



Aarti Drugs Limited

Manufacturers of : Bulk Drugs & Chemicals

Corporate Office : Mahendra Industrial Estate,
Ground Floor, Plot No. 109-D, Road No. 29,
Sion (East), Mumbai - 400 022. (India)
Tel .: 022-2407 2249 / 2401 9025 (30 Lines)
Fax.: 022-2407 3462 / 2407 0144
Email: admin@aartidrugs.com
website: www.aartidrugs.com
CIN No.:L37060MH1984PLC055433

Ref: ADL/SE/2019-20

Date: July 11, 2019

To,
Department of Corporate Service,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

To,
**National Stock Exchange of India
Limited**
“Exchange Plaza”, Bandra - Kurla
Complex, Bandra (E), Mumbai – 400051

BSE CODE – 524348

NSE SYMBOL: AARTIDRUGS

**Sub: Annual Report for the Financial Year 2018-19
along with the Notice of 34th Annual General
Meeting (AGM)**

Dear Sir/Madam,

This is to inform you that 34th Annual General Meeting (AGM) of the members of the Company will be held on **Tuesday, August 6, 2019 at 11.30 a.m.** at **TIMA Hall, M.I.D.C. Tarapur, Dist. Palghar – 401 506, Maharashtra.**

Pursuant to Regulations 30 and 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed Notice convening the AGM and the Annual Report of the Company for the Financial Year 2018-19, which is being dispatched/ sent to the members of the Company by permitted mode(s).

The notice of AGM along with Annual Report for the year 2018-19 is also being made available on the website of the Company, viz. www.aartidrugs.co.in.

As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of Listing Regulations, the Company is pleased to provide to its members the facility to cast their vote(s) on all resolutions set forth in the Notice by electronic means. The instructions for voting through electronic means are mentioned in the Notice convening 34th AGM of the Company.

Please take the note of above on your records.

Thanking You,

Yours faithfully,
FOR AARTI DRUGS LIMITED

R. Deole

RUSHIKESH DEOLE
COMPANY SECRETARY & COMPLIANCE OFFICER

ICSI M.NO.: A54527

Encl: As above.





THE CHEMISTRY OF **SUSTAINED RELATIONSHIPS**

Annual Report 2018-19



“

ENVIRONMENT SAFETY IS OUR PRIME MOTTO

”



Forward-looking statements:

In this annual report, we have disclosed certain forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make certain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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While the world is challenged with multiple pharmaceutical requirements and healthcare concerns, we at Aarti Drugs strive to develop innovative pharmaceutical solutions to transform lives, communities and other essential understanding of the limitless possibilities to realise sustainable value.

We ensure that our innovative ideas are brought to life while manufacturing the best-in-class products to the market. We also aspire to be the leaders in the supply and production of bulk drugs in the near future along with providing customised solutions and services to the customers to meet their changing requirements. This strong determination and dedication have led us to expanding our production capabilities of various products under different therapies which include Antidiabetic, Antibiotic, Specialty Chemicals etc.

The key enablers of our business are trusted products built over three decades coupled with the best manufacturing practices and methods. This strong foundation has eventually given us the confidence and courage to aim high in our goal to emerge as a truly global company.

With consistent technology upgradation, high business ethics and morale and the development of new products, we aim to meet every customer requirement while also delivering on our promises to our stakeholders.

The chemistry of sustained relationships

Corporate Information

Chairman Emeritus

Shri Chandrakant V. Gogri

Board of Directors

Shri Prakash M. Patil
Chairman, Managing Director & Chief Executive Officer
Shri Rashesh C. Gogri
Managing Director
Shri Harshit M. Savla
Jt. Managing Director

Whole-time Directors

Shri Harit P. Shah
Shri Uday M. Patil

Non-executive Director

Shri Rajendra V. Gogri

Independent Director

Shri Ramdas M. Gandhi
CA Bhavesh R. Vora
CA Navin C. Shah
Dr. Krishnacharya G. Akamanchi
Dr. Vilas G. Gaikar
CA Priti P. Savla

Chief Financial Officer

Shri Adhish P. Patil

Registered Office

Plot No. 198, M.I.D.C.,
Tarapur, Village-Pamtermbhi,
Dist. Palghar- 401 506, Maharashtra

Corporate Identification Number

L37060MH1984PLC055433

Company Secretary & Compliance Officer

CS Vibhav S. Ranade (till 27th March 2019)
CS Rushikesh Deole (w.e.f 23rd April 2019)

Statutory Auditors

Kirtane & Pandit LLP
Chartered Accountants,
H/16, Saraswat Colony,
Sitladevi Temple Road, Mahim,
Mumbai - 400016. India.
Phone : +91-022-24444119 / 5, 24469713
Fax : +91-022-24441147
Email : kpcamumbai@kirtanepandit.com

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai - 400 083,
Maharashtra

Bankers

Union Bank of India
Bank of Baroda
State Bank of India
Standard Chartered Bank
DBS Bank India Limited
IDBI Bank Limited
Citi Bank N.A.
The Hongkong and Shanghai Banking Corporation Limited
Kotak Mahindra Bank Limited
IndusInd Bank Limited
The Saraswat Co-Operative Bank Limited
The SVC Co-Operative Bank Limited

Corporate Office

Mahendra Industrial Estate, Ground Floor, Plot No. 109-D,
Road No. 29, Sion (E), Mumbai- 400 022, Maharashtra
Visit us at www.aartidrugs.co.in



CORPORATE IDENTITY

Aarti Drugs Limited was established in the year 1984 and forms part of \$900 Million Aarti Group of Industries with robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates, Specialty Chemicals and also produces Formulations with its wholly-owned subsidiary - Pinnacle Life Science Private Limited. Products under APIs includes Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.



THE CHEMISTRY OF SUSTAINED RELATIONSHIPS





Seek global market leadership



Focus on growth and development of the product



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

Mission



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.



Choose the best and the most flexible manufacturing practices and methods.



Adopt processes supported by proven technologies, which are cost effective and safe.



Aim at customer orientation through continuous technology upgrade, high business ethics and new product development.

KEY FACTS



13

Manufacturing facilities



~38%

Export revenue



100+

Countries



2,480^{MT}

Monthly API Capacity



1,452

Employees



50,983^{Sq.M}

Plant Area



50+

API Molecules



80+

Finished Products



One of the leading producers of Metformin in the world

One of the Largest producer in Fluoroquinolones in the world

Largest producer of Tinidazole in the world

Largest producer of Metronidazole Benzoate in the world

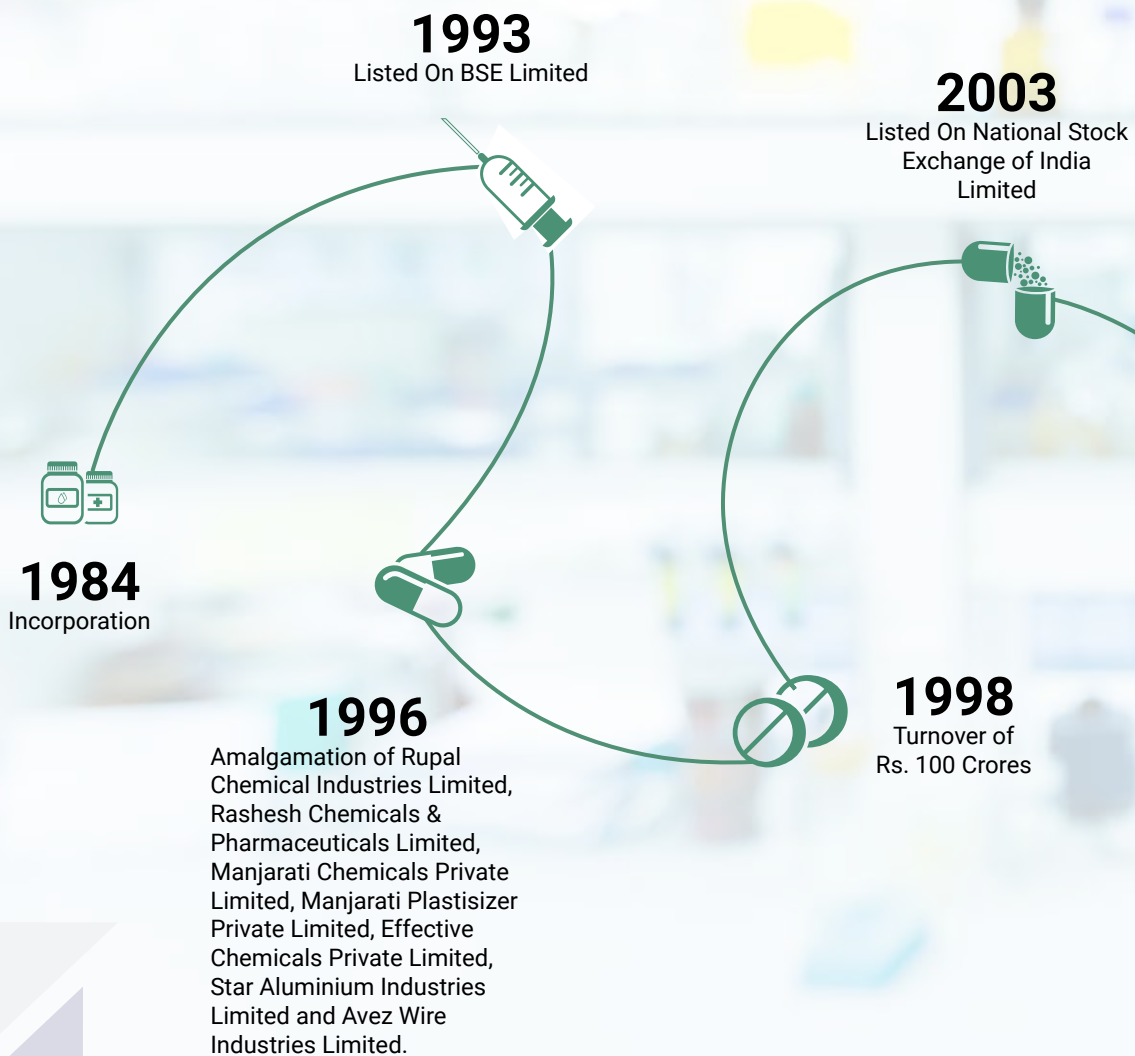
Largest producer of Metronidazole in India

Largest producer of Ketoconazole in the world

Largest producer of Nimesulide in the world

Disclaimer: Based on information available with the company

Milestones



2011

Turnover of RS. 500
Crore



2008

Approval of
USFDA Plant



2017

Rs. 100 Crores Turnover
Pinnacle Life Science Pvt. Ltd.
Pinnacle Life Science (Sikkim)
Plant ready for operations



2015

Aarti Drugs Limited -PBT
More than 100 Crores



2014

Turnover of Rs. 1000 Crore
100% holdings in Pinnacle
Life Science Pvt. Ltd.



2019

Turnover of
Rs. 1500 Crore

Global Presence



TOP 10 EXPORT COUNTRIES

Country	BRAZIL	MEXICO	PAKISTAN	TURKEY	EGYPT
	IRAN	BANGLADESH	SPAIN	SWITZERLAND	CHINA

Market

Regulated	48%
Semi-Regulated	43%
Non - Regulated	9%

 AFRICA
Africa
Algeria
Benin Republic
Bolivia
Bosnia
Burundi
Egypt
Ethiopia
Kenya
Morocco
Mozambique
Nigeria
Seychelles
South Africa
Sudan
Tanzania
Thailand
Togo
Uganda
Zambia
Zimbabwe

 LATIN AMERICA
Argentina
Brazil
Chile
Colombia
Costa Rica
Ecuador
Mexico
Paraguay
Peru
Uruguay
Venezuela

 ASIA
Afghanistan
Armenia
Bangladesh
Brunei
China
Croatia
Hong Kong
India
Indonesia
Iran
Iraq
Japan
Jordan
Korea
Kuwait
Lebanon
Lithuania
Malasia
Myanmar
Nepal
Pakistan
Philippines
Rep Of Yemen
Republic Of Dominicana
Russia
Saudi Arabia
Singapore
South Korea
Srilanka
Sultanate Of Oman
Syria
Taiwan
The Republic Of Kazakhstan
Turkey
Uzbekistan
Vietnam

 AUSTRALIA
Australia

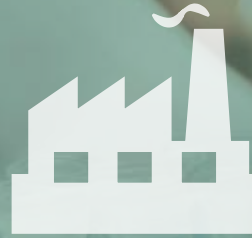
 EUROPE
Belarus
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Eurpoe
France
Germany
Greece
Hungary
Iceland
Ireland
Israel
Italy
Latvia
Macedonia
Moldovia
Netherlands
Poland
Portugal
Romania
Scotland
Slovenia
Spain
Switzerland
Tunisia
Uk
Ukraine
Yugoslavia

 NORTH AMERICA	Bahamas	British Virgin Island	Canada	Panama	Usa
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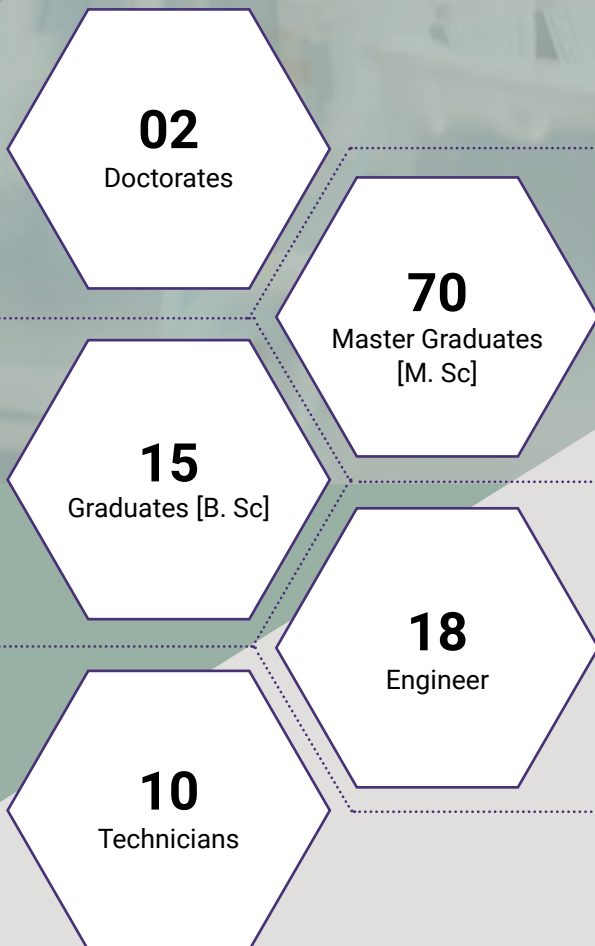
Domestic Presence



Research & Development



Manufacturing facilities at Tarapur and Sarigam are supported by R&D section located at Tarapur, where focus is mainly on process developments



OUR STRENGTH

Pilot plant facility at Tarapur, which is suitable to produce products on kilo scale.



ADL R&D is well supported by in house project management team to ensure timely implementation of new products on commercial scale.



In last five year about 30 API's (New and Existing) have been developed in lab.



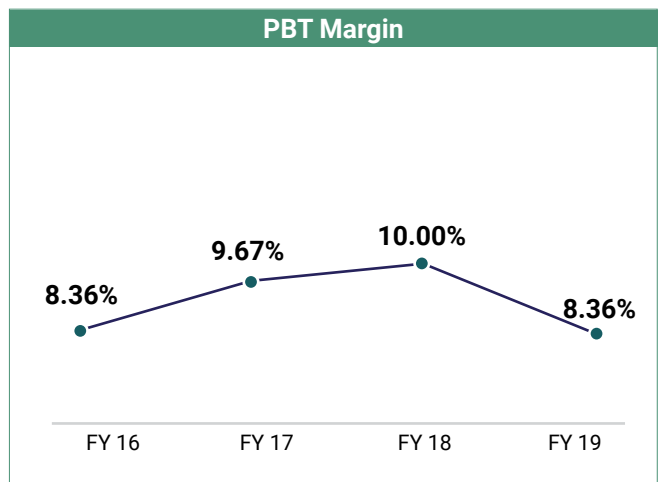
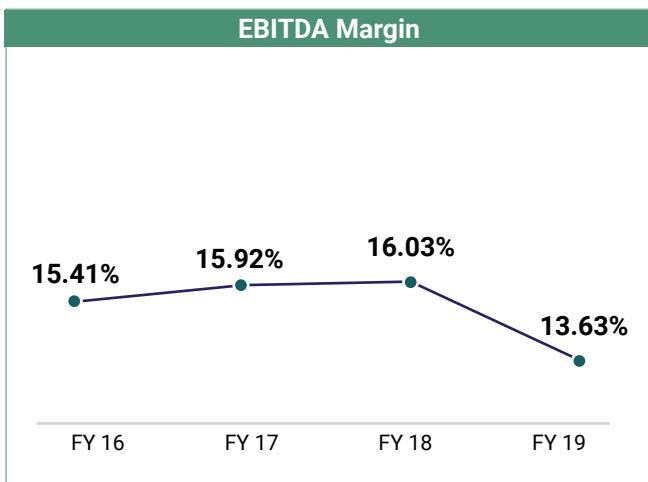
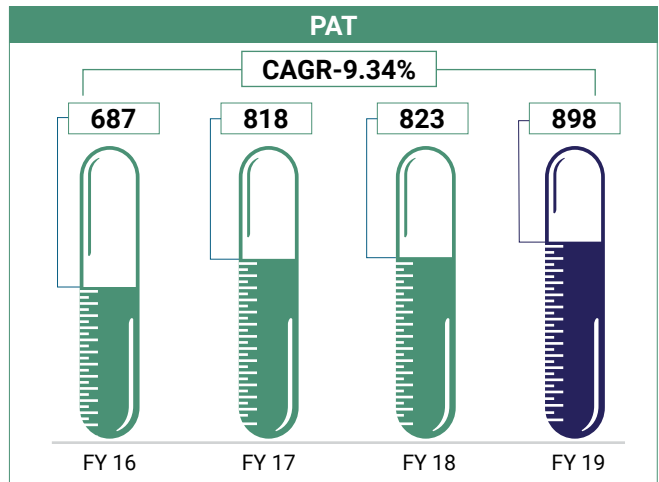
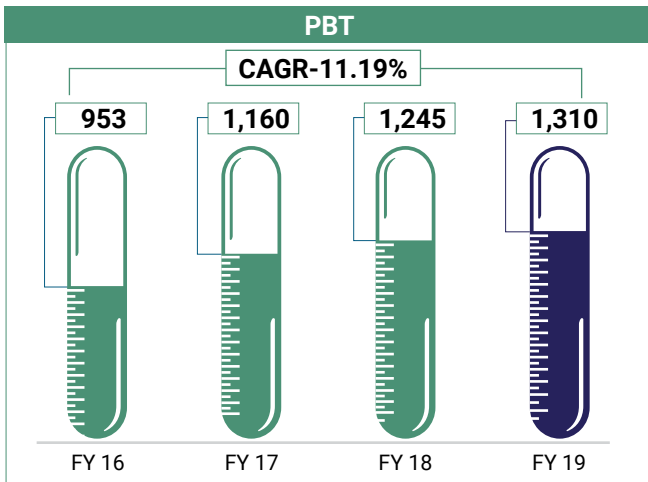
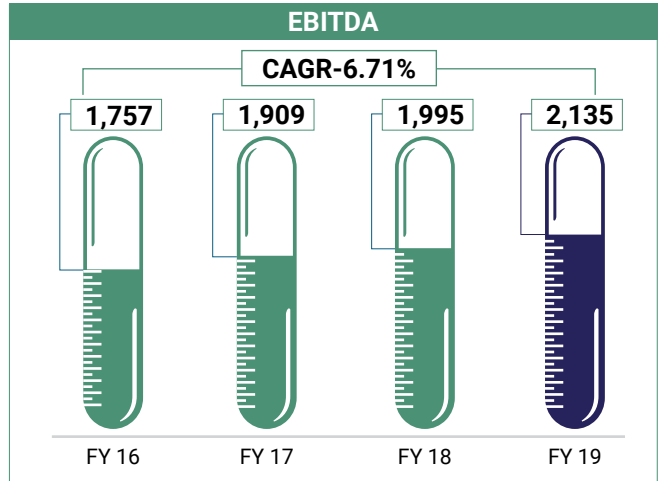
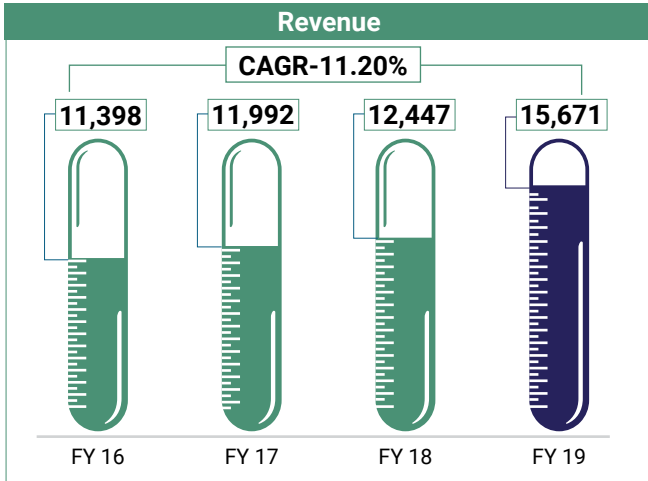
R&D Center recognized by Department of Science and Industrial Research (DSIR), Government of India.



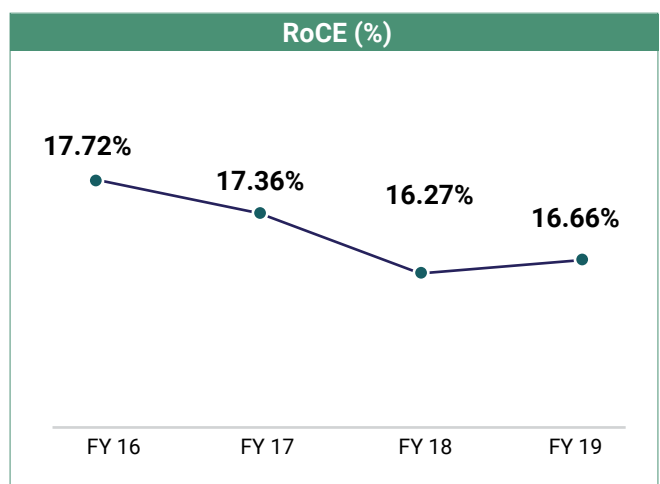
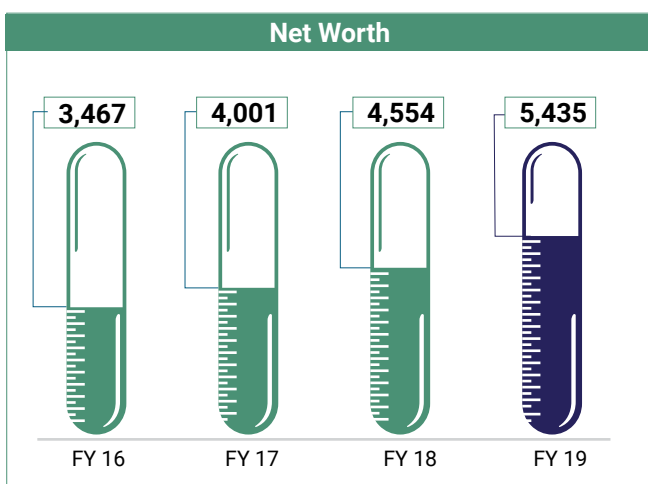
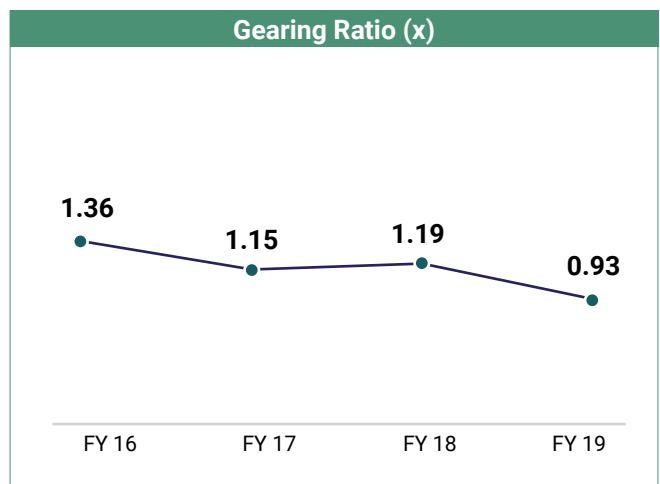
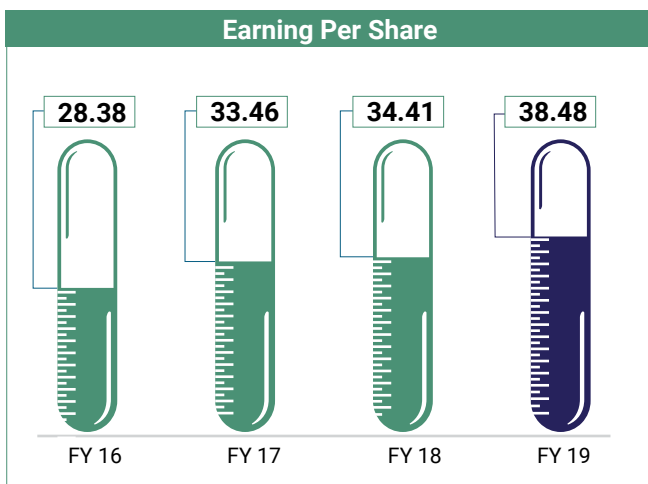
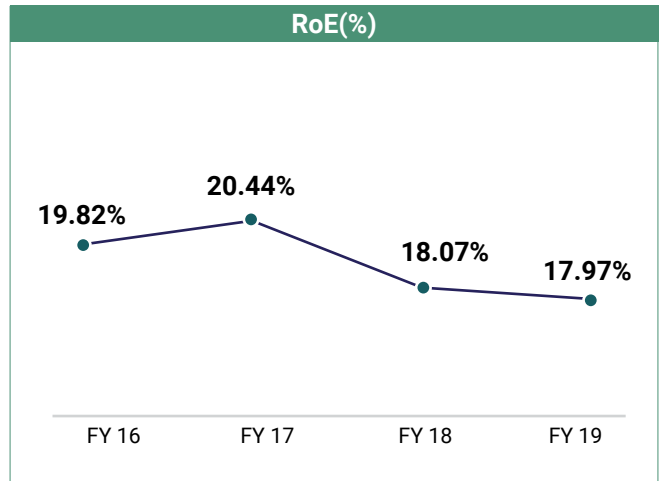
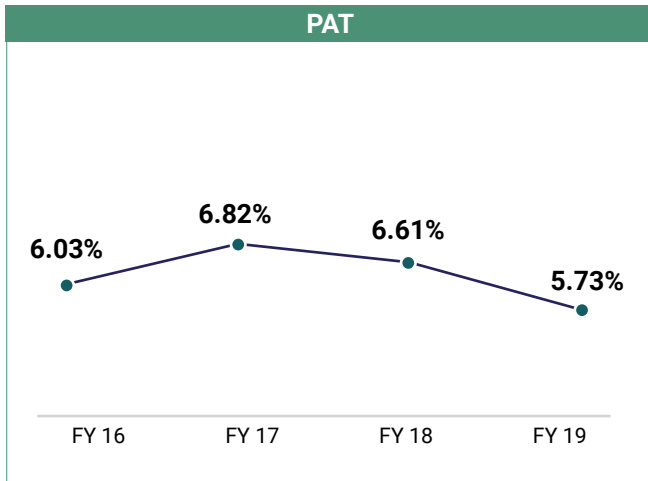
Frequent visits of Experts and Professors from ICT and Council of Scientific and Industrial Research (CSIR) for guidance for product development.



Key Performance Indicators



Note:
 All numbers are in ₹ Millions
 All numbers are on consolidated basis



Financial Highlights

Particulars	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13
Sales (Net)	49,694.87	49,642.42	65,926.09	82,484.14
Profit Before Interest and Depreciation	7,207.99	6,269.13	8,027.03	12,033.43
Interest	1,474.45	1,347.80	2,267.19	2,803.55
Depreciation	1,351.75	1,774.06	2,421.59	2,598.40
Profit Before Tax	4,381.79	3,147.27	3,221.98	6,587.84
Profit After Tax	2,609.79	2,247.29	2,246.10	4,523.08
Dividend (%)	50.00	50.00	50.00	100.00
Payout	605.43	605.43	605.43	1,210.86
Equity Capital	1,210.86	1,210.86	1,210.86	1,210.86
Other Equity	12,898.30	14,440.78	16,437.13	19,549.93
Networth	14,109.16	15,651.63	17,647.99	20,760.78
Borrowings				
Non- Current Borrowings	7,818.18	7,434.15	6,692.38	8,070.45
Current Borrowing- Bank	6,047.94	16,866.01	21,723.88	21,498.34
Current Borrowing-Others	3,898.38	85.01	1,374.94	-
Total Borrowings	17,764.50	24,385.18	29,791.20	29,568.79
Property ,Plant and Equipment(Gross)	28,748.23	34,579.98	43,938.29	47,904.89
Less:- Accumulated Depreciation	10,394.66	12,159.02	16,584.66	18,781.79
Property ,Plant and Equipment(Net)	18,353.57	22,420.96	27,353.63	29,123.10
Capital Work-in-progress	340.35	1,037.47	299.09	1,258.89
Non- Current Investment	2,137.85	2,461.29	691.84	513.19
Current Assets	20,020.43	25,669.13	32,917.38	41,076.71
Less:- Current Liabilities	6,998.89	9,322.39	11,375.56	17,602.05
Net Working Capital	13,021.54	16,346.74	21,541.83	23,474.66
Book Value (Rs.)	116.52	129.26	145.75	171.45
EPS (Basic & Dilluted) (Rs.)	22.08	18.56	17.84	37.36

Note :

During the F.Y. 2017-18, the Company has bought back 2,75,000 Equity Shares at a price of Rs.875/- per share.

During the F.Y. 2016-17, the Company has bought back 3,60,000 Equity Shares at a price of Rs.750/- per share.

*Post Bonus issue of 1:1 equity share for the year 2015

(in ₹ Lakhs)

31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
96,993.72	1,09,427.16	1,13,488.18	1,19,517.10	124,362.88	156,094.10
14,635.01	16,967.19	17,568.93	19,089.56	19,952.75	21,354.00
3,348.97	3,892.99	4,388.68	3,642.09	3,496.13	3,996.00
2,811.94	3,102.23	3,652.76	3,846.27	4,006.30	4,256.00
8,476.04	9,971.97	9,527.49	11,601.20	12,450.32	13,102.00
6,171.23	7,725.43	6,872.49	8,180.20	8,230.67	8,975.00
130.00	80.00	67.50	10.00	10.00	10.00
1,574.12	1,937.37	1,634.65	238.57	235.82	235.82
1,210.86	2,421.71	2,421.71	2,385.71	2,358.21	2,358.21
23,879.53	28,393.55	32,244.53	37,627.50	43,184.56	51,986.00
25,090.39	30,815.26	34,666.24	40,013.21	45,542.77	54,344.21
7,664.20	16,347.46	19,123.40	20,154.56	20,269.68	20,821.00
24,758.92	24,954.73	25,839.30	24,466.43	30,564.21	26,325.00
1,800.83	288.00	1.56	-	-	-
34,223.95	41,590.19	44,964.26	44,620.99	50,833.89	47,146.00
58,113.01	68,521.15	71,622.59	84,204.79	90,294.06	96,959.19
20,860.39	23,674.75	23,030.94	26,703.58	30,508.19	34,764.19
37,252.62	44,846.40	48,591.65	57,501.21	59,785.87	62,195.00
831.55	1,605.79	3,404.47	1,427.77	2,844.60	3,275.00
461.90	463.18	1,283.22	1,193.86	1,075.86	1,244.00
46,428.05	53,278.79	56,522.49	57,142.28	73,686.00	78,429.00
21,407.73	21,313.77	24,151.59	24,964.69	31,604.00	32,773.00
25,020.32	31,965.02	32,370.90	32,177.59	42,082.00	45,656.00
207.21	127.25*	143.15	167.72	193.12	230.44
50.97	31.90*	28.38	33.46	34.41	38.48

Awards



CHEMEXCIL
Outstanding Performance in
Export



ABBOTT
Appreciation as business partner



CHEMEXCIL
Outstanding Performance in Export
**ORGANIZATION OF
PHARMACEUTICAL PRODUCT**
Best Vendor



**Government of India(Ministry
of commerce and Industry)**
Certificate of Recognition –Star Export
House



AVAYA GLOBAL CONNECT
Customer Responsiveness



ABBOTT
Business partner of the year



AVAYA GLOBAL CONNECT
Customer Responsiveness



ABBOTT
Business partner of the year



PHARMEXCIL
Outstanding Performance in Export



ABBOTT
Business partner of the year



PHARMEXCIL
Outstanding Performance Latin
American Export



ABBOTT
Business partner of the year



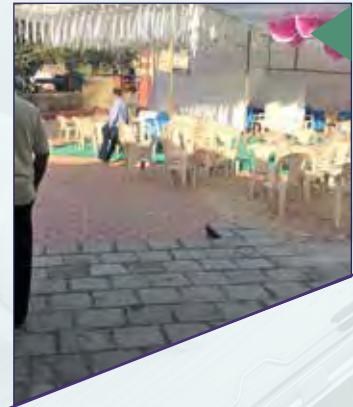
ABBOTT
Best Vendor of the year

Corporate Social Responsibility

Kosbad Girl's Hostel



Murbe Public Library



Jawhar Dam



Board of Directors & Leadership



Shri Prakash M. Patil
Chairman, Managing Director & CEO

Shri Prakash M. Patil is Chairman, Managing Director and Chief Executive officer (CEO) of the Company and has been associated since inception of the Company's operations. He holds a degree of B.E. – Chemical from Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He has more than 40 years of experience in the field of Chemical & Pharmaceutical Industry. He has expertise in Product Identification, Project Conceptualisation, Planning, Project Engineering & Implementation. His technical experience has helped the Company to emerge as one of the leading Pharmaceutical Company in the country.



Shri Rashesh C. Gogri
Managing Director

Shri Rashesh C. Gogri has been appointed as Managing Director of the Company with effect from 26th September, 2014. He was the Whole-time Director of the Company since October, 2012. He holds a Production Engineering degree from Mumbai University. He has more than 16 years of experience in field of production, marketing and project implementation in chemical industry. He also serves as Vice – Chairman & Managing Director of Aarti Industries Limited.



Shri Harshit M. Savla
Joint Managing Director

Shri Harshit M. Savla is Joint Managing Director of the Company. He is a Commerce Graduate having more than 30 years of experience in Finance, Export and Administration. He played crucial role in expanding the export market for the products of the Company.



Shri Harit P. Shah
Whole-time Director

Shri Harit P. Shah is a Whole-time Director of the Company. He is a Commerce Graduate and has experience of over 25 years in handling commercial functions encompassing Purchases, Local Sales and Exports.



Shri Uday M. Patil
Whole-time Director

Shri Uday M. Patil is a Whole-time Director of the Company. He has been associated with the Company since the year 2000. He also serves as Director in various group Companies.



Shri Rajendra V. Gogri
Non – Executive Director

Shri Rajendra V. Gogri is Non – Executive Director of the Company and has been associated since inception of the Company's operations. He holds a master's degree in Chemical Engineering from USA and is a rank holder from Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He has expertise in marketing, purchase, business development, accounts, finance, taxation and legal. He also serves as Chairman & Managing Director of Aarti Industries Limited.



Shri Ramdas M. Gandhi
Independent Director

Shri Ramdas M. Gandhi is an Independent Director of the Company. He holds a master's degree in Law from Mumbai University. He is an advocate & solicitor and is practicing in the Mumbai High Court since more than 55 years. He is a corporate lawyer and has extraordinary experience in commercial law, corporate law and more. He also serves as an Independent Director of various Listed Companies.



Shri Bhavesh R. Vora
Independent Director

Shri Bhavesh R. Vora is an Independent Director of the Company. He is a commerce graduate and Chartered Accountant by qualification. He is a practicing Chartered Accountant, with more than 24 years of experience in the field of stock brokers' audits, compliances, derivatives, futures & options, accounting standards and internal management audit.



Shri Navin C. Shah
Independent Director

Shri Navin C. Shah is an Independent Director of the Company. He is Commerce Graduate and Chartered Accountant by Qualification. He is practicing Chartered Accountant with more than 33 years of experience in the field of Income Tax related matters. He has also expertise in Goods and Service Tax (GST). He has been associated with the Company since the year 2010.



Shri Vilas G. Gaikar
Independent Director

Shri Vilas G. Gaikar is an Independent Director of the Company. He holds a degree in PHD Technology from Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He is presently serving as Vice - Chancellor of Dr. Babasaheb Ambedkar Technological University, Raigad, Maharashtra. His field of specialisation and research includes Process Intensification using Microwave, Light and alternative energy sources, Thermochemical conversions of Biomass, Soft Condensed Matter, Reactive Separations and Design by Molecular Modelling, Clean Technology, Innovation Practices. He is recipient of numerous awards and had published more than 150 publications in referred International Journals. He has been associated with the Company since the year 2005.



Shri Krishnacharya G. Akamanchi
Independent Director

Shri Krishnacharya G. Akamanchi is an Independent Director of the Company. He holds a degree of B.SC - (Tech.), B.SC - (Hons.), PHD - Technology. He is also Professor of Pharmaceutical Technology at the Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He has more than 100 research publications in reputed International Journals. He has been associated with the Company since the year 2008.



Smt. Priti P. Savla
Independent Director

With more than 10 years of experience, she is a practicing Chartered Accountant and a partner in KPB & Associates, Chartered Accountants firm based in Mumbai & Thane. She is a qualified certificate holder in 'Entrepreneurs' Development Program from Indian School of Business, Hyderabad.



Shri Adhish P. Patil
Chief Financial Officer

Shri Adhish P. Patil has experience of over 13 years in the field of finance, consulting, systems engineering and Information Technology. Bachelor of Engineering (IT) from Mumbai University. He is an MBA - Finance & Marketing from University of Florida, Warrington College of Business Administration. He is the winner of prestigious 'Top 100 CFOs India 2014' award.

CHAIRMAN'S LETTER



**Ready for the
Road Ahead**



Dear Shareholders,

It gives me immense pleasure to present you the annual report of the fiscal year 2018-19 of your Company. This was a remarkable year for Aarti Drugs. Whether measured by our sustainable development, having better sales, or by firms' financial results, we delivered one of the best years to our partners and shareholders alike. We indeed are excited about the abundance and continue our long-standing commitment to constant innovation that has laid the groundwork for growth since the inception of the company.

As your Company has its global presence in more than 100 countries with 1,452 workforce capacity, the Company reached unbeatable targets during the last few years. With consistent dedication and perseverance, your Company has developed 50+ products with 2480 MT/month capacities and is one of the worlds and India's major producers of Fluoroquinolones, Metronidazole, Metformin, Ketoconazole, Diclofenac Derivatives and Metronidazole Benzoate. Top 10 winning products in the market contributed to around 75% of the total revenue while the remaining products are all set to make their identity. With our subsidiary Pinnacle Life science Pvt Ltd., we are getting more registration which gives us deeper access to global markets.

India plays significant role in the global pharmaceuticals sector backed by strong Research and Development (R&D). Its domestic market is growing continuously that reached to Rs 1,29,015 crore (US\$ 18.12 billion) in 2018, showing 9.4% growth year-on-year basis whereas global market reached \$1.11 trillion (volumes) and estimated to increase to \$1.43 trillion by 2020.

Your company has shown strong financial performance in spite of multiple challenges during the Financial Year 2018-19. Due to our long-term strategy and consistency, we have converted obstacles into the opportunity. Our overall capacity utilization is approximately 77% with tremendous value addition to product lines. On one hand, company has seen difficulty to source few raw material for Anti-Biotic category in the FY19 and on the other hand company has incorporated the backward integration to reduce overall cost. Company is truly optimistic to focus more on Anti-Diabetic,

Anti-Inflammatory and Anti-Biotic categories through efficient R&D with an expectation to generate optimum revenue. Your company has made a regular capital expenditure of ~ Rs 100 crore on an average in last 5 years. We are in a process to reduce dependency on imports from China as it has affected our production but we have achieved set revenue target and PBT in absolute terms by making proper balance between revenue and cost. During the start of the year, the company had a higher inventory which was at a higher cost. By the end of the year, there was a decline in the cost of raw materials which was eventually passed on to the consumers. As the company uses FIFO method for accounting purposes, which lead to a decline in the gross margins of the company. The company has followed robust sales strategy that resulted in clearance of inventory during the end of year which improved overall operating cash flow and help to reduce debt to equity ratio. Your company is expecting to improve its margins by 2nd half of 2020.

Your Company has taken many steps to eliminate pollution through by-product processing and waste management as environment safety is our prime motto over the years. We are dedicated to producing best-in-class products with zero discharge operations and recycling process.

We are proud that we have flourished the trumpets even after various internal and external challenges came our way.

To conclude, I would like to express immense and sincere gratitude towards all our Shareholders who believed in our business. I further thank all our Suppliers, Customers, Bankers, Employees and everyone associated with us for supporting us to grow every single day.

Thanking You,

Prakash M. Patil
Chairman, Managing Director & CEO
 DIN: 00005618



Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS GLOBAL PHARMACEUTICAL MARKET

In 2018, the global pharmaceutical industry reached greater heights by reaching \$1.11 trillion (in volumes), and it is expected to increase to \$1.43 trillion by 2020. The constant increase in the demand for developing drugs to meet the requirement across the world has led pharmaceutical companies to work hard for bringing out the most advanced and cutting-edge treatment for patients. Three main factors that lead to a steadily increasing per capita drug expenditure such as ageing populations, income growth especially in emerging economies and the high prices of new drugs.

Pharmaceutical is a research-driven company and every year pharmaceutical companies invest approximately \$150 billion on research and development projects. Out of thousands of compounds, a small percentage gets regulatory approval to be used for treating diseases and improve the quality of life of patients. However, in 2018, the US regulatory body approved a large number of novel drugs developed by pharmaceutical companies across the world. FDA also approved 55 novel drugs and broke its record for generic approvals.

The US has a market share worth over \$341.1 billion in the global pharmaceutical market. The market for pharma in China, South East Asia, Eastern Europe and South America is still emerging.

In the coming years, the pharma industry is expected to cope with Patent Cliff. Patent Cliff develops when the license of the innovative drug expires, and that would eventually give rise to the

low-cost competitors who will enter the market with biosimilar products. Most often such phenomena arise when biosimilar products affect blockbuster products (blockbuster products are products with sales exceeding 1 billion USD per year). Total sales at risk may be as high as \$50bn between 2018 and 2024 for the industry overall.

OPPORTUNITIES AND THREATS INDIAN PHARMACEUTICAL MARKET

India is the third largest pharmaceutical market in Asia and is the major provider of generic drugs globally. India's domestic pharmaceutical market increased from Rs 116,389 crore (US\$ 17.87 billion) in 2017 to Rs.129,015 crore (US\$ 18.12 billion) in 2018, showing 9.4% growth year-on-year. The sector is expected to grow at a CAGR of 15% in the coming years. By manufacturing high-quality, low-priced medicines, India provides a huge business opportunity for the industry. On a global platform, Indian pharmaceuticals has an important position as it exports over 50% of global demand for various vaccines, 40% of generic drugs demand in the US and 25% of all medicine in UK.

India is the World's largest provider of Generic Medicines. With the high potential for generic drug market in India, Indian pharmaceutical companies received record 300 generic drugs approvals in the USA during 2017 and are expected to reach US\$ 88 billion by 2021.

Besides building on traditional generic products, Indian pharma companies are actively investing in research and development (R&D), and that it has shown a steady increase in the last few years. In 2018, Indian pharma companies invested 8.5% of sales profile on research and development.

India offers numerous opportunities for the pharmaceutical industry. Along with enhanced medical infrastructure, rise in the prevalence and treatment of chronic diseases; more excellent health insurance coverage; the launch of patented products; and new market creation in existing white spaces would act as the primary growth drivers for the industry.

While the US stands as the biggest export market for Indian pharma products like bulk drugs, intermediates, drug formulations and biologicals, 31% of India's pharma exports were to North America, 19.4% to Africa and 15.9% to the European Union in the year 2018. India's pharmaceutical exports touched US\$ 17.27 billion in FY18 and are expected to reach US\$ 20 billion by 2020. India is the largest exporter of pharma formulations, with 14% market share and stands 12th in terms of export value and it reached US\$ 12.92 billion in FY19.

To encourage foreign direct investment (FDI), the Indian

Government has broadened the scope for medical devices including a wide range of items, including software tools, instruments, apparatus, appliances, implants and material used alone or in combination. As the nation already allows 100% foreign direct investment via automatic route, with such a strategic move the medical device market is expected to grow \$50 billion by 2025 thereby becoming less dependent on importing them.

Source, (IBEF, Market Research Report, McKinsy Report, EY Report)

COMPANY OVERVIEW:

Aarti Drugs Limited was established in the year 1984 and forms part of \$900 Million Aarti Group of Industries with robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and Specialty Chemicals. and also manufactures formulations through its wholly-owned subsidiary- Pinnacle Life Science Private Limited. Products under APIs includes Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin, Diclofenac derivatives etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has sound and adequate internal control systems commensurate with its size and nature of business. We constantly upgrade our systems for incremental improvements, because we firmly believe that 'change is the only permanent thing'. The Audit Committee of the Board periodically reviews these systems. These systems ensure protection of assets and proper recording of transactions and timely reporting. Internal audit is being carried out by an independent firm of Chartered Accountants on a quarterly basis. The Audit Committee also regularly reviews the periodic reports of the Internal Auditors. Issues raised by Internal Auditors and Statutory Auditors are discussed and addressed by the Audit Committee. Audit Committee constantly tries to add value by evaluating existing systems.

ENVIRONMENT, HEALTH & SAFETY:

The Company is continuously working on innovative technologies to design effective Waste Management Systems. The primary focus of the Company has been on pollution control and clean environment solutions. The Company has drastically reduced the water consumption. Many of the plants of the Company are at zero effluent discharge, achieved through multiple effect evaporators and incinerators. The company has taken 250 acre forest land from Forest Department for plantation near Dhuktan, Palghar and plantation work is completed & even maintained regularly.

The Company has continuously innovated many more techniques to reduce the effluent generation in the Process, utility and domestic areas across units to reduce the entire effluent stream. Environmental requirements are incorporated into the plant design right from the preliminary stage of a process. Air Scrubbers, Dust Filters, Fire Protection Systems and Effluent Treatment Plants are in place & well maintained. The Company is striving to reach towards the goal of Zero Organic Effluent Discharge by means of multiple effect evaporators and incinerators.

During the year, the Company has conducted various training programmes in all units regarding use and importance of PPE's, Safety Awareness and behavior related to safety. Faculties of Bombay Productivity Council conducted training programme on 'Kaizen' and 'Behavior Based Safety in Organization (Industrial Safety Awareness)'. Training programme on First Aid, Fire Fighting and Rescue Operations in any type of emergency is conducted by faculty of Civil Defense, Central Government Agency for the employees of the Company. All units have Fire Hydrant Systems, all types of Fire Extinguishers, Smoke and Heat Detectors to control the fire hazard. Hydrogen Gas leak detectors and Ammonia Gas leak detectors are installed in our units wherever it is required. In all our units, all electrical fittings are flameproof to avoid fire hazard. Rupture Disc and Safety Valves provided to reaction vessels and distillation units wherever required. Audio Visual Alert Alarm system provided to the reactors wherever there is likely rise in temperature, failure of cooling or chilling system, tripping of agitators. The external Safety Audit as per IS:14489:1998 of all our units which was done by recognised Safety Auditor by Government of Maharashtra. Safety Consultant and Ex – Deputy Director of Department of Industrial Safety and Health has conducted various onsite job training followed by safety related observations. The Company is making continuous efforts to create safer working conditions for the workers.

RESEARCH AND DEVELOPMENT:

The Company's Research & Development (R&D) is recognized by Department of Science and Industrial Research (DSIR), Government of India. It is well-supported by in-house project management team to ensure timely implementation of new products on the commercial scale. We also organize frequent visits of Experts and Professors from Institute of Chemical Technology (ICT) and Council of Scientific and Industrial Research (CSIR) for guidance on product development. In last few years, about 30+ API's (New and Existing) have been developed in lab.

Team work has played significant role to achieve the financial target which includes two Doctorates, 70 Master Graduate (M. Sc), 15 Graduates (B. Sc) and 28 Engineer Technicians.

SUBSIDIARY:

Pinnacle Life Science Private Limited (PLSPL) is Wholly owned Subsidiary of Aarti Drugs Limited (ADL). PLSPL was established with a vision of achieving leadership by offering quality and useful pharmaceutical formulations to the World at affordable prices. PLSPL capitalizes the core API strengths of its parent Company and engineers most of the formulations in a cost-effective way. PLSPL contributes around 9.7% of revenue and has opened more avenues of exports for the company. The company has shown tremendous value addition through formulation to existing API products. It started commercial operations in Latin America as well as selective African markets with new registration for export and government tenders. Aarti Drugs Limited and Pinnacle Life Science Private Limited, together combined present a one stop-shop for major pharmaceutical needs.

SEGMENT-WISE PERFORMANCE

For the year 2018-19, around 97% of the total Standalone Sales of the Company came from APIs and its allied Intermediate Segment and approximately 3% from the Specialty Chemicals. Within the API Segment, Antibiotic Therapeutic Category contributes to around 41%, Anti-protozoals around 17%, Anti-inflammatory around 13%, followed by Anti-diabetic, Anti-fungal and Cardioprotectant Therapeutic categories.

FINANCIAL PERFORMANCE:

During FY 2018-19, the company is growing consistently on account of its long-term strategy and robust expansion plan. Due to its global presence with finest sense of business, it has shown tremendous financial performance.

Top line and bottom line were improved to Rs 15,609 million and Rs 898 million, achieving a Y-o-Y growth of 25.51% & 9.04% respectively, correspondingly EBIDTA worked out to Rs. 2,135 million as against Rs. 1,995 million in the previous year recording a growth of 7.02%. Increment in Profit after tax followed by effective costing strategy. Overall gearing ratio reduced to 0.93 times from 1.19 times due to effective working capital management, it proved systematic relationship between Total Equities and Total long-term liabilities reflected through positive changes in the net worth from Rs 4,554 million to Rs 5,434 million.

The Company imports around 35% of its raw material from China due to price advantage. Due to environmental issues in the China during last year, there were shortages of few raw materials which led to increased input costs. As a Company, we are trying to reduce dependency on imports by the way of backward integration, manufacturing the materials inhouse & also developed alternate process to mitigate the risk of shortage. However, amidst these challenges, the Company was still able to achieve desired revenue target and also

achieving highest Revenue & PBT till date. With better Working Capital and inventory Management, the Company's overall expenses got reduced, which resulted in the PAT Growth and ultimately improving operating cash flow.

DISTRIBUTION CHANNELS:

Our strong distribution network has always been a valuable asset for us. This provides us with a competitive advantage and helps us expand to 100+ countries. In most of the cases, we directly send the products to customers via air or sea. This helps us to minimize our costs. In some of the cases where the quantity is not very significant, we ship the products to distributors. We also consciously look for credit quality of our customers and in case we find any credit risk, we execute the transaction via European traders.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

Human Resource

Human capital is an essential part of our Company. The Company has 1,452 permanent employees on consolidated basis. To enhance the capabilities of our most important assets, our Human Resource Development (HRD) Centre has conducted many training programmes during the year. Apart from in-house training programmes, our team has regularly attended many training sessions and seminars at some of the most prestigious training institutes.

Outlook:

The company has set key priorities in different segments despite of multiple challenges during the FY 2019 which resulted in fundamentally strong results across the globe. Since last many years Aarti Drugs expanded its operation worldwide and continue to expand further in European Continent along with positive synergy through tie ups. It will help to show strong track record in the subsequent financial years.

The company's Anti Diabetic products are expected to generate good double digit growth in the revenue in coming years. The second phase of the expansion will be operational by first half of FY 20, which will double the capacity and make the company one of the largest metformin players in the world. The company is the leading manufacturer of Fluoro-quinolones through backward integration process which stands for its "Uniqueness" in an entire Indian market. In Antiprotozoal, company has further increased its capacity to curtail the imports. Civil construction is in place for our Multipurpose facility of Vitamins/Anti Inflammatory segment to target highly regulated markets where proposed installed capacity can contribute 35 crore-50 crore per annum depending upon the product selection. In Commercial operation, phase one

already started whereas CAPEX of second phase is planned in later half of FY 20. This is designed for European markets. This facility can manufacture a range of products from anti-inflammatory, anti-fungal, anti-diarrheal, cardiovascular etc. We got global market leadership in our Anti-fungal product; further company is expanding one of its products to the next level. We have done incremental expansion of multipurpose chloro-sulphonation in the existing block simultaneously another dedicated speciality line was commissioned. R&D and Advance technology plays significant role, company is focusing to produce key strong products by way of backward integration to reduce overall imports and cost.

Cautionary Statement:

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward looking statements" and are based on currently available information. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to certain future events and uncertainties, which could cause actual results to differ materially from those, which may be indicated in such statements.

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AARTI DRUGS LIMITED

CIN: L37060MH1984PLC055433

Regd. Off: Plot No. N-198, M.I.D.C. Tarapur, Village - Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.

Phone: 022-24072249, Fax: 022-24073462

Website : www.aartidrugs.co.in, Email : investorrelations@aartidrugs.com

NOTICE

NOTICE is hereby given that the **THIRTY FOURTH ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED** will be held on **Tuesday, the 6th day of August 2019 at 11:30 AM** at TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt;
 - (a) the audited Financial Statements for the financial year ended March 31, 2019, the Reports of the Board of Directors' and Auditors thereon; and
 - (b) the audited Consolidated Financial Statement for the financial year ended March 31, 2019.
2. To declare a Dividend for the financial year ended March 31, 2019.
3. To appoint a Director in place of Shri Harit P. Shah (DIN: 00005501), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the act") and the Companies (Audit and Auditors) Rules, 2014 ("the rules") and pursuant to recommendation of the Audit Committee of the Board of Directors, M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215W/W100057), be and is hereby re-appointed as the Statutory Auditors of the Company for the period of four years to hold office from the conclusion of this Annual General Meeting until the conclusion of the 38th Annual General Meeting of the Company, on such remuneration and terms and conditions as set out in the explanatory statement to this notice."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198 and all other applicable provisions, if any read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, recommendation of nomination and remuneration committee of the Board, and subject to other approvals, if any, approval of the Company be and is hereby given to Shri Uday M. Patil (DIN : 01186406) who is in the permanent wholetime employment of the Company and, having also been Director of the Company gets designated as Wholetime Director for a period of five years with payment of Gross Remuneration of ₹ 12,00,000/- per annum with effect from April 1, 2019, with power to the Board of Directors to revise the same, from time to time, on an annual basis, the said remuneration for a maximum amount upto ₹ 24,00,000/- per annum."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, [including any statutory modification(s) or re-enactment thereof] for the time being in force, the remuneration of Rs. 3,00,000/- (Rupees three lakhs only) as approved by the Board of Directors based on the recommendations of Audit Committee of the Company, to be paid to GMVP & Associates LLP, Cost Accountant, for the conduct of the Audit of the cost accounting records of the Company, for the financial year ending March 31, 2020, be and is hereby ratified and confirmed."

By Order of the Board

Sd/-
Rushikesh Deole
Company Secretary
ICSI M. No. A54527

Place: Mumbai
Date: May 15, 2019

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. Further, a Member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

The instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item No. 4 to 6 above is annexed hereto and forms part of the Notice.
3. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representatives to attend and to vote on their behalf at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 30, 2019 to Tuesday, August 6, 2019 (both days inclusive) for the purpose of AGM.
5. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11.00 a.m. to 1.00 p.m. up to the date of the AGM.
6. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents (RTA), M/s. Link Intime India Private Limited immediately of any change in their address and bank details. Members holding shares in dematerialized

form are requested to intimate all changes with respect to their address, bank details etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.

7. Members holding shares in dematerialized form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFSC code) and Permanent Account Number (PAN) with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA as the same is mandated by the Securities and Exchange Board of India.
8. Queries on accounts may please be sent to the Company 10 (Ten) days in advance of the Annual General Meeting so that the answers may be made available at the meeting.
9. The Company has transferred unclaimed amounts of Interim Dividend and Final Dividend for FY 2010-11 to the Investor Education and Protection Fund as required under Section 124 and 125 of the Companies Act, 2013.
10. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail addresses to the Link Intime India Private Limited (RTA) sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aartidrugs.com.
11. Copies of the Annual Report 2018-19 are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2018-19 are being sent by the permitted mode. Members may also note that the Notice of the 34th AGM and the Annual

Report 2018-19 will be available on the Company's website viz. www.aartidrugs.co.in.

12. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting.
14. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
15. The matters set out in the Notice will be transacted inter-alia through electronic voting system and the Company is providing facility inter-alia for e-voting by electronic means. Instructions and other information relating to e-voting are given in this Notice.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Link Intime India Pvt. Ltd., Registrar and Share Transfer Agents, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra.
17. Additional Information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the Director seeking appointment/re-appointment at the AGM, is furnished as an annexure to this Notice.

18. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 read with relevant rules of the Act, and provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide facility to members to exercise their right to vote by electronic means.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Friday, August 2, 2019 at 9:00 am and ends on Monday, August 5, 2019 at 5:00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, July 30, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID;
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on attendance slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Windows and Apple smart phones. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- 19. Voting at AGM**
- The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangement of poll in this regard at the AGM venue.
- OTHER INSTRUCTIONS**
- I. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on July 30, 2019 are entitled to vote on the Resolutions, set forth in this Notice.
 - II. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of July 30, 2019.
 - III. A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
 - IV. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the meeting through ballot papers.
 - V. CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
 - VI. The Scrutiniser shall, immediately after the conclusion of voting at general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 3 days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.
 - VII. The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of CDSL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

By Order of the Board

Sd/-
Rushikesh Deole
Company Secretary
ICSI M. No. A54527

Place: Mumbai
Date: May 15, 2019

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

M/s. Kirtane & Pandit LLP, Chartered Accountants were appointed as the Statutory Auditors by shareholders in the 33rd Annual General Meeting held on August 10, 2018 to hold the office upto conclusion of 34th Annual General Meeting.

Terms and Conditions of Re-appointment are as under:

Term of Appointment: 4 year from the conclusion of this AGM till the conclusion of 38th AGM.

Proposed Fees: Fixed remuneration for Statutory Audit ₹8.25 Lakhs with annual increment at the rate of approximately 10% plus applicable taxes and reimbursement of out-of-pocket expenses incurred by them in connection with the statutory audit of the Company. The proposed fees is based on knowledge, expertise, industry experience, time and efforts required to be put in by M/s. Kirtane & Pandit LLP during their association with the Company. The proposed fees are also in line with the industry benchmarks.

Credentials

M/S. Kirtane & Pandit LLP is one of the leading Indian Accounting and Professional Service firm, having been operating since 1956.

The Firm includes 19 Partners, more than 40 Chartered Accountants and over 200 audit professionals. The firm with its operations adequately supported by qualified professionals and staff from various disciplines – Accounting, Legal, Management and Direct & Indirect Taxation. They carry a good professional track-record.

On the basis of performance of auditors and recommendation of audit committee, the Board of Directors recommends the resolution at Item No. 4 of this Notice for your approval.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the said resolution.

Place: Mumbai
Date: May 15, 2019

ITEM NO. 5

The Nomination and Remuneration Committee of the Board in its meeting has evaluated the performance of executive Directors and in accordance with Company's performance and Industry norms and recommended approval to Shri Uday M. Patil (DIN : 01186406) who is in the permanent wholtime employment of the Company and, having also been Director of the Company gets designated as Wholtime Director, for payment of Gross Remuneration of ₹12,00,000/- per annum with effect from April 1, 2019 for a period of five years, with power to the Board of Directors to revise the same, from time to time, on an annual basis, the said remuneration for a maximum amount upto ₹ 24,00,000/- per annum in line with the regulatory requirements, subject to approval of the members.

Accordingly, your Directors recommend the proposal for your approval as an Ordinary Resolution.

Shri Prakash M. Patil, being relative is considered as concerned or interested in the resolution. None of the other Directors and Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 6

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor for 2019-20 was recommended by the Audit Committee to the Board. The Board has appointed GMVP & Associates LLP, Cost Accountant, as Cost Auditor for the conduct of the audit of the cost accounting records of the Company, at a remuneration of ₹ 3,00,000/- (Rupees three lakhs only) plus tax as applicable for the financial year ending March 31, 2020.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

Your Directors recommend the resolution at Item No. 6 for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board
Sd/-
Rushikesh Deole
Company Secretary

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / RE – APPOINTMENT IS AS UNDER:

Particulars	Shri Harit P. Shah (DIN : 00005501)	Shri Uday M. Patil (DIN : 01186406)
Date of birth and age	October 12, 1963 (55 years)	June 23, 1963 (56 years)
Date of Appointment	September 15, 1995	October 18, 2000
Qualifications	B.Com	H.S.C.
Experience and expertise in specific functional areas	He has good experience of over 25 years in handling commercial functions encompassing sales, purchases and exports. He looks after local sales and exports as well.	He has good experience in factory administration work and liaisons with various Government/ Semi Government department and agencies.
Directorships held in other Listed Companies	-	-
Memberships/Chairmanships of committees across other listed companies	-	-
Number of shares held in the Company	6,35,812	12,590
Relationship with other Directors	NIL	Brother of Shri Prakash M. Patil
No. of Board Meetings attended	6	6

Route Map to the venue of the 34th Annual General Meeting



Board's Report

TO THE MEMBERS OF AARTI DRUGS LIMITED

Your Directors have pleasure in presenting the 34th (Thirty Fourth) Annual Report on the business and operations of the Company together with the Audited Financial Statements along with the Report of the Auditors for the year ended March 31, 2019.

COMPANY'S FINANCIAL HIGHLIGHTS

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	1,45,425	1,15,966	1,56,094	1,26,257
Other Operating Income	628	117	618	105
Total Income from Operations	1,46,053	1,16,083	1,56,712	1,26,362
Total Expenditure	1,25,496	97,781	1,35,358	1,06,409
Profit Before Depreciation, Amortization, Interest and Tax Expenses	20,557	18,302	21,354	19,953
Less: Interest	3,756	3,301	3,996	3,496
Depreciation & Amortization	4,039	3,780	4,256	4,006
Profit/(Loss) before other income	12,762	11,221	13,102	12,450
Profit/(Loss) Before Tax	12,762	11,221	13,102	12,450
Less: Total Tax Expenses	4,037	3,880	4,127	4,220
Profit after Tax	8,726	7,341	8,975	8,231
Earning Per Share (₹)	37.42	30.67	38.48	34.41

Note : Post the applicability of GST with effect from 1st July, 2017, Sales are disclosed net of GST. Accordingly, the Gross Sales figures for the year ended 31st March, 2019 are not comparable with the sales figures depicted for the previous years.

FINANCIAL PERFORMANCE

During the year under review, Standalone Revenue from operations of the Company is ₹ 1,454.25 Crores (Previous Year: ₹ 1,140.46 Crores) (net of excise duty and VAT) registering a growth of 27.51%.

The Company has achieved Export Sales of ₹ 546.62 Crores as against ₹ 429.28 Crores for the last year, registering a growth of 27.33%.

EBITDA has been ₹ 205.57 Crores (Previous Year: ₹ 183.02 Crores), registering a growth of 12.32%. PAT has been ₹ 87.26 Crores (Previous Year ₹ 73.41 Crores), registering a growth of 18.87%.

DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 1/- (Rupee One only) per Equity share [10% of face value of ₹ 10/- each] aggregating to ₹ 2.33 Crores (considering the

extinguishment of 2,82,100 Equity shares pursuant to buy back). Your Company will pay the Tax on dividend as per the provisions of the income Tax Act, 1961.

The Final Dividend, subject to approval of members at the ensuing Annual General Meeting (AGM), will be paid within the statutory period, to those members whose name appears in the Register of Members as on the date of Record Date i.e. Tuesday, July 30, 2019.

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"), top five hundred listed entities based on the market capitalization are required to formulate Dividend Distribution Policy. However, the Company has voluntarily formulated its Dividend Distribution Policy and the details of which are available on the Company's website viz. www.aartidrugs.co.in.

TRANSFER TO RESERVES

Your Company has transferred ₹ 8.70 Crores to General Reserves.

SHARE CAPITAL

The Board of Directors in its meeting held on March 15, 2019 had offered for buy back of 2,82,100 (Two Lacs Eighty Two Thousand One Hundred) fully paid – up Equity shares of face value of ₹ 10/- (Rupees Ten only) each representing 1.20% of the total number of Equity shares at a price of ₹ 900/- (Rupees Nine Hundred only) per Equity share (including premium of ₹ 890/- per Equity share) payable in cash for an aggregate amount of ₹ 25,38,90,000/- (Rupees Twenty Five Crores Thirty Eight Lacs and Ninety Thousand only), on a proportionate basis through the tender offer using stock exchange mechanism in accordance with prevailing regulations. Post Buy-back, the paid– up Equity Share Capital of the Company would be ₹ 23,30,00,000/- (Rupees Twenty Three Crores Thirty Lacs only).

The Company has neither issued shares with differential rights as to the dividend, voting or otherwise nor issued sweat equity shares. There is no scheme for employee stock option or provision of money for shares of the Company to the employees or Directors of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE

Corporate Governance essentially involves balancing the interests of a Company's stakeholders. Corporate Governance practices of our Company are a reflection of our values, policies and relationship with our stakeholders. Your Company has complied with the mandatory Corporate Governance requirements stipulated under Regulation 34(3) of the Listing Regulations. Report on Corporate Governance is annexed hereto forming part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Companies Act, 2013 ("the Act") and rules framed thereunder is enclosed herewith as "Annexure - E".

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Composition

The composition of the Board is in conformity with Section 149 of the Act and Regulation 17 of the SEBI LODR Regulations. The Board continues to comprise of 12 (Twelve) Directors out of which 5 (Five) are Executive Directors, 1 (One) Non – Executive Director and 6 (Six) Non-Executive Independent Directors. The Chairman of the Board is an Executive Director. The Board has highly qualified members and having varied experience in their respective fields.

Shri Prakash M. Patil, Chairman, Managing Director & Chief Executive Officer (CEO), Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director, Shri Harit P. Shah, Whole-time Director, Shri Uday M. Patil, Whole-time Director, Shri Adhish P. Patil, Chief Financial Officer (CFO) and Shri Rushikesh V. Deole, Company Secretary & Compliance Officer of the Company are the KMPs of the Company as on the date of this report.

Approval of the Members has been received by passing a Special Resolution through postal ballot for re-appointment of Independent Directors, Shri Ramdas M. Gandhi, Shri Bhavesh R. Vora, Shri Vilas G. Gaikar for the period of three years and Shri Navin C. Shah, Krishnacharya G. Akamanchi, Smt. Priti P. Savla for period of 5 years respectively w.e.f. April 1, 2019.

Shri Rushikesh Deole has been appointed as Company Secretary and Compliance Officer in place of Shri Vibhav S. Ranade w.e.f. April 23, 2019.

Except as stated above, there is no change in the composition of the Board of Directors and KMPs during the year under review.

Retirement by Rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Shri Harit P. Shah (DIN: 00005501), Whole-time Director of the Company retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment as Director. The Board recommends his re-appointment for the consideration of the Members. Brief profile of Shri Harit P. Shah has been given in the Notice convening 34th AGM.

Independent Directors

Independent Director have given written declarations to the Company confirming that they meets the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(b) of SEBI LODR Regulations. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company viz. www.aartidrugs.co.in

Number of Meetings of the Board

During the year under review, the Board of Directors met 6 (Six) times. The agenda of the meeting is circulated to the members of the Board in advance along with necessary documents, reports, recommendations etc. so that each Board member can actively participate on agenda items during the meeting. The details of Board and Committee Meetings and the attendance of the Directors at such meetings are provided in the Corporate Governance Report, which forms part of this Annual Report. The intervening gap between the meetings was within the prescribed period under the Act and SEBI LODR Regulations.

FAMILIARISATION PROGRAMME

The Chairman and Managing Director have one to one discussion with all the Directors to familiarize them with the Company's operations and nature of industry in which Company operates. Further, the Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and on-going events relating to the Company. The details of such familiarization programmes for Independent Directors are placed on the website of the Company viz. www.aartidrugs.co.in

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and the SEBI LODR Regulations, a structured questionnaire was prepared after taking into consideration, various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

DISCLOSURES RELATED TO COMMITTEES & POLICIES

1. Audit Committee

The Audit Committee is constituted in conformity with the provisions of Section 177 of the Act and Regulation 18 of the SEBI LODR Regulations. The details regarding the composition, terms of reference, meetings and attendance of members of Audit Committee of the Company are disclosed in the report of Corporate Governance, which forms part of this Annual Report.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Audit Committee.

2. Nomination & Remuneration Committee

The Nomination & Remuneration Committee of Directors is constituted in accordance with the requirements of Section 178 of the Act and Regulation 19 of SEBI LODR Regulations.

The Company strives to maintain an appropriate combination of Executive, Non-Executive and Independent Directors. In terms of provisions of Section 178 of the Act, the Nomination and Remuneration Committee considers and recommends the Board on appointment and remuneration of Directors and KMPs.

The details regarding composition, term of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

The policy of the Company on remuneration of Directors, KMPs, and other employees including criteria for determining qualifications, positive attributes, Independence of a Director and other matters provided under sub section (3) of Section 178 of the Act is posted on the website of the Company on the weblink https://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117.

3. Stakeholders Relationship Committee

The Stakeholders Relationship Committee is constituted in accordance with the provisions of Section 178 of the Act and Regulation 20 of SEBI LODR Regulations.

The details regarding composition, term of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report, which forms part of the Annual Report.

4. Corporate Social Responsibility Committee (CSR)

As per the provisions of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a CSR Committee and the Board of Directors of the Company has approved CSR Policy based on the recommendations of the CSR Committee.

The CSR Policy is available on the Company's website at www.aartidrugs.co.in

Your Company actively contributes to the following segments –

- i) Education & Skill Development
- ii) Health
- iii) Environment
- iv) Social Welfare
- v) Rural Development
- vi) Women Empowerment

Your Company through Aarti Foundation and various other NGO's has been doing work in these segments. In this year, the Company has provided the funds for construction of school located at Boisar, Dist. Tarapur, Maharashtra. The Company has also actively contributed towards education welfare during the year under review.

During the year under review, the Company was required to spend ₹208.55 Lakhs on CSR Activities. However, the Company has spent ₹207.63 on CSR Activities. There

was a difference between estimated expenditure and actual expenditure on account of change in project's cost estimate. The Company is constantly evaluating various projects to fulfil its obligations towards the society.

The Annual Report on CSR activities is annexed as "Annexure - A" and forms an integral part of the Report.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

Your Company recognizes its human resources as one of its prime resources. The relations between the Management and the Staff Members remained very cordial throughout the year under review. As on March 31, 2019, the Company had 1,173 permanent employees at its manufacturing plants and administrative office. The Company care for its Stakeholders, Customers, Suppliers and Community at large which reflects in company's policy, programs and development efforts. Your Company is committed to build and strengthen our human capital by defining policies that support their growth, goals, and help them achieve excellence.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has Zero tolerance towards any action on the part of any one which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women working with the Company. The Company has constituted an Internal Complaint Committee pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention, prohibition and redressal of complaints/grievances on the sexual harassment of women at work places. Your Directors further states that during the year under review, there were no cases filed pursuant to the above Act.

PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in annexure and forms part of this report. However, as per the provisions of the section 136(1) of the Act, this Report is sent to the shareholders excluding the said information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Boards' Report.

AUDITORS –

a) Statutory Auditor

At the 33rd AGM held on August 10, 2018, M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215W/W100057) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 34th AGM.

In the 34th Annual General Meeting (AGM) of the Company reappointment of M/s. Kirtane & Pandit LLP (Firm Registration No: 105215W/ W100057), Chartered Accountants would be considered by the members of the Company to hold office from the conclusion of 34th AGM until the conclusion of 38th AGM of the Company.

b) Cost Auditor

M/s. GMVP & Associates LLP were appointed as Cost Auditor by the Company under Section 148(5) read with Section 141 of the Act. Shareholders approval is being sought for ratification of the Remuneration proposed to be paid to M/s. GMVP & Associates LLP, Cost Auditor of the Company in respect of Cost Audit for the financial year ended March 31, 2020 as mentioned in the Notice convening 34th AGM.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2018 was September 27, 2018 and the Cost Audit Report was filed on September 11, 2018. The due date for filling the cost audit report for the financial year ended March 31, 2019 is September 27, 2019.

c) Secretarial Auditor

Pursuant to provisions of Section 204(1) of the Act, the Secretarial Audit Report for the financial year ended March 31, 2019 issued by CS Sunil M. Dedhia of Sunil M. Dedhia & Co., Practicing Company Secretaries and the Secretarial Auditor of the Company is annexed as "Annexure - D".

Explanation or Comments on disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports:

As regards observations of the Statutory Auditors and the Secretarial Auditor in their respective reports in respect to unpaid/ unclaimed, dividend/ shares required to be credited/ transferred to IEPF, it is clarified that delay in credit of unpaid dividend occurred due to administrative difficulties and filing of e-forms and transfer of unclaimed shares was missed inadvertently due to oversight. The Company has initiated actions to comply in this regards.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company's internal control systems commensurate with the nature and size of its business operations. Your Company has maintained a proper and adequate system of internal controls. This ensures that all Assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorised, recorded and reported diligently.

The Audit Committee and M/s. Raman S. Shah & Associates, Chartered Accountants, Independent Internal Auditors, regularly review internal financial controls, operating systems and procedures for efficiency and effectiveness. The Internal Auditor's Reports are regularly reviewed by the Audit Committee and provides decisive guidance.

BUSINESS RISK MANAGEMENT

During the year under review, the Company has identified and evaluated elements of business risk. Business risk, *inter-alia*, further includes fluctuations in foreign exchange, Raw Material Procurement risk, Environmental & Safety Risk, Working Capital Risk, Market Risk and Business Operations Risk. The risk management framework defines the risk management approach of the Company and includes periodic review of such risk and also documentation, mitigating controls and reporting mechanism of such risks.

The Board of Directors and senior management team currently assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

SAFETY, HEALTH AND ENVIRONMENT

Your Company is committed to ensure a sound Safety, Health

and Environment (SHE) performance related to its activities, products and services. Your Company had been continuously taking various steps to develop and adopt Safer Process technologies and unit operations.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The transactions entered with related parties are approved by the Audit Committee, to ensure that the same are in line with the provisions of the Act and the Related Party Transaction Policy. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are audited and statement specifying the nature, value and terms & conditions of all related party transactions are placed before the Audit Committee for its review on a quarterly basis. The statement is supported by a certification from the Jt. Managing Director and the CFO. The details of related party transactions are provided in the accompanying financial statements.

In conformity with the requirements of the Act read with SEBI LODR Regulations, the Policy on Related Party Transactions as approved by the Board is available on the Company's website and can be accessed through www.aartidrugs.co.in

All transactions entered into with related parties during the year under review were in the ordinary course of business and on arm's length basis. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your Company.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism/whistle blower policy to deal with instance of fraud and mismanagement. The said policy is posted on the website of the Company viz. www.aartidrugs.co.in

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to the provisions of Section 186 of the Act, the details of Loans, Guarantees and Investments made by the Company as at March 31, 2019 are given in the notes to the Financial Statements.

DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 and no amount on account of principal or interest on public deposits was outstanding as on March 31, 2019.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is enclosed as "**Annexure- B**" and Annual Return in Form MGT-7 is available on the website of the Company http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=115&Itemid=119.

SUBSIDIARY

The Company has one subsidiary, namely, Pinnacle Life Science Private Limited (PLSPL). The Company has attached along with its financial statements, a separate statement containing the salient features of the financial statements of the said subsidiary in "Form AOC-1" which is annexed as "**Annexure - C**".

Also in conformity Section 134 of the Companies Act, 2013 and Rule 8(1) of the Company (Accounts) Rules, 2014, **Note 33** of consolidated financial statement cover the highlights of performance of subsidiary on its contribution to the overall performance of the Company during the year.

The Company does not have any material subsidiary. A policy on material subsidiaries had been formulated and is available on the website of the Company viz. www.aartidrugs.co.in

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated under the provisions of the SEBI LODR Regulations, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards issued by Institute of Chartered Accountants of India (ICAI). The Audited Consolidated Financial Statement together with Auditors' Report forms part of the Annual Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS

There are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013 :

- a) in the preparation of the Annual Accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2019 and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared Annual Accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

During the Financial Year, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

GREEN INITIATIVE

Your Company has adopted green initiative to minimize the impact on the environment. The Company has been circulating the copy of the Annual Report in electronic format to all those members whose email addresses are available with the Company. Your Company appeals other Members also to register themselves for receiving Annual Report in electronic form.

APPRECIATION

The Board of Directors places on record its sincere appreciation for the dedicated services rendered by the employees of the Company at all levels and the constructive co-operation extended by them. Your Directors would also like to express their grateful appreciation for the assistance and support by all Shareholders, Government Authorities, Auditors, Bankers, Financial Institutions, Customers, Employees, Suppliers, other business associates and various other stakeholders.

For and on behalf of the Board

Place: Mumbai
Date: May 15, 2019

Sd/-
Prakash M. Patil
Chairman, Managing Director & CEO
DIN: 00005618

Annexure 'A'

Annual Report on Corporate Social Responsibility (CSR) Activities

(₹ In Lakhs)

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Corporate Social Responsibility Section of Directors Report contains the requisite details.
The Composition of the CSR Committee.	Shri Navin C. Shah (Chairman) – Independent Director Shri Prakash M. Patil – Executive Director Shri Rashesh C. Gogri – Executive Director
Average net profit of the company for last three financial years (Amount in Lakhs)	10,427.46
Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in Lakhs)	208.55
Details of CSR spent during the financial year.	
(1) Total amount to be spent for the F.Y.	208.55
(2) Amount unspent, if any;	0.92
(3) Manner in which the amount spent during the financial year	Details given below

CSR project or activity identified	Sector in which the project is covered	Locations where project is undertaken (Local Area / District)	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing Agency*
a) Education and Skill	Rural Development	Palghar District and other various locations in the state of Maharashtra and Gujarat	208.55	207.63	207.63	207.63 (Direct as well through Implementing Agency)
b) Health						
c) Environment						
d) Social Welfare						

Details of Implementing Agency: Aarti Foundation

We hereby confirm that the implementation and monitoring of CSR Activities is in compliance with CSR objectives and the CSR policy of the Company.

Place: Mumbai
Date: 15th May, 2019

Sd/-
Navin C. Shah
Independent Director
(Chairman of CSR Committee)
DIN: 01415556

Sd/-
Prakash M. Patil
Chairman, Managing Director & CEO
(Member of CSR Committee)
DIN: 00005618

Annexure 'B'

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2019

(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)
of the Company (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS:

1	CIN	L37060MH1984PLC055433
2	Registration Date	September 28, 1984
3	Name of the Company	Aarti Drugs Limited
4	Category/Sub-category of the Company	Public Company Limited by Shares
5	Address of the Registered office & contact details	Plot No. 198, MIDC Tarapur, Tal. Palghar, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra Tel: 022 – 2407 2249 / 2401 9025 Email: investorrelations@aartidrugs.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Link Intime India Private Limited. C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra Tel: 022 – 49186270 Email: rnt.helpdesk@linktime.co.in Website: www.linktime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Pharmaceuticals	21001 & 21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Pinnacle Life Science Private Limited	U24232HP2003PTC030912	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2018]				No. of Shares held at the end of the year [As on 31 st March, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,15,48,711	0	1,15,48,711	48.97	1,15,71,326	0	1,15,71,326	49.07	0.10
b) Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0.00
c) Bodies Corp.	27,86,750	0	27,86,750	11.82	27,91,510	-	27,91,510	11.84	0.02
d) Banks / FI	0	0	0	0	0	0	0	0	0.00
e) Any other - Trust	398946	0	398946	1.69	319946	0	319946	1.36	-0.33
Sub Total (A) (1)	1,47,34,407	0	1,47,34,407	62.48	1,46,82,782	0	1,46,82,782	62.26	-0.22
(2) Foreign	0	0	0	0	0	0	0	0	
Sub Total (A) (2)	0	0	0	0	0	0	0	0	
TOTAL HOLDING OF PROMOTER (A) = (A) (1)+(A)(2)	1,47,34,407	0	1,47,34,407	62.48	1,46,82,782	0	1,46,82,782	62.26	-0.22
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8,67,580	0	8,67,580	3.68	9,57,571	0	9,57,571	4.06	0.38
b) Banks / FI	2,295	0	2,295	0.01	1,764	0	1,764	0.01	0.00
c) Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
e) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Alternate Investment Funds	2,02,053	0	2,02,053	0.86	88,395	-	88,395	0.37	0.86
g) Foreign Portfolio Investor	1,88,113	0	1,88,113	0.80	1,18,520	0	1,18,520	0.50	-0.30
h) Others (specify)									
Sub-total (B)(1):-	12,60,041	0	12,60,041	5.34	11,66,250	0	11,66,250	4.95	-0.40
2. Non-Institutions									
a) Bodies Corp.	3,16,214	0	3,16,214	1.34	3,30,147	0	3,30,147	1.40	0.06
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	36,50,140	4,45,386	40,95,526	17.37	37,36,708	3,89,885	41,26,593	17.50	0.13
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	26,08,384	22,000	26,30,384	11.15	27,80,360	0	27,80,360	11.79	0.64
c) Others (specify)									
Non Resident	2,85,652	0	2,85,652	1.21	2,23,993	0	2,23,993	0.95	-0.26
Foreign Nationals	444	0	444	0.00	619	0	619	0.00	0.00
Trust	0	0	0	0	9,708	0	9,708	0.04	0.04
HUF	2,36,754	0	2,36,754	1.00	1,90,564	0	1,90,564	0.81	-0.20
IEPF	0	0	0	0.00	49,970	0	49,970	0.21	0.21

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2018]				No. of Shares held at the end of the year [As on 31 st March, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Clearing Members	22,678	0	22,678	0.10	21,114	0	21,114	0.09	-0.01
Sub-total (B)(2):-	71,20,266	4,67,386	75,87,652	32.18	72,65,682	4,67,386	77,33,068	32.79	0.62
Total Public Shareholding (B) = (B) (1) + (B) (2)	83,80,307	4,67,386	88,47,693	37.52	84,31,932	4,67,386	88,99,318	37.74	0.22
TOTAL (A) +(B)	2,31,14,714	4,67,386	2,35,82,100	100.00	2,31,14,714	4,67,386	2,35,82,100	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	2,31,14,714	4,67,386	2,35,82,100	100.00	2,31,14,714	4,67,386	2,35,82,100	100.00	0.00

Note :- Board of Directors of the Company in their meeting held on March 15, 2019 has approved the proposal of buy back of 2,82,100 fully paid up Equity Shares. Post buy back back number of Equity shares shall stand reduced to 2,33,00,000

(ii) Shareholding of Promoter

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on 1 st April, 2018)			Shareholding at the end of the year (As on 31 st March, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Aarnav Rashesh Gogri	48,304	0.20	-	48,304	0.20	-	0.00
2	Aashay Rashesh Gogri	2,27,024	0.96	-	2,27,024	0.96	-	0.00
3	Adhish Prakash Patil	2,88,894	1.23	-	2,88,894	1.23	-	0.00
4	Arti Rajendra Gogri	2,73,894	1.16	-	2,73,894	1.16	-	0.00
5	Arun Moreswar Patil	15,740	0.07	-	15,740	0.07	-	0.00
6	Bhoomi Harshit Savla	2,52,449	1.07	-	2,54,090	1.08	-	0.01
7	Chandrakant Vallabhaji Gogri	5,51,799	2.34	-	5,44,908	2.31	-	-0.03
8	Harshit Manilal Savla	10,86,482	4.61	-	10,86,482	4.61	-	0.00
9	Hetal Gogri Gala	7,22,430	3.06	-	7,22,430	3.06	-	0.00
10	Indira Madan Dedhia	45,951	0.19	-	45,951	0.19	-	0.00
11	Jay Manilal Savla	1,47,471	0.63	-	1,47,471	0.63	-	0.00
12	Jaya Chandrakant Gogri	6,55,361	2.78	-	6,49,561	2.75	-	-0.02
13	Jigna Hiren Shah	1,49,170	0.63	-	1,49,170	0.63	-	0.00
14	Manisha Rashesh Gogri	48,406	0.21	-	48,406	0.21	-	0.00
15	Mirik Rajendra Gogri	6,31,506	2.68	-	6,31,506	2.68	-	0.00
16	Prakash M. Patil (HUF)	41,873	0.18	-	41,873	0.18	-	0.00
17	Prakash Moreswar Patil	20,20,770	8.57	-	20,50,342	8.69	-	0.13
18	Priti Prakash Patil	10,41,001	4.41	-	10,41,001	4.41	-	0.00
19	Rajendra Vallabhaji Gogri	5,54,806	2.35	-	5,54,806	2.35	-	0.00
20	Rashesh Chandrakant Gogri	9,92,422	4.21	-	9,92,422	4.21	-	0.00
21	Renil Rajendra Gogri	6,28,144	2.66	-	6,28,144	2.66	-	0.00
22	Seema Harshit Savla	8,54,906	3.63	-	8,58,007	3.64	-	0.01
23	Uday Moreswar Patil	12,590	0.05	-	12,590	0.05	-	0.00
24	Vishwa Harshit Savla	2,57,318	1.09	-	2,58,310	1.10	-	0.00
25	Jay Manilal Savla (MOMI's Trust)	3,98,946	1.69	-	3,19,946	1.36	-	-0.33
26	Aarti Industries Limited	4,91,790	2.09	-	4,91,790	2.09	-	0.03

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on 1 st April, 2018)			Shareholding at the end of the year (As on 31 st March, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
27	Aarti Life Science LLP (formerly known as Rupal Drugs LLP)	3,460	0.01	-	3,460	0.01	-	0.00
28	Alchemie Financial Services Limited	9,858	0.04	-	9,858	0.04	-	0.00
29	Alchemie Finserv Private Limited	4,66,234	1.98	-	4,66,234	1.98	-	0.03
30	Anushakti Enterprise Private Limited	5,69,500	2.41	-	5,69,500	2.41	-	0.00
31	Dilesh Roadlines Private Limited	59,936	0.25	-	64,696	0.27	-	0.02
32	Gogri Finserv Private Limited	7,85,972	3.33	-	7,85,972	3.33	-	0.00
33	Safechem Enterprises Pvt. Ltd	4,00,000	1.70	-	4,00,000	1.70	-	0.00
	Total	1,47,34,407	62.48	-	1,46,82,782	62.26	-	-0.22

Note :- Board of Directors of the Company in their meeting held on March 15, 2019 has approved the proposal of buy back of 2,82,100 fully paid up Equity Shares. Post buy back back number of Equity shares shall stand reduced to 2,33,00,000

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
1	Aarnav Rashesh Gogri	48304	0.20	-	-	No Change	48304	0.20
2	Aashay Rashesh Gogri	227024	0.96	-	-	No Change	227024	0.96
3	Adhish Prakash Patil	288894	1.23	-	-	No Change	288894	1.23
4	Arti Rajendra Gogri	273894	1.16	-	-	No Change	273894	1.16
5	Arun Moreshwar Patil	15740	0.07	-	-	No Change	15740	0.07
6	Bhoomi Harshit Savla	252449	1.07	24.08.2018	1141	Purchase	253590	1.08
				31.08.2018	500	Purchase	254090	1.08
7	Chandrakant Vallabhaji Gogri	551799	2.34	07.12.2018	-2232	Gift Given	549567	2.33
				14.12.2018	-432	Gift Given	549135	2.33
				21.12.2018	-180	Gift Given	548955	2.33
				28.12.2018	-72	Gift Given	548883	2.33
				18.01.2019	-3507	Sale	545376	2.31
				25.01.2019	-36	Gift Given	545340	2.31
				15.02.2019	-360	Gift Given	544980	2.31
				22.02.2019	-36	Gift Given	544944	2.31
				08.03.2019	-36	Gift Given	544908	2.31
8	Harshit Manilal Savla	1086482	4.61	-	-	No Change	1086482	4.61
9	Hetal Gogri Gala	722430	3.06	-	-	No Change	722430	3.06
10	Indira Madan Dedhia	45951	0.19	-	-	No Change	45951	0.19
11	Jay Manilal Savla	147471	0.63	-	-	No Change	147471	0.63
12	Jaya Chandrakant Gogri	655361	2.78	22.06.2018	-3300	Gift Given	652061	2.77
				30.06.2018	-2500	Gift Given	649561	2.75

Sr No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
13	Jigna Hiren Shah	149170	0.63	-	-	No Change	149170	0.63
14	Manisha Rashesh Gogri	48406	0.21	-	-	No Change	48406	0.21
15	Mirik Rajendra Gogri	631506	2.68	-	-	No Change	631506	2.68
16	Prakash M. Patil (HUF)	41873	0.18	-	-	No Change	41873	0.18
17	Prakash Moreshwar Patil	2020770	8.57	08.06.2018	11451	Purchase	2032221	8.62
				25.01.2019	6471	Purchase	2038692	8.65
				01.02.2019	5000	Purchase	2043692	8.67
				22.02.2019	6650	Purchase	2050342	8.69
18	Priti Prakash Patil	1041001	4.41	-	-	No Change	1041001	4.41
19	Rajendra Vallabhaji Gogri	554806	2.35	-	-	No Change	554806	2.35
20	Rashesh Chandrakant Gogri	992422	4.21	-	-	No Change	992422	4.21
21	Renil Rajendra Gogri	628144	2.66	-	-	No Change	628144	2.66
22	Seema Harshit Savla	854906	3.63	15.04.2019	3101	Purchase	858007	3.64
23	Uday Moreshwar Patil	12590	0.05	-	-	No Change	12590	0.05
24	Vishwa Harshit Savla	257318	1.09	15.06.2018	100	Purchase	257418	1.09
				07.09.2018	100	Purchase	257518	1.09
				15.03.2019	792	Purchase	258310	1.10
25	Jay Manilal Savla (MOMI's Trust)	398946	1.69	06.04.2018	-1000	Sale	397946	1.69
				13.04.2018	-500	Sale	397446	1.69
				20.04.2018	-500	Sale	396946	1.68
				27.04.2018	-500	Sale	396446	1.68
				04.05.2018	-500	Sale	395946	1.68
				25.05.2018	-500	Sale	395446	1.68
				06.07.2018	-500	Sale	394946	1.67
				13.07.2018	-500	Sale	394446	1.67
				20.07.2018	-500	Sale	393946	1.67
				27.07.2018	-500	Sale	393446	1.67
				03.08.2018	-500	Sale	392946	1.67
				17.08.2018	-500	Sale	392446	1.66
				24.08.2018	-500	Sale	391946	1.66
				31.08.2018	-500	Sale	391446	1.66
				07.09.2018	-12500	Sale	378946	1.61
				14.09.2018	-2500	Sale	376446	1.60
				21.09.2018	-1000	Sale	375446	1.59
				29.09.2018	-500	Sale	374946	1.59
				05.10.2018	-500	Sale	374446	1.59
				12.10.2018	-500	Sale	373946	1.59
26.10.2018	-500	Sale	373446	1.58				
09.11.2018	-500	Sale	372946	1.58				
16.11.2018	-500	Sale	372446	1.58				
21.12.2018	-25000	Sale	347446	1.47				
11.01.2019	-25000	Sale	322446	1.37				
18.01.2019	-500	Sale	321946	1.37				
25.01.2019	-500	Sale	321446	1.36				
01.02.2019	-1000	Sale	320446	1.36				
08.03.2019	-500	Sale	319946	1.36				

Sr No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
26	Aarti Industries Limited	491790	2.09	-	-	No Change	491790	2.09
27	Aarti Life Science LLP (formerly known as Rupal Drugs LLP)	3460	0.01	-	-	No Change	3460	0.01
28	Alchemie Financial Services Ltd	9858	0.04	-	-	No Change	9858	0.04
29	Alchemie Finserv Private Limited	466234	1.98	-	-	No Change	466234	1.98
30	Anushakti Enterprise Private Limited	569500	2.39	-	-	No Change	569500	2.39
31	Dilesh Roadlines Private Limited	59936	0.25	04.04.2018	500	Purchase	60436	0.25
				06.04.2018	260	Purchase	60696	0.25
				24.05.2018	1000	Purchase	61696	0.26
				25.05.2018	500	Purchase	62196	0.26
				29.05.2018	2000	Purchase	64196	0.27
				31.05.2018	500	Purchase	64696	0.27
32	Gogri Finserv Private Limited	785972	3.33	-	-	No Change	785972	3.33
33	Safechem Enterprise Private Limited	400000	1.70	-	-	No Change	400000	1.70

(iv) Shareholding Pattern of top ten Shareholders
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
1	DSP Blackrock Small Cap Fund	867580	3.68	07.12.2018	41192	Purchase	908772	3.85
				14.12.2018	17220	Purchase	925992	3.93
				21.12.2018	8929	Purchase	934921	3.96
				28.12.2018	14315	Purchase	949236	4.03
				11.01.2018	2774	Purchase	952010	4.04
				18.01.2018	3852	Purchase	955862	4.05
				25.01.2018	1709	Purchase	957571	4.06
2	Jayshree Harit Shah	453565	1.92	06.04.2018	2000	Purchase	455565	1.93
				11.05.2018	3500	Purchase	459065	1.95
				01.06.2018	750	Purchase	459815	1.95
				08.06.2018	1500	Purchase	461315	1.96
				15.06.2018	3150	Purchase	464465	1.97
3	Nikhil Parimal Desai	296681	1.26	-	-	No Change	296681	1.26
4	Liza Nemjee Savla	261744	1.11	07.09.2018	-15094	Sale	246650	1.05
				21.12.2018	-10000	Sale	236650	1.00
				15.03.2019	-2000	Sale	234650	1.00
5	Samir Pragji Shah	133715	0.57	08.03.2019	-200	Sale	133515	0.57
6	Parimal Hasmukhlal Desai	123891	0.53	-	-	No Change	123891	0.53
7	Tarla Parimal Desai	122933	0.52	-	-	No Change	122933	0.52
8	DSP AIF Pharma Fund	202053	0.86	15.03.2019	-11375	Sale	190678	0.81
				22.03.2019	-74624	Sale	116054	0.49
				29.03.2019	-32700	Sale	83354	0.35
9	Sushma Arun Patil	74515	0.32	-	-	No Change	74515	0.32
10	Parul Samir Shah	71617	0.31	-	-	No Change	71617	0.31

Sr No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
11	Lakshmi Capital Investment Limited*	133170	0.56	30.06.2018	5000	Purchase	138170	0.59
				13.07.2018	3000	Purchase	141170	0.60
				21.09.2018	-35000	Sale	106170	0.45
				29.09.2018	-4429	Sale	101741	0.43
				05.10.2018	-5000	Sale	96741	0.41
				12.10.2018	-5000	Sale	91741	0.39
				16.11.2018	-1250	Sale	90491	0.38
				23.11.2018	-18000	Sale	72491	0.31
				30.11.2018	-5000	Sale	67491	0.29
				07.12.2018	-15000	Sale	52491	0.22
				14.12.2018	-15000	Sale	37491	0.16
				21.12.2018	-20000	Sale	17491	0.07
				28.12.2018	-14000	Sale	3491	0.01
		31.12.2018	-3491	Sale	0	-		

* Ceased to be in the top 10 shareholders as on 31.03.2019 the same is reflected above since the shareholder was one of the top 10 shareholders as on 01.04.2018

(v) Shareholding of Directors and Key Managerial Personnel

Sr No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
1	Prakash Moreshwar Patil	2020770	8.57	08.06.2018	11451	Purchase	2032221	8.62
				25.01.2019	6471	Purchase	2038692	8.65
				01.02.2019	5000	Purchase	2043692	8.67
				22.02.2019	6650	Purchase	2050342	8.69
2	Rashesh Chandrakant Gogri	992422	4.21	-	-	No Change	992422	4.21
3	Harshit Manilal Savla	1086482	4.61	-	-	No Change	1086482	4.61
4	Harit Pragji Shah	635812	2.70	-	-	No Change	635812	2.70
5	Uday Moreshwar Patil	12590	0.05	-	-	No Change	12590	0.05
6	Rajendra Vallabhaji Gogri	554806	2.35	-	-	No Change	554806	2.35
7	Ramdas Maneklal Gandhi	7730	0.03	-	-	No Change	7730	0.03
8	Bhavesht Rasiklal Vora	-	-	-	-	-	-	-
9	Navin Chapsi Shah	-	-	-	-	-	-	-
10	Vilas Gajanan Gaikar	-	-	-	-	-	-	-
11	Krishnacharya Govindacharya Akamanchi	-	-	-	-	-	-	-
12	Priti Paras Savla	-	-	-	-	-	-	-
13	Adhish Prakash Patil	288894	1.23	-	-	No Change	288894	1.23
14	Vibhav Sanjay Ranade	-	-	-	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

(₹ In Lakhs)

Particular	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1 Principal Amount	38,683.54	13,017.10		51,700.64
2 Interest due but not paid	-	-		-
3 Interest accrued but not due	14.41	35.44		49.85
Total (1+2+3)	38,697.95	13,052.54		51,750.49
Change in Indebtedness during the financial year				
Addition	4,233.05	-		4,233.05
Reduction	3,532.65	360.00		3,892.65
Net Change	700.40	(360.00)		340.40
Indebtedness at the end of the financial year				
1 Principal Amount	37,615.85	9,435.44		47,051.31
2 Interest due but not paid	-	-		-
3 Interest accrued but not due	28.64	27.79		56.43
Total (1+2+3)	37,644.50	9,463.44		47,107.73

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration Name	Name of MD/WTD/ Manager					Total Amount
		Prakash M. Patil CMD	Rashesh C. Gogri MD	Harshit M. Savla JT. MD	Harit P. Shah WTD	Uday M. Patil WTD	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69.04	58.51	58.51	58.51	8.95	253.52
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission						
	- as % of profit	84.35	84.35	84.35	84.35		337.40
	- others, specify	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total (A)	153.39	142.86	142.86	142.86	8.95	590.92
	Ceiling as per the Act	10% of the Net Profits of the Company					

B. Remuneration to other Directors

(₹ In Lakhs)

Sr. No	Particulars of Remuneration	Name of Directors						Total Amount
		Ramdas M. Gandhi	Bhavesh R. Vora	Krishnacharya G. Akamanchi	Vilas G. Gaikar	Navin C. Shah	Priti P. Savla	
1	Independent Directors							
	a. Fee for attending board / committee meetings	0.60	0.50	0.50	0.50	0.90	0.50	3.50
	b. Commission	-	-	-	-	-	-	-
	c. Others, please specify	-	-	-	-	-	-	-
	Total (1)	0.60	0.50	0.50	0.50	0.90	0.50	3.50
2	Other Non-Executive Directors	Rajendra Vallabhaji Gogri	-	-	-	-	-	-
	a. Fee for attending board committee meetings	0.40	-	-	-	-	-	0.40
	b. Commission	-	-	-	-	-	-	-
	c. Others, please specify	-	-	-	-	-	-	-
	Total (2)	0.40	-	-	-	-	-	0.40
	Total Managerial Remuneration (B)=(1+2)	1.00	0.50	0.50	0.50	0.90	0.50	3.90
	Overall Ceiling as per the Act	1% of the Net Profits of the Company						

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In Lakhs)

Sr. No	Particulars of Remuneration	Name of KMP		
		Prakash M. Patil CEO	Adhish P. Patil CFO	Vibhav S. Ranade CS
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69.04	48.48	6.97
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	84.35	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	153.39	48.48	6.97

VII. Penalties/Punishment /Compounding of Offences

During the year no such instances of Penalty/Punishment/ Compounding Fees imposed by any authority on the Company/ Directors/other Officers in default.

For and on Behalf of the Board

Place : Mumbai
Date : May 15, 2019

Sd/-
Prakash M. Patil
Chairman, Managing Director & CEO
DIN : 00005618

[Pursuant to first proviso to sub – section (3) of Section 129 read with Rule 5 of Companies (Account) Rules, 2014]
Statement containing salient features of Financial Statements of Subsidiaries / Associate Companies / Joint Ventures

Part "A" – Subsidiaries

Sr. No.	Name of Subsidiary Company	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding	₹ In Lakhs except % of Shareholding)	
1.	Pinnacle Life Science Pvt. Ltd.	INR	778.27	2367.58	11020.32	7874.47	0.50	14982.84	350.28	90.62	259.66	0.00	100		

For and On behalf of the Board

Sd/-
Prakash M. Patil
 Chairman & Managing Director
 DIN: 00005618

Sd/-
Harshit M. Savla
 Jt. Managing Director
 DIN: 00005340

Sd/-
Adhish P. Patil
 Chief Financial Officer

Sd/-
Rushikesh V. Deole
 Company Secretary
 ICSI M. No. A54527

Place: Mumbai
 Date: May 15, 2019

Annexure 'D'

Form No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Aarti Drugs Limited
(CIN: L37060MH1984PLC055433)
Plot No. N - 198, M.I.D.C., Tarapur,
Village-Pamtermbhi, Dist. Palghar,
Maharashtra - 401 506

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aarti Drugs Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during Audit Period**);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not applicable to the Company during Audit Period**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during Audit Period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during Audit Period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other Laws applicable specifically to the Company, identified and confirmed by the Company and relied upon by me are as under:
 - (a) Drugs & Cosmetics Act, 1940 and rules made thereunder;

- (b) Narcotic Drugs and Psychotropic Substances Act, 1985;
- (c) The Insecticides Act, 1968;
- (d) Explosives Act, 1889;
- (e) Air (Prevention and Control of Pollution) Act 1981;
- (f) Water (Prevention and Control of Pollution) Act 1974;
- (g) The Noise (Regulation and Control) Rules 2000;
- (h) Environment Protection Act, 1986 and other environmental laws;
- (i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950;
- (j) Public Liability Insurance Act, 1991;
- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except that (i) Form IEPF - 2 being Statements of unclaimed and unpaid amounts required to be filed post Annual General Meeting separately in respect of each year and Form IEPF - 6 being Statements of unclaimed or unpaid amounts to be transferred to the IEPF in next Financial Year due to be filed during the Audit Period have not been filed under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules); (ii) delay of seven days and two days in crediting unpaid dividend amounts to Investor Education and Protection Fund (IEPF) and (iii) shares in respect of which dividend was unpaid or unclaimed for the seven years due to be transferred during

the Audit Period to IEPF Authority have not been transferred and related Form IEPF - 4 has also not been filed under IEPF Rules.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings were taken unanimously as recorded in the minutes of the meetings of the Board of Directors.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period under review, in my view, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

This report is to be read with my letter of even date which is annexed as Appendix - I and forms an integral part of this report.

For Sunil M. Dedhia & Co.

Sd/-
CS Sunil M. Dedhia
Proprietor
FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: May 15, 2019

Appendix - I

To,
The Members,
Aarti Drugs Limited
(CIN: L37060MH1984PLC055433)
Plot No. N - 198, M.I.D.C., Tarapur,
Village-Pamtermbhi, Dist. Palghar,
Maharashtra - 401 506

My report of even date is to be read along with this letter.

Management's Responsibility

- (1) Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

Auditor's Responsibility

- (2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- (3) I have not verified the correctness and appropriate of financial records and Books of Accounts of the Company.
- (4) Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

Disclaimer

- (6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Sunil M. Dedhia & Co.

Sd/-
CS Sunil M. Dedhia
Proprietor
FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: May 15, 2019

Annexure 'E'

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

1. CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken:

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation, consumption and control on utilization thereof. The various measures taken during the year includes:

- Installation of capacitor banks for improvement of power saving.
- Installation of auto star-delta switches for centrifuges.
- Tuning of boilers/thermopacs for optimum Air–Fuel ratio to increase efficiency.
- Condensate recovery improved to reduce fuel consumption.
- Use of variable frequency drives for power saving in centrifuges.
- Installation of multiple effect evaporator to achieve zero liquid discharge
- Installation of ATFE for glycol recovery from MEE residue with reduced energy cost.
- Membrane type filter press is installed to replace centrifuges as power required for membrane type filter press is less and moisture content is reduced. So, drying cost required is automatically reduced.

b. Additional Investment & Proposals, if any, being implemented for reduction of conservation of energy:

Measures for reduction in energy consumption includes:

- Planning to use PPPU pump for condensate recovery. So high temperature condensate with flash steam will be recovered and fuel requirement will go down.

I	Power & Fuel Consumption	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
1	Electricity		
	Purchased Units (KWH)	64472331	55900598
	Total Amount (Rs. In Lakhs)	5484.38	4322.08
	Per Unit (Rs.)	8.51	7.73
2	Furnace Oil		
	Purchased Units (MT)	816.90	986.64
	Total Amount (Rs. in Lakhs)	283.25	271.01
	Per Unit (Rs.) (Per Kg)	34.67	27.47
3	Coal		
	Consumption (Unit)	92519181	66280457
	Total Amount (Rs. In Lakhs)	2191.18	1673.66
	Rate Per Unit	2.37	2.53
4.	Others (Rs. In Lakhs)		
	Diesel (Rs in Lakhs)	86.27	106.86
	Briquettes (Rs in Lakhs)	9.81	369.70

II. Consumption per unit of production:

Since the Company manufactures different types of bulk drugs and its intermediates, it is not practicable to give consumption per unit of production.

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- The Company has successfully developed and validated the manufacturing process for Aceclofenac. It is a multi-stage product. All the stages are developed successfully in the R&D lab by the Company. The commercial Production of Aceclofenac already started during second quarter of 2018-2019. Optimization and validation of Process done as per E.P. and IP.
- The company has successfully developed manufacturing process for ECPPA (an intermediate of Enalapril maleate). process optimisation (raw material, quality etc) work completed in lab. The company has successfully developed manufacturing process for Ethyl benzyl acrylate an intermediate of ECPPA.
- Company has successfully validated and commercialized new route of synthesis for Ciprofloxacin and its intermediate. Commercial production had started.
- The Company has also developed cost-effective process to compete China for Antibiotic and its intermediates, Antidiarrhoeals and Antidiabetics. The company has also carried out process improvement work which leads to improvement in quality as well as cost-reduction. The company is making continuous effort to further improve quality of all API's which the company supplies.
- The company had also started work to develop an intermediate called 1,1 Cyclohexyl diacetic acid (used for Gabapentin) in R&D lab.
- The company has successfully developed process for 2,6, Dichloro phenol (intermediate Diclofenac Sodium)
- The company has successfully reduced cost of Clopidogrel bisulfate by reducing solvent quantity.
- Company has successfully developed new purification process for Itraconazole and validated
 - The Company has developed new purification method for Gatifloxacin and validated.
 - Cost effective optimization of manufacturing process of Benzene Sulphonyl Chloride for smoother operations and better quality. Reduction of Quantity of Water by recycling water without effect on quality.
 - The Company has successfully developed the process for NNN tris-para toluene sulfonyl diethylene triamine. Sample approval is in process from customer.
 - The Company is working to develop recovery of N- Ethyl Piperazine from aqueous media.
 - The Company is working to develop a new process to isolate cyclopropane carboxamide (an intermediate of cyclopropyl amine)
 - We are making continuous effort on effluent Treatment Management.
 - **Ketoconazole**, sold under the brand name Nizoral among others, is an antifungal medication used to treat a number of fungal infections. Applied to the skin it is used for fungal skin infections such as tinea, cutaneous candidiasis, pityriasis versicolor. Ketoconazole process is multi stage reaction and we have improved yields at each stage. We had reduced Effluent load and solid waste by reducing quantity of Water and carbon at every stage. Lab work is completed and commercialized.

At Final stage effluent load is very high due to the DMSO. We have reduced the quantity of DMSO with the recovery systems and converted effluent to almost zero liquid discharge.

Lab Work and Pilot Work is successfully completed to continue trial at plant level.
 - **1,2,4-Triazole** is a basic aromatic heterocycle, mostly used as in antifungals such as Fluconazole and Itraconazole. 1,2,4-Triazoles can generally be prepared by using the Einhorn-Brunner reaction or the Pellizzari reaction. It is White crystalline Material. Reaction takes place at higher temperature and to isolate Triazole by distillation. Lab work is successfully completed. Process ready for Pilot Work.

➤ **Diphenyl sulphone :-**

DPS is White powder paper grade Product. It is formed by Friedel craft reaction. Friedel craft reaction on benzene at reflux temperature, we got DPS and it is purified by charcoaling at higher temperature. We successfully Completed Lab work and ready for Pilot plant.

- **Enrofloxacin** is a broad spectrum antibiotic used in veterinary medicine to treat animals afflicted with certain bacterial infections. This drug belongs to a class of antibiotics known as fluoroquinolones.

Process development is carried out for Yield improvement and colour improvement. Lab work is completed. Pilot work is also successfully completed and ready for commercialization. Another is to minimized Effluent load and Waste solid by reducing carbon and water quantity. Lab and pilot work is complete and commercialized also.

➤ **DCFBCI :- dichloro fluoro benzoyl chloride**

DCFBCI is a speciality chemical and is used as raw material for Ciprofloxacin product. It is a liquid product and formed by Friedel craft reaction.

Reaction consists of $AlCl_3$ or $FeCl_3$ and Dichloro Fluoro Benzene. With three stage reaction. Finally Chlorination of line stage takes place and we get DCFBCI. Lab work is in progress.

3. RESEARCH AND DEVELOPMENT (R&D)

The company's R&D center at plot no.E-1,MIDC Industrial Area, Tarapur, recognized by department of science and Industry Research, Government of India, carries on R&D activities for developing technology, scale-up and it's transfer to manufacturing location for commercialization of APIs and intermediates as well.

(A) Specific areas in which R&D carried out by the company during the 2018-2019

The focus area of the company's R&D effort during 2018-2019 includes:

- We specially focused on recovery of usable by-products and side products from waste streams to reduce Organic load of effluent treatment plant. By -products/ side products recovery from Clopidogrel API is best

examples. We also recovered Aniline from aqueous of diclofenac sodium and recycled different aqueous stream of diclofenac sodium to reduce fresh water consumption. We also developed process for to isolate glycolic acid and sodium chloride salt from diclofenac aqueous stream.

- Improvement of existing process of products by enhancing yields and reducing cost by optimization of reaction parameters, reaction engineering and implementing cost effective routes of synthesis on continuous basis, reduction of effluent and process involving continuous operations. These efforts have resulted in improving quality of the products and reducing their manufacturing cost.
- Development of process for new APIs the company's R&D is also focused on developing API's which are blockbusters molecules in their respective therapeutic segments and expected to go off patent in next few years.

(B) Benefits derived as a result of the above R&D:

- I. R&D efforts have helped for improvement in process and operating efficiency.
- II. Development/commercialization of various APIs and intermediates.
- III. Development of new markets, penetration in to regulatory markets through quality up gradation and cost reduction and
- IV. Improved quality of products to fulfill existing in-house demands of customers.
- V. R&D efforts have helped to reduce effluent and water consumption.

(C) Future plan of action:

1. Further improvement in process efficiencies of existing products.
2. The company expects to file new DMFs and also to updates the existing ones during the year 2019-20 with global regulatory authorities. This would help increase exports to regulated markets with better margins by supply of generic APIs too.

3. Development of cost effective processes/ technology for APIs of the semi-regulated & non-regulated Markets.
4. Development of green process with the help of Innovative technology.

(D) Expenditure on R & D

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Capital	332.99	213.30
Recurring	397.85	407.72
Total	730.84	621.02

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Total Foreign Exchange Earned (FOB)	50222.01	38070.86
Total Foreign Exchange Earned (CIF)	51271.64	39154.74
Total Foreign Exchange Used		
CIF Value of Imports:		
- Raw Material	52042.43	41778.18
- Capital Goods	327.64	218.07
Expenditure in foreign currency		
- Commission	521.85	419.38
- Travelling Expenses	29.74	21.40
- Sales Promotion	26.05	25.07
- Foreign Bank charges	81.35	64.03
- Interest on F.C.loan	800.16	273.42
- Others	53.67	75.00
Total	53882.89	42874.55

For and on behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai
Date: May 15, 2019

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the financial year ended March 31, 2019 in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"):

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

A clearly structured and fully implemented Corporate Governance system is the Company's highest priority. Company has a strong legacy of fair, transparent and ethical governance practice. Good Corporate Governance helps enhancement of long-term shareholders value and interest of other stakeholders. This is achieved through increased transparency, accountability, consistent value system and professionalism.

The Company is committed to the consistent adherence to the corporate governance practices and constant review of the Board processes, practices and the management systems.

The Board fully appreciates the need of increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the Organisation. Our Board also believes that Corporate Governance is not an end, it is just beginning towards growth of Company for long term prosperity.

BOARD OF DIRECTORS

(a) The Constitution of the Board and other relevant details are given below:

There were no changes in the Board composition during the year. The Board continues to comprise of 12 Directors of whom 5 (Five) are Executive, 1 (one) is Non-Executive and 6 (Six) are Non-Executive Independent Directors.

Name of Director	Category	Directorship held in other listed entities	No. of other Directorships*	No. of Committee Membership in all Companies**		No. of Board Meetings Attended	Attendance at last AGM held on August 10, 2018
				Chairman	Member		
Shri Prakash M. Patil # DIN: 00005618	Promoter / Executive / Chairman, Managing Director & Chief Executive Officer	-	1	None	1	6	Yes
Shri Rashesh C. Gogri DIN: 00066291	Executive / Managing Director	Aarti Industries Limited (Managing Director)	5	None	4	6	Yes
Shri Harshit M. Savla DIN: 00005340	Promoter / Executive / Joint Managing Director	-	2	None	1	5	Yes
Shri Harit P. Shah DIN: 00005501	Executive / Whole – time Director	-	2	None	1	6	Yes
Shri Uday M. Patil # DIN: 01186406	Executive / Whole – time Director	-	1	None	None	6	Yes
Shri Rajendra V. Gogri DIN: 00061003	Promoter / Non –Executive Director	Aarti Industries Limited (Promoter/ Chairman & Managing Director)	4	1	2	4	No

Name of Director	Category	Directorship held in other listed entities	No. of other Directorships*	No. of Committee Membership in all Companies**		No. of Board Meetings Attended	Attendance at last AGM held on August 10, 2018
				Chairman	Member		
Shri Ramdas M. Gandhi DIN: 00029437	Non - Executive / Independent	Independent Director of Aarti Industries Limited and Vinyl Chemicals (India) Limited	3	2	2	3	No
Shri Bhavesh R. Vora DIN: 00267604	Non - Executive / Independent	Aarti Industries Limited (Independent Director)	2	None	3	4	No
Shri Navin C. Shah DIN: 01415556	Non - Executive / Independent	-	1	None	1	6	No
Shri Vilas G. Gaikar DIN: 00033383	Non - Executive / Independent	-	1	None	1	1	Yes
Shri Krishnacharya. G. Akamanchi DIN: 02354032	Non - Executive / Independent	-	1	None	None	6	Yes
Smt. Priti P. Savla DIN: 00662996	Non - Executive / Independent	Aarti Industries Limited (Independent Director)	2	None	1	6	Yes

Notes:

* Directorships exclude Private Limited Companies, Overseas Companies & Section 8 Companies.

** Chairmanship / Membership of Committee includes Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies including Aarti Drugs Limited. [Committee Membership(s) & Chairmanships are counted separately].

Shri Prakash M. Patil & Shri Uday M. Patil are related to each other.

(b) Board Meetings:

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial performance of the Company and its Subsidiary. During the year under review, 6 (Six) Board Meetings were held. The dates on which the meetings were held during the year are as follows: April 6, 2018; May 16, 2018; August 13, 2018; November 2, 2018; February 11, 2019 and March 15, 2019. The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and Regulation 17(2) of the SEBI Regulations.

(c) Code of Conduct and Insider Trading:

The Company's Code of Conduct laid down by the Board of Directors is applicable to all the Directors and Senior Management of the Company. The members of the Board and the Management annually confirm the compliance of the Code of Conduct to the Board. A

declaration to this effect, duly signed by the Chairman, Managing Director & Chief Executive Officer (CEO) is annexed hereto. The Code of Conduct is posted on the Company's website on the weblink http://www.aartidrugs.co.in/code_new.pdf

In Compliance with the SEBI Regulations, the Company has adopted a Code of internal procedures and conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015, to regulate, monitor and report trading by insiders of the Company. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares. The same is posted on the Company's website on the weblink http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117

(d) Familiarization Programme for Independent Directors:

The Company has in place a system to familiarize the Independent Directors with the organization, its

products, business and on-going events. The details of familiarization programme are disclosed on the Company/s website on the weblink on the weblink <http://www.aartidrugs.co.in/images/stories/details%20of%20familiarization%20programme%202018-19.pdf>

(e) Shares held by Non-Executive Directors in the Company as on March 31, 2019

Name	Number of shares held	% of total shareholding
Shri Rajendra V. Gogri	5,54,806	2.35%
Shri Ramdas M. Gandhi	7,730	0.03%
Shri Bhavesh R. Vora	-	-
Shri Navin C. Shah	-	-
Shri Vilas Gaikar	-	-
Shri Krishnacharya G. Akamanchi	-	-
Smt. Priti P. Savla	-	-

(f) Key Board qualifications, expertise and attributes

The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and Speciality Chemicals. The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business(es) for it to function effectively and those available with the Board as a whole.

- i) Sales & Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry.
- ii) International Business experience: Experience in leading businesses in different geographies/markets around the world.
- iii) General management/Governance: Strategic thinking, decision making and protect interest of all stakeholders.
- iv) Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc.

- v) Technical skills and professional skills and knowledge including legal and regulatory aspects.

(g) Declarations

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the SEBI LODR Regulations.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

COMMITTEES OF THE BOARD

The Board has established the following Committees:

1. AUDIT COMMITTEE

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI LODR Regulations.

Vice-presidents and General Managers from various divisions of the Company, as and when required and Internal Auditors, Cost Auditors, Statutory Auditors, CFO of the Company and Company Secretary who acts as Secretary to the Audit Committee attended the Audit Committee Meetings to respond to queries raised at the Committee Meetings. All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;

- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms if remuneration if the Chief Internal Auditor; and
- Statement of deviations.

a) Terms of Reference

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the SEBI LODR Regulations and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
 - (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - (iv) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the 'Directors responsibility Statement'.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management
- Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listed and other legal requirements relating to financial statement
 - Disclosure of any related party transaction
 - Qualifications/ modified opinion(s) in the draft audit report
- (v) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
 - (vi) Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
 - (vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
 - (viii) Approval or any subsequent modification of transactions of the Company with related parties;
 - (ix) Scrutiny of inter-corporate loans and investments;
 - (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
 - (xi) Evaluation of internal financial controls and risk management systems;
 - (xii) Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xiv) Discussion with internal auditors of any significant findings and follow up thereon;

(xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(xviii) To review the functioning of the Whistle Blower Mechanism;

(xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

(xx) Carrying out any other function as is included in the terms of reference of the Audit Committee.

b) No. of Meetings:

During the year under review, the Audit Committee met 4 (Four) times viz. May 16, 2018; August 13, 2018; November 2, 2018 and February 11, 2019. Necessary quorum was present at all the meetings. Shri Ramdas M. Gandhi, Independent Director is the Chairman of the Committee.

c) Composition and attendance

Details of Composition and attendance at the aforesaid meetings were as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	Shri Ramdas M. Gandhi (C)	Non-Executive/Independent	3
2.	Shri Prakash M. Patil	Executive	4

Sr. No.	Name of Member	Category	No. of Meetings attended
3.	Shri Bhavesh R. Vora	Non-Executive/Independent	3
4.	Shri Vilas G. Gaikar	Non-Executive/Independent	1
5.	Shri Rashesh C. Gogri	Executive	4
6.	Shri Navin C. Shah	Non-Executive/Independent	4

2. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee has been constituted in line with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI LODR Regulations.

a) Terms of Reference:

The broad terms of reference of the Nomination and Remuneration Committee inter alia are:

- i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board, policy relating to the remuneration of the Directors, key managerial personnel and other employees;
- ii. To formulate the criteria for evaluation of all the Directors on the Board;
- iii. To devise a policy on Board diversity;
- iv. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal and
- v. To decide whether to extent or continue the terms of appointment of the independent director, on the basis of report of performance evaluation of independent directors.
- vi. Recommend to the board, all remuneration, in whatever form, payable to senior management.

b) No. of meetings:

During the year under review, the Nomination and Remuneration Committee met 3 (Three) times viz. May 16, 2018; February 11, 2019 and March 15, 2019. Necessary quorum was present at all the meetings. Shri Bhavesh R. Vora, Independent Director is the Chairman of the Committee.

c) Composition and Attendance:

Details of Composition and attendance at the aforesaid meeting was as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	Shri Bhavesh R. Vora (C)	Non-Executive/Independent	3
2.	Shri Prakash M. Patil	Executive	3
3.	Shri Rajendra V. Gogri	Non-Executive	3
4.	Shri Ramdas M. Gandhi	Non-Executive/Independent	3
5.	Shri Vilas G. Gaikar	Non-Executive/Independent	1

d) Performance Evaluation Criteria for Independent Directors

The criteria for performance evaluation covers area relevant to the functioning as Independent Directors such

The details of remuneration paid to each Director for the year ended March 31, 2019 are as under:

(Amount in Lakhs)

Name of Director	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Prakash M. Patil	69.04	84.35	-	153.39
Shri Rashesh C. Gogri	58.51	84.35	-	142.86
Shri Harshit M. Savla	58.51	84.35	-	142.86
Shri Harit P. Shah	58.51	84.35	-	142.86
Shri Uday M. Patil	8.95	-	-	8.95
Shri Rajendra V. Gogri	-	-	0.40	0.40
Shri Ramdas M. Gandhi	-	-	0.60	0.60
Shri Vilas G. Gaikar	-	-	0.50	0.50
Shri Bhavesh R. Vora	-	-	0.50	0.50
Shri K. G. Akamanchi	-	-	0.50	0.50
Shri Navin C. Shah	-	-	0.90	0.90
Smt. Priti P. Savla	-	-	0.50	0.50

as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by entire Board of Directors without presence of the directors being evaluated.

Details of Remuneration to all Directors

The remuneration payable to the Directors is considered and approved by the Board as per the recommendation of Nomination and Remuneration Committee. The Executive Directors are paid Salary, perquisites, allowances and variable commission which is based on pre-determined parameters of performance. Remuneration is paid within the limits recommended by the Nomination & Remuneration Committee and the Board and as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder.

Remuneration to Non-Executive Directors and Independent Directors include fees for attending meetings of Board as well as Committees as permissible under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is posted on the website of the Company on the weblink https://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117.

- (a) All Executive Directors except Shri Uday M. Patil are appointed under the contracts each for a period of five years and with termination notice period of 180 days.
- (b) The Non-executive Directors, apart from receiving Directors' remuneration by way of sitting fees or other fees, if any, approved by the Board of Directors within the limit fixed and approved by the shareholders, do not have any other material pecuniary relationship or transactions with the Company.
- (c) No stock options has been given to Directors

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the SEBI LODR Regulations, Stakeholders Relationship Committee (hereinafter referred as SRC) of the Board has been constituted to especially look into the mechanism of redressal of grievances of shareholders. The Company Secretary of the Company is the Compliance Officer pursuant to SEBI LODR Regulations.

a) Terms of Reference:

Brief Terms of Reference of the Stakeholders' Relationship Committee inter alia includes:

- i) Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- ii) Review of measures taken for effective exercise of voting rights by shareholders.
- iii) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- iv) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

b) No of meetings:

The Stakeholders' Relationship Committee met four (4) times during the year under review. The meetings were held on May 16, 2018; August 13, 2018; November 2, 2018 and February 11, 2019. Shri Rushikesh Deole has been appointed as Compliance Officer w.e.f. April 23, 2019 in place of Shri Vibhav Ranade who has resigned from March 27, 2019.

c) Composition & Attendance:

Details of Composition and attendance at the aforesaid meetings were as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	Shri Rajendra V. Gogri (C)	Non-Executive	3
2.	Shri Bhavesh R. Vora	Non-Executive/Independent	3
3.	Shri Harshit M. Savla	Executive	3
4.	Shri Harit P. Shah	Executive	4

d) Shareholders' complaints:

During the year under review, 20 Complaints were received through SCORES portal of SEBI all the Complaints were resolved to the satisfaction of the shareholders whereas 2 Complaints were pending as on March 31, 2019.

4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Pursuant to provisions of Section 135 of the Companies Act, 2013 Corporate Social Responsibility Committee (hereinafter referred as "CSR Committee") of the Board has been constituted. The Company Secretary acts as the Secretary to the Committee. Based on the recommendation of CSR Committee, the Company has adopted CSR policy which is displayed on the website of the Company on the weblink http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117

a) Terms of Reference

The brief terms of reference of the CSR Committee are as under-

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (i) and
- iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

b) No. of meetings:

The CSR Committee met once during the year on April 11, 2018.

GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Year	Day, Date & Time	Venue	Special Resolutions passed for
2016	Friday, July 22, 2016 At 11.00 am		No Special Resolution was passed.
2017	Friday, August 18, 2017 At 2.30 pm	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, Dist.-401 506, Maharashtra.	Special Resolution was passed for the following items – i. Re-appointment of Shri Prakash M. Patil as Managing Director of the Company pursuant to Section 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013. ii. Alteration of Articles of Association pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013.
2018	Friday, August 10, 2018 At 11:30 am		No Special Resolution was passed.

During the year, special resolutions were passed through postal ballot for re-appointment of Shri Ramdas M. Gandhi, Shri Bhavesh R. Vora, Shri Vilas G. Gaikar for the period of three years and Shri Navin C. Shah, Shri Krishnacharya G. Akamanchi, Smt. Priti P. Savla for period of 5 years respectively w.e.f. April 1, 2019.

Shri Sunil M. Dedhia, proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries, was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

No special resolution is proposed to be conducted through Postal Ballot at the forthcoming AGM.

c) Composition & Attendance

Details of Composition and attendance at the aforesaid meeting was as follows:

Sr. No.	Name of Member	Category	Whether attended the meeting (Yes/No)
1.	Shri Navin C. Shah (C)	Non-Executive Independent Director	Yes
2.	Shri Prakash M. Patil	Executive	Yes
3.	Shri Rashesh C. Gogri	Executive	Yes

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of Central Depository Services Limited ("CSDL") for the purpose of providing e-voting facility to all its members. The members had an option to vote either by postal ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members/ list of beneficiaries as on cut –

off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with the depository participants/Company's Registrar & Share Transfer Agents. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut – off date. Members desiring to vote through postal ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submitted his report to the Company Secretary, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Company Secretary of the Company. The results were displayed on the website of the Company (www.aartidrugs.co.in), besides being communicated to the Stock Exchanges and e-voting website of CDSL.

Subsidiary Company:

Pinnacle Life Science Private Limited is wholly – owned subsidiary of the Company. Shri Bhavesh R.

Vora, Independent Director of the Company is also an Independent Director on the Board of Pinnacle Life Science Private Limited. The Audit Committee reviews, the financial statements, particularly the investments made by the Company's Non-Listed Subsidiary Company. The Minutes of the Subsidiary are placed before the Board of Directors of the Company and the Directors are informed about all the significant transactions and arrangements entered into by the Subsidiary Company.

MEANS OF COMMUNICATION:

1. Quarterly and the Annual financial results are published in The Financial Express /Free Press Journal (English) and Aapla Mahanagar/Navshakti (Marathi). These results and official news releases are also available on the website of the Company viz. www.aartidrugs.co.in.
2. The presentations made to institutional investors or to the analysts are placed on the Company's website immediately after these are communicated to the Stock Exchanges.
3. All data required to be filed electronically or otherwise pursuant to the SEBI Regulations with the Stock Exchanges, are being regularly filed with the Stock Exchanges, namely, National Stock Exchange of India Limited (www.nseindia.com) through NSE Electronic Application Processing System (NEAPS) and BSE Limited (www.bseindia.com) through BSE Listing Center and are available on their websites.

GENERAL SHAREHOLDERS INFORMATION:

i. The day, date, time & venue of the 34th Annual General Meeting:

Day	Date	Time	Venue
Tuesday	August 6, 2019	11:30 am	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, Dist.-401 506, Maharashtra.

ii. Tentative Financial Calendar:

Financial Year	April 1, 2019 to March 31, 2020
Adoption of Quarterly Results for the quarter ending :	
June, 2019	4 th Week of July, 2019
September, 2019	Last Week of October / First Week of November, 2019
December, 2019	Last Week of January / First Week of February, 2020
March, 2020	1 st / 2 nd Week of May, 2020

iii. Date of Book Closure (Both days inclusive) :

July 30, 2019 to August 6, 2019

iv. Date of Payment of Dividend: August 12, 2019
v. Listing on Stock Exchanges:

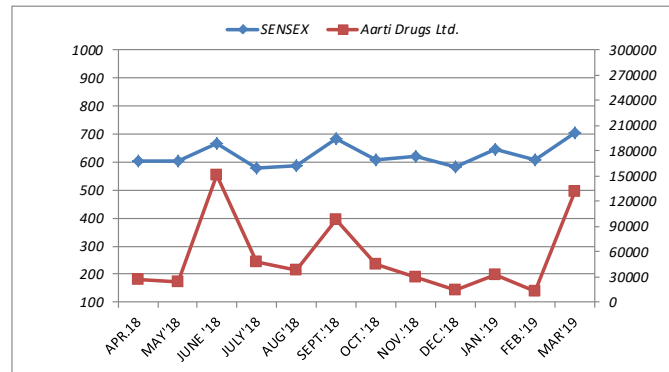
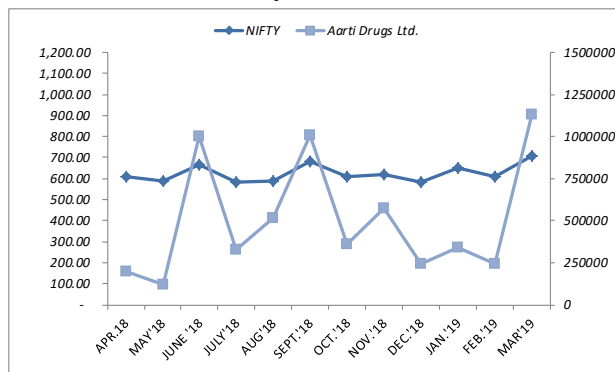
Stock Exchange	Stock Code/ Symbol
BSE Limited	
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001,	524348
National Stock Exchange of India Limited	
Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AARTIDRUGS

vi. Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the year 2019-20.

vii. Market Price Data (high, low in each month in last financial year)

Month	BSE Limited			National Stock Exchange		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-18	605.00	506.65	27,101	609.95	507.05	1,96,044
May-18	605.00	515.50	23,838	587.00	517.00	1,23,312
Jun-18	664.00	501.65	1,51,623	665.00	510.00	10,03,761
Jul-18	580.00	500.00	47,237	582.00	490.70	3,26,518
Aug-18	587.00	539.55	38,659	589.95	540.00	5,17,376
Sep-18	681.80	540.90	98,619	684.00	535.50	10,10,152
Oct-18	608.90	544.90	45,755	609.40	536.00	3,56,930
Nov-18	618.95	516.25	29,968	619.00	475.00	5,72,462
Dec-18	581.55	548.55	15,114	582.35	549.50	2,44,102
Jan-19	644.00	565.00	31,990	648.60	563.05	3,42,175
Feb-19	608.00	550.05	12,517	609.00	551.30	2,40,801
Mar-19	705.00	576.85	1,32,124	707.00	581.30	11,31,705

viii. Performance in Comparison


ix. Registrar & Transfer Agents & address for Correspondence:

M/s. Link Intime India Pvt. Ltd.

C-101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai – 400 083,

Tel. No. +91 22 49186000 | Fax No. 022 – 4918 6060

Email ID: rnt.helpdesk@linkintime.co.in | Website: www.linkintime.co.in

The shareholders are requested to address all their communications/ suggestions/grievances to the Share Transfer Agents at the above address.

x. Share transfer System:

To expedite the transfer process in the physical segment, authority has been delegated to the Share Transfer Committee, which comprises of Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director and Shri Harit P. Shah, Whole-time Director of the Company. Committee meets every week for approval of the transfer request.

Reports on Share Transfer/Transmission are placed before the Stakeholders Grievances Committee and the Board from time to time.

xi. Shareholding Pattern as on March 31, 2019:

Category	No. of Shares	%
Promoter and Promoter Group	14682782	62.26
Mutual Funds	957571	4.06
Alternate Investment Funds	88395	0.37
Foreign Portfolio Investors	118520	0.50
Public	6906953	29.29
Others	827879	3.52
Total	23582100	100.00

xii. Distribution of Shareholding as on March 31, 2019

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 500	24690	93.04	2129516	9.03
501-1000	1010	3.81	760224	3.22
1001-2000	422	1.59	636765	2.70
2001-3000	130	0.49	324170	1.37
3001-4000	62	0.23	222618	0.94
4001-5000	42	0.16	195039	0.83
5001-10000	76	0.29	536814	2.28
Above 10000	105	0.40	18776954	79.63
TOTAL	26537	100	23582100	100

xiii. Dematerialisation of Shares and Liquidity:

98.35% of the paid up capital is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as on March 31, 2019 under ISIN No: INE767A01016.

Sr. No.	Mode of Holding	No. of Shares	Shares %
1.	NSDL	20805103	88.23
2.	CDSL	2387112	10.12
3.	Physical	389885	1.65
	Total	23582100	100.00

Liquidity of Shares:

The Shares of the Company are traded under 'B' category at BSE Ltd. The Shares are also traded regularly at the National Stock Exchange of India Ltd.

xiv. ADRs/ GDRs/ Warrants

The Company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

xv. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the year 2018-19, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in **Note No. 35** to the Annual Accounts.

xvi. Credit Rating:

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2019. There was no revision in the ratings during the year under review. Following is the summary of credit ratings obtained by the Company.

Facilities	CRISIL Rating	CARE Rating
Long Term Rating	A/Positive	A+ stable
Short Term Rating	A1	A1+

xvii. Plant Locations:

Plot No. N-198, G-60, E-1, E-120, K-40, K-41, E-9/3, E-9/4, E-21, E-22, T-150, W-60, W-61, W-62, W-71, W-72 and W-73 MIDC Industrial Area, Tarapur, Village Pamtermbhi, Dist. Palghar, – 401 506, Maharashtra.

Plot Nos. 211, 213, 2601, 2602, 2603, 2902/2904, GIDC, Sarigam – 396155, Dist. Valsad, Gujarat.

R & D Center:

Plot No. E-1, MIDC Industrial Area, Tarapur, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra.

xviii. Address for Correspondence:

Corporate Office : Mahendra Industrial Estate, Ground Floor, Plot No. 109-D, Road No. 29, Sion (E), Mumbai - 400 022, Maharashtra

Registered Office: Plot No. 198, MIDC, Tarapur, Village-Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.

xix. Compliance Officer:

Shri Rushikesh Deole, Company Secretary
Mahendra Industrial Estate, Ground Floor,
Plot No. 109-D, Road No.29, Sion (E),
Mumbai - 400 022, Maharashtra

The Company has following separate email ID to resolve investor's grievances investorrelations@aartidrugs.com.

Details with respect to Demat Suspense Account/ Unclaimed Share Certificate as per regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018.	213	23,550	-	-
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	3	900	-	-
No. of shareholders to whom shares were transferred from the suspense account during the year.	3	900	-	-
Shares transferred to IEPF A/c	88	9572	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019.	122	12178	-	-

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2019 shall remain frozen till rightful owner of such shares claim the shares.

DISCLOSURES:

- (i) During the year, there were no material related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts. As required under Regulation 23(1) of SEBI LODR Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under "investor" section of the website of the Company at weblink http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117
- (ii) There was No Non-Compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board

of India (SEBI), or any statutory authority on any matter related to the capital markets during the last three years

- (iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI LODR Regulations, the Company has formulated Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's code of conduct. The same has been hosted under "investor" section of the website of the Company at weblink http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117
- The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the person has been denied access to the Audit Committee.
- (iv) The Company has complied with all the mandatory requirements under SEBI LODR Regulations.

- (v) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted under "investor" section of the website of the Company at weblink http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117
- (vi) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR Regulations.
- (vii) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct to Regulate, monitor and Report trading by insiders.
- (viii) Certificate as required under Part C of Schedule V of SEBI LODR Regulations, received from Shri Sunil M. Dedhia proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on May 15, 2019.
- (ix) There were no instances during the financial year 2018-19, wherein the Board had not accepted recommendations made by any committee of the Board.
- (x) Total fees of ₹ 7.5 Lakhs for financial year 2018-19, for all services, was paid by the Company and its subsidiary, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
- (xi) The Company has constituted an Internal Complaint Committee pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention, prohibition and redressal of complaints/grievances on the sexual harassment of women at work places. The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:
- Number of complaints filed during the financial year: Nil
 - Number of complaints disposed of during the financial year: Nil

c. Number of complaints pending as on end of the financial year: Nil

- (xii) None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

DISCRETIONARY REQUIREMENTS (as specified in Part E of schedule II of SEBI Regulations, 2015)

The status of compliance with discretionary requirements of Part E of Schedule II of the SEBI LODR Regulations is provided below:

Sr. No.	Particulars	Remarks
1.	Non-Executive Chairman's Office	The Company does not have Non-executive Chairman.
2.	Shareholder's Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	The Company's financial statement for the year 2018-19 does not contain any qualification.
4.	Separate posts of Chairman and CEO	The Company does not have separate post of Chairman and MD/CEO.
5.	Reporting of Internal Auditor	The Internal Auditor reports to Chief Financial Officer and has direct access to the Audit Committee.

CEO/CFO Certification to the Board

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, certificates are duly signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO.

For and on behalf of the

Sd/-
Prakash M. Patil
 Chairman, Managing Director & CEO
 DIN : 00005618

Place: Mumbai
 Date: May 15, 2019

Compliance with Code of Business Conduct and Ethics

All the directors and the Senior Management Personnel have affirmed Compliance of the Code of Conduct laid down by the Board of Directors in terms of Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015.

For and on behalf of the Board of Directors of Aarti Drugs Limited

Place: Mumbai
Date: May 15, 2019

Sd/-
Prakash M. Patil
Chairman, Managing Director & CEO
DIN : 00005618

Independent Auditor's Certificate on Corporate Governance

To the Members of
Aarti Drugs Limited
Mumbai

We, Kirtane & Pandit LLP, Chartered Accountants, Statutory Auditors of the Aarti Drugs Limited ("the Company"), have examined the compliance of conditions of Corporate Governance for the year ended on March 31, 2019, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations.

Management Responsibility

The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

We have examined the books of account and the other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirement by the Company. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned SEBI Listing Regulations.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kirtane & Pandit LLP,
Chartered Accountants
FRN: 105215W/W100057

Sd/-
Milind Bhawe
Partner
Membership No.: 047973

Place: Mumbai
Date: May 15, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of
Aarti Drugs Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Aarti Drugs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

Sr. No.	Key Audit Matter	Auditor's Response (Audit Procedures followed)
1	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipments.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipments.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> a) We assessed the Company's process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment as per the Ind AS 16. b) We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. c) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment. d) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.

Sr. No.	Key Audit Matter	Auditor's Response (Audit Procedures followed)
	Further, due to technical complexities management is required to assess and make estimates/judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results	e) We have reviewed management judgement pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013. f) We have carried out physical verification to verify the year-end balance of Property, Plant and Equipment. g) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.
2	Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2. Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations.	Principal Audit Procedures Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: a) We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2. b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. c) We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory. d) We have carried out physical verification of Inventory to verify the balance of the inventory at the year end. e) We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Board's Report including Annexures to Board's Report thereon, Directors Report, Management and Discussion Analysis, but does not include Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this information, we required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls,

that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As a part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible

for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2018 has been audited by the predecessor auditor M/s GBCA & Associates, Chartered Accountants, who had audited the financial statements for the relevant period. The report dated May 16, 2018 of the predecessor auditor on the comparative financial information has expressed an unmodified Opinion.

Our Opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 26 to the Standalone Financial Statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 35 to the Standalone Financial Statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except following :
 - a) Two times delay (maximum seven days) in crediting unpaid dividend amount to Investor Education and Protection Fund.
 - b) Shares in respect of which dividend was unpaid/unclaimed to be transferred to Investor Education Protection Fund have not been transferred to the same during the year.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No. 105215W/W100057**

**Sd/-
Milind Bhave
Partner
M. No. 047973**

**Place: Mumbai
Date: May 15, 2019**

Annexure A to the Auditor's Report – March 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aarti Drugs Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial

control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No. 105215W/ W100057**

**Sd/-
Milind Bhave
Partner
M. No. 047973**

**Place: Mumbai
Date: May 15, 2019**

Annexure B to the Auditor's Report – March 31, 2019

Annexure B referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Aarti Drugs Limited on the accounts of the company for the year ended March 31, 2019.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipments ;
- (b) The Company has phased programme of physical verification of Property, Plant & Equipments by which all Property, Plant & Equipment are verified over a period of three years. In our opinion, periodicity of the physical verification is reasonable having the regard to the size of the Company and nature of assets. We have informed that no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of the immovable properties other than self-constructed immovable properties (buildings), are held in the name of the Company except leasehold lands Plot No. E-33/34, E-105, E-106, R-A/13 (aggregate book value ₹ 26.57 Lakhs) are in the name of erstwhile entities which are merged with the Company. According to explanations obtained from management, in view of merger through Court scheme, leasehold rights are deemed to be transferred to the Company and procedure for transferring in the name of the Company is yet to be completed.
- (ii) The Management has been conducted physical verification of the inventories at reasonable intervals except stock lying with the third parties. In our opinion, the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on physical verification of stocks as compared to book records were not material; however the same have been dealt with in books of accounts.
- (iii) The Company has granted loan to its wholly owned subsidiary covered in the register maintained under Section 189 of the Act,
- a) In our opinion, the rate of interest and the other terms and conditions on which the loans was granted, prima facie, not prejudicial to the company's interest;
- b) The Loan is repayable on demand;
- c) As the terms of arrangements do not stipulate any repayment schedule, we are unable to comment on this sub-clause.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and Section 186 of the Act with respect to loans and investments made.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India for the maintenance of cost records under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and based on the records of the company examined by us,
- (a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Custom Duty and other material statutory dues, as applicable, with the appropriate authorities in India;
- According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Custom Duty and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited on account of any disputes.

Name of the Statute/ Nature of the Dues	Financial Year	Forum where Dispute is pending (₹ in Lakhs)		Total (₹ in Lakhs)
		Commissionerate/ Dy. Commissioner	Appellate Authorities/ Tribunals	
The Central Excise Act, 1944/Custom Duty/ Service Tax/Interest & Penalty	FY 2007-08 to FY 2014-15	NIL	66.16	66.16
Maharashtra Sales Tax Act, 2002/Sales Tax	FY 2007-08 to FY 2014-15	138.27	NIL	138.27
Income Tax/ Interest & Penalty	FY 2015-16	NIL	1.84	1.84
Total		138.27	68.00	206.27

- (viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion, and according to the information and explanations given to us, the Term Loans raised during the year were applied for the purpose for which the loans were obtained. The Company did not raise money by way of public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the course of audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the company has been paid or payable managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the nature of business is not related to Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in

compliances with the Section 177 & 188 of the Act and details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No. 105215W/ W100057**

**Sd/-
Milind Bhave
Partner
M. No. 047973**

**Place: Mumbai.
Date: May 15, 2019**

BALANCE SHEET

as at 31st March, 2019

(₹ in Lakhs)

Particulars	Note No	As at 31 st March, 2019	As at 31 st March, 2018
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	58,284.40	55,913.38
Capital Work - in - Progress	1	3,236.88	2,799.16
Intangible Assets	2	282.30	445.59
Financial Assets			
Investments	3	1,891.59	1,723.93
Other Non- Current Assets	4	827.45	1,076.66
Total Non- Current Assets		64,522.62	61,958.72
Current Assets			
Inventories	5	22,770.77	25,410.20
Financial Assets			
(i) Trade Receivable	6	43,689.62	36,523.29
(ii) Cash and Bank Balances	7	484.78	391.27
(iii) Other Financial Assets	8	1,121.64	961.13
Other Current Assets	9	5,433.51	6,379.46
Total Current Assets		73,500.32	69,665.36
TOTAL ASSETS		138,022.93	131,624.09
EQUITIES AND LIABILITIES			
EQUITY			
Equity Share Capital	10	2,358.21	2,358.21
Other Equity		49,499.43	40,959.03
Total Equity		51,857.64	43,317.24
LIABILITIES			
Non- Current Liabilities			
Financial Liabilities			
(i) Borrowings	11	19,526.48	18,615.52
(ii) Other Financial Liability	12	1,044.98	1,144.30
Provisions	13	2,009.60	1,687.45
Deferred Tax Liabilities (Net)	14	8,848.49	7,986.08
Total of Non- Current Liabilities		31,429.55	29,433.35
Current Liabilities			
Financial Liabilities			
(i) Borrowings	15	24,634.01	29,623.74
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		879.60	919.91
Dues of creditors other than micro enterprises and small enterprises		21,963.47	23,046.67
Provisions	17	143.23	88.77
Other Current Liabilities	18	7,115.44	5,194.40
Total Current Liabilities		54,735.75	58,873.50
TOTAL EQUITY AND LIABILITIES		138,022.93	131,624.09
Summary of significant Accounting Policies and Other Explanatory Information	26-44		

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhawe)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary & Compliance Officer)

STATEMENT OF PROFIT AND LOSS

as at 31st March, 2019

(₹ in Lakhs)

	Particulars	Note No	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
I	Revenue from operations		145,425.36	115,965.77
II	Other Income	19	627.68	117.21
III	Total Revenue (I + II)		146,053.05	116,082.98
IV	Expenses :			
	(a) Cost of materials consumed	20	93,014.41	74,564.93
	(b) Purchase of Stock-in-Trade		3,261.59	2,597.14
	(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		1,905.14	(5,560.26)
	(d) Excise Duty		-	1,920.01
	(e) Employee Benefits Expense	21	5,313.50	5,048.96
	(f) Finance Cost (Interest)	22	3,755.76	3,300.69
	(g) Depreciation and Amortisation Expense	23	4,039.34	3,779.90
	(h) Other Expenses	24	22,000.92	19,210.56
	Total expenses (IV)		133,290.67	104,861.92
V	Profit before exceptional items and tax (III - IV)		12,762.38	11,221.05
VI	Exceptional Items		-	-
VII	Profit Before Tax (V - VI)		12,762.38	11,221.05
VIII	Tax Expenses :	39		
	Provision for Taxation - Current Year		3,300.00	3,015.00
	- Earlier Year		(108.43)	-
	Provision for Deferred Tax		845.00	865.00
	Total Tax Expenses (VIII)		4,036.57	3,880.00
IX	Profit/(Loss) for the period from continuing operations(VII - VIII)		8,725.81	7,341.05
X	Profit / (Loss) from discontinuing operations		-	-
XI	Tax expenses of discontinuing operations		-	-
XII	Profit /(Loss) from discontinuing operations (X - XI)		-	-
XIII	Profit / (Loss) for the period (IX - XII)		8,725.81	7,341.05
	Other comprehensive Income			
	Item that will not to be reclassified to statement of Profit and Loss			
	Fair value changes on Investments,net		132.79	(93.69)
	Remeasurement of defined benefit liability/Assets,net		(33.90)	66.66
XIV	Total Other Comprehensive Income,net		98.88	(27.02)
XV	Total Comprehensive Income for the Year (XIII+XIV)		8,824.69	7,314.03
	Earnings per Equity Shares (EPS) (In ₹)	25		
	Basic/Diluted		37.42	30.67
	Summary of significant Accounting Policies and Other Explanatory Information	26-44		

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil
(Chairman, Managing Director & CEO)
DIN : 00005618

Sd/-

Adhish P. Patil
(Chief Financial Officer)

Sd/-

Harshit M. Savla
(Jt. Managing Director)
DIN : 00005340

Sd/-

CS Rushikesh V. Deole
(Company Secretary & Compliance Officer)

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2019

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Amt(₹)
As at 1st April, 2017	2,385.71
Changes in equity share capital during the year 2017-18	(27.50)
As at 31st March, 2018	2,358.21
Changes in equity share capital during the year 2018-19	-
As at 31st March, 2019	2,358.21

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Other Equity				Other Comprehensive Income	Total Other Equity
	Reserve and Surplus					
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
As at 1st April, 2017	200.74	246.27	2,440.02	32,881.96	541.90	36,310.89
Profit for the Period	-	-	-	7,341.05	-	7,341.05
Dividend Paid	-	-	-	(238.57)	-	(238.57)
Tax on Dividend	-	-	-	(48.57)	-	(48.57)
Buyback of shares	-	27.50	(2,406.25)	-	-	(2,378.75)
Remeasurement of defined benefit liability/ Asset ,net	-	-	-	-	66.66	66.66
Fair value changes on Investments, net	-	-	-	-	(93.69)	(93.69)
Balance as at 31st March, 2018	200.74	273.77	33.77	39,935.87	514.88	40,959.03
Transfer to Other Reserve from Retain Earning	-	-	870.00	(870.00)	-	-
Profit for the Period	-	-	-	8,725.81	-	8,725.81
Dividend Paid	-	-	-	(235.82)	-	(235.82)
Tax on Dividend	-	-	-	(48.47)	-	(48.47)
Remeasurment of defined benefit liability/ Assets'net	-	-	-	-	(33.90)	(33.90)
Fair value change on Investment;net	-	-	-	-	132.79	132.79
Balance as at 31st Mar, 2019	200.74	273.77	903.77	47,507.39	613.76	49,499.43

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhawe)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

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Prakash M. Patil

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Harshit M. Savia

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary & Compliance Officer)

CASH FLOW STATEMENT

as at 31st March, 2019

(₹ In Lakhs)

Sr. No	Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	12,762.38	11,221.05
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	4,039.34	3,779.90
	Provision for Doubtful debts /Bad debts	25.13	132.68
	Unrealised Foreign Exchange (Gain)/Loss (Net)	(240.13)	(89.65)
	Re- measurement losses on employee defined benefit plans	(51.37)	66.66
	Interest Paid	3,755.76	3,300.69
	Interest Received	(126.20)	(83.75)
	Dividend Received	(0.11)	(0.35)
	Profit on Sale of Assets	(376.55)	-
	Operating Profit before Working Capital Charges	19,788.25	18,327.23
	Trade & Other Receivable	(6,398.94)	(9,816.41)
	Changes in Inventories	2,639.44	(6,534.91)
	Trade & Other Payable	1,591.96	6,409.24
	Cash generated from operation	17,620.71	8,385.14
	Direct Taxes Paid	(2,890.96)	(2,192.01)
	Net Cash Flow from Operating Activities	14,729.75	6,193.13
B.	Cash Flow from Investing Activities		
	Purchase of Fixed Assets / Capital Work in Progress/ Advances	(7,179.09)	(7,192.77)
	Sale of Fixed Assets	1,120.07	-
	Interest Received	126.20	83.75
	Dividend Received	0.11	0.35
	Net Cash Flow from Investing Activities	(5,932.72)	(7,108.67)
C.	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	340.40	243.85
	Proceeds from Unsecured Loans & from Scheduled Bank	(4,989.74)	6,666.39
	Buy Back of shares	-	(2,406.25)
	Dividend Paid	(242.89)	(243.20)
	Dividend Tax Paid	(48.47)	(48.57)
	Interest Paid	(3,755.76)	(3,300.69)
	Net Cash Flow from Financing Activities	(8,696.46)	911.54

Sr. No	Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
	Net Increase in Cash and Cash Equivalents (A+B+C)	100.57	(4.00)
	Opening Cash and Cash Equivalents	293.11	297.11
	Closing Cash and Cash Equivalents	393.68	293.11

Notes:

- (i) Figures in brackets indicate outflows.
- (ii) Cash and cash equivalent is cash and bank balance as per balance sheet.
- (iii) Fixed Deposits with bank amounting to ₹ 33.09 lakhs (previous year ₹26.58 lakhs) under lien are considered as cash and cash equivalents.
- (iv) Previous year figures have been regrouped / rearranged to confirm to the current year's presentation wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary & Compliance Officer)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Corporate Information:

Aarti Drugs Limited (“the Company”) is a public limited company incorporated and domiciled in India. Its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. The registered office of Company is located at Plot No N-198, M.I.D.C, Tarapur, Village-Pamtermbhi, Dist. Palghar, Maharashtra - 401506 and is incorporated under the provisions of the Companies Act applicable in India.

The Company is primarily involved in manufacturing and marketing of Active Pharmaceutical Ingredients (API), Pharma Intermediates and Specialty Chemicals.

The financial statements have been authorised for issue by the Board of Directors at their meeting held on May 15, 2019.

Note: 1 Significant Accounting Policies and Accounting Estimates and Judgements

1) Basis of preparation:

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act.

Classification of Assets and Liabilities:

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non - current classification of assets and liabilities.

The Statement of Cashflows have been prepared under Indirect Method.

The financial statements are presented in Indian Rupees which is the functional currency of the company and all values are rounded to the nearest lakhs, except when otherwise indicated.

Use of estimates and Judgements:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, Judgement & Assumptions. These estimates, judgements & assumption affect the application of accounting policies and the reported amounts of assets & liabilities, the disclosures of contingent assets & liability at the date of the financial statement & reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(2) Revenue recognition:

Ind AS 115 is effective from 1st April 2018 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Revenue from contract with customer

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

- (i) **Sale of goods:** Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.
- (ii) **Interest Income:** Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (iii) **Dividend income:** Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.
- (iv) **Export benefits:** Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

3) Property, plant and equipment (PPE):

All items of property, plant and equipment other than Leasehold Land are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes Taxes eligible for credit / setoff.

When significant parts of plant and equipment are required to be replaced at intervals, the same is depreciated separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. Capital work-in-progress in respect of assets which

are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Capital expenditure on property, plant and equipment for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortisation and impairment loss, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The amortisation period and the amortization method for an intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets is derecognised.

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Research and Development:

Revenue expenditure on Research and Development is recognized as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of fixed assets and depreciation is provided on the same basis as for other fixed assets.

Depreciation:

Depreciable amount of all items of property, plant and equipment other than Land is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, plant and equipment are provided on straight line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively; if appropriate an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

4) Inventories:

Raw materials, packing materials, store & spares , Traded goods and Work in progress are valued at cost. The cost of Raw materials, packing materials, store & spares and traded goods includes all cost of purchase, duties and taxes (other than those subsequently recoverable from the tax authorities) and all other cost incurred in bringing the inventory to its present location and conditions. Cost is arrived on moving stock on FIFO basis.

Finished goods are valued at lower of cost and net realizable value. The cost of finished goods and Work in progress have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating

capacity and other related cost incurred in bringing the inventories to their present condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Slow and non-moving material, obsolesces, defective inventory are fully provided for and valued at net realisable value.

Goods and material in transits are valued at cost incurred upto to the date of balance sheet.

5) Retirement and other employee benefits:

Provident fund:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Gratuity Obligations:

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Other Benefit Plan

Leave Encashment Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of leave encashment becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary.

6) Foreign Currency Transactions:

Transaction denominated in foreign currencies is recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary item denominated in foreign currency at the year end are translated at year end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of forward contracts is dealt with in the Profit and Loss

Account proportionately over the period of contracts. The exchange differences arising on settlement/translation are dealt with in the Statement of Profit and Loss.

7) Operating Lease:

Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

8) Income Taxes:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective

jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax:

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) :

MAT credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

9) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of cost of the asset. All other borrowing costs are expensed in the period in which they occur.

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

10) Provisions and Contingent Liabilities:

Provisions:

Provisions for legal claims, chargeback and sales returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingencies:

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

11) Amendments Issued, But not effective

Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 30, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2019.

Ind AS 116 "Leases"

Ind AS116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019 however the Company is in the process of evaluating the impact on the Financial Statements under the new standard.

Ind AS 12 "Income taxes" (Amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 19 "Employee Benefits" (Plan Amendment, Curtailment or Settlement)

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 “Borrowing Costs”

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an Company borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

NOTE NO. 1- PROPERTY, PLANT AND EQUIPMENTS

(₹ in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 1 st April, 2018	Addition	Deduction	As on 31 st March, 2019	As on 1 st April, 2018	Addition	Deduction	As on 31 st March, 2019	As on 31 st March, 2019	As on 31 st March, 2018
TANGIBLES ASSETS										
BUILDING	15,297.53	1,034.46	367.79	15,964.20	3,070.80	521.54	44.54	3,547.79	12,416.41	12,226.73
FURNITURE	849.17	20.73	-	869.90	476.99	80.75	-	557.74	312.16	372.18
LAND	4,236.61	-	414.60	3,822.00	-	-	-	-	3,822.00	4,236.61
OFFICE EQUIPMENTS	155.87	11.02	-	166.89	117.99	19.86	-	137.85	29.04	37.88
PLANT & MACHINERY	64,720.37	5,901.30	6.50	70,615.16	25,805.44	3,212.82	0.57	29,017.69	41,597.48	38,914.93
VEHICLES	358.23	16.61	21.21	353.63	233.18	34.34	21.21	246.31	107.32	125.06
CURRENT YEAR	85,617.78	6,984.10	810.10	91,791.79	29,704.40	3,869.31	66.32	33,507.39	58,284.40	55,913.38
PREVIOUS YEAR	79,752.96	6,355.83	491.00	85,617.78	26,120.82	3,612.68	29.10	29,704.40	55,913.38	

Note :

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹332.99 Lakhs (previous year ₹213.30 Lakhs)

Details of Capital Work in Progress

(₹ in lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Opening Balance	2,799.16	1,413.06
Capitalised	(1,569.47)	(77.58)
Additions during the year	2,007.19	1,463.68
Closing Balance	3,236.88	2,799.16

NOTE NO.2: INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(a) PROCESS DEVELOPMENT (R & D)		
Opening Balance	407.38	555.52
Additions during the year	-	-
Amortisation	(148.14)	(148.14)
Closing Balance	259.24	407.38
(b) COMPUTER SOFTWARE		
Opening Balance	38.21	44.76
Additions during the year	6.73	12.53
Amortisation	(21.89)	(19.08)
Closing Balance	23.06	38.21
Total (a+b)	282.30	445.59

Remaining period of Amortisation of Intangible assets mentioned as follow

Particulars	WDV as on 31 st March, 2019	Remaining period of Amortisation
Process Development (R & D)	259.24	21 Months

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

NOTE NO 3 - NON CURRENT INVESTMENTS

(₹ in Lakhs)

Name of the company	Face Value	No. of Shares/ Units	As at 31 st March, 2019 (₹)	No. of Shares/ Units	As at 31 st March, 2018 (₹)
Investments - (Unquoted) in Equity					
Shares of Subsidiary Companies					
Pinnacle Life Science Pvt Ltd	10/-	7,782,750	648.56	7,782,750	648.56
Investments - (Unquoted) in Equity Shares of Other Companies					
Perfect Enviro Control Systems Ltd.	10/-	240,200	12.57	240,200	10.17
The Shamrao Vitthal Co- op Bank Ltd.	25/-	100	0.03	100	0.14
The Saraswat Co - op Bank Ltd.	10/-	10,100	1.01	10,100	8.47
Tarapur Environment Protection Society	100/-	68,188	111.43	68,188	110.80
Amit Hetrochem (I) Ltd	10/-	291,690	29.17	291,690	29.17
Aarti Biotech Ltd.	10/-	1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	*10000/-	308	1,088.79	308	916.59
TOTAL			1,891.59		1,723.93

*Face Value of 1 share = 10000 RMB

Note No 4: Other Non- Current Assets

(₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Capital Advances	97.45	346.66
MAT Credit Entitlement	730.00	730.00
TOTAL	827.45	1,076.66

Note No 5: Inventories

(₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Raw Materials (incl.In- transit stock)	8,791.36	9,551.68
Packing Materials	101.25	60.48
Work in process	8,239.47	5,894.83
Finished Goods (incl.In- transit stock)	4,749.41	8,999.19
Stores & Spares	845.29	904.02
Stock in Trade	43.97	-
TOTAL	22,770.77	25,410.20

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 6: Trade receivable		(₹ in Lakhs)	
	As at 31 st March, 2019	As at 31 st March, 2018	
Unsecured			
-considered good	43,689.62	36,523.29	
-considered doubtful	41.05	50.87	
	43,730.67	36,574.17	
Less: Provision for Doubtful Debts	41.05	50.87	
TOTAL	43,689.62	36,523.29	

Above balances of trade receivables include balances with related parties (Refer Note No. 29(i))

Note No 7: Cash and Bank Balances		(₹ in Lakhs)	
	As at 31 st March, 2019	As at 31 st March, 2018	
Cash on Hand	16.47	26.56	
Cheques on Hand	318.58	217.75	
Balances with Scheduled Banks :			
- Current Accounts	25.55	22.22	
Deposit Accounts	33.09	26.58	
Cash and cash equivalents	393.68	293.11	
Other Bank Balances			
Earmarked balance - unpaid dividend	91.10	98.17	
TOTAL	484.78	391.27	

Note No 8: Other Financial Assets		(₹ in Lakhs)	
	As at 31 st March, 2019	As at 31 st March, 2018	
Unsecured , Consider good			
Deposits	1,066.14	899.48	
Loans & Advances - Employees & Others	55.50	61.66	
TOTAL	1,121.64	961.13	

Note No 9: Other current assets		(₹ in Lakhs)	
	As at 31 st March, 2019	As at 31 st March, 2018	
Advances recoverable in cash or ' kind or for value to be received	1,713.08	1,120.57	
Insurance claim receivable	655.57	1,021.29	
Balances with Govt.Authority	3,064.86	4,237.60	
TOTAL	5,433.51	6,379.46	

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 10 : Equity Share Capital

(No in Lakhs)

	No. of Shares	As at 31 st March, 2019	No. of Shares	As at 31 st March, 2018
Authorised Share Capital				
Equity shares of ₹ 10/- each	250.00	2,500.00	250.00	2,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	235.82	2,358.21	235.82	2,358.21
		2,358.21		2,358.21

Note No.10.1: Right attached to equity shares

The Company has only one class of equity shares with voting rights having a par value of ₹ 10/- per share. The Company declares and pays dividends in Indian Rupees. Any Interim dividend paid is recognised on the approval by Board of Directors.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

Note No 10.2 : The details of Equity Shares outstanding during last 5 years

No. of Equity Shares outstanding

(No in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2016	As at 31 st March, 2015
Equity Shares at the beginning of the year	235.82	238.57	242.17	242.17	121.09
Issue of Bonus shares	-	-	-	-	121.09
Buyback of Shares	-	(2.75)	(3.60)	-	-
Equity Shares at the end of the year	235.82	235.82	238.57	242.17	242.17

Note No.10.3 : Notes on Issued, Subscribed and Paid up Equity Share Capital

- During the Financial 2017-18, the company has completed buyback of 2,75,000/- equity shares of face value ₹10/- each at a price of ₹875/- per share on 14th March, 2018. The number of shares post buyback stands reduced to 2,35,82,100 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹2,358.21 lakhs.
- During the Financial 2016-17, the company has completed buyback of 3,60,000/- equity shares of face value ₹10/- each at a price of ₹750/- per share on 26th December, 2016. The number of shares post buyback stands reduced to 2,38,57,100 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹2,385.71 lakhs.
- During the Financial 2014-15, 12,108,550 Equity shares of ₹10/- have been allotted as fully paid bonus shares held on record date 25th March, 2015

Note No 10.4 : Details of shareholders holding more than 5% shares

Name of the shareholders	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	2,050,342	8.69	2,020,770	8.57

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 11: Non current Borrowings (₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note no.34a)	18,669.48	17,398.52
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
From Other - Unsecured	-	360.00
TOTAL	19,526.48	18,615.52

Note No.12 Other Financial Liabilities (₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Trade payables of Project	758.61	763.03
Deferred Payment Liability	269.39	364.28
Trade Deposits	16.99	16.99
TOTAL	1,044.98	1,144.30

Note No 13 : Long term provision (₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Income Tax Provision (Net of Advance Tax and TDS)	1,864.26	1,563.65
Provision for Employee benefits	145.34	123.80
TOTAL	2,009.60	1,687.45

Note No 14 : Deferred Tax Liabilities (Net) (₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Recognised in Profit and Loss		
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	8,831.08	8,010.39
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit liability/Assets	17.41	(24.31)
Total	8,848.49	7,986.08

Note No 15: Current Borrowings (₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note No.34b)	16,055.56	17,823.64
Unsecured borrowings	8,578.45	11,800.10
TOTAL	24,634.01	29,623.74

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 16: Trade Payable

(₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Dues Of Micro Enterprises And Small Enterprises	879.60	919.91
Dues Of Creditors Other Than Micro Enterprises And Small Enterprises	21,963.47	23,046.67
TOTAL	22,843.07	23,966.58

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information and records available with the Company, the disclosures required pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED ACT'). The Disclosure pursuant to the said MSMED Act are as follows:

a) Principal Amount Due To Suppliers Registered Under MSMED Act And Remaining Unpaid As At The Year End	879.60	919.91
b) Interest Due Thereon	-	-
c) Interest Paid By The Company In Term Of Section 16	-	-
d) Interest Due And Payable For The Period Of Delay In Payment	-	-
e) Interest Accrued And Remaining Unpaid	-	-
f) Interest Remaining Due And Payable Even In Succeeding Years	-	-

As at March 31, 2019 & March 31, 2018, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

Note No 17 : Short term provision

(₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Provision for Employee benefits	143.23	88.77
TOTAL	143.23	88.77

Note No 18 : Other current liabilities

(₹ in Lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Current Maturity of Long term debts (Refer Note no.34a)	2,890.82	3,461.38
Interest accrued but not due on Loans	56.43	49.85
Unpaid Dividend	91.10	98.17
Payable Duties & Taxes	743.48	80.69
Other Payable for Goods & Expenses	3,333.61	1,504.32
TOTAL	7,115.44	5,194.40

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 19 - Other Operating Income

(₹ in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Dividend	0.11	0.35
Interest Income	126.20	83.75
Miscellaneous income	124.83	33.10
Profit on Sale of Assets	376.55	-
Total	627.68	117.21

Note No 20 - Cost of materials consumed

(₹ in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Raw Material Consumption	89,910.64	71,626.66
Packing Materials	1,425.91	1,389.00
Freight Inward	1,243.81	1,063.40
Clearing & Forwarding	434.06	485.88
Total	93,014.41	74,564.93

Note No 21 - Employee benefits expense

(₹ in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Salaries, Wages and Bonus (Mfg)	3,877.91	3,612.76
Labour Welfare Expenses	140.44	195.86
Salaries and Bonus (HO)	491.27	475.80
Provident Fund Contribution	204.59	218.38
Staff Welfare Expenses	8.39	8.99
Directors' Remuneration	590.92	537.16
Total	5,313.50	5,048.96

Note No 22 - Finance Cost

(₹ in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Interest on Term Loans	1,785.74	1,780.52
Interest on Working Capital	1,867.50	1,376.41
Interest on Others	102.52	143.76
Total	3,755.76	3,300.69

Note No 23 - Depreciation and Amortisation

(₹ in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Depreciation	3,891.20	3,631.76
Amortisation	148.14	148.14
Total	4,039.34	3,779.90

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 24 - Other expenses

(₹ in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Manufacturing Expenses		
Processing Charges	1,387.95	1,116.43
Labour Charges	3,403.76	2,962.46
Insurance Expenses	230.98	89.75
Lease Expenses	366.43	263.31
Power & Fuel	8,054.88	6,743.31
Stores & Spares	1,272.66	1,137.64
Repairs & Maintenance - Building	21.06	105.52
- Plant & Machinery	548.34	427.18
Research & development	397.85	407.72
Water Charges	148.76	142.38
Laboratory Expenses	310.06	301.92
Other Factory Expenses	1,729.70	1,678.81
SubTotal (a)	17,872.43	15,376.43
Office & Administration Expenses		
Books & Periodicals	0.08	0.21
Auditors' Remuneration	7.50	7.61
Conveyance Expenses	35.32	33.87
Legal & Professional Charges	168.00	217.16
Membership & Subscriptions	3.35	6.79
Printing & Stationery	21.00	20.78
Postage, Telegram & Telephone	21.24	20.72
Office Electricity Charges	10.27	11.80
Insurance Charges	27.16	24.96
Repairs & Maintenance - Others	39.27	46.96
Entertainment Expenses	26.07	12.17
Miscellaneous Expenses	40.86	33.76
Vehicle Expenses	10.06	8.40
Travelling Expenses - Directors	9.60	6.78
- Others	26.07	18.83
Directors' Sitting Fees	3.90	4.30
Sub Total (b)	449.74	475.10
Selling & Distribution		
Advertisement & Sales Promotion	139.52	41.11
Freight & Forwarding - Export	1,505.58	1,292.45
Freight & Forwarding - Local	388.39	444.13
Commission Expenses	851.22	742.16
Insurance Expenses	23.91	13.63
Postage & Telegram	16.71	17.78
Other Export Expenses	166.61	143.89
Bad Debts & other written off	25.13	132.68
Sub Total (c)	3,117.07	2,827.84

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Finance Cost		
Bank Charges	344.55	329.00
Sub Total (d)	344.55	329.00
Non Operative Expenses		
Donations	9.50	2.35
CSR Expenditure	207.63	199.83
SubTotal (e)	217.13	202.18
Total (a+b+c+d+e)	22,000.92	19,210.56

25 Earning Per Share:

(₹ in Lakhs, except share data)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Net Profit available for Equity Shareholders	8725.81	7341.05
Total Comprehensive Income	8824.69	7314.03
Number of Equity Shares (Nos.)	23582100	2,35,82,100
Basic & Diluted EPS (after extraordinary items) (₹)	37.42	30.67
Nominal value per share (₹)	10.00	10.00

26 Contingent Liabilities and Commitments:

(₹ in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(i) Contingent Liabilities		
In respect of bank guarantees issued and L/C opened by the Company's bankers	6713.09	4525.99
Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	291.42	289.58
Demand in respect of additional Excise, custom duty, service tax, sales tax fine & disputed in appeal (not acknowledged as debt)	235.62	152.28
Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	164.76	292.41
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	63.38	407.02

27. Disclosure Regarding Scientific Research & Development Expenditure

(₹ in Lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
2018-2019	397.85	332.99
2017-2018	407.72	213.30

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

28. Segment Reporting (Ind- AS 108)

Ind AS 108 establishes standards for the way that company reports information about operating segment and related disclosure about products and geographical areas.

I. BASIS FOR SEGMENTATION

The operations of the Company are limited to one segment i.e Manufacturing of API (Active Pharmaceutical Ingredients). The products being sold under this segment are of similar nature and comprises of pharmaceutical intermediary products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information adjustments, etc.) on a periodic basis.

(₹ in Lakhs)

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Segment Revenue		
a) Out of India	54662.34	42,927.83
b) India	90763.02	73,037.94
Total	145425.36	1,15,965.77*

*Post the applicability of GST with effect from 1st July 2017, Sales are disclosed net of GST. Accordingly, the Gross Sales figures for the year ended 31st March 2018 are not comparable with the sales figures depicted in the results for the previous periods.

29 RELATED PARTY DISCLOSURES As per IND AS 24

A. Name and Relationship of the Related Parties:

- (1) Subsidiary – Wholly owned
Pinnacle Life Science Private Ltd.
- (2) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

• Individuals	
Mr. Chandrakant V. Gogri	Chairman Emeritus
Mr. Rajendra V. Gogri	Non-Executive Director

• Relatives of Individuals	
Mrs. Jaya C. Gogri	Mr. Mirik R Gogri
Mrs. Dhanvanti V.Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

(3) Key Management personnel along with their relatives have significant influence.

• Key Management Personnel	
Mr. Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Mr. Harshit M. Savla	Jt. Managing Director
Mr. Rashesh C. Gogri	Managing Director
Mr. Harit. P. Shah	Whole-time Directors
Mr. Uday M. Patil	Whole-time Directors
Mr. Adhish P. Patil	Chief Financial Officer
Mr Vibhav Ranade (till 27 th March, 2019)	Company Secretary & Compliance Officer
Mr. Rushikesh Deole (w.e.f 23 rd April, 2019)	Company Secretary & Compliance Officer

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

• Relatives of Key Management Personnel	
Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mr. Sameer P. Shah	Mrs. Jayashree H. Shah
Mrs. Arti T. Sankhe	Mrs. Manisha R. Gogri

(4) Enterprise/firms over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Aarti Life Science LLP.
- Alchemie Gases & Chemicals Pvt Ltd.
- Alchemie Laboratories.
- Alchemie Financial Services Ltd.
- Safechem Enterprises Pvt. Ltd.
- Anushakati Enterprise Pvt. Ltd.
- Gogri Finserv Pvt. Ltd.
- Dilesh Roadlines Pvt. Ltd.
- Alchemie Finserv Pvt. Ltd.

Transaction with the Related Parties:

(₹ in Lakhs)

Sr. No.	Particulars	Relationship	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
a)	Sale of Goods			
	Pinnacle Life Science Private Ltd	Subsidiary	3,924.73	3,545.39
	Aarti Industries Ltd	Entities in which some of the directors are interested	3.58	39.75
b)	Sale of Property, Plant & Equipments			
	Aarti Industries Ltd	Entities in which some of the directors are interested	1,110.00	-
c)	Interest Income			
	Pinnacle Life Science Pvt Ltd	Subsidiary	12.05	13.95
d)	Purchase of Goods Traded			
	Pinnacle Life Science Private Ltd	Subsidiary	387.42	-
	Aarti Industries Ltd	Entities in which some of the directors are interested	1,895.22	1,847.41
	Alchemic Laboratories	Entities in which some of the directors are interested	15.6	90.23
e)	Manufacturing Expenses			
	Pinnacle Life Science Private Ltd	Subsidiary	-	34.90
	Aarti Industries Ltd	Entities in which some of the directors are interested	-	89.47
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.24
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	16.51	14.14

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

(₹ in Lakhs)

Sr. No.	Particulars	Relationship	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
f)	Finance Cost			
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	-	8.63
	Alchemie Financial Services Ltd - Interest	Entities in which some of the directors are interested	8.08	50.32
	Prakash M Patil	KMP	25.70	25.70
	Harshit M Savla	KMP	60.00	60.00
g)	Employee Benefit and Office & Administration Expenses			
	Prakash M Patil	Director	153.39	139.77
	Harshit M Savla	Director	142.86	129.24
	Harit P Shah	Director	142.86	129.24
	Uday M Patil	Director	8.95	9.65
	Rashesh C Gogri	Director	142.86	129.24
	Adhish Patil	KMP	48.48	46.31
	Vibhav Ranade	KMP	6.97	5.31
	Vikas Patil	Relative of KMP	17.71	16.24
	Hetal Gogri Gala	Relative of KMP	4.83	14.50
h)	Director Sitting Fees			
	Rajendra V Gogri	Non-Executive Director	0.40	0.30
i)	Closing Balance			
	Balance Receivable			
	Pinnacle Life Science Private Ltd	Subsidiary	1,745.30	1,720.79
	Balance Payable			
	Aarti Life Science LLP	Entities in which some of the directors are interested	65.23	25.25
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	0.33	1.04
	Aarti Industries Ltd	Entities in which some of the directors are interested	447.76	1,000.76
	Alchemie Gases & Chemicals Pvt Ltd. (Loan A/C)	Entities in which some of the directors are interested	-	335.00
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	600.00	600.00

Note: Related Parties are identified by the Management.

30 Additional information pursuant to the provisions of the Companies Act, 2013

a. Licensed capacity installed capacity and production

Class of Goods	* Licensed	Units	Year	Installed	Production	Captive	Net Production
Pharmaceutical	---	MT	2018-19	29,758	22,495.13	4,690.44	17,804.68
		MT	2017-18	25,714	19,261.47	3,924.77	15,336.71

* As license is not required Licensed Capacity not given.

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

b	Purchase of trading items(Net):	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Quantity in Kg	35,10,508.00	19,98,559.00
	Amounts (₹in Lakhs)	3,261.59	2,597.14

c	Value of Raw materials and spares consumed	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Raw Material:		
	Indigenous		
	Percentage %	39.72	39.52
	Amount (₹ In Lakhs)	35,708.18	28,309.69
	Imported		
	Percentage %	60.28	60.48
	Amount (₹ In Lakhs)	54,202.46	43,316.97
	Stores and spares		
	Indigenous		
	Percentage %	100.00	100.00
	Amount (₹ In Lakhs)	1,272.65	1,137.63

(₹in Lakhs)

d.	C.I.F Value of Imports	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Raw Material	52,042.43	41,778.18
	Capital Goods	327.64	218.07

(₹in Lakhs)

e	Expenditure in Foreign Currency	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Commission	521.85	419.38
	Travelling Expenses	29.74	21.40
	Sales Promotion	26.05	25.07
	Foreign Bank Charges	81.35	64.03
	Interest on F.C. Loan	800.16	273.42
	Others	53.67	75.00

(₹in Lakhs)

f	Earnings in Foreign Exchange	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	F.O.B. Value of Exports	50,222.01	38,070.86

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

31. FAIR VALUE MEASUREMENTS: Financial Instrument by Category

(₹ in lakhs)

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Asset						
At Amortised Cost						
Trade Receivables	43,689.62	-	-	36,523.29	-	-
Cash & Cash Equivalent	393.68	-	-	293.11	-	-
Bank Balance Other than Cash and Cash Equivalents	91.10			98.17		
Other Financial Assets	1121.63	-	-	961.13	-	-
At FVTOCI						
Investment		-	1891.59			1723.93
Financial Liabilities						
At Amortised Cost						
Borrowings	47,051.31	-	-	51,700.64	-	-
Trade Payables	22,843.07	-	-	23,966.58	-	-
Other Financial Liabilities	1044.98	-	-	1144.30	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements are described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observed for the asset or liability, either directly or indirectly.

32 CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities

(₹ in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Gross Debts	47,051.31	51,700.64
Less: Cash and Cash Equivalents	393.68	293.10
Net Debt (A)	46,657.63	51,407.53
Total Equity (B)	51,857.64	43,317.24
Net Gearing Ratio (A/B)	0.91	1.19

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

33 FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

I. Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and mutual funds, foreign exchange transactions and other financial instruments.

Credit risk management.

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy. The requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated. Bank balances are held with banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt, and overdraft from banks at an optimized cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

Liquidity Risk Management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2019

Maturities of non-derivative financial liabilities

(₹in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	22,843.07	-	-	22,843.07
Other financial liabilities	853.50	191.48	-	1,044.98
Total	23,696.57	191.48	-	23,888.05

As at 31st March 2018

Maturities of non-derivative financial liabilities

(₹in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	23,966.58	-	-	23,966.58
Other financial liabilities	857.92	286.38	-	1,144.30
Total	23,108.66	286.38	-	25110.88

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

III. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices– will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars. Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged By forward Contract.

34. a. Securities for loans taken from Banks:

(₹ Lakhs)

Bank Name	As at 31 st March, 2019	As at 31 st March, 2018	Installment Due for	
			F.Y.2019-20	Subsequent Years
Kotak Mahinda Bank Ltd	-	1203.06	-	-
The Shamrao Vithal Co op Bank Limited	13910.30	11331.83	1990.82	11919.48
Bank Of Baroda	7649.99	8324.99	900.00	6774.99

Note:

- (i) Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3, E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B) & T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904 , 211,213 , 2601,2602,2603, 2520,2522 and 3325.
 - (ii) Loan from Kotak Mahindra bank and The Shamrao Vithal Co-op Bank Ltd is also secured by second charge on current assets of the company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹ 16,055.56 lakhs (Previous Year ₹ 17,829.64) are secured by hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets. both present and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3,E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B) & T-150 and MIDC Turbhe Plot No. D-277 & D-278. GIDC, Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, 211,213, 2601,2602,2603, 2520,2522 and 3325.
35. The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2019, the company had hedge in aggregate an amount of ₹19,299.93/-Lakhs (previous year ₹39,531.06/-Lakhs) out of its annual trade related operations (export& import) aggregating to ₹1,02,264.44/-Lakhs (previous year 79,849.04/-Lakhs) after considering natural hedge.

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

36. Sales /Income from Operation include export benefits amounting to ₹ 1783.30/-Lakhs (As at 31st March 2018 ₹1409.43/-Lakhs)

37. Directors Remuneration:

(₹ In Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Salary to Managing Directors and whole time Directors	174.57	175.02
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	34.62	34.24
Commission payable to Directors	337.40	283.80
Contribution to Provident Fund	1.08	1.08
Superannuation fund scheme	43.25	43.01
Total Remuneration	590.92	537.15

38. Auditors' remuneration includes

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Statutory Audit	7.50	6.58
Other Audit Services	0.00	0.90
Certification	0.00	0.13
Total	7.50	7.61

39. Reconciliation of Tax Expense and the Accounting Profit multiplied by India's domestic tax rate.

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Accounting profit before income taxes	12762.38	11221.05
Enacted tax rate in India (%)	34.944	34.608
Computed expected tax (benefit)/expenses	4459.69	3883.38
Timing difference in depreciable assets	(494.17)	(496.47)
Weighted deduction allowed for research and development expenditure	(186.97)	(145.21)
Other Non-deductible expenses for tax purpose	76.57	70.74
Other deductible Items for tax purpose	(663.55)	(297.45)
Deferred Tax not recognised (net)	845.00	865.00
Income tax expense reported in the statement of profit and loss	4036.57	3880.00
Effective Income Tax Rate	31.68	34.58

40. Employee Benefits:

a) Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance of India and Aditya Birla Sun Life Insurance Company Ltd is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(₹ in Lakhs)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Defined Benefit Obligation at beginning of the Year	1021.01	938.53
Current/Past Service Cost	57.13	109.97
Interest Cost	80.15	68.89
Actuarial(gain)/ loss	47.31	(60.81)
Benefits Paid	(47.77)	(35.57)
Defined Benefit Obligation at year end	1157.83	1021.01
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	954.11	792.87
Expected return of plan assets	(4.06)	5.86
Interest Income	74.90	58.20
Actuarial gain/ (loss)	0.00	0.00
Employer Contribution	67.02	132.75
Benefits Paid	(47.77)	(35.57)
Fair value of plan assets at year end	1044.91	954.11
Actual return on plan assets	(4.06)	5.86
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	1044.91	954.11
Present value of obligation	(1157.83)	(1021.01)
Amount Recognized	(113.63)	(66.90)
d. Expenses recognized during the year		
Current/Past Service cost	57.13	109.97
Interest cost	5.25	10.69
Expected return on plan assets	0.00	0.00
Actuarial(gain)/ loss	51.37	(66.66)
Net Cost	5.25	10.69
L.I.C Group Gratuity (Cash Accumulation) Policy, and Aditya Birla Sun Life Insurance Company Ltd. Group Gratuity Policy	89.28% Invested with L.I.C. & 10.72% ABSLCL	91.34% Invested with L.I.C. & 8.66% ABSLCL.
e. Actuarial assumptions		
Mortality Table(L.I.C.)	-	-
	2006-08	2006-08
	(Ultimate)	(Ultimate)
Discount rate (per annum)	7.79%	7.85%
Expected rate of return on plan assets (per annum)	7.79%	7.85%
Rate of escalation of in Salary (per annum)	4.50%	4.50%
The estimate of rate of escalation in salary considered in Actuarial valuation, take into account inflation, seniority, promotion, other relevant factors' including supply and Demand in the employment market. The above information is certified by the actuary		

b) Leave Encashment :

Leave Encashment liability amounting to ₹174.93 Lakhs previous year (₹145.56 Lakhs) has been provided in the Accounts

41. As per Sec 135 of the Companies Act 2013, details of amount to be spent on Corporate Social Responsibility are as below. Gross amount to be spent on the CSR activity during the year is ₹208.55 Lakhs. During the year company spent ₹207.63 Lakhs (previous year ₹199.63 Lakhs).

42. Disclosure for operating leases under Ind AS 17 - "Leases":

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2019

During the year company had entered in to lease transaction covering Lease term of 5 years. The Lease Transaction is covered as Operating Lease as per the Ind AS 17 , and all lease payments are recognized as an expense in profit and loss account on straight line basis. Disclosures as per Ind AS 17 , Lease Accounting are as below.

- **Total future minimum lease payments under non-cancellable operating lease for following periods.**

(₹in Lakhs)

Total future minimum lease payments under non-cancellable operating lease for following periods	Amount
Not Later than 1 year	483.45
Later than 1 year and not later than 5 years	1019.07
Later than 5 years	-

43. Proposed Dividend:

Board of directors in its meeting held on 15th May, 2019, recommended a final dividend of ₹1 /- per equity share for the financial year ended March 31, 2019. The recommendation is subject to the approval of the shareholders at forthcoming Annual General Meeting and if approved, would result in a cash outflow of approximately ₹284.29 (in lakhs) including corporate dividend tax.

- 44. Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary
& Compliance Officer)

INDEPENDENT AUDITOR'S REPORT

To the Members of
Aarti Drugs Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Aarti Drugs Limited ("the Holding Company") and its one subsidiary (the Holding Company and its subsidiaries together referred as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019, and Consolidated Profit and Consolidated Total Comprehensive Income, Consolidated

Changes in Equity and its Consolidated Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

Sr. No.	Key Audit Matter	Auditor's Response (Audit Procedures followed)
1	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipments.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipments.</p> <p>Further, due to technical complexities management is required to assess and make estimates/judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> a) We assessed the Group's process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment as per the Ind AS 16. b) We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. c) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment. d) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. e) We have reviewed management judgement pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013. f) We have carried out physical verification to verify the year-end balance of Property, Plant and Equipment. g) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.

Sr. No.	Key Audit Matter	Auditor's Response (Audit Procedures followed)
2	<p>Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2.</p> <p>Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>a) We assessed the Group's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2.</p> <p>b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</p> <p>c) We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory.</p> <p>d) We have carried out physical verification of Inventory to verify the balance of the inventory at the year end.</p> <p>e) We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Board's Report including Annexures to Board's Report thereon, Directors Report, Management and Discussion Analysis, but does not include Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this information, we required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and accounting principles

generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As a part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company and its Subsidiary Companies which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually, or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materially and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit financial statements/information of only subsidiary whose financial statements/financial information reflect total assets of Rs. 11,020.33 Lakhs as at March 31, 2019, total revenue from operations of Rs. 14,980.88 Lakhs for the year ended March 31, 2019, respectively considered in the Consolidated Financial Statements. These financial statements/ financial information have been audited by other auditor whose report has been furnished to us and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of its subsidiary is based solely on the report of the other auditor.

The comparative financial information of the Group for the year ended March 31, 2018 has been audited by the predecessor auditor M/s GBCA & Associates, Chartered Accountants, who had audited the Consolidated Financial Statements for the relevant period. The report dated May 16,

2018 of the predecessor auditor on the comparative financial information has expressed an unmodified Opinion.

Our Opinion on the Consolidated Financial Statements and our Report on Legal and Regulatory Requirements below, is not modified in respect of these matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information provided by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the Statutory Auditors of its subsidiary companies incorporated in India, none of the directors of the Group incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our reports expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its Consolidated Financial Statements – Refer Note 26 to the Consolidated Financial Statements;
 - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 35 to the Consolidated Financial Statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group except following:
 - a) two times delay (maximum seven days) in crediting unpaid dividend amount to Investor Education and Protection Fund.
 - b) Shares in respect of which dividend was unpaid/unclaimed to be transferred to Investor Education Protection Fund have not been transferred to the same during the year.

**For Kirtane & Pandit LLP,
Chartered Accountants
Firm's Registration No. 105215W/W100057**

**Sd/-
Milind Bhave
Partner
M. No. 047973**

**Place: Mumbai.
Date: May 15, 2019**

Annexure A to the Auditor's Report – March 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aarti Drugs Limited (the Company and its subsidiaries, together referred as "the Group") as of March 31, 2019 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No. 105215W/ W100057**

**Sd/-
Milind Bhawe
Partner
M. No. 047973**

**Place: Mumbai.
Date: May 15, 2019**

CONSOLIDATED BALANCE SHEET

as at 31st March, 2019

(₹ in Lakhs)

Particulars	Notes	As at 31 st March, 2019	As at 31 st March, 2018
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	62,195.28	59,785.87
Capital work - in - progress	1	3,274.87	2,844.60
Intangible assets	2	291.15	453.44
Financial Assets			
Investments	3	1,243.52	1,075.86
Other Non- Current Assets	4	852.77	1,094.95
Total Non- Current Assets		67,857.59	65,254.72
Current Assets			
Current Investment			
Inventories	5	24,661.28	27,820.86
Financial Assets			
(i) Trade receivable	6	45,854.41	37,494.25
(ii) Cash and Bank Balances	7	555.45	427.45
(iii) Other Financial Assets	8	954.74	976.67
Other current assets	9	6,403.00	6,967.19
Total Current Assets		78,428.87	73,686.42
TOTAL		146,286.46	138,941.14
EQUITIES AND LIABILITIES			
EQUITY			
Share Capital	10	2,358.21	2,358.21
Other Equity		51,986.39	43,184.56
Total Equity		54,344.60	45,542.77
LIABILITIES			
Non current liabilities			
Financial Liabilities			
(i) Borrowings	11	20,820.80	20,269.68
(ii) Other financial liability	12	1,072.07	1,181.09
provisions	13	1,969.81	1,687.45
Deferred tax liability (Net)	14	8,980.93	8,092.41
Total of Non current liabilities		32,843.62	31,230.63
Current liabilities			
Financial Liabilities			
(i) Borrowings	15	26,324.58	30,564.21
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		1,261.89	1,226.92
Dues of creditors other than micro enterprises and small enterprises		23,001.60	24,645.81
Provisions	17	216.19	88.77
Other current liabilities	18	8,293.97	5,642.03
TOTAL		59,098.24	62,167.74
TOTAL		146,286.46	138,941.14
Summary of significant Accounting Policies and Other Explanatory Information	26-36		

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhawe)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary & Compliance Officer)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	Note No	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Description			
I Revenue from Operations		156,094.10	126,256.88
II Other Income	19	617.60	104.93
III Total Revenue (I + II)		156,711.69	126,361.81
IV Expenses :			
(a) Cost of materials consumed	20	99,890.45	79,777.12
(b) Purchase of stock-in-trade		4,424.72	3,975.63
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		1,682.45	(5,487.06)
(d) Excise Duty		-	1,894.00
(e) Employee Benefits Expense	21	6,092.08	5,793.65
(f) Finance cost (Interest)	22	3,995.83	3,496.13
(g) Depreciation and Amortisation Expense	23	4,256.23	4,006.30
(h) Other Expenses	24	23,267.60	20,455.73
Total Expenses (IV)		143,609.36	113,911.49
V Profit before exceptional items and tax (III - IV)		13,102.33	12,450.32
VI Exceptional Items		-	-
VII Profit before tax (V - VI)		13,102.33	12,450.32
VIII Tax Expenses :	32		
Provision for Taxation - Current Year		3,372.11	3,279.93
- MAT credit entitlement		(7.61)	-
- Earlier Year		(108.43)	-
Provision for Deferred Tax		871.11	939.72
Total tax expenses (VIII)		4,127.19	4,219.65
IX Profit/(Loss) for the period from continuing operations(VII - VIII)		8,975.15	8,230.67
X Profit / (Loss) form discontinuing operations		-	-
XI Tax expenses of discontinuing operations		-	-
XII Profit / (Loss) from discontinuing operations (X - XI)		-	-
XIII Profit / (Loss) for the period (IX - XII)		8,975.15	8,230.67
Other comprehensive Income			
Item that will not to be reclassified to statement of Profit and Loss			
Fair value changes on Investments,net		132.79	(93.69)
Remeasurement of defined benefit liability/Assets,net		(33.90)	66.66
XIV Total Other Comprehensive Income,net		98.88	(27.02)
XV Total Comprehensive Income for the period (XIII+XIV)		9,074.03	8,203.65
Earnings per Equity Shares (EPS) (In ₹)	25		
Basic/Diluted		38.48	34.41
Summary of significant Accounting Policies and Other Explanatory Information	26-36		

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary & Compliance Officer)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2019

A. EQUITY SHARE CAPITAL

Particulars	Amt(₹)
As at 1st April ,2017	2,421.71
Changes in equity share capital during the year 2017-18	(36.00)
As at 31st March,2018	2,358.21
Changes in equity share capital during the year 2018-19	-
As at 31st March,2019	2,358.21

B. OTHER EQUITY

(₹ In Lakhs)

Particulars	Other Equity				Other Comprehensive Income	Total Other Equity
	Reserve and Surplus					
	Capital Reservec	Capital Redemption Reserve	General Reserve	Retained Earnings		
As at 1st April,2017	628.27	246.27	2,440.02	33,771.05	541.90	37,627.50
Profit for the Period	-	-	-	8,230.67	-	8,230.67
Dividend Paid	-	-	-	(238.57)	-	(238.57)
Tax on Dividend	-	-	-	(48.57)	-	(48.57)
Buyback of shars	-	27.50	(2,406.25)	-	-	(2,378.75)
Other Adjustments	-	-	-	19.30	-	19.30
Remeasurement of defined benefit liability/Asset ,net	-	-	-	-	66.66	66.66
Fair value changes on Investments, net	-	-	-	-	(93.69)	(93.69)
Balance as at 31st March,2018	628.27	273.77	33.77	41,733.87	514.88	43,184.56
Transfer to Other Reserve from Retain Earning	-	-	870.00	(870.00)	-	-
Profit for the Period	-	-	-	8,975.15	-	8,975.15
Dividend Paid	-	-	-	(235.82)	-	(235.82)
Tax on Dividend	-	-	-	(48.47)	-	(48.47)
Remeasurment of defined benefit liabiliy/Assets'net	-	-	-	-	(33.90)	(33.90)
Fair value change on Investment;net	-	-	-	-	132.79	132.79
other adjustments	-	-	-	12.10	-	12.10
Balance as at 31st March,2019	628.27	273.77	903.77	49,566.83	613.76	51,986.39

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

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Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savia

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary & Compliance Officer)

CONSOLIDATED CASH FLOW STATEMENT

as at 31st March, 2019

(₹ In Lakhs)

Sr. No	Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	13,102.33	12,450.32
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	4,256.23	4,006.30
	Provision for Bad & doubtful Debts/ Bad debts	25.13	132.68
	Unrealised Foreign Exchange (Gain)/Loss (Net)	(240.13)	(89.65)
	Re- measurement losses on employee defined benefit plans	(51.37)	66.66
	Interest Paid	3,995.83	3,496.13
	Interest Received	(140.13)	(99.29)
	Dividend Received	(0.11)	(0.43)
	Profit on Sale of Assets	(376.55)	-
	Operating Profit before Working Capital Charges	20,571.24	19,962.72
	Trade & Other Receivable	(6,271.90)	(8,076.96)
	Changes in Inventories	3,171.68	(6,838.13)
	Trade & Other Payable	(197.42)	4,396.00
	Cash generated from operation	17,273.60	9,443.62
	Direct Taxes Paid	(2,964.45)	(2,467.01)
	Net Cash Flow from Operating Activities	14,309.15	6,976.61
B.	Cash Flow from Investing Activities		
	Purchase of Fixed Assets / Capital Work in Progress/ Advances	(7,427.35)	(7,453.28)
	Sale of Fixed Assets	1,120.07	-
	Dividend Received	0.11	0.43
	Interest Received	140.13	99.29
	Net Cash Flow from Investing Activities	(6,167.05)	(7,353.56)
C.	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	335.57	488.01
	Proceeds from Unsecured Loans & from Scheduled Bank	(4,055.41)	6,097.78
	Buy Back of shares	-	(2,406.25)
	Dividend Paid	(242.89)	(243.20)
	Dividend Tax Paid	(48.47)	(48.57)
	Interest Paid	(3,995.83)	(3,496.13)
	Net Cash Flow from Financing Activities	(8,007.03)	391.65
	Net Increase in Cash and Cash Equivalents (A+B+C)	135.07	14.70
	Opening Cash and Cash Equivalents	329.28	314.58
	Closing Cash and Cash Equivalents	464.35	329.28

Notes:

- (i) Figures in brackets indicate outflows
 - (ii) Cash and cash equivalent is cash and bank balance as per balance sheet
 - (iii) Fixed Deposits with bank amounting to ₹ 73.65 lakhs (previous year ₹ 45.12 lakhs) under lien are considered as cash and cash equivalents.
 - (iv) Previous year figures have been regrouped / rearranged to confirm to the current year's presentation wherever necessary.
-

**AS PER OUR REPORT OF EVEN DATE
For M/s. Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057**

**Sd/-
(CA Milind Bhave)
PARTNER
M. No.047973**

**PLACE : MUMBAI
DATE: 15th May, 2019**

For and on Behalf of the Board of Directors

**Sd/-
Prakash M. Patil
(Chairman, Managing Director & CEO)
DIN : 00005618**

**Sd/-
Adhish P. Patil
(Chief Financial Officer)**

**Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN : 00005340**

**Sd/-
CS Rushikesh V. Deole
(Company Secretary
& Compliance Officer)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Corporate Information:

Aarti Drugs Limited (“the Group”) is a public limited group incorporated and domiciled in India. Its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. The registered office of group is located at Plot No N-198, M.I.D.C, Tarapur, Village-Pamtermbhi, Dist. Palghar, Maharashtra - 401506 and is incorporated under the provisions of the Companies Act applicable in India.

Consolidated Financial Statements include the parent group, Aarti Drugs Limited and the following subsidiary company:

Name of the Subsidiary	Proportion of Ownership Interest (%)
Pinnacle Life Science Private Ltd.	100 % (Previous Year 100%)

The group is primarily involved in Manufacturing and Marketing of Active Pharmaceutical Ingredients (API), Pharma Intermediate, Specialty Chemicals and Formulations (Finished Dosage Forms). The group caters to both domestic and International markets.

The financial statements have been authorised for issue by the Board of Directors at their meeting held on May 15, 2019.

Note: 1 Significant Accounting Policies and Accounting Estimates and Judgments

1) Basis of preparation:

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act.

Classification of Assets and Liabilities:

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non - current classification of assets and liabilities.

The Statement of Cashflows have been prepared under Indirect Method.

The financial statements are presented in Indian Rupees which is the functional currency of the company and all values are rounded to the nearest lakhs, except when otherwise indicated.

Use of estimates and Judgements:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, Judgement & Assumptions. These estimates, judgements & assumption affect the application of accounting policies and the reported amounts of assets & liabilities, the disclosures of contingent assets & liability at the date of the financial statement & reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2) Basis of consolidation:

These consolidated financial statements comprise the financial statement of the company and its only wholly owned subsidiary. The financial statements of the group and its wholly owned subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-company balances, intra-company transactions and unrealized profits resulting there from and are presented to the extent possible, in the same manner as the group’s independent financial statements. The statement of profit and loss and each component of other comprehensive income are attributed to the equity holders of the group.

3) Revenue recognition:

Ind AS 115 is effective from 1st April 2018 and it replaces Ind AS 18. It applies, with limited exceptions,

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Revenue from contract with customer

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

- (i) Sale of goods: Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.
- (ii) Interest Income: Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (iii) Dividend income: Revenue is recognized when the group's right to receive the payment is established, which is generally when shareholders approve the dividend.

- (iv) Export benefits: Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

4) Property, plant and equipment:

All items of property, plant and equipment other than Leasehold Land are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes Taxes eligible for credit / setoff.

When significant parts of plant and equipment are required to be replaced at intervals, the same is depreciated separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Capital expenditure on property, plant and equipment for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence

Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the group and the cost of the assets can be measured reliably.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Intangible assets are stated at cost or acquisition less accumulated amortisation and impairment loss, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The amortisation period and the amortization method for an intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets is derecognised.

Research and Development:

Revenue expenditure on Research and Development is recognized as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of fixed assets and depreciation is provided on the same basis as for other fixed assets.

Depreciation:

Depreciable amount of all items of property, plant and equipment other than Land is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and

adjusted prospectively; if appropriate an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

5) Inventories:

Raw materials, packing materials, store & spares , Traded goods and Work in progress are valued at cost. The cost of Raw materials, packing materials, store & spares and traded goods includes all cost of purchase, duties and taxes (other than those subsequently recoverable from the tax authorities) and all other cost incurred in bringing the inventory to its present location and conditions. Cost is arrived on moving stock on FIFO basis.

Finished goods are valued at lower of cost and net realizable value. The cost of finished goods and Work in progress have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating capacity and other related cost incurred in bringing the inventories to their present condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Slow and non-moving material, obsolesces, defective inventory are fully provided for and valued at net realisable value.

Goods and material in transits are valued at cost incurred upto to the date of balance sheet

6) Retirement and other employee benefits:

Provident fund:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Gratuity Obligations:

The Company operates a defined benefit gratuity plan

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Other Benefit Plan

Leave Encashment Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of leave encashment becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary.

7) Foreign Currency Transactions:

Transaction denominated in foreign currencies is recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary item denominated in foreign currency at the year end are translated at year end rates. Non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of forward contracts is dealt with in the Profit and Loss Account proportionately over the period of contracts. The exchange differences arising on settlement/translation are dealt with in the Statement of Profit and Loss.

8) Operating Lease:

Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

9) Income Taxes:

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax:

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Minimum Alternate Tax (MAT):

MAT credit is recognized as an asset only when and to the extent it is reasonably certain that the group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

10) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of cost of the asset. All other borrowing costs are expensed in the period in which they occur.

11) Provisions and Contingent Liabilities:

Provisions:

Provisions for legal claims, chargeback and sales returns are recognized when the group has a present legal or constructive obligation as a result of past events, it is Probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingencies:

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

12) Amendments Issued, But not effective Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 30, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2019.

Ind AS 116 "Leases"

Ind AS116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019 however the Company is in the process of evaluating the impact on the Financial Statements under the new standard.

Ind AS 12 "Income taxes" (Amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 19 "Employee Benefits" (Plan Amendment, Curtailment or Settlement)

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the

period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 "Borrowing Costs"

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an Company borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

NOTE NO. 1- PROPERTY, PLANT AND EQUIPMENTS

(₹ in lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1 st April, 2018	Addition	Deduction	As on 31 st March, 2019	As on 1 st April, 2018	Addition	Deduction	As on 31 st March, 2019	As on 31 st March, 2019	As on 31 st March, 2018
TANGIBLES ASSETS										
BUILDING	16,903.34	1,159.10	367.79	17,694.65	3,307.33	575.97	44.54	3,838.76	13,855.89	13,596.01
FURNITURE	887.47	37.92	-	925.39	489.97	84.75	-	574.73	350.66	397.50
LAND	4,780.26	-	414.60	4,365.65	-	-	-	-	4,365.65	4,780.26
OFFICE EQUIPMENTS	907.30	51.84	-	959.15	345.02	92.71	-	437.73	521.41	562.28
PLANT & MACHINERY	66,456.87	5,968.12	6.50	72,418.49	26,132.61	3,292.56	0.57	29,424.59	42,993.89	40,324.26
VEHICLES	358.82	16.61	21.21	354.22	233.26	34.41	21.21	246.46	107.76	125.56
CURRENT YEAR	90,294.06	7,233.59	810.10	96,717.55	30,508.19	4,080.40	66.32	34,522.27	62,195.28	59,785.87
PREVIOUS YEAR	84,204.79	6,592.63	503.35	90,294.06	26,703.58	3,833.71	29.10	30,508.19	59,785.87	

Note :

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹332.99 Lakhs (previous year ₹213.30 Lakhs)

Details of Capital Work in Progress

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Opening Balance	2,844.60	1,427.77
Capitalised	(1,576.92)	(77.58)
Additions during the year	2,007.19	1,494.41
Closing Balance	3,274.87	2,844.60

NOTE NO.2: INTANGIBLE ASSETS

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
(a) PROCESS DEVELOPMENT (R & D)		
Opening Balance	407.38	555.52
Additions during the year	-	-
Amortisation	(148.14)	(148.14)
Closing Balance	259.24	407.38
(b) COMPUTER SOFTWARE		
Opening Balance	46.05	52.64
Additions during the year	13.54	17.86
Amortisation	(27.69)	(24.45)
Closing Balance	31.91	46.05
Total (a+b)	291.15	453.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Remaining period of Amortisation of Intangible assets mentioned as follow

	WDV as on 31 st March, 2019	Remaining period of Amortisation
Process Development (R & D)	259.24	21 Months

NOTE NO 2 - NON CURRENT INVESTMENTS

Name of the company	face Value	No. of Shares/ Units	As at 31 st March, 2019 (₹)	No. of Shares/ Units	As at 31 st March, 2018 (₹)
Investments - (Unquoted) in Equity Shares of Other Companies					
Perfect Enviro Control Systems Ltd.	10/-	2,40,200	12.57	2,40,200	10.17
The Shamrao Vitthal Co- op Bank Ltd.	25/-	100	0.03	100	0.14
The Saraswat Co - op Bank Ltd.	10/-	10,100	1.01	10,100	8.47
Shivalik Solid Waste Management Ltd	10/-	2,500	0.50	2,500	0.50
Tarapur Environment Protection Society	100/-	68,188	111.43	68,188	110.80
Amit Hetrochem (I) Ltd	10/-	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Ltd.	10/-	1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	*10000/-	308	1,088.79	308	916.59
TOTAL			1,243.52		1,075.86

*Face Value of 1 share = 10000 RMB

Note No 4: Other Non- Current Assets

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Capital Advances	115.16	364.95
MAT Credit Entitlement	737.61	730.00
TOTAL	852.77	1,094.95

Note No 5: Inventories

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Raw Materials (incl.In- transit stock)	9,449.06	10,819.87
Packing Materials	431.37	522.94
Work in process	8,801.72	6,414.13
Finished Goods (incl.In- transit stock)	5,089.86	9,159.90
Stores & Spares	845.29	904.02
Stock in Trade	43.97	-
TOTAL	24,661.28	27,820.86

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 6 : Trade receivable

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Unsecured		
- considered good	45,854.41	37,494.25
- considered doubtful	41.05	50.87
	45,895.46	37,545.13
Less: Provision for Doubtful Debts	41.05	50.87
TOTAL	45,854.41	37,494.25

Above balances of trade receivables include balances with related parties (Refer Note No. 29(h))

Note No 7 : Cash and Bank Balances

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Cash on Hand	26.21	41.51
Cheques on Hand	318.58	219.85
Balances with Scheduled Banks :		
- Current Accounts	45.92	22.80
- Deposit Accounts	73.65	45.12
Cash and cash equivalents	464.35	329.28
Other Bank Balances		
Earmarked balance - unpaid dividend	91.10	98.17
TOTAL	555.45	427.45

Note No 8: Other Financial Assets

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Unsecured , Consider good		
Deposit	892.25	912.63
Advances and loans - Staff & workers	62.49	64.05
TOTAL	954.74	976.67

Note No 9: Other current assets

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Advances recoverable in cash or ' kind or for value to be received	1,822.47	1,218.78
Insurance claim receivable	655.57	1,021.29
Balances with Statutory/ Govt. Authority	3,924.96	4,727.12
TOTAL	6,403.00	6,967.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 10 : Equity Share Capital

(No. of lakhs)

	No. of Shares	As at 31 st March, 2019	No. of Shares	As at 31 st March, 2018
Authorised Share Capital				
Equity shares of ₹ 10/- each	250.00	2,500.00	250.00	2,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	235.82	2,358.21	235.82	2,358.21
		2,358.21		2,358.21

Note No.10.1: Right attached to equity shares

The Company has only one class of equity shares with voting rights having a par value of ₹ 10/- per share. The Company declares and pays dividends in Indian Rupees. Any Interim dividend paid is recognised on the approval by Board of Directors.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

Note No 10.2 : The details of Equity Shares outstanding during last 5 years

No. of Equity Shares outstanding

(No. in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2016	As at 31 st March, 2015
Equity Shares at the beginning of the year	235.82	238.57	242.17	242.17	121.09
Issue of Bonus shares	-	-	-	-	121.09
Buyback of Shares	-	(2.75)	(3.60)	-	-
Equity Shares at the end of the year	235.82	235.82	238.57	242.17	242.17

Note No.10.3 : Notes on Issued, Subscribed and Paid up Equity Share Capital

- During the Financial 2017-18 , the company has completed buyback of 2,75,000/- equity shares of face value ₹10/- each at a price of ₹875/- per share on 14th March,2018.the number of shares post buyback stands reduced to 2,35,82,100 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹2,358.21 lakhs.
- During the Financial 2016-17 , the company has completed buyback of 3,60,000/- equity shares of face value ₹10/- each at a price of ₹750/- per share on 26th December,2016.the number of shares post buyback stands reduced to 2,38,57,100 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹2,385.71 lakhs.
- During the Financial 2014-15 , 12,108,550 Equity shares of ₹10/- have been allotted as fully paid bonus shares held on record date 25th March, 2015

Note No 10.4 : Details of shareholders holding more than 5% shares

Name of the shareholders	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	20,50,342	8.69	20,20,770	8.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 11: Non current Borrowings

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note no.34a)	19,963.80	19,052.68
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
From Other - Unsecured	-	360.00
TOTAL	20,820.80	20,269.68

Note No 12 : Other Financial Liability

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Trade payables of Project	785.70	799.82
Deferred Payment Liability	269.39	364.28
Trade Deposits	16.99	16.99
TOTAL	1,072.07	1,181.09

Note No 13 : Long Term Provision

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Income Tax Provision (Net of Advance Tax and TDS)	1,824.47	1,563.65
Provision for Employee benefits	145.34	123.80
TOTAL	1,969.81	1,687.45

Note No 14 : Deferred Tax Liabilities (Net)

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Recognised in Profit and Loss		
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	8,963.52	8,116.72
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit liability/Assets	17.41	(24.31)
Total	8,980.93	8,092.41

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 15 : Short term Borrowings

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note no.34b)	17,746.13	18,764.11
Unsecured borrowings	8,578.45	11,800.10
TOTAL	26,324.58	30,564.21

Note No 16: Trade Payable

	As at 31 st March, 2019	As at 31 st March, 2018
Dues Of Micro Enterprises And Small Enterprises	1,261.89	1,226.92
Dues Of Creditors Other Than Micro Enterprises And Small Enterprises	23,001.60	24,645.81
TOTAL	24,263.49	25,872.73

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information and records available with the Company, the disclosures required pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED ACT'). The Disclosure pursuant to the said MSMED Act are as follows:

a) Principal Amount Due To Suppliers Registered Under MSMED Act And Remaining Unpaid As At The Year End	1,261.89	1,226.92
b) Interest Due Thereon	-	-
c) Interest Paid By The Company In Term Of Section 16	-	-
d) Interest Due And Payable For The Period Of Delay In Payment	-	-
e) Interest Accrued And Remaining Unpaid	-	-
f) Interest Remaining Due And Payable Even In Succeeding Years	-	-

As at March 31, 2019 & March 31, 2018, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

Note No 17 : Short term provision

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Provision for Employee benefits	216.19	88.77
TOTAL	216.19	88.77

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 18 : Other current liabilities

(₹ in lakhs)

	As at 31 st March, 2019	As at 31 st March, 2018
Current Maturity of Loan Term Debts (Refer Note no.34a)	3,575.82	3,791.38
Interest accrued but not due on Loans	56.43	49.85
Unpaid Dividend	91.10	98.17
Other Payable - Duties & Taxes	748.95	86.67
Other Payable for Goods & Expenses	3,821.67	1,615.97
TOTAL	8,293.97	5,642.03

Note No 19 - Other Operating Income

(₹ in lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Dividend	0.19	0.43
Interest	116.03	71.40
Miscellaneous Income	124.83	33.10
Profit on sale of Assets	376.55	-
Total	617.60	104.93

Note No 20 - Cost of materials consumed

(₹ in lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Raw Material Consumption	95,246.44	75,283.34
Packing Materials	2,959.45	2,932.79
Freight Inward	1,250.50	1,075.11
Clearing & Forwarding	434.06	485.88
Total	99,890.45	79,777.12

Note No 21 - Employee benefits expense

(₹ in lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Salaries, Wages and Bonus (Mfg)	4,446.44	4,155.50
Labour Welfare Expenses	140.44	195.86
Salaries and Bonus (Admin)	641.30	621.24
Provident Fund Contribution	204.59	218.38
Staff Welfare Expenses	22.42	23.17
Directors' Remuneration	636.91	579.50
Total	6,092.08	5,793.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

Note No 22 - Finance Cost

(₹ in lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Interest on Term Loans	1,955.95	1,928.00
Interest on Working Capital	1,934.17	1,423.58
Interest on Others	105.71	144.56
Total	3,995.83	3,496.13

Note No 23 - Depreciation and Amortisation

(₹ in lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Depreciation	4,108.09	3,858.16
Amortisation	148.14	148.14
Total	4,256.23	4,006.30

Note No 24 - Other expenses

(₹ in lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Manufacturing Expenses		
Processing Charges	1,654.52	1,325.31
Labour Charges	3,551.93	3,137.15
Insurance Expenses	243.65	102.06
Lease Expenses	366.43	263.31
Power & Fuel	8,277.18	6,984.61
Stores & Spares	1,320.38	1,195.84
Repairs & Maintenance - Building	28.40	114.98
- Plant & Machinery	558.02	440.76
Research & development	397.85	407.72
Water Charges	148.76	142.38
Laboratory Expenses	310.06	301.92
Other Factory Expenses	1,871.49	1,806.33
SubTotal (a)	18,728.68	16,222.37
Office & Administration Expenses		
Books & Periodicals	0.08	0.21
Auditors' Remuneration	9.25	9.36
Conveyance Expenses	49.04	49.22
Legal & Professional Charges	225.03	259.12
Membership & Subscriptions	7.12	6.82
Printing & Stationery	21.00	20.78
Postage, Telegram & Telephone	22.15	22.11
Office Electricity Charges	12.89	14.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Insurance Charges	27.16	24.96
Repairs & Maintenance - Others	39.27	46.96
Entertainment Expenses	26.07	12.17
Miscellaneous Expenses	53.48	56.14
Vehicle Expenses	10.06	8.40
Travelling Expenses - Directors	19.11	12.36
- Others	53.49	40.48
Directors' Sitting Fees	3.90	4.30
Sub Total (b)	579.10	588.02
Selling & Distribution		
Advertisement & Sales Promotion	189.54	120.39
Freight & Forwarding -Export	1,552.28	1,292.45
Freight & Forwarding - Local	396.02	504.07
Commission Expenses	1,002.14	845.26
Insurance Expenses	23.91	13.63
Postage & Telegram	16.71	17.78
Other Export Expenses	166.61	143.89
Bad Debts & other written off	25.13	160.84
Sub Total (c)	3,372.35	3,098.32
Finance Cost		
Bank Charges	354.74	339.52
Sub Total (d)	354.74	339.52
Non Operative Expenses		
Donations	9.57	2.46
CSR Expenditure	223.16	205.03
SubTotal (e)	232.73	207.49
Total (a+b+c+d+e)	23,267.60	20,455.73

25 Earning Per Share:

(Amount in ₹ in Lakhs, except share data)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Net Profit available for Equity Shareholders	8975.15	8230.67
Total Comprehensive Income	9074.03	8203.64
Number of Equity Shares (Nos.)	2,35,82,100	2,35,82,100
Basic & Diluted EPS (after extraordinary items) (₹)	38.48	34.41
Nominal value per share (₹)	10.00	10.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

26 Contingent Liabilities and Commitments:

(₹ in lakhs)

Sr. No.	Particulars	On the Parent Company	On the Subsidiary Companies	On the Parent Company	On the Subsidiary Companies
		March - 19	March - 19	March - 18	March - 18
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	6713.09	229.74	4525.99	5.38
b.	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	291.42	-	289.58	-
c.	Demand in respect of additional Excise, custom duty, service tax, sales tax ,fine & penalty in appeal (not acknowledged as debt)	235.62	-	152.28	-
d.	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	164.76	-	292.41	-
e.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	63.38	43.21	407.02	90.10

27. Segment Reporting (Ind- AS 108)

Ind AS 108 establishes standards for the way that group reports information about operating segment and related disclosure about products and geographical areas.

I. BASIS FOR SEGMENTATION

The operations of the group are limited to one segment i.e Development, Manufacturing and Marketing of Active Pharmaceutical Ingredients (API), Pharma Intermediate, Specialty Chemicals Formulations (Finished Dosage Forms).The products being sold under this segment are of similar nature and comprises of pharmaceutical intermediary products only. The group's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information adjustments, etc.) on a periodic basis.

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS

(₹ in lakhs)

		For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
	Segment Revenue		
a)	Out of India	56447.02	44,642.18
b)	India	99647.08	81,614.69
	Total	156094.10	1,26,256.87*

*Post the applicability of GST with effect from 1st July 2017, Sales are disclosed net of GST. Accordingly, the Gross Sales figures for the year ended 31st March 2018 are not comparable with the sales figures depicted in the results for the previous periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

29. RELATED PARTY DISCLOSURE UNDER (Ind-AS 24)

A. Name and Relationship of the Related Parties:

(1) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

- Individuals

Mr. Chandrakant V. Gogri	Chairman Emeritus
Mr. Rajendra V. Gogri	Non-Executive Director

- Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R Gogri
Mrs. Dhanvanti V.Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

(2) Key Management personnel along with their relatives have significant influence.

- Key Management Personnel

Mr. Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Mr. Harshit M. Savla	Jt. Managing Director
Mr. Rashesh C. Gogri	Managing Director
Mr. Harit. P. Shah	Whole-time Directors
Mr. Uday M. Patil	Whole-time Directors
Mr. Adhish P. Patil	Chief Financial Officer
Mr. Vibhav Ranade (till 27th March,2019)	Company Secretary & Compliance Officer
Mr. Rushikesh Deole (w.e.f 23rd April, 2019)	Company Secretary & Compliance Officer

- Relatives of Key Management Personnel

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mr. Sameer P.Shah	Mrs. Jayashree H. Shah
Mrs. Arti T. Sankhe	Mrs.Manisha R. Gogri

(3) Enterprise/firms over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Aarti Life Science LLP
- Alchemie Gases & Chemicals Pvt Ltd
- Alchemie Financial Services Ltd
- Alchemie Laboratories
- Safechem Enterprises Private Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

- Gogri Finserv Private Limited
- Dilesh Roadlines Private Limited
- Alchemie Finserv Private Limited.
- Anushakti Enterprise Private Limited

Transaction with the Related Parties:

(₹ In Lakhs)

Sr. No.	Particulars	Relationship	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
a)	Sale of Goods			
	Aarti Industries Ltd	Entities in which some of the directors are interested	3.58	39.75
b)	Sale of Property, Plant & Equipments			
	Aarti Industries Ltd	Entities in which some of the directors are interested	1,110.00	-
c)	Purchase of Goods Traded			
	Aarti Industries Ltd	Entities in which some of the directors are interested	1,895.22	1,847.41
	Alchemic Laboratories	Entities in which some of the directors are interested	15.6	90.23
d)	Manufacturing Expenses			
	Aarti Industries Ltd	Entities in which some of the directors are interested	-	89.47
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.24
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	16.51	14.14
e)	Finance Cost			
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	-	8.63
	Alchemie Financial Services Ltd - Interest	Entities in which some of the directors are interested	8.08	50.32
	Prakash M Patil	KMP	25.70	25.70
	Harshit M Savla	KMP	60.00	60.00
f)	Employee benefits and Office & Administration Expenses			
	Prakash M Patil	Director	153.39	139.77
	Harshit M Savla	Director	142.86	129.24
	Harit. P. Shah	Director	142.86	129.24
	Uday M Patil	Director	8.95	9.65
	Rashesh C Gogri	Director	142.86	129.24
	Adhish Patil	KMP	48.48	46.31
	Vibhav Ranade	KMP	6.97	5.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

(₹ In Lakhs)

Sr. No.	Particulars	Relationship	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
	Vikas Patil	Relative of KMP	17.71	16.24
	Hetal Gogri	Relative of KMP	4.83	14.50
	Vishwa Savla	Relative of KMP	45.99	42.34
g)	Director Sitting Fees			
	Rajendra V Gogri	Non Executive Director	0.40	0.30
h)	Closing Balance :			
	Balance Payable:			
	Aarti Life Science LLP	Entities in which some of the directors are interested	65.23	25.25
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	0.33	1.04
	Aarti Industries Ltd	Entities in which some of the directors are interested	447.76	1,000.76
	Alchemie Gases & Chemicals Pvt Ltd. (Loan Account)	Entities in which some of the directors are interested	-	335.00
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	600.00	600.00

Note: Related Parties are identified by the Management.

30. Directors Remuneration:

(₹ in lakhs)

Particulars	By the Parent Company 31 st March, 2019	By the Subsidiary Company 31 st March, 2019	By the Parent Company 31 st March, 2018	By the Subsidiary Company 31 st March, 2018
Salary to Managing Directors and whole time Directors	174.57	43.41	175.02	39.76
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	34.62	0.00	34.24	0.00
Commission payable to Directors	337.40	0.00	283.80	0.00
Contribution to Provident fund	1.08	0.00	1.08	0.00
Superannuation fund scheme	43.25	2.58	43.01	2.58
Total Remuneration	590.92	45.99	537.15	42.34

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

31. Auditors' remuneration includes

(₹ in lakhs)

	By the Parent Company 31 st March, 2019	By the Subsidiary Company 31 st March, 2019	By the Parent Company 31 st March, 2018	By the Subsidiary Company 31 st March, 2018
Statutory Audit	7.50	1.75	6.58	1.75
Other Audit Services	0.00	0.00	0.90	0.00
Certification	0.00	0.00	0.13	0.00
Total	7.50	1.75	7.61	1.75

32. Reconciliation of tax Expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2019 and 31st March, 2018.

(₹ in lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Accounting profit before income taxes	13,102.33	12,450.32
Enacted tax rate in India (%)	34.944	34.608
Computed expected tax (benefit)/expenses	4578.48	4,308.81
Timing difference in depreciable assets	(529.76)	(536.88)
Weighted deduction allowed for research and development expenditure	(186.97)	(145.21)
Other Non deductible expenses for tax purpose	82.02	72.58
Other deductible Items for tax purpose	(687.70)	(419.37)
Deferred Tax not recognised (net)	871.11	939.72
Income tax expense reported in the statement of profit and loss	4,127.19	4,219.65
Effective Income Tax Rate	31.50	33.89

33. Details of Subsidiary.

(₹ in lakhs)

Pinnacle Life Science Private Ltd	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Reporting currency	INR	INR
a- Share Capital	778.28	778.28
b- Other Equity	2367.58	2107.92
c- Debts & other Liability	7874.47	6835.39
Total Liability (a+b+c)	11020.33	9721.59
Total Assets	11020.33	9721.59
Total Income	14982.84	13930.81
Profit/(loss) Before Tax	350.28	1241.36
Tax Expenses	90.62	339.65
Profit/(Loss) after Tax	259.66	901.71

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2019

34.a. Securities for loans taken from Banks:

(₹ in lakhs)

Bank Name	As at 31 st March, 2019	As at 31 st March, 2018	Installment	Due for
			F.Y.2019-20	Subsequent Years
Kotak Mahinda Bank Ltd	-	1203.06	-	-
Saraswat Co-Op Bank Ltd.	1979.32	1984.16	685.00	1294.32
The Shamrao Vithal Co op Bank Limited	13910.30	11331.83	2215.82	11694.48
Bank Of Baroda	7649.99	8324.99	675.00	6974.99

Note:

- (i) Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3, E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B) & T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904 , 211,213 , 2601,2602,2603, 2520,2522 ,3325, Baddi- Himachal Pradesh and Namthang, Namchi-Sikkim.
- (ii) Loan from Kotak Mahindra bank , The Shamrao Vithal Co-op Bank Ltd and Saraswat Co-op Bank Ltd. is also secured by second charge on current assets of the company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹17,746.13 lakhs (Previous Year ₹18,764.11) are secured by hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets. both present and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3,E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B) & T-150 and MIDC Turbhe Plot No. D-277 & D-278.GIDC, Bhilad, Sarigam-Gujarat viz. Plot No. 2902, 2904, 211,213, 2601,2602,2603, 2520,2522 , 3325 Baddi- Himachal Pradesh and Namthang, Namchi-Sikkim.
35. The Group has foreign exchange exposure because of its trade related (export/import) fund related function. The Group uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Group does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2019, the Group had hedge in aggregate an amount of ₹19,299.93/-Lakhs (previous year ₹39,531.06/-Lakhs) out of its annual trade related operations (export& import) aggregating to ₹1,02,264.44/-Lakhs (previous year 79,849.04/-Lakhs) after considering natural hedge.

36. Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For M/s. Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M. No.047973

PLACE : MUMBAI

DATE: 15th May, 2019

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh V. Deole

(Company Secretary
& Compliance Officer)

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**AARTI DRUGS LIMITED**

CIN: L37060MH1984PLC055433

Regd. Off: Plot No. N-198, M.I.D.C. Tarapur, Village - Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.

Phone: 022-24072249, Fax: 022-24073462

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

34th Annual General Meeting – Tuesday, 6th day of August, 2019

Name of the member(s) :

Registered address :

E-mail id :

Folio No. / Client Id: DP ID :

I/We, being the member(s) of..... Equity Shares of the above named Company, hereby appoint:

1. Name: Address:
Email ID Signature or failing him;
2. Name: Address:
Email ID Signature or failing him;
3. Name: Address:
Email ID Signature or failing him;

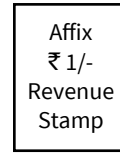
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on Tuesday, August 6, 2019 at 11.30 a.m. at TIMA Hall, M.I.D.C, Tarapur, Dist. Palghar - 401 506, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Optional*	
		For	Against
Ordinary Business:			
1.	Adoption of Financial Statements for the financial year ended March 31, 2019.		
2.	Declaration of Dividend for the financial year ended March 31, 2019.		
3.	Re-appointment of Shri Harit P. Shah (DIN: 00005501), who retires by rotation and being eligible, seeks re-appointment.		
4.	Appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215W/W100057) as Statutory Auditors		
Special Business:			
5.	Approval Of remuneration payable to Shri Uday M. Patil (DIN : 01186406)		
6.	Ratification of the remuneration to be paid to the Cost Auditor.		

Signed thisday of..... 2019.

Signature of shareholder.....

Signature of Proxy holder(s).....



Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
 2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- * It is optional to put a '√' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

**AARTI DRUGS LIMITED**

CIN: L37060MH1984PLC055433

Regd. Off: Plot No. N-198, M.I.D.C. Tarapur, Village - Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.

Phone: 022-24072249, Fax: 022-24073462

ATTENDANCE SLIP**34th Annual General Meeting – Tuesday, 6th day of August, 2019**

Sr. No.

Shareholder Name :

Address :

Folio No./ Client ID/DP :

No. of Shares :

I/We hereby record my/our presence at the 34th Annual General Meeting of the Company at TIMA Hall, M.I.D.C, Tarapur, Dist. Palghar - 401 506, Maharashtra on Tuesday, 6th August, 2019 at 11.30 a.m.

 Member's/Proxy's name in Block Letters

 Member's/Proxy's Signature

Note: Please fill up the attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

**AARTI DRUGS LIMITED**

CIN: L37060MH1984PLC055433

Regd. Off: Plot No. N-198, M.I.D.C. Tarapur, Village - Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.

Phone: 022-24072249, Fax: 022-24073462

ELECTRONIC VOTING PARTICULARS

EVSN (E-Voting Sequence Number)	USER ID	PASSWORD / PIN
190704016		

Note: Please read instructions given at Note no. 18 of the Notice of the 34th Annual General Meeting carefully before voting electronically.





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