our manufacturing sites are certified in **ISO 45001:2018**

Health, Safety & Environment (HSE) Policy Framework

Our HSE Policy applies to all operations, including manufacturing sites, warehouses, offices, R&D centers, and subsidiaries under direct management. It also extends to contractors, visitors, and business partners, while we encourage value-chain partners to adopt these standards. The policy ensures workplaces are safe, hygienic, and compliant with health and safety regulations, reducing accidents, injuries, and occupational health risks. We define procedures to identify and assess hazards, implement control measures, and protect personal health information through strict data protection protocols.

Governance and Employee Engagement

We strengthen safety governance through Apex Safety Committees at each site, equally representing management and workers. Chaired by the unit head, these committees meet quarterly to review OHS issues and approve corrective and preventive actions. Members include heads of Safety, Health, and Environment (SHE), Quality Assurance, Quality Control, Warehouse, Engineering, Production, HR, and workmen representatives. Committees follow a two-year tenure as per the Factories Act, 1948.

We promote open communication through monthly gate meetings at emergency assembly points to share ongoing safety campaigns, alerts, and employee suggestions. A Risk Management Committee meets at least twice annually to identify, evaluate, and mitigate risks, oversee policy implementation, and prepare remediation plans for potential impacts. Employees can report OHS incidents and concerns through accessible channels and participate in decisions affecting their working conditions. Bilingual safety manuals are available across units to support understanding.

OHS Goals for FY 2024-25

Strategic Goals and Accomplishments

Zero Harm Workplace
Targeting a TRIR of zero by 2025; current TRIR stands at 0.31. Corporate EHS Manager leads comprehensive reviews of routine and non-routine processes.

Safety Culture
Achieved 100% completion of safety training for employees. HR and Safety Coordinators drive initiatives.

Regulatory Compliance
Maintained full compliance with statutory and legal OHS requirements under the guidance of the Safety Head.

Operational Goals and Accomplishments

01 Conducted four routine safety inspections per site each month, achieving full compliance. (Site Managers)

02 Improved near-miss reporting by 34%, exceeding the 25% target. (Site EHS Leads)

03 Executed emergency drills for fire, chemical, and evacuation scenarios, meeting annual requirements. (EHS Teams)

04 Maintained PPE compliance at 90%, with action plans to strengthen behaviour-Based Safety initiatives. (Area In-charges)

05 Ensured 100% contractor safety compliance through onboarding verification and ongoing monitoring. (Procurement & HSE)

Innovations and Risk Mitigation

Chemical Safety
Deployed DIPHOTERINE® solution to manage chemical splashes, neutralizing harmful effects on skin and eyes.

Process Safety Management
Conducted Thermal Screening Unit (TSU), Minimum Ignition Temperature (MIT), and Minimum Ignition Energy (MIE) analyses to prevent fire or explosion hazards.

Hazard and Operability Studies (HAZOP)
Performed for all processes with trained in-house SMEs, implementing recommendations to mitigate operational risks.

Quality Risk Assessment
Conducted industrial hygiene surveys, implemented closed handling systems, and ongoing chemical exposure monitoring.

Cross-Unit Audits
Focused on electrical safety, overflow management, and process safety to eliminate unsafe conditions.

Hazard Management

We systematically identify and assess hazards using HAZOP, Hazard Identification and Risk Assessment (HIRA), and Quality Risk Assessment methodologies. Core programs include management of change, pre-startup safety reviews, job safety analysis, cross-site audits, near-miss reporting, behavior-based safety, deviation management, and general plant conditioning rounds. Recommendations from assessments guide additional controls to reduce risk and ensure safe operations.

Work-Related Injuries and Ill-Health

We remained committed to maintaining a safe and healthy workplace, with a continued emphasis on preventing work-related injuries and incidents.

Category	Female	Male	Total
Employees	0	0	0 fatalities, high-consequence, and recordable injuries
Workers	0	1	1 fatality; 0 high-consequence and recordable injuries

Lost Time Injury and Work-Related Ill-Health

- **Lost Time Injury Frequency Rate (LTIFR):** 0 per million-person hours for both employees and workers.
- **Work-Related Ill-Health Cases:** No cases reported among employees or workers during FY 2024–25.

GRI - 403-2, 403-9, 403-10

Training Programs

We implement monthly training sessions focusing on operational hazards, emergency preparedness, fire safety, chemical handling, laboratory safety, and road safety. Initial training for safety officers is cascaded across units. Quarterly mock drills reinforce emergency readiness, including hands-on fire extinguisher demonstrations. These programs enhance knowledge, preparedness, and safe practices for employees and workers. A total of 20,776 man-hours of OHS training was conducted for our employees and workers.

Examples of Our Safety Training Initiatives

- SHE policy
- Material Safety Data Sheet
- Chemical spill prevention
- Demonstration on fire hydrant
- On-site emergency plan
- Near-miss reporting
- Fall protection and ladder safety
- Use of personal and respiratory protective equipment (PPE and RPE)

Employee Health and Well-Being

We provide comprehensive healthcare benefits and physical fitness monitoring. Employees and their families are covered under health and accident insurance policies, with clear processes for claiming benefits. We ensure confidentiality and security of personal and business data through strict data protection measures.

Monitoring and Continuous Improvement

We track performance through audits, incident reporting, risk assessments, and site learnings. Electrical hazards identified during the year prompted engineering controls, preventive maintenance, and PPE reinforcement. We communicate lessons learned across all units through incident alerts, gate meetings, CAPA implementation, and cross-site audits.

Our commitment remains to continuously improve OHS outcomes, prioritizing the physical and emotional well-being of employees, contractors, visitors, and stakeholders. Safety culture is reinforced through campaigns, training, SOPs, audits, and risk reviews, fostering resilience, trust, and sustainable practices.

GRI - 403-3, 403-5

Product Safety

At Aarti Drugs Limited, we prioritize product safety across all operations. We manufacture bulk drugs and active pharmaceutical ingredients (APIs) that we supply to formulation companies for producing and marketing finished medicines. While we are not directly responsible for the end-use of these products, we enforce strict quality and safety standards throughout our processes to ensure reliability and regulatory compliance.

In FY 2024–25, we recorded zero fatalities linked to our products and did not issue any product safety recalls. No products were accepted for takeback, reuse, or disposal during the year.

During the year, the Maharashtra Pollution Control Board (MPCB) issued a voluntary closure directive for Plant T-150 following a bromine leakage incident during the unloading of a liquid bromine tanker near the tank farm. We immediately conducted a detailed incident investigation, performed a root cause analysis, and implemented corrective and preventive actions (CAPA) to prevent recurrence. These measures reinforce our commitment to safety, operational excellence, and continuous improvement across all facilities.

Human Rights

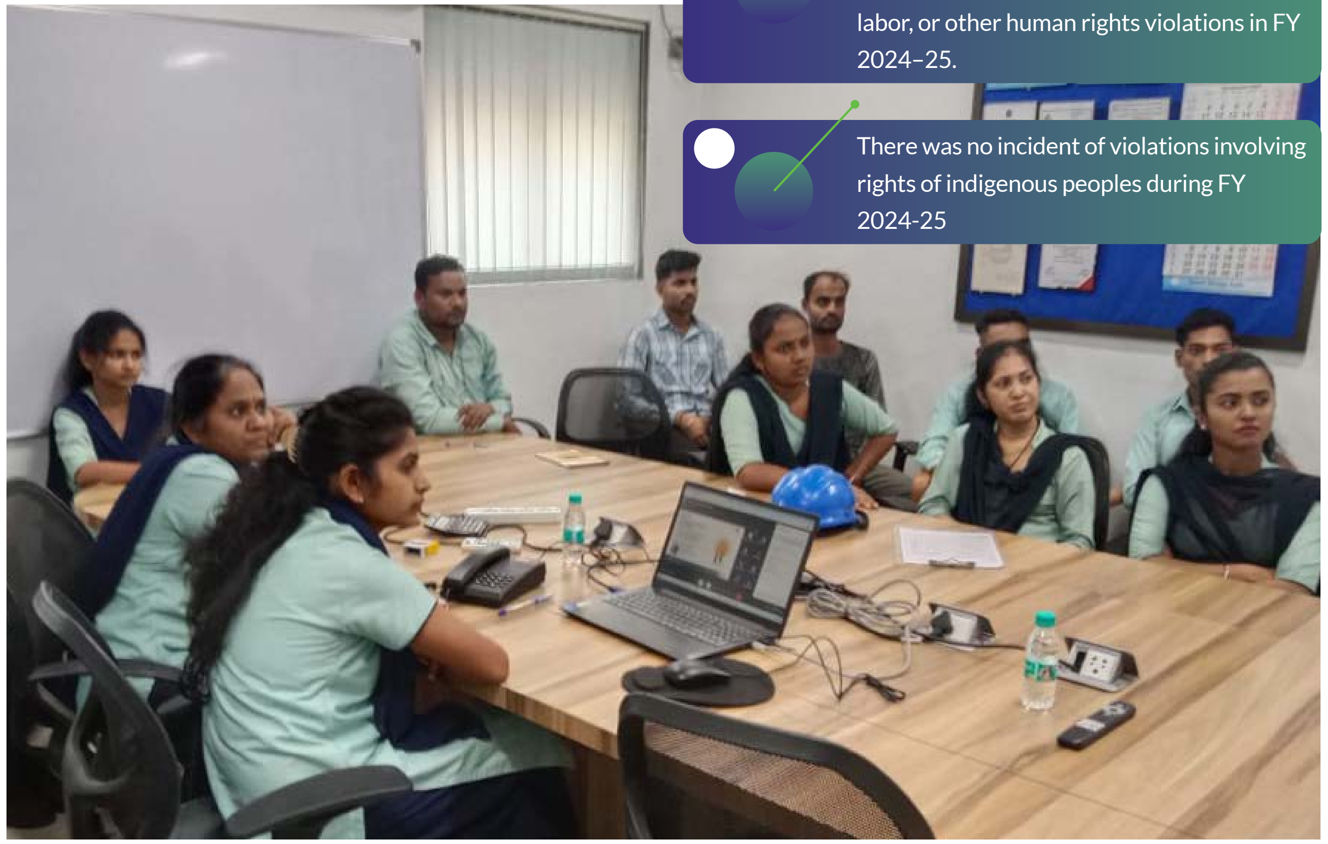
At ADL, we embed respect for human rights into every aspect of our operations. We ensure all employment is voluntary and maintain zero tolerance for child labor, forced labor, or any form of mistreatment. We strictly prohibit exploitation, physical punishment, and involuntary servitude, while ensuring fair compensation and full compliance with applicable laws.

We are committed to building awareness of human rights and ethical practices across our workforce. Every employee and worker receives human rights training during onboarding, followed by annual refresher sessions to reinforce these principles. In FY 2024–25, we conducted sensitization and awareness programs on the Prevention of Sexual Harassment (POSH) for all employees and permanent workers, and we plan to extend similar training to non-permanent workers.

Our training efforts go beyond compliance and cover a broad range of topics that help create an inclusive, transparent, and safe workplace. These include Anti-Discrimination, Anti-Bribery and Anti-Corruption, Anti-Drug and Alcohol Policy, Whistleblower Protection, Disciplinary Action Process, Dress Code, Ethics and Fair Business Practices, Human Rights, and Social Media. We also delivered specialised programs such as Employee Grievance Redressal to ensure adherence to legal and ethical standards. Through these initiatives, we aim to embed a culture of respect, integrity, and accountability across the organization.

Zero cases of sexual harassment, workplace discrimination, child labor, forced labor, or other human rights violations in FY 2024–25.

There was no incident of violations involving rights of indigenous peoples during FY 2024-25



Our Ethics Committee and Ethics Officer oversee human rights concerns, ensuring employees and workers can report grievances through dedicated channels, including HR. Our commitment extends beyond internal operations to our customers, suppliers, and business partners, requiring them to respect fundamental human rights and cultural values. We actively identify, assess, and mitigate human rights risks to prevent any potential infringement. In line with this commitment we have undergone an audit based on the Pharmaceutical Supply Chain Initiative (PSCI) framework.

GRI - 403-7, 416-2

GRI - 406-1, 411-1

Our Policies

People Policy

- Conduct business in a way that respects the rights and dignity of all individuals.
- As an equal opportunity employer, assess individuals purely on merit and ensure every employee is treated with respect.
- Ensure a workplace free from harassment, abuse, or violence.
- Promote diversity and inclusion with zero tolerance for discrimination.
- Maintain zero tolerance for child labor and any form of forced or bonded labor.
- Uphold employees' rights to freedom of collective bargaining

Policy on Prevention of Sexual Harassment at Workplace

- ADL enforces a zero-tolerance policy for sexual harassment in the workplace.
- The policy applies to all employees, including permanent, probationary, trainees, apprentices, and contract workers.
- All complaints are handled by the Internal Complaints Committee through a structured redressal process.
- Investigations are conducted promptly, and disciplinary action may include termination of employment.
- Complaints are treated with respect, confidentiality, and without victimization of the complainant.

Anti-Bribery and Anti-Corruption Policy

- ADL ensures business decisions are never influenced by bribery or corruption.
- Any arrangement involving customers, suppliers, government officials, or third parties that could lead to corruption is strictly prohibited.
- ADL does not make political contributions to any party or candidate, except in compliance with applicable laws and with prior approval from the Board or an authorized committee.
- Violations of this policy are treated seriously and may result in disciplinary action, including termination, in line with ADL's Code of Conduct and employment terms.
- All protected disclosures or grievances related to this policy must be reported to the Ethics Officer.

Community Impact, Relations, and Development

At ADL, we believe inclusive growth is meaningful only when it uplifts communities. Our senior management at key operational locations including the Mumbai Head Office, Tarapur, and Sarigam factories is composed entirely of individuals from local communities (within a 100 km radius). This local representation ensures decisions are informed by regional context and needs.

The Corporate Social Responsibility (CSR) Committee, Risk Management Committee and Sustainability Council deal with impacts related to local communities. Formal grievance mechanisms in our Code of Conduct allow community concerns to be addressed efficiently.

CSR at ADL is rooted in commitment rather than obligation. Long before CSR became statutory, we supported education and healthcare in underserved areas. Today, we partner with NGOs and changemakers, leveraging local knowledge and institutional support to scale impact responsibly.

GRI - 413-1

CSR Governance and Policy

Our Board-approved CSR Policy guides all initiatives under the Companies Act, 2013, ensuring alignment with ethical standards and positive societal and environmental contributions.

CSR Committee Members

- Shri Bhaskar N. Thorat – Independent Director (Chairman)
- Shri Prakash M. Patil – Executive Director (Member)
- Shri Rashesh C. Gogri – Executive Director (Member)

Total Beneficiaries in FY 2024-25

₹443.45 Lakhs
Total CSR Spent

50,000+
Total Beneficiaries

100%
of beneficiaries belong to vulnerable and marginalized groups

Focus Areas and Allocation

₹55.43 Lakhs
5000+ beneficiaries
Education and Skill development

₹152.50 Lakhs
10000+ beneficiaries
Healthcare

₹7.94 Lakhs
10000+ beneficiaries
Public Infrastructure

₹92.21 Lakhs
10000+ beneficiaries
Conservation of natural resources

₹14.25 Lakhs
Supporting weaker section of the society (including housing aid)

₹58.11 Lakhs
Rural development

A total of 50,000+ beneficiaries: Supporting weaker sections of society (including housing aid) and Rural development

We engage communities through training, workshops, surveys, and regular meetings, ensuring that interventions address real needs and deliver measurable outcomes.

Monitoring of CSR Activities

As part of our CSR Policy, company officials conduct regular site visits and periodic reviews to monitor project progress and verify outcomes. Our monitoring approach relies on direct, first-hand observations to ensure transparency, accountability, and effectiveness.

SMART indicators

Specific | Measurable | Accurate | Realistic | Time-bound

Our Partners

We collaborate with external organizations and NGOs that work closely with grassroots communities, leveraging their expertise and experience to enhance the effectiveness of our development programs.

Flagship Programmes

Unlocking Potential, Empowering Brilliance:
Our Education and Skill Development Initiative

Education forms the cornerstone of sustainable development and social upliftment. We empower underserved individuals by providing access to quality learning, vocational training, and career-building opportunities. Our programs focus on strengthening school infrastructure, supporting digital education, and equipping youth with industry-relevant skills, nurturing the next generation to realize their full potential and become agents of change.

Impact in Education

Supported five schools benefiting over
1,500 students

Improved access to quality education and created supportive learning environments

Infrastructure Development

We helped schools establish new infrastructure and upgraded existing facilities, including repair and painting work at the Zilla Parishad School in Tarapur.

Scholarships and Educational Support

We awarded scholarships to deserving students to support higher education and further studies. We regularly distribute notebooks and school uniforms to underprivileged students, ensuring access to basic educational resources

Health that Heals, Care that Connects:
Our Healthcare Initiatives

We improved access to healthcare through medical grants and partnerships with implementing organizations. In collaboration with BPNI Maharashtra, we provided breastfeeding and complementary feeding (Infant and Young Child Nutrition – IYCN) counselling at six municipal hospitals in Mumbai (KEM, LTMG Sion, BYL Nair, Dr. R.N. Cooper, Dr. Ambedkar, and Chhatrapati Shivaji Maharaj Hospital, Kalwa). A team of 20 lactation counselors and consultants regularly visits these hospitals to provide specialized support.

Additionally, we routinely supply medicines to the Primary Healthcare Centre in Tarapur, addressing basic healthcare needs in the local community.

Championing Sustainability, Nurturing Nature: Green Environment & Water Conservation

We implemented water conservation projects, tree plantation, and ecosystem restoration initiatives, benefiting thousands of lives.

Nearly 1,83,000 hectares of agricultural land is irrigated by Paithan Dam

Benefitting around 2,00,000 farmers

Water Resource Management

We partnered with Naam Foundation to desilt the Paithan Right and Left Canal distribution channels, which supply water from the Jayakwadi Dam to Beed, Parbhani, and Nanded districts in Maharashtra. Through this initiative, we improved water flow, enhanced irrigation efficiency, and ensured consistent supply from the source to tail-end villages, addressing long-standing distribution challenges. We observed groundwater recharge, with nearby farmers reporting an increase of 1–2 meters in groundwater levels, and improved water levels in wells and borewells. For the first time, water reached tail-end villages, enhancing equitable distribution. Our improved water management is expected to support higher crop yields, while strengthened collaboration and communication between villages facilitated smoother canal water supply, supporting long-term water sustainability.

Impact

Direct Beneficiaries

94,000+ farmers

Land under Irrigation

Beed - 43,000 acres;

Nanded - 29,000 acres;

Parbhani - 26,500 acres

Through this intervention, we strengthened regional agricultural productivity, enhanced water equity, and contributed to sustainable water management across 18 villages along the canal route.

Tree Plantation and Miyawaki Forests

We transformed a former garbage dumping site near Karajgam Talav, Tarapur, into a Miyawaki forest, using native plant species to create a multi-layered ecosystem. We also extended plantation activities to areas surrounding our Tarapur and Sarigam factories. These efforts are expected to develop into dense, native forests within 3–5 years, demonstrating a rapid and effective approach to urban reforestation.

Cultivating Change, Empowering Communities: Tribal, Rural Development and Housing Aid

We prioritise access to safe and stable housing as a core component of our community development efforts. During the reporting period, we provided housing aid worth INR 63 lakhs to approximately 150 families, enabling the construction of permanent homes for nomadic communities in Gujarat and underprivileged urban youth in Mumbai. Initiatives such as the Vicharta Samuday Samarthan Manch (VSSM) pucca homes and the Kutch Nav Nirman Abhiyan have strengthened living conditions for vulnerable groups, providing them security, dignity, and stability.

CSR Support Details

Details	Category	Location	Amount spent (₹ In Lakhs)
Bhansali Trust	Tribal development	Bihar	50
Vicharta Samuday Samarthan Manch	Housing Aid- Rural	Gujarat	25
Shri KVO Jain Mahajan	Housing Aid-Urban	Mumbai	38

Mushar Integrated Development Project (Managed by Bhansali Trust)

We targeted 161 villages and successfully covered all 161, engaging 15 managers and supervisors alongside 157 village-level workers. Our education initiatives included:

- At Vallabh Vidya Mandir School, which started in April 2022, we educate students from Grades I to V, with Grade VI planned for the current year. The school currently has 328 students, 8 teachers, and 2 other staff members.

Number of villages targeted	161
Number of villages covered	161
Manager and supervisors	15
Village level workers	157
Vallabh Vidya Mandir School (Grades I to V started in April 2022, Grade VI will be started this year)	Students: 328 Teachers: 8 Other Staff: 2
Dhan Vallabh Vidhyalaya School (Grades I to IV started in June 2023, Grade V will be started this year)	Students: 270 Teachers: 6 Other Staff: 2
Ramdev School (Grades I to III started in February 2024, Grade IV will be started this year)	Students: 200 Teachers: 5 Other Staff: 2

Coaching classes	155
Average number of students per coaching class	45
Illiterate students studying in coaching class	730
Illiterate students enrolled in school	447 (New students will be enrolled in April 2025)
Dropout students studying	243
Dropout students re-enrolled in the school	154 (New students will be enrolled in April 2025)
Self-help groups (SHGs)	205 groups in 142 villages
Total members	2,811
Total Saving of SHGs so far	₹53,78,520
Total loan given to SHG members	₹36,97,000
Supplementary nutrition beneficiaries	59 pregnant and lactating mothers 49 children 82 TB patients **190 total beneficiaries**
Vegetable seed packets distribution	19,000 packets distributed in 161 villages (9,000 in summer and 10,000 in winter)
Sanitary pads distribution	8,626 packs distributed in 161 villages
Paramedical workers	122 Paramedical workers, each treating around 65 patients/month for common ailments **~7,930 patients/month**
Total patients treated by mobile dispensary with an MBBS doctor	10,667
TB patients receiving treatment	82
Epilepsy patients receiving treatment	44 patients taking regular treatment
Leprosy patients receiving treatment	40
SP cases*	200

Other CSR Activities
We donated sewing machines to tribal communities in Jawahar and provided a garbage collection vehicle to the Gram Panchayat in Pam, further supporting local development and community welfare.

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ASSURANCE STATEMENT

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BDO India Services Private Limited
Magnum Global Park, Floor 21
Sector 58, Golf Course Extension Road
Gurugram, Haryana 122011

Independent Assurance Statement

To
Aarti Drugs Limited
Mahendra Industrial Estate,
Ground Floor, Road No 29, Plot No 109-D,
SION (East), MUMBAI- 400 022.

Independent Assurance Statement to Aarti Drugs Limited on select non-financial sustainability disclosures in the Sustainability Report for the financial year 2024-25.

Introduction and objective of engagement

Aarti Drugs Limited (the 'Company') has developed its FY 2024-25 Sustainability Report (the 'Report'), based on the 'with reference to' criteria of the Global Reporting Initiative (GRI 2021).

BDO India Services Private Limited ('BDO India') was engaged by the Company to provide independent assurance on select non-financial information of the Report that includes the Company's performance for the period 1st April 2024 through 31st March 2025.

The Company's responsibilities

The Report content and its presentation are the sole responsibility of the Management of the Company. The Company Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

BDO India's responsibilities

BDO India's responsibility, as agreed with the Management of the Company, is to provide assurance on the Report as described in the 'Scope, boundary & assurance criteria' section below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance a third party may place on the Report is entirely at its own risk.

Assurance standard

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and ISAE 3410, "Assurance Engagements on Greenhouse Gas Statement" issued by the International Auditing and Assurance Standards Board (IAASB).

Scope, boundary & assurance criteria

We have assured the select indicators in the Report pertaining to the Company's non-financial performance covering its operations for the period 1st April 2024 through 31st March 2025. We have covered data related to Energy, Emissions (scope 1, 2 & 3), Waste, Water and selected social and occupational health & safety indicators for the purpose of assurance.

We applied the criteria of 'Limited' assurance.

Verification of non-financial sustainability performance data, based on our professional judgment was conducted virtually for 9 manufacturing facilities in Tarapur, Maharashtra, 1 non-manufacturing facility in Tarapur, Maharashtra, 2 manufacturing facilities in Sarigam, Gujarat and 1 manufacturing facility in Saykha, Gujarat apart from head office in Mumbai.

Assurance methodology

Our assurance process entails conducting procedures to gather evidence regarding the reliability of the disclosures covered in the assurance scope. We conducted a review and verification of data collection, collation, and calculation methodologies, and a general review of the logic of inclusion/ omission of relevant information/ data in the Report. Our review process included:

- Evaluation and assessment of the appropriateness of the quantification methods used to arrive at the non-financial sustainability information of the select GRI indicators in the Report;
- Review of consistency of data/information within the Report as well as between the Report and the source;
- Engagement through discussions with personnel at the corporate level who are accountable for the data and information presented in the Report;

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- Execution of an audit trail of claims and data streams, to determine the level of accuracy in collection, transcription, and aggregation;
- Review of data collection and management procedures, and related internal controls.

Limitations & exclusions

There are inherent limitations in assurance engagement, including, for example, the use of judgment and selective testing of data. Accordingly, there are possibilities that material misstatements in the Report may remain undetected.

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2024 to 31st March 2025);
- Review of the 'economic and/or financial performance indicators' included in the Report or on which reporting is based; we have been informed by the Company that these are derived from the Company's audited financial records;
- The Company's statements and claims related to any topics other than those listed in the 'Scope, boundary & assurance criteria';
- The Company's statements that describe qualitative/quantitative assertions, expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

Our observations

We have reviewed the disclosures in the 'Report' for the reporting period from 1st April 2024 through 31st March 2025. The disclosures of the Company, covered under the 'Scope, boundary & assurance criteria', are fairly reliable. However, the company may consider further strengthening their ESG data management systems.

Our conclusions

Based on the procedures performed and evidence obtained as defined under the 'Scope, boundary & assurance criteria', nothing has come to our attention that causes us not to believe that the disclosures of the Company is presented fairly in material respects, as per the limited assurance criteria of the applied assurance standard.

Our assurance team and independence

BDO India Services Private Limited is a professional services firm providing services in Advisory, Assurance, Tax, and Business Advisory Services, to both domestic and international organizations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in the organization. This team is comprised of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems, and processes across sectors and geographies. As an assurance provider, BDO India is required to comply with the independence requirements set out in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

For BDO India Services Private Limited

Indra Guha
Partner| Sustainability & ESG
Business Advisory Services

Gurugram, Haryana
23 July 2026

Aarti Drugs Limited

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