

Business Responsibility Report

Overview

Aarti Industries Limited is one of the most competitive benzene-based speciality chemical companies in the world. Globally ranks at 1st – 4th position for 75% of its portfolio. Tagged as “Partner of Choice” by various Major Global & Domestic Customers.

Present in niche chemistry spaces with relatively low competition. Aarti Industries Ltd is engaged in a multi-year multi-product relationships with several leading global customers.

Aarti Industries operations are:

- Highly integrated operations
- Cost-efficient processes
- Extensively integrated across more than 70 products; the product of one chemical reaction represents the raw material of another

This Business Responsibility Report is in keeping with the Aarti Industries commitment to responsibility and accountability towards all its stakeholders. The Directors of Aarti Industries Ltd present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2017, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In line with SEBI’s proposed format for Business Responsibility Report and the nine principles of the Government of India’s ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business’, this report delineates Aarti Industries Ltd efforts to conduct business with responsibility.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L24110GJ1984PLC007301
2. Name of the Company: Aarti Industries Ltd
3. Registered Address: 71, Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396195
4. Website: www.aarti-industries.com
5. E-mail Id: investorrelations@aarti-industries.com
6. Financial Year Period: 2016-17
7. Sector(s) that company is engaged in (industrial activity code-wise):

Industrial Group	Description
210	Pharmaceuticals
201	Chemicals
202	Surfactants

8. List three key products / services that the Company manufactures / provides (as in balance sheet):

1. Para dichloro benzene
2. Ortho nitro aniline
3. Para nitro chloro benzene

9. Total number of locations where business activity is undertaken by the Company:

9.1 Number of International locations: **None**

9.2 Number of National locations: **17 units located**

10. Markets served by the Company (Local / State / National / International): **National**
India, Americas, Europe, China, Japan, Rest of the world

Section B: Financial Details of the Company

1. Paid up Capital (INR): **41.06 crore**
2. Total Turnover (INR): **3050.22 crore**
3. Total Profit after Taxes (INR): **306.68 Crore**
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): **2.37%**
(Rs. 7.27 Crores)
5. List of activities in which expenditure in 4 above has been incurred:
 - Cluster & Rural Development
 - Education & Skill Development
 - Childcare & Healthcare Facilities
 - Women Empowerment & Livelihood Opportunities
 - Disaster Relief & Rehabilitation
 - Eradication of Hunger & Poverty
 - Water Conservation & Environment
 - Research & Development work for upliftment of Society

(for detailed information please refer Annexure A : Annual Report on CSR Activities)

Section C: Other Details

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 7 subsidiary companies as on 31st March 2017: • Aarti Corporate Services Limited • Ganesh Polychem Limited • Innovative Envirocare Jhagadia Limited • Alchemie (Europe) Limited • Aarti USA Inc. • Shanti Intermediates Private Limited • Nascent Chemical Industries Limited
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the	Business Responsibility initiatives of the parent Company are applicable to the subsidiary

	parent company? If yes, then indicate the number of such subsidiary company(s)	companies to the extent that they are material in relation to the business activities of the subsidiaries
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities (less than 30%, 30-60%, more than 60%).	No

Section D: BR Information

Directors responsible for BR:

Name	Designation	DIN
Smt. Hetal Gogri Gala	Executive Director	00005499
Shri Renil Rajendra Gogri	Executive Director	01582147

Details of the BR head:

Smt. Hetal Gogri Gala and Shri Renil Rajendra Gogri, Whole-time Directors of the Company oversees the BR implementation. The Company does not have a BR head as of now.

1. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):

At Aarti Industries Business Responsibility is guided at the Company by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' which articulates nine principles as below:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

All the nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by policies of AIA as outlined in the table below:

BR Policies and coverage of NVG nine principles

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for:	Yes	No	Yes	Yes*	Yes*	Yes	Yes	Yes	No
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	N	Y	Y	Y	Y	Y	Y	N
3	Does the policy conform to any national / international standards? If yes, specify? (The policies are based on the NVG-guidelines in addition to conformance to the spirit of international standards like ISO 9000, ISO 14000, OHSAS 18000, UNGC guidelines and ILO principles)	Y	N	Y	Y	Y	Y	Y	Y	N
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	N	Y	Y	Y	Y	Y	Y	N
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	http://aarti-industries.com/investors/corporategovernance/policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to relevant internal Stakeholders. The communication is an ongoing process to cover all internal and external stakeholders.								
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	Y	N	N	Y	N	N	Y
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*P4, P5 and P7 are detailed in our Business Ethics and Fair Business Practice Policies, the applicability and scope of these policies will have to be widened to include the NVG requirement of impacted stakeholders.

Y Yes

N No

NA Not Applicable

Few Policies are adopted under the authority given by the Board

* Policies available on internal portal which is accessible only to employees

** Policies available on Company website -

2. If answer to Sr. No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & Relationships	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months		√							√
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

*P7 – Public Policy will form a part of our stakeholder engagement policy.

Governance related to BR:

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
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2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This is the Company's first Business Responsibility Report
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Section E: Section Wise Performance

Principle 1: Ethics, Transparency & Accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability

Core Values which governs the working of the Company are Care, Integrity and Passion for Excellence. The Company values and promotes a culture of high integrity and is proud that its employees demonstrate behaviour that is honest and transparent. The Company has adopted the Code of Conduct (CoC) with the aim to follow and maintain the highest ethical and moral standards, in compliance with applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage / gains, bribery or corruption.

The Code applies to every employee, director and officer in the Company, suppliers, customers, contract staff, contractors and consultants who are agents of, or working on behalf of, or for the Company (through outsourcing of services, processes or any business activity), are required to act consistently with the CoC.

The Company's Directors and Senior Management are required to abide by a separate CoC. Their affirmation to the CoC is communicated to all stakeholders by Managing Director, through a declaration in the Annual Report.

The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by:

- Well-structured internal control systems for regular assessment of effectiveness of company's code of conduct policy, its understanding and adherence.
- A robust governance structure, the Aarti Compliance Committee evaluates and monitors conformance to the Code

An effective vigil mechanism/whistle blower policy in place to report to the management instances on unethical behaviour and any violation of the Company's code of conduct.

The Company has instituted a Committee to redress complaints received regarding sexual harassment. NIL complaint was received in 2016-17 and the same was closed / pending after following the due process.

Under the Whistle Blower Policy of the Company, there were NIL complaints received in 2016-17.

Stakeholder complaints that have been received in the past financial year:

Status Stakeholders	Received	Addressed	Resolved	Pending as on 31.03.2017
Investors	2	2	2	NIL
Employees	NIL	NIL	NIL	NIL
Customers	NIL	NIL	NIL	NIL
Suppliers	NIL	NIL	NIL	NIL
Communities	NIL	NIL	NIL	NIL

Principle 2: Products contributing to sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

During the product development process, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable, there are systems in place that help identify risks and plans to mitigate each risk. All units have implemented QMS ISO 9001-2008.

During new- product development stages the Company has a continuous improvement management system in place that helps address product stewardship principles:

- Thermal stability studies are conducted to understand the exothermicity of the reaction and in turn determine the safe operating parameters (e.g. temperature)
- RC1 studies and risk management studies are conducted to identify all inherent risks to the product and processes that manufacture the same
- Understanding environmental aspect-impacts begin at R&D stage itself, here effluents are analysed with the help of 3rd party experts and steps taken to minimise the risks over and above compliance requirements of the pollution control boards (PCBs).
- Follow a very systematic scale up procedure from R&D-pilot trials-technology selections - commercial production, the Company:
 - Conducts the HAZOP study at the pilot trials and technology selection stage , this helps identify operational risks and create SOPs and systems procedures to mitigate and contain such risks
 - Undertakes a pre-start up safety review before commencement of production.

The company partners with the customer at the product development stage itself, discussions focus around quality, packaging, H&S, and environmental parameters like resource efficiencies.

Improvement in product quality reduces waste generation at the customer's end, at each stage samples are tested at the customer's end, this helps to minimise negative impacts and improve quality.

Production stage performance:

1. Product Group 1: Chloro Anilines (OCA, PCA, 24 DCA, 25 DCA, 26 DCA, 245 TCA, 34 DCA, 35 DCA)

% reduction in effluent water/ton of product	Investment (INR)	Savings (INR/ p. a)	Payback period
25%	32,39,962	1,61,98,336	2.4 months

2. Product Group 2: Phenylene diamines (MPDA, OPDA, PPDA)

Electrivity, Kwh/ton of product		Coal, kg/ton of product		Investment (INR)	Savings (INR/ p. a)	Payback period
Before	After	Before	After	30,00,000	2,25,00,000	2 months
10	2	193	39			

3. Product group 3: Nitro chloro benzenes (PNCB, ONCB, MNCB)

Earlier total in-process material holding at a given point of time in NCB plant was ~2000 MT but after changing process more lean, now in-process material is ~600 MT. It also has improvement in-inherent process safety, environment risks.

There are no incidents of non-compliance with regulations or voluntary codes resulting in fine, penalty or notice concerning emissions, health and safety impacts of its products and services during their life cycle.

- **Product labelling**

The Company endeavours to provide customers with appropriate labelling and signages, in case of direct to market, bulk or intermediary products, product information such as lot no., product ingredient specifications along with gross weight and net weight, percentage of each ingredient, date of manufacture and date of expiry are printed on product packaging in accordance with applicable regulations.

The Company discloses all information truthfully and factually including the risks to the individual. Where required, the Company also educates their customers on the safe and responsible usage of their products including guidelines for product handling, storing at customers end, the same is visibly placed on all product packaging.

- **Sustainable sourcing**

The Company's commitment towards sustainable and responsible procurement stems from its internal vision of "Growth with sustainability for Sustainable Growth". The company has developed a Responsible Sourcing Policy that details compliance with the environmental and social requirements, regulations and company policies, the same will be deployed in the coming reporting period.

The Company will begin by creating awareness amongst all suppliers, this will then be followed by assessments of both new and existing supplier on these criteria.

The Company's endeavours to procure inputs from within , 70% of the Company's suppliers are local*, these are made up of raw material, packing, services, engineering stores and spares.

Our suppliers derive benefits of association with the Company through:

- a. Long term association
- b. Fair price, formula based pricing
- c. Sharing of long term business plan
- d. Volume based business
- e. Annual contract
- f. Backward integration

The Company currently identify all suppliers on the basis of their long term capabilities, technological competencies, growth plan and commercial competitiveness. It has a total of 5,291 live vendors, 83% of all vendors are local.

On site visits are conducted for newly identified raw material and packing material vendors. The Company builds capacities of suppliers where few qualities are lacking but potential of long term partnership is high. (*Local – India)

The Company ensure the sustainability of resources by reducing, reusing, recycling and managing waste. It has embraced the “3-R” (Reduce, Reuse and Recycle) philosophy for all types of wastes leading to minimization of air emissions, liquid effluents, solid wastes, in line with legal requirements and industry best practice. Please refer to P6 for more details

Principle 3: Welfare of Employees

Businesses should promote the well-being of all employees

The Company is committed to care for its people, guided by its core values, it is committed to providing an environment which is free from harassment, encourages employees to perform to their utmost abilities.

The Company maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation. As far possible it provides employment to local people in semiskilled/unskilled areas.

The Company ensures compliance of all applicable employee related statutes which guarantees the social security benefits, proper and safe working environment, wages, timely payment, bonus, leave benefits, working hours, breaks, maintaining hygiene, health, prohibition of child labour and respecting their all fundamental and human rights.

The sexual harassment policy ensures that employees at all levels can work together in an environment free from gender discrimination and harassment, ensure that all are provided with equal opportunities from expression and progress.

The manpower at Aarti Industries Limited as on 31st March, 2017 is detailed as below:

LOCATION	Nos. of employees on Roll as on 31.03.2017	No. of Female employees	Nos. of Physically Challenged employees	% of Unionised category employees	Nos. of Contract employee
Chemical					
Vapi	1265	5	9	0	2429
Jhagadia	639	0	4	0	994
Dahej	123	0	0	0	219
Kutchh	210	0	3	0	322
Tarapur-II	106	1	1	64%	35
API (Pharma)					
Tarapur	1164	33	0	40%	430
Surfactants					
Silvassa	77	0	0	0	125
Pithampur	78	1	0	0	100
Mumbai	200	54	1	0	30
Total	3862	94	18		4684

All employees are provided various liberal fringe benefits like subsidised canteen facility, loan facility, insurance benefits, transportation facility, annual medical check-ups to ensure the care, comfort and enhance the wellbeing of all employees. Additional accommodation is also provided by our surfactants business for employees.

The Company's value framework and cultural attributes ensures creating an environment of mutual respect, trust, ensuring the Safety, maintaining the decent standard of living, continuous learning, coaching and development of people with continuous improvement in all our business processes to compete at a global level. The Company boosts employee moral by giving awards and rewards.

99% and 80% of all permanent employees received skill upgradation trainings in the chemicals and pharma business respectively

Skill upgradation trainings included functional Trainings, Behavioural Trainings and Statutory and systems Trainings.

Collective Bargaining

The Company respects and is committed to the right to freedom of association, participation and collective bargaining. At every manufacturing plant, a committee addresses the issues raised through

grievance redressal mechanism, alternatively employees meet their Line manager or Head HR for any issue.

The Company's employees at Tarapur participate in union activities, the others do not form part of any collective bargaining mechanisms.

Occupational Health & Safety:

The Company practices the motto of 'safety first' in all our operations. In doing so, the Company maintains detailed, up-to-date programs covering Safety, Health, Hazards communication, and Emergency Preparedness. The Company is actively committed to the continuous improvement of the standards of Safety and Health in the workplace. Full-time safety supervisors ensure that all onsite work is carried out in a safe manner, in full compliance with clients' safety as well as local and national regulations.

The pharma division replaced the once through ventilation system with a total of four air handling units to reduce the micro-organism growth in the reporting period.

All the procedures are available in place for safety & hygiene also trainings conducted on regular basis for safety & hygiene. Further the company provides periodic medical check-ups to ensure the health of employees.

Safety trainings included Safety Induction, First Aid, Emergency Preparedness, Material Handling, PPE, ERT and Fire Prevention. Shop floor trainings included SOPs and Daily Tool Box Talks.

Following is the chart showing the percentage of employees undergone through safety and skill up-gradation training in last year

Employee type	Pharma	Surfactants	Chemicals
Permanent %	100	100	78
Permanent women %	100	100	90
Contract/ Temporary/ Contractual %	100	100	100
Differently abled	100	100	100

A total of 40 health related and 60 safety related trainings were conducted by the Pharma division in the reporting period.

No Complaints has been received relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment during the financial year.

Principle 4: Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

The Company deals with all those it comes in contact with fairness and integrity. The Company acknowledges its responsibility towards its stakeholders and is committed to engaging with all concerned stakeholders who are directly or indirectly affected by the business processes and decisions. The Company endeavours to understand their concerns, defines purpose and scope of engagement, commits to engaging with them and resolves differences with stakeholders in a just, fair and equitable manner

The company's stakeholders include its employees, investors, customers, suppliers and communities

Investors

The Company has an established mechanism for Investor service and grievance handling with its Registrar & Share Transfer Agent and the compliance officer appointed by it. The Company periodically ensures that all queries, complaints and grievances reported through the investor grievance redressal mechanism are addressed and resolved on timely basis.

Employees

The Company's culture and values provides a value proposition to employees and engages them in a work profile by providing challenging opportunities which fulfil their need of "self- realisation" and thus feel proud of the company.

Activities carried out for both employees and contract workers during the year-2016-17 included celebration of safety day, sports day, national holidays, blood donation drives. Festival celebrations include company employees and their families as well, the managerial talent hunt organised for employees was a great engagement activity. The Company started an in-house Magazine- "Inside Aarti", in the reporting period.

Statutory bodies

The Company maintains cordial relation with all its stakeholders including statutory bodies and regulators. It also maintains records as statutorily required and ensures internal and external compliances.

Suppliers

The Company recognizes the importance of forging strong relationships and deals with integrity and fairness with its vendors and suppliers to build strong supplier relationships. The Company

endeavours to deliver high quality products at the right cost and time, and recognises the need to build long-term, relationships more than just a simple purchasing transaction;

The Company is in the process of developing its Supplier Code, it will then identify its suppliers and audit existing suppliers based on compliances related to quality, environment, labour norms including health and safety.

Grievances received were largely due to payment details, in order to rectify this the Company has adopted a 'Zero Tolerance System ' as far as Documentation delays(e.g. GRN , Invoice feeding delays) and a mass payment system that prompts invoice maturity. In case a grievance remains unresolved the supplier has the flexibility of approach a senior director of the company for swift resolution. Details with respect to grievance received during the course of FY 2016 – 17 can be found in Section E.

Customers:

The Company deals with its customers with integrity and fairness, it is committed to producing quality products and maintain customer trust by delivering it on time. The Company is also committed to developing new products in an ethical and responsible manner, and to following applicable ethical standards and guidelines relating to research.

The Company has over 500 domestic and 150 international customers. Customers derive benefits of fair pricing, reliability because of downstream integration, focus on environment, long term contracts, flexibility in sale and delivery terms, and maintenance of safety stock for customers.

The Company provides adequate grievance handling mechanisms to address customer concerns and feedback. On receiving a customer complaint, the sales and marketing in-charge forwards the same to concerned function for redressal. This is managed by the deviation management process. The problem is analysed, corrective action plan is formulated and communicated to the customer. A customer approval is sought to close the complaint.

Communities

The Company has identified from its local communities those who are disadvantaged, vulnerable and marginalised. The Company has also identified small local suppliers who with requisite support has become long term suppliers. It makes a positive difference in the communities through partnering with select non-profit organizations. For details on community initiatives, please refer to Principle 8.

Please refer to Section E for stakeholder complaints that have been received, addressed and resolved satisfactorily by the Management.

Principle 5: Human Rights

Businesses should respect and promote human rights

The Company recognizes and respect the human rights of all concerned stakeholders within and beyond the workplace. The Fair Business Practices policy that details human rights currently covers only the Company, the Human Rights policy is under development and will be signed off in the coming reporting period.

The Company ensures that human rights enshrined in the Constitution of India and the International Bill on Human rights is not violated across its operations. The Company ensures that all individuals impacted by the business have access to grievance mechanisms, no such complaints were received in the period under review.

Principle 6: Environment

Businesses should respect, protect, and make efforts to restore the environment

The Company is committed to engaging in environmentally sound practices and therefore endeavours to meet or exceed the requirements set forth by the environmental laws, rules and regulations that govern its business. The Environment policy currently covers its operations and contract employees, the Company plans to communicate this policy to suppliers, customers and business associates in the coming reporting period.

The Company's strategy is to pursue sustainable growth with sustainability that reflects in our:

- Commitment to Safety and Health
- Commitment to Environment
- Commitment to Energy Efficiency

The Company is committed to adopt latest technologies and integrate Energy and Environmental considerations into the design of its infrastructural facilities

The Company has developed its Environment Management Systems (EMS), 4 units (four) have implemented ISO 14001, the certification has been renewed in the reporting period, the surfactants business aims to receive an ISO 14001 certification in 2018

The Company's Jhagadia plant units 1 & 2 have been the recipient of the Gujarat Cleaner production award for FY 2014-15, the parameters assessed included Materials, Fuel & Energy, Water Consumption, Waste Water, Solid & Hazardous Waste.

In the manufacturing processes our technical teams work on the 3R principle Reduce – Recover-Reuse principle.

Greening the environment:

In order to positively impact climate change, the units located at Vapi, Dahej and Jhagadia have planted 2000, 1000 and 2000 saplings respectively as part of their environment day celebration in the reporting period. Saplings planted were of indigenous nature.

Energy Efficiency

Some of the Company's energy efficiency projects cited below helped reduce the use of natural resources like coal or natural gas in boilers.

Chemicals

- Waste heat recovery – waste heat is used to generate steam for low pressure applications. Chlorine one of the major raw materials is shipped in tonners at a high pressure. The release of pressure results in a drop in temperature which is utilised to cool water, this in turn is used in processes like product crystallisation.
- Product Group 1: Chloro Anilines (OCA, PCA, 24 DCA, 25 DCA, 26 DCA, 245 TCA, 34 DCA, 35 DCA)
Replacement of Steam jet ejectors with Vacuum compressors & Boosters: which has resulted in savings of steam and elimination of effluent generated from ejector circuits
- Product Group 2: Phenylene diamines (MPDA, OPDA, PPDA)

Utilisation of Waste Steam generated from condensers is used to heat the storage tank jackets leading to reduction in electricity and boiler steam consumption.

Pharma

- Commissioned an express feeder in January 2016 at the Tarapur unit reducing energy dependency.
- Upgradation of the Multiple Effect Evaporators (MEE) plant with the Stripper unit to improve the efficiency, save operating and disposal costs, and minimize scaling in the evaporator
- Replaced the fluorescent, high pressure mercury sodium vapor lights (125/80) with 300 sets of LEDs 30/18 W

Surfactants:

- The Silvassa unit plans to commission a waste heat recovery project by December 2017, here waste heat is utilised to generate steam for low pressure applications.
- Switched to R-132 based air-conditioning systems in the reporting period.

Solar Energy

The Company has completed installation of solar panels at the following units:

- Alchemie Organic Division, Plot No: 902. IIIrd Phase at GIDC- Vapi, Capacity 35Kw solar panels and plans to install 15 Kw in the next reporting period

- Aarti Industries Ltd., Plot No. 758 , Jhagadia, Dist-Bharuch, Capacity 100kw
- Dahej unit, Plot no: Z/103/H, Dahej SEZ-II, Dist- Bharuch, Capacity 150kw
- Aarti Industries Limited (Anushakti Division), Kutch, Capacity 300kw
- Aarti Industries Limited (Head Office – 71, Udyog Khsetra, Mulund-Goregaon Link Road, Mulund (W), Mumbai- 400 080)

Industrial Effluents and Air Emissions

The Company takes measures to check and prevent pollution. The Company reports their environmental performance, including the assessment of potential environmental risks associated with their operations, to the State Pollution Control Boards (SPCB) and any other regulatory authority as required

Chemicals

- The Acid division, custom synthesis division, Jaghadia units 1 & 2, Unit located at Kutch have implemented Zero-Liquid Discharge plant, (ZLD) since the last five years.
- The Alchemie Organic Division located at Vapi, Plot No. 902, has gone for expansions in plant capacity, as part of its environment clearance has voluntarily proceeded to install a ZLD. This is under commissioning and will be active in September 2017. The installation of a similar ZLD unit in the Amine division as part of the expansion will be commissioned by the end of the next financial year. The new plant commissioned at Dahej SEZ II, has also commenced operation of its ZLD unit in the current reporting period.
- Where ZLD is not yet implemented the general industrial effluents are discharged and treated at the common effluent treatment plants (CETP) in Gujarat

Pharma

- Installation of a waste water recycling plant at the Tarapur unit in January 2016, the unit now recycles 12000 litres / day prior to disposal.
- Procurement of an RO plant for the ETP and Utility Cooling Tower blow-down water treatment.

Surfactants

- ZLD plants are present at both the Silvassa and Pithampur units.
- Any liquid waste is converted to saleable solids at the Silvassa plant. While at the Pithampur plant, solid waste is converted to liquid and reused.

Units have installed online monitoring systems for monitoring of air emissions and effluent discharge that is connected to the SPCB or CPCB. A third party monitoring is conducted on a quarterly basis. Performance via the online monitoring systems are overseen by a central cell of the Company located at Vapi.

Hazardous Waste (solid)

Hazardous Waste is categorised and disposed of as below:

- Low calorific value waste comprising of ETP sludge is sent to landfill

- High calorific waste comprising of distillation residues and other organic impurities are sent to common incineration facilities or for co-processing.
- E waste is sent to authorised re-cyclers
- Biomedical waste generated from our occupational health centre is disposed through the common bio –medical waste facilities
- Electro static precipitator plant (ESP) waste is converted into powder and sold
- The Company’s chemical business has been issued 16 show cause notices, all have been addressed and resolved in the reporting period.

Principle 7: Policy Advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company utilizes the following trade and industry chambers and associations to undertake policy advocacy.

- Chemicals Exports council (CHEMEXIL)
- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of commerce and Industry (FICCI)
- Indian Merchants Chamber (IMC)
- Bombay Chamber of Commerce

Annually, the company participates in events like CPhI – a pharma event, and Chemspeck where the representatives meet existing and potential suppliers.

A representation was made to the Minister for Road, Transport, Port Trust & Petroleum products, in the general interest during the reporting period.

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development

At Aarti Industries, we believe that our objective is to engage in utilizing our resources for the wider good.

Pursuant to the requirements detailed in Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs the Company has developed its Corporate Social Responsibility policy.

The Company through Aarti Foundation and various other NGOs have undertaken various CSR programmes, the flagship programmes are in the areas of Education of underprivileged children and healthcare

Whilst working very closely with NGOs and educational institutes, the Company feels happy to report that 3000 students from underprivileged backgrounds study directly under various schemes.

The CSR committee of the board guides policy implementation, monitoring and reporting. The CSR policy is available on the website of the Company. The Company's direct contribution to community development projects has been 6.04 crores for the reporting period 2016-17

Please refer CSR Report annexed to the Board's Report of FY 2016-17.

Principle 9: Value to customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner

The company is committed to producing quality technical products and maintaining customer trust. Communication materials discuss the company's manufacturing processes that focus on performance improvement programs including a focus on energy efficiency, productivity, health and safety, and environmental aspects.

The Company promotes and advertises their products in ways that do not mislead or confuse the consumers or violate any Guidelines. It uses trade magazines, trade fairs, product listing which is available on the Company's website to promote its products.

A customer satisfaction survey is conducted annually by the Company, this is undertaken on a sample basis with key customers. The parameters focus on product quality & consistency, packaging, on time deliver, On time In Full (OTIF), customer services including invoicing and dispatching and marketing processes. The areas identified for improvement is on-time delivery and speed of response.

There were no consumer cases pending at the end of the reporting period.

There were no cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the reporting period.

For details with respect to customer grievance handled during the course of FY 2016 – 17, please refer to Section E.
