



**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/2022-23/29**

**July 11, 2022**

To,  
Listing/ Compliance Department  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

To,  
Listing/ Compliance Department  
**National Stock Exchange of India Limited,**  
“Exchange Plaza”, Plot No. C/1,  
G Block, Bandra - Kurla Complex, Bandra (E),  
Mumbai – 400051  
**NSE SYMBOL: AARTIDRUGS**

**BSE CODE – 524348**

Dear Sir/Madam,

**Sub: Annual Report for FY 2021-22**

**Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This is to inform you that **37<sup>th</sup> Annual General Meeting ('AGM')** of the Company is scheduled to be held on **Thursday, August 4, 2022 at 11:30 AM IST** through Video Conferencing ('VC') /Other Audio Visual Means ('OAVM') in accordance with the relevant circulars issued by Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI). Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find attached the Annual Report of the Company along with Notice of AGM and other Statutory Reports for FY 2021-22 which is being sent through electronic mode to those Members whose email addresses are registered with the Company/ Depository Participants/ Registrar and Transfer Agent.

The Notice of 37<sup>th</sup> AGM along with Annual Report for FY 2021-22 is also being made available on the website of the Company at the weblink <https://www.aartidrugs.co.in/annual-reports/>

Kindly take the same on your record.

Thanking You,

Yours faithfully,

**FOR AARTI DRUGS LIMITED**



**RUSHIKESH DEOLE**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**  
ICSI M.No.: A54527



# RELATIONSHIPS BUILT ON CHEMISTRY

ANNUAL REPORT 2021-22

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For more investor related information please visit  
<http://www.aartidrugs.co.in>

Scan this QR code

#### Investor information

CIN:	L37060MH1984PLC055433
BSE Code:	524348
NSE Symbol:	AARTIDRUGS
AGM Date:	August 4, 2022

**Disclaimer:** This document contains statements about expected future events and financials of Aarti Drugs Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.





# RELATIONSHIPS BUILT ON CHEMISTRY

**If the years CY 2020 and CY 2021 have taught us anything, it is that if we are to survive the battle, we must be prepared for the unexpected and devise a comprehensive plan to assist those in need. Despite its flaws, CY 2020 and CY 2021 have one redeeming quality: it demonstrated the potential of cooperation and science.**

The worldwide Pharmaceutical industry stepped in to confront the pandemic's consequences. Their efforts have paid off, as the world has weathered the storm, thanks to repeated vaccine rollouts. Science's ability to save the day is now more apparent than ever.

The importance of these ties built over the pharmaceutical branch of chemistry is highlighted by our subject, 'Relationships Built on Chemistry.' Pharmaceutical innovation is the world's finest vaccination, as the pandemic continues to surprise us with emerging variations.

Aarti Drugs Limited played a significant role in the previous year, as it continued to add value by utilising its global clientele and high-quality goods developed in-house. To serve a broader client base throughout the world, we've been expanding our existing capabilities and establishing new product lines in the API, intermediates, formulations, and specialty chemicals areas. We also intend to expand our presence in the regulated and semi-regulated markets. As we continue to venture into pharmaceutical, the world, as well as our stakeholders, will undoubtedly benefit. However, at Aarti, the organisation's relationships and internal chemistry are of the utmost importance. As we supported our employees and communities through these trying times, we focused on their health and safety, a testament to our expanding partnerships.

We intend to produce more innovative, cost-effective, and high-quality products in the future, focusing on inclusive and sustainable value generation and prioritising our customers and communities.

# COMPANY OVERVIEW

**Aarti Drugs Limited (ADL) forms a significant part of Aarti Group, specialising in Active Pharmaceutical Ingredients (APIs), Speciality Chemicals, Intermediates and Formulations with Pinnacle Life Sciences Private Limited, its wholly-owned subsidiary. Since its inception in 1984, ADL has been able to establish itself as a frontrunner in the Pharmaceutical industry with its quality and R&D.**

ADL takes pride in having state-of-the-art manufacturing units across Maharashtra, Gujarat and Himachal Pradesh. The 12 manufacturing units function with the installed capacity of 48,920 metric tonnes and are GMP certified. A Good Manufacturing Practice (GMP) certificate ensures that products are of high quality and standards.

All our manufacturing units are backed by our strength in Research & Development. We have two R&D divisions - one in Tarapur and the other in Turbhe, Maharashtra. Our R&D divisions support manufacturing and development abilities and expand on the existing knowledge through ground-breaking research on API process development and development of formulation. Our major priorities are developing innovative molecules, and ensuring that there are of high-quality and delivered in time.



## BUSINESS INTEREST

Aarti Drugs Limited is viewed as a reliable source of **Generic Bulk Actives, Advanced Intermediates** and **Specialty Chemicals**

**R&D** and **Cost-Effective Process Development** are customised as per the customer's needs

Scale-up of **Customer's Processes** to manufacture products as per customers' requirements in strictest confidence

Focus on the latest **Fast-Moving Bulk Actives** being **Off-Patented** in near future



## MISSION

- 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



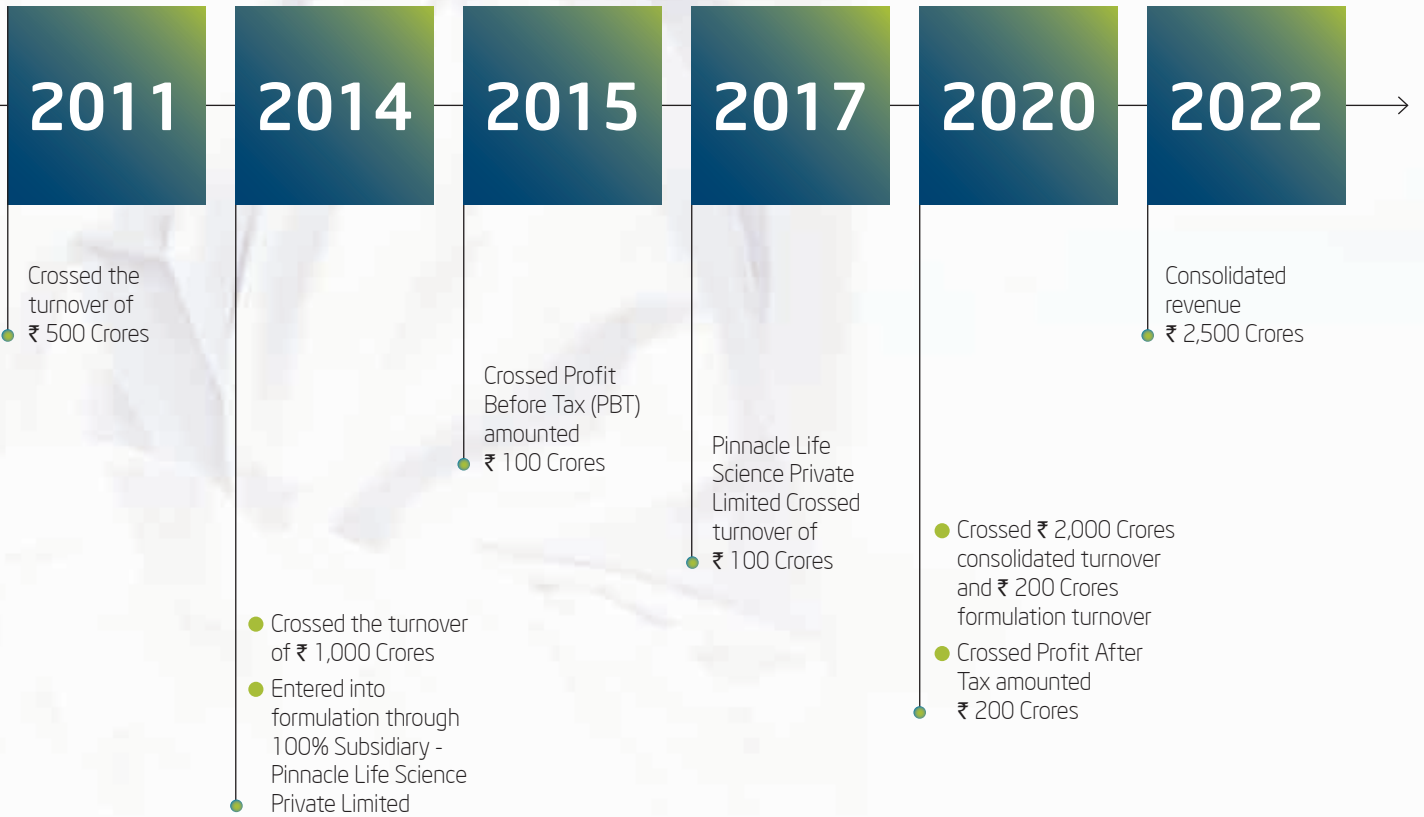
## VISION

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 customised 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

# MILESTONES ACHIEVED SINCE INCEPTION







# FACTS AND FIGURES THAT PORTRAY OUR POTENTIAL

## OUR LEADERSHIP IN API MANUFACTURING

- 1 Largest producer of Fluoroquinolones group in the world
- 2 Largest producer of Metronidazole in India
- 3 Largest producer of Tinidazole in the world
- 4 Largest producer of Metronidazole Benzoate in the world
- 5 Largest producer of Celecoxib
- 6 Largest producer of Nimesulide in the world
- 7 One of the leading producers of Metformin in the world
- 8 Largest producer of Ketoconazole in the world

**12**

Manufacturing Facilities

**4,077** MT

Monthly Capacity

**80+**

Finished Products

**1,10,330** Sq.m

Plant Area

**~1,450**

Employees

**~37%**

Export Revenue

**50+**

API Molecules

**100+**

Presence across Countries



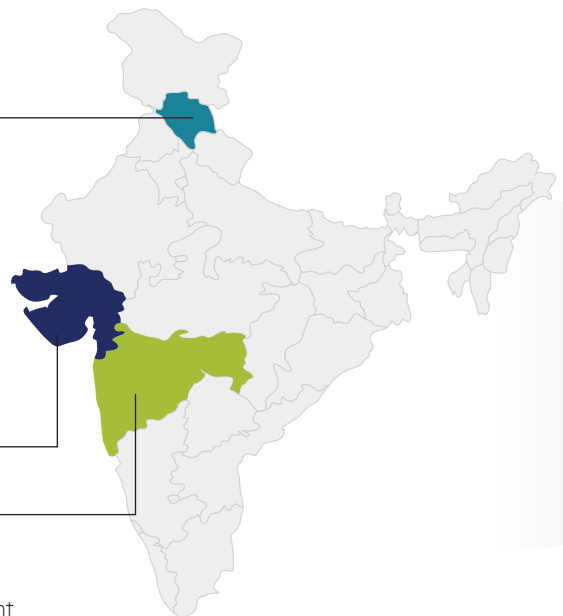
# OUR INTEGRATED MANUFACTURING FACILITIES

For more than three decades, ADL has been able to establish 12 state-of-the-art manufacturing facilities that help us create quality products in line with industry standards. Our meticulous work is backed by research which allows us to demonstrate excellence and reliability. The sheer number of facilities and the capacity it holds help us deliver our products in time and be consistent with it. Our manufacturing plant capacities range from kilograms to multi tons levels. Out of the 12 facilities, 10 are dedicated to API manufacturing.

## HIGHLIGHTS

Brownfield expansion of our Tarapur Speciality Chemical facility has been completed and scaling up the batches has also been started from the May 2022. Our Tarapur Greenfield API facility, boiler and zero-liquid discharge treatment plants are being operational from May 2022 and we are planning to scale up the production by the end on FY 2022-23.

Apart from our manufacturing capabilities, we place our highest priorities to ensure our products are safe to consume and follow stringent processes. We work day in and out to reach quality standards set by international bodies like the World Health Organisation. Our accreditations include WHO-GMP, ISO, COFEPRIS among many others.



### HIMACHAL PRADESH

#### Baddi Pinnacle Plant

Formulation Plant  
WHO-GMP

### GUJARAT

#### Sarigam - 1

WHO-GMP

#### Sarigam - 2

WHO-GMP/ COFEPRIS/CEP

### MAHARASHTRA

#### E-22

- Australian Government - Department of Health and Ageing - Therapeutic Goods Administration
- EUGMP/WHO-GMP/Japanese Accreditation
- US-FDA (Import alert under resolution)

#### G-60

- ANVISA-Brazil
- WHO-GMP
- COFEPRIS-MEXICO

#### N-198

- EUGMP, WHO-GMP & ISO Certification

#### E-21

- WHO-GMP
- K-FDA (Korean FDA)

#### K-40

- WHO-GMP / COFEPRIS

#### W-61

- EUGMP & WHO-GMP

#### E-120

- WHO-GMP

#### E-9/3

- ISO-9001:2008

#### T-150

- Intermediates

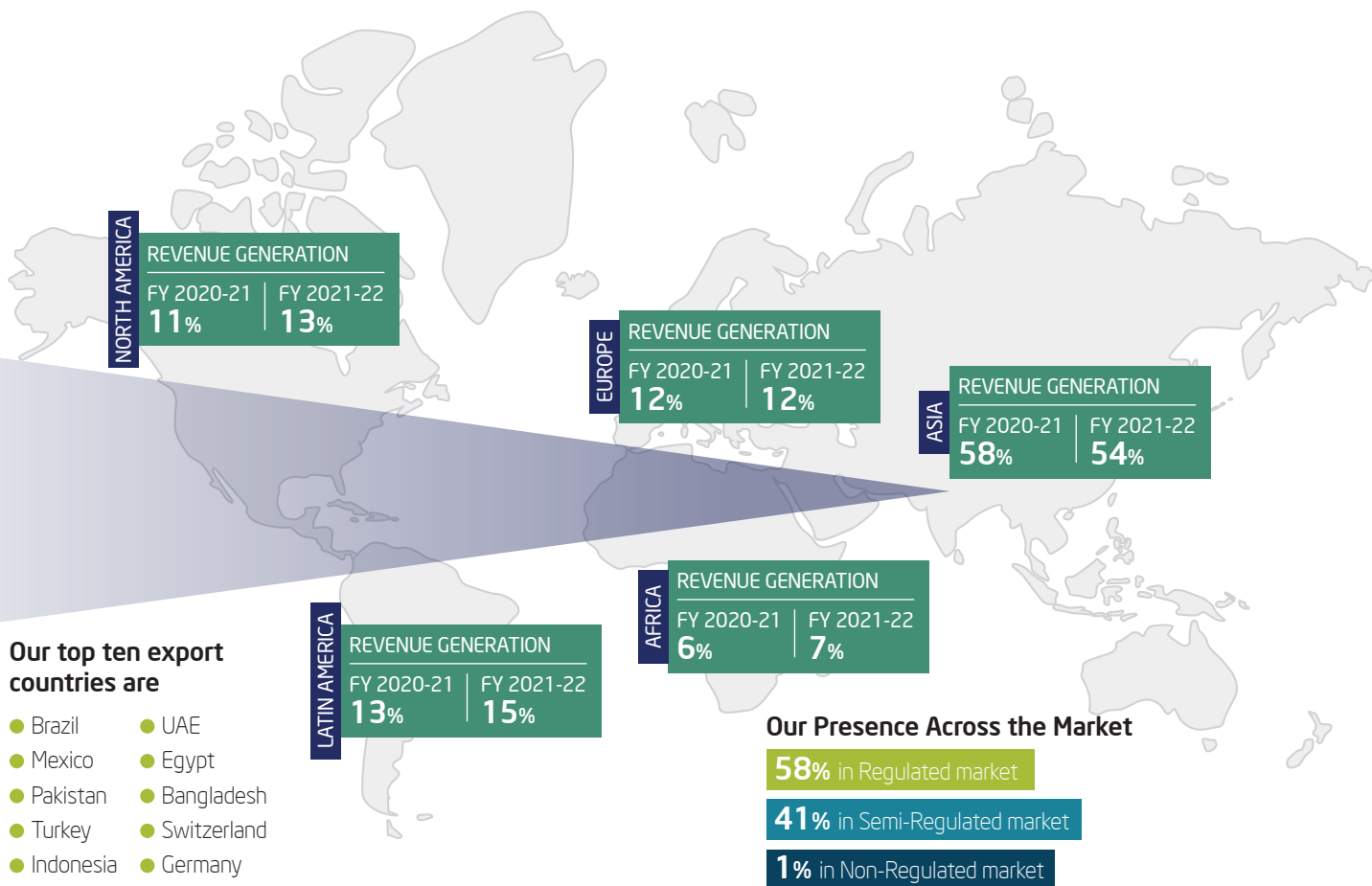
## OUR GROWING PRODUCTION FIGURES

	FY 2019-20	FY 2020-21	FY 2021-22
Installed Production	43,060	47,701	48,920
Captive Production	32,753	34,751	37,697
Net Production	7,162	8,164	7,657
	25,591	26,587	30,039

## OUR GLOBAL PRESENCE

Besides our Indian facilities, we have worldwide presence in **100+ countries over 6 continents**. This helps us ensuring diversification and risk minimisation.

From the export point of view, around 37% of total revenue has been generated this year from exports. Out of those 37% of revenue, continent wise revenue generation stands as follows.



## OUR ESTEEMED CLIENTELE ACROSS SEGMENTS



# R&D THRUST FOR CONTINUOUS INNOVATION

We owe our success in R&D, to our product development and innovation capabilities. Good quality research and development proves an important pillar for production and manufacturing, and a crucial element in the long-term success of the Company. At Aarti, we have two research centres that serve as powerhouses for our entire R&D - in Tarapur and Turbhe in Maharashtra. Our centre in Tarapur supports manufacturing facilities in Tarapur and Sarigam on process development on APIs. On the other hand, our R&D facility in Turbhe supports the development of complex generics that can be utilised for in-house formulation business. This centre also develops complex oral solids for emerging and regulated markets. Our credibility is reflected by recognition from the Department of Science and Industry Research, Government of India.

In the last five years, we have been able to successfully develop more than 30 APIs, both new and existing. Most of the products that are developed by integrated API provide an end-to-end process control and we are working towards the development, upscaling, and transition into the world of commercial production of APIs and intermediates. We also invite experts from across the country to review our process and help us get better. We have professors and technical experts coming from the Institute of Chemical Technology (ICT) and the Council of Scientific and Industrial Research (CSIR). They give us their expert opinion and feedback on product development and guides us. We are currently developing formulation products for Day 1 launches in USA, Brazil, Europe, Australia, Canada, and Chile.

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~ ₹ **6.8** Crores  
Spend in R&D in FY 2021-22

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**2**  
Doctorates

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**58**  
Master Graduates (M.Sc)

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**26**  
Graduates (B.Sc) and Engineers



## WHAT ARE WE KNOWN FOR?

- 1 A dedicated portfolio team that identifies around 20 products every year for product development
- 2 A highly competent team for intellectual property for product patents
- 3 A Regulatory Affairs (RA) team that understands patent filing end-to-end and dedicated to each region
- 4 A qualified and experienced project manager for every region that looks after multiple partners
- 5 A Quality Assurance (QA) team to ensure high quality and strict compliance in R&D



## Strategies for the Future

Expand our R&D capabilities beyond what we currently do to develop complex semi-solids like creams and ointments, and oral liquids

Develop affordable processes and technologies for APIs in the semi-regulated and non-regulated markets

Improve process efficiency for our existing products

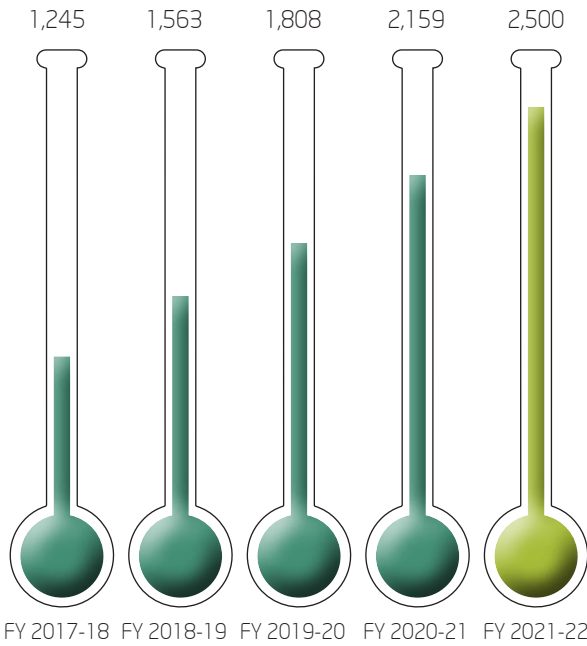
Emphasise on hormones, oncology, and steroids with a proper plan in place, as we near completion of our manufacturing plant

# NUMBERS BUILT ON CHEMISTRY

OUR FINANCIAL PERFORMANCE IN THE LAST FIVE YEARS

## TOTAL REVENUE

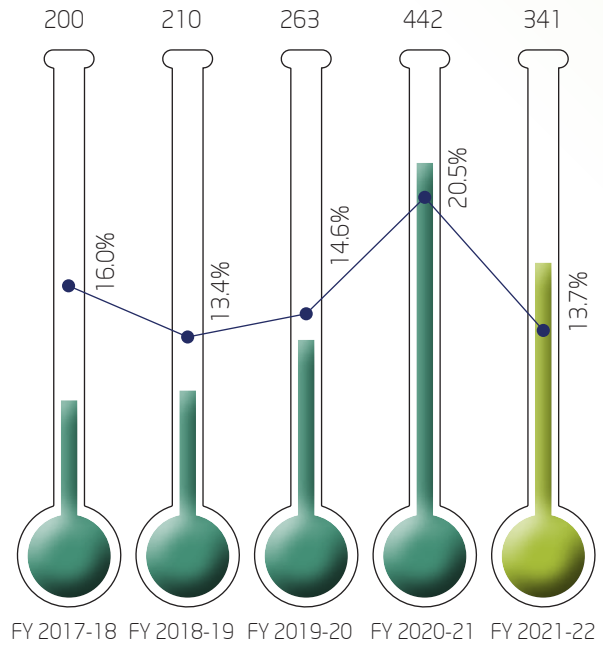
(₹ in Crores)



FY 2017-18 FY 2018-19 FY 2019-20 FY 2020-21 FY 2021-22

5 Years CAGR: **~15%**

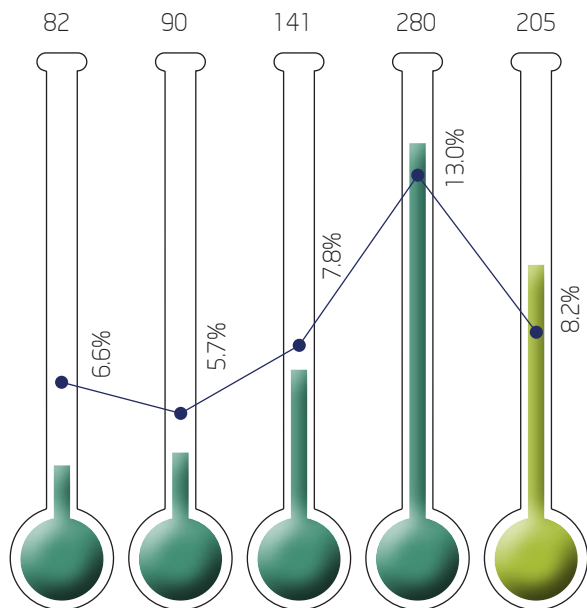
## EBITDA (₹ in Crores) AND EBITDA MARGIN\* (%)



FY 2017-18 FY 2018-19 FY 2019-20 FY 2020-21 FY 2021-22

5 Years CAGR: **~11%**

## PAT (₹ in Crores) AND PAT MARGIN\*\* (%)

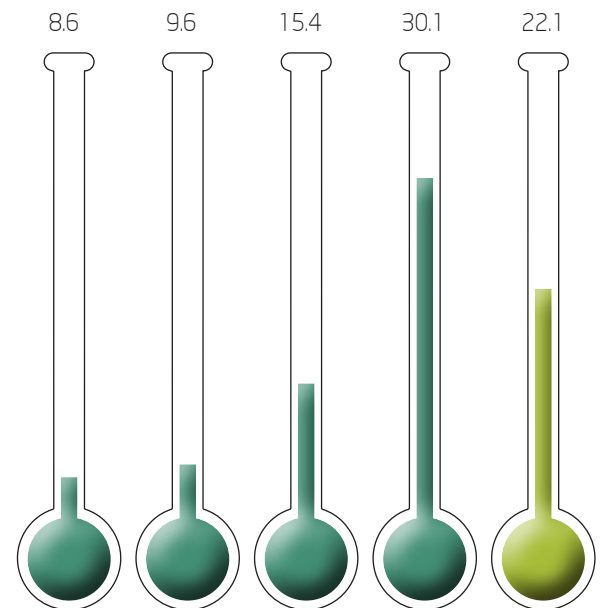


FY 2017-18 FY 2018-19 FY 2019-20 FY 2020-21 FY 2021-22

5 Years CAGR: **~20%**

## EPS\*\*\*

(₹)

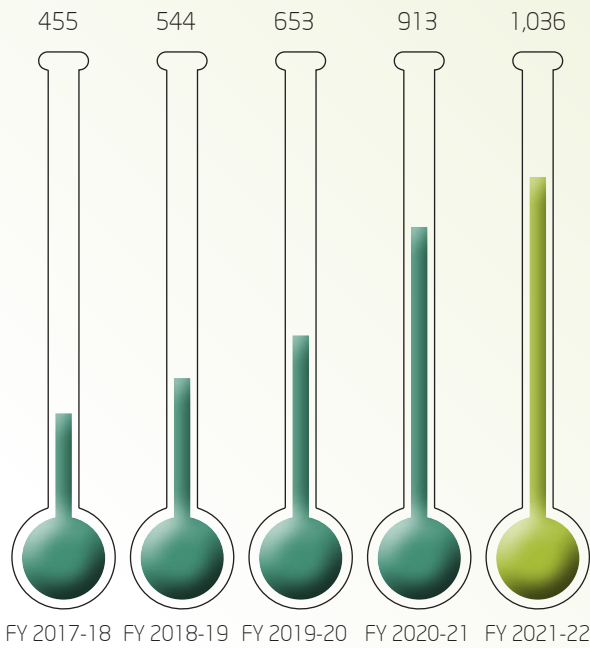


FY 2017-18 FY 2018-19 FY 2019-20 FY 2020-21 FY 2021-22

(₹ in Crores) All figures are consolidated basis as on March 31, 2022  
 \* Earnings Before Interest, Taxes, Depreciation, and Amortisation  
 \*\* Profit after Tax  
 \*\*\* Earnings per Share

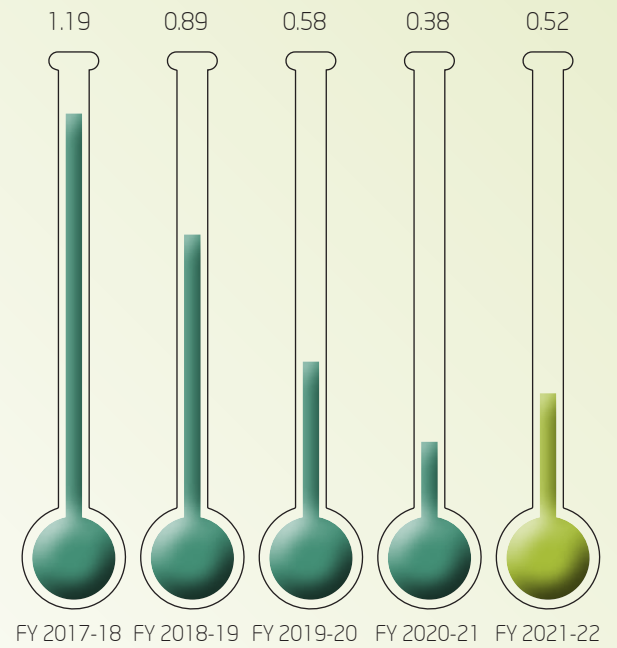
### NET WORTH

(₹ in Crores)



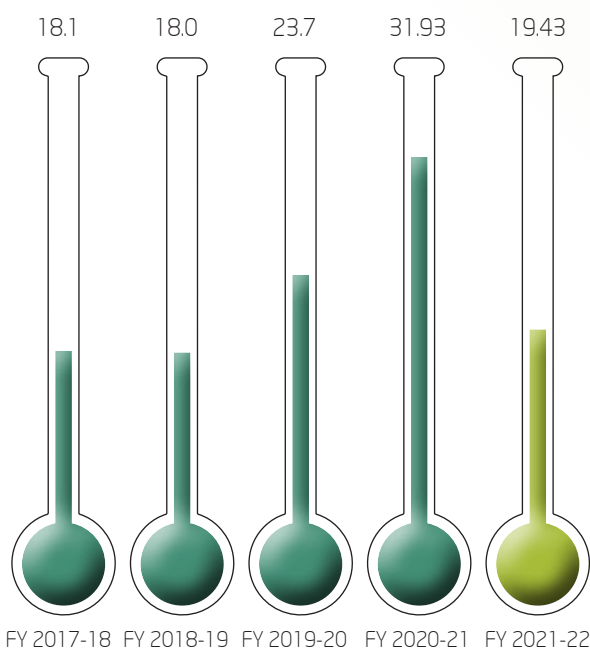
### LEVERAGE

(X)



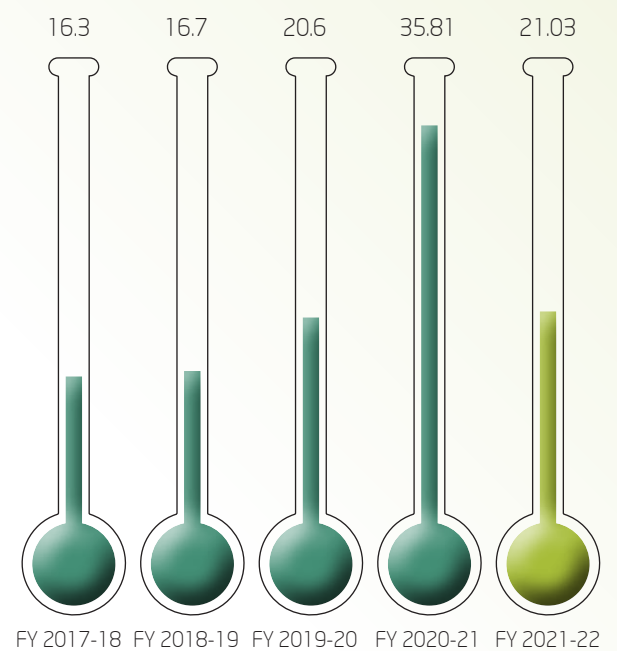
### RETURN ON CAPITAL EMPLOYED

(%)



### RETURN ON EQUITY

(%)





# FROM THE CHAIRMAN'S DESK



To,  
My fellow stakeholders,

First of all, I would like to thank all the stakeholders for their unwavering support in all our ventures. With great privilege, I present you Aarti Drugs Annual Report for FY 2021-22.

## ECONOMIC LANDSCAPE

In FY 2021-22, the second wave of the COVID-19 pandemic and subsequent lockdown occurred. With a decrease in infection rates from the second quarter, a large section of the population immunised against the virus, and a muted impact of the third wave, the economic drivers have switched forward. The reintroduction of normal trade and travel, as well as the gradual opening of national borders around the world, has increased public trust. With sufficient Government aid and increased consumer spending, we predict a bright future for global economies.

In terms of India's economy, the country grew at a rate of 8.7% in FY 2021-22. Overall demand has recovered substantially, and supply chain issues and rising input costs have started to fade. We're seeing an increase in activities across a wide range of businesses, all of which are striving for betterment. Other macro indicators show a similar pattern in order for India to become the world's fastest expanding economy in FY 2021-22. The market for specialty and performance chemicals has exploded in the last decade, with the last two years leading the way.

## INDUSTRIAL PICTURE

As the scope of operations grow, the industry is undergoing a fundamental transition. In CY 2022 Pharma businesses have been focusing on remaining stable, adaptable and resilient in the face of disruption caused by changing market demands and dynamic client expectations. The global Pharma industry is predicted to increase at a 9.1% compound annual growth rate (CAGR) from USD 1,454.66 billion in CY 2021 to USD 1,587.05 billion in CY 2022. The increase is primarily due to companies reorganising their operations and recovering from the impact of COVID-19, which had previously resulted in restrictive containment measures such as social distancing, remote working, and the closure of

commercial activities, all of which created operational challenges. At a CAGR of 7.7%, the market is estimated to reach USD 2,135.18 billion in CY 2026. The pharmaceutical sector is expected to expand due to the availability of supporting regulatory legislation, patentability norms, and substantial funding and investments. Furthermore, the expansion of preventative care has provided enormous market prospects. Disease burden, economic growth resulting in higher disposable incomes, improvements in healthcare infrastructure, better healthcare financing, and an increase in the geriatric population have all fuelled demand for pharmaceutical manufacturing techniques in biotechnology and pharmaceutical companies. Many people have turned to pharmaceutical drugs to improve their quality of life and well-being as a result of these causes. In addition, the rise of new pandemics, viruses, and drug-resistant illnesses has opened up new opportunities for pharmaceutical companies to speed up their medication development.

After displaying its prowess to the globe during the difficult times of the pandemic by supplying 60% of worldwide COVID-19 vaccine requirements, the Indian sector is now hoping to build on the experience of the last two years, improve the collaboration with the Government, and maintain the pace in FY 2022-23. In terms of APIs, India imports more than 60% of its API requirements from other countries. India's domestic API consumption is estimated to hit USD 19 billion by FY 2021-22. As a result, there are numerous potentials for growth in the API market. In addition, the China plus one approach is assisting the Indian pharmaceutical business. According to the Economic Survey 2021, the Indian pharmaceutical industry was valued at USD 42 billion in CY 2021, and is anticipated to expand to USD 65 billion by CY 2024, and USD 120-130 billion by CY 2030.

## COMPANY'S OPERATIONAL OVERVIEW

Despite the fact that the entire world continues to face unprecedented problems in the business environment, the Company announced a resilient set of results with an improved product mix. API volume increased by approximately 10%, owing to strong growth in chronic therapy, particularly in the Anti-Diabetic category. Chronic therapy growth is likely to outperform acute therapy growth in the next years, owing to freshly commissioned anti-diabetic capacity as well completion of ongoing expansions. On a year-over-year basis, the Formulations segment recorded similar revenue whereas Specialty Chemicals and Intermediates Segments grew by 28% in FY 2021-22. The following is a segment-by-segment revenue breakdown for FY 2021-22. API accounts for 80%, with Specialty Chemicals, Formulations, and Intermediaries accounting for 4%, 11%, and 5% of Net Revenue from Operations, respectively.

## Financial Overview

On a year-on-year comparison,

- The net revenue from operations stood at ₹ 2,489 Crores in FY 2021-22, rising from ₹ 2,155 Crores in FY 2020-21, recording a growth of 15.49%.
- EBITDA including other income for FY 2021-22 stood at ₹ 341 Crores
- Profit after tax was recorded at ₹ 205 Crores in FY 2021-22

During the year, the Company spent ₹ 152 Crores on Capex. After experiencing disruption in Capex execution in H1 FY 2021-22 due to the protracted monsoon, the Company plans Capex investments in the a range of ₹ 250 Crores to ₹ 350 Crores in FY 2022-23. The civil construction activity for the Tarapur project has stepped up, and it is projected to be operational by the end of the current fiscal year.

## Sustainability as the Core Focus on ESG

Business accountability is not a new notion at Aarti. We have always prioritised nation-building, environmental protection, societal contributions, and ethical corporate practises. We are firm believers in working together to achieve long-term Company success. We have a significant environmental footprint as a manufacturing Company, which we manage scientifically. Climate change and energy management, emissions, waste and water management are among our primary environmental priority areas. We've been able to reduce our carbon footprint significantly thanks to targeted actions. We also properly handled our garbage using cutting-edge techniques.

On the social front, we've been committed to creating long-term value since the beginning, and social well-being remains a major focus for us. Our CSR arm, Aarti Foundation, collaborated with other NGOs to help our communities. We also took up educational, women's empowerment, and healthcare programmes.

## Looking Forward

We have a positive outlook on the future, seeing healthcare as a universal human need and a place where we can fulfil our mission. As we grow and expand, we will place a heavy emphasis on R&D to ensure the greatest possible product quality. We will continue to develop our stakeholder ties and create win-win scenarios that benefit everyone. Our principles, legacy, and responsibilities will continue to guide us, and we will work together to ensure that everyone has access to life care.

I'd like to use this opportunity to express my heartfelt gratitude to our personnel, who continuously rise to the occasion and assist us in delivering on our promises. I'd also like to express my gratitude to every shareholder who has placed their trust in us. As we design our course forward, I ask for your continuing cooperation and faith.

Best regards,

**Prakash M. Patil**

Chairman, Managing Director and CEO

DIN: 00005618

# OUR VALUE CREATION MODEL

## INPUTS

CAPITALS	KPIs	FY 2021-22	VALUE DRIVERS										
 <p><b>FINANCIAL CAPITAL</b> Preserving shareholder value through strategic investment in R&amp;D, capex and modernisation</p>	<table border="1"> <tr><td>Equity Share Capital</td><td>₹ 92.6 Crores</td></tr> <tr><td>Long Term Debt</td><td>₹ 182 Crores</td></tr> <tr><td>Total Capital Employed</td><td>₹ 1,651.55 Crores</td></tr> <tr><td>Capital Expenditure</td><td>₹ 152.97 Crores</td></tr> <tr><td>Total Debt</td><td>₹ 542.82 Crores</td></tr> </table>	Equity Share Capital	₹ 92.6 Crores	Long Term Debt	₹ 182 Crores	Total Capital Employed	₹ 1,651.55 Crores	Capital Expenditure	₹ 152.97 Crores	Total Debt	₹ 542.82 Crores		<p><b>OUR MISSION</b></p> <ul style="list-style-type: none"> <li>● Seek global market leadership</li> <li>● Focus on growth and development of the product</li> <li>● Continue to create winning culture, operating in highest standards of ethics and values with co-operation among competitors</li> <li>● Strive for excellence in customer service, quality and R&amp;D</li> </ul>
Equity Share Capital	₹ 92.6 Crores												
Long Term Debt	₹ 182 Crores												
Total Capital Employed	₹ 1,651.55 Crores												
Capital Expenditure	₹ 152.97 Crores												
Total Debt	₹ 542.82 Crores												
 <p><b>MANUFACTURED CAPITAL</b> Achieving operational efficiency by investing in world-class equipment and technologies</p>	<table border="1"> <tr><td>Total Facilities</td><td>12</td></tr> <tr><td>Total Production Capacity</td><td>4,077 MT/Month</td></tr> <tr><td>Total Plant Area</td><td>1,10,330 Sq.m</td></tr> </table>	Total Facilities	12	Total Production Capacity	4,077 MT/Month	Total Plant Area	1,10,330 Sq.m						
Total Facilities	12												
Total Production Capacity	4,077 MT/Month												
Total Plant Area	1,10,330 Sq.m												
 <p><b>INTELLECTUAL CAPITAL</b> Capitalising on our diverse skill set and knowledge base to achieve our goals for growth and development</p>	<table border="1"> <tr><td>R&amp;D Expenditure in FY 2021-22</td><td>~ ₹ 6.8 Crores</td></tr> </table>	R&D Expenditure in FY 2021-22	~ ₹ 6.8 Crores										
R&D Expenditure in FY 2021-22	~ ₹ 6.8 Crores												
 <p><b>HUMAN CAPITAL</b> Uplifting our employees to live up their potential while aligning then with the vision of the Company</p>	<table border="1"> <tr><td>Consolidated Employee Strength</td><td>1,450 permanent employees</td></tr> </table>	Consolidated Employee Strength	1,450 permanent employees										
Consolidated Employee Strength	1,450 permanent employees												
 <p><b>SOCIAL AND RELATIONSHIP CAPITAL</b> Empowering communities by giving back and providing them with opportunities of value creation</p>	<table border="1"> <tr><td>Standalone CSR Spend</td><td>₹ 4.21 Crores</td></tr> </table>	Standalone CSR Spend	₹ 4.21 Crores										
Standalone CSR Spend	₹ 4.21 Crores												
			<p><b>PRODUCT PORTFOLIO</b></p> <ul style="list-style-type: none"> <li>● Active Pharmaceuticals Ingredients (API)</li> <li>● Formulation</li> <li>● Specialty Chemicals, Intermediates &amp; Others</li> </ul>										

## OUTPUTS

### OUR VISION

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

- Assuring consistent quality and timely delivery at competitive price
- Providing customised 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

### OUR COMPETITIVE EDGE

- Diversified product and client mix
- Three decades of experience with strong R&D focus
- Presence in high-entry barrier industry
- Poised to overcome industry challenges

MULTIPLE CAPITALS/ KPIs	FY 2021-22	SDG GOALS IMPACTED	
	Return on Capital Employed	19.43 %	
	Return on Equity	21%	
	Gross Sales Revenue from Operations	₹ 2,489 Crores	
	Profit Before Tax	₹ 270 Crores	
	Profit After Tax	₹ 205 Crores	
	Debt/Equity ratio	0.52 X	
	EPS	₹ 22.12	
	Average Capacity Utilisation	75 to 80%	 
	Molecules	50+	
	Employees Trained	86%	 
	Direct Support Provided During COVID-19	₹ 75 lakhs	 
	Lives Impacted Through CSR Interventions	10,000+	 

# AARTI DRUGS LIMITED 2.0

## GROWING SUSTAINABLY, CREATING VALUE

Sustainability is important for any company's long-term vision and Aarti places its highest priority on sustainable business practices. At Aarti, the growth is implemented through sustainable value creation. We use techniques like product line expansion, backward integration, and prudent capital allocation. For the next five years we wish to leveraging its strategy implementation. Through this, the Company will grow in its revenues and maximise cost-efficiencies sustainably and significantly in the coming five years.

### Growth Drivers

#### EXPANSION

Increased product offering to existing customers

New customer acquisition in domestic and exports markets for API and Formulation Segment

Addition of skincare therapy for API segment

#### CAPEX

Brownfield expansion for existing products at various facilities to scale-up the capacity

Brownfield expansion for the new product line in API segment

### Value Creation Drivers

#### BACKWARD INTEGRATION

Backward integration for the API and Formulation segments to drive cost synergies

Robust expansion in margins and return ratios are expected through backward integration over next five years

#### PRUDENTIAL CAPITAL ALLOCATION

Planned capex predominantly to be funded through internal accruals and minimal debt

Maintain optimal leverage

Healthy Asset Turnover and Working Capital Cycle



SUSTAINABLE GROWTH



LONG-TERM VALUE



## FULLY RAMPED-UP CAPEX PLAN FOR FUTURE

The Company has a brownfield growth for current products and a new product line in API section in the plan. It is important to scale our current capacities. Over the next five years, we will format on disbursing a capex of ₹ 600 Crores. This expansion will encompass backward integration for APIs and Formulation segments that will take us to synergise cost. Our plan will be executed in a phased manner with inner accruals and minimal debt.

## PRODUCT WISE CAPEX PLAN

### APIS

#### ANTI-DIABETIC

- CEP approval in 2016 which opened up European markets
- Manufacturing over 1,000 TPM making it one of the largest metformin players
- Coming up with 2,000 TPM capacity via brownfield expansion in Phase I
- Launch of Gliptins will further strengthen this therapeutic category

#### FLUORO-QUINOLONES

- Further 40% brownfield expansion of one antibiotic product

#### ANTIPROTOZOAL

- Further consolidating the position in Indian market. existing technology and Chinese JV
- Incremental expansions and downstream products improvement
- Plans to further backward integrate, apply for PLI scheme

#### VITAMINS/ANTI- INFLAMMATORY

- Multi-purpose facility under construction. Targeting highly regulated markets.
- Brownfield expansion of its existing anti-inflammatory products commissioned at the end of FY 2019-20 which will drive future growth in this therapeutic category
- Installed capacity will give revenues of around ₹ 50 Crores / ₹ 35 Crores per annum as per product selection – currently on hold
- USFDA re-inspection to be triggered soon

#### CARDIOVASCULAR PRODUCTS

- Planning to double the capacity of one of its leading cardiovascular products

#### ANTI-FUNGAL

- Further consolidation of its worldwide leading position
- Recently expanded the capacity, further extending the lead

### SPECIALITY CHEMICALS

- Incremental expansion of our multipurpose chloro-sulphonation line in existing block
- Greenfield expansion in near future

### FORMULATIONS

- Started with commercial operations in Latin America, selective African markets. Doing new registrations in export markets and Government tenders
- Toll manufacturing of formulations. About 330 filings across 16 geographies. Foreign subsidiary to tap opportunities

### R&D PRODUCT PIPELINE

- Strong pipeline of products under R&D for future growth
- Contract manufacturing of speciality chemicals and intermediates

### TIE-UPS

- Tied up with European distributor on profit sharing basis. Market authorisation of UK market for finished products of 2 molecules obtained and launched in FY19. One more in pipeline
- Partnered with USA Company on formulation revenues wherein we would be supplying API at cost

### MARKET PENETRATION

- For our existing customers, Aarti pitches more product offerings as a strategy of retaining a customer
- For our new and explored domain, we acquire customers through our API in the skincare therapy



# OUR ESG FOCUS

## OUR ENVIRONMENTAL INITIATIVES

At Aarti, environmental preservation assumes a high priority, and is a well-validated material matter. Climate change is the starkest reality of current times. It has started registering its effects across the world and as the world moves forward, its impact will continue at a larger scale. We are continuously working to streamline our processes and supply chain, to effectively conserve resources, and transition to clean and lean manufacturing to minimise the overall environmental footprint. We are committed to reducing our emissions and paving a low-carbon pathway for the business. Achieving resource efficiency and contributing to a circular economy are critical priorities for us.

At Aarti, we strive to develop operational efficiencies, minimising our impact on the environment, minimising resource consumption, and avoiding waste generation. To mitigate/minimise our environmental footprint, several measures have been taken. Such as, we have converted multiple facilities into 'Zero-Liquid Discharge' facility so that there will be no discharge of wastewater into the environment. We have introduced Dual Fired Boiler in Greenfield Facilities to reduce the carbon footprint. For the packaging purposes, bulk APIs are being packed in paper bags. Also, we are using fibre drums instead of HDPE drums and packing bulk intermediates in jumbo bags (1 MT packing) to reduce excess use of plastic bags.

To ensure efficient use of energy, the Company is using equipment with high end technologies like Agitated Thin Film Dryer (ATFD), Agitated Thin Film Evaporator (ATFE), FBC boilers, membrane type filter press. Also, Multiple Effect Evaporator (MEE) and Mechanical Vapour Recompression (MVR) are being used for evaporation to lessen the energy consumption to the highest possible limit.

## CORPORATE SOCIAL RESPONSIBILITY

It is important to look at the growth of a Company from a multi-sectoral lens. This approach is not just what affects us or our immediate set of people or things, but all the people, all the tangible and intangible resources that are affected by our actions. At Aarti, we believe that we can only grow if everyone grows with us. For this, we have taken initiatives to work towards creating a culture of inclusivity in the Company and helping the communities uplift themselves.

The Company has continually supported the communities it operates around during the pandemic. We contributed to the PM Cares COVID-19 fund and help raise money along with the state Governments of Gujarat and Maharashtra. We also distributed groceries, meals, and vital drugs to people throughout the lockdown.

## COVID-19 RELIEF MEASURES

During the pandemic, the Company supported the society to provide relief measures in various forms, including:

- Delivering ration kits at various remote areas
- Supplying PPE Kits, face masks and sanitisers etc.

These activities have been undertaken through various implementing agencies and direct implementation.

During the year, in association with Aarti Foundation, the Company has installed Oxygen Generation Plant at Rajawadi Hospital,

Mumbai. We also supported 'Aadhar Pratishthan' for set-up of a Covid Centre at Boisar, Maharashtra.

We also undertook vaccination drive for our employees. At the same time, we ensured they had access to medicines and ambulance facilities.





## HEALTHCARE

Being one of the leading pharma players, healthcare comes to us automatically. To support the local Healthcare system we have supplied essential equipment to various Primary Healthcare Centres located in Palghar district of Maharashtra.

## ELDERLY CARE

Supporting the elderly, we provided financial assistance to Jeevan Sandhya Mangalya Sansthan for old age home.

## EDUCATION

Education is an undeniable right of every human being, and for anyone who seeks, it should be made available. We believe that education helps bridge the socio-economic gaps that push us behind. Aarti Foundation works with various NGOs to operate schools to support the education of the underserved sections of the society. We undertake various education and skill-development activities for people. During the year, through joint efforts with 'Shree Kutchi Visa Oshwal Jain Mahajan' support has been provided to more than 200 students for paying school fees. In addition, various education related and skill development initiatives have been undertaken.

## WOMEN EMPOWERMENT

Along with some aided foundations and NGOs we are relentlessly working towards women empowerment. Starting from women's awareness, training to establish them financially, the Company supports various programmes, such as Nursing School and Teacher's Training Institutes. During the year, the Company has funded 'Elderly Care Training' with the help of Mahila Arthik Vikas Mahamandal. Thereby, providing financial independence to more than 50 women.

## SUPPORTING THE TRIBAL COMMUNITIES

Along with relief programmes of various NGOs and through direct implementation, we are engaged in supporting tribal communities.





# GOOD GOVERNANCE IN ACTION



## SHRI CHANDRAKANT V. GOGRI

### Chairman Emeritus

A founding member of the Aarti Group, Shri Chandrakant V. Gogri holds a Chemical Engineering degree from the Institute of Chemical Technology (ICT), [formerly known as the University Department of Chemical Technology]. His experience in areas encompassing Projects, Operations, Process Development, Local & International Marketing in the Chemical and Pharmaceutical industry is remarkable. His keen business acumen and 50+ years of experience has helped the Aarti Group scale to new heights of success. He is one of the Company's Founder Promoter. He retired as the Chairman on August 16, 2012, and has, on request of the Board, accepted the post of Chairman Emeritus for his valued guidance and expertise. Shri Chandrakant V. Gogri was awarded the prestigious Lala Shriram National Award for leadership in the Chemical industry in the year 2015 and ICC's D M Trivedi Lifetime Achievement Award in the year 2019 for his contributions to the Indian Chemical industry.



## 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. He is one of the Company's Founder Promoter. He holds Chemical Engineering degree from the Institute of Chemical Technology (ICT) [formerly known as the University Department of Chemical Technology]. He has more than 50 years of experience in the field of Chemical & Pharmaceutical industry. He has an expertise in Product Identification, Project Conceptualisation, Planning, Project Engineering & Implementation. His technical experience has helped the Company emerge as one of the leading pharmaceutical companies in the country.



## SHRI RASHESH C. GOGRI

### Managing Director

Shri Rashesh C. Gogri has been the Managing Director of the Company since September 26, 2014. Prior to that, he was the Whole-time Director of the Company since October 2012. He holds a Production Engineering degree from the Mumbai University and has more than 20 years of experience in the field of Production, Marketing, and Project Implementation in Chemical and Pharmaceutical industry. He also serves as the Vice-chairman & Managing Director of Aarti Industries Limited.



### **SHRI HARSHIT M. SAVLA**

#### **Joint Managing Director**

Shri Harshit M. Savla is the Joint Managing Director of the Company. He is associated with the Company since 1987. He is a Commerce Graduate having more than 35 years of experience in Finance, Export and Administration. He played a crucial role in expanding the API and Formulation business of the Company.



### **SHRI HARIT P. SHAH**

#### **Executive Director**

Shri Harit P. Shah has been Executive Director of the Company since September 1995. He is a Commerce Graduate and has experience of more than 35 years in the handling commercial functions encompassing Sales, Purchases and Exports. He looks after local sales and exports as well. He has in-depth knowledge of the Pharmaceutical industry.



### **SHRI UDAY M. PATIL**

#### **Executive Director**

Shri Uday M. Patil has been Executive Director of the Company since October 2000. He has more than 35 years of experience in factory Administration work and liaising with various Government/Semi Government department and agencies.



**SHRI NARENDRA J. SALVI**  
**Non-executive Director**

Shri Narendra J. Salvi is a Non-Executive Director of the Company since August 2020. He has over 35 years of expertise in the API industry. He also serves as the Executive Director of Aarti Industries Limited, where he oversees the operation, projects, regulatory compliances and sustainability initiatives for the Pharmaceutical segment.



**SHRI NAVIN C. SHAH**  
**Independent Director**

Shri Navin C. Shah has been Independent Director of the Company since 2010. He holds a Bachelor's Degree in Commerce and is a Chartered Accountant. He is a practicing Chartered Accountant with more than 37 years of experience in the field of Income Tax related matters. He has expertise in Goods and Service Tax (GST).



**SHRI KRISHNACHARYA G. AKAMANCHI**  
**Independent Director**

Shri Krishnacharya G. Akamanchi has been Independent Director of the Company since 2008. He holds a degree of B.SC - (Tech.), B.SC - (Hons.), PHD - Technology. He has retired as the professor of Pharmaceutical Technology at the Institute of Chemical Technology (ICT) [formerly known as the University Department of Chemical Technology]. He has more than 100 research publications in reputed international journals.



**SMT. PRITI P. SAVLA**  
**Independent Director**

Smt. Priti P. Savla has been Independent Director of the Company since 2014. She is a practising Chartered Accountant and a partner with KP&B & Associates, a Chartered Accountants firm based in Mumbai and Thane, with over 15 years of experience. She is a qualified certificate holder in Entrepreneurs' Development Programme from the Indian School of Business, Hyderabad.



### **ADV. ANKIT V. PALEJA**

#### **Independent Director**

Appointed on October 13, 2021

Adv. Ankit V. Paleja is an Independent Director of the Company. He is a qualified lawyer. He holds a double degree of Bachelors in Legal Science and Bachelors of Law. With around fifteen years of work experience, he is presently a Partner in the law firm Crawford Bayley & Co. (advocates & solicitors). He is experienced in handling equity investments, Mergers & Acquisitions, Banking and Finance and general corporate transactions among others. He has been awarded the 'Under 40 Rising Star Award' by Legal Era. His previous engagement was with the law firm Little & Co.



### **PROF. BHASKAR N. THORAT**

#### **Independent Director**

Appointed on May 9, 2022

Prof. Bhaskar N. Thorat is an Independent Director of the Company. He holds the degree of M. Chem. Engg. and Ph.D in Chemical Engineering from Institute of Chemical Technology (formerly known as UDCT). He is a Senior Professor of Chemical Engineering at Institute of Chemical Technology, Mumbai. He has been recognised by many awards and honours and has more than 100 research publications in reputed international journals.



### **CA NEHA R. GADA**

#### **Independent Director**

Appointed on May 9, 2022

CA Neha R. Gada is an Independent Director of the Company. She is a Chartered Accountant and an Insolvency Professional. She has an experience of over 20 years in compliance pertaining to Securities Law and Corporate Laws. She is a co-founder of Dhhanish Advisors Private Ltd.



### **SHRI ADHISH P. PATIL**

#### **Chief Financial Officer**

Shri Adhish P. Patil is a proven leader with eighteen years of experience in Manufacturing Operations, Finance, Investor Relations, Regulatory Compliance, Consulting, Systems Engineering and Information Technology for the Pharmaceutical and Consulting industries. He has a Bachelor of Engineering (IT) degree from Mumbai University. He is a gold medalist from the University of Florida's Warrington College of Business Administration with an MBA in Finance and Marketing. He was named to the coveted 'Top 100 CFOs India 2014' list. He has managed production efficiencies, projects, financial operations, ERP implementation, automations for regulatory compliances for a publicly traded pharmaceutical Company.

# AWARDS AND ACCOLADES

1991-92

**CHEMEXCIL**

Outstanding Performance in Export

2001

**CHEMEXCIL**

Outstanding Performance in Export

2005-06

**AVAYA GLOBAL CONNECT**

Customer Responsiveness

2009

**PHARMEXCIL**

Outstanding Performance in Export

2012

**PHARMEXCIL**

Outstanding Performance in Latin American Export

2013

**ABBOTT**

Best Vendor of the Year

2014

**PHARMEXCIL**

Appreciation as Business Partner

2014

**GOVERNMENT OF INDIA**

(Ministry of Commerce and Industry)

Certificate of Recognition - Star Export House

2015-19

**ABBOTT**

Business Partner of the Year

2001

**ORGANISATION OF PHARMACEUTICAL PRODUCER OF INDIA -**

Best Vendor

# CORPORATE INFORMATION

**CHAIRMAN EMERITUS**

Shri Chandrakant V. Gogri

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**CHAIRMAN, MANAGING DIRECTOR & CEO**

Shri Prakash M. Patil

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**MANAGING DIRECTOR**

Shri Rashesh C. Gogri

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**JOINT MANAGING DIRECTOR**

Shri Harshit M. Savla

---

**EXECUTIVE DIRECTORS**

Shri Harit P. Shah

Shri Uday M. Patil

---

**INDEPENDENT DIRECTORS**

CA Navin C. Shah

Prof. Krishnacharya G. Akamanchi

CA Priti P. Savla

Adv. Ankit V. Paleja

Prof. Bhaskar N. Thorat

CA Neha R. Gada

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**CHIEF FINANCIAL OFFICER**

Shri Adhish P. Patil

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**COMPANY SECRETARY AND COMPLIANCE OFFICER**

CS Rushikesh Deole

**Registered Office**

Plot No. N - 198,  
M.I.D.C., Tarapur, Village - Pamtembhi,  
Taluka & Dist. Palghar - 401 506  
Maharashtra. (INDIA)

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**Corporate Office**

Ground Floor, Mahendra Industrial Estate,  
Road No 29, Plot No 109-D,  
Sion (East), Mumbai- 400022. (INDIA), Maharashtra  
Website: [www.aartidrugs.co.in](http://www.aartidrugs.co.in)  
Email: [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com)  
Tel No: +91 22-2401 9025

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**Corporate Identification Number**

L37060MH1984PLC055433

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**Statutory Auditors**

Kirtane & Pandit LLP, Chartered Accountants

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**Secretarial Auditors**

Sunil M. Dedhia & Co., Company Secretary

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**Registrar and Share Transfer Agent**

Link Intime India Private Limited  
C 101, 247 Park, L.B.S. Marg, Vikhroli (West)  
Mumbai - 400083, Maharashtra  
Tel No. - +91 22 491 86000  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: <https://linkintime.co.in/>

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**Bankers**

Axis Bank Limited  
DBS Bank India Limited  
HDFC Bank Limited  
IDBI Bank Limited  
Kotak Mahindra Bank Limited  
Standard Chartered Bank  
State Bank of India  
The Hongkong and Shanghai Banking Corporation Limited  
The SVC Co-Operative Bank Limited  
Union Bank of India

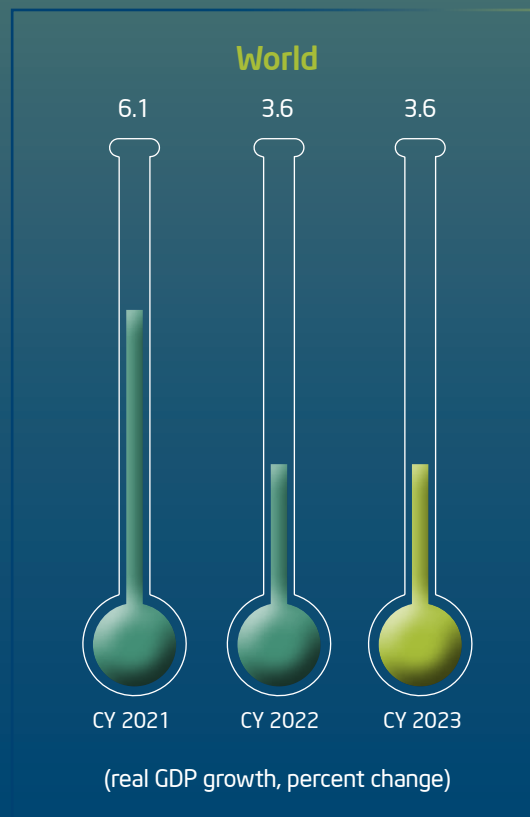


# MANAGEMENT DISCUSSION & ANALYSIS

## GLOBAL ECONOMIC OVERVIEW

As the world approaches the third year of the COVID-19 crisis, surrounded by possible hazards and significant uncertainty, economic developments have been both favourable and challenging. After a large dip in CY 2020, output in numerous nations increased in CY 2021. In CY 2021, the global economy saw 6.1% GDP growth. This was fuelled by a reduction in pandemic impacts and the commercialisation of various vaccinations. Vaccination rates have reached critical levels in industrialised economies and many middle-income nations. International trade has increased, and many developing nations have benefited from growing commodity prices.

## GLOBAL ECONOMY GDP GROWTH



(Source: World Economic Outlook April 2022)

Fuel and food prices have risen disproportionately harming low-income countries' vulnerable populations. However, on the other hand, domestic financial crises and international debt restructurings have occurred less often than may have been predicted during a period of severe global shocks. Thus, responding to the humanitarian crisis, preventing further economic fragmentation, sustaining global liquidity, managing financial hardship, battling climate change, and ending the pandemic all need multilateral effort as a result of which developing economies grew by 6.8% in CY 2021, while established economies increased by 5.2%.





## INDIAN ECONOMY OVERVIEW

The Indian economy is expected to perform better than it did in FY 2020-21, with the second shutdown and subsequent controlled opening up occurring in FY 2021-22. According to World Bank, ADB, and IMF forecasts for FY 2021-24, India is predicted to be the world's fastest-growing major economy. GDP growth in the H1 of FY 2021-22 witnessed an increase from 20.1% to 20.3%. In Q2, expectations were revised from 8.4% to 8.5%, following a similar pattern. The resurgence may be linked to widespread immunisation, the effects of supply-side reforms and regulatory liberalisation, robust export growth, and a rise in capital expenditure as a result of fiscal assistance. However, GDP increased by 5.3% and 4.1%, respectively, in the Q3 and Q4 of FY 2021-22. The trend slowed when India had its third wave of COVID-19 infections in December, prompting Governments to impose restrictions such as night and weekend curfews (Source: <https://timesofindia.indiatimes.com/business/india-business/indias-gdp-grows-5-4-in-q3-as-against-8-4-in-september-quarter/articleshow/89897899.cms>). As a result, an increase in India's GDP is predicted, indicating that overall economic activity has rebounded to pre-pandemic levels.

By CY 2030, India has the potential to become a global manufacturing powerhouse, contributing more than USD 500 billion to the global economy. The manufacturing sector was predicted to rise by 12.5% in FY 2021-22. This expansion was caused by an increase in activity levels, which led to an increase in demand, which was supported by favourable market circumstances.

The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) increased to 54.9 in February 2022 from 54.0 in January 2022, according to a monthly poll issued on March 2, 2022, indicating that the sector's health has greatly improved. (Source: <https://newsonair.com/2022/03/03/indias-manufacturing-activities-expand-in-february-as-output-new-orders-rise-pmi/>). In February 2022, India's overall unemployment rate was 8.10%, but it fell to 7.6% in March 2022. The decrease in the ratio implies that the economy is regaining its footing after being harmed by COVID-19 for two years. The amount of Private Final Consumption Expenditure (PFCE) in India as a proportion of GDP was expected to exceed 140 trillion in FY 2021-22, a 4% increase over the previous year. It is predicted to have recovered 97% of pre-pandemic production levels. The overall Goods and Services Tax (GST) revenue collected in January 2022 was 1.38 trillion (USD 18.42 billion). This was a 15% rise over the previous year. (Source: Centre for Monitoring Indian Economy).

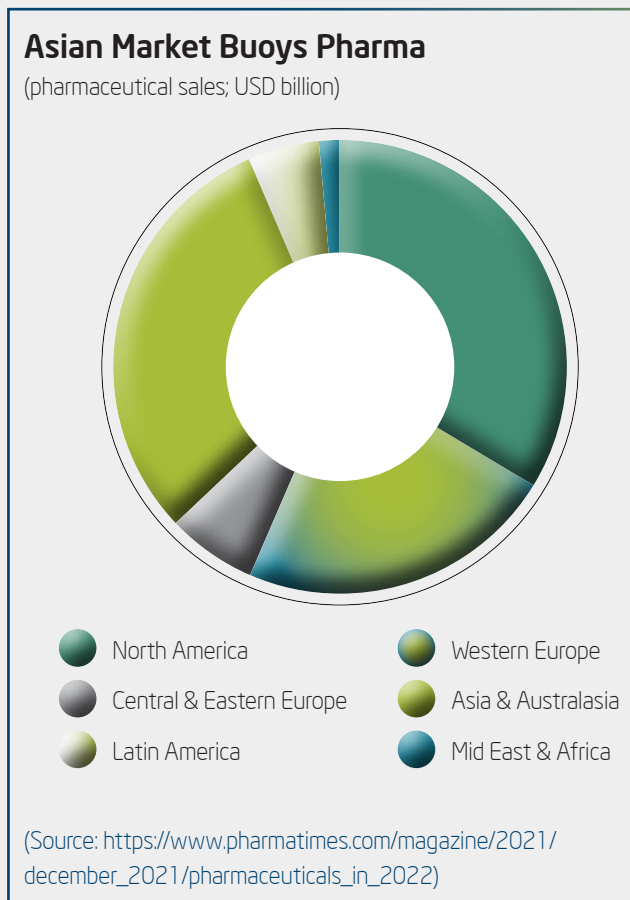
With robust consumption and investment prospects, the Indian economy grew by 8.7% this year. The vaccination increase, increasing mobility, privatisation, and the Government's strong financial push all contribute to the positive economic signs. However, the virus's waves may have an effect on the economy, making the long-term picture uncertain. (Source: <https://economictimes.indiatimes.com/news/economy/indicators/india-to-grow-at-7-5-in-fy23-on-strong-investment-to-rise-to-8-next-fiscal-ADB/articleshow/90687120.cms?from=mdr>)

## GLOBAL PHARMACEUTICAL INDUSTRY

The global Pharmaceutical industry is predicted to increase at a Compounded Annual Growth Rate (CAGR) of 9.1% from USD 1,454.66 billion in FY 2020-21 to USD 1,587.05 billion in FY 2021-22. The global Pharmaceutical industry can be segmented into production and distribution of Active Pharmaceutical Ingredients (API), intermediates, and formulations, among other things. The growth is mostly due to businesses reorganising their operations and recovering from the effects of COVID-19, which previously resulted in tight containment measures such as social distance, remote working, and the termination of commercial activities, all of which presented operational issues. North America is expected to retain its dominance in the global Pharmaceuticals sector by CY 2023, with a market share of 45.33%. In contrast, it is anticipated that Europe's market share would decrease from CY 2017 to CY 2023 and account for 20.24% of the worldwide Pharma sector. The Asia-Pacific Pharmaceuticals industry is expected to maintain its second rank with a market share of 24.07%. Latin America and the Middle East and Africa (MEA) are expected to benefit. (Source: <https://www.reportlinker.com/p05750669/Global-Pharmaceuticals-Industry-Analysis-and-Trends.html>)

The global medicine market is predicted to increase at a 3-6% CAGR through CY 2026, based on invoice pricing levels. Over the next five years, a total of 300 new medications are predicted to be released, much more than the average over the previous decade, with a lean toward specialised, niche, and orphan drugs. The fastest-growing therapeutic areas include immunology, cancer, and neurology, which are predicted to be the key drivers of growth until CY 2026. The estimate for global medication expenditure has moved significantly between CY 2020 and CY 2022. Global COVID-19 vaccines, which are exceptional both in terms of the number of individuals vaccinated and the speed with which they are planned to be achieved and then repeated with regular booster doses over the following five years, are likely to be the most significant driver of pharmaceutical spending over the next five years. (Source: <https://www.iqvia.com/insights/the-iqvia-institute/reports/the-global-use-of-medicines-2022>)

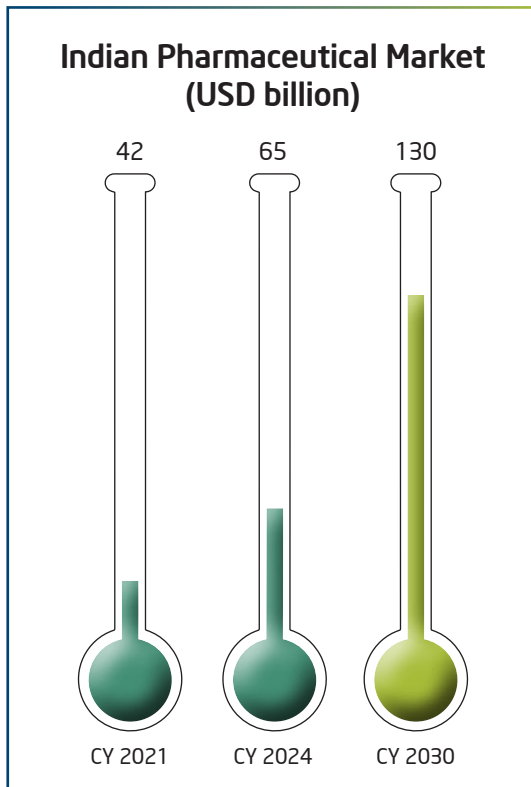
From the first case of coronavirus emerging in January 2020 to the creation, implementation, delivery and mass vaccination worldwide with its effectiveness levels surpassing 90%, the industry has exceeded all expectations of Governments and markets worldwide. With the market expected to reach USD 2,135.18 billion in CY 2026 at a 7.7% CAGR, it is expected that, the Global Pharmaceutical Market shall be back on its feet to pre-pandemic levels despite year-on-year fluctuations.



The global medicine market is predicted to increase at a 3-6% CAGR through CY 2026, based on invoice pricing levels. Over the next five years, a total of 300 new medications are predicted to be released, much more than the average over the previous decade, with a lean toward specialised, niche, and orphan drugs.

## INDIAN PHARMACEUTICAL INDUSTRY

The global pharmaceutical industry is estimated to surpass USD 1.5 trillion by CY 2023. India holds a significant place in the global pharmaceutical business. With the expectation to increase by 9-11% CAGR, Indian Pharmaceutical market is expected to reach USD 130 billion by CY 2030. The country is the world's largest generics manufacturer, accounting for 20% of worldwide exports. It meets more than half of global demand for different vaccinations and 40% of US demand for generic goods. Due to expanding demand for excellent healthcare, rising income levels, ageing, and a growing population, India has enormous potential in both local and export markets which can be seized by accelerating research and innovation, ensuring equitable and sustainable healthcare, boosting manufacturing and supply bases in local and global markets, and expanding access of medications to all. (Source: <https://indiancompanies.in/pharmaceutical-industry-in-india-api-active-ingredients-sector/>, IBEF)



(Source: IBEF)

## Indian Domestic Pharmaceutical Market

The Indian domestic Pharmaceutical market increased by 9.77% year-on-year, from USD 17.8 billion in FY 2016-17 to USD 21.3 billion in FY 2020-21. It grew by 0.3% in FY 2019-20 and 5.9% in FY 2020-21. Factors that have aided the domestic Pharma industry include an increase in the prevalence of chronic illnesses, rising per capita income, improved access to healthcare facilities, and the penetration of health insurance. The domestic Pharmaceutical market is largely classified into two major categories: acute (such as anti-infectives, pain/analgesics, and so on) and chronic treatments (such as cardiac, gastro intestinal, and anti-diabetic drugs, and so on). In terms of revenue market share, anti-infectives have a 13.6% share, followed by cardiac and gastrointestinal with 12.4% and 11.5%, respectively. (Source: India Pharmaceutical Industry – Care)

## Indian Export Pharmaceutical Market

Indian pharmaceutical exports totalled USD 24.4 billion in FY 2021-22, down from USD 24.44 billion in FY 2020-21 registering a growth of 18% year-on-year. The trend in pharma exports from India reversed in the first half of FY 2021-22 (April-September 2021), with outbound shipments increasing by only 1.4% to roughly USD 12 billion. The reduced growth in exports was mostly attributable to a 9.3% drop in shipments to the largest export destination which was caused by price erosion in the United States for some of the items. As of May 2021, India had sent 586.4 lakh COVID-19 vaccines to 71 countries, including grants (81.3 lakhs), commercial exports (339.7 lakhs), and COVAX platform exports (165.5 lakhs). Indian pharmaceuticals are sold to over 200 nations throughout the world, with the United States being the most important market. In terms of volume, generic medications account for 20% of worldwide exports, making the country the world's largest exporter of generic medicines. India's exports of medications and pharmaceuticals totalled to USD 1.2 billion.

India's pharmaceutical exports are divided into four basic categories, with drug formulations and biologicals accounting for the biggest chunk. During the first six months of FY 2021-22 (April-September 2021), drug formulations and biologicals accounted for 78.3% of the total, followed by bulk drugs, drug intermediates (APIs), ayush and herbal products, and surgical, which contributed to USD 4,437.64 million.

in USD billion	FY 2020-21	% Share	FY 2021-22 (Apr-Sep 2021)	% Share
Drug formulations, biologicals	19	77.9	9.4	78.3
Bulk drugs, drug intermediates	4.4	18.1	2.1	17.4
Ayush and herbal products	0.5	2.2	0.3	2.4
Surgicals	0.4	1.8	0.2	1.9
<b>Total</b>	<b>24.4</b>	<b>100.0</b>	<b>12.0</b>	<b>100.0</b>

(Source: CMIE)

In terms of foreign investments, FDI inflows were strong from the months of April to September, 2021, at ₹ 4,413 Crores, an increase of 53% over the same period in FY 2020-21. The remarkable increase in foreign investments in the Pharmaceutical industry is mostly due to efforts to address COVID-19-related medicinal and vaccination demands. The effective use of existing infrastructure and the establishment of new infrastructure through synergistic collaboration among Government research agencies are projected to drive growth in the Indian Pharmaceutical sector. Financing assistance through novel finance mechanisms, from idea conceptualisation through commercialisation, is another growth accelerator for the sector. Furthermore, Government policy support and alignment with global regulatory norms would provide the Indian pharma business, a boost. (Source: Department of Pharmaceuticals Annual Report 2021-22, IBEF, <http://www.pharmabiz.com/NewsDetails.aspx?aid=145538&sid=2>, Indian Pharmaceutical Market – Care, <https://pib.gov.in/PressReleasePage.aspx?PRID=1821747>)

## COMPANY OVERVIEW

Aarti Drugs Limited is a manufacturer of APIs, Pharma Intermediates, and Specialty Chemicals. The Company was incorporated in 1984 and is a part of the USD 1500 million Aarti Group. With 50+ compounds for antibiotics, antiprotozoal, anti-inflammatory, anti-diabetic, and anti-fungal, the Company is a market leader in APIs. The Company also has a wholly-owned subsidiary called Pinnacle Life Science Private Limited which operates in the field of manufacturing formulations.

The Company has a flexible production strategy that includes both in-house and outsourced manufacturing, as well as significant in-house R&D. The capacity of our multi-purpose plants ranges from kilograms to multi-tones. The creation of complicated generics for the Company's in-house formulation business is supported by the R&D centre in Turbhe, Navi Mumbai whereas the Tarapur R&D facility at MIDC, Maharashtra, is involved in API production segment. Both these plants are close to industrial locations.

The product profile of the Company is as follows:

### APIs:

- Antibiotics like Ciprofloxacin Hydrochloride, Ofloxacin, Levofloxacin, Norfloxacin, Entrofloxacin etc.
- Antiprotozoals like Metronidazole, Tinidazole, Metronidazole Benzoate and others
- Antidiabetic like Metformin HCL, Pioglitazone, Vildagliptin, Teneligliptin
- Anti-inflammatory like Diclofenac derivatives, Aceclofenac, Nimesulide and Celecoxib
- Antifungals like Ketoconazole and Tolnaftate
- Cardioprotectent - Clopidogrel
- Other categories

### Speciality Chemicals Developed:

- Benzene Sulphonyl Chloride
- Derivatives of Chlorosulphonation chemistry



## Research & Development

The Company's R&D team includes doctorates, master graduates (M.Sc), graduates (B.Sc), and engineer technicians, and their R&D centres and other institutions have all been accredited by the Department of Science and Industrial Research (DSIR). Their key capabilities include continual process improvement and product quality improvement, in addition to inventing new products for future growth. To enable timely commercialisation of innovative goods, Company's R&D is fully supported by a team of in-house project managers. The Company also seek frequent product development guidance from professionals and academics from the Institute of Chemical Technology (ICT) and the Council of Scientific and Industrial Research (CSIR).

## Our Subsidiaries

Aarti Drugs Limited has three subsidiaries, namely, Pinnacle Life Science Private Limited, Aarti Speciality Chemicals Limited and Pinnacle Chile SpA (foreign subsidiary). Pinnacle Life Science Private Limited (PLSPL) is a wholly-owned subsidiary. Founded with the goal of being the world's leading provider of high-quality and cost-effective pharmaceutical formulations, Aarti Drugs Limited and PLSPL work together to provide a one-stop shop for key pharmaceutical needs. PLSPL takes use of its parent company's core API competencies and engineers the majority of the formulations in a cost-efficient manner. This synergy has significantly increased the value of the existing API products formulations. PLSPL has opened up further export opportunities for the Company with a revenue contribution of roughly 11%. With new export and Government tender registrations, it has begun commercial activities in Latin America, certain African countries, and Asia. Another subsidiary, Pinnacle Chile SpA, supports in the marketing of medication formulations and participates in Chilean tenders and the private sector in Santiago, Chile.

## COVID-19 and its Impact

With the second wave of COVID-19 hitting the country, the Government imposed lockdown and travel restrictions affected the Company. However, since the Company met the criteria for essential goods and services, the impact was minimal. The Company did not face any significant challenges in terms of its capital and financial resources which made it easy for the Company

to return to its normalcy. With the distribution system back in its place, the Company resumed operations in accordance with the established guidelines.

Being in the middle of the pandemic, it was important to not only operate in safe environment but also boost the morale of the employees. Apart from implementing measures such as social distance, thermal screening, and awareness campaigns to ensure the safety and security of our staff, the Company made sure to get its personnel vaccinated as soon as possible and purchased supplementary insurance until the COVID-19 threat was eradicated. The Company also provided work-from-home options to our Mumbai headquarters staff, as well as the necessary connection, ensuring that all IT security measures were in place and that all systems were remotely monitored. Facilities such as employee transportation were provided, face masks and sanitisers were made available and the facilities were regularly fumigated and sanitised to keep everybody safe.

Aarti Group went above and beyond to help communities during the pandemic. The Group put up roughly ₹ 250 million to combat the virus's impact on our society. During the second wave, it also gave a big oxygen plant to Government hospitals. However, at present, the Company does not expect any contracts or agreements that might have a negative impact on us, if one or more parties failed to fulfil their commitments, and the business in a good shape to meet its present and future obligations.

## Distribution Channel

The Company's distribution channel is a strategic enabler that has been helping the Company to expand into over 100 nations. The Company sends goods directly to its consumers by Air or Water in the vast majority of circumstances thereby helping in reduction of costs. The Company distributes items to its distributors in some instances when the volume isn't exceptionally significant. In certain instances where the clients' creditworthiness is evaluated conscientiously, and if any credit risk is identified, the transaction is handled through European traders. Apart from this, other risks like receivables risks are also adequately covered by the Company's trade credit insurance. Thus, the Company's excellent distribution network is extremely important to its operations and cannot be enough emphasised.





### Key Ratios

Particulars	FY 2021-22	FY 2020-21	Change (%)
Debt Equity Ratio (Times)	0.52	0.38	36.84
Operating Profit Margin (%)	11.41	18.14	(37.10)
Net Profit Margin (%)	8.24	13.00	(36.62)
Return on Equity (%)	21.03	35.81	(41.27)

Note- Ratios are on consolidated basis

## FINANCIAL PERFORMANCE

The Company demonstrated stable success as a result of its long-term growth plan combined with cost-cutting efforts throughout the year. Our value-centric business approach, along with our worldwide presence, has resulted in great results.

The Company increased its consolidated topline by 16% to ₹ 2,500 Crores and EBIDTA came in at ₹ 340.8 Crores, and EBITDA margin stood at 13.7%. Profit after Tax (PAT) for the year stood at ₹ 205 Crores with the PAT margin at 8.2%. EBITDA margins and profitability is not exactly comparable on a year-on-year basis due to elevated API margins during FY 2020-21 on account of COVID-19 related disruptions. To lessen the risk of shortages, we are seeking to reduce our dependency on imports through more backward integration of our API segment, in-house material

production, and the development of alternative procedures. The capex for FY 2021-22 stood at ₹ 152 Crores which was funded through a mix of internal accruals and debt. The Company strategically procured higher raw materials towards the end of FY 2021-22 considering strong inflow of orders and consistent inflationary pressures on input costs resulting into higher inventory. This has resulted into temporary increase in overall working capital cycle. The net debt-to-equity ratio for FY 2021-22 stood at 0.52x compared to 0.38x year-on-year, largely owing to the ongoing capex and also due to the fact that March 2022 quarter we achieved historically highest sales and due to ~90 days credit period given to debtors, working capital requirement had gone up. The Return on Equity (RoE) for FY 2021-22 stood at 21% while the return on capital employed stood at 19.43%.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Controls in a company are put in place to deterrent against any wrong doings of the Company and preventing any misconduct. Internal Controls in Aarti Drugs are robust and appropriate to the size of the Company. It is regularly reviewed by the Audit Committee. In order to keep up with the changing circumstances, the systems are upgraded and analysed on frequently. Asset security, precise transaction recording, and timely reporting are all ensured by these systems. Further, internal auditing is performed regularly at Aarti Drugs by an independent Firm of Chartered Accountants. In addition, the Audit Committee evaluates the Internal Auditors' periodic reports on a regular basis and addresses any concerns that the Internal Auditors and Statutory Auditors raise. Our Audit Committee is always looking for ways to improve existing systems.

## HUMAN RESOURCES

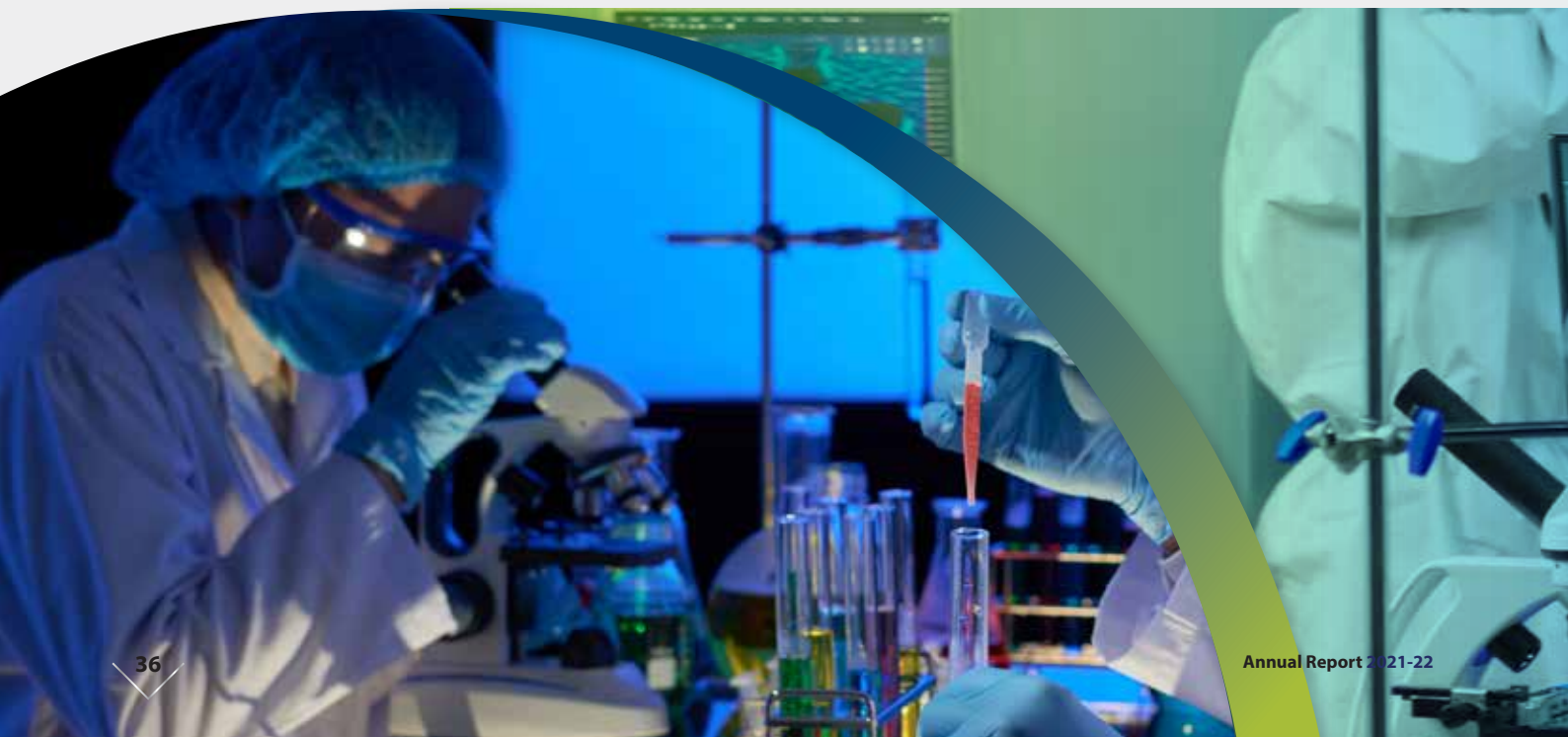
With the consolidated strength of 1,450 permanent employees working in production sites and administrative offices, the Company believes that Human Resources is not only critical for the business' operations but also play a key role in running its business. In order to enhance the talents of its employees, the Company's Human Resource Department (HRD) organised several training sessions and seminars through the year, held training programmes in collaboration with renowned training schools and provided in-house trainings as and when required.

## ENVIRONMENT, HEALTH AND SAFETY

With the goal of reducing emissions and establishing more ecologically-friendly alternatives, the Company has been focussed on developing new technologies and innovative manufacturing processes in order to provide more effective Waste Management Systems resulting in considerable reduction in water use. In FY 2020-21, the Company also achieved zero-organic effluent discharge from the manufacturing facilities across locations by using multiple effect evaporators and incinerators.

The Company is always improving its procedures to decrease waste by maintaining greater yields and removing by-products from effluent streams, hence reducing environmental waste. With the completion of plantation work, the Company has planted trees at 250 acres of forest property of the Forest Department at Dhuktan, Palghar and is involved in regular maintenance. Environmental concerns are incorporated into the plant design at Aarti Drugs throughout all the stages of the project. Air scrubbers, dust filters, fire suppression systems, and wastewater treatment plants are all installed and functioning in our facilities to help maintain a green environment. Furthermore, by isolating garbage, we may use it as a source of fuel for energy generation, lowering our carbon impact.

Numerous trainings programmes were conducted by the Company throughout the year on the proper use and importance of Personal Protective Equipment (PPE), as well as safety awareness and actions. The Company also organised training sessions with faculties of Bombay Productivity Council on 'Kaizen' and 'Behaviour Based Safety in Organizations (Industrial Safety Awareness)'. Civil Defence, a Central Government agency, provided training to employees on first-aid, firefighting, and emergency rescue operations.



The Company is constantly seeking to improve its employees' working conditions. In terms of safety, the Company's units have fire hydrant systems, fire extinguishers, and smoke and heat detectors installed to keep an eye on the possibility of fire. Furthermore, all of the electrical components in the units are flameproof. The Company has also installed hydrogen and ammonia gas leak detectors wherever they are needed. In reaction vessels and distillation systems, the Company has also placed rupture discs and safety valves. For the reactors, an Audio-Visual Alert Alarm system has been built to monitor any temperature rises, cooling or chilling system failures, and agitator tripping. All of the facilities were subjected to an external safety audit in line with IS:14489:1998, which was undertaken by a safety auditor recognised by the Maharashtra Government. Safety consultant and former Deputy Director of the Department of Industrial Safety and Health conducted various onsite job training and safety-related observations for the safety and well-being of the Company's employees.

## OUTLOOK

The global economy has adjusted to the COVID-19 pandemic's aftereffects. Global GDP is predicted to expand by 3.6 % in CY 2022, with Emerging and Developing Markets leading the way. The drop in CY 2020 has resulted in a tremendous surge in overall output, consumption, and commerce. All major nations have opened their borders to enable free commerce and travel, promoting growth in both established and emerging economies. The productivity of innovative modes of working has been emphasised by pandemic disruptions. Governments should seek to capitalise on good structural change whenever feasible, embracing digital transformation and retooling and reskilling employees to meet its demands. With economic activity returning to normal across sectors and nations, the prognosis for the global economy appears to be positive. However, the impact of Ukraine's ongoing geopolitical

**All of the facilities were subjected to an external safety audit in line with IS:14489:1998, which was undertaken by a safety auditor recognised by the Maharashtra Government.**

turmoil and rising petroleum prices must be monitored. COVID-19 incidences have been decreasing, with fewer daily infections and a major portion of the population immunised against the virus. While the pandemic is far from ended, Governments must employ all available instruments to battle the virus, including fulfilling vaccination objectives and guaranteeing fair access to testing and treatment.

(Source: World Economic Outlook April 2022)

## 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 the 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.





# DIRECTORS' REPORT

To,  
**The Members of**  
**AARTI DRUGS LIMITED**

Your Board of Directors ("Board") are pleased to present this 37<sup>th</sup> (Thirty Seventh) 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, 2022.

## COMPANY'S FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Revenue from Operations	2,25,117	1,91,489	2,48,865	2,15,478
Other Operating Income	477	642	1,132	453
Total Income from Operations	2,25,595	1,92,131	2,49,996	2,15,930
Total Expenditure	2,00,045	1,58,383	2,23,001	1,79,052
Profit Before Depreciation, Amortisation, Interest and Tax Expenses	32,296	40,769	34,075	44,163
Finance Cost	2,006	2,261	2,075	2,296
Depreciation & Amortisation	4,739	4,760	5,005	4,988
Profit before Exceptional Items and Tax	25,550	33,749	26,996	36,879
Exceptional Income	-	22	-	22
Profit Before Tax	25,550	33,771	26,996	36,901
Less: Total Tax Expenses	6,050	8,000	6,496	8,862
Profit after Tax	19,500	25,771	20,500	28,040
Earnings Per Share (₹)	21.04	27.65	22.12	30.09

## FINANCIAL PERFORMANCE

During the year under review, Standalone Revenue from operations of the Company was ₹ 2,25,117 lakhs as compared to ₹ 1,91,489 lakhs for FY 2020-21 registering a growth of 17.56%.

The Company has achieved Export Sales of ₹ 83,787 lakhs as against ₹ 66,374 lakhs for the last year, registering a growth of 26.24%.

EBITDA has been ₹ 32,296 lakhs as compared to ₹ 40,769 lakhs for FY 2020-21. PAT has been ₹ 19,500 lakhs as against ₹ 25,771 lakhs for FY 2020-21.

Likewise, Consolidated revenue from operations of the Company is ₹ 2,48,865 lakhs as compared to ₹ 2,15,478 lakhs for FY 2020-21 registering a growth of 15.49%.

On Consolidated basis, Company's EBITDA has been ₹ 34,075 lakhs as compared to ₹ 44,163 lakhs for FY 2020-21. PAT has been ₹ 20,500 lakhs as against ₹ 28,040 lakhs for FY 2020-21.

## DIVIDEND

Your Company had declared and paid Interim Dividend of ₹ 1/- (@ 10%) per share (of ₹ 10/- each) aggregating to ₹ 926 lakhs.

## DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 ("Listing Regulations"), the top 1000 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the Company. The policy is available on the website of the Company at the web link <https://www.aartidrugs.co.in/policies-and-related%20documents/>

## TRANSFER TO RESERVES

Your Company has transferred ₹ 1,949.98 lakhs to General Reserve. (Previous year ₹ 2,577.12 lakhs).

## SHARE CAPITAL

The Board at its meeting held on March 19, 2021, had offered for buy back of 6,00,000 fully paid – up Equity Shares of face value of ₹ 10/- each representing 0.64% of the total number of Equity Shares at a price of ₹ 1,000/- per Equity Share (including premium of ₹ 990/- per Equity share) payable in cash for an aggregate amount of ₹ 60,00,00,000/- on a proportionate basis through the tender offer using stock exchange mechanism in accordance with applicable regulations. Settlement of buy back bids was completed on May 19, 2021. Post Buyback, the paid– up Equity Share Capital of the Company stood at ₹ 92,60,00,000/- consisting of 9,26,00,000 Equity Shares of face value of ₹ 10/- each.

## DIRECTORS' REPORT (CONTD.)

Apart from the above, there were no changes in the Share Capital during the Financial Year under review.

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.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company through Aarti Foundation – Our CSR arms undertake community interventions to enhance the lives of the communities. Besides our direct involvement, we are partner with numerous implementing agencies to carryout need assessment and make impactful interventions. Our Focus areas includes the following segments:

- Education & Skill Development
- Healthcare
- Disaster relief and rehabilitation
- Social Welfare
- Rural Development
- Women Empowerment
- Water conservation and environment
- Research and Development work for upliftment of Society

Many of our Pilot projects have been appreciated by various NGO's and other Corporate Houses who have also started adopting those models thereby multiplying the magnitude of the reach of these social activities for the benefit of the Society at large. The CSR Policy is available on the Company's website on the web link <https://www.aartidrugs.co.in/policies-and-related%20documents/>

A brief note on various CSR initiatives undertaken during the year is presented in this Annual report.

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 recognises human resource as one of its prime resources. Your Company enjoyed excellent relationships with workers and staff during the year under review and considers them their most important assets. Your Company cares for its people, customers, suppliers, and community at large which reflects in the Company's policy, programs and development efforts. As on March 31, 2022, the Company had 989 permanent employees at its manufacturing plants and administrative office. Your Company is committed to build and strengthen our human capital by defining policies that support their growth, goals and help them achieve excellence.

### NOMINATION AND REMUNERATION POLICY

Your Company has in place a nomination and remuneration policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board Members. The remuneration paid to the Directors, Key Managerial Personnel and Senior Management of the Company is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

The details of this policy are given in the Corporate Governance Report.

### PERSONNEL

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Companies Act, 2013 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, in terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the Members excluding this annexure. Any Member interested in obtaining a copy of the annexure may write to the Company Secretary at the Registered Office of the Company for a copy of it.

### 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 financial year of Company to which the financial statements relate and the date of this Directors' Report.

### 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.

In compliance with Regulation 21 of the Listing Regulations, Board of Directors had constituted a Risk Management Committee consisting of Shri Prakash M. Patil (Chairman), Shri Rashesh C. Gogri, Shri Harshit M. Savla, Shri Harit P. Shah, Shri. Uday M. Patil, being Executive Directors, Shri Krishnacharya G. Akamanchi, Independent Director, Shri Adhish P. Patil, CFO and Shri Dhanaji L. Kakade, Vice President - Technical. Main object of this Committee is to continuously identify, evaluate and take appropriate measures to mitigate various elements of risks.

## DIRECTORS' REPORT (CONTD.)

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has maintained a proper and adequate system of internal controls.

The Company has appointed Raman S. Shah & Associates, Chartered Accountants, as an Independent Internal Auditors to periodically audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. This ensures that all Assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems are commensurate with the nature and size of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

Statutory Auditors Report on Internal Financial Controls as required under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 is annexed with the Independent Auditors' Report.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report with detailed review of operations, performance and future outlook, as stipulated under Regulation 34 read with Schedule V to the Listing Regulations is presented in a separate section forming part of this Annual Report.

### BUSINESS RESPONSIBILITY REPORTING (BRR)

The Listing Regulations mandates the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based on market capitalisation. Business Responsibility Reporting for the year under review, as stipulated under Regulation 34(2)(f) of Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015 is given in a separate section forming part of this Annual Report.

### INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the government of India, after the Completion of seven years. Further, according to the rules, the shares on which Dividends have not been paid or claimed by the Shareholders for seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority. Accordingly the Company has transferred the unclaimed and unpaid dividends and

corresponding shares as per the requirement of the IEPF Rules.

### RELATED PARTY TRANSACTIONS

The Company has a Policy on Materiality of Related Party Transaction and dealing with Related Party Transaction which is uploaded on the Company's website at the web link <https://www.aartidrugs.co.in/policies-and-related%20documents/>

All related party transactions that were entered into during the FY 2021-22 were on an arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

All related party transactions are presented to the Audit Committee. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented to the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of transactions.

The details of Related party transactions are provided in the accompanying financial statements. Since all related party transactions entered into by the Company were in ordinary course of business and were on an arm's length's basis, Form AOC-2 is not applicable to Company.

### 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 together with certificate from the Statutory Auditor regarding report on Corporate Governance.

### ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available in prescribed format on the Company's website on [www.aartidrugs.co.in](http://www.aartidrugs.co.in)

### DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 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, 2022.

## DIRECTORS' REPORT (CONTD.)

The Company does not have any deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

### 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, 2022 are given in the notes to the Financial Statements.

### ANNUAL BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and the Listing 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 performances of the Committees and Independent Directors were evaluated by the entire Board of Directors except for the Director being evaluated. The performance evaluation of the Chairman, Non-Independent Directors and Board as a whole was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### SUBSIDIARY

The Company, has 3 (three) subsidiaries, namely, Pinnacle Life Science Private Limited, Aarti Speciality Chemicals Limited and Pinnacle Chile SpA.

Of the above subsidiaries, Pinnacle Life Science Private Limited and Aarti Speciality Chemicals Limited are wholly owned subsidiaries. Pinnacle Life Science Private Limited has been classified as the material subsidiary as it fulfils the criteria given under Regulation 16(1)(c) of the Listing Regulations. Pursuant Regulation 24A of the Listing Regulations, the Secretarial Audit Report as prescribed in Section 204 of Companies Act, 2013 for the Material Subsidiary Company, Pinnacle Life Science Private Limited for financial year ended March 31, 2022 is annexed as "**Annexure - C2**" and forms an integral part of this Report.

The Company has attached along with its financial statements, a separate statement containing the salient features of the financial statements of the said subsidiaries in "**Form AOC-1**" which is annexed as "**Annexure - B**" and forms an integral part of this Report.

During the year under review, the Board of Directors reviewed the affairs of the subsidiaries. Also in conformity with Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014, Note 32 of Consolidated Financial Statement covers the highlights of performance of subsidiaries and their contribution to the overall performance of the Company during the year.

The Company does not have any Associate Company or Joint Venture. A policy on material subsidiaries has been formulated and is available on the website of the Company at the web link <https://www.aartidrugs.co.in/policies-and-related%20documents/>

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Companies Act, 2013 and Regulation 33 of the Listing Regulations and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2021-22, together with the Auditors' Report, form part of this Annual Report.

### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

#### Composition

As on March 31, 2022 the composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations. As on March 31, 2022, the Board 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.

At 36<sup>th</sup> AGM held on September 4, 2021, Shri Prakash M. Patil (DIN: 00005618) was re-appointed as the Managing Director, Shri Harshit M. Savla (DIN: 00005340) was re-appointed as the Joint Managing Director and Shri Harit P. Shah (DIN: 00005501) was re-appointed as Whole time Director of the Company for period of 5 years with effect from June 1, 2022.

Shri Ramdas M. Gandhi (DIN: 00029437), Independent Director of the Company left for heavenly abode on July 16, 2021. Late Shri Ramdas M. Gandhi was on the Board of the Company since December 31, 2005 and the Company immensely benefitted from his vision and leadership. The Board of Directors of the Company express their deep condolences and pay tribute to late Shri Ramdas M. Gandhi. Shri Bhavesh R. Vora (DIN: 00267604) and Shri Vilas G. Gaikar (DIN: 00033383), Independent Directors of the Company retired from the closure of business hours on March 31, 2022 on completion of their 2<sup>nd</sup> term as an Independent Director.

Shri Ankit V. Paleja (DIN: 06975564) has been appointed as an Independent Director of the Company for a period of 3 years with effect from October 13, 2021, approval of the members was sought by way of postal ballot for his appointment. Members approved the postal ballot resolution on November 25, 2021.

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

## DIRECTORS' REPORT (CONTD.)

In accordance with the provisions of Section 152 of Companies Act, 2013, Shri Uday M. Patil (DIN: 01186406) Executive Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment. The Board recommends his re-appointment for consideration of the Members.

Shri Bhaskar N. Thorat (DIN: 01293824) and Smt. Neha R. Gada (DIN: 01642373), who were appointed as an additional Director in the category of Independent Director by the Board effective from May 9, 2022, has been proposed by the Board based on recommendation of Nomination and Remuneration Committee (NRC), to be appointed as an Independent Director as such at ensuing AGM.

Pursuant to Regulation 36 of the Listing Regulations read with Secretarial Standard -2 on General Meetings, a brief profile of the Directors proposed to be appointed/ re-appointed is made available, as an Annexure to the Notice of the Annual General Meeting.

None of the Directors of the Company are disqualified from being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014

### Independent Directors

Independent Directors have given written declarations to the Company confirming that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of Listing Regulations. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company at the weblink <https://www.aartidrugs.co.in/independent-directors/>

The Board is of the opinion that the Independent Directors fulfil the conditions specified in Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Listing Regulations and are Independent from Management and possess requisite qualifications, experience and expertise and that they hold highest standards of integrity.

The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

### Number of Meetings of the Board

During the year under review, the Board of Directors met 6 (Six) times. The agenda of the meeting was circulated to the members of the Board in advance along with necessary documents, reports, recommendations etc. so that each Board member could 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 Companies Act, 2013 and the Listing Regulations.

### 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, 2022, 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, 2022 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;
- f. the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### FAMILIARISATION PROGRAMME

The Company has a familiarisation programme for its Independent Directors which is imparted at the time of appointment of an Independent Director on Board as well as annually. During the year, the Independent Directors of the Company were familiarised and the details of familiarisation programmes imparted to them are placed on the website of the Company at the web link <https://www.aartidrugs.co.in/independent-directors/>

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

## DIRECTORS' REPORT (CONTD.)

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

### 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 has been continuously taking various steps to develop and adopt Safer Process technologies and unit operations. Your Company is making continuous efforts for adoption of safe & environmental friendly production processes. Monitoring and periodic review of the designed SHE Management System are done on a continuous basis.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism and Whistle Blower Policy for its Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, actual or suspected leak of UPSI or violation of Company's Code of Conduct. It also provides for adequate safeguards against the victimisation of employees who avail of the mechanism, and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The said policy has been posted on the website of the Company at the web link <https://www.aartidrugs.co.in/policies-and-related%20documents/>

The Company affirms that none of the personnel has been denied access to the Audit Committee Chairman.

### STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013, the members at the 34<sup>th</sup> Annual General Meeting held on August 6, 2019 had approved the appointment of Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No: 105215W/ W100057) for a term of 4 years, to hold office till the conclusion of 38<sup>th</sup> Annual General Meeting, As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

### COST AUDITORS

In terms of the Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Rules, 2014, the Company is required to maintain cost accounting records and have them audited every year.

The Board has appointed from GMVP & Associates LLP as Cost Auditor of the Company for FY 2022-23 under Section 148 and all other applicable provisions of the Act. Shareholder's approval is being sought for ratification of the Remuneration proposed to be paid to from GMVP & Associates LLP, Cost Auditor of the Company in respect of Cost Audit for the financial year ending March 31, 2023 as mentioned in the Notice convening the AGM.

The Company has maintained cost records as specified under section 148(1) of the Act.

### SECRETARIAL AUDITOR

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the financial year ended March 31, 2022 issued by CS Sunil M. Dedhia (COP No.2031), Proprietor of Sunil M. Dedhia & Co., Company Secretary in Practice and the Secretarial Auditor of the Company is annexed as "Annexure - C1" and forms an integral part of this Report. During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act.

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

There is no qualification, reservation or adverse remark or disclaimer made by the Auditor in their report. As regards the observations of the Secretarial Auditor in their Report, the same are self-explanatory and need no further clarifications.

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

Your Company is fully committed to uphold and maintain the dignity of every woman working with the Company. The Company has Zero tolerance towards any action on the part of any one which may fall under the ambit of 'Sexual Harassment' at workplace. The Policy framed by the Company in this regard provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment.

## DIRECTORS' REPORT (CONTD.)

Status of the Complaints during the FY 2021-22 is as follows:

Particulars	No. of Complaints
Number of Complaints pending as on beginning of the Financial Year	NIL
Number of Complaints filed during the Financial Year	NIL
Number of Complaints pending as on the end of the Financial Year	NIL

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

### 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 - D" to this report.

### 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 (ICS).

### GREEN INITIATIVE

Your Company has adopted green initiative to minimise 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.

### ACKNOWLEDGEMENT

The Board of Directors places on record its sincere appreciation for the dedicated services by the employees of the Company at all levels and the constructive cooperation extended by them. Your Directors would also like to express their grateful appreciation for the assistance and Continuous 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

Sd/-

**Prakash M. Patil**

Place: Mumbai

Chairman, Managing Director & CEO

Date: May 9, 2022

DIN: 00005618

### CAUTIONARY STATEMENT

Statement in the Annual Report 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.

# ANNEXURE - A

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2021-22

1. **Brief outline on CSR Policy of the Company:-** The scope of the CSR Policy would include all/any activities specified in Schedule VII of the Companies Act, 2013.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship
1	Shri Navin C. Shah	Chairman of Committee / Independent Director
2	Shri Prakash M. Patil	Member / Executive Director
3	Shri Rashesh C. Gogri	Member / Executive Director

\*Circular Resolution was passed dated July 27, 2021 for seeking approval of the Committee members for the CSR Budget for FY 2021-22.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: [www.aartidrugs.co.in](http://www.aartidrugs.co.in)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):- **Not Applicable for the year under review.**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1		Nil	Nil

6. Average net profit of the Company as per section 135(5):- ₹ **20,931.46 lakhs**

7. a) Two percent of average net profit of the Company as per section 135(5):- ₹ **418.63 lakhs**

b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:- **Nil**

c) Amount required to be set off for the financial year, if any:- **Nil**

d) Total CSR obligation for the financial year (7a+7b-7c):- ₹ **418.63 lakhs**

8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer.
421.06	Not Applicable				

b) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No).	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/ No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
Nil												



## ANNEXURE - A (CONTD.)

c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (₹ In lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
1	COVID Support	(i)	Yes	Maharashtra	Mumbai	75.00	No	Aarti Foundation	CSR00000537
2	Old age welfare	(iii)	Yes	Maharashtra	Thane	5.00	No	Aarti Foundation	CSR00000537
3	Education	(ii)	Yes	Maharashtra	Mumbai	4.00	No	Aarti Foundation	CSR00000537
4	Support for Building House to economically backward groups.	(iii)	Yes	Maharashtra, Gujarat	Various locations of Maharashtra and Gujarat	75.00	No	Kutchi Jain Foundation	CSR00002045
5	Support for Building House to economically backward groups.	(iii)	Yes	Karnataka	Bangalore	150.00	No	Awasi Nivas Foundation	CSR00013664
6	Education	(ii)	Yes	Maharashtra, Gujarat	Various locations of Maharashtra and Gujarat	40.00	No	Shree Kutchi Visa Oshwal Jain Mahajan	CSR00002047
7	Medical relief, poverty relief, Education	(i), (ii)	Yes	Maharashtra, Gujarat	Various locations of Maharashtra and Gujarat	51.00	No	Popatlal Bhachubhai Nandu Charitable Trust	CSR00002798
8	Healthcare, Education, disaster relief	(i), (ii), (xii)	Yes	Maharashtra, Gujarat	Palghar, Valsad	21.06	No	-	-
<b>Total</b>						<b>421.06</b>			

d) Amount spent in Administrative Overheads:- **Nil**

e) Amount spent on Impact Assessment, if applicable:- **Not Applicable**

f) Total amount spent for the Financial Year (8b+8c+8d+8e):- **₹ 421.06 lakhs**

**ANNEXURE - A (CONTD.)**

g) Excess amount for set off, if any

Sl. No	Particular	Amount (₹ In lakhs)
(i)	Two percent of average net profit of the Company as per section 135(5)	418.63
(ii)	Total amount spent for the Financial Year	421.06
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.43
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.43

9. a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ In lakhs)	Amount spent in the reporting Financial Year (₹ In lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (₹ In lakhs)
				Name of the Fund	Amount (₹ In lakhs)	Date of transfer	
Nil							

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed / Ongoing.
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(a) Date of creation or acquisition of the capital asset (s) - **Not Applicable**(b) Amount of CSR spent for creation or acquisition of capital asset - **Not Applicable**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - **Not Applicable**(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) - **Not Applicable**11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5):- **Not Applicable**

Sd/-

**Prakash M. Patil**Managing Director & CEO  
(Member of CSR Committee)

DIN: 00005618

Sd/-

**Navin C. Shah**Independent Director  
(Chairman of CSR Committee)

DIN: 01415556

Place: Mumbai  
Date: May 9, 2022

[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	₹ In lakhs except % of Shareholding)	
												Proposed Dividend	% of Shareholding
1.	Pinnacle Life Science Private Limited	₹	778.28	6,440.41	20,844.26	20,844.26	0.50	29,120.05	1,624.26	445.93	1,178.33	0.00	100
2.	Aarti Speciality Chemicals Limited	₹	25.00	(36.07)	25.15	25.15	0.00	0.00	(13.36)	0.00	(13.36)	0.00	100
3.	Pinnacle Chile SpA	CLP (Chilean Peso)	1,837.75	(849.63)	694.05	694.05	0.00	151.15	(849.63)	0.00	(849.63)	0.00	95
		₹	185.25	(85.64)	69.96	69.96	0.00	15.24	(85.64)	0.00	(85.64)	0.00	

The Financial Statement of Pinnacle Chile SpA whose reporting current is Chilean Peso is converted into Indian Rupees on the basis of approximate exchange rate as per the applicable accounting standard. As at March 31, 2022 CLP 1 = ₹ 0.1008

**For and On behalf of the Board**

Sd/-  
**Harit P. Shah**  
Whole time Director  
DIN: 00005501

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

Sd/-  
**Rushikesh V. Deole**  
Company Secretary

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

Place: Mumbai  
Date: May 9, 2022

# ANNEXURE – C1

## FORM NO. MR - 3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

(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 authorised 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, 2022 ('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, 2022 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 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, 2018 which were not applicable to the Company during Audit Period;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; which were not applicable to the Company during Audit Period;
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("SEBI LODR");
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 which were not applicable to the Company during Audit Period;
- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were not applicable to the Company during Audit Period; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; to the extent applicable during Audit Period;

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) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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, Standards etc. mentioned above, except that here has been delay of 69 days in

## ANNEXURE - C1 (CONTD.)

one case in crediting 2677 shares in respect of which dividends were unpaid or unclaimed for the seven years due to be transferred during the Audit Period to Investor Education and Protection Fund.

**I further report that** based on review of compliance system prevailing in the Company, I am of the opinion that the Company has adequate systems and processes in place commensurate with its size and nature of operations to monitor and ensure compliance with the following laws applicable specifically to the Company:

- (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, 1884 and Rules made thereunder;
- (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; and
- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

**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 and Committee Meetings were taken unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**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, the Company completed on May 19, 2021 buy back of 6,00,000 equity shares of ₹ 10/- each at ₹ 1,000/- per share aggregating ₹ 60 Crore. There were no other specific events / actions in my view, in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., having a major bearing on the Company's affairs.

This report is to be read with Annexure which forms an integral part of this report.

Sd/-

**CS Sunil M. Dedhia**

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483D000391266

Place: Milpitas, CA, USA

Date: May 26, 2022

# ANNEXURE

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.

- (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.
- (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 appropriateness 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.
- (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.

Sd/-

**CS Sunil M. Dedhia**

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483D000391266

Place: Milpitas, CA, USA

Date: May 26, 2022

## ANNEXURE – C2

### FORM NO. MR - 3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

(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,**  
**Pinnacle Life Science Private Limited**  
 (CIN: U24232HP2003PTC030912)  
 Near Telephone Exchange, Manpura,  
 Baddi, Himachal Pradesh 173205

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Pinnacle Life Science Private Limited** (hereinafter called "the Company") which is a wholly owned subsidiary of Aarti Drugs Limited. 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 authorised 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, 2022 ('**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 Audit Period according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder which were not applicable to the Company during Audit Period;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings, which were not applicable to the Company during Audit Period;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during Audit Period:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) 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, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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) Listing Agreements entered into by the Company with the Stock Exchanges which were not applicable to the Company as the Company is not listed on any Stock Exchange in India during Audit Period;

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, Standards etc. mentioned above.

**ANNEXURE – C2 (CONTD.)**

**I further report that** based on review of compliance system prevailing in the Company, I am of the opinion that the Company has adequate systems and processes in place commensurate with its size and nature of operations to monitor and ensure compliance with the following laws applicable specifically to the Company:

- (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, 1884 and Rules made thereunder;
- (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; and
- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

**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 and Committee Meetings were taken unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**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, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

This report is to be read with Annexure which forms an integral part of this report.

**Sd/-**

**CS Sunil M. Dedhia**

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483D000391255

Place: Milpitas, CA, USA

Date: May 26, 2022



## ANNEXURE

To

**The Members,**

**Pinnacle Life Science Private Limited**

(CIN: U24232HP2003PTC030912)

Near Telephone Exchange, Manpura,

Baddi, Himachal Pradesh 173205

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

- (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.
- (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 appropriateness 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.
- (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.

Sd/-

**CS Sunil M. Dedhia**

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483D000391255

Place: Milpitas, CA, USA

Date: May 26, 2022

# ANNEXURE 'D'

## 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 utilisation thereof. The various measures taken during the year includes:

- We have installed two stage multiple effect evaporators in our 2 units for effluent treatment to achieve zero liquid discharge. It has around 60% lower energy requirement than conventional evaporation set up.
- We have conducted regular energy and steam audits to check and improve the performance of equipment running in plant and utility.
- We have started the use of IE-3 motors, these motors have more efficiency than IE-2 motors.
- We have installed ATFD for enrofloxacin product & achieved bone dry powder with effective recovery of DMSO & NEP. Also the power required is less.
- We have completed the erection activities of MEE and MVR & commissioning activities are under progress to achieve zero liquid discharge. MVR has much higher steam economy than conventional evaporators.
- Installation of high pressure co-generation boiler is under process. From this we will get around 1.6 MW of power which can be effective towards cost savings amid, we can utilise for in-house consumption.

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

Measures for reduction in energy consumption includes:

- We are planning to install reverse osmosis system to the various treated effluent streams. Permeate water is directly recycled back in process and its operating cost is too less than conventional evaporation system.
- We are planning to change our existing process boilers with cogeneration boilers to generate power.
- We are planning to install new boilers having suitability with multiple fuels which are agro based fuels & conventional fuels.
- To control air pollution we are planning to install ESPs instead of wet scrubbers with new cogeneration boilers.
- To inhibit the corrosion in chilling plant condensers we have decided to install sacrificial zinc anodes in our chilling plant condensers, so that life of chilling plant will be increases and will run without shutdown.
- We are planning to use waste heat recovery system in our process. Waste heat can be recovered from chilling plant compressors.

I	Power & Fuel Consumption	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>1</b>	<b>Electricity</b>		
	Purchased Units (KWH)	7,66,57,964	7,16,81,376
	Total Amount (₹ In lakhs)	6,494.87	6,100.43
	Per Unit (₹)	8.47	8.51
<b>2</b>	<b>Furnace Oil</b>		
	Purchased Units (MT)	1,220.82	1,023.90
	Total Amount (₹ in lakhs)	526.01	301.37
	Per Unit (₹) (Per Kg)	43.09	29.43
<b>3</b>	<b>Coal</b>		
	Consumption (Unit)	4,57,71,979	3,68,34,242
	Total Amount (₹ In lakhs)	3,337.46	1,366.73
	Rate Per Unit	7.29	3.71
<b>4</b>	<b>Steam</b>		
	Consumption(unit)	3,55,98,313	2,87,64,079
	Total Amount (₹ In lakhs)	384.03	447.44
	Rate Per Unit	1.08	1.56
<b>5.</b>	<b>Others (₹ In lakhs)</b>		
	Diesel (₹ in lakhs)	169.14	95.90
	Water Steam (₹ in lakhs)	1,392.07	980.60

## ANNEXURE 'D' (CONTD.)

### 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 commercialised new process for purification of Vildagliptin. Yield and purity of final product is improved. Manufacturing cost of product is reduced. This process is safe for handling.
- Successfully developed a new process for quenching of benzene sulphonic Acid. This process has reduced effluent load. Also, results in lesser utility requirement for process.
- Developed and commercialise new process for manufacturing of Ofloxacin Acid. Yield and purity of ofloxacin acid with this process is improved results in increase in purity and yield of Ofloxacin.
- Successfully developed a process of resin production from IODM MLR of Metformin hydrochloride
- Successfully developed and commercialise process of manufacturing of Levofloxacin hemihydrate. Reduced raw material consumption for the process. Also utility and power requirement is reduced
- Developed and commercialise purification process of Gatifloxacin
- Successfully developed and commercialise process of manufacturing of Tenueligliptin.
- Developed and commercialise new process for manufacturing of Clopi Stage-II. Also raw material consumption for the process is reduced
- Successfully developed a new process of manufacturing of Cipro amide. Solvent recovery is increased. Also product purity and yield is increased
- Successfully developed new manufacturing process of Salicylic acid and Salicylic acid derivatives
- As a part of backward integration of a process, we have decided to install methyl amine and it's derivatives plant at Gujrat

### 3. RESEARCH AND DEVELOPMENT (R&D)

The Company's R&D center at plot no. E-1, MIDC Industrial Area, Tarapur, recognised 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 commercialisation of APIs and intermediates as well.

#### (A) Specific areas in which R&D carried out by the Company during the FY 2021-2022

The focus area of the Company's R&D effort during FY 2021-22 includes:

- Developed a new process of Sodium Acetate manufacturing from one of effluent stream of Ofloxacin Commercial scale plant set up work is under progress.
- We have developed a new process of Ofloxacin Ester and commercialised in plant.
- We have developed a process of Salicylic Acid in pilot plant. Process is now ready for production on commercial scale.
- We developed a new process of manufacturing of methyl paraben and salicylic acid derivatives like methyl salicylate, ethyl salicylate, aspirin etc.
- We developed a new process of manufacturing of para toluene sulphonyl chloride. Commercial scale plant is now under commissioning.
- Developed a new process of manufacturing of enrofloxacin it's commercial scale commissioning activity is under progress
- We have developed a process of manufacturing of calcium fluoride from one of the effluent streams of ofloxacin acid Commissioning work at plant scale is under progress.
- Developed a process of manufacturing of dimethyl amine hydrochloride and choline chloride. Process is now ready for production on commercial scale.
- Developed a process of Pregabalin and its intermediates in lab scale.
- Developed Recycle process of Tartaric Acid form Mono Ammonium Tartrate.
- We also developed a new process of Gatifloxacin in lab scale.
- Development of Fluconazole process completed in lab.

**ANNEXURE 'D' (CONTD.)**

- We developed a process of Clopidogrel Bisulphate IInd Stage (NaOH route) on commercial scale.
- Developed a process of Norfloxacin & Norfloxacin Acid. This process has higher yield, so that able to increase plant capacity without any modification in plant.
- Started production of vildagliptin & teneligliptin on commercial scale.

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

- R&D efforts have helped for improvement in process and operating efficiency
- Development/commercialisation of various APIs and intermediates
- Development of new markets, penetration in to regulatory markets through quality upgradation and cost reduction and
- Improved quality of products to fulfill existing in-house demands of customers
- R&D efforts have helped to reduce effluent and water consumption

**(C) Future plan of action:**

- Further improvement in process efficiencies of existing products.
- Development of cost effective processes/ technology for APIs of the semi-regulated & non- regulated Markets.
- Development of green process with the help of Innovative technology.
- Development of TFBCL is under progress.
- Development of 3 HNA and Beta naphthol is under progress.
- Development of sulphonation based products is under progress.
- Process development of Teneligliptin is under progress.

**(D) Expenditure on R & D**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Capital	136.44	203.17
Recurring	435.78	466.40
<b>Total</b>	<b>572.22</b>	<b>669.57</b>

**4. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Total Foreign Exchange Earned (FOB)	77,536.95	60,080.72
Total Foreign Exchange Earned (CIF)	78,535.18	61,629.28
<b>Total Foreign Exchange Used</b>		
<b>CIF Value of Imports:</b>		
- Raw Materials	86,120.03	75,242.33
- Capital Goods	78.51	496.58
<b>Expenditure in foreign currency</b>		
- Commission	945.02	752.93
- Travelling Expenses	0.35	0.00
- Foreign Bank charges	107.02	93.60
- Interest on F.C.loan	85.87	224.08
- Others	82.78	200.85
<b>Total</b>	<b>87,419.58</b>	<b>77,010.37</b>

For and on behalf of Board

Sd/-

**Prakash M. Patil**

Chairman, Managing Director &amp; CEO

DIN: 00005618

Place: Mumbai

Date: May 9, 2022

# CORPORATE GOVERNANCE REPORT

The Company's Report on Corporate Governance for the financial year ended March 31, 2022 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations")

## COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

A clearly structured and fully implemented Corporate Governance system is the Company's highest priority. The 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 maintain high standards of Corporate Governance to achieve business excellence and strengthen the confidence of all stakeholders.

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

The Board is entrusted and empowered to oversee the management, direction and performance of the Company with a view to protect interest of the stakeholders and enhance value for shareholders. The Board monitors the strategic direction of the Company.

### Composition -

As on March 31, 2022, the Board comprises 12 (Twelve) Directors, out of which 5 (Five) are Executive, 1 (one) is Non-Executive and 6 (Six) are Independent Directors

(including one Woman Independent Director). As on March 31, 2022, the Company is in compliance with the provisions of Section 149(4) of the Companies Act, 2013 read with Regulation 17(1)(a) and 17(1)(b) of the Listing Regulations.

### Independent Directors -

In terms of Section 149(7) of the Companies Act, 2013, the Independent Directors, have given a declaration to the Company that they meet the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. The Board confirms that the Independent Directors fulfil the conditions specified in terms of the Companies Act, 2013 and the Listing Regulations and that they are Independent of the management of the Company. All the Directors are in compliance with the limit on independent directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations. The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company as required in terms of Regulation 46 of the Listing Regulations.

All the Directors have confirmed that they are not members of more than ten mandatory committees and do not act as chairman of more than five mandatory committees in terms of the Regulation 26 of the Listing Regulations across all the listed companies in which they are directors

### Board procedure -

The Board meets at regular intervals to discuss agenda items set for meeting including performance, policies and the strategies. All the necessary documents and information pertaining to the matters to be considered at each Board and Committee meetings, is made available to enable the Board and Committee members to discharge their responsibilities effectively.

### Board Meetings -

During the year under review, 6 (Six) Board Meetings were held on following dates:

Board Meeting(s)	I	II	III	IV	V	VI
Date	May 15, 2021	July 27, 2021	October 13, 2021	October 27, 2021	January 31, 2022	March 30, 2022
Time	11:30 AM	3:15 PM	3:00 PM	12 Noon	12 Noon	2 PM
Mode of Meeting	Meeting held through Video Conferencing					Physical

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 Listing Regulations. Apart from the physical and Video meetings, the Board / Committees also considered and approved certain matters by circular resolutions, which were noted at the next meeting of the Board as required in terms of the Companies Act, 2013.

**CORPORATE GOVERNANCE REPORT (CONTD.)****Attendance, directorships and committee positions -**

The names and categories of the Directors on the Board, their Directorship in other Companies, their attendance record, the committee positions in other Companies during financial year ended March 31, 2022, are as under:

Name of Director	Category	Directorship held in other listed entities	No. of other Directorships (excluding Aarti Drugs Limited)	No. of Committee Membership in other Companies (excluding Aarti Drugs Limited)		No. of Board Meetings Attended	Attendance at last AGM held on September 4, 2021
				Chairman	Member		
Shri Prakash M. Patil DIN: 00005618	Promoter Executive	-	None	None	None	6	√
Shri Rashesh C. Gogri DIN: 00066291	Promoter Executive	Aarti Industries Limited (Promoter/Executive)	3	None	2	6	√
Shri Harshit M. Savla DIN: 00005340	Promoter/Executive	-	None	None	None	6	√
Shri Harit P. Shah DIN: 00005501	Executive	-	1	None	None	6	√
Shri Uday M. Patil DIN: 01186406	Promoter/Executive	-	None	None	None	4	√
Shri Narendra J. Salvi DIN: 00299202	Non-Executive	Aarti Industries Limited (Executive)	3	None	None	6	√
Shri Ramdas M. Gandhi DIN: 00029437*	Independent-Non Executive	Aarti Industries Limited (Independent Non-Executive) Vinyl Chemicals (India) Limited (Independent Non-Executive)	2	1	2	1	N.A
CA Bhavesh R. Vora** DIN: 00267604	Independent-Non Executive	Aarti Industries Limited (Independent Non-Executive)	1	None	1	6	√
CA Navin C. Shah DIN: 01415556	Independent-Non Executive	-	None	None	None	6	√
Prof. Vilas G. Gaikar** DIN: 00033383	Independent-Non Executive	-	None	None	None	6	√
Prof. Krishnacharya. G. Akamanchi DIN: 02354032	Independent-Non Executive	-	None	None	None	6	√
CA Priti P. Savla DIN: 00662996	Independent-Non Executive	Aarti Industries Limited (Independent Non-Executive) IRB Infrastructure Developers Limited (Independent Non-Executive)	2	None	2	6	√
Adv. Ankit V. Paleja DIN: 06975564***	Independent-Non Executive	-	None	None	None	3	N.A

\*Ceased to be Director w.e.f. July 16, 2021 due to demise.

\*\* Retired on close of business hours on March 31, 2022.

\*\*\*Appointment as Independent Director w.e.f. October 13, 2021.

**Notes:**

- Promoter includes Promoter Group;
- While considering the total number of directorships, directorships in private companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013 have been excluded;
- Number of committee membership includes Audit Committee and the Stakeholders' Relationship Committee only;
- In terms of Part C of Schedule V of the Listing Regulations, it is hereby disclosed that Shri Prakash M. Patil, Chairman, Managing Director & CEO is brother of Shri Uday M. Patil, Executive Director. Except this, there is no other inter-se relationship amongst other Directors.

## CORPORATE GOVERNANCE REPORT (CONTD.)

The number of Directorships, Chairmanship/ Membership in Committees of all Directors is within prescribed limits under Companies Act, 2013 and Regulation 26 of Listing Regulations.




















































### Directors Competence/ Skills/Expertise Chart-

The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and Speciality Chemicals. The table below summarises the broad list of core skills / expertise / competencies identified by the Board of Directors, as required in the context of the Company's business / sector and the said skills are available with the Board members:

### List of core skills/expertise/competencies identified by the board of directors as required in the context of the business(es) and sector(s)

 Industry Experience	Experience in Pharmaceutical industry and Speciality chemical
 Operations, Technology, Sales and Marketing	Experience in sales and marketing management based on understanding of the consumer & consumer goods industry
 Leadership	Extensive leadership experience of an organisation for practical understanding of the organisation, its processes, strategic planning, risk management for driving change and long-term growth
 Understanding of Global Business	Owing to presence across the globe, the understanding of global business & market is seen as pivotal.
 Finance and Banking	Finance field skills/competencies/ expertise is seen as important for intricate and high quality financial management and financial reporting processes
 Legal/Governance/ Compliance	In order to strengthen and maintain the governance levels & practices in the organisation

#### Name of the Director

     	     	     	     
Shri. Prakash M. Patil	Shri Rashesh C. Gogri	Shri Harshit M. Savla	Shri Harit P. Shah
     	    	 	 
Shri Uday M. Patil	Shri Narendra J. Salvi	CA Bhavesh R. Vora	CA Navin C. Shah
   	   	 	 
Prof. Vilas G. Gaikar	Shri K. G. Akamanchi	CA Priti P. Savla	Adv. Ankit V. Paleja

**CORPORATE GOVERNANCE REPORT (CONTD.)****Appointment/ Re-appointment during the year -**

At 36<sup>th</sup> AGM held on September 4, 2021, Shri Prakash M. Patil (DIN: 00005618) was re-appointed as the Managing Director, Shri Harshit M. Savla (DIN: 00005340) was re-appointed as the Joint Managing Director and Shri Harit P. Shah (DIN: 00005501) was re-appointed as Whole time Director of the Company for period of 5 years with effect from June 1, 2022. Also, Adv. Ankit V. Paleja (DIN: 06975564) has been appointed as an Independent Director of the Company for the period of 3 years with effect from October 13, 2021, approval of the members was sought by way of postal ballot for his appointment. Members approved the postal ballot resolution on November 25, 2021.

**Retirement/ Cessation during the year-**

Shri Ramdas M. Gandhi, (DIN: 00029437) Independent Director of the Company left for heavenly abode on July 16, 2021. CA Bhavesh R. Vora (DIN: 00267604) and Prof. Vilas G. Gaikar (DIN: 00033383), Independent Directors of the Company retired from the closure of business hours on March 31, 2022 on completion of their 2<sup>nd</sup> Term as an Independent Director.

**Certificate from Company Secretary in Practice -**

Certificate as required under Part C of Schedule V of Listing Regulations, received from CS Sunil M. Dedhia proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries is attached in this Annual Report, stating that none of Directors on the Board of the Company have been debarred and disqualified from being appointed or continuing as directors of the Company by an order from the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority.

**KYC of Directors-**

Pursuant to Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2018, all the Directors of the Company had completed the KYC for the Financial Year 2021-22.

**Independent director databank registration -**

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have done the registration with the Independent Directors Databank. Requisite disclosures have been received from the concerned directors in this regard.

**Shares held by Non-Executive Directors in the Company as on March 31, 2022-**

Name	No. of Shares held	% of total shareholding
CA Bhavesh R. Vora	-	-
Prof. Vilas G. Gaikar	-	-
CA Navin C. Shah	-	-
Prof. Krishnacharya G. Akamanchi	-	-
CA Priti P. Savla	-	-
Shri Narendra J. Salvi	-	-
Adv. Ankit V. Paleja	-	-

**Code of Ethics -**

The Company has prescribed a code of ethics for its Directors and senior management. The code of ethics of the Company has been posted on its website on the web link <https://www.aartidrugs.co.in/code-of-conduct/>. The declaration from the Chief Executive Officer in terms of Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, stating that as of March 31, 2022 the Board members and the senior management personnel have affirmed the compliance with the code of ethics laid down by the Company, has been included in this Report.

**Code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by insiders-**

In Compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a "Code on Prohibition of Insider Trading" to regulate, monitor and report trading by Designated Persons identified by the Company and their Immediate Relatives. The Code lays down procedures to be followed and disclosures to be



## CORPORATE GOVERNANCE REPORT (CONTD.)

made while trading in the Company's shares from time to time. Also this code includes practices and procedures for fair disclosure of unpublished price sensitive information. The same is posted on the Company's website on the web link <https://www.aartidrugs.co.in/insider-trading-regulation/>

### Familiarisation Programme -

Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements. Details of familiarisation Programmes imparted to independent Directors are disclosed on the Company the weblink: <https://www.aartidrugs.co.in/independent-directors/>

### Independent Directors Meeting -

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 30, 2022 without the participation of Non-Independent Directors and the

members of the management. The Independent Directors discussed on various aspects, viz performance of non-Independent Directors and the Board as a whole, performance of the chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

## COMMITTEES OF THE BOARD

The Board Committees focus on certain specific areas and make informed decisions within the delegated authority. Each Committee of the Board, whether mandatorily required to be constituted or otherwise, functions according to its scope that defines its composition, power and role in accordance with the Companies Act, 2013 and the Listing Regulations.

### 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 Listing Regulations

#### Composition, Meeting and Attendance -

During FY 2021-22 Audit Committee met 4 (four) times. The Composition of the Committee, date of the meetings and attendance of Audit Committee members in the said meetings is given below -

Members	Category	Date	May 15, 2021	July 27, 2021	October 27, 2021	January 31, 2022
		Mode of Meeting	Meeting held through Video Conferencing			
		Timing	10:30 AM	2:30 PM	11:00 AM	11:00 AM
Shri Ramdas M. Gandhi (Chairman) <sup>1</sup>	Independent Director	1	√	NA	NA	NA
CA Navin C. Shah(Chairman) <sup>2</sup>	Independent Director	4	√	√	√	√
CA Bhavesh R. Vora <sup>3</sup>	Independent Director	4	√	√	√	√
Prof. Vilas G. Gaikar <sup>3</sup>	Independent Director	4	√	√	√	√
CA Priti P. Savla <sup>4</sup>	Independent Director	2	NA	NA	√	√
Shri Prakash M. Patil	Executive Director	4	√	√	√	√
Shri Rashesh C. Gogri	Executive Director	4	√	√	√	√

#### Notes:-

<sup>1</sup>Shri Ramdas M. Gandhi ceased to be the member of the Board and Committees due to demise on July 16, 2021.

<sup>2</sup>CA Navin C. Shah has been appointed as the Chairman of the Audit Committee w.e.f. October 13, 2021

<sup>3</sup>CA Bhavesh R. Vora and Prof. Vilas G. Gaikar are ceased to be the member of the Board and Committees due to retirement from close of business hours on March 31, 2022

<sup>4</sup>CA Priti P. Savla has been appointed as the member of the Audit Committee w.e.f. October 13, 2021

<sup>5</sup>Prof. Krishnacharya G. Akamanchi and Adv. Ankit V. Paleja have been appointed as the members of the Audit Committee w.e.f. April 1, 2022.

**CORPORATE GOVERNANCE REPORT (CONTD.)**

The Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditor, as and when required attend the meetings of the Audit Committee from time to time. The Company Secretary of the Company acts as the Secretary to the Audit Committee. 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;
- 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 of remuneration of the Internal Auditor; and
- Statement of deviations

During the year under review, the Audit Committee also reviewed and approved the related party transactions from time to time.

**Terms of Reference -**

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Listing 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;
  - 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

## CORPORATE GOVERNANCE REPORT (CONTD.)

- 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;
- xxi) Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- xxii) consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the entity and its shareholders

### 2. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee (hereinafter referred as SRC) has been constituted as per the requirements of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations.

#### Composition, Meeting and Attendance -

During FY 2021-22 Stakeholders' Relationship Committee met once. The Composition of the Committee, date of the meetings and attendance of Stakeholders' Relationship Committee members in the said meeting is given below -

Members	Category	Date	March 30, 2022
		Mode of Meeting	Physical
		Timing	4:30 PM
CA Bhavesh R. Vora (Chairman) <sup>1</sup>	Independent Director	1	✓
CA Navin C. Shah	Independent Director	1	✓
Shri Harshit M. Savla	Executive Director	1	✓
Shri Harit P. Shah	Executive Director	1	✗

<sup>1</sup>CA Bhavesh R. Vora and Prof. Vilas G. Gaikar are ceased to be the member of the Board and Committees due to retirement from close of business hours on March 31, 2022

<sup>2</sup> CA Priti P. Savla has been appointed as the Chairman of the Committee w.e.f. April 1, 2022.

<sup>4</sup> CA Priti P. Savla, Prof. Krishnacharya G. Akamanchi

has been appointed as the members and CA Navin C. Shah has been designated as the Chairman of the NRC Committee w.e.f. April 1, 2022

#### Terms of Reference -

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

- 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.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 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.
- such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, as also as the Board of Directors of the Company may consider think fit.

#### Name, Designation and Contact details of the Compliance Officer -

Shri Rushikesh Deole, Company Secretary (ICSI M. No. A54527) is the Compliance officer of the Company. The Compliance Officer can be contacted at the Corporate Office of the Company at;

Mahendra Industrial Estate,  
Ground Floor, Plot No. 109-D,  
Road No. 29, Sion (East), Mumbai 400 022  
Ph:- 022-24048199

Email:- [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com)

Website:- [www.aartidrugs.co.in](http://www.aartidrugs.co.in)

#### Separate email id for the redressal of investors' complaints-

As per Regulation 6 of Listing Regulations, Company has designated a separate e-mail id (investorrelations@aartidrugs.com) exclusively for the registering complaints by the investors.

#### Shareholders' complaints -

During the year under review, 1 (One) Complaint was

**CORPORATE GOVERNANCE REPORT (CONTD.)**

received through SCORES portal of SEBI and was resolved to the satisfaction of the shareholder.

**3. NOMINATION & REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee (NRC) has been constituted as per the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of Listing Regulations.

**Composition, Meeting and Attendance -**

During FY 2021-22 Nomination and Remuneration Committee met 4 (four) times. The Composition of the Committee, date of the meetings and attendance of Nomination and Remuneration Committee members in the said meetings is given below:

Members	Category	Date	May 15, 2021	July 27, 2021	October 13, 2021	March 28, 2022
		Mode of Meeting	Meeting held through Video Conferencing			
		Time	9:30 AM	10:00 AM	2:00 PM	4:30 PM
CA Bhavesh R Vora (Chairman) <sup>1</sup>	Independent Director	4	√	√	√	√
Shri Ramdas M. Gandhi <sup>2</sup>	Independent Director	1	√	N.A	N.A	N.A
Prof. Vilas G. Gaikar <sup>1</sup>	Independent Director	4	√	√	√	√
CA Navin C. Shah <sup>3</sup>	Independent Director	1	N.A	N.A	N.A	√
Shri Prakash M. Patil	Executive Director	4	√	√	√	√

<sup>1</sup>CA Bhavesh R. Vora and Prof. Vilas G. Gaikar are ceased to be the member of the Board and Committees due to retirement from close of business hours on March 31, 2022.

<sup>2</sup>Shri Ramdas M. Gandhi ceased to be the member of the Board and Committees due to demise on July 16, 2021.

<sup>3</sup>CA Navin C. Shah has been appointed as the member of the NRC Committee w.e.f. October 13, 2021.

<sup>4</sup>CA Priti P. Savla, Prof. Krishnacharya G. Akamanchi has been appointed as the members and CA Navin C. Shah has been designated as the Chairman of the NRC Committee w.e.f. April 1, 2022.

**TERMS OF REFERENCE-**

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

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- for every appointment of an Independent Director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying 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 of directors their appointment and removal;
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- recommend to the board, all remuneration, in whatever form, payable to senior management.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### NOMINATION AND REMUNERATION POLICY -

#### I. Criteria and Qualification for Nomination & Appointment-

A person to be appointed as Director, Key Managerial Personnel (KMP) or at Senior Management level should possess adequate and relevant qualification, expertise and experience for the position that he/ she is being considered for.

#### II. Policy on Remuneration-

The Company considers human resources as its invaluable assets. The remuneration policy endorses equitable remuneration to all directors, key managerial personnel and employees of the Company consistent with the goals of the Company. 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/policies-and-related-documents/>. The Remuneration policy for all the employees are designed in a way to attract talented executives and remunerate them fairly and responsibly, this being a continuous ongoing exercise at each level in the organisation.

#### Executive Directors-

The Company remunerates its Executive Directors by

way of salary and commission based on performance of the Company. Remuneration is paid within the limits as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder. The remuneration paid to the Executive Director is determined keeping in view the industry benchmark and the performance of the Company.

#### Non-executive Directors-

Non-executive Directors are presently receiving sitting fees (including reimbursement of expenses) for attending the meeting of the Board and its Committees as per the provisions of the Companies Act, 2013 and the rules made thereunder.

#### Key Managerial Personnel [KMP] and other employees-

The remuneration of KMP and other employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/merits, performance of each employee.

Details of Remuneration to all Directors for the year ended March 31, 2022-

(₹ in lakhs)

Name of Director	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Prakash M. Patil	95.76	213.35	-	309.11
Shri Rashesh C. Gogri	77.81	213.35	-	291.16
Shri Harshit M. Savla	77.81	213.35	-	291.16
Shri Harit P. Shah	77.81	213.35	-	291.16
Shri Uday M. Patil	31.77	-	-	31.77
Shri Narendra J. Salvi	-	-	1.00	1.00
Shri Ramdas M. Gandhi*	-	-	0.35	0.35
Prof. Vilas G. Gaikar	-	-	2.45	2.45
CA Bhavesh R. Vora	-	-	2.50	2.50
Prof. Krishnacharya G. Akamanchi	-	-	1.40	1.40
CA Navin C. Shah	-	-	2.35	2.35
CA Priti P. Savla	-	-	1.70	1.70
Adv. Ankit V. Paleja**	-	-	0.80	0.80

\* Ceased to be Director w.e.f. July 16, 2021 due to demise.

\*\*Appointment as Independent Director w.e.f. October 13, 2021

**CORPORATE GOVERNANCE REPORT (CONTD.)****Transactions with the Non-executive Directors -**

The Company does not have material pecuniary relationship or transactions with its Non-executive Directors except the payment of sitting fees for attending the meetings of Board / Committees, as disclosed in this Report. No Stock options has been given to the Directors.

**Board evaluation -**

The process for evaluation of performance of the Board has been established. Accordingly, an annual evaluation has been carried out through a questionnaire having qualitative parameters in terms of the provisions of the Companies Act, 2013, Regulations 17 and 25 of the Listing Regulations. The performance was evaluated on the basis of the criteria such as the composition, attendance, participation, quality and value of contributions, knowledge, skills, experience, etc.

**Independent Directors Evaluation -**

The criteria for performance evaluation include areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors is carried out by the Board of Directors without presence of the Director being evaluated.

**4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The Corporate Social Responsibility (CSR) Committee has been constituted as per the requirements of Section 135 of the Companies Act, 2013.

**Composition, Meetings and Attendance -** Circular Resolution was passed dated July 27, 2021 for

**Composition, Meetings and Attendance during FY 2021-22-**

Risk Management Committee met twice. The Composition of the Committee, date of the meetings and attendance of Risk Management Committee members in the said meeting is given below

Members	Category	Date	May, 13 2021	November, 2 2021
		Venue	Mumbai	Mumbai
		Time	10:30AM	10:30AM
Shri Prakash M. Patil (Chairman)	Executive Director	2	√	√
Shri Rashesh C. Gogri	Executive Director	2	√	√
Shri Harshit M. Savla	Executive Director	2	√	√
Shri Harit P. Shah	Executive Director	2	√	√
Shri Uday M. Patil	Executive Director	2	√	√
Shri Adhish P. Patil, CFO	Member	2	√	√
Shri Dhanaji L. Kakade, Vice President - Technical	Member	2	√	√
Prof. Krishnacharya G. Akamanchi*	Independent Director	1	N.A	×

\* Appointed as the member of this committee w.e.f. May 15, 2021.

seeking approval of the Committee members for the CSR Budget for FY 2021-22 and approval of Annual Report on CSR Activities for the year ended March 31, 2022. The Composition of the Corporate Social Responsibility Committee is given below.

Members	Category
CA Navin C. Shah (Chairman)	Independent Director
Shri Prakash M. Patil	Executive Director
Shri Rashesh C. Gogri	Executive Director

**Terms of Reference-**

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

- 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;
- Recommend the amount of expenditure to be incurred on such activities and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Board has also approved CSR Policy. The Annual Report on CSR Activities as required to be given under Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in an Annexure which forms part of the Directors' Report.

**5. RISK MANAGEMENT COMMITTEE**

The Board of Directors has constituted a Risk Management Committee and also approved Risk Management Policy in accordance with the provisions of the Listing Regulations.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### Terms of Reference-

The brief terms of reference of the Risk Management Committee are as under-

- (i) Formulate a detailed risk management policy which shall include:
  - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c) Business continuity plan
- (ii) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (iii) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (iv) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (v) Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

### GENERAL BODY MEETINGS -

Details of last three Annual General Meetings are as under:-

Financial Year	Day, Date and Time	Venue	Special Resolution passed for
2018-19	Tuesday, August 6, 2019 At 11:30 am	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, -401 506, Maharashtra.	No Special Resolution was passed.
2019-20	Tuesday, August 25, 2020 At 11:30 am	Through Video Conferencing	No Special Resolution was passed.
2020-21	Saturday, September 4, 2021 At 11:30 am	Through Video Conferencing	Re-appointment of Shri Prakash M. Patil (DIN: 00005618) as the Managing Director of the Company for a period of five years with effect from June 1, 2022

### Extraordinary General Meetings -

No Extraordinary General Meetings of members were convened during the last three financial years.

### Details of resolutions passed through Postal Ballot-

During the year, Special resolution was passed through postal ballot for appointment of Adv. Ankit V. Paleja (DIN: 06975564) as an Independent Director of the Company.

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

### PROCEDURE FOR POSTAL BALLOT-

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder and Listing Regulations, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of National

Securities Depository Limited (NSDL) for the purpose of providing remote e-voting facility to all its members. Pursuant to Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 10/2021 dated June 23, 2021 and other applicable circulars issued by Ministry of Corporate Affairs (MCA) the Postal Ballot Notice was sent only through electronic mode to those members whose e-mail address was registered with the Company or the Depository Participant(s). In terms of the aforesaid MCA Circulars, physical copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business reply envelope was not sent to the members. 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 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 exercise their

**CORPORATE GOVERNANCE REPORT (CONTD.)**

votes by electronic mode were requested to vote through remote e-voting only before the close of business hours on the last date of e-voting.

The Scrutiniser submitted his report to the Company Secretary authorised by the Chairman, after the completion of scrutiny and the 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](http://www.aartidrugs.co.in)), besides being communicated to the Stock Exchanges and e-voting website of NSDL.

**MEANS OF COMMUNICATION:****Quarterly Results-**

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in Financial Express (English) edition and Aapla Mahanagar (Marathi) edition. These results and official press releases are also available on the website of the Company ([www.aartidrugs.co.in](http://www.aartidrugs.co.in))

**Website-**

All data required to be filed electronically or otherwise pursuant to the Listing Regulations with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely, National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and available on their websites as well.

Detailed presentations are made to institutional investors and financial analysts on the Company's audited quarterly and yearly financial results. These presentations / Concall transcripts are also uploaded on the Company's website ([www.aartidrugs.co.in](http://www.aartidrugs.co.in))

**Designated E-mail address for investor services-**

To serve the investors better and as required under Listing regulations, the designated e-mail address for investors complaints is [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com)

**GENERAL SHAREHOLDERS INFORMATION****(i) The day, date, time & venue of the 37<sup>th</sup> Annual General Meeting (AGM):**

Day	Date	Time
Thursday	August 4, 2022	11:30 AM

The Company is conducting meeting through VC/OAVM pursuant to the MCA Circulars and deemed venue for the meeting shall be registered office of the Company. For details please refer to the Notice of this AGM.

**(ii) Tentative Financial Calendar:**

Financial Year	April 1, 2022 to March 31, 2023
Adoption of Quarterly Results for the quarter ending June, 2022	4 <sup>th</sup> week of July, 2022
September, 2022	Last week of October/ 1 <sup>st</sup> week of November, 2022
December, 2022	Last week of January/ 1 <sup>st</sup> week of February, 2023
March, 2023	1 <sup>st</sup> /2 <sup>nd</sup> week of May, 2023

**(iii) Cut-off Date for e-voting:**

Thursday, July 28, 2022

**(iv) Listing on Stock Exchanges:**

Stock Exchange	Stock Code/ Symbol
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001,	524348
<b>National Stock Exchange of India Limited</b> "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AARTIDRUGS

**(v) Listing fees and Annual Custodial Fee:**

The Company had paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the FY2021-22.

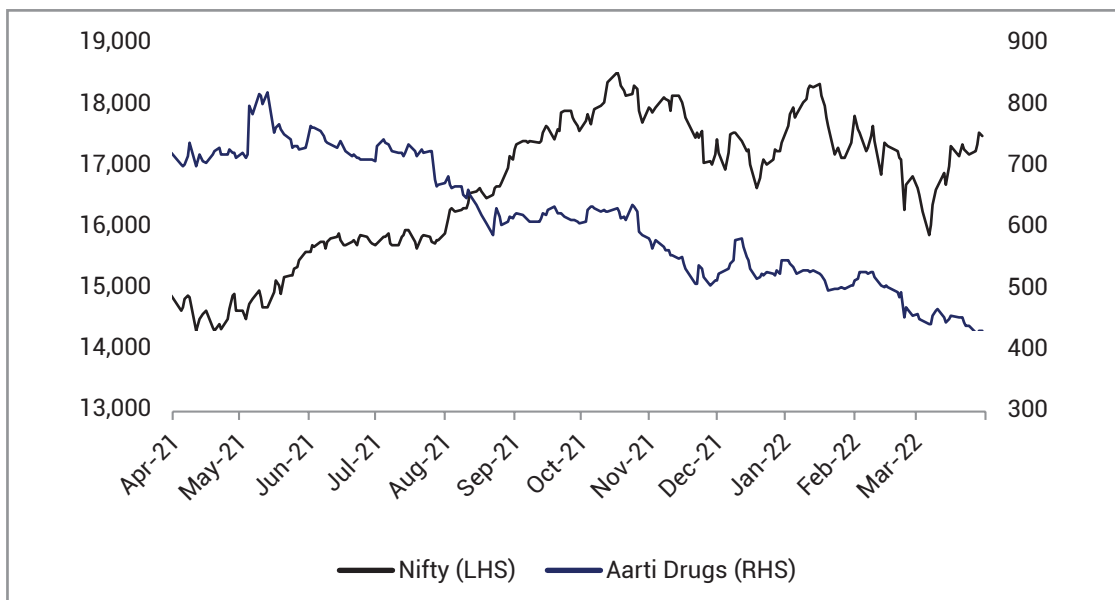
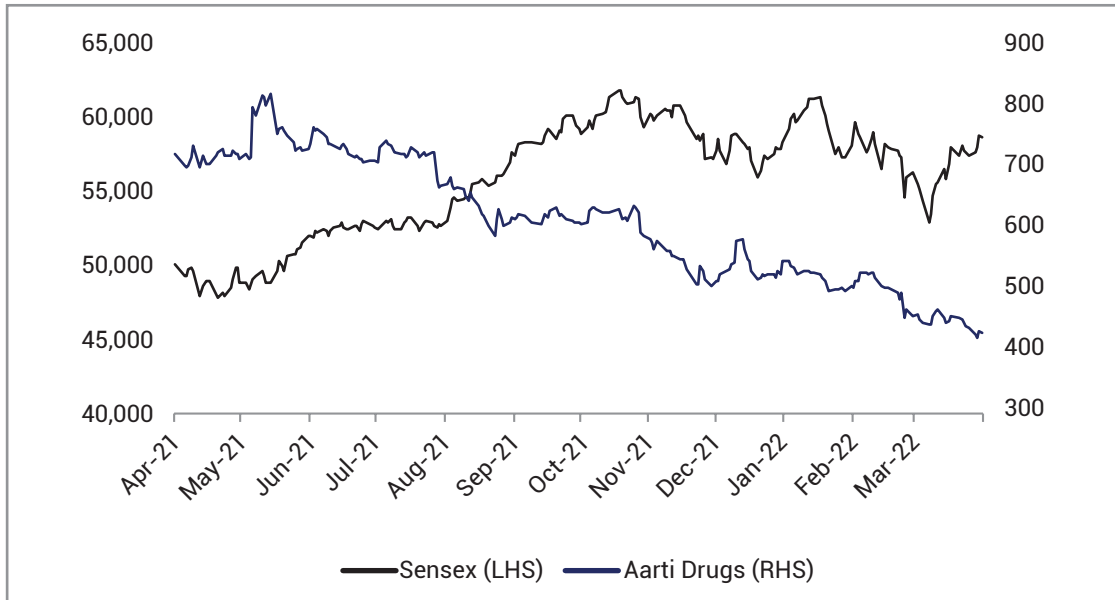


## CORPORATE GOVERNANCE REPORT (CONTD.)

### (vi) Market Price Data (high, low in each month in last financial year):

Month	BSE LIMITED			National Stock Exchange India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-21	733.80	695.45	10,38,718	733.50	696.05	1,10,15,407
May-21	817.85	712.40	20,78,206	817.50	711.05	2,46,51,173
Jun-21	761.40	706.90	8,61,550	761.10	706.50	86,99,522
Jul-21	740.20	665.05	9,45,385	740.75	664.90	74,01,390
Aug-21	681.30	586.95	6,56,011	681.25	586.55	45,52,416
Sep-21	631.60	606.10	4,27,146	630.75	606.05	35,06,334
Oct-21	634.35	585.60	5,45,322	634.05	585.55	51,17,727
Nov-21	579.30	503.15	5,58,380	579.15	503.20	39,05,797
Dec-21	578.35	511.90	5,04,725	580.45	512.20	50,05,500
Jan-22	544.75	494.85	3,84,316	544.60	495.15	27,71,501
Feb-22	525.55	454.10	3,13,566	526.00	453.40	26,54,503
Mar-22	465.75	420.60	7,47,148	466.20	420.80	34,46,900

### (vii) Performance in comparison to broad based indices:



**CORPORATE GOVERNANCE REPORT (CONTD.)****(viii) Registrar & Transfer Agents & Address for Correspondence:****M/s. Link Intime India Private Limited**

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](mailto:rnt.helpdesk@linkintime.co.in)Website: [www.linkintime.co.in](http://www.linkintime.co.in)

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

**(ix) Share transfer System:**

In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in

dematerialised form w.e.f. April 1, 2019, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfer of Equity Shares in electronic form are effected through the depositories with no involvement of the Company.

**(x) Shareholding Pattern as on March 31, 2022:**

Category	No. of Shares	%
Promoter and Promoter Group	5,54,02,454	59.83
Mutual Funds	24,22,331	2.62
Foreign Portfolio Investors	19,14,138	2.07
Financial Institutions/Banks	16	0.00
Public	3,28,61,061	35.48
<b>Total</b>	<b>9,26,00,000</b>	<b>100.00</b>

**(xi) Distribution of Shareholding as on March 31, 2022:**

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 500	187285	96.48	9894987	10.69
501-1000	3710	1.91	2831580	3.06
1001-2000	1713	0.88	2459096	2.66
2001-3000	450	0.23	1120877	1.21
3001-4000	287	0.15	1047187	1.13
4001-5000	140	0.07	651611	0.70
5001-10000	255	0.13	1825490	1.97
Above 10000	285	0.15	72769172	78.58
<b>TOTAL</b>	<b>194125</b>	<b>100.00</b>	<b>92600000</b>	<b>100.00</b>

**(xii) Dematerialisation of Shares and Liquidity:**

99.04% of the paid-up capital is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as on March 31, 2022 under ISIN No: INE767A01016.

**(xiii) Green initiative:**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participant (DPs) and Registrar and Transfer Agent (RTA).

Shareholders who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/joint holder quoting details of Folio Number.

**(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 FY 2021-22, 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. 36** to the Annual Accounts.

**(xvi) Plant Locations:**

- Plot No. N-198, G-60, E-1, E-21, E-22, E-120, K-40, K-41, E-9/3, E-9/4, T-150, W-60, W-61, W-62, W-71, W-72 and W-73 MIDC Industrial Area, Tarapur, Village Pantembhi, Dist. Palghar, 401 506, Maharashtra
- Plot Nos. 211, 213, 2601, 2602, 2603, 2604, 2605, 2509, 2902/2904, GIDC, Sarigam – 396155, Dist. Valsad, Gujarat

## CORPORATE GOVERNANCE REPORT (CONTD.)

### R & D Centre:

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

### (xvii) Address for Correspondence:

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

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

### (xviii) Credit Rating:

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2022.

Below are the details of Credit Rating as on March 31, 2022:

Facilities	CRISIL Rating	ICRA Rating
Long Term Rating	AA-/Stable	AA- (Stable)
Short Term Rating	A1+	A1+

### (xix) Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of Listing Regulations:

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, 2021	106	52700	-	-
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	-	-	-	-
Shares transferred to IEPF A/c	(18)	(3600)	-	-
Undelivered Share certificates cancelled and transferred to Unclaimed Demat Suspense Account by the Company	503	253802	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022.	591	302902	-	-

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2022 shall remain frozen till rightful owner of such shares claim the shares.

### (xx) CEO/ CFO Certification:

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO were placed at the Meeting of the Board of Directors held on May 09, 2022 copy of which is attached in this Annual Report. The CEO and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

As required under Regulation 23(1) of Listing 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 the following weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

- (ii) Securities and Exchange Board of India (SEBI) has imposed a penalty of ₹ 1,00,000/- (Rupees One lakhs Only) vide its order dated June 24, 2019 for non compliance with the provisions of SEBI (Buyback of Securities) Regulations, 2018 pertaining to the trading by one of the Promoter at the time of trading window closure during Buy Back. Except that there was no non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI, or any statutory authority on any matter related to the capital markets during the last three years.

### 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.

**CORPORATE GOVERNANCE REPORT (CONTD.)**

(iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of Listing 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 <https://www.aartidrugs.co.in/policies-and-related-documents/>

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 personnel has been denied access to the Audit Committee.

(iv) The Company has complied with all the mandatory requirements under Listing 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 <https://www.aartidrugs.co.in/policies-and-related-documents/>

(vi) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

(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 Designated Person.

(viii) There were no instances during the FY 2021-22, wherein the Board had not accepted recommendations made by any committee of the Board.

(ix) Total fees of ₹ 11.10 lakhs for FY 2021-22, for all services were paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is part.

(x) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

(xi) 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 Listing Regulations.

(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**

The status of compliance with discretionary requirements of Part E of schedule II of Listing Regulations with Stock Exchanges 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	Auditors' Report on Company's financial statement for FY 2021-22 is unmodified.
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 Chairman & Managing Director and has direct access to the Audit Committee.

For and on behalf of the Board

Sd/-

**Prakash M. Patil**

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai

Date: May 9, 2022

Aarti Drugs Limited

## CORPORATE GOVERNANCE REPORT (CONTD.)

### CEO & CFO CERTIFICATION

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 Securities Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board

Place: Mumbai

Date: May 9, 2022

Sd/-

**Prakash M. Patil**

Chairman, Managing Director & CEO

**CORPORATE GOVERNANCE REPORT (CONTD.)****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, 2022, 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  
UDIN: 22047973AIQGMX2493

Place: Mumbai  
Date: May 9, 2022

## CORPORATE GOVERNANCE REPORT (CONTD.)

### CEO & CFO CERTIFICATION

(Under Regulation 17(8) of the SEBI

(Listing Obligation and Disclosure Requirement) Regulation, 2015)

#### We Certify that –

- A. We have reviewed the financial statements and cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2022 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee -
- 1) There has not been any significant changes in internal control over the financial reporting during the year ended March 31, 2022;
  - 2) There has not been any significant changes in accounting policies during the year ended March 31, 2022; and
  - 3) We have not noticed any instances during the year ended March 31, 2022 of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For AARTI DRUGS LIMITED

Place: Mumbai  
Date: May 9, 2022

Sd/-  
**Prakash M. Patil**  
Chairman, Managing Director & CEO

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

**CORPORATE GOVERNANCE REPORT (CONTD.)****CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements)  
Regulations, 2015)

**To: Aarti Drugs Limited**

(CIN: L37060MH1984PLC055433)

Plot No. N - 198, M.I.D.C., Tarapur,

Village-Pamtermbhi, Dist. Palghar,

Maharashtra - 401 506

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Drugs Limited** having CIN: L37060MH1984PLC055433 and having registered office at Plot No. N - 198, M.I.D.C., Tarapur, Village-Pamtermbhi, Dist. Palghar, Maharashtra - 401 506 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below **as on the Financial Year ended on March 31, 2022** had been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN	Full Name	Designation	Date of Appointment
00005340	Harshit Manilal Savla	Managing Director	02/01/1987
00005501	Harit Pragji Shah	Wholetime Director	15/09/1995
00005618	Prakash Moreshwar Patil	Managing Director	05/01/1985
00033383	Vilas Gaikar Gajanan*	Director	31/12/2005
00066291	Rashesh Chandrakant Gogri	Managing Director	16/08/2012
00267604	Bhavesh Rasiklal Vora*	Director	31/07/2006
00299202	Narendra Jagannath Salvi	Director	25/08/2020
00662996	Priti Paras Savla	Director	26/09/2014
01186406	Uday Moreshwar Patil	Wholetime Director	18/10/2000
01415556	Navin Chapshi Shah	Director	04/11/2010
02354032	Krishnacharya Govindacharya Akamanchi	Director	20/10/2008
06975564	Ankit Vikram Paleja	Director	13/10/2021

**\*ceased to be Independent Director effective end of March 31, 2022 on expiration of 2<sup>nd</sup> tenure as such**

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**CS Sunil M. Dedhia**

Proprietor, Sunil M. Dedhia &amp; Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483D000286546

Place: Mumbai

Date: May 7, 2022



# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L37060MH1984PLC055433
Name of the Company	Aarti Drugs Limited
Registered address	Plot No. N-198, MIDC Tarapur, Tal and Dist. Palghar 401 506
Website	<a href="http://www.aartidrugs.co.in">www.aartidrugs.co.in</a>
E-mail id	<a href="mailto:investorrelations@aartidrugs.com">investorrelations@aartidrugs.com</a>
Financial Year reported	April 1, 2021 to March 31, 2022
Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical 201 Pharma 210
List three key products/services that the Company manufactures/ provides (as in balance sheet)	a) Ciprofloxacin HCL b) Metformin HCL c) Metronidazole
Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major 5)	Nil
(b) Number of National Locations	12 Manufacturing facilities
Markets served by the Company - Local/ State/ National/ International	All Local, State, National and International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid up Capital (INR)	As on March 31, 2022 total paid up capital of the Company stood at ₹ 92.60 Crores consisting of 9,26,00,000 Equity shares of ₹ 10/- each
Total Turnover (INR)	As on March 31, 2022 the turnover of the Company is ₹ 2,25,117 lakhs
Total profit after taxes (INR)	As on March 31, 2022 the net profit of the Company is ₹ 19,500 lakhs
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer the summary of CSR spending from Annexure 'A'- Annual report on Corporate Social Responsibility (CSR) Activities.
List of activities in which expenditure in 4 above has been incurred:-	Please refer Annexure 'A'- Annual report on Corporate Social Responsibility (CSR) Activities.

## SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?	The Company has 3 subsidiary Companies as on March 31, 2022 1) Pinnacle Life Science Private Limited 2) Aarti Speciality Chemicals Limited 3) Pinnacle Chile SpA
Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

## BUSINESS RESPONSIBILITY REPORT (CONTD.)

## SECTION D: BR INFORMATION

## 1) Details of Directors responsible for BR and BR Head

DIN Number	00005618	00005340
Name	Prakash M. Patil	Harshit M. Savla
Designation	Chariman, Managing Director & CEO, BR Head	Jt. Managing Director
Telephone No.	022-24048199	022-24048199
Email Id	mgnt@aartidrugs.com	mgnt@aartidrugs.com

## 2) Principle-wise (as per NVGs) BR Policy/policies

Sr. No.	Policies/ Guidelines on -- Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
1	Do you have a policy/ policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3	Does the policy conform to any national / international standards? If yes, specify?	Yes, Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. The Company believes in benchmarking practices and global standards - to the best possible extent.								
4	Has the policy being approved by the Board? if yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management]. Yes Policies are Signed by the Managing Director								
5	Does the Company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.								
6	Indicate the link for the policy to be viewed online?	<a href="https://www.aartidrugs.co.in/policies-and-related-documents/">https://www.aartidrugs.co.in/policies-and-related-documents/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.								
8	Does the Company have in-house structure to implement the policy/ policies?									
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Company' Vigil Mechanism / Whistle Blower Policy is an effective tool towards grievance redressal mechanism.								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	In addition to the Statutory Audits, Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.								

## BUSINESS RESPONSIBILITY REPORT (CONTD.)

### 3) Governance related to BR

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year: **Annually**
- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

**Company fulfils the criteria mentioned in Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. BR report forms and integral part of the Annual Report and uploaded on the website of the Company at [www.aartidrugs.co.in](http://www.aartidrugs.co.in) in Annual Report Section.**

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

**Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

- 1) Does the policy relating to ethics, bribery and corruption cover only the Company? **No**. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?: **Yes**
- 2) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

**The Company has adopted the Code of Conduct ('CoC' or 'Code') with the aim to follow and maintain the highest ethical and moral standards, in compliance with the applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage/ gains.**

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

**An effective vigil mechanism/whistle blower policy is in place to report to the management, instances on unethical behaviour and any violation of the Company's Code of Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment. No complaint was received in FY 2021-22.**

**During the year 1 complaint of shareholder was received through SEBI Scores portal and resolved to the satisfaction of the shareholder.**

### PRINCIPLE 2 SUSTAINABILITY

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

- 1) List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - a) **Metformin HCL**
  - b) **Metronidazole**
  - c) **Ciprofloxacin HCL**
- 2) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
  - a) Reduction during sourcing/production distribution achieved since the previous year throughout the value chain?

**Sourcing:** Minimised inventory of Raw material with achieving production efficiency more than 90% of Targeted

**Production:** Production capacities are operated almost at design capacities so that overall overheads are well within control.

**Distribution:** Distribution is well planned for domestic & overseas customers so that finished good inventory & supply chain is maintained as per customers need.

- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

**Water:** Average Consumption of water in process is reduced by 15-18% as well as in utilities & domestic is by 10-12%

**Energy:** Power consumption has been reduced by 12-15 % than last year. Fuel use also reduced by 5-7% than last year

- 3) Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

**Manufacturing of API is sustainable on competitive sourcing of raw materials, innovative process technology with minimum utilisation of resources & timely and consistent distribution of finished goods.**

**Raw materials:** We always work on raw material manufacturing technology & share our experience with the basic technology & manufacturing cost of raw materials & quality.

**Knowledge of technology helps us to achieve**

**BUSINESS RESPONSIBILITY REPORT (CONTD.)**

**sustainable sourcing. Our consumptions of raw materials are consistent & high, This is key to sustainable sourcing of raw material.**

**Innovative process technology: Aarti Drugs is the leader of these products in India & even competes with china. Aarti Drugs is continuously working on process development. As result of continuous improvement, we are on the top. All processes are innovative.**

**Distribution of Finished Goods: Aarti drugs always play with quality product supply, consistent supply & Cost competitive supply.**

- 4) Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

**Yes, Aarti is always working with local vendors. We share our working culture of competitiveness with local vendors and monitor frequently. Aarti drugs demonstrate various technical skills to vendors to become competitive. Result of this they grow along with us for capacities of production. Sharing of technical scales help them for improvement in capabilities.**

- 5) Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

**Yes, Aarti Drugs is having good infrastructure for recovering products from waste. Maximum possible products are recovered, recycled rather than going to waste. We recycle more than 10% products.**

**PRINCIPLE 3: WELFARE OF EMPLOYEES**

**Businesses should promote the wellbeing of all employees**

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

Every person is entitled to fair and respectful treatment. The Company is committed to a diverse working environment, in which each person's uniqueness is recognised and every individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

The Company ensures compliance of employee related all applicable statutes which guarantee the social security benefits, proper and safe working environment, wages, timely payment, bonus, leave benefits, working hours,

breaks, maintaining hygiene, health, prohibition of child labour and respecting their all fundamental and human rights.

- 1) Please indicate the Total number of employees:- **989**
- 2) Please indicate the Total number of employees hired on temporary/ contractual / casual basis:- **2,350**
- 3) Please indicate the Number of permanent women employees:- **96**
- 4) Please indicate the Number of permanent employees with disabilities:- **01**
- 5) Do you have an employee association that is recognised by the management.  
**Yes. Aarti Drugs Employees Credit Co-Op Society Limited is recognised association by the management.**
- 6) What percentage of your permanent employees is members of this recognised employee association?  
**90%**
- 7) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory Employment	Nil	Nil

- 8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- (a) Permanent Employees:- **86**
  - (b) Permanent Women Employees:- **81**
  - (c) Casual/Temporary/Contractual Employees:- **85**
  - (d) Employees with Disabilities:- **N.A.**

**PRINCIPLE 4: STAKEHOLDERS' ENGAGEMENT**

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

- 1) Has the Company mapped its internal and external stakeholders?: **Yes**
- 2) Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? **Yes**

## BUSINESS RESPONSIBILITY REPORT (CONTD.)

- 3) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

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

**The Company acknowledges and assume responsibility by being transparent about the impact of its policies, decisions, product & services and associated operations on the stakeholders. Company's CSR initiatives always focuses on upliftment of the weaker section of the society.**

### PRINCIPLE 5: HUMAN RIGHTS

**Businesses should respect and promote human rights**

- 1) Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

**The Code of Conduct of the Company sets out the principles toward treatment of human beings and it extends to suppliers, contractors and service providers.**

- 2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

**No such complaints were received in the period under review.**

### PRINCIPLE 6: ENVIRONMENT, HEALTH AND SAFETY

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

- 1) Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

**Yes, it extends to all interested parties.**

- 2) Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

**Company do not have such a type of hyperlink but we have acquired 250 acres of forest land from the Government for the purpose of green belt development. Around 7,00,000 trees are planted so far in last 7 years.**

- 3) Does the Company identify and assess potential environmental risks? **Yes**

- 4) Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

**Company is planning to minimise use of water as well as increase recycling of water further. The heat recovery boiler is operating effectively, the second one is to be installed shortly. The Incenreation system is installed, awaiting Government Approval. The Company is considering the installation of two mechanical vapor recompression systems.**

- 5) Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

**Company is working on clean technology, energy efficiency & renewable energy.**

- 6) Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported? **Yes**

- 7) Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. **NIL**

### PRINCIPLE 7: POLICY ADVOCACY

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

- 1) Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- (a) **Bombay Chamber of Commerce**
- (b) **CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council**
- (c) **Federation of Indian Chambers of commerce and Industry (FICCI)**
- (d) **Federation of Indian Export Organisation**
- (e) **Indian Institute of Chemical Engineering (IICChE)**
- (f) **Indian Merchants Chamber (IMC)**
- (g) **Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India**
- (h) **Vapi Industrial Association**

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

- 2) Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas

**BUSINESS RESPONSIBILITY REPORT (CONTD.)**

(drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

**No, but the Company implements various CSR activities for the advancement or improvement of public good.**

**PRINCIPLE 8: INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

**Businesses should support inclusive growth and equitable development**

- 1) Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

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

**Through our CSR initiatives we aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have capacity to create a positive impact on the lives of people –**

**especially the weaker and underserved sections. By contributing to development of health, science and culture, we wish to further all round progress.**

- 2) Are the programmes/ projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organisation?

**Some programs are undertaken through inhouse teams and others in partnership with NGOs and implementing agencies.**

- 3) Have you done any impact assessment of your initiative? **Yes**

- 4) What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

**The details of contributions made by the Company for community development are provided in the CSR report of the Company.**

- 5) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

**The details of contributions made by the Company for community development are provided in the CSR report of the Company.**

**PRINCIPLE 9: CUSTOMER CENTRICITY**

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

- 1) What percentage of customer complaints/consumer cases are pending as on the end of financial year.

**There are no consumer cases pending as on end of financial year.**

- 2) Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

**Based on specific customer requirement**

- 3) Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. **Nil**

- 4) Did your company carry out any consumer survey/ consumer satisfaction trends?

**Our mission is to become a customer-driven Company by providing customised solutions and service to meet changing customer requirements. To use the best cost-effective manufacturing methods supported by proven, eco-friendly and safe technologies continuous focus on people to encourage and nurture winning organisational culture.**

**Our Customers include end-user industries to whom, we supply our products. We regularly interact with the customers to understand their needs. Meetings are conducted at least once in a year with key customers and regular feedbacks are encouraged by other customers through emails. The areas of focus identified during the engagement are quality and timely delivery of the product and technical support during product application. The initiatives taken to address these areas includes extension in technical support to our customers by our Research and Development team.**

**For and on behalf of the Board**

Sd/-

**Prakash M. Patil**

Place: Mumbai

Chairman, Managing Director & CEO

Date: May 9, 2022

DIN: 00005618

# 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, 2022, 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.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit, 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 Companies Act, 2013. 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.

**INDEPENDENT AUDITOR'S REPORT (Contd.)**

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 Equipment.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipment used in the operations requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipment.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> <li>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.</li> <li>We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment.</li> <li>We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment.</li> <li>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.</li> <li>We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.</li> </ol>
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><b>Principal Audit Procedures</b></p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> <li>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.</li> <li>We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</li> <li>We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory.</li> <li>We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.</li> </ol>

**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 the Board's Report, 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



## INDEPENDENT AUDITOR'S REPORT (Contd.)

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 Companies Act, 2013 ("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 accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. 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 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 financial statement 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating

## INDEPENDENT AUDITOR'S REPORT (Contd.)

the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone 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 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.

### 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 including Other Comprehensive income, 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 the 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, as 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 the Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.
- (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 27 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 36 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.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, other than disclosed in the notes, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, other than disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that

have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.
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

Place: Mumbai.

Date: May 09, 2022

M. No. 047973

UDIN: 22047973AIQFKA8410

## ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2022

### 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, 2022 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

## ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2022 (Contd.)

reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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's Registration No. 105215W/W100057

Sd/-  
**Milind Bhawe**  
Partner

Place: Mumbai.  
Date: May 09, 2022

M. No. 047973  
UDIN: 22047973AIQFKA8410

## ANNEXURE B TO THE AUDITOR'S REPORT – MARCH 31, 2022

**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, 2022.**

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) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipments;
- (B) The company is maintaining proper records showing full particulars of intangible assets;
- (b) As explained to us, the Company has phased programme of physical verification of Property, Plant & Equipments by which all Property, Plant & Equipments 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. According to the information and explanation given to us no material discrepancies were noticed on such verification;
- (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, the title deeds of the immovable properties other than self-
- (b) During the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; the quarterly returns or statements filed by the company with such banks or financial institutions are not in agreement with the books of account of the Company, details are as under;
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year;
- (e) According to the information and explanation given to us and on the basis of examination of the records of the Company, there are no Proceedings are initiated or no pending cases against the company for holding Benami Property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;
- (ii)
- (a) The Management has been conducted physical verification of the inventories at reasonable intervals, and as per our opinion, the coverage and procedure of such verification by the management is appropriate; no discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification, all immaterial discrepancies have been properly dealt with books of accounts.

Quarter Ended	Discrepancies found in	Amount as per Books of Accounts (₹ in Lakhs)	Amount as per Quarterly Returns filed (₹ in Lakhs)	Differences (₹ in lakhs)	Reason for Differences
June 2021	Current Assets	1,07,997	1,06,847	1,150	As explained by the management, the differences are because the statements filed with the lenders are based on financial statements which are prepared on provisional basis before quarterly audit.
June 2021	Current Liabilities	72,218	71,068	1,150	

- (iii) According to the information and explanation given to us and on the basis of examination of books and record by us,
- a. A. The Company has not granted any loans or provided advances in the nature of loans or stood guarantee or provided security to its subsidiaries during the year. Accordingly, reporting under clause 3(iii)(a)(A) of the Order is not applicable.

## ANNEXURE B TO THE AUDITOR'S REPORT – MARCH 31, 2022 (Contd.)

B. The Company has only granted unsecured loans or advances in the nature of loan to employees as specified below:

Loan to Employees	Amount (₹ in Lakhs)
Aggregate amount granted during the year	7.70
Balance outstanding as on March 31, 2022	33.20

- The terms and condition of the grant of loans or advances in the nature of loans, as referred to a(B) above are not prima facie prejudicial to the interest of the company.
- In respect of loans or advances in the nature of loans granted by the Company, the schedule of repayment of principal has been stipulated and the repayments are regular.
- Loans or advances in the nature of loans given in earlier years by the Company to its employees ₹13.10 lakhs were overdue against which adequate steps for recovery have been taken by the company during the year.
- No loans or advances in the nature of loans granted by the Company that have fallen due during the year, have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- The Company has not granted any loans or advances in the nature of loans that are either repayable on demand or without specifying any terms or period of repayment.

- In respect of loans, investments, guarantees, and security, provisions of Section 185 & Section 186 of the Companies Act, 2013 have been complied with.
- The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013
- 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.
- According to the information and explanations given to us and based on the records of the company examined by us, in respect of Statutory Dues,
  - The Company generally been regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employee State Insurance, Income tax, custom duty, cess and any other statutory dues to the appropriate authorities and there are no arrears of outstanding statutory dues as on the last day of the FY concerned for a period of more than 6 months from the date they became payable.
  - Details of statutory dues referred to in sub-clause (a) above which have not been deposited on account of any dispute as on March 31, 2022 are as under:

Nature of Statute	Nature of Dues	Forum where Dispute is pending	Period for which Amount relates	₹ in Lakhs
The Central Excise Act, 1944	Custom Duty/Service Tax/Interest & Penalty	Appellate Authorities/ Tribunals	FY 2007-08 to FY 2018-19	456.19
Maharashtra Sales Tax Act, 2002	Sales Tax	Commissionerate/ Dy. Commissioner	FY 2007-08 to FY 2017-18	39.36
Income Tax Act, 1961	Income Tax/ Interest & Penalty	Appellate Authorities/ Tribunals	FY 2009-10 to FY 2018-19	7,263.94
<b>Total</b>				<b>7,759.49</b>

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

- The company has not defaulted in repayment of loans or other borrowings or in the payments of interest thereon to any lender;
  - According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- According to the information and explanations given to us and on the basis of our audit procedure, the term loans were applied for the purpose for which the loan were obtained.
- According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on Short Term basis have been used for Long Term purposes by the company.
- According to the information and explanations given to us, and the procedures performed by us, Company has not taken any funds from any

**ANNEXURE B TO THE AUDITOR'S REPORT – MARCH 31, 2022 (Contd.)**

- entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
- (f) The Company has not raised loans during the year on the pledge of securities held by the subsidiaries, associates or joint ventures
- (x)
- (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi)
- (a) No fraud by the company or on the company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, and the procedures performed by us, there are no whistle-blower complaints received by the Company during the year and upto the date of this Report.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv)
- (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our Opinion during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
- (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve
- Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)
- (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) There is no amount remaining unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project.

For **KIRTANE & PANDIT LLP,**

Chartered Accountants

Firm's Registration No. 105215W/W100057

Sd/-

**Milind Bhave**

Partner

Place: Mumbai.

M. No. 047973

Date: May 09, 2022

UDIN: 22047973AIQFKA8410



# STANDALONE BALANCE SHEET

AS AT MARCH 31, 2022

(₹ in lakhs)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant and Equipment	1	64,525.89	62,451.54
Right of use Assets	1.2	408.64	589.42
Capital Work - in - Progress	1.3	5,962.02	1,595.24
Intangible Assets	2	6.94	11.01
<b>Financial Assets</b>			
Investments	3	2,803.16	2,431.51
Other Non- Current Assets	4	2,426.33	609.12
<b>Total Non- Current Assets</b>		<b>76,132.98</b>	<b>67,687.84</b>
<b>Current Assets</b>			
Inventories	5	48,846.46	39,037.75
<b>Financial Assets</b>			
(i) Trade Receivables	6	71,164.07	50,398.54
(ii) Cash and Bank Balances	7	220.82	380.74
(iii) Other Financial Assets	8	1,166.22	1,142.36
Other Current Assets	9	5,921.61	5,053.32
<b>Total Current Assets</b>		<b>1,27,319.17</b>	<b>96,012.72</b>
<b>TOTAL ASSETS</b>		<b>2,03,452.15</b>	<b>1,63,700.56</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	10	9,260.00	9,320.00
Other Equity		87,957.17	76,641.13
<b>Total Equity</b>		<b>97,217.17</b>	<b>85,961.13</b>
<b>LIABILITIES</b>			
<b>Non- Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	11	11,832.88	14,755.89
(ii) Lease Liabilities	1.2	187.94	358.00
(iii) Other Financial Liabilities	12	955.64	727.34
Provisions	13	786.42	2,212.02
Deferred Tax Liabilities (Net)	14	7,004.44	7,496.74
<b>Total of Non- Current Liabilities</b>		<b>20,767.32</b>	<b>25,549.99</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	15	39,655.20	18,179.23
(ii) Lease Liability	1.2	259.67	279.67
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		1,324.64	1,140.11
Dues of creditors other than micro enterprises and small enterprises		40,294.65	28,163.45
Provisions	17	258.59	127.55
Other Current Liabilities	18	3,674.92	4,299.42
<b>Total Current Liabilities</b>		<b>85,467.66</b>	<b>52,189.44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,03,452.15</b>	<b>1,63,700.56</b>
Summary of significant Accounting Policies and Other Explanatory Information	27-44		

## AS PER REPORT OF EVEN DATE

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

**CA Milind Bhave**

Partner

M.NO.047973

Place : Mumbai

Date: May 09, 2022

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/-

**Harit P. Shah**

(Whole Time Director)

DIN : 00005501

Sd/-

**CS Rushikesh Deole**

(Company Secretary & Compliance officer)

**STANDALONE STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Particulars	Note No	Year Ended	
		March 31, 2022	March 31, 2021
I Revenue from operations		2,25,117.43	1,91,489.03
II Other Income	19	477.19	642.28
<b>III Total Income ( I + II )</b>		<b>2,25,594.63</b>	<b>1,92,131.31</b>
<b>IV Expenses :</b>			
(a) Cost of materials consumed	20	1,52,456.04	1,12,779.17
(b) Purchase of Stock-in-Trade		5,831.38	4,316.56
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		(7,794.08)	(908.19)
(d) Employee Benefits Expense	21	6,931.56	6,928.79
(e) Finance Cost (Interest)	22	2,006.50	2,260.83
(f) Depreciation and Amortisation Expense	23	4,739.20	4,759.56
(g) Other Expenses	24	35,874.19	28,245.83
<b>Total Expenses (IV)</b>		<b>2,00,044.80</b>	<b>1,58,382.55</b>
<b>V Profit before exceptional items and tax (III - IV)</b>		<b>25,549.82</b>	<b>33,748.76</b>
VI Exceptional Items	25	-	(22.48)
<b>VII Profit Before Tax (V - VI)</b>		<b>25,549.82</b>	<b>33,771.24</b>
<b>VIII Tax Expenses :</b>	40		
Provision for Taxation - Current Year		6,550.00	8,450.00
- Earlier Year		-	-
Provision for Deferred Tax		(500.00)	(450.00)
<b>Total Tax Expenses (VIII)</b>		<b>6,050.00</b>	<b>8,000.00</b>
<b>IX Profit / (Loss) for the Year ( VII - VIII )</b>		<b>19,499.82</b>	<b>25,771.24</b>
X Other Comprehensive Income			
<b>Item that will not to be reclassified to statement of Profit and Loss</b>			
Fair value changes on Investments, net		174.21	314.76
Remeasurement of defined benefit Liability/Assets, net		(108.21)	26.08
Total Other Comprehensive Income, net		<b>66.00</b>	<b>340.84</b>
<b>XI Total Comprehensive Income for the Year (IX+X)</b>		<b>19,565.82</b>	<b>26,112.08</b>
<b>Earnings per Equity Shares (EPS) (In ₹)</b>	<b>26</b>		
Basic/Diluted		<b>21.04</b>	<b>27.65</b>
<b>Summary of significant Accounting Policies and Other Explanatory Information</b>	<b>27-44</b>		

**AS PER OUR REPORT OF EVEN DATE**

For Kirtane &amp; Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

**CA Milind Bhave**

Partner

M.NO.047973

Place : Mumbai

Date: May 9, 2022

**For and on Behalf of the Board of Directors**

Sd/-

**Prakash M. Patil**

(Chairman, Managing Director &amp; CEO)

DIN : 00005618

Sd/-

**Adhish P. Patil**

(Chief Financial Officer)

Sd/-

**Harit P. Shah**

(Whole Time Director)

DIN : 00005501

Sd/-

**CS Rushikesh Deole**

(Company Secretary &amp; Compliance officer)

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2022

### A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance at the April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at April 1, 2021	Changes in equity share capital during the current year *	Balance as at March 31, 2022
9,320.00	-	9,320.00	(60.00)	9,260.00

(₹ in lakhs)

Balance at the April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at April 1, 2020	Changes in equity share capital during the current year *	Balance as at March 31, 2021
2,330.00	-	2,330.00	6,990.00	9,320.00

- Notes -
1. Refer Note No 10.3(a)
  2. Refer Note No 10.3(b)
  3. Refer Note No. 10.5 for changes in promoters holding

### B. OTHER EQUITY

(₹ in lakhs)

Particulars	Other Equity Reserves				Other Comprehensive Income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
<b>As on April 1, 2020</b>	<b>200.74</b>	<b>301.98</b>	<b>2,220.00</b>	<b>56,552.07</b>	<b>574.25</b>	<b>59,849.05</b>
Transfer to General Reserve from Retained Earning	-	-	2,577.12	(2,577.12)	-	-
Profit for the Period	-	-	-	25,771.24	-	25,771.24
Dividend Paid	-	-	-	(2,330.00)	-	(2,330.00)
Issue of Bonus Shares	-	-	-	(6,990.00)	-	(6,990.00)
Fair value change on Investment, net	-	-	-	-	314.76	314.76
Remeasurement of defined benefit Liability/Assets, net	-	-	-	-	26.08	26.08
<b>Balance as at March 31, 2021</b>	<b>200.74</b>	<b>301.98</b>	<b>4,797.12</b>	<b>70,426.19</b>	<b>915.09</b>	<b>76,641.13</b>
Transfer to General Reserve from Retained Earning	-	-	1,949.98	(1,949.98)	-	-
Profit for the Period	-	-	-	19,499.82	-	19,499.82
Dividend Paid	-	-	-	(926.00)	-	(926.00)
Buyback of Shares	-	60.00	(2,220.00)	(3,780.00)	-	(5,940.00)
Buyback Tax	-	-	-	(1,383.78)	-	(1,383.78)
Fair value change on Investment, net	-	-	-	-	174.21	174.21
Remeasurement of defined benefit Liability/Assets, net	-	-	-	-	(108.21)	(108.21)
<b>Balance as at March 31, 2022</b>	<b>200.74</b>	<b>361.98</b>	<b>4,527.11</b>	<b>81,886.25</b>	<b>981.09</b>	<b>87,957.17</b>

#### AS PER OUR REPORT OF EVEN DATE

#### For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

**CA Milind Bhave**

Partner

M.NO.047973

Place : Mumbai

Date: May 9, 2022

#### 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/-

**Harit P. Shah**

(Whole Time Director)

DIN : 00005501

Sd/-

**CS Rushikesh Deole**

(Company Secretary & Compliance officer)

# STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	Net Profit before Tax and Exceptional Items	25,549.82	33,771.24
	<b>ADJUSTMENT FOR:</b>		
	Depreciation & Amortisation	4,739.20	4,759.56
	Provision for Doubtful debts /Bad debts	75.58	6.00
	Unrealised Foreign Exchange (Gain)/Loss (Net)	159.00	70.71
	Interest Paid	2,006.50	2,260.83
	Interest Received	(65.22)	(243.11)
	Dividend Received	(237.64)	(297.00)
	Assets w/off	-	304.20
	Profit on Sale of PPE	(1.69)	(326.68)
	Operating Profit before Working Capital Charges	<b>32,225.55</b>	<b>40,305.75</b>
	Trade & Other Receivable	(21,708.49)	(5,199.48)
	Changes in Inventories	(9,808.71)	(8,296.39)
	Trade & Other Payable	11,290.54	(2,614.75)
	Cash generated from operation	11,998.90	24,195.13
	Direct Taxes Paid	(8,009.29)	(8,777.53)
	<b>Net Cash Flow from Operating Activities</b>	<b>3,989.60</b>	<b>15,417.59</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of PPE / Capital Work in Progress/ Advances	(12,686.97)	(8,077.13)
	Sale of PPE	2.00	633.60
	Investments	(153.67)	-
	Interest Received	65.22	243.11
	Dividend Received	237.64	297.00
	<b>Net Cash Flow from Investing Activities</b>	<b>(12,535.78)</b>	<b>(6,903.42)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Proceeds from Long Term Borrowings	(2,703.90)	(2,703.16)
	Proceeds from Unsecured Loans & from Scheduled Bank	21,455.97	(1,243.09)
	Buyback of shares	(6,000.00)	-
	Buyback Tax	(1,383.78)	-
	Dividend Paid	(950.77)	(2,320.52)
	Interest Paid	(2,006.50)	(2,260.83)
	<b>Net Cash Flow from Financing Activities</b>	<b>8,411.02</b>	<b>(8,527.59)</b>
	<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(135.16)</b>	<b>(13.42)</b>
	Opening Cash and Cash Equivalents	284.16	297.58

## STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Closing Cash and Cash Equivalents	149.00	284.16
	Reconciliations of Cash and Cash Equivalents		
	- Balance with Banks	81.62	105.84
	- Cash in Hand	18.83	23.65
	- Cheques in Hand	48.55	154.67
	<b>Balances as per Cash Flows Statement</b>	<b>149.00</b>	<b>284.16</b>

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 ₹ **46.58 lakhs** (previous year ₹ 46.58 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 Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

**CA Milind Bhave**

Partner

M.NO.047973

Place : Mumbai

Date: May 9, 2022

**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/-

**Harit P. Shah**

(Whole Time Director)

DIN : 00005501

Sd/-

**CS Rushikesh Deole**

(Company Secretary & Compliance officer)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 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 9, 2022.

### Note: 1 Significant Accounting Policies and Accounting Estimates and Judgements

#### 1) Basis of preparation:

##### Statement of Compliance

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) to be read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. The Company's Financial Statements for the year ended March 31, 2022 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements .

##### 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 realisation 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 Cash flows have been prepared under Indirect Method.

##### Historic Cost Convention:

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured at fair value, viz employee benefit plan assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date.

##### Functional and presentation currency

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 Judgments:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, Judgment & Assumptions. These estimates, judgments & 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 judgments. 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:

##### Revenue from contract with customer

Revenue is recognised 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

(i) **Sale of goods:** Revenue from contracts with customers is recognised on satisfaction of performance obligation, when control of the goods is passed to customer, at an amount that reflect the consideration the Company expects to receive. The point at which control passes is determined based on terms of agreement with customer or as per general industry / market practice. GST and other taxes on sales are excluded from revenue.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

- (ii) **Interest Income:** Interest income from a financial asset is recognised 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:** Dividend income is recognised when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.
- (iv) **Export benefits:** Export incentives are recognised 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 accumulated 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 recognised 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 recognised 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 accumulated 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 amortisation 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 amortisation 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 recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of Property, Plant & Equipment 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.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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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.

**Non-current assets held for sale**

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of the assets held for sale has been estimated using valuation techniques (including income and market approach), which include unobservable inputs. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured

at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" and its recoverable amount at the date of the subsequent decision not to sell. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions.

**4) Inventories:**

Raw materials, packing materials, store & spares, Traded goods and Work in progress are valued at the lower of cost and net realisable value. 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 realisable 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:****Defined contribution plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

**Defined benefit plans**

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value plan assets.

**Compensated absences**

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end. Accumulated compensated absences which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise. Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

### 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 remaining unsettled at the year end are translated at year end rates. Differences arising on settlement or conversion of monetary items are recognised in statement of profit and loss. 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) Leases (as a lessee):

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

### 8) Income Taxes:

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

Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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 recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

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.

**9) Borrowing Costs:**

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

**10) Provisions and Contingent Liabilities and Contingent Assets****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 embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised 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.

**Contingent Liabilities:**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent Assets**

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements

**11) Recent Pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

### Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10%' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

## 12) Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

The Company considers all highly liquid investments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**1 PROPERTY, PLANT AND EQUIPMENTS**

(₹ in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on April 1, 2021	Addition	Deduction	As on March 31, 2022	As on April 1, 2021	Addition	Deduction	As on March 31, 2022	As on March 31, 2022	As on March 31, 2021	
<b>TANGIBLES ASSETS</b>											
BUILDING	17,290.98	374.25	-	17,665.24	4,621.84	576.13	-	5,197.97	12,467.27	12,669.14	
FURNITURE	914.20	28.58	-	942.78	696.73	56.25	-	752.97	189.80	217.48	
LAND	6,255.81	2,605.40	-	8,861.21	-	-	-	-	8,861.21	6,255.81	
OFFICE EQUIPMENTS	240.63	8.35	-	248.98	184.04	26.81	-	210.86	38.12	56.59	
PLANT & MACHINERY	78,962.10	3,475.96	-	82,438.06	36,076.53	3,714.66	-	39,791.19	42,646.87	42,885.57	
VEHICLES	666.31	10.45	6.10	670.65	299.36	54.48	5.80	348.04	322.61	366.95	
<b>TOTAL</b>	<b>1,04,330.04</b>	<b>6,502.98</b>	<b>6.10</b>	<b>1,10,826.92</b>	<b>41,878.50</b>	<b>4,428.33</b>	<b>5.80</b>	<b>46,301.03</b>	<b>64,525.89</b>	<b>62,451.54</b>	
PREVIOUS YEAR	97,747.51	6,721.14	138.61	1,04,330.04	37,591.92	4,304.24	17.66	41,878.50	62,451.54		

**Note :**

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ **136.41 Lakhs** (previous year ₹ 203.17 Lakhs)

**1.1 DETAILS OF TITLE DEED NOT HELD IN THE NAME OF COMPANY**

Particulars	Description of item of property	Gross carrying value (₹ in lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
PPE	Land - E 106	0.74	Effective Chemical Pvt Ltd	No	26-02-1980
PPE	Land - E 105	0.80	Rupal Chemicals	No	27-06-1986
PPE	Land - S 34	1.87	Star Aluminium Industries	No	06-11-1992
PPE	Land - S 33	1.71	Avez Wire Industries Private Limited	No	11-06-1993

Note : Leaseholds land are in the name of erstwhile entities, which were merged with the Company through the court scheme, leasehold rights are deemed to be transferred to the Company.

**1.2 RIGHT OF USE ASSETS/LEASE LIABILITY**

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	589.42	872.95
Additions during the year	126.03	54.23
Amortisation	(306.80)	(337.76)
Closing Balance	<b>408.64</b>	<b>589.42</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	637.66	929.19
Finance cost accrued during the year	127.77	58.39
Payment of lease liabilities	(317.82)	(349.92)
<b>Closing Balance</b>	<b>447.61</b>	<b>637.66</b>

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	259.67	279.67
Non- current lease liabilities	187.94	358.00
<b>Total</b>	<b>447.61</b>	<b>637.66</b>

**1.3 CAPITAL WORK IN PROGRESS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	1,595.25	1,096.09
Capitalised	(565.30)	(490.17)
Additions during the year	4,932.08	989.33
<b>Closing Balance</b>	<b>5,962.03</b>	<b>1,595.25</b>

CWIP Ageing Schedule:

(₹ in lakhs)

	Amount in CWIP for a period of				Total
	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	
<b>As at March 31, 2022</b>					
Project in progress :	1,456.10	3,908.75	-	597.17	5,962.03
Projects Temporarily Suspended :	-	-	-	-	-
<b>Total</b>	<b>1456.10</b>	<b>3908.75</b>	<b>-</b>	<b>597.17</b>	<b>5962.03</b>
<b>As at March 31, 2021</b>					
Project in progress :	431.08	566.99	-	597.17	1,595.25
Projects Temporarily Suspended :	-	-	-	-	-
<b>Total</b>	<b>431.08</b>	<b>566.99</b>	<b>-</b>	<b>597.17</b>	<b>1595.25</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**2 INTANGIBLE ASSETS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(a) PROCESS DEVELOPMENT (R &amp; D)</b>		
Opening Balance	-	111.10
Additions during the year	-	-
Amortisation	-	(111.10)
Closing Balance	-	-
<b>(b) COMPUTER SOFTWARE</b>		
Opening Balance	11.01	17.46
Additions during the year	-	-
Amortisation	(4.07)	(6.45)
Closing Balance	6.94	11.01
<b>Total (a+b)</b>	<b>6.94</b>	<b>11.01</b>

**3 NON CURRENT INVESTMENTS**

(₹ in lakhs)

Name of the Company	No. of Shares/ Units	As at March 31, 2022 (₹ in lakhs)	No. of Shares/ Units	As at March 31, 2021 (₹ in lakhs)
<b>Investments - (Unquoted) in Equity Shares of Subsidiary Companies</b>				
Pinnacle Life Science Private Limited	77,82,750	648.56	77,82,750	648.56
Aarti Speciality Chemicals Limited	2,50,000	25.00	2,50,000	25.00
Pinnacle Chile SpA (Chilean Company)*	95,000	182.05	95,000.00	28.38
<b>Investments - (Unquoted) in Equity Shares of Other Companies</b>				
Perfect Enviro Control Systems Limited	2,40,200	16.01	2,40,200	14.90
The Shamrao Vitthal Co- op Bank Limited	100	0.03	100	0.03
The Saraswat Co - op Bank Limited	10,100	1.01	10,100	1.01
Tarapur Environment Protection Society	68,188	109.46	68,188	121.61
Amit Hetrochem (I) Limited	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Limited	1,200	0.04	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Limited**	234	1,791.83	234	1,562.82
<b>TOTAL</b>		<b>2,803.16</b>		<b>2,431.51</b>

\*Face Value of 1 share = 3500 CLP

\*\*Face Value of 1 share = 10000 RMB

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**4 OTHER NON- CURRENT ASSETS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advances	2,426.33	609.12
<b>TOTAL</b>	<b>2,426.33</b>	<b>609.12</b>

**5 INVENTORIES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials (incl.In- transit stock)	20,592.95	18,651.87
Packing Materials	97.94	88.35
Work in process	15,506.88	10,782.40
Finished Goods (incl.In- transit stock)	11,577.98	8,508.37
Stores & Spares	1,063.10	1,006.76
Stock in Trade	7.62	-
<b>TOTAL</b>	<b>48,846.46</b>	<b>39,037.75</b>

**6 TRADE RECEIVABLE**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured</b>		
-considered good	71,164.07	50,398.54
-considered doubtful	289.19	244.31
	71,453.26	50,642.85
Less: Provision for Doubtful Debts	(289.19)	(244.31)
<b>TOTAL</b>	<b>71,164.07</b>	<b>50,398.54</b>

**Ageing of trade receivables**

Particulars	As at March 31, 2022					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable- Considered Goods	70,198.24	505.86	141.35	23.58	425.17	71,294.20
Undisputed Trade Receivable- Credit impaired						
Disputed Trade Receivable-Credit impaired					159.06	159.06
<b>Total Debtors</b>	<b>70,198.24</b>	<b>505.86</b>	<b>141.35</b>	<b>23.58</b>	<b>584.23</b>	<b>71,453.26</b>
Less: Allowanace for Credit Loss					(289.19)	(289.19)
<b>Net Debtors</b>	<b>70,198.24</b>	<b>505.86</b>	<b>141.35</b>	<b>23.58</b>	<b>295.04</b>	<b>71,164.07</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**Ageing of trade receivable**

Particulars	As at March 31, 2021					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable- Considered Goods	49,386.50	484.48	118.14	46.65	348.13	50,383.91
Undisputed Trade Receivable- Credit impaired						-
Disputed Trade Receivable-Credit impaired					258.94	258.94
<b>Total Debtors</b>	<b>49,386.50</b>	<b>484.48</b>	<b>118.14</b>	<b>46.65</b>	<b>607.08</b>	<b>50,642.85</b>
Less: Allowance for Credit Loss					(244.31)	(244.31)
<b>Net Debtors</b>	<b>49,386.50</b>	<b>484.48</b>	<b>118.14</b>	<b>46.65</b>	<b>362.76</b>	<b>50,398.54</b>

Above balances of trade receivables include balances with related parties (Refer Note No. 30h)

**7 CASH AND BANK BALANCES**

Particulars	(₹ in lakhs)	
	As at March 31, 2022	As at March 31, 2021
Cash on Hand	18.83	23.65
Cheques on Hand	48.55	154.67
Balances with Scheduled Banks :		
- Current Accounts	35.04	59.27
Deposit Accounts	46.58	46.58
Cash and cash equivalents	149.00	284.16
Other Bank Balances		
Earmarked balance - unpaid dividend	71.81	96.58
<b>TOTAL</b>	<b>220.82</b>	<b>380.74</b>

**8 OTHER FINANCIAL ASSETS**

Particulars	(₹ in lakhs)	
	As at March 31, 2022	As at March 31, 2021
<b>Unsecured , Consider good</b>		
Deposits	1,130.32	1,099.19
Loans & Advances - Employees & Others	35.90	43.17
<b>TOTAL</b>	<b>1,166.22</b>	<b>1,142.36</b>

**9 OTHER CURRENT ASSETS**

Particulars	(₹ in lakhs)	
	As at March 31, 2022	As at March 31, 2021
Advances recoverable in cash or kind or for value to be received	2,303.49	1,921.57
Insurance claim receivable	69.81	243.72
Balances with Govt. Authority	3,548.30	2,888.03
<b>TOTAL</b>	<b>5,921.61</b>	<b>5,053.32</b>



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**10 EQUITY SHARE CAPITAL**

(₹ in lakhs, except share data)

Particulars	No. of Shares	As at	
		March 31, 2022	March 31, 2021
<b>Authorised Share Capital</b>			
Equity shares of ₹ 10/- each	12,00,00,000	12,000.00	12,000.00
<b>Issued, Subscribed &amp; Paid up</b>			
Equity Shares of ₹ 10/- each fully paid up	9,26,00,000	9,260.00	9,320.00
		<b>9,260.00</b>	<b>9,320.00</b>

**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.

**10.2 The details of Equity Shares outstanding during last 5 years**

**No. of Equity Shares outstanding**

Particulars	Financial Year				
	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
Equity Shares at the beginning of the year	932.00	233.00	235.82	235.82	238.57
Issue of Bonus shares	-	699.00	-	-	-
Buyback of Shares	(6.00)	-	(2.82)	-	(2.75)
Equity Shares at the end of the year	926.00	932.00	233.00	235.82	235.82

**10.3 NOTES ON ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL**

- During the Financial 2021-22, the Company has completed the buyback of 6,00,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 1,000/- per share. Settlement of buyback bids was completed on May 19, 2021. The number of shares post buyback stands reduced to 9,26,00,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 9,260 lakhs.
- During the Financial 2020-21, the Company has allotted 6,99,00,000 Bonus Equity Shares of ₹ 10/- each fully paid up on October 5, 2020 in the proportion of 3 Equity Shares for every 1 Equity Share held by the Equity Shareholders of the Company as on the record date of October 1, 2020.
- During the Financial 2019-20, the Company has completed buyback of 2,82,100/- equity Shares of face value ₹ 10/- each at a price of ₹ 900/- per share on May 27, 2019. The number of shares post buyback stands reduced to 2,33,00,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2,300.00 lakhs.
- 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 March 14, 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.

**10.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**

Name of the shareholders	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	84,69,729	9.15	84,92,976	9.11

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**10.5 DISCLOSURES OF SHAREHOLDING OF PROMOTERS**

Promoter name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Shares	% held	No. of Shares	% held	
Chandrakant Vallabhaji Gogri	17,36,777	1.88	17,49,544	1.88	-
Jaya Chandrakant Gogri	15,88,422	1.72	16,00,096	1.72	-
Rashesh Chandrakant Gogri	43,05,016	4.65	42,15,780	4.52	0.13
Hetal Gogri Gala	28,30,731	3.06	28,51,540	3.06	-
Manisha Rashesh Gogri	1,89,675	0.2	1,91,068	0.21	(0.01)
Aarnav Rashesh Gogri	1,89,273	0.2	1,90,664	0.2	-
Aashay Rashesh Gogri	8,89,558	0.96	8,96,096	0.96	-
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	13,89,783	1.5	14,00,000	1.5	-
Gogri Finserv Private Limited	35,18,025	3.8	35,43,888	3.8	-
Anushakti Enterprise Private Limited	24,30,032	2.62	24,47,896	2.63	(0.01)
Paridhi Business Trust (Saswat Trusteeship Private Limited)	5,95,622	0.64	6,00,000	0.64	-
Rajendra Vallabhaji Gogri	7,76,191	0.84	7,81,896	0.84	-
Arti Rajendra Gogri	5,37,157	0.58	5,41,104	0.58	-
Renil Rajendra Gogri	16,25,475	1.76	19,85,076	2.13	(0.37)
Mirik Rajendra Gogri	19,97,952	2.16	20,12,640	2.16	-
Tulip Family Trust (Gloire Trusteeship Services Private Limited)	9,33,140	1.01	9,40,000	1.01	-
Orchid Family Trust (Relacion Trusteeship Services Private Limited)	9,21,228	0.99	9,28,000	1	(0.01)
Alchemie Finserv Private Limited	19,21,327	2.07	18,64,936	2	0.07
Safechem Enterprises Private Limited	12,22,662	1.32	14,02,544	1.5	(0.18)
Prakash Moreshwar Patil	84,69,729	9.15	84,92,976	9.11	0.04
Priti Prakash Patil	40,78,989	4.4	41,08,976	4.41	(0.01)
Adhish Prakash Patil	11,34,866	1.23	11,43,208	1.23	-
Prakash M. Patil (HUF)	1,64,078	0.18	1,65,284	0.18	-
Uday Moreshwar Patil	50,922	0.05	49,756	0.05	-
Arun Moreshwar Patil	70,000	0.08	69,900	0.08	-
Harshit Manilal Savla	43,76,733	4.72	44,08,908	4.73	(0.01)
Vishwa Harshit Savla	9,54,571	1.03	9,61,588	1.03	-
Seema Harshit Savla	45,56,514	4.92	45,90,008	4.92	-
Bhoomi Harshit Savla	-	-	-	-	-
Harshit M. Savla (HUF)	5,956	0.01	6,000	0.01	-
Jay Manilal Savla (Trustee of MOMI's Trust)	3,99,403	0.43	4,02,340	0.43	-
Jay Manilal Savla	3,13,447	0.34	3,23,200	0.35	(0.01)
Jigna Hiren Shah	4,59,633	0.5	4,62,976	0.5	-
Aarti Industries Limited	-	-	-	-	-
Aarti Life Science LLP	13,577	0.01	13,676	0.01	-
Dilesh Roadlines Private Limited	4,96,356	0.54	5,00,004	0.54	-
Alchemie Financial Services Limited	39,145	0.04	39,432	0.04	-
Indira Madan Dedhia	2,20,489	0.24	2,21,800	0.24	-
	<b>5,54,02,454</b>	<b>59.83</b>	<b>5,61,02,800</b>	<b>60.2</b>	<b>(0.37)</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**11. NON CURRENT BORROWINGS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Term loans</b>		
<b>Secured borrowings</b>		
From Scheduled Banks ( Refer Note no.35a)	10,975.88	13,898.89
<b>Loans &amp; advances from related parties</b>		
From Directors - Unsecured	857.00	857.00
From Other - Unsecured	-	-
<b>TOTAL</b>	<b>11,832.88</b>	<b>14,755.89</b>

**12. OTHER FINANCIAL LIABILITIES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Trade payables of Project</b>		
Due to others	938.65	630.76
Other - Deferred Payment Liability	-	79.60
- Trade Deposits	16.99	16.99
<b>TOTAL</b>	<b>955.64</b>	<b>727.34</b>

**13. LONG TERM PROVISION**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Income Tax Provision (Net of Advance Tax and TDS )	570.88	2,030.18
Provision for Employee benefits	215.54	181.84
<b>TOTAL</b>	<b>786.42</b>	<b>2,212.02</b>

**14. DEFERRED TAX LIABILITIES (NET)**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(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	6,752.45	7,252.45
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit liability/Assets	251.99	244.29
<b>Total</b>	<b>7,004.44</b>	<b>7,496.74</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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**15. CURRENT BORROWINGS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
Secured Borrowings (Refer Note No.35b)	33,935.03	8,077.91
Unsecured borrowings	1,370.17	6,140.49
Current Maturity of Long term debts	4,350.00	3,960.83
<b>TOTAL</b>	<b>39,655.20</b>	<b>18,179.23</b>

**16. TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises	1,324.64	1,140.11
Due to others	40,294.65	28,163.45
<b>TOTAL</b>	<b>41,619.29</b>	<b>29,303.56</b>

**Ageing of trade payable**

Particulars	As at March 31, 2022				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total
Undisputed dues-MSME	1,324.64				1,324.64
Undisputed dues-Others	40,294.65	-	-	-	40,294.65
<b>Total</b>	<b>41,619.29</b>	-	-	-	<b>41,619.29</b>

**Ageing of trade payable**

Particulars	As at March 31, 2021				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total
Undisputed dues-MSME	1,140.11				1,140.11
Undisputed dues-Others	28,163.45	-	-	-	28,163.45
<b>Total</b>	<b>29,303.56</b>	-	-	-	<b>29,303.56</b>

**17. SHORT TERM PROVISION**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee benefits	258.59	127.55
<b>TOTAL</b>	<b>258.59</b>	<b>127.55</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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**18. OTHER CURRENT LIABILITIES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on Loans	101.86	79.92
Unpaid Dividend	71.81	96.58
Payable Duties & Taxes	294.46	1,340.00
Other Payables	3,206.79	2,782.92
<b>TOTAL</b>	<b>3,674.92</b>	<b>4,299.42</b>

**19. OTHER OPERATING INCOME**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividend	237.64	297.00
Interest	65.22	243.11
Miscellaneous income	174.33	102.17
<b>Total</b>	<b>477.19</b>	<b>642.28</b>

**20. COST OF MATERIALS CONSUMED**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw Material Consumption	1,47,588.32	1,08,800.70
Packing Materials	2,427.30	1,782.01
Freight Inward	1,891.64	1,603.50
Clearing & Forwarding	548.78	592.96
<b>Total</b>	<b>1,52,456.04</b>	<b>1,12,779.17</b>

**21. EMPLOYEE BENEFITS EXPENSE**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, Wages and Bonus ( Mfg)	4,677.58	4,614.15
Labour Welfare Expenses	117.92	113.22
Salaries and Bonus ( Admin)	682.25	615.44
Provident Fund Contribution	237.82	216.57
Staff Welfare Expenses	1.64	0.45
Directors' Remuneration	1,214.36	1,368.96
<b>Total</b>	<b>6,931.56</b>	<b>6,928.79</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**22. FINANCE COST**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Term Loans	1,170.12	1,633.61
Interest on Working Capital	708.07	459.64
Interest on Others (Including Ind AS 116 Interest)	128.32	167.58
<b>Total</b>	<b>2,006.50</b>	<b>2,260.83</b>

**23. DEPRECIATION AND AMORTISATION**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on Property, Plant & Equipment	4,428.33	4,304.24
Amortisation on Lease Assets	306.80	337.76
Amortisation on Intangible Assets	4.07	117.55
<b>Total</b>	<b>4,739.20</b>	<b>4,759.56</b>

**24. OTHER EXPENSES**

(₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Manufacturing Expenses</b>		
Processing Charges	2,179.74	1,887.84
Labour Charges	5,104.35	4,279.64
Insurance Expenses	585.73	543.62
Lease Expenses	6.00	6.00
Power & Fuel	12,337.91	9,292.49
Stores & Spares	2,437.16	1,895.62
Repairs & Maintenance - Building	116.99	93.81
- Plant & Machinery	1,121.27	906.49
Research & development	435.78	466.40
Water Charges	261.89	264.92
Laboratory Expenses	224.82	282.21
Other Factory Expenses	3,468.91	2,317.71
<b>SubTotal ( a)</b>	<b>28,280.54</b>	<b>22,236.75</b>
<b>Office &amp; Administration Expenses</b>		

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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	(₹ in lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Auditors' Remuneration	11.10	9.30
Conveyance Expenses	37.29	25.86
Legal & Professional Charges	422.24	387.60
Membership & Subscriptions	3.13	1.57
Printing & Stationery	16.26	8.98
Postage, Telegram & Telephone	26.77	15.25
Office Electricity Charges	5.56	6.81
Insurance Charges	46.75	53.39
Repairs & Maintenance - Others	32.26	39.15
Entertainment Expenses	0.48	0.04
Miscellaneous Expenses	27.31	22.49
Vehicle Expenses	14.19	4.19
Travelling Expenses - Directors	0.45	0.08
- Others	1.78	0.26
Directors' Sitting Fees	12.65	5.80
<b>Sub Total ( b)</b>	<b>658.21</b>	<b>580.77</b>
<b>Selling &amp; Distribution</b>		
Advertisement & Sales Promotion	35.33	26.87
Freight & Forwarding -Export	3,706.14	2,737.48
Freight & Forwarding - Local	730.64	649.11
Commission Expenses	1,366.45	1,120.60
Insurance Expenses	106.35	74.41
Postage & Telegram	28.62	23.27
Other Export Expenses	166.45	141.37
Bad Debts & other written off	75.58	6.00
<b>Sub Total (c)</b>	<b>6,215.55</b>	<b>4,779.10</b>
<b>Finance Cost</b>		
Bank Charges (d)	298.46	310.32
<b>Non Operative Expenses</b>		
Donations	0.37	55.01
CSR Expenditure	421.06	283.88
<b>Sub Total (e)</b>	<b>421.43</b>	<b>338.88</b>
<b>Total (a+b+c+d+e)</b>	<b>35,874.19</b>	<b>28,245.83</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**25. EXCEPTIONAL ITEMS**

(₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Assets w/off	-	304.20
Profit on Sale of Property, Plant & Equipment	-	(326.68)
<b>Total</b>	-	<b>(22.48)</b>

**26. EARNING PER SHARE:**

(₹ in lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	<b>19,499.82</b>	25,771.24
Total Comprehensive Income	<b>19,565.82</b>	26,112.08
Number of Equity Shares (Nos.)	<b>9,26,00,000</b>	9,32,00,000
Basic & Diluted EPS (after extraordinary items) (₹)	<b>21.04</b>	27.65
Nominal value per share (₹)	<b>10.00</b>	10.00

**27. CONTINGENT LIABILITIES AND COMMITMENTS:**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(i) Contingent Liabilities</b>		
In respect of bank guarantees issued and L/C opened by the Company's bankers	<b>7,227.00</b>	6,149.64
Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	<b>9,001.86</b>	7,184.96
Demand in respect of additional Excise, custom duty, service tax, sales tax, GST fine & disputed in appeal (not acknowledged as debt)	<b>498.08</b>	498.08
Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	<b>408.47</b>	390.30
Liability for Maharashtra Pollution Control Board	<b>879.35</b>	879.35
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>1,409.22</b>	182.46



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**28 DISCLOSURE REGARDING SCIENTIFIC RESEARCH & DEVELOPMENT EXPENDITURE**

(₹ in lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
FY 2021-22	435.78	136.44
FY 2020-21	466.40	203.17

**29 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 March 31, 2022	For the year ended March 31, 2021
	Segment Revenue		
a)	Out of India	83,786.89	66,373.51
b)	India	1,41,330.55	1,25,115.52
	<b>Total</b>	<b>2,25,117.43</b>	<b>1,91,489.03</b>

**30 RELATED PARTY DISCLOSURES AS PER IND AS 24**

**A. Name and Relationship of the Related Parties:**

(1) Subsidiary – Wholly owned & Subsidiary Company

Name of the Company	Country of Incorporation	Proportion of Ownership Interest
<b>Wholly Owned Subsidiary Company</b>		
Pinnacle Life Science Private Limited	India	100%
Aarti Speciality Chemicals Limited	India	100%
<b>Subsidiary Company</b>		
Pinnacle Chile SPA	Chile	95%

(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

Shri Chandrakant V. Gogri	Chairman Emeritus
Shri Rajendra V. Gogri	Promoter and Director of Pinnacle Life Science Private Limited

• Relatives of Individuals

Smt Jaya C. Gogri	Shri Mirik R Gogri
Smt Arti R. Gogri	Shri Renil R. Gogri
Shri Mulraj C. Gala	Smt Hetal Gogri Gala
Smt Indira M. Dedhia	Smt Dollar Dedhia
Smt Pooja Renil Gogri	

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

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

• Key Management Personnel

Shri Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Shri Harshit M. Savla	Jt. Managing Director
Shri Rashesh C. Gogri	Managing Director
Shri Harit. P. Shah	Whole-time Directors
Shri Uday M. Patil	Whole-time Directors
Shri Adhish P. Patil	Chief Financial Officer
Shri Rushikesh Deole	Company Secretary & Compliance Officer

• Relatives of Key Management Personnel

Smt Priti P. Patil	Smt Seema H. Savla
Shri Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Shri Vishwa H. Savla
Shri Sameer P. Shah	Smt Jayashree H. Shah
Smt Arati T. Sankhe	Smt Manisha R. Gogri
Smt Reshmi Vanjara	Smt Kalika A. Mishra
Mr Tushar Sankhe	Mr Amit Mishra
Smt Kalpana Sankhe	Mr Aashay R. Gogri
Shri Aarnav R. Gogri	Smt Richie Gandhi
Shri Jigar Solanki	Shri Jay M. Savla
Smt Jigna Shah	Smt Kalpana H. Chheda
Smt Vandana U. Patil	Smt Tejas U. Patil
Smt Riya T. Patil	Smt Snehal T. Sahu
Shri Pradeep S. Sahu	

(4) Enterprise/firms with whom transactions have taken place and over which controlling individuals have significant influence.

- Aarti Industries Limited
- Pinnacle Life Science Private Limited.
- Aarti Life Science LLP.
- Aarti Speciality Chemicals Limited
- Alchemie Gases & Chemicals Private Limited
- Alchemie Laboratories.
- Pinnacle Chile SpA

**B. Transaction with the Related Parties:**

Sr. No.	Particulars	Relationship	FY 2021-22	FY 2020-21
			₹ In lakhs	₹ In lakhs
a)	<b>Sale of Goods</b>			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	4,624.48	4,481.00
	Aarti Industries Limited	Entities in which some of the directors are interested	6.68	32.44
b)	<b>Dividend/Rent Income from Pinnacle Life Science Private Limited</b>	Wholly Owned Subsidiary	94.03	19.24
c)	<b>Purchase of Goods Traded</b>			
	Aarti Industries Ltd	Entities in which some of the directors are interested	2,326.87	1,214.08
	Alchemic Laboratories	Entities in which some of the directors are interested	51.54	104.98
d)	<b>Manufacturing Expenses</b>			

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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Sr. No.	Particulars	Relationship	FY 2021-22 ₹ In lakhs	FY 2020-21 ₹ In lakhs
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	155.62	-
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	14.95	13.66
	Aarti Industries Limited	Entities in which some of the directors are interested	45.00	-
<b>e)</b>	<b>Finance Cost</b>			
	Prakash M Patil	KMP	19.28	23.14
	Harshit M Savla	KMP	45.00	54.01
<b>f)</b>	<b>Employee Benefit and Office &amp; Administration Expenses</b>			
	Prakash M Patil	Director	309.11	346.42
	Harshit M Savla	Director	291.16	335.90
	Harit. P. Shah	Director	291.16	335.90
	Uday M Patil	Director	31.77	14.85
	Rashesh C Gogri	Director	291.16	335.90
	Adhish Patil	KMP	117.21	99.07
	Vikas Patil	Relative of KMP	19.29	22.11
	Rushikesh Deole	KMP	8.06	7.00
<b>g)</b>	<b>Director Sitting Fees</b>			
	Rajendra V Gogri	Non-Executive Director	0.10	0.30
<b>h)</b>	<b>Closing Balance</b>			
	<b>Balance Receivable</b>			
	Aarti Speciality Chemicals Limited	Wholly Owned Subsidiary	36.16	22.31
	Pinnacle Chile SpA	Subsidiary	3.43	3.43
	<b>Balance Payable</b>			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	2,693.35	1,948.24
	Aarti Life Science LLP	Entities in which some of the directors are interested	95.04	27.50
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	1.74	1.33
	Aarti Industries Limited	Entities in which some of the directors are interested	495.54	379.81
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	600.00	600.00

- Note: 1. Related Parties are identified by the Management.  
2. Transactions are Net of Taxes

**31 ADDITIONAL INFORMATION**

**Licensed capacity installed capacity and production**

a. Class of Goods	* Licensed	Units	Year	Installed	Production	Captive	Net Production
Pharmaceutical	----	MT	FY 2021-22	48,920	37,697	7,657	30,039
		MT	FY 2020-21	47,701	34,751	8,164	26,587

\* As license is not required Licensed Capacity not given.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

<b>b. Purchase of trading items (Net):</b>	<b>Current Year</b>	<b>Previous Year</b>
Quantity in Kg	72,42,517.00	69,22,460.20
Amounts (₹ in lakhs)	5,831.38	4,316.56
<b>c. Value of Raw materials and spares consumed</b>	<b>Current Year</b>	<b>Previous Year</b>
Raw Material:		
Indigenous		
Percentage %	39.92	36.37
Amount (₹ In lakhs)	58,916.98	39,572.17
Imported		
Percentage %	60.08	63.63
Amount (₹ In lakhs)	88,671.33	69,228.54
Stores and spares		
Indigenous		
Percentage %	100.00	100.00
Amount (₹ In lakhs)	2,437.15	1,895.62
		(₹ in lakhs)
<b>d. C.I.F Value of Imports</b>	<b>Current Year</b>	<b>Previous Year</b>
Raw Material	86,120.03	75,242.33
Capital Goods	78.51	496.58
		(₹ in lakhs)
<b>e. Expenditure in Foreign Currency</b>	<b>Current Year</b>	<b>Previous Year</b>
Commission	945.03	752.93
Travelling Expenses	00.35	-
Foreign Bank Charges	107.03	93.60
Interest on F.C. Loan	85.87	224.08
Others	82.78	200.85
		(₹ in lakhs)
<b>f. Earnings in Foreign Exchange</b>	<b>Current Year</b>	<b>Previous Year</b>
F.O.B. Value of Exports	77,536.95	60,008.72

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**32 FAIR VALUE MEASUREMENTS:**

**Financial Instrument by Category**

(₹ in lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Carrying	Level	Level	Level	Carrying	Level	Level	Level
	Amount	1	2	3	Amount	1	2	3
<b>Financial Asset</b>								
<b>At Amortised Cost</b>								
Trade Receivables	71,164.07	-	-	-	50,398.54	-	-	-
Cash & Cash Equivalent	149.00	-	-	-	284.16	-	-	-
Bank Balance Other than Cash and Cash Equivalents	71.81				96.58			
Other Financial Assets	1,166.22	-	-	-	1,142.36	-	-	-
<b>At FVTOCI</b>								
Investment	2803.16	-	2,803.16	-	2,431.51	-	2,431.51	-
<b>Financial Liabilities</b>								
<b>At Amortised Cost</b>								
Borrowings	51,488.08	-	-	-	32,935.13	-	-	-
Trade Payables	41,619.29	-	-	-	29,303.56	-	-	-
Other Financial Liabilities	1,143.58	-	-	-	1,085.34	-	-	-

The financial instruments are categorised 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**33 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 maximise 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 debt divided by total capital. Debt is calculated as loans and borrowings plus lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Total Debt (A)</b>	<b>51,935.69</b>	33,572.79
<b>Total Equity (B)</b>	<b>97,217.17</b>	85,961.13
<b>Gearing Ratio (A/B)</b>	<b>0.53</b>	0.39

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

### 34 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 an adequate credit control policy and also has an external credit insurance cover with ECGC policy & HDFC ERGO General Insurance Company Limited .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 optimised 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 March 31, 2022**

##### Maturities of non-derivative financial liabilities

Particulars	(₹ in lakhs)			
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	41,619.29		-	41,619.29
Other financial liabilities	938.65	204.93	-	1143.58
<b>Total</b>	<b>42,557.94</b>	<b>204.93</b>	<b>-</b>	<b>42,762.87</b>

**As at March 31, 2021**

##### Maturities of non-derivative financial liabilities

Particulars				
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	29,303.56		-	29,303.56
Other financial liabilities	630.76	454.58	-	1085.34
<b>Total</b>	<b>29,934.32</b>	<b>454.58</b>	<b>-</b>	<b>30,388.90</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

### 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 optimizing 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.

### 35 SECURED BORROWING FROM BANKS:

a.

(₹ in lakhs)

Bank Name	As at March 31, 2022	As at March 31, 2021	Future Installment	
			Within 1 Year	Subsequent Years
SVC Co-op Bank Limited	5,000.71	6,525.80	1,207.50	3,793.21
Kotak Mahindra Bank limited	5,028.75	5,400.00	2,250.00	2,778.75
HDFC Bank Limited	4,207.50	4,845.00	892.50	3,315.00
State Bank of India	1,088.93	1,088.93	-	1,088.93

#### Note:

- (ai) Above term loans except term loan from State Bank of India (Gift City) 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.
- (a ii) Term Loan from State Bank of India (Gift City) is secured by pari-passu first charge by way of 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..
- (a iii) Term Loan from HDFC Bank Ltd and SVC Co-op Bank Ltd is also secured by way of pari-passu second charge on current assets of the company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹ **33,935.03 lakhs** ( Previous Year ₹ 8,077.91 lakhs) are secured by pari-passu first charge by way of 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 movable 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.

### 36 CAPITAL MANAGEMENT:

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 March 31,2022, the Company had hedge in aggregate an amount of ₹ **23,597.02/- lakhs** (previous year ₹ 29,080.36/-lakhs) out of its annual trade related operations (export& import) aggregating to ₹ **1,63,656.98/-lakhs** (previous year ₹ 1,35,323.05/-lakhs) after considering natural hedge.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

- 37** Sales/Income from Operation include export benefits amounting to ₹ **1,184.09/- lakhs** (As at March 31, 2021 ₹ 624.02/-lakhs)

### **38 DIRECTORS REMUNERATION:**

Particulars	(₹ in lakhs)	
	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	248.96	228.30
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	53.35	43.40
Commission payable to Directors	853.39	1,052.92
Contribution to Provident Fund	1.08	1.08
Superannuation fund scheme	57.58	43.25
<b>Total Remuneration</b>	<b>1,214.36</b>	<b>1,368.96</b>

### **39 AUDITORS' REMUNERATION INCLUDES**

Particulars	(₹ in lakhs)	
	Current Year	Previous Year
Statutory Audit	10.04	9.07
Certification	1.06	0.23
<b>Total</b>	<b>11.10</b>	<b>9.30</b>

### **40 RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S DOMESTIC TAX RATE FOR MARCH 31, 2022 AND MARCH 31, 2021.**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Accounting profit before income taxes	25,549.82	33,771.24
Enacted tax rate in India (%)	25.168	25.168
Computed expected tax (benefit)/expenses	6,430.38	8,499.55
Timing difference in depreciable assets	(16.18)	(29.27)
Other Non-deductible expenses for tax purpose	106.21	85.29
Other deductible Items for tax purpose	(2.77)	(105.57)
Deferred Tax not recognised (net)	(500.00)	(450.00)
Income tax expense reported in the statement of profit and loss	6,050.00	8,000.00
Effective Income Tax Rate	23.68	23.69

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax for the year ended March 31, 2022 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the Statement of Profit & Loss for the year ended March 31, 2022.

### **41 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 Limited is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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.

a.	Reconciliation of Opening and Closing balances of Defined Benefit Obligation	(₹ in lakhs)	
		Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
	Defined Benefit Obligation at beginning of the Year	1,521.42	1,396.49
	Current/Past Service Cost	78.56	77.38



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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	Interest Cost	104.98	95.52
	Actuarial(gain)/ loss	161.75	20.21
	Benefits Paid	(99.02)	(68.18)
	Defined Benefit Obligation at year end	1,767.68	1,521.42
<b>b.</b>	<b>Reconciliation of opening and closing balances fair value of plan assets</b>		
	Fair value of plan assets at beginning of the year	1,419.09	1,183.37
	Expected return of plan assets	17.47	54.98
	Interest Income	97.92	80.94
	Actuarial gain/ (loss)	-	-
	Employer Contribution	103.25	167.98
	Benefits Paid	(99.02)	(68.18)
	Fair value of plan assets at year end	1,538.70	1,419.09
	Actual return on plan assets	17.47	54.98
<b>c.</b>	<b>Reconciliation of fair value of assets and obligations</b>		
	Fair value of plan assets	1,538.70	1,419.09
	Present value of obligation	(1,767.68)	(1,521.42)
	Amount Recognised	(228.98)	(102.33)
<b>d.</b>	<b>Expenses recognised during the year</b>		
	Current/Past Service cost	78.56	77.38
	Interest cost	7.06	14.58
	Expected return on plan assets	-	-
	Actuarial(gain)/ loss	144.28	(34.77)
	Net Cost	7.06	14.58
	L.I.C Group Gratuity (Cash Accumulation) Policy, and Aditya Birla Sun Life Insurance Company Limited Group Gratuity Policy	<b>83.01% Invested with L.I.C. &amp; 16.99% ABSLCL</b>	84.96% Invested with L.I.C. & 15.04% ABSLCL
<b>e.</b>	<b>Actuarial assumptions</b>		
	Mortality Table(L.I.C.)	-	-
		2006-08 (Ultimate)	2006-08 (Ultimate)
	Discount rate (per annum)	6.90%	6.90%
	Expected rate of return on plan assets (per annum)	6.90%	6.90%
	Rate of escalation of in Salary (per annum)	5.00%	5.00%
	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 ₹ 250.57 lakhs previous year (₹ 207.07 lakhs) has been provided in the Accounts for the year.

**42 AS PER SECTION 135 OF THE COMPANIES ACT 2013, DETAILS OF AMOUNT TO BE SPENT ON CORPORATE SOCIAL RESPONSIBILITY ARE AS BELOW.**

Particulars	(₹ in lakhs)	
	Current Year	Previous Year
Gross Amount to be spent on CSR Activity	418.63	268.45
Amount spent during the year	421.06	283.87

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

### 43 ADDITIONAL STATUTORY INFORMATION:

Additional Regulatory Information pursuant to Clause 6L of General Instructions for preparation of Balance Sheet as given in Part 1 of Division II of Schedule III of the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Financial Statements.

#### a. Ratios:

Ratio	Current year	Previous year	% Variance
<b>Current ratio (in times)</b> (Current Assets/ Current Liabilities)	1.49	1.84	(19.02)
<b>Debt-Equity ratio (in times)</b> (Debt consists of borrowings and lease liabilities/ Shareholder's Equity)	0.53	0.39	35.90
<b>Debt service coverage ratio (in times)</b> (Net Profit after taxes + Depreciation + Interest on loan)/(Interest on loan and lease payments + Long term principal repayments)	4.26	5.17	(17.60)
<b>Return on equity ratio (in %)</b> (Net profit after tax/Average Shareholder's equity)	21.29	34.76	(38.75)
<b>Inventory Turnover Ratio (in %)</b> (Cost of goods sold/Average Inventories)	4.29	4.25	0.94
<b>Trade receivables turnover ratio (in times)</b> (Net Credit Sales/Average trade receivables)	4.37	4.67	(6.42)
<b>Trade payables turnover ratio (in times)</b> (Net Credit Purchase/Average trade payables)	5.35	4.92	8.74
<b>Net capital turnover ratio (in times)</b> (Net Sales/ Average working capital (i.e. Total current assets less Total current liabilities))	3.73	4.12	(9.47)
<b>Net profit margin (in %)</b> (Net Profit after tax/ Net Sales)	8.66	13.45	(35.61)
<b>Return on capital employed (in %)</b> (Earning before interest and taxes)/(Tangible Net Worth + Total Debt + Deferred tax Liability)	19.54	30.87	(36.70)
<b>Return on investment (in %)</b> (Income generated from invested funds/Investments)	8.48	12.21	(30.55)

**Note :** EBITDA margins and profitability is not exactly comparable on a YoY basis due to elevated API margins during FY 2020-21 on account of Covid-19 related disruptions.

Debt-Equity ratio for FY 2021-22 stood 0.5x largely owing to ongoing capex.

#### b. The difference between the value as per books of accounts and as per quarterly statement submitted with lenders are given below:

(₹ in lakhs)					
Current Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Inventory	43,989	43,989	-
Jun-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Receivable	57,054	57,054	-
Jun-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Other Assets	5,804	6,954	1,150
Sep-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Inventory	41,279	41,279	-
Sep-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Receivable	53,577	53,577	-
Sep-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Other Assets	7,157	7,157	-

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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(₹ in lakhs)

Current Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Dec-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Inventory	49,068	49,068	-
Dec-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Receivable	64,057	64,057	-
Dec-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Other Assets	7,660	7,660	-
Mar-22	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Inventory	48,847	48,847	-
Mar-22	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Receivable	71,164	71,164	-
Mar-22	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Other Assets	7,309	7,309	-

(₹ in lakhs)

Previous Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quarterly Return & Statements	Amount of Difference
Jun-20	SVC Co-op Bank Limited, Bank of Baroda	Inventory	33,576	33,576	-
Jun-20	SVC Co-op Bank Limited, Bank of Baroda	Receivable	55,208	55,208	-
Jun-20	SVC Co-op Bank Limited, Bank of Baroda	Other Assets	6,411	6,411	-
Sep-20	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited,	Inventory	33,664	33,664	-
Sep-20	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited,	Receivable	55,347	55,347	-
Sep-20	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited,	Other Assets	7,338	7,338	-
Dec-20	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited,	Inventory	38,594	38,594	-
Dec-20	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited,	Receivable	51,661	51,661	-
Dec-20	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited,	Other Assets	5,914	5,914	-
Mar-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Inventory	39,037	39,037	-
Mar-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Receivable	50,398	50,398	-
Mar-21	SVC Co-op Bank Limited, Kotak Mahindra Bank Limited, HDFC Bank Limited, State Bank of India	Other Assets	6,577	6,577	-

**Note – The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also prior to quarterly audit.**

- c. The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- d. The Company do not have any transactions with companies struck off.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
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- e. The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- f. The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- g. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - i directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries), or
  - ii provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- h. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - i directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries), or
  - ii provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- i. The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- j. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

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

**AS PER REPORT OF EVEN DATE****For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

**CA Milind Bhave**

Partner

M.NO.047973

Place : Mumbai

Date: May 9, 2022

**For and on Behalf of the Board of Directors**

Sd/-

**Prakash M. Patil**

(Chairman, Managing Director)

DIN : 00005618

Sd/-

**Adhish P. Patil**

(Chief Financial Officer)

Sd/-

**Harit P. Shah**

(Whole Time Director)

DIN : 00005501

Sd/-

**CS Rushikesh 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 accompanying Consolidated Financial Statements of Aarti Drugs Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies (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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2022, of consolidated profit, their consolidated total comprehensive income consolidated changes in equity and its consolidated cash flows for the year then ended.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies act, 2013. 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 ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. 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.

**INDEPENDENT AUDITOR'S REPORT (Contd.)**

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipment.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipment used in the operations requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipment.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> <li>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.</li> <li>We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment.</li> <li>We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment.</li> <li>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.</li> <li>We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.</li> </ol>
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><b>Principal Audit Procedures</b></p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> <li>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.</li> <li>We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</li> <li>We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory.</li> <li>We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.</li> </ol>

**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 the Board's Report, 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 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

## INDEPENDENT AUDITOR'S REPORT (Contd.)

there is a material misstatement of this information, we required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are 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 SA's 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 part of an audit in accordance with SAs, 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 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 ability of the Group 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.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

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 materiality 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 of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 MATTERS

- (a) We did not audit the financial statements / financial information of two wholly owned subsidiaries, and,

whose financial statements / financial information reflect total assets of ₹ 20,869.40 Lakhs as at March 31, 2022, total revenue of ₹ 28,371.63 Lakhs and net cash flows amounting to ₹ 1,955.82 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹ 69.96 Lakhs as at March 31, 2022, total revenue of Nil and net cash flows amounting to ₹ 56.38 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our



## INDEPENDENT AUDITOR'S REPORT (Contd.)

examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With the 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, as amended:

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries which are incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 27 to the Consolidated Financial Statements.
- ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34 to the Consolidated Financial Statements in respect of such items as it relates to the Group
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies,
- iv. (a) The respective Management of the Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, other than disclosed in the notes, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The respective Management of the Company and its subsidiaries which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, other than disclosed in the notes to accounts, no funds have

**INDEPENDENT AUDITORS' REPORT (Contd.)**

- been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries which are incorporated in India included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

Sd/-  
**Milind Bhawe**  
Partner

Place: Mumbai.

Date: May 09, 2022

M. No. 047973

UDIN: 22047973AIQFUH4954

## ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2022

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Aarti Drugs Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group") as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiaries, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, 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 Holding 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group'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 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 Group'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.

## ANNEXURE A TO THE AUDITOR'S REPORT – MARCH 31, 2022

### OPINION

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiaries, which are incorporated in India, have, 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, 2022, based on the internal control over financial reporting criteria established by the these entities, 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.

### OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Financial Statements of two subsidiaries which are incorporated in India is based on the corresponding reports of the auditors of such companies.

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

Sd/-  
**Milind Bhawe**  
Partner

Place: Mumbai.  
Date: May 09, 2022

M. No. 047973  
UDIN: 22047973AIQFUH4954

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2022

(₹ in lakhs)

Particulars	Note No	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant and Equipment	1	68,569.31	65,924.92
Right of use Assets	1.2	408.64	589.42
Capital work - in - progress	1.3	7,673.69	1,925.72
Intangible assets	2	15.33	25.52
Financial Assets			
Investments	3	1,948.04	1,730.07
Other Non- Current Assets	4	2,843.54	726.06
<b>Total Non- Current Assets</b>		<b>81,458.56</b>	<b>70,921.70</b>
<b>Current Assets</b>			
Inventories	5	52,594.24	41,500.27
Financial Assets			
(i) Trade Receivables	6	74,990.19	55,522.95
(ii) Cash and Bank Balances	7	2,233.01	977.87
(iii) Other Current Financial Assets	8	1,263.61	1,272.40
Other current assets	9	8,256.23	6,406.18
<b>Total Current Assets</b>		<b>1,39,337.28</b>	<b>1,05,679.66</b>
<b>TOTAL</b>		<b>2,20,795.84</b>	<b>1,76,601.36</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	10	9,260.00	9,320.00
Other Equity		94,376.11	82,022.46
<b>Total Equity Attributable to Equity Holders of the Company</b>		<b>1,03,636.11</b>	<b>91,342.46</b>
<b>Non- Controlling Interests</b>		<b>(5.97)</b>	<b>(1.68)</b>
<b>Total Equity</b>		<b>1,03,630.14</b>	<b>91,340.78</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Financial Liabilities			
(i) Borrowings	11	13,849.88	14,755.89
(ii) Lease Liabilities	1.2	187.94	358.00
(ii) Other financial liabilities	12	955.64	730.54
Provisions	13	923.35	2,167.14
Deferred tax liabilities (Net)	14	7,243.08	7,713.42
<b>Total of Non current liabilities</b>		<b>23,159.89</b>	<b>25,724.99</b>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	15	39,984.04	19,682.23
(ii) Lease Liability	1.2	259.67	279.67
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		1,602.61	1,567.50
Dues of creditors other than micro enterprises and small enterprises		45,264.81	31,429.32
Provisions	17	371.35	279.57
Other current liabilities	18	6,523.33	6,297.30
		<b>94,005.81</b>	<b>59,535.59</b>
<b>TOTAL</b>		<b>2,20,795.84</b>	<b>1,76,601.36</b>
<b>Summary of significant Accounting Policies and Other Explanatory Information</b>	27-37		

**AS PER OUR REPORT OF EVEN DATE.**

**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-  
**CA Milind Bhave**  
Partner  
M.NO.047973

Place : Mumbai  
Date: May 9, 2022

**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/-  
**Harit P. Shah**  
(Whole Time Director)  
DIN : 00005501

Sd/-  
**CS Rushikesh Deole**  
(Company Secretary &  
Compliance officer)

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Particulars	Note No	Year Ended	
		March 31, 2022	March 31, 2021
I Revenue from operations		2,48,864.58	2,15,477.98
II Other Income	19	1,131.58	452.51
<b>III Total Revenue ( I + II )</b>		<b>2,49,996.17</b>	<b>2,15,930.50</b>
<b>IV Expenses :</b>			
(a) Cost of materials consumed	20	1,66,635.66	1,22,152.32
(b) Purchase of stock-in-trade		10,856.91	11,123.88
(c) Changes in inventories of finished goods, work-in-progress and Stock- in - Trade		(8,608.08)	(1,171.83)
(d) Employee Benefits Expense	21	8,280.58	8,049.64
(e) Finance cost (Interest)	22	2,074.79	2,295.74
(f) Depreciation and Amortisation Expense	23	5,004.89	4,988.35
(g) Other Expenses	24	38,755.90	31,613.48
<b>Total Expenses (IV)</b>		<b>2,23,000.66</b>	<b>1,79,051.58</b>
<b>V Profit before exceptional items and tax (III - IV)</b>		<b>26,995.51</b>	<b>36,878.92</b>
VI Exceptional Items	25	-	(22.48)
<b>VII Profit before tax (V - VI)</b>		<b>26,995.51</b>	<b>36,901.39</b>
<b>VIII Tax Expenses :</b>	32		
Provision for Taxation - Current Year		6,973.97	9,299.71
- MAT credit entitlement		-	7.61
- Earlier Year		-	-
Provision for Deferred Tax		(478.04)	(445.76)
<b>Total tax expenses (VIII)</b>		<b>6,495.93</b>	<b>8,861.56</b>
<b>IX Profit / (Loss) for the period ( IX - XII)</b>		<b>20,499.58</b>	<b>28,039.83</b>
X Other Comprehensive Income(Net of Tax)			
<b>Item that will not to be reclassified to statement of Profit and Loss</b>			
Fair value changes on Investments, net		174.21	314.76
Remeasurement of defined benefit Liability/Assets, net		(105.59)	26.17
Total Other Comprehensive Income,net		68.61	340.93
<b>XI Total Comprehensive Income for the Year (IX+X)</b>		<b>20,568.19</b>	<b>28,380.76</b>
<b>XII Profit attributable to :</b>			
Owner of the Company		<b>20,503.86</b>	<b>28,041.30</b>
Non- Controlling Interest		(4.28)	(1.47)
<b>XIII Total Comprehensive Income attributable to :</b>			
Owner of the Company		20,572.47	28,382.23
Non- Controlling Interest		(4.28)	(1.47)
Earnings per Equity Shares (EPS) (In ₹)	26		
Basic/Diluted		<b>22.12</b>	<b>30.09</b>
<b>Summary of significant Accounting Policies and Other Explanatory Information</b>	27-37		

**AS PER OUR REPORT OF EVEN DATE**

For Kirtane &amp; Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

**CA Milind Bhave**

Partner

M.NO.047973

Place : Mumbai

Date: May 9, 2022

**For and on Behalf of the Board of Directors**

Sd/-

**Prakash M. Patil**

(Chairman, Managing Director &amp; CEO)

DIN : 00005618

Sd/-

**Adhish P. Patil**

(Chief Financial Officer)

Sd/-

**Harit P. Shah**

(Whole Time Director)

DIN : 00005501

Sd/-

**CS Rushikesh Deole**

(Company Secretary &amp; Compliance officer)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2022

### A. EQUITY SHARE CAPITAL

(₹ in lakhs)				
Balance at the April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at April 1, 2021	Changes in equity share capital during the current year *	Balance as at March 31, 2022
9,320.00	-	9,320.00	(60.00)	9,260.00

(₹ in lakhs)				
Balance at the April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at April 1, 2020	Changes in equity share capital during the current year *	Balance as at March 31, 2021
2,330.00	-	2,330.00	6,990.00	9,320.00

- Notes - 1. Refer Note No 10.3(a)  
 2. Refer Note No 10.3(b)  
 3. Refer Note No 10.5 for change in promoter holding

### B. OTHER EQUITY

Particulars	Other Equity				Other Comprehensive Income	Total Equity Attributable to Equity Holder of the Company	Non-Controlling Interest	Total Equity
	Reserves							
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings				
<b>Opening Balance as at April 1, 2020</b>	<b>628.27</b>	<b>301.98</b>	<b>2,220.00</b>	<b>59,194.44</b>	<b>574.25</b>	<b>62,918.93</b>	<b>(0.21)</b>	<b>62,918.72</b>
Transfer to Other Reserve from Retain Earning	-	-	2,577.12	(2,577.12)	-	-	-	-
Profit for the Period	-	-	-	28,041.30	-	28,041.30	(1.47)	28,039.83
Dividend Paid	-	-	-	(2,330.00)	-	(2,330.00)	-	(2,330.00)
Issue of Bonus Shares	-	-	-	(6,990.00)	-	(6,990.00)	-	(6,990.00)
Fair value change on Investment, net	-	-	-	-	314.76	314.76	-	314.76
Remeasurement of defined benefit	-	-	-	-	26.17	26.17	-	26.17
Liability/Assets, net other adjustments	-	-	-	41.29	-	41.29	-	41.29
<b>Balance as at Mar 31, 2021</b>	<b>628.27</b>	<b>301.98</b>	<b>4,797.12</b>	<b>75,379.91</b>	<b>915.18</b>	<b>82,022.46</b>	<b>(1.68)</b>	<b>82,020.78</b>
Transfer to Other Reserve from Retain Earning	-	-	1,949.98	(1,949.98)	-	-	-	-
Profit for the Period	-	-	-	20,503.86	-	20,503.86	(4.28)	20,499.58
Dividend Paid	-	-	-	(926.00)	-	(926.00)	-	(926.00)
Buyback of shares	-	60.00	(2,220.00)	(3,780.00)	-	(5,940.00)	-	(5,940.00)
Tax on Buyback	-	-	-	(1,383.78)	-	(1,383.78)	-	(1,383.78)
Fair value change on Investment, net	-	-	-	-	174.21	174.21	-	174.21
Remeasurement of defined benefit	-	-	-	-	(105.59)	(105.59)	-	(105.59)
Liability/Assets, net other adjustments	-	-	-	30.95	-	30.95	-	30.95
<b>Balance as at Mar 31, 2022</b>	<b>628.27</b>	<b>361.98</b>	<b>4,527.11</b>	<b>87,874.96</b>	<b>983.79</b>	<b>94,376.11</b>	<b>(5.97)</b>	<b>94,370.14</b>

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

Sd/-  
**CA Milind Bhawe**  
 Partner  
 M.NO.047973

Place : Mumbai  
 Date: May 9, 2022

**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/-  
**Harit P. Shah**  
 (Whole Time Director)  
 DIN : 00005501

Sd/-  
**CS Rushikesh Deole**  
 ( Company Secretary & Compliance officer)

**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	Net Profit before Tax and Exceptional Items	26,995.51	36,901.39
	<b>ADJUSTMENT FOR:</b>		
	Depreciation & Amortisation	5,004.85	4,988.35
	Provision for Bad & doubtful Debts/ Bad debts	168.65	84.66
	Unrealised Foreign Exchange (Gain)/Loss (Net)	120.52	70.71
	Interest Paid	2,057.85	2,295.71
	Interest Received	(71.69)	(259.58)
	Dividend Received	(237.64)	(297.00)
	Plant & Equipment w/off	-	304.20
	(Gain)/Loss on Sale of PPE	(1.69)	(326.68)
	Operating Profit before Working Capital Charges	<b>34,036.37</b>	<b>43,761.77</b>
	Trade & Other Receivable	(19,386.70)	(6,541.92)
	Changes in Inventories	(11,063.02)	(8,918.49)
	Trade & Other Payable	11,714.59	(3,138.80)
	Cash generated from operation	15,301.24	25,162.56
	Direct Taxes Paid	(8,337.67)	(9,667.53)
	<b>Net Cash Flow from Operating Activities</b>	<b>6,963.57</b>	<b>15,495.03</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of PPE / Capital Work in Progress/ Advances	(15,197.49)	(8,823.13)
	Sale of PPE	2.00	1,088.60
	Dividend Received	237.64	297.00
	Interest Received	71.69	259.58
	<b>Net Cash Flow from Investing Activities</b>	<b>(14,886.16)</b>	<b>(7,177.96)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Proceeds/(Repayment) from Long Term Borrowings	(686.90)	(3,444.80)
	Proceeds/(Repayment) from Unsecured Loans & from Scheduled Bank	20,281.80	(51.87)
	Buyback of shares	(6,000.00)	-
	Buyback Tax	(1,383.78)	-
	Dividend Paid	(950.77)	(2,320.52)
	Interest Paid	(2,057.85)	(2,295.71)
	<b>Net Cash Flow from Financing Activities</b>	<b>9,202.51</b>	<b>(8,112.90)</b>
	Net Increase in Cash and Cash Equivalents (A+B+C)	1,279.91	204.17
	Opening Cash and Cash Equivalents	881.29	677.13
	Closing Cash and Cash Equivalents	2,161.20	881.30



## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Reconciliations of Cash and Cash Equivalents		
	- Balance with Banks	2,084.22	696.42
	- Cash in Hand	24.33	29.95
	- Cheques in Hand	52.65	154.92
	<b>Balances as per Cash Flows Statement</b>	<b>2,161.20</b>	<b>881.29</b>

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 ₹ **128.42 lakhs** (previous year ₹ 291.08 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 Kirtane & Pandit LLP**  
 Chartered Accountants  
 Firm Registration No.105215W/W100057

Sd/-  
**CA Milind Bhawe**  
 Partner  
 M.NO.047973

Place : Mumbai  
 Date: May 9, 2022

**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/-  
**Harit P. Shah**  
 (Whole Time Director)  
 DIN : 00005501

Sd/-  
**CS Rushikesh Deole**  
 (Company Secretary &  
 Compliance officer)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 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.

The List of Companies which are included in the Consolidated Financial Statements are follows:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest (%)	
		As on March 31, 2022	As on March 31, 2021
<b>Wholly Owned Subsidiary</b>			
Pinnacle Life Science Private Limited	India	100%	100%
Aarti Speciality Chemicals Limited	India	100%	100%
<b>Subsidiary Company</b>			
Pinnacle Chile SpA.	Chile	95%	95%

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 9, 2022.

### Note: 1 Significant Accounting Policies and Accounting Estimates and Judgments

#### 1) Basis of preparation:

##### Statement of Compliance

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) to be read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. The Company's Financial Statements for the year ended March 31, 2022 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

### 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 realisation 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 Cash flows have been prepared under Indirect Method.

### Historic Cost Convention:

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured at fair value, viz employee benefit plan assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Functional and presentation currency

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

### Use of estimates and Judgments:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, Judgment & Assumptions. These estimates, judgments' & 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 judgments. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

### (2) Basis of consolidation:

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the group 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 unrealised 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.

Assets and liabilities of entities with functional currency other than the functional currency of the Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to statement of profit and loss as part of the gain or loss on disposal.

### 3) Revenue recognition:

#### Revenue from contract with customer

Revenue is recognised 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 contracts with customers is recognised on satisfaction of performance obligation, when control of the goods is passed to customer, at an amount that reflect the consideration the Company expects to receive. The point at which control passes is determined based on terms of agreement with customer or as per general industry / market practice. GST and other taxes on sales are excluded from revenue.

(ii) **Interest Income:** Interest income from a financial asset is recognised 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:** Dividend income is recognised when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

(iv) **Export benefits:** Export incentives are recognised 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 (PPE):

All items of property, plant and equipment other than Leasehold Land are stated at cost less accumulated depreciation and accumulated 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 recognised in the statement of profit and loss as incurred.

Capital work-in-progress in respect of assets which

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

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 recognised 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 group and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortisation and accumulated 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 amortisation 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 amortisation 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 recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of Property, Plant & Equipment 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.

**Non-current assets and disposal group held for sale**

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. The determination of fair value less costs to sell includes use of the Management estimates and assumptions. The fair value of the disposal groups have been estimated using valuation techniques including income and market approach which includes unobservable inputs. Non-current assets and the disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and the disposal group was classified as "Held for Sale" adjusted for any depreciation / amortisation and its recoverable amount at the date when the disposal group no longer meets the "Held for Sale" criteria. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions.

**5) Inventories:**

Raw materials, packing materials, store & spares, Traded goods and Work in progress are valued at the lower of cost and net realisable value. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

Finished goods are valued at lower of cost and net realisable 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:

#### Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

#### Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value plan assets.

#### Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end. Accumulated compensated absences which are expected to be

availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise. Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

### 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 remaining unsettled at the year end are translated at year end rates. Differences arising on settlement or conversion of monetary items are recognised in statement of profit and loss. 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) Leases:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: –

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

**9) Income Taxes:**

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

Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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 recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

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 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 include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

### 11) Provisions and Contingent Liabilities and Contingent Assets:

#### Provisions:

Provisions for legal claims, chargeback and sales returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is

Probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised 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.

#### Contingent Liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 12) Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

#### Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition

method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

#### Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 %' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

### 13) Financial assets, financial liabilities and equity instruments

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
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Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

**Cash and cash equivalents**

The Group considers all highly liquid investments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net of direct issue.



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
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**1 PROPERTY, PLANT AND EQUIPMENTS**

(₹ in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 1, 2021	Addition	Deduction	As on March 31, 2022	As on April 1, 2021	Addition	Deduction	As on March 31, 2022	As on March 31, 2022	As on March 31, 2021
<b>TANGIBLES ASSETS</b>										
BUILDING	18,822.08	384.72	-	19,206.80	4,995.39	630.47	-	5,625.86	13,580.94	13,826.69
FURNITURE	1,017.83	57.80	-	1,075.63	726.70	66.67	-	793.37	282.26	291.13
LAND	6,498.10	2,847.84	-	9,345.95	-	-	-	-	9,345.95	6,498.10
OFFICE EQUIPMENTS	988.19	176.64	-	1,164.83	556.63	103.33	-	659.96	504.87	431.56
PLANT & MACHINERY	81,156.48	3,846.90	-	85,003.38	36,646.29	3,832.46	-	40,478.75	44,524.63	44,510.19
VEHICLES	666.89	18.87	6.69	679.07	299.65	54.92	6.15	348.42	330.65	367.24
<b>TOTAL</b>	<b>1,09,149.57</b>	<b>7,332.78</b>	<b>6.69</b>	<b>1,16,475.66</b>	<b>43,224.66</b>	<b>4,687.84</b>	<b>6.15</b>	<b>47,906.34</b>	<b>68,569.31</b>	<b>65,924.92</b>
PREVIOUS YEAR	1,02,074.86	7,213.32	138.61	1,09,149.57	38,715.74	4,526.58	17.66	43,224.66	65,924.92	

**Note :**

1) Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 340.62 lakhs (previous year ₹ 342.08 lakhs)

**1.1 DETAILS OF TITLE DEED NOT HELD IN THE NAME OF COMPANY**

Particulars	Description of item of property	Gross carrying value (₹ in lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date
PPE	Land - E 106	0.74	Effective Chemical Private Limited	No	February 26, 1980
PPE	Land - E 105	0.80	Rupal Chemicals	No	June 27, 1986
PPE	Land - S 34	1.87	Star Aluminium Industries	No	November 06, 1992
PPE	Land - S 33	1.71	Avez Wire Industries Private Limited	No	June 11, 1993

Note : Leaseholds land are in the name of erstwhile entities, which were merged with the company through the court scheme, leasehold rights are deemed to be transferred to the company.

**1.2 RIGHT OF USE ASSETS/LEASE LIABILITY**

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	589.42	872.95
Additions during the year	126.03	54.23
Amortisation	(306.80)	(337.76)
<b>Closing Balance</b>	<b>408.64</b>	<b>589.42</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
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Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	637.66	929.19
Finance cost accrued during the year	127.77	58.39
Payment of lease liabilities	(317.82)	(349.92)
<b>Closing Balance</b>	<b>447.61</b>	<b>637.66</b>

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	259.67	279.67
Non- current lease liabilities	187.94	358.00
<b>Total</b>	<b>447.61</b>	<b>637.66</b>

**1.3 CAPITAL WORK IN PROGRESS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	1,925.72	1,220.56
Capitalised	(565.30)	(490.17)
Additions during the year	6,313.27	1,195.33
<b>Closing Balance</b>	<b>7,673.69</b>	<b>1,925.72</b>

CWIP Ageing Schedule:

(₹ in lakhs)

	Amount in CWIP for a period of				Total
	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	
<b>As at March 31, 2022</b>					
Project in progress :	1,786.57	5,289.94	-	597.17	7,673.69
Projects Temporarily Suspended :	-	-	-	-	-
<b>Total</b>	<b>1,786.57</b>	<b>5,289.94</b>	<b>-</b>	<b>597.17</b>	<b>7,673.69</b>
<b>As at March 31, 2021</b>					
Project in progress :	431.08	897.46	-	597.17	1,925.72
Projects Temporarily Suspended :	-	-	-	-	-
<b>Total</b>	<b>431.08</b>	<b>897.46</b>	<b>-</b>	<b>597.17</b>	<b>1,925.72</b>

**2 INTANGIBLE ASSETS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(a) PROCESS DEVELOPMENT (R &amp; D)</b>		
Opening Balance	-	111.10
Additions during the year	-	-

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
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(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Amortisation	-	(111.10)
Closing Balance	-	-
<b>(b) COMPUTER SOFTWARE</b>		
Opening Balance	25.52	38.14
Additions during the year	0.06	0.29
Amortisation	(10.25)	(12.90)
Closing Balance	15.33	25.52
<b>Total (a+b)</b>	<b>15.33</b>	<b>25.52</b>

**3 NON CURRENT INVESTMENTS**

(₹ in lakhs)

Name of the Company	No. of Shares/ Units	As at March 31, 2022 (₹ in lakhs)	No. of Shares/ Units	As at March 31, 2021 (₹ in lakhs)
<b>Investments - (Unquoted) in Equity Shares of Other Companies</b>				
Perfect Enviro Control Systems Limited	2,40,200	16.01	2,40,200	14.90
The Shamrao Vitthal Co- op Bank Limited	100	0.03	100	0.03
The Saraswat Co - op Bank Limited	10,100	1.01	10,100	1.01
Shivalik Solid Waste Management Limited	2,500	0.50	2,500	0.50
Tarapur Environment Protection Society	68,188	109.46	68,188	121.61
Amit Hetrochem (I) Limited	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Limited	1,200	0.04	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Limited*#	234	1,791.83	234	1,562.82
<b>TOTAL</b>		<b>1,948.04</b>		<b>1,730.07</b>

\*Face Value of 1 share = 10000 RMB.

# Although the company holds more than 20% shares but it does not exercise significant influence over the company. Therefore, it has not been included in Consolidated Financial Statements.

**4 OTHER NON- CURRENT ASSETS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advances	2,843.54	726.06
<b>TOTAL</b>	<b>2,843.54</b>	<b>726.06</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**5 INVENTORIES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials (incl.In- transit stock)	22,162.22	19,931.53
Packing Materials	561.97	370.73
Work in process	16,252.66	11,242.31
Finished Goods (incl.In- transit stock)	12,546.66	8,948.93
Stores & Spares	1,063.10	1,006.76
Stock in Trade	7.62	-
<b>TOTAL</b>	<b>52,594.24</b>	<b>41,500.27</b>

**6 TRADE RECEIVABLE**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured</b>		
-considered good	74,990.20	55,522.96
-considered doubtful	427.84	348.78
	75,418.04	55,871.74
Less: Provision for Doubtful Debts	427.84	348.79
<b>TOTAL</b>	<b>74,990.20</b>	<b>55,522.95</b>

**Ageing of trade receivables**

Particulars	As at March 31, 2022					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable-Considered Goods	72,556.00	1,617.81	342.99	48.23	425.17	74,990.20
Undisputed Trade Receivable-Credit impaired						-
Disputed Trade Receivable-Credit impaired	-		71.56	7.09	349.19	427.84
<b>Total Debtors</b>	<b>72,556.00</b>	<b>1,617.81</b>	<b>414.55</b>	<b>55.32</b>	<b>774.36</b>	<b>75,418.04</b>
Less: Allowanace for Credit Loss			71.56	7.09	349.19	427.84
<b>Net Debtors</b>	<b>72,556.00</b>	<b>1,617.81</b>	<b>342.99</b>	<b>48.23</b>	<b>425.17</b>	<b>74,990.20</b>

**Ageing of trade receivables**

Particulars	As at March 31, 2021					
	Outstanding for following periods from invoice date					
	Less than 6 m	6m to 1yr	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed Trade Receivable-Considered Goods	53900.83	1012.60	201.74	59.65	348.13	55,522.96
Undisputed Trade Receivable-Credit impaired						-
Disputed Trade Receivable-Credit impaired			13.75	46.95	288.08	348.78
<b>Total Debtors</b>	<b>53,900.83</b>	<b>1,012.60</b>	<b>215.49</b>	<b>106.60</b>	<b>636.22</b>	<b>55,871.74</b>
Less: Allowanace for Credit Loss			13.75	46.95	288.09	348.79
<b>Net Debtors</b>	<b>53,900.83</b>	<b>1,012.60</b>	<b>201.74</b>	<b>59.65</b>	<b>348.12</b>	<b>55,522.95</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**7 CASH AND BANK BALANCES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on Hand	24.33	29.95
Cheques on Hand	52.65	154.92
Balances with Scheduled Banks :		
- Current Accounts	1,955.81	405.34
Deposit Accounts	128.42	291.08
Cash and cash equivalents	2,161.20	881.29
Other Bank Balances		
Earmarked balance - unpaid dividend	71.81	96.58
<b>TOTAL</b>	<b>2,233.01</b>	<b>977.87</b>

**8 OTHER CURRENT FINANCIAL ASSETS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured, Consider good</b>		
Deposit	1,205.07	1,220.54
Advances and loans - Staff & workers	58.54	51.86
<b>TOTAL</b>	<b>1,263.61</b>	<b>1,272.40</b>

**9 OTHER CURRENT ASSETS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advances recoverable in cash or ' kind or for value to be received	2,348.09	2,024.64
Insurance claim receivable	69.81	243.72
Balances with Statutory/ Govt. Authority	5,838.32	4,137.81
<b>TOTAL</b>	<b>8,256.23</b>	<b>6,406.18</b>

**10 SHARE CAPITAL**

(₹ in lakhs, except share data)

Particulars	No. of Shares	As at March 31, 2022	No. of Shares	As at March 31, 2021
<b>Authorised Share Capital</b>				
Equity shares of ₹ 10/- each	12,00,00,000	12,000.00	12,00,00,000	12,000.00
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each fully paid up	9,26,00,000	9,260.00	9,32,00,000	9,320.00
		<b>9,260.00</b>		<b>9,320.00</b>

**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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

### 10.2 The details of Equity Shares outstanding during last 5 years

#### No. of Equity Shares outstanding

Particulars	Financial Year				
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Equity Shares at the beginning of the year	932.00	233.00	235.82	235.82	238.57
Issue of Bonus shares	-	699.00	-	-	-
Buyback of Shares	(6.00)	-	(2.82)	-	(2.75)
Equity Shares at the end of the year	926.00	932.00	233.00	235.82	235.82

### 10.3 NOTES ON ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL

- During the Financial 2021-22, the Company has completed the buyback of 6,00,000 Equity Shares of face value of ₹ 10/- each at a price of ₹1000/- per Share. Settlement of buyback bids was completed on May 19, 2021. The number of shares post buyback stands reduced to 9,26,00,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 9,260 lakhs.
- During the Financial 2020-21, the Company has allotted 6,99,00,000 Bonus Equity Shares of ₹ 10/- each fully paid up on October 5, 2020 in the proportion of 3 Equity Shares for every 1 Equity Share held by the Equity Shareholders of the Company as on the record date of October 1, 2020.
- During the Financial 2019-20, the company has completed buyback of 2,82,100/- equity shares of face value ₹10/- each at a price of ₹ 900/- per share on May 27, 2019. the number of shares post buyback stands reduced to 2,33,00,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2,358.21 lakhs.
- During the Financial 2017-18, the company has completed buyback of 2,75,000/- equity Share of face value ₹ 10/- each at a price of ₹ 875/- per share on March 14, 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.

### 10.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Name of the shareholders	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	84,69,729	9.15	84,92,976	9.11

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
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**10.5 DISCLOSURES OF SHAREHOLDING OF PROMOTERS**

Promoter name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Shares	% held	No. of Shares	% held	
Chandrakant Vallabhaji Gogri	17,36,777	1.88	17,49,544	1.88	-
Jaya Chandrakant Gogri	15,88,422	1.72	16,00,096	1.72	-
Rashesh Chandrakant Gogri	43,05,016	4.65	42,15,780	4.52	0.13
Hetal Gogri Gala	28,30,731	3.06	28,51,540	3.06	-
Manisha Rashesh Gogri	1,89,675	0.20	1,91,068	0.21	(0.01)
Aarnav Rashesh Gogri	1,89,273	0.20	1,90,664	0.20	-
Aashay Rashesh Gogri	8,89,558	0.96	8,96,096	0.96	-
Aashyav Business Trust (Alabhya Trusteeship Private Limited)	13,89,783	1.50	14,00,000	1.50	-
Gogri Finserv Private Limited	35,18,025	3.80	35,43,888	3.80	-
Anushakti Enterprise Private Limited	24,30,032	2.62	24,47,896	2.63	(0.01)
Paridhi Business Trust (Saswat Trusteeship Private Limited)	5,95,622	0.64	6,00,000	0.64	-
Rajendra Vallabhaji Gogri	7,76,191	0.84	7,81,896	0.84	-
Arti Rajendra Gogri	5,37,157	0.58	5,41,104	0.58	-
Renil Rajendra Gogri	16,25,475	1.76	19,85,076	2.13	(0.37)
Mirik Rajendra Gogri	19,97,952	2.16	20,12,640	2.16	-
Tulip Family Trust (Gloire Trusteeship Services Private Limited)	9,33,140	1.01	9,40,000	1.01	-
Orchid Family Trust (Relacion Trusteeship Services Private Limited)	9,21,228	0.99	9,28,000	1.00	(0.01)
Alchemie Finserv Private Limited	19,21,327	2.07	18,64,936	2.00	0.07
Safechem Enterprises Private Limited	12,22,662	1.32	14,02,544	1.50	(0.18)
Prakash Moreswar Patil	84,69,729	9.15	84,92,976	9.11	0.04
Priti Prakash Patil	40,78,989	4.40	41,08,976	4.41	(0.01)
Adhish Prakash Patil	11,34,866	1.23	11,43,208	1.23	-
Prakash M. Patil (HUF)	1,64,078	0.18	1,65,284	0.18	-
Uday Moreswar Patil	50,922	0.05	49,756	0.05	-
Arun Moreswar Patil	70,000	0.08	69,900	0.08	-
Harshit Manilal Savla	43,76,733	4.72	44,08,908	4.73	(0.01)
Vishwa Harshit Savla	9,54,571	1.03	9,61,588	1.03	-
Seema Harshit Savla	45,56,514	4.92	45,90,008	4.92	-
Bhoomi Harshit Savla	-	-	-	-	-
Harshit M. Savla (HUF)	5,956	0.01	6,000	0.01	-
Jay Manilal Savla (Trustee of MOMI's Trust)	3,99,403	0.43	4,02,340	0.43	-
Jay Manilal Savla	3,13,447	0.34	3,23,200	0.35	(0.01)
Jigna Hiren Shah	4,59,633	0.50	4,62,976	0.50	-
Aarti Industries Limited	-	-	-	-	-

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
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Promoter name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Shares	% held	No. of Shares	% held	
Aarti Life Science LLP	13,577	0.01	13,676	0.01	-
Dilesh Roadlines Private Limited	4,96,356	0.54	5,00,004	0.54	-
Alchemie Financial Services Limited	39,145	0.04	39,432	0.04	-
Indira Madan Dedhia	2,20,489	0.24	2,21,800	0.24	-
	<b>5,54,02,454</b>	<b>59.83</b>	<b>5,61,02,800</b>	<b>60.20</b>	<b>(0.37)</b>

**11. NON CURRENT BORROWINGS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Term loans</b>		
<b>Secured borrowings</b>		
From Scheduled Banks (Refer Note No.34a)	12,992.88	13,898.89
<b>Loans &amp; advances from related parties</b>		
From Directors - Unsecured	857.00	857.00
From Other - Unsecured	-	-
<b>TOTAL</b>	<b>13,849.88</b>	<b>14,755.89</b>

**12. OTHER FINANCIAL LIABILITY**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Trade payables of Project</b>		
Due to others	938.65	633.95
<b>Other - Deferred Payment Liability</b>		
- Trade Deposits	16.99	16.99
<b>TOTAL</b>	<b>955.64</b>	<b>730.54</b>

**13. LONG TERM PROVISION**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Income Tax Provision (Net of Advance Tax and TDS)	635.89	1,985.30
Provision for Employee benefits	287.46	181.84
<b>TOTAL</b>	<b>923.35</b>	<b>2,167.14</b>



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**14. DEFERRED TAX LIABILITIES (NET)**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(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	6,991.09	7,469.13
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit Liability/Assets	251.99	244.29
<b>Total</b>	<b>7,243.08</b>	<b>7,713.42</b>

**15. SHORT TERM BORROWINGS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
Secured Borrowings (Refer Note No.34b)	34,263.87	9,580.91
Unsecured borrowings	1,370.17	6,140.49
Current Maturity of Long term debts	4,350.00	3,960.83
<b>TOTAL</b>	<b>39,984.04</b>	<b>19,682.23</b>

**16. TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables of Goods,Services & Expenses		
Due to micro enterprises and small enterprises	1,602.61	1,567.50
Due to other than micro enterprises and small enterprises	45,264.81	31,429.32
<b>TOTAL</b>	<b>46,867.42</b>	<b>32,996.82</b>

**Ageing of trade payable**

Particulars	As at March 31, 2022				
	<1 year	1-2 year	2-3 year	More Than 3yr	Total
Undisputed dues-MSME	1,602.61	-	-	-	1,602.61
Undisputed dues-Others	45,264.81	-	-	-	45,264.81
<b>Total</b>	<b>46,867.42</b>	-	-	-	<b>46,867.42</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**Ageing of trade payable**

Particulars	As at March 31, 2021				
	<1 year	1-2 year	2-3 year	MoreThan 3yr	Total
Undisputed dues-MSME	1,567.50	-	-	-	1,567.50
Undisputed dues-Others	31,429.32	-	-	-	31,429.32
<b>Total</b>	<b>32,996.82</b>	-	-	-	<b>32,996.82</b>

**17. SHORT TERM PROVISION**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee benefits	371.35	279.57
<b>TOTAL</b>	<b>371.35</b>	<b>279.57</b>

**18. OTHER CURRENT LIABILITIES**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on Loans	101.86	79.92
Unpaid Dividend	71.81	96.58
Other Payable - Duties & Taxes	294.46	1,359.70
Other Payable for Goods & Expenses	6,055.20	4,761.10
<b>TOTAL</b>	<b>6,523.33</b>	<b>6,297.30</b>

**19. OTHER OPERATING INCOME**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividend	159.86	102.43
Interest	71.69	259.58
Miscellaneous Income	900.03	90.50
<b>Total</b>	<b>1,131.58</b>	<b>452.51</b>

**20. COST OF MATERIALS CONSUMED**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw Material Consumption	1,59,200.26	1,16,382.92
Packing Materials	4,948.78	3,558.79
Freight Inward	1,937.84	1,617.64
Clearing & Forwarding	548.78	592.96
<b>Total</b>	<b>1,66,635.66</b>	<b>1,22,152.32</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**21. EMPLOYEE BENEFITS EXPENSE**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries,Wages and Bonus ( Mfg)	5,557.57	5,324.94
Labour Welfare Expenses	117.92	113.22
Salaries and Bonus ( Admin)	1,013.48	912.86
Provident Fund Contribution	237.82	216.57
Staff Welfare Expenses	19.87	19.98
Directors' Remuneration	1,333.93	1,462.07
<b>Total</b>	<b>8,280.58</b>	<b>8,049.64</b>

**22. FINANCE COST**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Term Loans	1,170.12	1,652.29
Interest on Working Capital	776.36	475.83
Interest on Others (Including Ind AS 116 Interest)	128.32	167.61
<b>Total</b>	<b>2,074.79</b>	<b>2,295.74</b>

**23. DEPRECIATION AND AMORTISATION**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on Property, Plant & Equipment	4,694.02	4,533.04
Amortisation on Lease Assets	306.80	337.76
Amortisation on Intangible Assets	4.07	117.55
<b>Total</b>	<b>5,004.89</b>	<b>4,988.35</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**24. OTHER EXPENSES**

(₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Manufacturing Expenses</b>		
Processing Charges	2,550.11	2,178.76
Labour Charges	5,378.75	4,534.53
Insurance Expenses	634.48	576.54
Lease Expenses	6.00	6.00
Power & Fuel	12,562.41	9,537.14
Stores & Spares	2,523.81	1,968.14
Repairs & Maintenance - Building	142.04	111.84
- Plant & Machinery	1,156.28	931.33
Research & development	435.78	466.40
Water Charges	261.89	264.92
Laboratory Expenses	224.82	282.21
Other Factory Expenses	3,721.15	2,484.88
<b>SubTotal (a)</b>	<b>29,597.53</b>	<b>23,342.68</b>
<b>Office &amp; Administration Expenses</b>		
Auditors' Remuneration	14.40	11.99
Conveyance Expenses	53.33	37.94
Legal & Professional Charges	630.44	553.02
Membership & Subscriptions	3.41	1.75
Printing & Stationery	16.26	8.98
Postage, Telegram & Telephone	32.48	18.27
Office Electricity Charges	23.54	18.14
Insurance Charges	46.75	53.39
Repairs & Maintenance - Others	32.26	39.15
Entertainment Expenses	0.48	0.04
Miscellaneous Expenses	269.56	105.29
Vehicle Expenses	14.19	4.19
Travelling Expenses - Directors	13.15	3.45
- Others	83.08	33.27
Directors' Sitting Fees	12.65	5.80
<b>Sub Total (b)</b>	<b>1,245.98</b>	<b>894.70</b>
<b>Selling &amp; Distribution</b>		

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

(₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertisement & Sales Promotion	135.02	98.05
Freight & Forwarding -Export	4,305.81	2,737.48
Freight & Forwarding - Local	730.64	1,258.72
Commission Expenses	1,462.81	2,266.34
Insurance Expenses	106.35	74.41
Postage & Telegram	28.62	23.27
Other Export Expenses	202.20	141.37
Bad Debts & other written off	168.65	84.67
<b>Sub Total (c)</b>	<b>7,140.10</b>	<b>6,684.31</b>
<b>Finance Cost</b>		
Bank Charges (d)	315.98	327.33
<b>Non Operative Expenses</b>		
Donations	0.42	60.17
CSR Expenditure	455.90	304.30
<b>SubTotal (e)</b>	<b>456.32</b>	<b>364.46</b>
<b>Total (a+b+c+d+e)</b>	<b>38,755.91</b>	<b>31,613.48</b>

**25. EXCEPTIONAL ITEMS**

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets w/off	-	304.20
Profit on Sale of Property, Plant & Equipment	-	(326.68)
<b>Total</b>	<b>-</b>	<b>(22.48)</b>

**26. EARNING PER SHARE:**

(₹ in lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	<b>20,503.86</b>	28,039.83
Total Comprehensive Income	<b>20,572.47</b>	28,380.76
Number of Equity Shares (Nos.)	<b>9,26,00,000</b>	9,32,00,000
Basic & Diluted EPS (after extraordinary items) (₹)	<b>22.12</b>	30.09
Nominal value per share (₹)	<b>10.00</b>	10.00

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**27. CONTINGENT LIABILITIES AND COMMITMENTS:**

(₹ in lakhs)

Sr. No.	Particulars	On the Parent Company Mar-22	On the Subsidiary Companies Mar-22	On the Parent Company Mar-21	On the Subsidiary Companies Mar-21
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	7227.00	459.69	6149.64	82.67
b.	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	9001.86	171.88	7184.96	-
c.	Demand in respect of additional Excise, custom duty, service tax, sales tax, GST, fine & penalty in appeal (not acknowledged as debt)	498.08	39.66	498.08	-
d.	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	408.47	-	390.30	-
e.	Liability for Maharashtra Pollution Control Board	879.35	-	879.35	-
f.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1409.22	1053.94	182.46	199.87

**28. 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.

(₹ in lakhs)

II.	Geographical Segments as Secondary Segments	For the year ended March 31, 2022	For the year ended March 31, 2021
	Segment Revenue		
a)	Out of India	92,232.54	77,322.95
b)	India	1,56,632.03	1,38,155.03
	<b>Total</b>	<b>2,48,864.57</b>	<b>2,15,477.98</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**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

Shri Chandrakant V. Gogri	Chairman Emeritus
Shri Rajendra V. Gogri	Promoter and Director of Pinnacle Life Science Private Limited

• Relatives of Individuals

Smt Jaya C. Gogri	Shri Mirik R Gogri
Smt Arti R. Gogri	Shri Renil R. Gogri
Shri Mulraj C. Gala	Smt Hetal Gogri Gala
Smt Indira M. Dedhia	Smt Dollar Dedhia
Smt Pooja Renil Gogri	

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

• Key Management Personnel

Shri Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Shri Harshit M. Savla	Jt. Managing Director
Shri Rashesh C. Gogri	Managing Director
Shri Harit. P. Shah	Whole-time Directors
Shri Uday M. Patil	Whole-time Directors
Shri Adhish P. Patil	Chief Financial Officer
Shri Rushikesh Deole	Company Secretary & Compliance Officer

• Relatives of Key Management Personnel

Smt Priti P. Patil	Smt Seema H. Savla
Shri Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Shri Vishwa H. Savla
Shri Sameer P. Shah	Smt Jayashree H. Shah
Smt Arati T. Sankhe	Smt Manisha R. Gogri
Smt Reshmi Vanjara	Smt Kalika A. Mishra
Mr Tushar Sankhe	Shri Amit Mishra
Smt Kalpana Sankhe	Shri Aashay R. Gogri
Shri Aarnav R. Gogri	Smt Richie Gandhi
Shri Jigar Solanki	Shri Jay M. Savla
Smt Jigna Shah	Smt Kalpana H. Chheda
Smt Vandana U. Patil	Smt Tejas U. Patil
Smt Riya T. Patil	Smt Snehal T. Sahu
Shri Pradeep S. Sahu	

- (3) Enterprise/firms with whom transactions have taken place and over which controlling individuals have significant influence.

- Aarti Industries Limited
- Aarti Life Science LLP
- Alchemie Gases & Chemicals Private Limited
- Alchemie Laboratories

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**Transaction with the Related Parties:**

Sr. No.	Particulars	Relationship	FY 2021-22 ₹ In lakhs	FY 2020-21 ₹ In lakhs
<b>a)</b>	<b>Sale of Goods</b>			
	Aarti Industries Limited	Entities in which some of the directors are interested	6.68	32.44
<b>b)</b>	<b>Purchase of Goods Traded</b>			
	Aarti Industries Limited	Entities in which some of the directors are interested	2,326.87	1,214.08
	Alchemic Laboratories	Entities in which some of the directors are interested	51.54	104.98
<b>c)</b>	<b>Manufacturing Expenses</b>			
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	14.95	13.66
	Aarti Industries Limited	Entities in which some of the directors are interested	45.00	-
<b>d)</b>	<b>Finance Cost</b>			
	Prakash M Patil	KMP	19.28	23.14
	Harshit M Savla	KMP	45.00	54.01
<b>e)</b>	<b>Employee benefits and Office &amp; Administration Expenses</b>			
	Prakash M Patil	Director	309.11	346.42
	Harshit M Savla	Director	291.16	335.90
	Harit. P. Shah	Director	291.16	335.90
	Uday M Patil	Director	31.77	14.85
	Rashesh C Gogri	Director	291.16	335.90
	Adhish Patil	KMP	117.21	99.07
	Vikas Patil	Relative of KMP	19.29	22.11
	Vishwa Savla	Relative of KMP	106.82	73.27
	Rushikesh Deole	KMP	8.06	7.00
<b>f)</b>	<b>Director Sitting Fees</b>			
	Rajendra V Gogri	Non Executive Director	0.10	0.30
<b>g)</b>	<b>Closing Balance :</b>			
	<b>Balance Payable:</b>			
	Aarti Life Science LLP	Entities in which some of the directors are interested	95.04	27.50
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	1.74	1.33
	Aarti Industries Limited	Entities in which some of the directors are interested	495.54	379.81
	Prakash M Patil	KMP	257.00	257.00
	Harshit M Savla	KMP	600.00	600.00

- Note: 1. Related Parties are identified by the Management.  
2. Transactions are Net of Taxes

**30 DIRECTORS REMUNERATION:**

(₹ in lakhs)

Particulars	By the Parent Company March 31, 2022	By the Subsidiary Company March 31, 2022	By the Parent Company March 31, 2021	By the Subsidiary Company March 31, 2021
Salary to Managing Directors and whole time Directors	248.96	116.13	228.30	90.52
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	53.35	-	43.40	-
Commission payable to Directors	853.39	-	1052.92	-



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

(₹ in lakhs)

Particulars	By the Parent Company	By the Subsidiary Company	By the Parent Company	By the Subsidiary Company
	March 31, 2022	March 31, 2022	March 31, 2021	March 31, 2021
Contribution to Provident fund	1.08	-	1.08	-
Superannuation fund scheme	57.58	3.44	43.25	2.58
<b>Total Remuneration</b>	<b>1214.36</b>	<b>119.57</b>	<b>1368.96</b>	<b>93.10</b>

**31 AUDITORS' REMUNERATION INCLUDES**

(₹ in lakhs)

Particulars	Statutory Audit		Certification		Total	
	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21
<b>By the Parent Company</b>	<b>10.04</b>	9.07	<b>1.06</b>	0.23	<b>11.10</b>	9.30
<b>By the Subsidiary Company</b>						
Pinnacle Life Science Private Limited	2.91	2.49	0.00	-	2.91	2.49
Aarti Speciality Chemicals Limited	0.20	0.20	0.20	-	0.40	0.20

**32 RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S DOMESTIC TAX RATE FOR MARCH 31, 2022 AND MARCH 31, 2021.**

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Accounting profit before income taxes	26,995.51	36,901.39
Enacted tax rate in India (%)	25.168	25.168
Computed expected tax (benefit)/expenses	6,794.23	9,287.34
Timing difference in depreciable assets	(0.50)	(45.37)
Other Non deductible expenses for tax purpose	114.99	91.73
Other deductible Items for tax purpose	65.25	(26.38)
Deferred Tax not recognised (net)	(478.04)	(445.76)
Income tax expense reported in the statement of profit and loss	6,495.93	8,861.56
<b>Effective Income Tax Rate</b>	<b>24.06</b>	<b>24.01</b>

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax for the year ended March 31, 2022 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the Statement of Profit & Loss for the year ended March 31, 2022.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

**33 DETAILS OF FINANCIAL STATEMENT OF SUBSIDIARIES:**

Name of the Subsidiary	(₹ in lakhs)	(₹ in lakhs)	(CLP in lakhs)
	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Pinnacle Chile SPA
The financial year of Subsidiary ended on	March 31, 2022	March 31, 2022	March 31, 2022
Reporting currency	₹	₹	CLPESOS
a-Share Capital	778.28	25.00	1,837.75
b- Other Equity	6,440.41	(36.07)	(849.63)
c- Debts & other Liability	13,625.57	36.22	(294.07)
Total Liability (a+b+c)	20,844.26	25.15	694.05
Total Assets	20,844.26	25.15	694.05
Total Income	29,120.05	-	151.15
Profit/(loss) Before Tax	1,624.26	(13.36)	(849.63)
Tax Expenses	445.93	-	-
Profit/(Loss) after Tax	1,178.33	(13.36)	(849.63)

Name of the Subsidiary	(₹ in lakhs)	(₹ in lakhs)	(CLP in lakhs)
	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Pinnacle Chile SPA
The financial year of Subsidiary ended on	March 31, 2021	March 31, 2021	March 31, 2021
Reporting currency	₹	₹	CLPESOS
a-Share Capital	778.28	25.00	252.59
b- Other Equity	5,337.30	(22.71)	(305.31)
c- Debts & other Liability	9,500.65	22.78	164.45
Total Liability (a+b+c)	15,616.23	25.07	111.73
Total Assets	15,616.23	25.07	111.73
Total Income	28,493.97	-	(12.41)
Profit/(loss) Before Tax	3,404.4	(20.82)	(291.78)
Tax Expenses	861.56	-	-
Profit/(Loss) after Tax	2,542.84	(20.82)	(291.78)

**34 SECURED BORROWING FROM BANKS:**

a.

Bank Name	(₹ in lakhs)			
	As at March 31, 2022	As at March 31, 2021	Due for Installment	
			FY 2022-23	Subsequent Years
SVC Co-op Bank Limited	5,000.71	6,525.80	1,207.50	3,793.21
Kotak Mahindra Bank Limited	5,028.75	5,400.00	2,250.00	2,778.75
HDFC Bank Limited	4,207.50	4,845.00	892.50	3,315.00
State Bank of India	1,088.93	1,088.93	-	1,088.93
Axis Bank Limited	1,305.97	-	1,305.97	-
Hongkong & Shanghai Banking Corporation Limited	711.03	711.03	711.03	-

Note:

- Above term loans except term loan from State Bank of India (Gift City) 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 & Baddi- Himachal Pradesh.
- Term Loan from State Bank of India (Gift City) is secured by pari-passu first charge by way of 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904 , 211,213 , 2601,2602,2603. & Baddi- Himachal Pradesh.

- (iii) Term Loan from HDFC Bank Limited and SVC Co-op Bank Limited is also secured by way of pari-passu second charge on current assets of the Company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹ **34,263.87 lakhs** (Previous Year ₹ 9,580.91 lakhs) are secured by pari-passu first charge by way of 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 movable 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.& Baddi- Himachal Pradesh.

**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 March 31, 2022, the Company had hedge in aggregate an amount of ₹ **23,597.02/-lakhs** (previous year ₹ 29,080.36/-lakhs) out of its annual trade related operations (export & import) aggregating to ₹ **1,63,656.98/-lakhs** (previous year ₹ 1,35,323.05/-lakhs) after considering natural hedge.

### **36** ADDITIONAL STATUTORY INFORMATION:

Additional Regulatory Information pursuant to Clause 6L of General Instructions for preparation of Balance Sheet as given in Part 1 of Division II of Schedule III of the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Financial Statements.

#### a. Ratios:

Ratio	Current year	Previous year	% Variance
<b>Current ratio (in times)</b> (Current Assets/ Current Liabilities)	1.48	1.78	(16.85)
<b>Debt-Equity ratio (in times)</b> (Debt consists of borrowings and lease liabilities/ Shareholder's Equity)	0.52	0.38	36.84
<b>Debt service coverage ratio (in times)</b> (Net Profit after taxes + Depreciation + Interest on loan)/(Interest on loan and lease payments + Long term principal repayments)	4.43	5.54	(20.04)
<b>Return on equity ratio (in %)</b> (Net profit after tax/Average Shareholder's equity)	21.03	35.81	(41.27)
<b>Inventory Turnover Ratio (in %)</b> (Cost of goods sold/ Average Inventories)	3.97	4.04	(1.73)
<b>Trade receivables turnover ratio (in times)</b> (Net Credit Sales/ Average trade receivables)	4.50	4.87	(7.60)
<b>Trade payables turnover ratio (in times)</b> (Net Credit Purchase/Average trade payables)	5.12	4.81	6.44
<b>Net capital turnover ratio (in times)</b> (Net Sales/ Average working capital (i.e. Total current assets less Total current liabilities))	4.07	4.61	(11.71)
<b>Net profit margin (in %)</b> (Net Profit after tax/ Net Sales)	8.24	13.00	(36.62)
<b>Return on capital employed (in %)</b> (Earning before interest and taxes)/(Tangible Net Worth + Total Debt + Deferred tax Liability)	19.43	31.93	(39.15)
<b>Return on investment (in %)</b> (Income generated from invested funds/Investments)	5.92	8.20	(27.80)

Note- EBITDA margins and profitability is not exactly comparable on a YoY basis due to elevated API margins during FY 2020-21 on account of Covid-19 related disruptions.

Debt-Equity ratio for FY 2021-22 stood 0.5x largely owing to ongoing capex.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)**

- b. The difference between the value as per books of accounts and as per quarterly statement submitted with lenders are given below:

(₹ in lakhs)					
Current Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quaterly Return & Statements	Amount of Difference
Jun-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Inventory	48,496	48,496	-
Jun-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Receivable	64,009	64,009	-
Jun-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Other Assets	8,552	9,702	1,150
Sep-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Inventory	43,875	43,875	-
Sep-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Receivable	59,530	59,530	-
Sep-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Other Assets	9,444	9,444	-
Dec-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Inventory	51,986	51,986	-
Dec-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Receivable	67,840	67,840	-
Dec-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Other Assets	10,100	10,100	-
Mar-22	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Inventory	52,594	52,594	-
Mar-22	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Receivable	74,990	74,990	-
Mar-22	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Other Assets	11,753	11,753	-

(₹ in lakhs)					
Previous Year	Name of the bank	Nature of the current asset	As per books of accounts	Amount as per Quaterly Return & Statements	Amount of Difference
Jun-20	SVC Co-op Bank Ltd, Bank of Baroda	Inventory	35,586	35,586	-
Jun-20	SVC Co-op Bank Ltd, Bank of Baroda	Receivable	58,501	58,501	-
Jun-20	SVC Co-op Bank Ltd, Bank of Baroda	Other Assets	8,336	8,336	-
Sep-20	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd,	Inventory	35,708	35,708	-
Sep-20	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd,	Receivable	60,392	60,392	-
Sep-20	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd,	Other Assets	8,897	8,897	-
Dec-20	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd,	Inventory	40,897	40,897	-
Dec-20	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd,	Receivable	56,745	56,745	-
Dec-20	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd,	Other Assets	7,793	7,793	-
Mar-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Inventory	41,500	41,500	-
Mar-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Receivable	55,522	55,522	-
Mar-21	SVC Co-op Bank Ltd, Kotak Mahindra Bank Ltd, HDFC Bank Ltd, State Bank of India	Other Assets	8,658	8,658	-

Note – The differences are because, the statements filed with the lenders are based on financial statements prepared on provisional basis and also prior to quarterly audit.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

- c. The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- d. The Company do not have any transactions with companies struck off.
- e. The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- f. The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- g. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - i directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries), or
  - ii provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- h. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries), or
  - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- i. The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- j. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**37** Figures of the previous year have been regrouped and rearranged wherever necessary.

### AS PER REPORT OF EVEN DATE

#### For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

**CA Milind Bhawe**

Partner

M.NO.047973

Place : Mumbai

Date: May 9, 2022

### For and on Behalf of the Board of Directors

Sd/-

**Prakash M. Patil**

(Chairman, Managing Director)

DIN : 00005618

Sd/-

**Adhish P. Patil**

(Chief Financial Officer)

Sd/-

**Harit P. Shah**

(Whole Time Director)

DIN : 00005501

Sd/-

**CS Rushikesh Deole**

(Company Secretary &  
Compliance officer)



CIN: L37060MH1984PLC055433

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

**Phone:** 022-2401 9025, **Fax:** 022-2407 3462

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

## Notice of Annual General Meeting

NOTICE is hereby given that the **THIRTY SEVENTH ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED** will be held on **Thursday, the 4th day of August 2022 at 11:30 AM (IST)** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2022, together with the Reports of the Auditors and the Board of Directors' thereon.
2. To appoint a Director in place of Shri Uday M. Patil (DIN: 01186406), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. Approval to the appointment of Shri Bhaskar N. Thorat (DIN: 01293824) as an Independent Director of the Company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of Companies Act, 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and rules made thereunder, for the time being in force), in accordance with the recommendation of Nomination and Remuneration Committee, and the Board of Directors, Shri Bhaskar N. Thorat (DIN: 01293824), who was appointed as an Additional Director in the category of Independent Director and holds office until the date of this Annual General Meeting, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office for a period of 3 (three) years with effect from May 9, 2022.

**RESOLVED FURTHER THAT** the Executive Directors &

Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

4. Approval to the appointment of Smt Neha R. Gada (DIN: 01642373) as an Independent Director of the Company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of Companies Act, 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and rules made thereunder, for the time being in force), in accordance with the recommendation of Nomination and Remuneration Committee, and the Board of Directors, Smt Neha R. Gada (DIN: 01642373), who was appointed as an Additional Director in the category of Independent Director and holds office until the date of this Annual General Meeting, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office for a period of 3 (three) years with effect from May 9, 2022.

**RESOLVED FURTHER THAT** the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. Approval to Shri Arun M. Patil to continue to hold office or place of profit with revised remuneration.

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 Section 188 of the Companies Act 2013 read with rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions, if any (including any statutory modifications or re-enactment thereof

## NOTICE (CONTD.)

for the time being in force), consent of the Company be and is hereby accorded to Shri Arun M. Patil, to hold and continue to hold an office of profit in the Company as Vice President Marketing on a total remuneration exceeding ₹ 2.50 lakhs per month subject to maximum remuneration up to ₹ 50 lakhs per annum.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to review and determine, from time to time, the terms of holding of the said office or place of profit by Shri Arun M. Patil, including his remuneration at its discretion and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Approval for giving loan or guarantee or providing security under Section 185 of the Companies Act, 2013:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 185 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), consent of the Members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include, unless the context otherwise requires, any Committee of the Board or any Director(s) or Officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution) for giving loan(s), in one or more tranches, including loans represented by way of book debts (the "Loans") to, and/or giving of guarantee(s), and/or providing of security(ies) in connection with any Loans taken/to be taken by any entity/ies which is a Subsidiary/ies of the Company, up to a sum not exceeding ₹ 35 Crores (Rupees Thirty Five Crores Only) in aggregate at any point in time, in its absolute discretion which it considers beneficial and in the best interest of the Company, provided that such Loans are utilised by the borrowing company/ies for its principal business activities.

**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to finalise and determine terms and conditions of the aforesaid loan(s)/guarantee(s)/security/ies and to delegate these powers as permitted under the Act and further to do all such acts, deeds and things as may be necessary and incidental thereof for giving effect to this resolution."

7. Approval to the remuneration of Cost Auditors for the FY 2022-23.

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 ₹ 3,00,000/- (Rupees three lakhs only) per annum plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid to GMVP & Associates LLP, Cost Accountant, being the Cost Auditor as appointed by the Board of Directors based on the recommendations of the Audit Committee of the Company, for the conduct of the Audit of the cost accounting records of the Company, for the financial year ending March 31, 2023 be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Registered Office:**

Plot No. N-198, MIDC Tarapur,  
Village - Pamtembhi,  
Dist. Palghar - 401 506,  
Maharashtra  
Place: Mumbai  
Date : May 19, 2022

By Order of the Board

Sd/-  
**Rushikesh Deole**

Company Secretary  
ICSI M. No.: A54527

**Notes:**

1. pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 21/2021 dated December 14, 2021, Circular No. 2/2022 dated May 5, 2022 (collectively referred to as "MCA Circulars") and the applicable circulars issued by Securities and Exchange Board of India (SEBI) (collectively referred to as "SEBI Circulars") and all other relevant circulars issued from time to time, the 37<sup>th</sup> AGM of the Company is being held through video conferencing (VC) or other audio visual means (OAVM) without the physical presence of the members at the common venue. The deemed venue for the 37<sup>th</sup> AGM

**NOTICE (CONTD.)**

- shall be the Registered Office of the Company.
2. Pursuant to abovementioned MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the body corporate can attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
  3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-Voting agency. The facility of casting votes by a member using remote e-voting system as well as e-voting system on the date of the AGM will be provided by NSDL.
  6. In line with the MCA and SEBI Circular dated May 13, 2022, the Notice calling the AGM along with Annual Report 2021-22 is being sent only through electronic mode to those members whose e-mail address is registered with the Company or the Depository Participant(s). Members may note that the Notice calling the AGM along with Annual Report has been uploaded on the website of the Company at [www.aartidrugs.co.in](http://www.aartidrugs.co.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  7. The members seeking any information with regards to accounts or any other matters to be placed at the AGM, are requested to write to the Company in advance through email at [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com). The same will be replied by the Company suitably.
  8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item Nos. 3 to 7 above is annexed hereto and forms part of the Notice. Further, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") and the provisions of the Secretarial Standard No. 2 on General Meetings, a brief profile of the director proposed to be appointed is set out in the Explanatory Statement to this Notice.
  9. 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 AM to 1:00 PM. For obtaining these copies through electronic means Members may write to the Company Secretary by sending an email to [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com) till the date of the AGM.
  10. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, Link Intime India Private Limited (RTA), immediately of any change in their address and bank details. Members holding shares in dematerialised form are requested to intimate all changes with respect to their address, bank details, mandate 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.
  11. The Securities and Exchange Board of India (SEBI) has mandated the submission of 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 the Depository Participant with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Registrars and Transfer Agents, Link Intime India Private Limited (RTA)
  12. The SEBI, vide its Circulars dated November 3, 2021,



## NOTICE (CONTD.)

and December 14, 2021, has mandated the furnishing of PAN, address with PIN code, E-Mail address, Mobile Number, Bank Account details, Specimen Signature and Nomination by holders of physical securities. Further, if any ONE of the cited documents / details as enunciated in the said circular is NOT registered with Company / RTA, within March 31, 2023, such the folios shall be frozen by the Company / Registrar and Share Transfer Agent of the Company (RTA). The securities held in folios that have no PAN registered against the same/ have invalid PAN registered on our records, as on the notified cutoff date of March 31, 2023, or any other date specified by the CBDT, shall also be frozen.

13. The formats for Nomination and Updation of KYC details in accordance with the SEBI circular are available under "Investors Section" on the Website of the Company viz. [www.aartidrugs.co.in](http://www.aartidrugs.co.in). The duly filled in Forms may be submitted in hard copy to the RTA.
14. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website [www.aartidrugs.co.in](http://www.aartidrugs.co.in). Members are requested to submit the said details to their Depository Participants in case the shares are held by them in dematerialised form.
15. The Company has transferred unclaimed amounts of Second Interim Dividend for FY 2013-14, Final Dividend for FY 2013-14 and First Interim Dividend for FY 2014-15 to the Investor Education and Protection Fund as required under Section 124 and 125 of the Companies Act, 2013.
16. The Company has uploaded the Investor Information in respect of the Unclaimed Dividends on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and also under "Investors Section" on the Website of the Company viz. [www.aartidrugs.co.in](http://www.aartidrugs.co.in)  
The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express (English) and Aapla Mahanagar (Marathi) published from Mumbai for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to Demat Account of IEPF Authority on its website at [www.aartidrugs.co.in](http://www.aartidrugs.co.in) under "Investors Section". The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.
17. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's Registrar and Transfer Agent Link Intime India Private Limited, for assistance in this regard.
18. 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 email 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 email addresses to the Link Intime India Private Limited sending an e-mail at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to the Company at [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com)
19. In case of Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
20. 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.
21. CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M. No. F3483) has been appointed as the

**NOTICE (CONTD.)**





Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

22. The Scrutiniser shall, after scrutinising the votes, within two working days from the conclusion of the Meeting, submit a consolidated scrutiniser's report thereon to the Chairman or a person authorised by him in writing which will be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on Monday, August 1, 2022 at 9:00 A.M. (IST) and ends on Wednesday, August 3, 2022 at 5:00 P.M. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Thursday, July 28, 2022, may cast their vote electronically.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under <b>'IDeAS'</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>"Access to e-Voting"</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select <b>"Register Online for IDeAS Portal"</b> or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>"NSDL Speede"</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; align-items: center;"> <div style="text-align: center; margin-right: 20px;">  <p>App Store</p> </div> <div style="text-align: center; margin-right: 20px;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: center; align-items: center; margin-top: 10px;"> <div style="text-align: center; margin-right: 20px;">  </div> <div style="text-align: center;">  </div> </div>

The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday, July 28, 2022.

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

## NOTICE (CONTD.)

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

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4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

#### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

##### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

## NOTICE (CONTD.)

### GENERAL GUIDELINES FOR SHAREHOLDERS

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to [sunil@sunildedhia.com](mailto:sunil@sunildedhia.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/Password?"** or **"Physical User Reset Password?"** option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact further, please find below details of NSDL officials for queries;
 

Shri Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at [amity@nsdl.co.in](mailto:amity@nsdl.co.in)

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)

### PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E-MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of

Aadhar Card) to [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting and reproduced hereunder for convenience;

Shri Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at [amity@nsdl.co.in](mailto:amity@nsdl.co.in)

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)

### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join meeting"** menu against

**NOTICE (CONTD.)**

company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Personal Computer/ Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com) at least 5 days before the date of AGM. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting. Company reserves the right to restrict the

number of speakers depending on the availability of time for the AGM.

Shareholders can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address mentioning their name, demat account number/folio number, email id, mobile number at [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com) at least 5 days before the date of AGM. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.

Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied by the Company suitably.

Since the AGM will be held through VC/OAVM in accordance with the Circulars mentioned above, the route map, proxy form and attendance slip are not attached to this Notice.

**Registered Office:**  
Plot No. N-198, MIDC Tarapur,  
Village - Pamtembhi,  
Dist. Palghar - 401 506,  
Maharashtra  
Place: Mumbai  
Date : May 19, 2022

By Order of the Board  
  
Sd/-  
**Rushikesh Deole**  
Company Secretary  
ICSI M. No.: A54527

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### ITEM NO. 3

Shri Bhaskar N. Thorat holds the degree of Masters in Chemical Engineering and Ph.D. in Chemical Engineering from Institute of Chemical Technology ("ICT") (formerly known as UDCT), Mumbai. He is a Senior Professor of Chemical Engineering at ICT. He has been recognised by many awards and honours. He has more than 100 research publications in reputed international journals.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, had approved the appointment of Shri Bhaskar N. Thorat (DIN: 01293824) as an Additional Director, in the category of Independent Director, of the Company with effect from May 9, 2022. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri Bhaskar N. Thorat holds office of Director upto the date of this Annual General Meeting.

Considering the extensive knowledge and experience of Chemical and Pharmaceutical industry as well as his educational background, appointment of Shri Bhaskar N. Thorat as an Independent Director is in the interest of the Company. His continued association with the Company as a Director would be of a great advantage. The Nomination and Remuneration Committee has recommended his appointment.

The Company has received declaration from him that he meets the criteria of independence as prescribed under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations. Shri Bhaskar N. Thorat has confirmed that he is neither disqualified from being appointed as a Director in terms of Section 164 of the Act nor debarred from holding office as a Director of the company, by virtue of any SEBI Order or any other such authority and given his consent to act as a Director.

In terms of Sections 149, 152 read with Schedule IV of the Act, the Board of Directors have reviewed the declaration made by Director that he meets the criteria of independence as provided in Section 149(6) of the Act and the Board is of opinion that he fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management.

The Company has also received notice under Section 160 of the Act from a shareholder proposing candidature of Shri Bhaskar N. Thorat for the office of a Director of the Company.

Copy of letter for appointment proposed to be issued to Shri Bhaskar N. Thorat as an Independent Director setting out

the terms and conditions thereof is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11:00 am to 1:00 pm up to the date of the Annual General Meeting.

Your Directors recommend the proposal for your approval as a Special Resolution.

None of the Directors other than Shri Bhaskar N. Thorat, and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Shri Bhaskar N. Thorat may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

#### ITEM NO. 4

Smt Neha R. Gada is a Chartered Accountant and Insolvency Professional. She has an experience of over 20 years in compliance pertaining to Securities Laws. She is a founder of N R Gada and Associates, Chartered Accountants.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, had approved the appointment of Smt Neha R. Gada (DIN: 01642373) as an Additional Director, in the category of Independent Director, of the Company with effect from May 9, 2022. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Smt Neha R. Gada holds office of Director upto the date of this Annual General Meeting.

Considering the extensive knowledge and experience of Finance and Governance as well as her educational background, appointment of Smt Neha R. Gada as an Independent Director is in the interest of the Company. Her continued association with the Company as a Director would be of a great advantage. The Nomination and Remuneration Committee has recommended her appointment.

The Company has received declaration from her that she meets the criteria of independence as prescribed under Section 149(6) of the Act and under Regulation 16 of the Listing Regulations. Smt Neha R. Gada has confirmed that she is neither disqualified from being appointed as a Director in terms of Section 164 of the Act nor debarred from holding office as a Director of the company, by virtue of any SEBI Order or any other such authority and given her consent to act as a Director.

In terms of Sections 149, 152 read with Schedule IV of the Act, the Board of Directors have reviewed the declaration made by Director that she meets the criteria of independence as provided in Section 149(6) of the Act and the Board is of opinion that she fulfils the conditions

**ANNEXURE TO THE NOTICE (CONTD.)**

specified in the Act and the Rules made thereunder and is independent of the management.

The Company has also received notice under Section 160 of the Act from a shareholder proposing candidature of Smt Neha R. Gada for the office of a Director of the Company.

Copy of letter for appointment proposed to be issued to Smt Neha R. Gada as an Independent Director setting out the terms and conditions thereof is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11:00 am to 1:00 pm up to the date of the Annual General Meeting.

Your Directors recommend the proposal for your approval as a Special Resolution.

None of the Directors other than Smt Neha R. Gada, and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Smt Neha R. Gada may be deemed to be interested in the said

resolution, to the extent of their respective shareholding, if any, in the Company.

**ITEM NO. 5**

Shri Arun M. Patil has been associated with the Company since 1986 and has played a crucial role in expanding the domestic markets of the Company. Presently he is Vice President-Marketing of the Company and heads Marketing Team. He is a veteran in the Indian API market having extensive knowledge of the various formulation players in the market. He plays a significant role in the customer relationship management in the domestic market.

It is proposed to revise terms of his appointment/remuneration with effect from April 1, 2022 whereby monthly remuneration payable to him may increase beyond ₹ 2.50 lakhs per month.

The information as required in accordance with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as well as pursuant to Section 102 of the Act and SEBI Listing Regulations is as under:-

a)	Name of the Related Party	Shri Arun M. Patil
b)	Name of the Director or Key Managerial Personnel who is related, if any;	Shri Prakash M. Patil, Chairman, Managing Director & Chief Executive Officer (CEO) and Shri Uday M. Patil, Executive Director.
c)	Nature of Relationship	Shri Arun M. Patil is brother of Shri Prakash M. Patil and Shri Uday M. Patil.
d)	Nature, material terms, monetary value and particulars of the Contract or arrangement	Shri Arun M. Patil currently draws remuneration of ₹ 2.38 lakhs per month. It is proposed to increase the remuneration of Shri Arun M. Patil whereby remuneration payable to him may increase beyond ₹ 2.50 lakhs per month subject to maximum remuneration of ₹ 50 lakhs per annum.
e)	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	Proposed transaction is 0.02% of Annual Consolidated Turnover of the Company as on March 31, 2022
f)	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: i) details of the source of funds in connection with the proposed transaction; ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, • nature of indebtedness; • cost of funds; and • tenure; iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and iv) the purpose for which the funds will be utilised by the ultimate beneficiary of such funds pursuant to the RPT	Not Applicable
g)	Justification as to why the RPT is in the interest of the listed entity and any other information relevant or important for the members to take a decision on the proposed resolution	Shri Arun M. Patil has been associated with the Company since 1986 and has played a crucial role in expanding the domestic markets of the Company. He is commerce graduate having extensive knowledge of the various formulation players in the market. Keeping in view that Shri Arun M. Patil has rich and varied experience in the Industry, it would be in the interest of the Company to continue his employment.



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The Board of Directors on the basis of recommendation of Nomination and Remuneration Committee may determine increments including perquisites etc. from time to time or annually as may be considered appropriate subject to maximum remuneration of ₹ 50 lakhs per annum.

Shri Arun M. Patil is a brother of Managing Director, Shri Prakash M. Patil and Executive Director, Shri Uday M. Patil. Under the provisions of Section 188 of the Companies Act, 2013, prior approval of the Company by way of a resolution is necessary for a relative of a Director to hold and continue to hold an office of profit in the Company carrying a monthly remuneration exceeding ₹ 2.50 lakhs.

In view of the business expediency, administrative convenience and to ensure due compliance of the applicable law, it is thus proposed to obtain approval of the Company as such for provision of remuneration in the manner stated in the draft resolution and herein above.

Your Directors recommend the resolution at Item No. 5 of the Notice for your approval as an Ordinary Resolution.

Shri Prakash M. Patil and Shri Uday M. Patil, being relatives are deemed to be concerned or interested in the resolution.

None of the other 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.

### ITEM NO. 6

The Company may have to render financial support for business requirements to its Subsidiaries from time to time. Provisions contained in Section 185 of the Companies Act, 2013 inter alia require passing of a special resolution by the Company in general meeting to make loans to and/or provide guarantee and/or security in connection with any loan taken by 'any person in whom any of the director of the Company is interested'.

In the broader interest of the Company, the Board of Directors has thus proposed to seek approval of the Members by way of a Special Resolution for making loan(s) and/or giving or providing of guarantee or securities in connection with the loans taken or to be taken by its subsidiaries for capital expenditure on the projects and/or working capital requirements as may be considered necessary from time to time for expansion of business operations and other matters connected and incidental thereto for the principal business activities of its subsidiaries. The information as required pursuant to Section 102 of the Act and SEBI Listing Regulations is as under:-

a)	Name of the Parties	Subsidiaries of the Company namely Pinnacle Chile SpA, Pinnacle Life Science Private Limited, Aarti Speciality Chemicals Limited
b)	Nature of Relationship	Subsidiaries of the Company which are covered under Section 2(76) of Companies Act, 2013
c)	Nature, material terms, monetary value and particulars of the proposed transaction	making loan(s) and/or giving or providing of guarantee or securities in connection with the loans taken or to be taken by the subsidiaries upto ₹ 35 Crores in aggregate at any point in time, for capital expenditure on the projects and/or working capital requirements as may be considered necessary from time to time for expansion of business operations and other matters connected and incidental thereto for the principal business activities of the subsidiaries.
d)	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	Proposed transaction is 1.41% of Annual Consolidated Turnover of the Company as on March 31, 2022
e)	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity:	
	i) details of the source of funds in connection with the proposed transaction;	i) Internal Accruals
	ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments;	ii) N.A.
	iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and	iii) Unsecured loan proposed to be given pursuant to Section 185 in one or more tranches for the tenure upto 3 years and on applicable terms as agreed by the Board of Directors from time to time
	iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds	iv) the funds will be utilised by Subsidiaries for its principle business activity
f)	Justification as to why the aforesaid transaction is in the interest of the listed entity and any other relevant information	The arrangement is commercially beneficial to the Company.

**ANNEXURE TO THE NOTICE (CONTD.)**

The Members may note that the Board of Directors would approve or authorise any such proposals to make or give loan, guarantee or security out of internal resources / accruals and/or any other appropriate sources, from time to time, only for principal business activities of the subsidiaries.

Your Directors thus recommend the resolution at Item No. 6 of the Notice for your approval as a Special 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 save and except to the extent of their shareholding in the Company.

**ITEM NO. 7**

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 FY 2022-23 was recommended by the Audit Committee to the Board. The Board thereby re-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) per annum plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid for the financial year ending March 31, 2023.

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 said resolution 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.

**Registered Office:**  
Plot No. N-198, MIDC Tarapur,  
Village - Pamtembhi,  
Dist. Palghar - 401 506,  
Maharashtra  
Place: Mumbai  
Date : May 19, 2022

By Order of the Board  
  
Sd/-  
**Rushikesh Deole**  
Company Secretary  
ICSI M. No.: A54527

## ANNEXURE-A

### BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT ARE AS UNDER:

Particulars	Shri Uday M. Patil (DIN: 01186406)	Shri Bhaskar N. Thorat (DIN: 01293824)	Smt Neha R. Gada (DIN: 01642373)
<b>Date of Birth and Age</b>	June 3, 1963 (58 years)	May 23, 1965 (56 years)	March 22, 1976 (46 years)
<b>Originally Appointed on</b>	October 18, 2000	May 9, 2022	May 9, 2022
<b>Qualifications</b>	H.S.C	M.Chem.Engg. and Ph.D in Chemical Engineering	Chartered Accountant, Insolvency Professional
<b>Experience and expertise in specific functional area</b>	He has good experience in factory administration work and liaising with various Government/ Semi Government department and agencies.	Shri Bhaskar N. Thorat holds the degree of M.Chem. Engg. and Ph.D in Chemical Engineering from Institute of Chemical Technology (formerly known as UDCT). He is a Senior Professor of Chemical Engineering at Institute of Chemical Technology, Mumbai. He has been recognised by many awards and honours. He has more than 100 research publications in reputed international journals.	Smt Neha R. Gada is a Chartered Accountant and Insolvency Professional. She has an experience of over 20 years in compliance pertaining to Securities Laws. She is a founder of N R Gada and Associates, Chartered Accountants.
<b>Remuneration last drawn (including sitting fees, if any)</b>	₹ 31.77 lakhs	Nil	Nil
<b>Remuneration proposed to be paid</b>	Upto ceiling limit of Rs. 32 lakhs p.a. as approved by the shareholders in the Annual General Meeting dated September 4, 2021	He shall be paid remuneration by way of sitting fee and reimbursement of expenses for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board.	She shall be paid remuneration by way of sitting fee and reimbursement of expenses for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board.
<b>Disclosure of relationships between Director inter-se</b>	Shri Uday M. Patil is a brother of Shri Prakash M. Patil, Chairman, Managing Director & CEO of the Company	None	None
<b>Directorship held in other Companies</b>	- Alchemie Gases & Chemicals Private Limited	Nil	- Sejal Glass Limited - Asian Star Company Limited - Tamboli Capital Limited - Lykis Limited - Anglo-French Drugs & Industries Limited - Dhhanish Advisors Private Limited
<b>Membership/ Chairmanships of committees across Companies</b>	<b>Aarti Drugs Limited</b> Risk Management Committee - Member	Nil	<b>Anglo-French Drugs &amp; Industries Limited</b> Audit Committee- Member Corporate Social Responsibility Committee- Chairman Risk Management Committee- Member <b>Sejal Glass Limited</b> Audit Committee- Member Nomination and Remuneration Committee - Chairman Stakeholders Relationship Committee- Member

## ANNEXURE A (CONTD.)

Particulars	Shri Uday M. Patil (DIN: 01186406)	Shri Bhaskar N. Thorat (DIN: 01293824)	Smt Neha R. Gada (DIN: 01642373)
			<p><b>Tamboli Capital Limited</b> Audit Committee - Chairman- Nomination and Remunera- tion Committee - Chairman Stakeholders Relationship Committee- Member Risk Management Commit- tee- Member</p> <p><b>Lykis Limited</b> Audit Committee- Member Nomination and Remunera- tion Committee - Chairman</p>
<b>Listed Companies from which resigned from past three years</b>	Nil	Nil	Nil
<b>Number of Shares held in the Company</b>	50,922	Nil	Nil
<b>the skills and capabilities required for the role and the manner in which the proposed person meets such requirements</b>	N.A.	Knowledge and experience of Chemical and Pharmaceutical industry were identified by the Nomination and Remuneration Committee and Board for the said role. Considering the educational background and rich experience of the industry, Shri Bhaskar N. Thorat met such requirements.	Knowledge and experience of Securities Laws, Finance and Governance were identified by the Nomination and Remuneration Committee and Board for the said role. Considering the educational background and rich experience in these fields, Smt Neha R. Gada met such requirements.













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