

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24110GJ1984PLC007301
2	Name of the Company	Aarti Industries Limited
3	Registered address	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 reported	April 1, 2017 to March 31, 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical 201 Pharma 210 Surfactant 202
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	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	17 Manufacturing Facilities
10	Markets served by the Company – Local / State / National / International	All: Local, State, National and International (mainly Americas, Europe, China, & Japan).

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON MARCH 31, 2018)

1	Paid up Capital	₹ 40.65 crores consisting of 8, 13, 00,000 nos. of Equity Shares of ₹ 5 each.
2	Total Turnover	₹ 3,699.31 crores
3	Total profit after taxes	₹ 316.44 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	2%
5	List of activities in which expenditure in 4 above has been incurred:-	Please refer project wise summery under CSR report of Page No. 53

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	The Company has 9 subsidiary companies': • Aarti Corporate Services Limited • Aarti Polychem Limited • Arti Surfactants 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 parent company? If yes, then indicate the number of such subsidiary Company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary 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

1. Details of the Director and BR responsible for implementation of the BR policy / policies

1	DIN Number	00005499	01582147
2	Name	Smt. Hetal Gogri Gala	Shri Renil Rajendra Gogri
3	Designation	Whole Time Director	Whole Time Director
4	Telephone No.	+91 22 6797 6666	+91 22 6797 6666
5	E-mail id	hetal.gogri@aarti-industries.com	renil.gogri@aarti-industries.com

2. Principle-wise (as per Non-Voluntary Guidelines) BR Policy/policies

Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment,	Public Policy	CSR	Customer Centricity
1 Do you have a policy/ policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2 Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3 Does the policy conform to any national / international standards? If yes, specify?	Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. Being Global Partner of Choice, the Company believes in benchmarking practices and global standards - to the best possible extent.								
4 Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management].								

Question	Policies / Guidelines on >								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
5 Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.								
6 Indicate the link for the policy to be viewed online?	http://www.aarti-industries.com/investors/corporategovernance/policies								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.								
8 Does the company have in-house structure to implement the policy/ policies?									
9 Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Company' Vigil Mechanism / Whistle Blower Policy are effective tool towards grievance redressal mechanism.								
10 Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	In addition to Statutory Audits, Certification Audits, a periodical internal assessment are part of our culture to oversee implementation of principles laid down.								

Principle 1: Ethics, Transparency and Accountability

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

Core Values which governs working of the Company are Care, Excellence and Integrity. The Company nurture - 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, 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 is in place to report to the management instances on unethical behavior and any violation of the Company's code of conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment. No complaint was received in 2017-18.

Principle 2: Sustainability

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

It is very important for the Company to combine economic success with acting sustainably and responsibly towards its

customers and suppliers as well as the environment and its employees. 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.

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 minimize negative impacts and improve quality.

- **Product labelling**

The Company endeavors to provide customers with appropriate labeling and signage. The Company discloses all required 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 believes in and follows a Responsible Sourcing Policy with utmost focus on environmental and social aspects. Identification of a supplier is always on the basis of its long term capabilities, technological competencies, growth plan and commercial competitiveness.

The Company ensures 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.

Principle 3: Welfare of Employees

Businesses should promote the well being of all employees

The Company works consistently to provide workplaces free of discrimination and harassment on the basis of gender, ethnic background, religion, age, disability or sexual orientation. This diversity is promoted and respected without exception. All employees deserve mutual respect.

Every person is entitled to fair and respectful treatment. The Company is committed to a diverse working environment, in which each person's uniqueness is recognized and every

individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

The Company ensures compliance of employee related all applicable statutes which guarantee 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.

Principle 4: Stakeholders' Engagement

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

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 acknowledges and assume responsibility by being transparent about the impact of its policies, decisions, product & services and associated operations on the stakeholders.

Principle 5: Human Rights

Businesses should respect and promote human rights

Respect for human rights is an integral part of our corporate responsibility. The Company respects the dignity and individual rights of every employee and colleague as well as third parties with whom it does business.

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, Health and Safety

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

Environmental protection and work safety is a fundamental part of our management principles. We aim to ensure the continued existence and success of our Company by establishing and maintaining a safe working environment that promotes the health and performance of our employees as well as taking active measures to protect the environment.

The protection of people and the environment against waste, waste water and exhaust gases resulting from industrial production processes and the operating business occurring before, during or up to the completion of transportation, disposal and recycling is a corporate responsibility. To ensure that this responsibility is met, the Company has implemented systems that ensure the safety, control and measurability of all activities occurring in the areas of transportation, disposal and recycling, which could potentially have negative effects on human health and the environment.

The Company is committed to continue complying with all environmental regulations and standards applicable to its operations, and using environmentally conscious practices at all its locations. Environmental pollution is to be minimized and environmental protection will be continuously improved.

We actively use a global work safety and environmental management system that is undergoing continual improvement. We implement forward-looking concepts in collaboration with our contractual partners.

We carry out regular checks across all areas to determine the extent to which these measures have been implemented and to monitor the success of our management system.

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.

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.

Principle 7: Policy Advocacy

The Company is a member of various trade chambers and associations which provide a platform to get actively involved in trade promotion, technology up-gradation, quality enhancement and collection and dissemination of information pertaining to regulatory reforms, its impact, industry's growth and development.

The membership aspires to identify opportunities to bolster domestic manufacturing, fostering innovation, enhancing skill

development, protecting intellectual property and building best in class manufacturing infrastructure in the country.

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.

Principle 8: Inclusive Growth and Equitable Development

Delineating its responsibility as a Corporate Citizen, Aarti Industries Limited is committed to operate business in an economically, socially & environmentally sustainable manner. At Aarti we endeavor to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives.

We aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have capacity to create a positive impact on the lives of people –especially the weaker and underserved sections. By contributing to development of health, science and culture, we wish to further all round progress.

Principle 9: Customer Centricity

The Company's sustainable manner of conducting business is based on fairness, mutual respect, and integrity. Taking into account ecological and social criteria along the entire value chain and reducing the consumption of resources are firmly anchored in the Company's corporate management principles.

The Company strives to always deliver the highest-possible quality to its customers while maintaining cost efficiency and reliability of supply. Modern quality management techniques and integrated planning across the entire supply chain ensure that all of these requirements are being met. Commitment to quality and our innovative strength, coupled with sophisticated technological expertise and an in-depth understanding of systems, are our key factors for success.

For and on behalf of the Board

Place: Mumbai
Date: June 28, 2018

Rajendra V Gogri
Chairman & Managing Director