



# Aarti Drugs Limited

Manufacturers of : Bulk Drugs & Chemicals

**Corporate Office :** Mahendra Industrial Estate,  
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 : audit@aartidrugs.com  
Website : www.aartidrugs.com  
CIN NO : L37060MH1984PLC055433

Ref.: ADI/SE/2016-17

Date: 23<sup>rd</sup> July, 2016

To,  
Department of corporate service,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001  
SCRIP CODE - 524348  
SCRIP ID - AARTIDRUGS

To,  
National Stock Exchange of India Limited,  
"Exchange Plaza", Bandra - Kurla Complex,  
Bandra (E), Mumbai - 400 051  
NSE SYMBOL: AARTIDRUGS

Dear Sir/Madam,

**Subject:** Regulation 30 and Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Proceedings and details of the voting results of the 31<sup>st</sup> Annual General Meeting respectively.

In continuation to our letter dated 29<sup>th</sup> June, 2016, we inform you that the 31<sup>st</sup> Annual General Meeting (AGM) of Aarti Drugs Limited (the Company) was held yesterday i.e. Friday, 22<sup>nd</sup> July, 2016 at TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra. In this regard, please find enclosed the following -

1. Summary of proceedings as required under Regulation 30 and Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;
2. Voting Results as required under Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;
3. Consolidated Report of Scrutinizer alongwith report of remote e-voting pursuant to Section 108 of the Companies Act, 2013 read with Rule 20(4)(xii) of the Companies (Management and Administration) Amendment Rules, 2015 and report of voting done at AGM pursuant to Section 109 of the Companies Act, 2013 and Rule 21(2) of the Companies (Management and Administration) Rules, 2014 and
4. Annual Report for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

*V.S. Parade*

The results alongwith the report of the Scrutinizer are being uploaded on the website of the Company and on the website of the National Securities Depository Limited (NSDL).

You are requested to kindly take the above information on your records.

Thanking You,

Yours faithfully,  
For Aarti Drugs Limited

*V. S. Ranade*

Vibhav S. Ranade  
Company Secretary & Compliance Officer

Encl: A/A





# Aarti Drugs Limited

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Website : www.aartidrugs.com  
CIN NO : L37060MH1984PLC055433

## Summary of Proceedings of 31<sup>st</sup> Annual General Meeting of the Company

The 31<sup>st</sup> Annual General Meeting (AGM) of the members of Aarti Drugs Limited (the Company) was held yesterday i.e. Friday, 22<sup>nd</sup> July, 2016 at 11.00 a.m. at TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra to transact the business as set out in the Notice convening AGM dated 5<sup>th</sup> May, 2016.

Shri Prakash M. Patil, Chairman, Managing Director & Chief Executive Officer (CEO) of the Company chaired the meeting and introduced all the Directors present on the dais. After ascertaining the requisite quorum, the Chairman called the meeting to order. Then the Chairman delivered his speech and asked the members present to raise their queries. Clarifications were provided to the queries raised by the members. He informed the members present about facility of remote e-voting provided by the Company and facility of voting at the AGM. He also informed that the Company has appointed CS Sunil Dedhia, Practicing Company Secretary as a Scrutinizer to scrutinize the Remote E-voting process and Voting at the AGM in a fair and transparent manner. The voting at the AGM was done as per instruction given by the Chairman.

The following items of business, as per Notice of the AGM dated 5<sup>th</sup> May, 2016, were transacted at the meeting -

1. Adoption of Audited Financial Statements (including the consolidated financial statements) of the Company for the financial year ended 31<sup>st</sup> March, 2016, the reports of the Board of Directors and Auditors thereon.
2. Re-appointment of Shri Rashesh C. Gogri, who retires by rotation and being eligible, offers himself for re-appointment.
3. Ratification of appointment of Statutory Auditors and fixing their remuneration.
4. Ratification of remuneration to be paid to Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017.
5. Alteration in Articles of Association.



**For Aarti Drugs Limited**

*V. S. Parade*  
Company Secretary

Then the scrutinizers report was received and accordingly all the resolutions as set out in the Notice were declared as passed except resolution under Item No. 5.

You are requested to kindly take the above information on your records.

Thanking You,  
Yours faithfully,  
For Aarti Drugs Limited

*V. S. Ranade*

Vibhav S. Ranade  
Company Secretary & Compliance Officer



Outcome of Voting Results as required under Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

Date of Annual General Meeting	22 <sup>nd</sup> July, 2016
Total No. of shareholders as on Record Date	17,046 shareholders as on 15 <sup>th</sup> July, 2016
No. of Shareholders present in the meeting either in person or through proxy	
Promoters and Promoter Group	16
Public	18
No. of shareholders attended the meeting through video conferencing	
Promoters and Promoter Group	NIL
Public	NIL

Resolution No. 1 (Ordinary Resolution):

Adoption of Audited Financial Statements (including consolidated Financial Statements) of the Company for the financial year ended 31st March, 2016, the reports of the Board of Directors' and Auditors' thereon.

Sr. No.	Promoter / Public	Mode of Voting	No. of Shares held	No. of Votes Polled	% of votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of votes in favour on votes polled	% of votes against on votes polled
			[1]	[2]	[3]=[2]/(1)*100	[4]	[5]	[6]=[4]/(2)*100	[7]=[5]/(2)*100
1.	Promoter & Promoter Group	E-voting	1,50,17,416	1,46,50,290	97.56%	1,46,50,290	0	100%	0%
		Poll		3,67,126	2.44%	3,67,126	0	100%	0%
		Total		1,50,17,416	100%	1,50,17,416	0	100%	0%
2.	Public - Institutional & Others	E-voting	91,99,684	9,40,899	10.23%	9,40,899	0	100%	0%
		Poll		18,09,025	19.66%	18,09,025	0	100%	0%
		Total		27,49,924	29.89%	27,49,924	0	100%	0%
	TOTAL	E-voting	2,42,17,100	1,55,91,189	64.38%	1,55,91,189	0	100%	0%
		Poll		21,76,151	8.98%	21,76,151	0	100%	0%
		Total		1,77,67,340	73.36%	1,77,67,340	0	100%	0%



For Aarti Drugs Limited

*V.S. Parade*  
Company Secretary

Resolution No. 2 (Ordinary Resolution):

Re-appointment of Shri Rashesh C. Gogri (DIN: 00066291), who retires by rotation and being eligible, offers himself for re-appointment.

Sr. No.	Promoter/ Public	Mode of Voting	No. of Shares held	No. of Votes Polled	% of votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of votes in favour on votes polled	% of votes against on votes polled
			[1]	[2]	[3]=[2]/(1)*100	[4]	[5]	[6]=[4]/(2)*100	[7]=[5]/(2)*100
1.	Promoter & Promoter Group	E-voting	1,50,17,416	1,13,78,284	75.77%	1,13,78,284	0	100%	0%
		Poll		3,67,126	2.44%	3,67,126	0	100%	0%
		Total		1,17,45,410	78.21%	1,17,45,410	0	100%	0%
2.	Public - Institutional & Others	E-voting	91,99,684	9,38,890	10.21%	9,38,866	24	99.9999%	0.0001%
		Poll		18,09,025	19.66%	18,09,025	0	100%	0%
		Total		27,47,915	29.87%	27,47,891	24	99.9999%	0.0001%
TOTAL	TOTAL	E-voting	2,42,17,100	1,23,17,174	50.86%	1,23,17,150	24	99.9999%	0.0001%
		Poll		21,76,151	8.98%	21,76,151	0	100%	0%
		Total		1,44,93,325	59.84%	1,44,93,301	24	99.9998%	0.0002%



For Aarti Drugs Limited

*V. S. Pawade*  
Company Secretary

Resolution No. 3 (Ordinary Resolution):

Ratification of appointment of Statutory Auditors and fixing their remuneration.

Sr. No.	Promoter / Public	Mode of Voting	No. of Shares held	No. of Votes Polled	% of votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of votes in favour on votes polled	% of votes against on votes polled
			[1]	[2]	[3]=[2]/(1)*100	[4]	[5]	[6]=[4]/(2)*100	[7]=[5]/(2)*100
1.	Promoter & Promoter Group	E-voting	1,50,17,416	1,46,50,290	97.56%	1,46,50,290	0	100%	0%
		Poll		3,67,126	2.44%	3,67,126	0	100%	0%
		Total		1,50,17,416	100%	1,50,17,416	0	100%	0%
2.	Public - Institutional & Others	E-voting	91,99,684	9,40,859	10.23%	9,40,848	11	99.9999%	0.0001%
		Poll		18,09,025	19.66%	18,09,025	0	100%	0%
		Total		27,49,884	29.89%	27,49,873	11	99.9999%	0.0001%
TOTAL	TOTAL	E-voting	2,42,17,100	1,55,91,149	64.38%	1,55,91,138	11	99.9999%	0.0001%
		Poll		21,76,151	8.98%	21,76,151	0	100%	0%
		Total		1,77,67,300	73.36%	1,77,67,289	11	99.9999%	0.0001%



For Aarti Drugs Limited

*V. S. Pawade*  
Company Secretary

Resolution No. 4 (Ordinary Resolution):

Ratification of remuneration to be paid to Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017.

Sr. No.	Promoter / Public	Mode of Voting	No. of Shares held	No. of Votes Polled	% of votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of votes in favour on votes polled	% of votes against on votes polled
			[1]	[2]	[3]=[2]/(1)*100	[4]	[5]	[6]=[4]/(2)*100	[7]=[5]/(2)*100
1.	Promoter & Promoter Group	E-voting	1,50,17,416	1,46,50,290	97.56%	1,46,50,290	0	100%	0%
		Poll		3,67,126	2.44%	3,67,126	0	100%	0%
		Total		1,50,17,416	100%	1,50,17,416	0	100%	0%
2.	Public - Institutional & Others	E-voting	91,99,684	9,40,834	10.23%	9,40,729	105	99.9994%	0.0006%
		Poll		18,09,025	19.66%	18,09,025	0	100%	0%
		Total		27,49,859	29.89%	27,49,754	105	99.9994%	0.0006%
TOTAL	TOTAL	E-voting	2,42,17,100	1,55,91,124	64.38%	1,55,91,019	105	99.9994%	0.0006%
		Poll		21,76,151	8.98%	21,76,151	0	100%	0%
		Total		1,77,67,275	73.36%	1,77,67,170	105	99.9994%	0.0006%



For Aarti Drugs Limited

*V.S. Parade*  
Company Secretary



Resolution No. 5 (Special Resolution):

Alteration in Articles of Association.

Sr. No.	Promoter / Public	Mode of Voting	No. of Shares held	No. of Votes Polled	% of votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of votes in favour on votes polled	% of votes against on votes polled
			[1]	[2]	$[3]=[(2)/(1)]*100$	[4]	[5]	$[6]=[(4)/(2)]*100$	$[7]=[(5)/(2)]*100$
1.	Promoter & Promoter Group	E-voting	1,50,17,416	1,11,57,753	74.30%	0	1,11,57,753	0%	100%
		Poll		3,67,126	2.44%	0	3,67,126	0%	100%
		Total		1,15,24,879	76.74%	0	1,15,24,879	0%	100%
2.	Public - Institutional & Others	E-voting	91,99,684	9,40,699	10.22%	8,95,893	44,806	95.2369%	4.7631%
		Poll		18,09,025	19.66%	25	18,09,000	0.0014%	99.9986%
		Total		27,49,724	29.88%	8,95,918	18,53,806	32.5821%	67.4179%
TOTAL	TOTAL	E-voting	2,42,17,100	1,20,98,452	49.96%	8,95,893	1,12,02,559	7.4050%	92.5950%
		Poll		21,76,151	8.98%	25	21,76,126	0.0011%	99.9989%
		Total		1,42,74,603	58.94%	8,95,918	1,33,78,685	6.2800%	93.7200%



For Aarti Drugs Limited

*V. S. Parade*  
Company Secretary

**REPORT OF SCRUTINIZER (Combined)**

July 22, 2016

To:

Shri. Prakash M. Patil, Chairman  
31<sup>st</sup> Annual General Meeting of  
the members of Aarti Drugs Limited

Dear Sir,

1. I, CS Sunil M. Dedhia of Sunil M. Dedhia & Co., Company Secretaries, having office 101, Kulkarni Heights, K. W. Chitale Marg, Opp. Vartak Hall, Behind Portugese Church, Dadar(W), Mumbai - 400028, was appointed as a Scrutinizer, for the agenda items including resolutions thereof contained in the notice convening 31st Annual General Meeting of Aarti Drugs Limited ("the Company") to be held on the 22<sup>nd</sup> day of July, 2016 at 11:00 a.m. at TIMA Hall, MIDC Tarapur, Taluka Palghar, Dist.: Thane - 401 506, Maharashtra(AGM), by:
  - (i) the Board of Directors of the Company for the purpose of scrutinizing the e-voting process under the provisions of Section 108 of the Companies Act, 2013 (the 2013 Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (Rules); and
  - (ii) the Chairman of the AGM on poll under the provisions of Section 109 of the 2013 Act read with Rule 21 of Rules.
2. The management of the Company is responsible to ensure the compliance with the requirements of the Companies Act, 2013 and Rules relating to voting through remote e- voting and poll on the resolutions contained in the Notice to the 31st AGM of the members of the Company. My responsibility as a scrutinizer for the e-voting process and for poll at the AGM is restricted to make a Scrutinizer's report of the votes cast "in favour" or "against" the resolutions stated above, based on the reports generated from the e-voting system provided by National Securities Depository Limited, the authorized agency to provide e-voting facilities, engaged by the Company and also at the time of poll (through electronic means) at AGM.

*Sunil Dedhia*



For Aarti Drugs Limited

*V.S. Parade*  
Company Secretary

3. I have issued separate Scrutinizer's Report dated July 22, 2016 **on the e- voting** and Scrutinizer's Report dated July 22, 2016 **on the poll** on the resolutions contained in the notice to 31<sup>st</sup> the AGM of the Company. As requested by management! submit herewith my combined report on the results of e-voting together with that of Poll as under.-

Item/ Resolution No. of Notice	Votes in favour of the Resolution		Votes against the Resolution		Invalid votes Nos.
	Nos.	% of total number of valid votes	Nos.	% of total number of valid votes	
1	17767340	100.0000	Nil	Nil	Nil
2	14493301	99.9998	24	0.0002	Nil
3	17767289	99.9999	11	0.0001	Nil
4	17767170	99.9994	105	0.0006	Nil
5	895918	6.2800	13378685	93.7200	Nil

4. The Register, all other papers and relevant records relating to electronic voting shall remain in our safe custody until the Chairman considers, approves and signs the Minutes of the aforesaid Annual General Meeting and the same are handed over to the Company Secretary for safe keeping.

Thanking you,

Yours faithfully,  
For **SUNIL M. DEDHIA & CO.**  
COMPANY SECRETARIES

*SunilDedhia*  
SUNIL M. DEDHIA  
PROPRIETOR  
FCS 3483 C.P. NO. 2031  
Mumbai, Dated July22, 2016



For Aarti Drugs Limited

*V. S. Parade*  
Company Secretary

**REPORT OF SCRUTINIZER (E- voting)**

[Pursuant to rule section 108 of the Companies Act, 2013 and rule 20 (3)(xi) of the Companies (Management and Administration) Rules, 2014]

July 22, 2016

Shri. Prakash M. Patil, Chairman  
31<sup>st</sup> Annual General Meeting of  
the members of Aarti Drugs Limited

Dear Sir,

1. I, CS Sunil M. Dedhia of Sunil M. Dedhia & Co., Company Secretaries, having office at 101, Kulkarni Heights, K. W. Chitale Marg, Opp. Vartak Hall, Behind Portuguese Church, Dadar(W), Mumbai - 400028, was appointed as a Scrutinizer, inter alia, for the purpose of scrutinizing the e-voting process and ascertaining the requisite majority on e-voting carried out as per the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (Rules) on the agenda items including resolutions thereof contained in the notice convening 31<sup>st</sup> Annual General Meeting of Aarti Drugs Limited ("the Company") to be held on the 22<sup>nd</sup> day of July, 2016 at 11:00 a.m. at TIMA Hall, MIDC Tarapur, Taluka Palghar, Dist.: Thane - 401 506, Maharashtra(AGM).
2. The management of the Company is responsible to ensure the compliance with the requirements of the Companies Act, 2013 and Rules relating to voting through electronic means on the resolutions contained in the Notice for the AGM of the members of the Company. My responsibility as a scrutinizer for the e-voting process is restricted to make a Scrutinizer's report of the votes cast "in favour" or "against" the resolutions stated above, based on the reports generated from the e-voting system provided by National Securities Depository Limited, the authorized agency to provide e-voting facilities, engaged by the Company.
3. In this regard, I submit my report as under:-
  - a. The e-voting period remained open from 18<sup>th</sup> July, 2016 (9.00 a.m.) to 21<sup>st</sup> July, 2016 (5.00 p.m.).

*Sunil Dedhia*



For Aarti Drugs Limited  
*V.S. Parade*  
Company Secretary

- b. The shareholders holding shares as on the "cut off" date i.e. 15<sup>th</sup> July, 2016 were entitled to vote on the proposed resolutions for Item Nos. 1 to 5 as set out in the Notice of the 31<sup>th</sup> AGM of Aarti Drugs Limited.
- c. The votes were unblocked on 22<sup>nd</sup> July, 2016, in the presence CS Megha Shah and CS Pooja Bagwe at Mumbai, who are not in the employment of the Company. They have signed below in confirmation of the votes being unblocked in their presence.

Name	Signature
CS Megha Shah	M.N. Shah
CS Pooja Bagwe	<u>Bagwe</u>

4. Thereafter, the details containing *inter alia*, list of Equity Share Holders, who voted "for", or "against" each of the resolutions that were put to vote, were downloaded from the e-voting website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) and based on such reports generated, the result of the e-voting is as under:

**Resolution 1:** Ordinary resolution for adoption of Financial Statements (including consolidated Financial Statements) of the Company for the financial year ended 31<sup>st</sup> March, 2016 including the reports of the Board of Directors' and Auditors' thereon.

- (i) Voted **in favour** of the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
104	15591189	100

- (ii) Voted **against** the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
Nil	Nil	Not applicable

- (iii) Invalid Votes:

Total number of members whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

Sunil Dedhia



For Aarti Drugs Limited  
V.S. Parade  
 Company Secretary

**Resolution 2:** Ordinary resolution for appointment of Shri Rashesh C. Gogri, Director retiring by rotation.

(i) Voted **in favour** of the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
86	12317150	99.9999

(ii) Voted **against** the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
2	24	0.0001

(iii) Invalid Votes:

Total number of members whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

**Resolution 3:** Ordinary resolution for ratifying appointment of Auditors and fixing their remuneration.

(i) Voted **in favour** of the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
101	15591138	99.9999

(ii) Voted **against** the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
1	11	0.0001

(iii) Invalid Votes:

Total number of members whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

*Sunil Dedhia's*



For Aarti Drugs Limited

*V.S. Parade*  
Company Secretary

**Resolution 4:** Ordinary resolution for ratification of the Remuneration of the Cost Auditors for the Financial Year ending March 31, 2017.

(i) Voted **in favour** of the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
100	15591019	99.9993

(ii) Voted **against** the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
3	105	0.0007

(iii) Invalid Votes:

Total number of members whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

**Resolution 5:** Special resolution for alteration in Article of Association.

(i) Voted **in favour** of the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
50	895893	7.4050

(ii) Voted **against** the resolution:

Number of members voted	Number of votes casted by them	% of total number of valid votes cast
44	11202559	92.5950

(iii) Invalid Votes:

Total number of members whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

*Sunil Dedhia*



For Aarti Drugs Limited

*V.S. Parade*  
Company Secretary

6. The Register, all other papers and relevant records relating to electronic voting shall remain in our safe custody until the Chairman considers, approves and signs the Minutes of the aforesaid Annual General Meeting and the same are handed over to the Company Secretary for safe keeping.

Thanking you,

Yours faithfully,  
For **SUNIL M. DEDHIA & CO.**  
COMPANY SECRETARIES

*Sunil Dedhia*

SUNIL M. DEDHIA  
PROPRIETOR  
FCS 3483 C.P. NO. 2031  
Mumbai, Dated July 22, 2016



For Aarti Drugs Limited

*V. S. Pawade*  
Company Secretary



**FORM No. MGT-13**

**Report of Scrutinizer(s) - on POLL**

[Pursuant to rule section 109 of the Companies Act, 2013 and rule 21(2) of the Companies (Management and Administration) Rules, 2014]

July 22, 2016

Shri. Prakash M. Patil, Chairman  
31<sup>st</sup> Annual General Meeting of  
the members of Aarti Drugs Limited

Dear Sir,

I, CS Sunil M. Dedhia of Sunil M. Dedhia & Co., Company Secretaries, having office at 101, Kulkarni Heights, K. W. Chitale Marg, Opp. Vartak Hall, Behind Portugese Church, Dadar(W), Mumbai - 400028, appointed as Scrutinizer, inter alia, for the purpose of the poll taken on the below mentioned resolution(s), at 31<sup>st</sup> Annual General Meeting of Aarti Drugs Limited ("the Company") held on the 22<sup>nd</sup> day of July, 2016 at 11:00 a.m. at TIMA Hall, MIDC Tarapur, Taluka Palghar, Dist.: Thane - 401 506, Maharashtra (AGM), submit my report as under:

1. After the time fixed for closing of the poll by the Chairman, 1(one) ballot box kept for polling was locked in our presence with due identification marks placed by us.
2. The locked ballot box was subsequently opened in our presence and poll papers were diligently scrutinized. The poll papers were reconciled with the records maintained by the Company / Registrar and Transfer Agents of the Company and the authorizations / proxies lodged with the Company.
3. The poll papers, which were incomplete and/or which were otherwise found defective have been treated as invalid and kept separately.

OR

I/We did not find any poll papers invalid.

*Sunil Dedhia*



**For Aarti Drugs Limited**

*V.S. Pawade*  
Company Secretary

4. The result of the Poll is as under:

**Item / Resolution No. 1:** Ordinary resolution for adoption of Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2016 (including consolidated Financial Statements) of the Company for the financial year ended 31<sup>st</sup> March, 2016 including the reports of the Board of Directors' and Auditors' thereon.

(i) Voted **in favour** of the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
20	2176151	100

(ii) Voted **against** the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Nil	Nil	Nil

(iii) Invalid Votes:

Total number of members (in person or proxy) whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

**Item / Resolution No. 2:** Ordinary resolution for appointment of Shri Rashesh C. Gogri, Director retiring by rotation.

(i) Voted **in favour** of the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
20	2176151	100

(ii) Voted **against** the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Nil	Nil	Nil

*Sunil Dedhia*



For Aarti Drugs Limited

*V.S. Parade*  
Company Secretary

(iii) Invalid Votes:

Total number of members (in person or proxy) whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

**Item / Resolution No. 3:** Ordinary resolution for ratifying appointment of Auditors and fixing their remuneration..

(i) Voted **in favour** of the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
20	2176151	100

(ii) Voted **against** the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Nil	Nil	Nil

(iii) Invalid Votes:

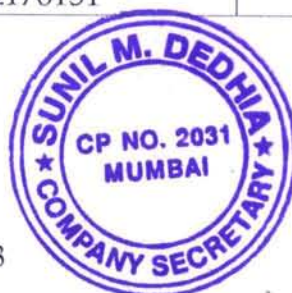
Total number of members (in person or proxy) whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

**Item / Resolution No. 4:** Ordinary resolution for ratification of the Remuneration of the Cost Auditors for the Financial Year ending March 31, 2017.

(i) Voted **in favour** of the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
20	2176151	100

*Sunil Dedhia*



For Aarti Drugs Limited

*V.S. Pawade*  
Company Secretary

(ii) Voted **against** the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Nil	Nil	Nil

(iii) Invalid Votes:

Total number of members (in person or proxy) whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

**Item / Resolution No. 5:** Special resolution for alteration in Article of Association.(i) Voted **in favour** of the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
5	25	0.0011

(ii) Voted **against** the resolution:

Number of members present and voting (in person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
15	2176126	99.9989

(iii) Invalid Votes:

Total number of members (in person or proxy) whose votes were declared invalid	Total number of votes cast by them
Nil	Nil

5. Lists of equity shareholders who voted "FOR", "AGAINST" and those whose votes were declared invalid for each resolution are enclosed.

*Sunil Dedhia*



For Aarti Drugs Limited

*V.S. Ranade*  
Company Secretary

6. The poll papers and all other relevant records were sealed and handed over to the Company Secretary authorized by the Board for safe keeping.

Thanking you,

Yours faithfully,  
For **SUNIL M. DEDHIA & CO.**  
COMPANY SECRETARIES

*Sunil Dedhia*

SUNIL M. DEDHIA  
PROPRIETOR  
FCS 3483 C.P. NO. 2031  
Mumbai, Dated July 22, 2016



**For Aarti Drugs Limited**

*V.S. Pawade*  
**Company Secretary**

Encl: Three Annexures

**AARTI DRUGS LIMITED**  
**ANNEXURE - I**

LIST OF SHAREHOLDERS WHO VOTED FOR THE ITEMS PUT TO VOTE ON POLL AT AGM ON FRIDAY 22ND JULY, 2016

Sr. No.	Ballot No.	Name of Member	Regd. Folio Number	Address	Number of shares held	Number of shares exercised for voting on Resolutions put to vote					Name of the proxy / authorised representative	Present in person / proxy / authorised representative	
						Item No. 1	Item No. 2	Item No. 3	Item No. 4	Item No. 5			
1	1	Tejas U. Patil	51748	RES:1PHASE, PO MIDC, TARAPUR - 401 506	250	250	250	250	250	250	0	N.A.	Person
2	2	Digvijay Singh Jadhava	30852	MAYUR 2ND FLOOR, NORTH SOUTH ROAD, NO 81 V P D SCHEME MUMBAI, 400049	4606	4606	4606	4606	4606	4606	0	Harit P. Shah	Proxy
3	3	Sameep Mehta	18145168	10 PUSHPENDRA MANSION, 10 PHEROZ SHAH STREET, SANTACRUZ WEST MUMBAI, 400054	1000	1000	1000	1000	1000	1000	0	Harshit M. Savla	Proxy
4	4	Palak Mehta	18145143	10 PUSHPENDRA MANSION, 10 PHEROZ SHAH STREET, SANTACRUZ WEST MUMBAI, 400054	1210	1210	1210	1210	1210	1210	0	Harshit M. Savla	Proxy
5	5	Priti Sunil Dedhia / Sunil M. Dedhia	10008639	402, KAMLADEVI APARTMENTS, N.M.KALE MARG, AGAR BAZAROPP, BOMBAY FILM LAB, DADAR (W), MUMBAI 400028	13750	13750	13750	13750	13750	13750	0	N.A.	Person
6	6	Harit P. Shah	10105245	702, Gopal Sada, Plot No. 552B, Jaiji Janshed Road, Matunga, Mumbai - 400 019	760172	760172	760172	760172	760172	760172	0	N.A.	Person
7	7	Jayshree Shah	10105253	702, Gopal Sada, Plot No. 552B, Jaiji Janshed Road, Matunga, Mumbai - 400 019	400356	400356	400356	400356	400356	400356	0	Harit P. Shah	Proxy
8	8	Nemin Savadia	11415002	402/403 MANNAV MANDIR SARVODAYA NAGAR MULLUND WEST MUMBAI 400080	5850	5850	5850	5850	5850	5850	0	Rashesh C. Gogri	Proxy
9	9	Parinai H. Desai	11145051	1403 14TH FLOOR RUNWAL HEIGHTS LBS MARG MULLUND WEST MUMBAI 400080	128050	128050	128050	128050	128050	128050	0	Rashesh C. Gogri	Proxy
10	10	Nikhil P. Desai	11148468	807/808, SUPARSHVA APARTMENTS, CSP CO OP HSG SOC LIMITED, SARVODAYA PARSHVANATH NAGAR, NAHUR ROAD, MULLUND WEST, MUMBAI - 80	144016	144016	144016	144016	144016	144016	0	Rashesh C. Gogri	Proxy
11	11	Rinku Desai	41844420	1403 14TH FLOOR RUNWAL HEIGHTS LBS MARG MULLUND WEST MUMBAI 400080	159532	159532	159532	159532	159532	159532	0	Rashesh C. Gogri	Proxy
12	12	Shantilal Shah	12657969	MAYUR, 2ND FLR, 8TH N S RD JUHU SCHEME, PRESIDENCY HSG SO VILE PARLE WEST MUMBAI 400049	63142	63142	63142	63142	63142	63142	0	Rashesh C. Gogri	Proxy

For **SUNIL M. DEDHIA & Co.**  
Company Secretaries

*Sunil Dedhia*

(SUNIL M. DEDHIA)  
Proprietor  
FCS No. 3483



*Bagar*

*M. M. Krali*

Company Secretary

For Aarti Drugs Limited

13	13	Tarla P. Desai	11145213	1403 14TH FLOOR RUNWAL HEIGHTS LBS MARG MULUND WEST MUMBAI 400080	127066	127066	127066	127066	127066	0	Rashesh C. Gogri	Proxy
14	14	Hetal Gogri Gala	10097864	801, GOPAL SADAN, PLOT NO. 552/ B, JAME, JAMSHED ROAD, NEAR KAPOL NIWAS, MATUNGA, Mumbai - 19	359076	359076	359076	359076	359076	0	N.A.	Person
15	15	Manisha R. Gogri	10084932	601, Antariksha, 6th Floor, Murar Road, Mulund (W), Mumbai - 80	8050	8050	8050	8050	8050	0	N.A.	Person
16	16	Kishanlal D. Mahajan	IN30267933212289	ROOM NO 87 3RD FLOOR, 91 J KOLIWADI, FANASWADI, MUMBAI-02	2	2	2	2	2	2	N.A.	Person
17	17	Pulkesh K. Mahajan	1202490000004360	91-J-87, RAUT ESTATE, KOLIWADI, FANASWADI, 3RD FLOOR, MUMBAI-02	10	10	10	10	10	10	N.A.	Person
18	18	Anil Budhbhatti	IN30311611122637	15 SHUBHAM PARK, NR VIDHYA NAGAR RLY CROSSING, B/H AVKUL HOTEL V V NAGAR, ANAND GUJARAT- 388120	1	1	1	1	1	1	N.A.	Person
19	19	Rohinton F. Batiwala	IN30611490067222	STATE BANK OF INDIA HILL VIEW SOC, 1ST FLR, FLAT NO 7, GAUTHAN, SANTAWADI, ANDHERI WEST - 58	6	6	6	6	6	6	N.A.	Person
20	20	Jehangir Batiwala	IN30611490109668	STATE BANK OF INDIA, HILL VIEW SOC, 1ST FLOOR, FLT 7, GAUTHAN, SANTAWADI, ANDHERI WEST - 58	6	6	6	6	6	6	N.A.	Person
				TOTAL	2176151	2176151	2176151	2176151	2176151	25		

For **SUNIL M. DEDHIA & Co.**

Company Secretaries

*Sunil Dedhia*

(SUNIL M. DEDHIA)

Proprietor

FCS No. 3483

Signature of Scrutineer

MUMBAI, JULY 22, 2016



Witness 1 *M. N. Shah*

Witness 2 *Baque*

For **Aarti Drugs Limited**

*V. S. Ranade*  
Company Secretary

**AARTI DRUGS LIMITED**  
**ANNEXURE - II**  
**LIST OF SHAREHOLDERS WHO VOTED AGAINST THE ITEMS PUT TO VOTE ON POLL AT AGM ON FRIDAY 22ND JULY, 2016**

Sr. No.	Ballot No.	Name of Member	Regd. Folio Number	Address	Number of shares held	Number of Shares exercised for voting on Resolutions put					Name of the proxy /	Present in person /	
						Item No. 1	Item No. 2	Item No. 3	Item No. 4	Item No. 5			
1	1	Tejas U. Patil	51748	301 SHANTIBHAVAN SOCIETY, RES-1 PHASE, PO MIDC, TARAPUR - 401 506	250	0	0	0	0	0	250	N.A.	Person
2	2	Digvijay Singh Jadeja	30852	MAAYUR 2ND FLOOR, NORTH SOUTH ROAD, NO 8 V P D SCHEME MUMBAI, 400049	4606	0	0	0	0	0	4606	Harit P. Shah	Proxy
3	3	Sameep Mehta	18145168	10 PUSHPENDRA MANSION, 10 PHIROZ SHAH STREET, SANTACRUZ WEST MUMBAI, 400054	1000	0	0	0	0	0	1000	Harshit M. Savla	Proxy
4	4	Palak Mehta	18145143	10 PUSHPENDRA MANSION, 10 PHIROZ SHAH STREET, SANTACRUZ WEST MUMBAI, 400054	1210	0	0	0	0	0	1210	Harshit M. Savla	Proxy
5	5	Priti Sunil Dedhia / Sunil M. Dedhia	10008639	402, KAMLADEVI APARTMENTS, N.M. KALE MARG, AGAR BAZAR, OPP. BOMBAY FILM LAB, DADAR (W), MUMBAI 400028	13750	0	0	0	0	0	13750	N.A.	Person
6	6	Harit P. Shah	10105245	702, Gopal Sadan, Plot No. 552B, Janshed Road, Matunga, Mumbai - 400 019	760172	0	0	0	0	0	760172	N.A.	Person
7	7	Jayshree Shah	10105253	702, Gopal Sadan, Plot No. 552B, Janshed Road, Matunga, Mumbai - 400 019	400356	0	0	0	0	0	400356	Harit P. Shah	Proxy
8	8	Nemin Savadia	11415002	402/403 MANAV MANDIR SARVODAYA NAGAR MUMBAI WEST MUMBAI 400080	5850	0	0	0	0	0	5850	Rashesh C. Gogri	Proxy
9	9	Parimal H. Desai	11145051	1403 14TH FLOOR RUNIVAL HEIGHTS, 185 MARG MUMBAI WEST MUMBAI 400080	128050	0	0	0	0	0	128050	Rashesh C. Gogri	Proxy

**For Aarti Drugs Limited**  
*V. S. Pawar*  
**Company Secretary**

*M.N. Shah*

*Bagare*



**For SUNIL M. DEDHIA & Co.**  
**Company Secretaries**

*Sunil Dedhia*  
**(SUNIL M. DEDHIA)**  
**Proprietor**  
**FCS No. 3483**



10	10	Nikhil P. Desai	11148468	807/808, SUPARSHVA APARTMENTS, CSP CO OP HSG SOC LIMITED, SARVODAYA PARSHVANATH NAGAR, NAHUR ROAD, MULUND WEST, MUMBAI - 80	144016	0	0	0	0	144016	Rashesh C. Gogri	Proxy
11	11	Rinku Desai	41844420	1403 14TH FLOOR RUNWAL HEIGHTS LBS MARG MULUND WEST MUMBAI 400080	159532	0	0	0	0	159532	Rashesh C. Gogri	Proxy
12	12	Shantilal Shah	12657969	MAYUR, 2ND FLR, 8TH N S RD JUHU SCHEME, PRESIDENCY HSG SO VILE PARLE WEST MUMBAI 400049	63142	0	0	0	0	63142	Rashesh C. Gogri	Proxy
13	13	Tarla P. Desai	11145213	1403 14TH FLOOR RUNWAL HEIGHTS LBS MARG MULUND WEST MUMBAI 400080	127066	0	0	0	0	127066	Rashesh C. Gogri	Proxy
14	14	Hetal Gogri Gala	10097864	801, GOPAL SADAN, PLOT NO. 552/B, JAME JAMSHED ROAD, NEAR KAPOL NIWAS, MATUNGA, Mumbai - 19	359076	0	0	0	0	359076	N.A.	Person
15	15	Manisha R. Gogri	10084932	601, Antariksha, 6th Floor, Murar Road, Mulund (W), Mumbai - 80	8050	0	0	0	0	8050	N.A.	Person
TOTAL					2176126	0	0	0	0	2176126		

For **SUNIL M. DEDHIA & Co.**  
Company Secretaries

*Sunil Dedhia*

(SUNIL M. DEDHIA)

Proprietor

FCS No. 3483

Signature of Scrutineer

MUMBAI, JULY 22, 2016

Witness 1

*M.N. Shah*

Witness 2

*Bagwe*



For **Aarti Drugs Limited**

*V.S. Parade*  
Company Secretary

AARTI DRUGS LIMITED  
ANNEXURE - III

LIST OF INVALID VOTES POLLED FOR THE ITEMS PUT TO VOTE ON POLL AT AGM ON FRIDAY 22ND JULY, 2016

Sr. No.	Ballot No.	Name of Member	Regd. Folio Number	Address	Number of shares held	Number of shares exercised for voting on Resolutions put to vote					Name of the proxy / authorised representative	Present in person / proxy / authorised representative	Reason for considering invalid
						Item No. 1	Item No. 2	Item No. 3	Item No. 4	Item No. 5			
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL						NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For **SUNIL M. DEDHIA & Co.**  
Company Secretaries

*Sunil Dedhia*  
(SUNIL M. DEDHIA)  
Proprietor  
FCS No. 3483

Signature of Scrutineer

MUMBAI, JULY 22, 2016



Witness 1 *M. N. Shah*

Witness 2 *Bagwe*

For Aarti Drugs Limited

*V. S. Pawade*  
Company Secretary

# The Chemistry of Sustained Relationships



Annual Report  
2015-16



Aarti Drugs Ltd.



# AARTI DRUGS AND ITS GLOBAL PRESENCE

## Country

1	Albania	11	Brazil	21	Cyprus	31	Guatemala	41	Ivory Coast
2	Algeria	12	Bulgaria	22	Czech Republic	32	Hongkong	42	Jamaica
3	Argentina	13	Burundi	23	Ecuador	33	Hungary	43	Japan
4	Australia	14	Canada	24	Egypt	34	India	44	Jordan
5	Bangladesh	15	Chile	25	El Salvador	35	Indonesia	45	Kenya
6	Belarus	16	China	26	Ethiopia	36	Iran	46	Korea
7	Belgium	17	Colombia	27	France	37	Iraq	47	Kuwait
8	Benin	18	Costa Rica	28	Georgia	38	Ireland	48	Latvia
9	Bolivia	19	Croatia	29	Germany	39	Israel	49	Lebanon
10	Bosnia	20	Cuba	30	Greece	40	Italy	50	Lithuania

## MISSION

- ⇒ Aarti Drugs Limited will seek global market leadership.
- ⇒ Development and growth in the products will be our focus.
- ⇒ We will continue to create a winning culture, operating in highest standards of ethics and values with co-operation among competitors.
- ⇒ We will strive for excellence in customer service, quality and R&D.

## VISION

- ⇒ To be the preferred vendor for the Products in India and World.





## Corporate Information

### Chairman Emeritus

Shri Chandrakant V. Gogri

### Board of Directors

#### Shri Prakash M. Patil

Chairman, Managing Director & Chief Executive Officer

#### Shri Rashesh C. Gogri

Managing Director

#### Shri Harshit M. Savla

Jt. Managing Director

### Whole-time Directors

Shri Harit P. Shah

Shri Uday M. Patil

### Shri Rajendra V. Gogri

Non-Executive Director

### Independent Directors

Shri Ramdas M. Gandhi

CA Bhavesh R. Vora

Prof. Krishnacharya G. Akamanchi

Dr. Vilas G. Gaikar

CA Navin C. Shah

CA Priti P. Savla

### Chief Financial Officer

Shri Adhish P. Patil

### Registered Office

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

Tarapur, Village-Pamtermbhi,

Dist. Palghar - 401 506, Maharashtra

### Corporate Identification Number

L37060MH1984PLC055433

### Company Secretary & Compliance Officer

CS Vibhav S. Ranade

(Appointed w.e.f. 22<sup>nd</sup> February, 2016)

### Statutory Auditors

M/s. Gokhale & Sathe,

308/309, Udyog Mandir No. 1,

7-C Bhagoji Keer Marg,

Mahim, Mumbai-400 016, Maharashtra

### Registrar & Transfer Agent

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

LBS Marg, Bhandup (West),

Mumbai - 400 078, Maharashtra

### Bankers

Union Bank of India

Bank of Baroda

State Bank of India

Standard Chartered Bank

DBS Bank Limited

IDBI Bank Limited

Citi Bank N.A.

The Hongkong and Shanghai Banking Corporation Limited

Kotak Mahindra Bank Limited

IndusInd Bank Limited

The Saraswat Co-operative Bank Limited

### Corporate Office

Mahendra Industrial Estate,

Ground Floor, Plot No. 109D,

Road No. 29, Sion (E),

Mumbai - 400 022, Maharashtra

Visit us at [www.aartidrugs.com](http://www.aartidrugs.com)

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## FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

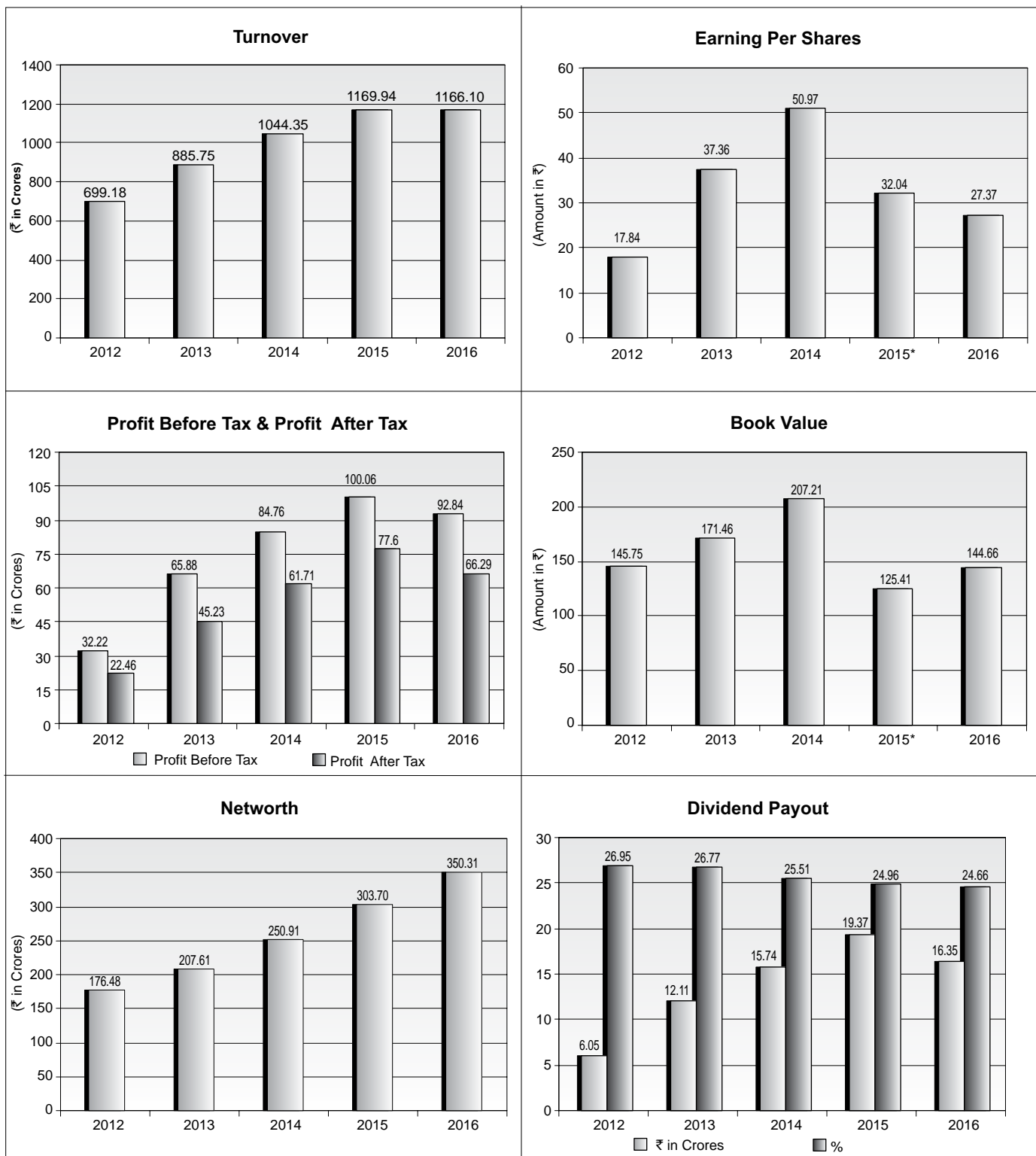
Particulars	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16*
<b>Sales (Gross)</b>	<b>40,968.87</b>	<b>49,694.87</b>	<b>52,301.38</b>	<b>69,917.64</b>	<b>88,574.83</b>	<b>104,434.57</b>	<b>116,993.80</b>	<b>116,609.60</b>
Profit Before Interest and Depreciation	5,690.35	7,207.99	6,269.13	8,027.03	12,033.43	14,635.01	16,895.56	17,170.30
Interest	2,271.69	1,474.45	1,347.80	2,267.19	2,803.55	3,348.97	3,887.70	4,328.35
Depreciation	1,103.92	1,351.75	1,774.06	2,421.59	2,598.40	2,811.94	3,066.35	3,558.41
<b>Profit Before Tax</b>	<b>2,314.75</b>	<b>4,381.79</b>	<b>3,147.27</b>	<b>3,221.98</b>	<b>6,587.84</b>	<b>8,476.04</b>	<b>10,006.49</b>	<b>9,283.54</b>
<b>Profit After Tax</b>	<b>1,504.75</b>	<b>2,609.79</b>	<b>2,247.29</b>	<b>2,246.10</b>	<b>4,523.84</b>	<b>6,171.23</b>	<b>7,759.95</b>	<b>6,628.54</b>
<b>Dividend (%)</b>	<b>30</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>100</b>	<b>130.00</b>	<b>80.00</b>	<b>67.50</b>
Payout	351.26	605.43	605.43	605.43	1,210.86	1,574.11	1,937.35	1,634.65
Equity Capital	1,170.86	1,210.86	1,210.86	1,210.86	1,210.86	1,210.86	2,421.72	2,421.72
Reserves & Surplus	10,827.49	12,898.30	14,440.78	16,437.13	19,549.93	23,879.53	27,948.53	32,609.65
<b>Networth</b>	<b>11,998.35</b>	<b>14,109.16</b>	<b>15,651.63</b>	<b>17,647.99</b>	<b>20,760.78</b>	<b>25,090.39</b>	<b>30,370.25</b>	<b>35,031.36</b>
<b>Borrowings</b>								
Long Term	7,204.25	7,818.18	7,434.15	6,692.38	8,070.45	7,664.20	15,147.46	17,521.36
Short-Term-Bank	8,070.95	6,047.94	16,866.01	21,723.88	21,498.34	24,758.92	24,838.59	25,736.98
Short-Term-Others	2,572.65	3,898.38	85.01	1,374.94	-	1,800.83	288.00	-
<b>Total Borrowings</b>	<b>17,847.85</b>	<b>17,764.50</b>	<b>24,385.18</b>	<b>29,791.20</b>	<b>29,568.79</b>	<b>34,223.95</b>	<b>40,274.05</b>	<b>43,258.34</b>
Gross Block	26,725.92	28,748.23	34,579.98	43,938.29	47,904.89	58,113.01	66,509.39	69,073.67
Less : Depreciation	8,788.25	10,394.66	12,159.02	16,584.66	18,781.79	20,860.39	23,361.02	22,796.97
<b>Net Block</b>	<b>17,937.66</b>	<b>18,353.57</b>	<b>22,420.96</b>	<b>27,353.63</b>	<b>29,123.10</b>	<b>37,252.62</b>	<b>43,148.38</b>	<b>46,276.70</b>
Capital work-in-progress	64.42	340.35	1,037.47	299.09	1,258.89	831.55	1,334.63	3,404.47
Investments	2,137.85	2,137.85	2,461.29	691.84	513.19	461.90	1,111.49	1,111.51
Current Assets, Loans and Advances	18,513.71	20,020.43	25,669.13	32,917.38	41,076.71	46,428.05	51,098.67	54,677.46
Less: Current Liabilities	7,076.76	6,998.89	9,322.39	11,375.56	17,602.05	21,407.73	21,313.77	21,970.69
<b>Net Working Capital</b>	<b>11,436.96</b>	<b>13,021.54</b>	<b>16,346.74</b>	<b>21,541.83</b>	<b>23,474.66</b>	<b>25,020.32</b>	<b>29,784.90</b>	<b>32,706.77</b>
Book Value (₹)	102.47	116.52	129.26	145.75	171.46	207.21	**125.41	144.66
EPS (Basic & Diluted) (₹)	12.85	22.08	18.56	17.84	37.36	50.97	**32.04	27.37

Notes: \* As per Schedule (III) of the Companies Act, 2013.

\*\* Post bonus issue of 1:1 equity share for the year 2016.



## FINANCIAL HIGHLIGHTS



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



## NOTICE

NOTICE is hereby given that the **THIRTY FIRST ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED** will be held on **Friday, 22<sup>nd</sup> July, 2016 at 11.00 a.m.** at TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra, to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2016, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rashesh C. Gogri (DIN: 00066291), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof) for the time being in force and pursuant to the recommendation of the Audit Committee of the Board of Directors and in terms of resolution passed by the members at the Annual General Meeting held on 11<sup>th</sup> July, 2014, the appointment of M/s. Gokhale & Sathe, Chartered Accountants (Firm Regn. No. 103264W), as the Statutory Auditors of the Company be and is hereby ratified to hold office till the conclusion of the Thirty Second Annual General Meeting and on such remuneration and reimbursement of out of pocket expenses, as shall be decided/approved by the Board of Directors of the Company.”

### SPECIAL BUSINESS

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

**“RESOLVED THAT** pursuant to the provisions of Section 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) plus service tax as applicable as approved by the Board of Directors based on the recommendations of Audit Committee of the Company, to be paid to Shri Girikrishna S. Maniyar, Cost Accountant, for the conduct of the Audit of the cost accounting records of the Company, for the financial year ending 31<sup>st</sup> March, 2017, be and is hereby ratified and confirmed.”

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

**“RESOLVED THAT** pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Article 86(1) of the existing Articles of Association of the Company be and is hereby altered by deleting and substituting in its place the following new Article 86(1):

86(1) *Shri Prakash M. Patil as the Managing Director of the Company shall not be liable to retire by rotation. The Board shall have the power to determine the Directors whose period of office is or is not liable to determination by retirement of directors by rotation.*

*Directors not liable to retire by rotation.*

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By Order of the Board of Directors  
For Aarti Drugs Limited**

**Sd/-  
Vibhav S. Ranade  
Company Secretary**

**Place: Mumbai**

**Date: 5<sup>th</sup> May, 2016**

**Registered Office:**

Plot No. 198, MIDC Tarapur,  
Village - Pamtermbhi,  
Taluka-Palghar,  
Dist. Thane - 401 506,  
Maharashtra

**Notes:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. Further, a Member holding more than ten percent (10%), of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
2. The instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representatives to attend and to vote on their behalf at the Meeting.
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business under Item No. 4 and 5 above is annexed hereto and forms part of the Notice.
5. 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.
6. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting.
7. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 15<sup>th</sup> July, 2016 to Friday, 22<sup>nd</sup> July, 2016 (both days inclusive).
9. All documents referred to in the accompanying notice are open for inspection by the members at the registered office of the Company on all working days during 11.00 a.m. to 1.00 p.m. up to the date of the AGM.



10. The matters set out in the Notice will be transacted inter-alia through remote electronic voting system and the Company is providing facility inter-alia for remote e-voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 19.
11. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents (RTA), M/s. Link Intime India Private Limited (appointed w.e.f. 26<sup>th</sup> April, 2016) immediately of any change in their address and bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.
12. Members holding shares in dematerialized form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) and Permanent Account Number (PAN) with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA as the same is mandated by the Securities and Exchange Board of India.
13. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail addresses to the Sharepro Services (India) Private Limited (RTA) 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).
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Link Intime India Pvt. Ltd., Registrar and Share Transfer Agents, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078, Maharashtra.
15. Queries on accounts may please be sent to the Company 10 (Ten) day in advance of the Annual General Meeting so that the answers may be made available at the meeting.
16. The Ministry of Corporate Affairs (MCA) on 10<sup>th</sup> May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 30<sup>th</sup> Annual General Meeting (AGM) held on 14<sup>th</sup> August, 2015, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors Section" on the Website of the Company viz. [www.aartidrugs.com](http://www.aartidrugs.com)
17. Additional Information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the Director seeking appointment/re-appointment at the AGM, is furnished as an annexure to this Notice.
18. Copies of the Annual Report 2015-16 are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2015-16 are being sent by the permitted mode. Members may also note that the Notice of the 31<sup>st</sup> AGM and the Annual Report 2015-16 will be available on the Company's website viz. [www.aartidrugs.com](http://www.aartidrugs.com).
19. **Voting through electronic means**
  - i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 31<sup>st</sup> Annual General Meeting (AGM) by electronic

means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

- II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- III. The remote e-voting period commences on **Monday, 18<sup>th</sup> July, 2016 at 9.00 a.m.** and ends on **Thursday, 21<sup>st</sup> July, 2016 at 5.00 p.m.** During this period members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Friday, 15<sup>th</sup> July, 2016**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

VI. The process and manner for remote e-voting are as under:

**A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:**

- (i) Open email and open PDF file viz. **“Aarti Drugs Limited remote e-voting.pdf”** with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - [Login](#)
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select “REVEN” of Aarti Drugs Limited.
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com) or with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:**

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

<b>REVEN (Remote e-voting Event Number)</b>	
<b>USER ID</b>	<b>PASSWORD/PIN</b>

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.



- V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VI. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **Friday, 15th July, 2016**.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, 15th July, 2016 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- X. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
- XII. CS Sunil M. Dedhia, Practicing Company Secretary has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing.
- XIV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.aartidrugs.com](http://www.aartidrugs.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

**20. Voting at AGM:**

The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangement of poll in this regards at the AGM Venue.

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

### **ITEM NO. 4**

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 2016-17 was recommended by the Audit Committee to the Board. The Board has appointed Mr. Girikrishna S. Maniyar, Cost Accountant, as Cost Auditor for the conduct of the audit of the cost accounting records of the Company, at a remuneration of ₹ 3,00,000/- (Rupees Three Lakhs only) plus service tax as applicable for the financial year ending 31<sup>st</sup> March, 2017.

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

Your Directors recommend the resolution at Item No. 4 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.

### **ITEM NO. 5**

Section 152(6) of the Companies Act, 2013, provides that not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation and be appointed by the Company in general meeting.

Shri Prakash Moreshwar Patil has been the Managing Director of the Company since inception of the Company's operations and thus proposed to be specifically not liable to retire by rotation. Further, with a view to have clarity on directors who would be liable to retire by rotation and also enable compliance with the provisions of Section 152(6) as aforesaid, it is proposed to amend the Article 86(1) of the existing Articles of Association in line with the marginal note thereof as set out in the resolution at Item No. 5 for your approval as a Special Resolution.

Shri Prakash Moreshwar Patil is interested in the said resolution. Shri Uday M. Patil, Whole-time Director and Shri Adhish P. Patil, Chief Financial Officer are deemed to be interested in the said resolution as they are related to him. None of the other Directors and Key Managerial Personal of the Company or their relative is, in anyway, concerned or interested, financially or otherwise, in the said resolution.

**By Order of the Board of Directors  
For Aarti Drugs Limited**

**Sd/-  
Vibhav S. Ranade  
Company Secretary**

**Place: Mumbai**

**Date: 5<sup>th</sup> May, 2016**

**Registered Office:**

Plot No. 198, MIDC Tarapur,  
Village - Pamtermbhi,  
Taluka-Palghar,  
Dist. Thane - 401 506,  
Maharashtra

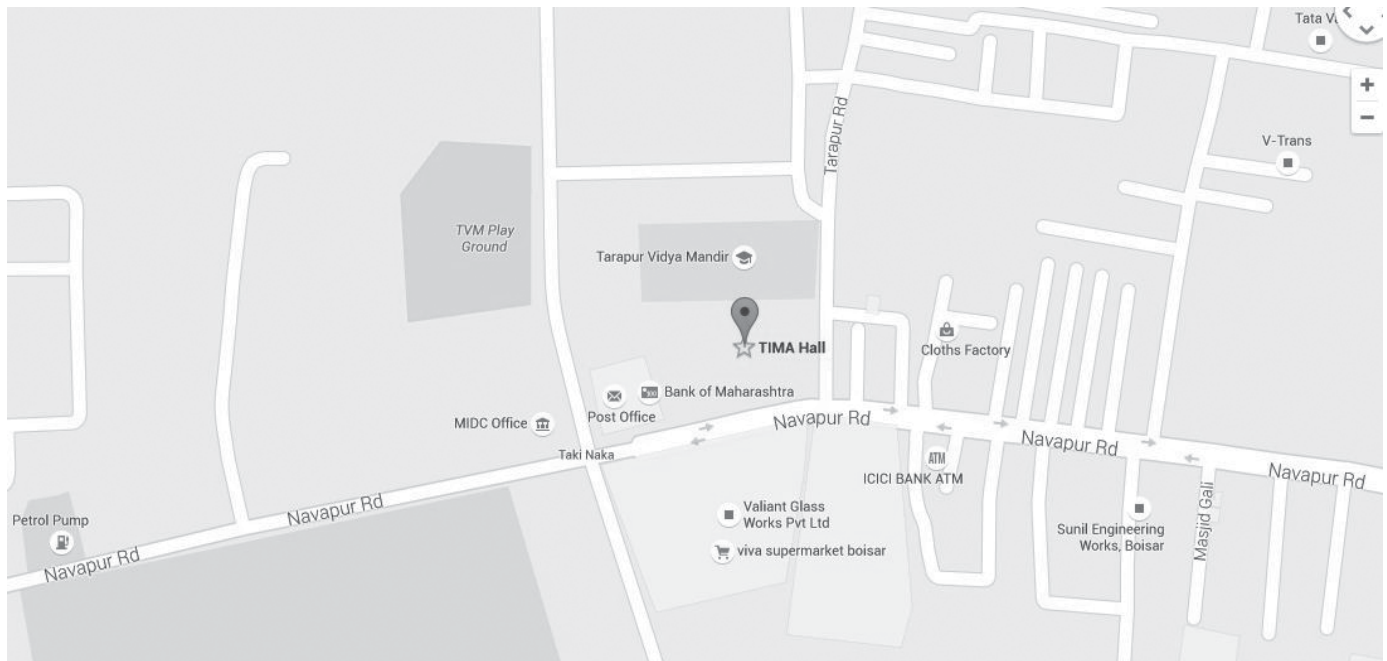


**BRIEF RESUME OF DIRECTOR SEEKING APPOINTMENT IS AS UNDER:**

<b>Particulars</b>	<b>Shri Rashesh C. Gogri</b>
Date of Birth and Age	03.06.1974 (42 years)
Date of Appointment	16.08.2012
Qualifications	Industrial Engineer and holds Diploma in Business Management
Experience and expertise in specific functional areas	He has been President – Marketing with the Company and has more than 16 years of experience in field of production, marketing and project implementation in chemical industry.
Directorships held in other Listed Companies	Aarti Industries Limited
Memberships/Chairmanships of committees in Listed Companies*	<b>Audit Committee</b> Aarti Drugs Limited – Member Aarti Industries Limited – Member <b>Stakeholders Relationship Committee</b> Nil
Number of shares held in the Company	11,23,532
Relationship with other Directors	NIL
No. of Board Meetings attended	5

\* Only two committees namely Audit Committee and Stakeholders Relationship Committee have been considered.

**Route Map to the venue of the Annual General Meeting**





## DIRECTORS' REPORT

TO THE MEMBERS OF AARTI DRUGS LIMITED

Your Directors have pleasure in presenting the Thirty First Annual Report together with the Audited Financial Statements along with the Report of the Auditors for the year ended 31<sup>st</sup> March, 2016.

### COMPANY'S FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2015-2016	2014-2015	2015-2016	2014-2015
<b>Net Sales/Income from Operations</b>	<b>107073</b>	108448	<b>113488</b>	109427
Other Operating Income	476	274	496	261
Total Income from Operations	<b>107550</b>	108722	<b>113984</b>	109688
<b>Total Expenditure</b>	<b>90379</b>	91827	<b>96415</b>	92786
Profit Before Depreciation, Amortization, Interest and Tax Expenses	<b>17170</b>	16895	<b>17569</b>	16902
Less: Interest	<b>4328</b>	3888	<b>4389</b>	3893
Depreciation & Amortization	<b>3558</b>	3066	<b>3653</b>	3102
Profit/(Loss) before other income	<b>9284</b>	9941	<b>9527</b>	9907
Other Income	–	65	–	65
<b>Profit/(Loss) Before Tax</b>	<b>9284</b>	10006	<b>9527</b>	9972
Less: Provision for taxation – Current	<b>2115</b>	2000	<b>2115</b>	2000
– Earlier Year	–	(154)	–	(154)
– Deferred	<b>540</b>	400	<b>540</b>	400
<b>Profit After Tax</b>	<b>6629</b>	7760	<b>6872</b>	7725
Add: Surplus brought forward	<b>23068</b>	19626	<b>23033</b>	19626
Profit available for appropriation	<b>29697</b>	27386	<b>29906</b>	27351
<b>Appropriations:</b>				
Transfer to General Reserve	<b>670</b>	780	<b>670</b>	780
Proposed Dividend	–	727	–	727
1 <sup>st</sup> Interim Dividend	<b>545</b>	605	<b>545</b>	605
2 <sup>nd</sup> Interim Dividend	<b>363</b>	605	<b>363</b>	605
3 <sup>rd</sup> Interim Dividend	<b>727</b>	–	<b>727</b>	–
Tax on Dividend	<b>333</b>	390	<b>333</b>	390
Bonus Share Issued	–	*1211	–	*1211
<b>Balance carried to Balance Sheet</b>	<b>27059</b>	23068	<b>27314</b>	23033

\* The Company has allotted 1,21,08,550 fully paid-up equity shares pursuant to a bonus issue in the ratio of 1:1.

### SHARE CAPITAL

The paid-up Equity Share Capital as on 31<sup>st</sup> March, 2016 was ₹ 24,21,71,000/-. The Company has neither issued shares with differential rights as to 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 employees or Directors of the Company.



## DIVIDEND

During the year under review, your Company had declared and paid three interim dividends aggregating to ₹ 6.75/- per equity share of ₹ 10/- each (Previous Year: ₹ 8/- per share ex-bonus including two interim and final dividends). Keeping in view the three interim dividends already declared by the Company, the Board have not recommended any further dividend.

Total cash outflow on account of dividend payments including dividend distribution tax will be ₹ 1967.43 Lakhs for the financial year 2015-16 (Previous Year: ₹ 2327 Lakhs).

## OPERATIONS REVIEW

During the year under review, Gross Sales of the Company is ₹ 1166.10 Crores (Previous ₹ 1169.94 Crores) registering a decline of 0.33%.

The Company has achieved Export Sales of ₹ 389.19 Crores as against ₹ 411.71 Crores for the last year, registering a decline of 5.47%.

EBITDA has been ₹ 171.70 Crores (Previous Year: ₹ 168.96 Crores), registering a growth of 1.62%. PAT has been ₹ 66.29 Crores (Previous Year ₹ 77.60 Crores), registering a decline of 14.57%.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s. 134(3)(c) of the Companies Act, 2013, your Directors hereby state that –

- a) in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2016, 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 31<sup>st</sup> March, 2016 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 Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared Annual Accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and were operating effectively.

## BOARD OF DIRECTORS

### Composition

Aarti Drugs Limited (ADL) Board presently consists of 12 Directors out of which 7 (Seven) are Non-Executive. Out of 7 (Seven) Non-Executive Directors, 6 (Six) Directors are Independent Directors.

### Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Rashesh C. Gogri (DIN: 00066291), Managing Director of the Company retires by rotation and being eligible offers his candidature for re-appointment as Director.

## **Independent Directors**

The Independent Directors hold office for a fixed term upto 31<sup>st</sup> March, 2019 and are not liable to retire by rotation. In accordance with Section 149(7) of the Companies Act, 2013, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## **Number of Meetings of the Board**

The Board of Directors met 5 (Five) times in the year 2015-16. The details of Board and Committee Meetings and the attendance of the Directors at such meetings are provided in the Corporate Governance Report.

The details regarding the Board Meetings and the attendance of the Directors at the Board Meeting/Committee Meeting during the year are set out in detail in the Corporate Governance Report.

## **BOARD EVALUATION**

During the year, the Board evaluated its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. Separate exercise was carried out to evaluate the performance of Non-Independent Directors including the Board Chairman who were evaluated on parameters such as Key achievements, Short term and long term targets, challenges faced, Implementation of Strategic decisions, organizational success, participation and attendance in Board and Committee Meetings etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

Independent Directors were evaluated on the parameters such as attendance and participations in the meetings and timely inputs on the minutes of the meetings, adherence to ethical standards & code of conduct of the Company, disclosure of non-independence, as and when exists and disclosure of interest, interpersonal relations with other Directors and Management, understanding of the Company and the external environment in which it operates and contribution to strategic direction, safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

## **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Chairman and Managing Director have one to one discussion with all Directors to familiarize them with the Company's operations. Further the Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and on-going events relating to the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company viz. [www.aartidrugs.com](http://www.aartidrugs.com).

## **KEY MANAGERIAL PERSONNEL**

During the year under review, Shri Sunny D. Pagare, Company Secretary & Compliance Officer of the Company resigned w.e.f. 1<sup>st</sup> December, 2015 and Shri Vibhav S. Ranade has been appointed as Company Secretary & Compliance Officer of the Company w.e.f. 22<sup>nd</sup> February, 2016.

## **DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF COMPANIES ACT, 2013**

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 the date of the balance sheet.

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in the notes to the Financial Statements.



## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions made during the financial year 2015-16 were on arm's length basis and were in the ordinary course of business. All transactions with related parties are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement specifying the nature, value and terms & conditions of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The statement is supported by a certification from the Jt. Managing Director and the Chief Financial Officer (CFO). The details of related party transactions are provided in the accompanying financial statements.

The Policy on Related Party Transactions as approved by the Board is available on the Company's website and can be accessed through [www.aartidrugs.com](http://www.aartidrugs.com).

All transactions entered into with related parties during the year were on an arm's length basis and were in the ordinary course of business. Accordingly, there are no transactions that are required to be reported in Form AOC-2.

## **EXTRACT OF ANNUAL RETURN**

As required by Section 92(3) of the Companies Act, 2013 and rules framed thereunder, the extract of the Annual Return in Form MGT-9 is enclosed as "**Annexure - A**".

## **SUBSIDIARY**

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

## **CONSOLIDATED FINANCIAL STATEMENTS**

As stipulated under the provisions of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION**

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the 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. The Board of Directors and senior management team currently assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

## **DISCLOSURES RELATED TO COMMITTEES & POLICIES**

### **1. Audit Committee**

The Audit Committee of Directors is constituted as per the provisions of Section 177 of the Companies Act, 2013. The Composition of the Audit Committee is in conformity with the provisions of the said section and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The composition & terms of reference of Audit Committee of the Board of Directors of the Company is disclosed in the report of Corporate Governance, which forms part of this report.

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

## 2. **Nomination & Remuneration Committee**

The Nomination & Remuneration Committee of Directors is constituted in accordance with the requirements of Section 178 of the Companies Act, 2013.

The Company strives to maintain an appropriate combination of executive, non-executive and Independent Directors. In terms of provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee considers and recommends the Board on appointment and remuneration of Directors and Key Managerial Personnel and the Company's Nomination and Remuneration Policy is enclosed as "**Annexure - C**".

## 3. **Stakeholders Relationship Committee**

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors has constituted the Stakeholders Relationship Committee, details of which are given in the Corporate Governance Report.

The Company Secretary acts as the secretary to the Committee.

## 4. **Corporate Social Responsibility Committee**

As per the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee and the Board of Directors of the Company has approved CSR Policy based on the recommendations of the CSR Committee.

The CSR Policy is available on the Company's website and can be accessed through [www.aartidrugs.com](http://www.aartidrugs.com).

Your Company actively contributes to the following segments-

- i. Education & Skill Development
- ii. Environment
- iii. Rehabilitation in Disaster Affected areas

### **i. Education & Skill Development**

Your Company through own trusts Aarti Foundation & Dhanvallabh Charitable Trust and various other NGO's has been doing work in this segments. In addition to this year Company provides direct help to schools located nearby all its manufacturing facilities by way of constructing schools, grant/aid for fees etc.

### **ii. Environment**

Your Company has entered into an agreement with The Governor, Government of Maharashtra through Deputy Conservator of Forest, Dahanu Forest Division, Dahanu through local NGO M/s. Sudha Pratishtan, Masvan, Palghar to participate and assist Government in implementing Afforestation Programme in the degraded forest land of Dahanu Forest Division spread over 100 Hectares Government Land over a period of 7 years.

### **iii. Rehabilitation in Disaster Affected areas**

Aarti Drugs which holds an expertise of working in collaboration with the government and local NGOs has carried out rehabilitation in drought affected areas of Aurangabad through Shree Siddhivinayak Sevabhavi.

In addition to above, your Company participates into a spectrum of CSR activities evolving around the general up-liftment of the economically backward class of people. Your Company also makes active contribution to various local NGOs to assist in the relief measures in the affected areas.

During the year, the Company has spent ₹ 175.38 lakhs on CSR activities.

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





## 5. Vigil Mechanism/Whistle Blower Policy

The Company has a vigil mechanism/whistle blower policy to deal with instance of fraud and mismanagement. The details of the said policy is explained in the Corporate Governance Report and also posted on the website of the Company, viz. [www.aartidrugs.com](http://www.aartidrugs.com).

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

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

## CORPORATE GOVERNANCE

A separate section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance, forms a part of this Annual Report, as per SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under the provisions of SEBI Regulations, 2015 is annexed hereto forming part of this Report.

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

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

## STATUTORY AUDITORS

At the Annual General Meeting held on 11<sup>th</sup> July, 2014, M/s. Gokhale & Sathe, Chartered Accountants (Firm Regn. No. 103264W) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Thirty Second Annual General Meeting (AGM).

In terms of the provisions of the Companies Act, 2013, it is necessary to get the appointment ratified by the shareholders in every Annual General Meeting until the expiry of the period of original appointment.

In this regard, the Company has received a certificate from the Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of the Section 141 of the Companies Act, 2013.

In view of the above, the Board of Directors recommends your ratification of the appointment of M/s. Gokhale & Sathe, Chartered Accountants (Firm Regn. No. 103264W) as the Statutory Auditors as mentioned in the Notice convening AGM.

There are no qualifications, reservation or adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report.

## COST AUDIT

The Cost Auditor Mr. Girikrishna S. Maniar was re-appointed by the Company under Section 148 of the Companies Act, 2013 and he attended the Audit Committee Meeting, where Cost Audit Reports was discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended 31<sup>st</sup> March, 2015 was 30<sup>th</sup> September, 2015 and the Cost Audit Reports were filed by the Cost Auditor on 15<sup>th</sup> January, 2016. The due date for filing the Cost Audit Reports for the financial year ended 31<sup>st</sup> March, 2016 is 30<sup>th</sup> September, 2016.

The Company is seeking the ratification of the remuneration to be paid to Mr. Girikrishna S. Maniar, Cost Auditor of the Company in respect of Cost Audit for the financial year ending 31<sup>st</sup> March, 2017 as mentioned in the Notice convening AGM.

## SECRETARIAL AUDITOR

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2016 issued by CS Sunil M. Dedhia of Sunil M. Dedhia & Co., Practicing Company Secretaries, Secretarial Auditor is annexed as "**Annexure - F**". The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## **PARTICULARS OF EMPLOYEES**

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 enclosed as “Annexure - G”. However, as per the provisions of the Section 136(1) of the Companies Act, 2013, this Report is sent to the shareholders excluding the said information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## **HUMAN RESOURCES ENVIRONMENT & SAFETY**

Your Company recognizes its human resources as one of its prime & critical resources. The relations between the Management and the Staff Members remained very cordial throughout the year under review. As on 31<sup>st</sup> March, 2016 the Company had 1072 permanent employees at its manufacturing plants and administrative office.

The Company has constituted an Internal Complaint Committee pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention, prohibition or redressal of complaints/grievances on the sexual harassment of women at work places.

Your Directors further states that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **GREEN INITIATIVE**

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

## **ACKNOWLEDGEMENT**

We place on record our sincere Green appreciation to the employees of the Company at all levels for their co-operation and dedicated services. We also thank all our customers and suppliers who are always co-operative.

We also express our sincere thanks to Bankers, Financial Institutions and the Shareholders for their continued support.

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

Sd/-

**Prakash M. Patil  
Chairman & Managing Director  
DIN: 00005618**

**Place: Mumbai  
Date: 5<sup>th</sup> May, 2016**



**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2016**

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

**I. REGISTRATION AND OTHER DETAILS:**

- (i) CIN : L37060MH1984PLC055433
- (ii) Registration Date : 28<sup>th</sup> September, 1984
- (iii) Name of the Company : AARTI DRUGS LIMITED
- (iv) Category/Sub-Category of the Company : Public Company Limited by Shares
- (v) Address of the Registered Office and Contact Details : Plot No 198, M.I.D.C., Tarapur, Village Pamtermbhi, Dist. Palghar - 401 506, Maharashtra  
Tel: 022-24072249 / 24019025  
E-mail: [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com)
- (vi) Whether Listed Company : Yes
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : M/s. Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 400 078, Maharashtra.  
Tel: 022-25946970  
Email: [rnthelpdesk@linktime.co.in](mailto:rnthelpdesk@linktime.co.in)  
Website: [www.linktime.co.in](http://www.linktime.co.in)

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
Pharmaceuticals	21001 and 21002	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Pinnacle Life Science Pvt. Ltd.	U24232HP2003PTC030912	Subsidiary	100%	2(87)



#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding

Sr. No.	Category of Shareholder	No. of shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2015)				No. of shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)				% change during the year
		Physical	Demat	Total	% of Total shares	Physical	Demat	Total	% of Total shares	
(A)	<b>Promoter</b>									
	<b>(1) Indian</b>									
	(a) Individual/HUF	–	12788632	12788632	52.81	–	12685892	12685892	52.38	-0.43
	(b) Central/State Govt.	–	–	–	–	–	–	–	–	–
	(c) Bodies Corporate	–	1765732	1765732	7.29	–	2310944	2310944	9.55	2.26
	(d) Financial Inst./Banks	–	–	–	–	–	–	–	–	–
	(e) Any Other (Specify)	–	–	–	–	–	–	–	–	–
	<b>Sub-Total (A)(1)</b>	–	<b>14554364</b>	<b>14554364</b>	<b>60.10</b>	–	<b>14996836</b>	<b>14996836</b>	<b>61.93</b>	<b>1.83</b>
	<b>(2) Foreign</b>	–	–	–	–	–	–	–	–	–
	<b>Sub-Total (A)(2)</b>	–	–	–	–	–	–	–	–	–
	<b>Total holding of Promoter (A)=(A)(1)+(A)(2)</b>	–	<b>14554364</b>	<b>14554364</b>	<b>60.10</b>	–	<b>14996836</b>	<b>14996836</b>	<b>61.93</b>	<b>1.83</b>
(B)	<b>Public Shareholding</b>									
	<b>(1) Institutions</b>									
	(a) Mutual Funds	–	433534	433534	1.79	–	880776	880776	3.64	1.85
	(b) Financial Institutions/Banks	–	8853	8853	0.04	–	15409	15409	0.06	0.02
	(c) Central/State Govt.	–	–	–	–	–	–	–	–	–
	(d) Venture Capital Funds	–	–	–	–	–	–	–	–	–
	(e) Foreign Institutional Investors	–	75486	75486	0.31	–	18999	18999	0.08	-0.23
	(f) Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
	(g) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
	(h) Any other (Specify)									
	i. Foreign Portfolio Investor	–	–	–	–	–	24026	24026	0.10	0.10
	<b>Sub-Total (B)(1)</b>	–	<b>517873</b>	<b>517873</b>	<b>2.14</b>	–	<b>939210</b>	<b>939210</b>	<b>3.88</b>	<b>1.74</b>



i) Category-wise Shareholding (Contd.)

Sr. No.	Category of Shareholder	No. of shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2015)				No. of shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)				% change during the year
		Physical	Demat	Total	% of Total shares	Physical	Demat	Total	% of Total shares	
	<b>(2) Non Institutions</b>									
	(a) Bodies Corporate	5802	350484	356286	1.47	5802	225010	230812	0.95	-0.52
	(b) Individuals									
	(i) Holding nominal share capital upto ₹ 1 lakh	583460	3126432	3709892	15.32	527375	3342655	3870030	15.98	0.66
	(ii) Holding nominal share capital in excess of ₹ 1 lakh	22000	4922274	4944274	20.42	22000	4037265	4059265	16.76	-3.66
	(c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	(d) Any Other (Specify)									
	i. Non-Resident	-	109461	109461	0.45	-	96797	96797	0.40	-0.05
	ii. Foreign Bodies/OCB	-	-	-	-	-	-	-	-	-
	iii. Trust	-	-	-	-	-	-	-	-	-
	iv. Unclaimed Suspense Account	-	24950	24950	0.10	-	24150	24150	0.10	-
	<b>Sub-Total (B)(2)</b>	<b>611262</b>	<b>8533601</b>	<b>9144863</b>	<b>37.76</b>	<b>555177</b>	<b>7725877</b>	<b>8281054</b>	<b>34.20</b>	<b>-3.57</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>611262</b>	<b>9051474</b>	<b>9662736</b>	<b>39.90</b>	<b>555177</b>	<b>8665087</b>	<b>9220264</b>	<b>38.07</b>	<b>-1.83</b>
	<b>TOTAL (A)+(B)</b>	<b>611262</b>	<b>23605838</b>	<b>24217100</b>	<b>100</b>	<b>555177</b>	<b>23661923</b>	<b>24217100</b>	<b>100</b>	<b>0.00</b>
(C)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>611262</b>	<b>23605838</b>	<b>24217100</b>	<b>100</b>	<b>555177</b>	<b>23661923</b>	<b>24217100</b>	<b>100</b>	<b>0.00</b>

ii) **SHAREHOLDING OF PROMOTERS**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	
1	Aarti Industries Ltd	500118	2.07	–	500118	2.07	–	–
2	Aarti Rajendra Gogri	362514	1.50	–	282514	1.17	–	-0.33
3	Aashay Rashesh Gogri	183766	0.76	–	183766	0.76	–	–
4	Adhish P. Patil	283444	1.17	–	283444	1.17	–	–
5	Alchemie Financial Services Ltd	9858	0.04	–	9858	0.04	–	–
6	Alchemie Finserv Pvt. Ltd.	466234	1.93	–	466234	1.93	–	–
7	Arun Moreshwar Patil	16236	0.07	–	16236	0.07	–	–
8	Bhoomi Harshit Savla	255312	1.05	–	255312	1.05	–	–
9	Chandrakant Vallabhji Gogri	695980	2.87	–	695980	2.87	–	–
10	Dhanvanti Vallabhji Gogri	5946	0.02	–	–	–	–	-0.02
11	Gogri Finserv Pvt. Ltd.	785972	3.25	–	785972	3.25	–	–
12	Harshit Manilal Savla	1019184	4.21	–	1019184	4.21	–	–
13	Hetal Gogri Gala	812166	3.35	–	806966	3.33	–	-0.02
14	Indira Madan Dedhia	47062	0.19	–	47062	0.19	–	–
15	Jay Manilal Savla	117440	0.48	–	107440	0.44	–	-0.04
16	Jay Savla (Trustee - Momi's Trust)	–	–	–	545212	2.25	–	2.25
17	Jaya Chandrakant Gogri	778838	3.22	–	778838	3.22	–	–
18	Jigna Hiren Shah	112662	0.47	–	108662	0.45	–	-0.02
19	Manilal Popatlal Savla	8000	0.03	–	8000	0.03	–	–
20	Manisha Rashesh Gogri	50050	0.21	–	50050	0.21	–	–
21	Mirik Rajendra Gogri	651914	2.69	–	651914	2.69	–	–
22	Prakash M Patil (HUF)	43196	0.18	–	43196	0.18	–	–
23	Prakash Moreshwar Patil	2046632	8.45	–	2061619	8.51	–	0.06
24	Priti Prakash Patil	1075442	4.44	–	1075442	4.44	–	–
25	Rajendra Vallabhji Gogri	826048	3.41	–	826048	3.41	–	–
26	Rashesh Chandrakant Gogri	1123532	4.64	–	1123532	4.64	–	–
27	Renil Rajendra Gogri	878260	3.63	–	878260	3.63	–	–
28	Rupal Drugs LLP	3550	0.01	–	3550	0.01	–	–
29	Seema Harshit Savla	883166	3.65	–	883235	3.65	–	–
30	Sushila Manilal Savla	237282	0.98	–	227282	0.94	–	-0.04
31	Uday Moreshwar Patil	12600	0.05	–	12600	0.05	–	–
32	Vishwa Harshit Savla	259210	1.07	–	259310	1.07	–	–
	<b>Total</b>	<b>14551614</b>	<b>60.10</b>	<b>–</b>	<b>14996836</b>	<b>61.93</b>	<b>–</b>	<b>1.83</b>



iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>1.</b>	<b>Aarti Industries Limited</b>				
	At the beginning of the year	500118	2.07	500118	2.07
	Date wise increase/decrease in Promoter Shareholding	-	-	500118	2.07
	At the end of the year	500118	2.07	500118	2.07
<b>2.</b>	<b>Aarti Rajendra Gogri</b>				
	At the beginning of the year	362514	1.50	362514	1.50
	10.07.2015 – Sale	-23000	-0.09	339514	1.40
	17.07.2015 – Sale	-14794	-0.06	324720	1.34
	24.07.2015 – Sale	-42206	-0.17	282514	1.17
	At the end of the year	282514	1.17	282514	1.17
<b>3.</b>	<b>Aashay Rashesh Gogri</b>				
	At the beginning of the year	183766	0.76	183766	0.76
	Date wise increase/decrease in Promoter Shareholding	-	-	183766	0.76
	At the end of the year	183766	0.76	183766	0.76
<b>4.</b>	<b>Adhish P. Patil</b>				
	At the beginning of the year	283444	1.17	283444	1.17
	Date wise increase/decrease in Promoter Shareholding	-	-	283444	1.17
	At the end of the year	283444	1.17	283444	1.17
<b>5.</b>	<b>Alchemie Financial Services Limited</b>				
	At the beginning of the year	9858	0.04	9858	0.04
	Date wise increase/decrease in Promoter Shareholding	-	-	9858	0.04
	At the end of the year	9858	0.04	9858	0.04
<b>6.</b>	<b>Alchemie Finserv Pvt. Ltd.</b>				
	At the beginning of the year	466234	1.93	466234	1.93
	Date wise increase/decrease in Promoter Shareholding	-	-	466234	1.93
	At the end of the year	466234	1.93	466234	1.93
<b>7.</b>	<b>Arun Moreswar Patil</b>				
	At the beginning of the year	16236	0.07	16236	0.07
	Date wise increase/decrease in Promoter Shareholding	-	-	16236	0.07
	At the end of the year	16236	0.07	16236	0.07
<b>8.</b>	<b>Bhoomi Harshit Savla</b>				
	At the beginning of the year	255312	1.05	255312	1.05
	Date wise increase/decrease in Promoter Shareholding	-	-	255312	1.05
	At the end of the year	255312	1.05	255312	1.05
<b>9.</b>	<b>Chandrakant Vallabhji Gogri</b>				
	At the beginning of the year	695980	2.87	695980	2.87
	Date wise increase/decrease in Promoter Shareholding	-	-	695980	2.87
	At the end of the year	695980	2.87	695980	2.87
<b>10.</b>	<b>Dhanvanti Vallabhji Gogri</b>				
	At the beginning of the year	5946	0.02	5946	0.02
	10.04.2015 – Sale	-5946	-0.02	-	-
	At the end of the year	-	-	-	-
<b>11.</b>	<b>Gogri Finserv Pvt. Ltd.</b>				
	At the beginning of the year	785972	3.25	785972	3.25
	Date wise increase/decrease in Promoter Shareholding	-	-	785972	3.25
	At the end of the year	785972	3.25	785972	3.25

iii) CHANGE IN PROMOTERS' SHAREHOLDING (Contd.)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>12.</b>	<b>Harshit Manilal Savla</b>				
	At the beginning of the year	1019184	4.21	1019184	4.21
	Date wise increase/decrease in Promoter Shareholding	–	–	1019184	4.21
	At the end of the year	1019184	4.21	1019184	4.21
<b>13.</b>	<b>Hetal Gogri Gala</b>				
	At the beginning of the year	812166	3.35	812166	3.35
	10.07.2015 – Sale	-5200	-0.02	806966	3.33
	At the end of the year	806966	3.33	806966	3.33
<b>14.</b>	<b>Indira Madan Dedhia</b>				
	At the beginning of the year	47062	0.19	47062	0.19
	Date wise increase/decrease in Promoter Shareholding	–	–	47062	0.19
	At the end of the year	47062	0.19	47062	0.19
<b>15.</b>	<b>Jay Manilal Savla</b>				
	At the beginning of the year	117440	0.48	117440	0.48
	17.04.2015 – Sale	-10000	-0.04	107440	0.44
	At the end of the year	107440	0.44	107440	0.44
<b>16.</b>	<b>Jay Savla (Nominee of Momi's Trust)</b>				
	At the beginning of the year	–	–	–	–
	31.07.2015 – Purchase	545212	2.25	545212	2.25
	At the end of the year	545212	2.25	545212	2.25
<b>17.</b>	<b>Jaya Chandrakant Gogri</b>				
	At the beginning of the year	778838	3.22	778838	3.22
	Date wise increase/decrease in Promoter Shareholding	–	–	778838	3.22
	At the end of the year	778838	3.22	778838	3.22
<b>18.</b>	<b>Jigna Hiren Shah</b>				
	At the beginning of the year	112662	0.47	112662	0.47
	10.04.2015 – Sale	-4000	-0.02	108662	0.45
	At the end of the year	108662	0.45	108662	0.45
<b>19.</b>	<b>Manilal Popatlal Savla</b>				
	At the beginning of the year	8000	0.03	8000	0.03
	Date wise increase/decrease in Promoter Shareholding	–	–	8000	0.03
	At the end of the year	8000	0.03	8000	0.03
<b>20.</b>	<b>Manisha Rashesh Gogri</b>				
	At the beginning of the year	50050	0.21	50050	0.21
	Date wise increase/decrease in Promoter Shareholding	–	–	50050	0.21
	At the end of the year	50050	0.21	50050	0.21
<b>21.</b>	<b>Mirik Rajendra Gogri</b>				
	At the beginning of the year	651914	2.69	651914	2.69
	Date wise increase/decrease in Promoter Shareholding	–	–	651914	2.69
	At the end of the year	651914	2.69	651914	2.69
<b>22.</b>	<b>Prakash M. Patil (HUF)</b>				
	At the beginning of the year	43196	0.18	43196	0.18
	Date wise increase/decrease in Promoter Shareholding	–	–	43196	0.18
	At the end of the year	43196	0.18	43196	0.18



## iii) CHANGE IN PROMOTERS' SHAREHOLDING (Contd.)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>23.</b>	<b>Prakash Moreshwar Patil</b>				
	At the beginning of the year	2046632	8.45	2046632	8.45
	22.01.2016 – Purchase	4050	0.02	2050682	8.47
	12.02.2016 – Purchase	4000	0.02	2054682	8.49
	26.02.2016 – Purchase	6937	0.03	2061619	8.51
	At the end of the year	2061619	8.51	2061619	8.51
<b>24.</b>	<b>Priti Prakash Patil</b>				
	At the beginning of the year	1075442	4.44	1075442	4.44
	Date wise increase/decrease in Promoter Shareholding	–	–	1075442	4.44
	At the end of the year	1075442	4.44	1075442	4.44
<b>25.</b>	<b>Rajendra Vallabhji Gogri</b>				
	At the beginning of the year	826048	3.41	826048	3.41
	Date wise increase/decrease in Promoter Shareholding	–	–	826048	3.41
	At the end of the year	826048	3.41	826048	3.41
<b>26.</b>	<b>Rashesh Chandrakant Gogri</b>				
	At the beginning of the year	1123532	4.64	1123532	4.64
	Date wise increase/decrease in Promoter Shareholding	–	–	1123532	4.64
	At the end of the year	1123532	4.64	1123532	4.64
<b>27.</b>	<b>Renil Rajendra Gogri</b>				
	At the beginning of the year	878260	3.63	878260	3.63
	Date wise increase/decrease in Promoter Shareholding	–	–	878260	3.63
	At the end of the year	878260	3.63	878260	3.63
<b>28.</b>	<b>Rupal Drugs LLP</b>				
	At the beginning of the year	3550	0.01	3550	0.01
	Date wise increase/decrease in Promoter Shareholding	–	–	3550	0.01
	At the end of the year	3550	0.01	3550	0.01
<b>29.</b>	<b>Seema Harshit Savla</b>				
	At the beginning of the year	883166	3.65	883166	3.65
	17.04.2015 – Purchase	69	–	883235	3.65
	At the end of the year	883235	3.65	883235	3.65
<b>30.</b>	<b>Sushila Manilal Savla</b>				
	At the beginning of the year	237282	0.98	237282	0.98
	17.04.2015 – Sale	-10000	-0.04	227282	0.94
	At the end of the year	227282	0.94	227282	0.94
<b>31.</b>	<b>Uday Moreshwar Patil</b>				
	At the beginning of the year	12600	0.05	12600	0.05
	Date wise increase/decrease in Promoter Shareholding	–	–	12600	0.05
	At the end of the year	12600	0.05	12600	0.05
<b>32.</b>	<b>Vishwa Harshit Savla</b>				
	At the beginning of the year	259210	1.07	259210	1.07
	11.03.2016 – Purchase	100	–	259310	1.07
	At the end of the year	259310	1.07	259310	1.07

iv. **SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS**  
(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>1.</b>	<b>DSP Blackrock Micro Cap Fund</b>				
	At the beginning of the year	294243	1.22	294243	1.22
	08.05.2015 – Purchase	9722	0.04	303965	1.26
	15.05.2015 – Purchase	7191	0.03	311156	1.28
	19.06.2015 – Purchase	31806	0.13	342962	1.42
	21.08.2015 – Purchase	27732	0.11	370694	1.53
	28.08.2015 – Purchase	49319	0.20	420013	1.73
	04.09.2015 – Purchase	11661	0.05	431674	1.78
	11.09.2015 – Purchase	37437	0.15	469111	1.94
	18.09.2015 – Purchase	7877	0.03	476988	1.97
	25.09.2015 – Purchase	14772	0.06	491760	2.03
	09.10.2015 – Purchase	8114	0.03	499874	2.06
	20.11.2015 – Purchase	8671	0.04	508545	2.10
	11.12.2015 – Purchase	5294	0.02	513839	2.12
	18.12.2015 – Purchase	930	–	514769	2.13
	31.12.2015 – Purchase	693	–	515462	2.13
	15.01.2016 – Purchase	32153	0.13	547615	2.26
	22.01.2016 – Purchase	23311	0.10	570926	2.36
	29.01.2016 – Purchase	1250	0.01	572176	2.36
	19.02.2016 – Purchase	23057	0.10	595233	2.46
	26.02.2016 – Purchase	1167	–	596400	2.46
	At the end of the year	596400	2.46	596400	2.46
<b>2.</b>	<b>Jayshree Harit Shah</b>				
	At the beginning of the year	296356	1.22	296356	1.22
	23.10.2015 – Purchase	104000	0.43	400356	1.65
	At the end of the year	400356	1.65	400356	1.65
<b>3.</b>	<b>DSP Blackrock 3 Years Close Ended Equity Fund</b>				
	At the beginning of the year	139291	0.58	139291	0.58
	08.05.2015 – Purchase	1124	–	140415	0.58
	15.05.2015 – Purchase	1242	0.01	141657	0.58
	21.08.2015 – Purchase	8212	0.03	149869	0.62
	28.08.2015 – Purchase	19528	0.08	169397	0.70
	04.09.2015 – Purchase	6410	0.03	175807	0.73
	11.09.2015 – Purchase	35980	0.15	211787	0.87
	18.09.2015 – Purchase	11362	0.05	223149	0.92
	25.09.2015 – Purchase	17236	0.07	240385	0.99
	06.11.2015 – Purchase	91	–	240476	0.99
	13.11.2015 – Purchase	4	–	240480	0.99
	20.11.2015 – Purchase	2706	0.01	243186	1.00
	11.12.2015 – Purchase	1083	–	244269	1.01
	18.12.2015 – Purchase	191	–	244460	1.01
	31.12.2015 – Purchase	311	–	244771	1.01
	15.01.2016 – Purchase	8868	0.04	253639	1.05
	22.01.2016 – Purchase	11217	0.05	264856	1.09
	29.01.2016 – Purchase	6329	0.03	271185	1.12
	05.02.2016 – Purchase	6411	0.03	277596	1.15
	19.02.2016 – Purchase	6769	0.03	284365	1.17
	26.02.2016 – Purchase	11	–	284376	1.17
	At the end of the year	284376	1.17	284376	1.17
<b>4.</b>	<b>Seetha Kumari</b>				
	At the beginning of the year	261849	1.08	261849	1.08
	24.04.2015 – Sale	-8519	-0.04	253330	1.05
	31.07.2015 – Sale	-18847	-0.08	234483	0.97
	07.08.2015 – Sale	-13224	-0.05	221259	0.91
	14.08.2015 – Purchase	12418	0.05	233677	0.96
	At the end of the year	233677	0.96	233677	0.96



**iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS  
(other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)**

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>5.</b>	<b>Samir Pragji Shah</b>				
	At the beginning of the year	218940	0.90	218940	0.90
	10.04.2015 – Sale	-5500	-0.02	213440	0.88
	17.04.2015 – Sale	-500	-	212940	0.88
	08.05.2015 – Sale	-1000	-	211940	0.88
	22.05.2015 – Sale	-1449	-0.01	210491	0.87
	10.07.2015 – Sale	-500	-	209991	0.87
	17.07.2015 – Sale	-500	-	209491	0.87
	24.07.2015 – Sale	-1500	-0.01	207991	0.86
	28.08.2015 – Sale	-500	-	207491	0.86
	11.09.2015 – Sale	-500	-	206991	0.85
	18.09.2015 – Sale	-958	-	206033	0.85
	25.09.2015 – Sale	-2200	-0.01	203833	0.84
	30.09.2015 – Sale	-2021	-0.01	201812	0.83
	09.10.2015 – Sale	-4895	-0.02	196917	0.81
	16.10.2015 – Sale	-500	-	196417	0.81
	23.10.2015 – Sale	-1217	-0.01	195200	0.81
	30.10.2015 – Sale	-3041	-0.01	192159	0.79
	06.11.2015 – Sale	-1903	-0.01	190256	0.79
	27.11.2015 – Sale	-1400	-0.01	188856	0.78
	31.12.2015 – Sale	-1779	-0.01	187077	0.77
	08.01.2016 – Sale	-300	-	186777	0.77
	29.01.2016 – Sale	-300	-	186477	0.77
	05.02.2016 – Sale	-200	-	186277	0.77
	04.03.2016 – Sale	-300	-	185977	0.77
	11.03.2016 – Sale	-801	-	185176	0.76
	At the end of the year	185176	0.76	185176	0.76
<b>6.</b>	<b>Rinku Parimal Desai</b>				
	At the beginning of the year	159532	0.66	159532	0.66
	Date wise increase/decrease in Promoter Shareholding	-	-	159532	0.66
	At the end of the year	159532	0.66	159532	0.66
<b>7.</b>	<b>Nikhil Parimal Desai</b>				
	At the beginning of the year	146916	0.61	146916	0.61
	17.04.2015 – Sale	-500	-	146416	0.60
	17.07.2015 – Sale	-2400	-0.01	144016	0.59
	At the end of the year	144016	0.59	144016	0.59
<b>8.</b>	<b>Mulraj Chandulal Gala</b>				
	At the beginning of the year	139552	0.58	139552	0.58
	11.09.2015 – Purchase	1500	0.01	141052	0.58
	27.11.2015 – Sale	-448	-	140604	0.58
	At the end of the year	140604	0.58	140604	0.58
<b>9.</b>	<b>Liza Nemjee Savla</b>				
	At the beginning of the year	140000	0.58	140000	0.58
	Date wise increase/decrease in Promoter Shareholding	-	-	140000	0.58
	At the end of the year	140000	0.58	140000	0.58
<b>10.</b>	<b>Gopikishan S. Damani</b>				
	At the beginning of the year	186000	0.77	186000	0.77
	28.08.2015 – Sale	-57000	-0.24	129000	0.53
	11.09.2015 – Sale	-129000	-0.53	-	-
	16.10.2015 – Purchase	24700	0.10	24700	0.10
	30.10.2015 – Purchase	53116	0.22	77816	0.32
	At the end of the year	77816	0.32	77816	0.32



v. **SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>1.</b>	<b>Prakash Moreshwar Patil</b>				
	At the beginning of the year	2046632	8.45	2046632	8.45
	22.01.2016 – Purchase	4050	0.02	2050682	8.47
	12.02.2016 – Purchase	4000	0.02	2054682	8.49
	26.02.2016 – Purchase	6937	0.03	2061619	8.51
	At the end of the year	2061619	8.51	2061619	8.51
<b>2.</b>	<b>Rashesh Chandrakant Gogri</b>				
	At the beginning of the year	1123532	4.64	1123532	4.64
	Date wise increase/decrease in Promoter Shareholding	–	–	1123532	4.64
	At the end of the year	1123532	4.64	1123532	4.64
<b>3.</b>	<b>Harshit Manilal Savla</b>				
	At the beginning of the year	1019184	4.21	1019184	4.21
	Date wise increase/decrease in Promoter Shareholding	–	–	1019184	4.21
	At the end of the year	1019184	4.21	1019184	4.21
<b>4.</b>	<b>Harit Pragji Shah</b>				
	At the beginning of the year	760572	3.14	760572	3.14
	Date wise increase/decrease in Promoter Shareholding	–	–	760572	3.14
	At the end of the year	760572	3.14	760572	3.14
<b>5.</b>	<b>Rajendra Vallabhji Gogri</b>				
	At the beginning of the year	826048	3.41	826048	3.41
	Date wise increase/decrease in Promoter Shareholding	–	–	826048	3.41
	At the end of the year	826048	3.41	826048	3.41
<b>6.</b>	<b>Uday Moreshwar Patil</b>				
	At the beginning of the year	12600	0.05	12600	0.05
	Date wise increase/decrease in Promoter Shareholding	–	–	12600	0.05
	At the end of the year	12600	0.05	12600	0.05
<b>7.</b>	<b>Ramdas Maneklal Gandhi</b>				
	At the beginning of the year	8000	0.03	8000	0.03
	Date wise increase/decrease in Promoter Shareholding	–	–	8000	0.03
	At the end of the year	8000	0.03	8000	0.03
<b>8.</b>	<b>CA Navin C. Shah</b>				
	At the beginning of the year	2376	–	2376	–
	Date wise increase/decrease in Promoter Shareholding	–	–	2376	–
	At the end of the year	2376	–	2376	–
<b>9.</b>	<b>Dr. Vilas G. Gaikar</b>				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
<b>10.</b>	<b>Prof. K. G. Akamanchi</b>				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
<b>11.</b>	<b>CA Bhavesh R. Vora</b>				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
<b>12.</b>	<b>CA Priti P. Savla</b>				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
<b>13.</b>	<b>Adhish Prakash Patil</b>				
	At the beginning of the year	283444	1.17	283444	1.17
	Date wise increase/decrease in Promoter Shareholding	–	–	283444	1.17
	At the end of the year	283444	1.17	283444	1.17
<b>14.</b>	<b>Mr. Vibhav S. Ranade</b>				
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–

**V. INDEBTEDNESS**

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

(₹ in Lakhs)

Sr. No.	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>					
1	Principal Amount	33,191.72	10,282.52	–	43,474.24
2	Interest due but not paid	–	–	–	–
3	Interest accrued but not due	126.74	168.61	–	295.35
	<b>Total (1+2+3)</b>	<b>33,318.46</b>	<b>10,451.13</b>	<b>–</b>	<b>43,769.59</b>
<b>Change in Indebtedness during the financial year</b>					
1	Addition	4,923.75	94.00	–	5,017.75
2	Reduction	2,906.06	–	–	2,906.06
3	Net Change	2,017.69	94.00	–	2,111.69
<b>Indebtedness at the end of the financial year</b>					
1	Principal Amount	34,294.70	12,189.61	–	46,484.32
2	Interest due but not paid	–	–	–	–
3	Interest accrued but not due	109.07	175.13	–	284.20
	<b>Total (1+2+3)</b>	<b>34,403.78</b>	<b>12,364.74</b>	<b>–</b>	<b>46,768.52</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager					Total Amount
		Shri Prakash M. Patil CMD	Shri Rashesh C. Gogri MD	Shri Harshit M. Savla JT. MD	Shri Harit P. Shah WTD	Shri Uday M. Patil WTD	
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	67.27	58.30	58.30	58.30	6.38	248.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–	–	–	–	–
2.	Stock Option	–	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–	–
4.	Commission – as % of profit – others	48.62	48.62	48.62	48.62	–	194.48
5.	Others, please specify	–	–	–	–	–	–
	<b>TOTAL (A)</b>	<b>115.89</b>	<b>106.92</b>	<b>106.92</b>	<b>106.92</b>	<b>6.38</b>	<b>443.03</b>

## B. REMUNERATION OF OTHER DIRECTOR

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri Ramdas M. Gandhi	CA Bhavesh R. Vora	Prof. K. G. Akamanchi	Dr. Vilas G. Gaikar	CA Navin C. Shah	CA Priti P. Savla	
1.	Independent Directors							
	• Fee for attending board committee meetings	1.34	1.16	0.50	0.40	1.10	0.60	5.10
	• Commission	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–
	<b>Total (1)</b>	1.34	1.16	0.50	0.40	1.10	0.60	5.10
2.	Other Non-Executive Directors							
	• Fee for attending board committee meetings	0.60	–	–	–	–	–	0.60
	• Commission	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–
	<b>Total (2)</b>	0.60	–	–	–	–	–	0.60
	<b>Total Managerial Remuneration Total (B)=(1+2)</b>	1.94	1.16	0.50	0.40	1.10	0.60	5.70

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Shri Prakash M. Patil CEO	Shri Adhish P. Patil CFO	Shri Sunny D. Pagare CS (resigned w.e.f. 01.12.2015)	Shri Vibhav S. Ranade CS (appointed w.e.f. 22.02.2016)	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	67.27	29.55	5.21	0.38	102.41
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission – as % of profit – others, specify	48.62	–	–	–	48.62
5.	Others, please specify	–	–	–	–	–
	<b>Total</b>	115.89	29.55	5.21	0.38	151.03

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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



**ANNEXURE - B**

**FORM AOC - 1**

[Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

**STATEMENT CONTAINING SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES**

**PART "A" : SUBSIDIARIES**

		(₹ in Lakhs except % of shareholding)											
Sr. No.	Name of Subsidiary Company	Reporting Period	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiary	Share capital	Reserve & surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Proposed Dividend	% of Shareholding
1.	Pinnacle Life Science Pvt. Ltd.	01.04.2015 - 31.03.2016	INR	778.28	580.50	6695.68	6695.68	0.50	8584.07	245.73	-	-	100%

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

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

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

Sd/-  
Adhish P. Patil  
Chief Financial Officer

Sd/-  
Vibhav S. Ranade  
Company Secretary

Place : Mumbai  
Date : 5<sup>th</sup> May, 2016

## NOMINATION AND REMUNERATION POLICY OF AARTI DRUGS LIMITED

### NOMINATION POLICY OF AARTI DRUGS LIMITED

This Policy on Director's Nominations (the "Policy") describes the process by which candidates for possible inclusion in the Company (the "Candidates") are selected. The Policy is established and administered by the Nomination and Remuneration Committee (the "Committee") of AARTI DRUGS LIMITED (the "Company").

#### 1) BOARD MEMBERSHIP CRITERIA

The Committee's charter provides that the Committee is responsible for, among other things, identifying individuals qualified to become members of the Company's Board of Directors (the "Board") and selecting, or recommending to the Board, the nominees to stand for election as directors.

##### A. GENERAL QUALIFICATIONS:

When evaluating a person for nomination for election to the Board or at senior management level, the qualifications and skills considered by the Committee, will include, but are not limited to:

- whether the person is qualified under applicable laws and regulations to serve as a director of the Company;
- whether or not the person is willing to serve as a Director or at senior management level and willing to commit the time necessary for the performance of the duties of a Director;
- the contribution that the person can make to the Board or at senior management, with consideration being given to the person's business experience, education and such other factors as the Board may consider relevant;
- whether a candidate contributes to the Board's overall diversity with diversity being broadly construed to mean a variety of personal and professional experiences and education;
- opinions, perspectives and backgrounds;
- the character and integrity of the person;
- The extent to which the person demonstrates a long-term and strategic perspective and
- the extent to which the person possesses pertinent technological, political, business, financial or social/cultural expertise and experience.

The Committee is of the view that the continuing service of qualified incumbents promotes stability and continuity in the board room or at senior management level, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure. Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent directors or persons at senior level management who continue to satisfy the Committee's criteria for membership on the Board or at senior management level, whom the Committee believes continue to make important contributions to the Board and who consent to continue their service on the Board.

##### B. SOURCES OF INQUIRY:

The Committee may use multiple sources for identifying director candidates, including its own contacts and referrals from other Directors, members of management, the Company's advisors, and executive search firms.

In making recommendations for Director Nominees for the annual meeting of shareholders the Committee will consider any written recommendations of director candidates by shareholders received by the Secretary of the Company. No person nominated by a shareholder will be eligible to serve as a director of the Company unless nominated in accordance with the procedures set forth in such Nomination policy.





This Nomination Policy is intended to provide a flexible set of guidelines for the effective functioning of the Company's nomination process. The Board of Directors anticipates that modifications may be necessary or appropriate from time to time as the Company's needs and circumstances evolve and as applicable legal or listing standards change.

## 2) EVALUATION CRITERIA:

The Committee shall evaluate the performance of the directors on the basis of the following criteria:

- Accomplishment of the organization's mission, objectives and strategic results for which the Director is responsible;
- Adherence to operational policies approved by the board;
- Insuring that the board is well informed on issues affecting the continuing relevance of the mission and the performance and reputation of the Society

### Evidence of Performance

The Board and Director will agree in advance on how information on the above criteria will be collected and provided. The means of gathering this information or demonstrating accomplishment will include:

#### 1) Reports from the Director on progress towards the mission and objectives of the organization and current strategic goals.

The Executive Director's regular reports to the Board will be included.

The Board and Executive Director will agree in advance on the specific performance indicators, which will include:

- Changes in the community to which the organization has contributed;
- Improvements in lives of clients or consumers;
- Improvements in shareholders Net-worth;
- Internal organizational improvements (e.g. increased capacity, Financial Results etc.)

#### 2) Monitoring reports from the Director on the implementation of and adherence to operational policies.

- These reports will be formally requested by the Board.
- The board will select two or three specific policies it is interested in examining in each evaluation period

#### 3) Independent verification and other data gathered by the Committee in relation to the implementation of operational policies.

- The Committee may want to interview selected clients, staff, key stakeholders, funders and suppliers and inspect specific records.
- Regular client or customer feedback mechanisms (e.g. satisfaction surveys) are valuable as management and governance tools, as well as being employed in the evaluation of the executive director.

## REMUNERATION POLICY OF AARTI DRUGS LIMITED

### BACKGROUND:

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals from directors right through to support Staff.

## **OBJECTIVE:**

The objectives of this policy are:

- to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company;
- encourage people to perform to their highest level;
- allow the Company to compete in each relevant employment market; and
- provide consistency in remuneration throughout the Company; and
- align the performance of the business with the performance of key individuals and teams within the Company.

The policy details the types of remuneration to be offered by the Company and factors to be considered by the Board, Nomination & Remuneration Committee and management in determining the appropriate remuneration strategy.

## **CONTRACT:**

- Non-Executive Directors will enter into a letter of engagement. This letter of engagement will set out the terms and conditions of the engagement and the performance expectations for the role and the remuneration package for that Director. The Terms and Conditions for the engagement must be approved by the Board.
- Each Executive Director, executive and senior management employee will enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for that person. The contract will set out the expectations for the performance of the role and the key performance indicators, measures and criteria for assessment.

The Nomination & Remuneration Committee and the Board must approve all contracts for senior management and Directors. The Board will disclose the details of any contract in accordance with the law and the Communications & Continuous Disclosure Policy.

## **FORMS OF REMUNERATION:**

The remuneration of employees largely consists of basic salary, perquisites, bonus and performance incentives. The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognize merits/achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

With the assistance of the Board, Nomination & Remuneration Committee will approve the forms of remuneration to be offered to executive directors, executives, senior management and other employees (Employees), which may include:

### **FIXED REMUNERATION:**

The Nomination & Remuneration Committee and the Human Resources Manager in consultation with the Board will from time to time determine the fixed remuneration level for each Employee within the Company. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company. Employees may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits.

### **PERFORMANCE BASED REMUNERATION:**

In addition to fixed remuneration the Company will implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will be disclosed to relevant employees regularly.

### **EQUITY BASED REMUNERATION:**

To motivate executives and management to pursue the long term growth and success of the Company will include various plans and initiatives to deliver parts of the performance based remuneration as equity in the Company. The terms and conditions of any employee share plans will be approved by the Nomination & Remuneration Committee and the Board and disclosed to the shareholders and market in accordance with the continuous disclosure policy.





**TERMINATION PAYMENTS:**

Each contract (excluding non-executive Directors) will set out in advance the entitlement to payment upon termination of employment for each Employee. The Nomination & Remuneration Committee and the Board must approve all termination payments provided to all Employees at the level of director, executive or senior management to ensure such payments reflect the Company's remuneration policy.

**EMPLOYEE ENTITLEMENTS:**

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and parental leave.

**NON-EXECUTIVE DIRECTORS:**

The Company will remunerate non-executive directors in a manner designed to attract and maintain high quality board members. Non-executive directors will receive a set fee (including superannuation) for their service and may be issued securities in the Company, provided that non-executive directors are not entitled to any performance-based options, bonus payments or retirement benefits. The remuneration of non-executive directors must be consistent with and supportive of maintaining the non-executive director's independence.

\*\*\*\*\*



## ANNEXURE - D

### CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(₹ in lakhs)

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Corporate Responsibility Section of Directors Report & Management Discussion and Analysis contains the requisite details
The Composition of the CSR Committee.	Shri Navin C. Shah (Chairman) – Independent Director Shri Prakash M. Patil – Executive Director Shri Rashesh C. Gogri – Executive Director
Average net profit of the company for last three financial years (Amount in lakhs)	₹ 8356.79
Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in lakhs)	₹ 167.14
Details of CSR spent during the financial year. (1) Total amount to be spent for the F.Y. (2) Amount unspent, if any; (3) Manner in which the amount spent during the financial year	₹ 167.14 N.A. Details given in below table

CSR project or activity identified	Locations where project is undertaken (Local Area/District)	Sector in which the project is covered	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing Agency
a) Education & skill development b) Environment c) Rehabilitation in disaster affected areas	– Valsad, Bharuch, Kutch, Ahmedabad, Bhavnagar (Gujarat) – Palghar, Thane, Marathwada, Dhule, Aurangabad, Mumbai (Maharashtra) – Kolkatta (West Bengal)	Rural Development	₹ 167.14	₹ 175.38	₹ 175.38	₹ 175.38 (Direct as well as implementing Agency)

#### Details of Implementing Agency:

Aarti Foundation, Sudha Pratishthan, Institute of Chemical Technology, Shree Siddhivinayak Sevabhavi, Om Shiv Construction, Dhan Vallabh Charitable Trust, Samarpan Foundation, Sanskrutik Vikas Mandal and Raut Associate.

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

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

Sd/-  
Navin C. Shah  
Chairman of CSR Committee  
DIN: 041415556

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



**ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**1. CONSERVATION OF ENERGY:**

**a. Energy Conservation Measures Taken:**

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

- Installation of energy efficient aerodynamically designed FRP fans replacing regular Aluminium fans for cooling towers.
- Installation of capacitor banks for improvement of power saving.
- Rationalization of usage of utility pumps for electrical power saving.
- Installation of auto star-delta switches for centrifuges.
- Continuous overhauling of all thermal insulations to reduce loss of heat due to radiation.
- Tuning of boilers/thermopacs for optimum Air – Fuel ratio to increase efficiency.
- Condensate recovery improved to reduce fuel consumption.
- Reduced furnace oil percentage that was use as a supplementary fuel along with liquid effluent in waste heat recovery boiler.
- Attempt to run refrigeration plants at optimum capacity & efficiency.
- Replaced furnace oil fired boiler with Briquette as a solid fuel boiler.
- Installation of Thermostat to control cooling tower temperature to reduce electricity consumption.
- Implemented PINCH technology successfully & expected fuel saving.
- Use of variable frequency drives for power saving in centrifuges and
- Use of charcoal/carbon briquettes as a solid fuel in boilers.

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

Measures for reduction in energy consumption includes:

- Solar roof top project on R&D building at E-1
- Coal based trigeneration at T-150 unit and
- Use of variable frequency drives for power saving in pumps.

**c. The adoption of energy conservation measures indicated above has resulted in optimum efficiency in operation and saving & controlling in the cost of production.**

**d. Total energy consumption and energy consumption per unit of production:**

**I Power & Fuel Consumption**

	<u>Current Year</u>	<u>Previous Year</u>
<b>1. Electricity</b>		
Purchased Units (KWH)	<b>44948705</b>	41615737
Total Amount (₹ in Lakhs)	<b>3628.75</b>	3235.65
Per Unit (₹)	<b>8.07</b>	7.78
<b>2. Furnace Oil</b>		
Purchased Units (MT)	<b>1347.56</b>	776.75
Total Amount (₹ in Lakhs)	<b>211.24</b>	279.23
Per Unit (₹) (Per Kg)	<b>15.68</b>	35.95

	<u>Current Year</u>	<u>Previous Year</u>
3. <b>Coal</b>		
Consumption (Unit)	<b>47070588</b>	31530291
Total Amount (₹ in Lakhs)	<b>1061.82</b>	785.29
Rate Per Unit	<b>2.26</b>	2.49
4. <b>Others (₹ in Lakhs)</b>		
Diesel (₹ in Lakhs)	<b>200.83</b>	78.29
Briquettes (₹ in Lakhs)	-	411.42

## 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 validated & commercialized manufacturing process for Moxifloxacin. The manufacturing process for Moxifloxacin is for non-regulatory market. It is an anti-bacterial agent. The commercial production of the same has been started during 1st quarter of 2016-17. The quality of Moxifloxacin is as per EP/BP.
- The Company has also developed cost-effective route of synthesis of Methyl acrylate key Raw material of O Acid / Levo acid.
- Process improvement work is being carried out continuously which leads to improvement in quality as well as cost-reduction. Clopidogrel Bisulphate, Ciprofloxacin Hydrochloride & Q Acid, one of the key intermediate for Ciprofloxacin & Enrofloxacin, is an example in which we improved the quality of these products. Clopidogrel is an example in which we have now stated production of USP-38 grade material. We are putting continuous effort to further improve quality of Clopidogrel Bisulphate. We have also validated manufacturing process for Clopidogrel EP/BP grade at regulated facilities.
- We are working to develop manufacturing process for Tetrafluoro Benzoic Acid, an imported RM for O - Acid/Levo-Acid.
- We have pilot plant validated manufacturing process for Aceclofenac EP/BP.
- We have pilot plant validated recovery process for Tartaric Acid.
- We are vendor – validating Leflunomide manufacturing process, quality will be as per EP/BP.
- We are working to develop manufacturing process for Iopamidol an X-ray contrasting API.

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

The Company's R&D Center at Plot No. E-1, MIDC industrial Area, Tarapur, recognized by Department of Science and Industry Research, Government of India, carries on R&D activities for developing technology, scale up and its transfer to manufacturing location for commercialization of APIs and intermediates as well.

### (A) Specific areas in which R&D carried out by the Company during the year 2015-16

The focus areas of the Company's R&D effort during 2015-16 include:

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

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

- R&D efforts have helped for improvement in process and operating efficiency.
- Development/commercialization of various APIs and intermediates.



- (iii) Development of new markets, penetration in to regulatory markets through quality up gradation and cost reduction and
- (iv) Improve quality of products to fulfill existing in-house demands of customers.

**(C) Future plans of Action:**

1. Further improvement in process efficiencies of existing products.
2. The Company expects to file new DMFs and also to update the existing ones during the year 2016-17 with Global regulatory authorities. This would help increase exports to regulated markets with better margins by supply of generic API's too.
3. Development of Cost Effective Processes/Technologies for APIs of the semi-regulated & Non-Regulated Markets.

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

	(₹ in lakhs)	
	<b>Current Year</b>	Previous Year
Capital	<b>1261.94</b>	889.38
Recurring	<b>387.60</b>	303.97
Total	<b>1649.54</b>	1193.35

**4. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(₹ in Lakhs)	
	<b>Current Year</b>	Previous Year
Total Foreign Exchange Earned (FOB)	<b>35854.57</b>	38036.53
Total Foreign Exchange Earned (CIF)	<b>36732.59</b>	39008.62
Total Foreign Exchange Used		
CIF Value of Imports:		
– Raw Material	<b>44324.64</b>	41397.24
– Capital Goods	<b>251.31</b>	52.90
Expenditure in Foreign Currency:		
– Commission	<b>498.75</b>	518.44
– Travelling Expenses	<b>33.35</b>	25.50
– Sales Promotion	<b>70.30</b>	109.32
– Foreign Bank charges	<b>59.26</b>	48.25
– Interest on F.C. loan	<b>223.86</b>	245.63
– Others	<b>279.05</b>	216.48
<b>TOTAL</b>	<b>45740.52</b>	42613.76

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

Sd/-

**Prakash M. Patil**  
Chairman & Managing Director  
DIN: 00005618

Place : Mumbai  
Date : 5<sup>th</sup> May, 2016

**FORM NO. MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**  
**(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014)**

**To,**  
**The Members,**  
**Aarti Drugs Limited**

(CIN: L37060MH1984PLC055433)

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2016 ("**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 31<sup>st</sup> March, 2016 according to the provisions of:

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



- (vi) Other Laws applicable specifically to the Company, identified and confirmed by the Company and relied upon by me are as under:
- (a) Drugs & Cosmetics Act, 1940 and rules made thereunder
  - (b) Narcotic Drugs and Psychotropic Substances Act, 1985
  - (c) The Insecticides Act, 1968
  - (d) Explosives Act, 1889
  - (e) Air (Prevention and Control of Pollution) Act 1981
  - (f) Water (Prevention and Control of Pollution) Act 1974
  - (g) The Noise (Regulation and Control) Rules 2000
  - (h) Environment Protection Act, 1986 and other environmental laws
  - (i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950
  - (j) Public Liability Insurance Act, 1991
  - (k) Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable from 1<sup>st</sup> December, 2015;

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

**I further report that:**

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

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

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

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

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

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

**For Sunil M. Dedhia & Co.**

Sd/-

**CS Sunil M. Dedhia  
Proprietor**

**Place : Mumbai  
Date : 5<sup>th</sup> May, 2016**

**FCS No: 3483 C.P. No. 2031**

## Appendix - I

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

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

### **Disclaimer**

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

**For Sunil M. Dedhia & Co.**

**Sd/-**

**CS Sunil M. Dedhia**  
**Proprietor**

**FCS No: 3483 C.P. No. 2031**

**Place : Mumbai**  
**Date : 5<sup>th</sup> May, 2016**



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE & DEVELOPMENTS

#### Pharmaceutical Industry – Global & Indian

The global pharmaceutical market is expected to reach \$ 1.3 trillion by 2018, due to increased global spending driven by population growth, an aging population and improved access in pharmerging markets. CAGR of pharmerging market will be 8 to 11% by 2018. Due to globalization, pharmerging countries have increased from 5 to 21 and healthcare improvement will continue to be their priority. Many of these countries are implementing healthcare reforms to ensure universal coverage. The developed market –led by the United States, the major five European markets and Japan had been the primary drivers of increased growth, while the 21 pharmerging countries are expected to increase their contribution to growth over next five years and account for nearly 50% of absolute growth by 2018.

The Indian pharmaceutical market is the third largest in terms of volume and thirteen largest in terms of value. Its revenue is estimated to grow at 15 per cent per annum between 2015 and 2020, thus outperforming the global pharmaceutical industry. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. Indian pharmaceutical industry has many advantages in terms of efficient cost of production, good R&D technical work force for process improvements, lower healthcare costs, diversified array of products viz., over 60,000 generics brands across 60 therapeutic categories comprising of more than 500 different APIs. Economic prosperity, increased drugs affordability and increasing penetration of health insurance along with government initiatives like 'Pharma Vision 2020' will propel India to become a global leader as an end-to-end drug manufacturer. The Government of India is committed to setting up robust healthcare and delivery mechanisms.

### BUSINESS STRATEGY

#### Domestic Market and Trends:

The domestic formulation market has witnessed a healthy growth in demand during the past five years. Going forward, this trend is expected to continue broadly based on growing population, increasing health awareness and an increasing per capita income leading to a large overall healthcare spend. The market is expected to grow with a CAGR of 15.92% to reach a size of US \$ 55 billion by 2020. Indian bulk drug industry has grown as a direct offset of formulation growth worldwide.

Aarti Drugs Limited (ADL) has a strong regulatory framework and CGMP level documentation, which is now a standard requirement of most of the big Indian Pharmaceutical Companies. High process efficiency and high standard for quality has created good brand name for the Company in the space of Antibiotic, Anti-diabetic, Antifungal, Antidiarrheal, Anti-inflammatory and Cardioprotectant therapeutic segments. Indian pharmaceutical market is growing fast due to penetration of health services in rural areas of the country. There is also a shift in demand from drugs treating hygiene related diseases to drugs treating lifestyle related diseases in the urban sector. ADL has recently constructed new facilities for three antibiotic products (Fluoroquinolones) and its intermediates and doubling the capacity of one of its major Antidiarrheal product. Both these projects are commercially operational and will drive the growth of domestic sales in coming years.

#### Export Market and Trends:

Indian bulk drug companies have filed 49% of the overall drug master filings (DMFs) made in the US in 2013, which will help Indian pharmaceutical companies to capitalize further on export opportunities in regulated and semi-regulated markets.

The Ministry of Commerce targets to export \$ 25 billion worth of pharmaceuticals in 2016. India supplies 20 per cent of global generic medicines market exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. America accounted for around 34% of Indian pharma exports in FY 2013, followed by Europe 26% and Asia 20%. Exports to Africa increased at a CAGR of 21% from 2009 to 2013. The global generics market has grown at a phenomenal pace in past few years and is expected to grow over the next five years.



Significant portion of bulk drugs manufactured in India is exported as compared to developed countries, where bulk drugs are primarily manufactured for captive consumption. Recent Anti-diabetic facility, which started its commercial operations last year is now WHO-GMP approved. Same facility was also inspected by other international regulatory authorities last year and also expected to get further regulatory approvals for European markets as well.

The Company continues to further enhance the IT infrastructure of its USFDA facility to address data integrity issue. USA based consultants have conducted a third party audit, based on which further remediation measures are being implemented. The Company is committed to comply and get USFDA Import Alert for Tarapur facility withdrawn at the earliest possible. However, other facilities of ADL continue to maintain CGMP certifications like COFEPRIS, ANVISA, TGA, WHO GMP and ISO resulting in competitive advantage. Due to macroeconomic conditions across the globe like sudden crash of currencies, oil price collapse, tightening of government budgets resulted in subdued demand in global markets. However, due to new product launches and additional regulatory approvals, Company expects to grow in exports in spite of these conditions.

## **OPPORTUNITIES & THREATS**

### **SWOT ANALYSIS**

#### **Strengths & Opportunities:**

The Company has been continuously striving to keep its costs to minimum possible to aggressively compete with Chinese competitors. Moreover, slowly India is getting competitive with respect to Chinese manufacturers, as Chinese environmental rules are becoming stringent like that of India. Moreover, global players prefer Indian manufacturers to Chinese due to better documentation and quality. Furthermore, currently the Company has customer audited and CGMP facilities, which give us an edge over competition throughout the world.

The Company continues to enjoy economies of scale due to its large production capacities in Anti Diarrhea, Anti Inflammatory, Anti Fungal, and Anti Biotic segments. Bigger market share automatically helps us to be competitive in market due to spread of overheads and better bargaining power. The Company has always been vertically integrated company, manufacturing most of its intermediates for captive consumption. Till date the Company has exported over 100 countries worldwide indicating its strong marketing network, logistics capability and geographic spread of the ADL brand. Customer diversification is also one of key strengths of the Company reducing its dependence on any single customer.

The Company is operating State-of-the Art R&D Center, at Tarapur, which is recognized by Department of Science and Industry Research, Government of India. Our scientists are constantly working for developing technology, non-infringing route of synthesis, scale up and its transfer to manufacturing location for commercialization. They actively work not only on bulk drugs in various therapeutic categories but also on specialty chemicals for non-API related applications. The Company has 30 years of manufacturing experience and has developed expertise in various reactions for bigger volumes of production, also building the long-term customer relationships, which is a key strength in API manufacturing industry.

The Company has also taken few forward-integration steps to include a small formulation manufacturing plant for toll manufacturing of formulations and also registering few finished products for exports market.

## **RISK AND CONCERNS**

#### **Weaknesses, Risks and Concerns:**

Variation in crude oil prices would always be area of concern. The Company has already installed greener technologies like briquette fired boilers, economizers etc. to save power and fuel costs, which reflects in the financial result of the Company. The Company was able to cope up with these pressures due to strong operational efficiency and increased market share of its products.

Extreme volatility of exchange rate of rupee against US dollar can have significant impact on the Company's operations because approximately 36% of its total revenues consist of exports. However, natural hedge mitigate the risk to large extent due to the imports. The Company has a strict FOREX policy of hedging all of its foreign currency loans to mitigate the risk of volatility of exchange rate.

Macro economic conditions like sudden currency variations, sharp fall in crude, US dollar remittance issues in African countries etc. do affect the export demand. However, pharmaceutical being a defensive sector, backed by the strong domestic demand, such risks are mitigated to some extent.





## **INTERNAL CONTROL SYSTEM & ADEQUACY**

The Company has sound and adequate internal control systems commensurate with its size and nature of business. We constantly upgrade our systems for incremental improvements, because we firmly believe that 'change is the only permanent thing'.

The Audit Committee of the Board periodically reviews these systems. These systems ensure protection of assets and proper recording of transactions and timely reporting. Internal audit is being carried out by an independent firm of chartered accountants on a quarterly basis.

The Audit Committee also regularly reviews the periodic reports of the Internal Auditors. Issues raised by Internal Auditors and Statutory Auditors are discussed and addressed by the Audit Committee. Audit Committee constantly tries to add value by evaluating existing systems. Since August 1, 2014, the Company completely stopped its legacy systems and is online on Microsoft Dynamics Navision ERP systems. This has already enhanced the reporting and internal control systems.

## **FINANCIAL & OPERATIONAL PERFORMANCE**

During the year under review the Company has achieved consolidated top line of ₹ 1228.31 crore, achieving a y-o-y growth of 4.13%, correspondingly EBIDTA worked out to ₹ 175.69 crore as against ₹ 169.67 crore in the previous year recording a growth of 3.55%. Net profit after tax was ₹ 68.72 crore as against ₹ 77.25 crore in the previous year recording decline of 11.04%.

Keeping long term view in mind, the Company has carried out various expansion programs in last three years. Many of the expansion projects went live in the year under review leading to higher depreciation and expensing of interest costs. However due to increasingly stricter regulatory norms and approvals from government regulatory authorities, the overall gestation period for Active Pharmaceutical Ingredient projects has gone up considerably. In addition, macroeconomic conditions like sudden devaluation of currencies across globe, sharp fall in crude prices, US dollar remittance issues in some regions posed challenges for global trade.

Due to underutilization of the expanded capacities across the company, there was under absorption of overheads which led to increase in costs and reduction in the profitability. However, the company is confident to reap the benefit of utilization of expanded capacities, to increase the operating leverage thus resulting in better profitability. With reference to USFDA import alert, the company is actively upgrading its USFDA facility with the help of remediation plan, based on recent audit conducted by USA based consultant

## **SEGMENT-WISE PERFORMANCE**

For the year 2015-16, around 94% of the total sales of the standalone company came from API and its allied intermediate segment and approximately 3% from the speciality chemicals. Within the API segment, Antibiotic therapeutic category contributes to around 50%, Anti-diarhoeals around 20%, Anti-inflammatory around 12%, followed by Anti-fungal, Anti-diabetic and Cardioprotectant therapeutic categories. On a consolidated basis, formulation sales is around 10% of the total revenues.

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

### **Human Resource**

Human capital has always been the most important and valuable asset to the Company. The Company has approximately 1072 permanent employees as on 31<sup>st</sup> March, 2016 at factory and office level. HRD center had conducted number of training programs during the year 2015-16 as well on the various topics related to Technological Development, Quality System Management, Behavioral Change Modules, Individual and Operational Safety, Personality Development, Computerization of Systems etc. Apart from these internal training programs, employees are also sent for training/seminars at prominent training institutes on regular basis for upgrading their knowledge and skill level.

## **CORPORATE SOCIAL RESPONSIBILITY**

As a contribution towards Community Development to fulfill Company's obligations towards the Society, Company organizes many activities on regular basis including Blood donation, Eye and Health check up camps and Career

guidance workshops for young students in areas surrounding its units. Company also worked closely with Institute of Chemical Technology for the cleaning of Rankala Lake in Kolhapur, Maharashtra. The Company has also constructed public toilets in the area near Sarigam, Gujarat. The Company has also made donations to hospitals. Contributions are made to primary schools of surrounding villages for painting of school buildings, purchase of benches & furniture, sports equipment, records storage facilities etc. We continue to provide maintenance services to the Palghar-Dahanu Taluka Sport Association. The Company has taken up a big forestation project across an area of 100 hectares in the nearby area along with the forest department.

## **ENVIRONMENT HEALTH & SAFETY**

All our plants are designed with appropriate Waste Management Systems and operate in harmony with the surrounding ecosystem. Safe disposal of waste, treating effluents to manufacture an eco-friendly by-product, generating steam through a waste heat recovery plant and In-house R&D team ensuring pollution control & energy conservation are some of the ways adopted by ADL to operate in an eco-friendly manner.

Continuously, the Company has innovated many more techniques to reduce the effluent generation in the process, utility and domestic areas across units to reduce the entire effluent stream. Environmental requirements are incorporated into the plant design right from the preliminary stage of a process. Air scrubbers, dust filters, fire protection systems and Effluent Treatment Plants are in place & well maintained.

In the current year, the Company has conducted various trainings and decampment programmes with the help of faculty of Civil Defence (Tarapur), Bombay Productivity Council & safety consultancy from Ex. Deputy Director, Department of Industrial Safety and Health on various aspects like Fire fighting & Rescue operation, '5S & Kaizan', Importance of PPE's, safety awareness and behavior related safety. Dedicated corporate safety team along with individual unit-wise teams consistently monitor plants for notifying unsafe conditions. Regular safety drills ensure that readiness for safety gets top priority. We will strive to further improve ourselves to create safer working conditions for our workers.

## **OUTLOOK**

The Company's R&D programs are currently focused on new products development related to lifestyle related diseases like diabetics, cardiovascular, anticoagulant, cholesterol etc. These products would be developed along with their DMFs in a time-horizon of 2-4 years. This falls in line with the vision of expanding the Company's presence in the regulated markets. Company will continue to do R&D on APIs that are off patents and will work on non-infringing route of synthesis. The Company has also tied up with European distributor on profit sharing basis of finished dosage sale. Already 2 finished dosage dossiers are filed with UK MHRA and 2 are under developmental stage. Strategy would be to engage in our own APIs.

The Company has started commercial operations of intermediate plant, first in India, for three of its Anti-biotic products. Majority market share and economies of scale with strong technological backup will continue to remain key strengths of the Company. Few of its expansion projects were commercialized last year, which will give good impetus to growth initially targeting domestic markets and eventually the global markets post getting necessary regulatory approvals. Macroeconomic conditions and higher gestation period due to newer regulatory processes had caused a subdued growth in last year, however company is in advance stage to get such approvals for the last years' expansions.

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## **Cautionary Statement**

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

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## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2016. A report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

A clearly structured and fully implemented Corporate Governance system is the Company's highest priority. Good Corporate Governance is the basis for decision making and control process and comprises responsible, value - based management and monitoring focused on long-term success, goal orientation and respect for the interests of our stakeholders.

Good Corporate Governance helps enhancement of long-term shareholder value and interest of other stakeholders. This is achieved through increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the organization.

The Board of Directors of the Company is committed to the consistent adherence to the corporate governance code and constant review of the Board processes, practices and the management systems to maintain a greater degree of responsibility and accountability.

### BOARD OF DIRECTORS

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

Aarti Drugs Limited (ADL) Board presently consists of 12 Directors out of which 7 (Seven) are Non-Executive. Out of 7 (Seven) Non-Executive Directors, 6 (Six) Directors are Independent Directors. Except Shri Prakash M. Patil, Managing Director & Independent Directors, all other Directors are liable to retire by rotation.

Name of Director	Category	No. of other Directorships*	No. of Committee Membership in all Companies**		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Shri Prakash M. Patil#	Chairman & Managing Director & Chief Executive Officer	None	None	1	5	Yes
Shri Rashesh C. Gogri	Managing Director	2	None	3	5	Yes
Shri Harshit M. Savla	Joint Managing Director	None	None	1	5	Yes
Shri Harit P. Shah	Executive	2	None	1	5	Yes
Shri Uday M. Patil#	Executive	None	None	None	4	Yes
Shri Rajendra V. Gogri	Non-Executive	2	1	3	4	No
Shri Ramdas M. Gandhi	Independent	3	3	6	5	No
Dr. Vilas G. Gaikar	Independent	1	None	1	3	No
CA Bhavesh R. Vora	Independent	1	None	3	5	Yes
Prof. Krishnacharya G. Akamanchi	Independent	None	None	None	4	No
CA Navin C. Shah	Independent	None	None	1	5	No
CA Priti P. Savla	Independent	1	None	None	5	Yes

\* This excludes Directorships held in Private Limited, Overseas Companies & Section 8 Companies.

\*\* Includes Audit Committee and Stakeholder's Relationship Committee [Committee Membership(s) & Chairmanships are counted separately].

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

**(b) Board Meetings:**

During the Financial Year 2015-16, 5 (five) Board Meetings were held. The dates on which the meetings were held during the year are as follows: 20.05.2015; 31.07.2015; 06.11.2015; 05.02.2016 and 16.03.2016.

**Separate Meeting of Independent Directors:**

During the year under review, the Independent Directors met on 16<sup>th</sup> March, 2016 to discuss *inter alia* the following:

- Evaluation of Performance of Non-Independent Directors and the Board of Directors as a Whole;
- Evaluation of Performance of the Chairman of the Company taking into account the views of Executive Directors & Non-Executive Directors and
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board of Directors that is necessary for the Board to effectively & reasonably perform their duties.

**(c) Code of Conduct:**

Aarti Drugs Limited Code of Conduct laid down by the Board of Directors is applicable to all the Directors and Senior Management of the Company. The Code of Conduct is posted on the Company's website [www.aartidrugs.com](http://www.aartidrugs.com). All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2016. A declaration to this effect, duly signed by the Chairman, Managing Director & Chief Executive Officer (CEO) is annexed hereto.

**(d) Familiarization Programme for Independent Directors:**

The Chairman and Managing Director have one to one discussion with all Directors to familiarize them with the Company's operations. Further the Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and on-going events relating to the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company viz. [www.aartidrugs.com](http://www.aartidrugs.com) and the web link thereto is <http://www.aartidrugs.co.in/images/Stories/Shareholder/FAMILIARIZATION%20PROGRAM%20FOR%20INDEPENDENT%20DIRECTORS.pdf>.

## COMMITTEES OF THE BOARD

### 1. AUDIT COMMITTEE:

The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established systems & process for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Audit Committee comprises of six (6) members with majority being Independent Directors and the Chairman of the Audit Committee is a Non-Executive & Independent Director.

**a) Terms of Reference**

The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Section 177 of the Companies Act, 2013 (as amended from time to time) and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which, *inter alia* includes overseeing financial reporting process, reviewing periodic financial statements, financial results and auditor's report thereon, reviewing and monitoring the auditor's independence and performance and effectiveness of audit process discussions with Statutory, Internal and Cost Auditors. The Audit Committee *inter alia* performs the functions of approving Annual Internal Audit plan, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans & investments, management discussion and analysis of financial condition and results of operations, evaluation of internal financial controls, reviewing the functioning of the whistle blower mechanism. In addition, the powers and role of the Audit Committee are as laid down under Part C of Schedule II of SEBI Regulations and Section 177 of the Companies Act, 2013.

**b) No. of Meetings:**

The Audit Committee met 6 (six) times during the financial year ended 31<sup>st</sup> March, 2016. The meetings were held on 10.04.2015; 20.05.2015; 31.07.2015; 06.11.2015; 05.02.2016 and 30.03.2016. Necessary quorum was present at the meetings. Shri Ramdas M. Gandhi, Independent Director is the Chairman of the Committee.





c) **Composition and attendance**

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

Sr. No.	Name of Director	Category	No. of meetings attended
1.	Shri Ramdas M. Gandhi (C)	Non-Executive/Independent	6
2.	Shri Prakash M. Patil	Executive	5
3.	CA Bhavesh R. Vora	Non-Executive/Independent	4
4.	Dr. Vilas G. Gaikar	Non-Executive/Independent	1
5.	Shri Rashesh C. Gogri	Executive	6
6.	CA Navin C. Shah	Non-Executive/Independent	5

Chief Financial Officer (CFO), Vice - Presidents, General Manager from various divisions of the Company, as and when required, Internal Auditors, Cost Auditors and Statutory Auditors of the Company attends the meetings of Audit Committee as invitees to respond to the queries raised during the meeting. The Company Secretary acts as a Secretary to the Committee.

2. **NOMINATION AND REMUNERATION COMMITTEE:**

a) **Terms of Reference:**

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

- i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board, policy relating to the remuneration of the Directors, key managerial personnel and other employees;
- ii. To formulate the criteria for evaluation of all the Directors on the Board;
- iii. To devise a policy on Board diversity;
- iv. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and
- v. To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

b) **No. of meetings:**

The Nomination and Remuneration Committee met twice during the year on 10.04.2015 and 30.07.2015. Shri Bhavesh R. Vora, Independent Director is the Chairman of the Committee.

c) **Composition and Attendance:**

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

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

d) **Performance Evaluation Criteria for Independent Directors**

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. Separate exercise was carried out to evaluate the performance of Non-Independent Directors including the Chairman of the Board who were evaluated on parameters such as Key achievements, Short term and long term targets, challenges faced, Implementation of Strategic decisions, organizational success, participation and attendance in Board and Committee Meetings etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

Independent Directors were evaluated on the parameters such as attendance and participation in the meetings and timely inputs on the minutes of the meetings, adherence to ethical standards & code of conduct of the Company, disclosure of non-independence, as and when exists and disclosure of interest, interpersonal relations with other Directors and Management, understanding of the Company and the external environment in which it operates and contribution to strategic direction, safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

### Details of Remuneration to all Directors

Remuneration payable to the Directors is considered and approved by the Nomination and Remuneration Committee constituted in accordance with the Corporate Governance Code and the provisions of the Companies Act, 2013, having due regard to the relevant factors. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is set out as Annexure 'C' to the Boards' Report. Non-executive Directors are paid sitting fees for attending each of the meetings of Board and its Committee(s) as per the provisions of the Companies Act, 2013 and the rules framed thereunder.

The details of remuneration paid to each Director for the year 31<sup>st</sup> March, 2016 are as under:

(Amount in ₹)

Name of Director	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Prakash M. Patil	67,27,050	48,62,226	–	1,15,89,276
Shri Rashesh C. Gogri	58,29,477	48,62,226	–	1,06,91,703
Shri Harshit M. Savla	58,29,477	48,62,226	–	1,06,91,703
Shri Harit P. Shah	58,29,477	48,62,226	–	1,06,91,703
Shri Uday M. Patil	6,38,545	–	–	6,38,545
Shri Rajendra V. Gogri	–	–	60,000	60,000
Shri Ramdas M. Gandhi	–	–	1,34,000	1,34,000
Dr. Vilas G. Gaikar	–	–	40,000	40,000
CA Bhavesh R. Vora	–	–	1,16,000	1,16,000
Prof. K. G. Akamanchi	–	–	50,000	50,000
CA Navin C. Shah	–	–	1,10,000	1,10,000
CA Priti P. Savla	–	–	60,000	60,000

- All Executive Directors except Shri Uday M. Patil are appointed under the contracts each for a period of five years and with termination notice period of 180 days.
- The Non-executive Directors, apart from receiving Directors' remuneration by way of sitting fees or other fees, if any, approved by the Board of Directors within the limit fixed and approved by the shareholders, do not have any other material pecuniary relationship or transactions with the Company.

### Shares held by Non-Executive Directors in the Company as on 31<sup>st</sup> March, 2016

Name	Number of shares held	% of total shareholding
Shri Rajendra V. Gogri	826048	3.41
Shri Ramdas M. Gandhi	8000	0.03
Dr. Vilas G. Gaikar	–	–
CA Bhavesh R. Vora	–	–
Prof. Krishnacharya G. Akamanchi	–	–
CA Navin C. Shah	2376	0.00
CA Priti P. Savla	–	–

**3. STAKEHOLDERS' RELATIONSHIP COMMITTEE:****a) Terms of Reference**

Brief Terms of Reference of the Stakeholders' Relationship Committee *inter alia* includes reviewing status of approval of transfer/transmission of shares, issue of duplicate share certificates/review or redressal of investor grievances.

**b) Meetings & Attendance**

The Stakeholders Relationship Committee comprises of 4 members. Shri Rajendra V. Gogri, Non-Executive Director is the Chairman of the Committee. The Stakeholder Relationship Committee met 4 times in a year on 15.05.2015; 20.08.2015; 18.12.2015 and 16.03.2016. Details of the Composition and attendance at the aforesaid meetings are as follows:

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

**c) CS Vibhav S. Ranade, Company Secretary of the Company is the Compliance Officer pursuant to the requirement of the SEBI Regulations.**

The Stakeholders Relationship Committee primarily considers and resolved grievances of the Security Holders of the Company and suggests improvements to investor relations initiatives undertaken at the Company. Terms of Reference of the Committee *inter alia* cover reviewing status of approval of transfer/transmission of shares, issue of duplicate share certificates, review/redressal of Investor's Grievance.

**d) Shareholders' complaints:**

During the year, 19 Complaints were received. All the complaints pertaining to Non-receipt of Annual Report and processing of Dividends were resolved to the satisfaction of Shareholders. No request for Share Transfers or Dematerialization was pending for approval as on 31<sup>st</sup> March, 2016.

**4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE****a) Terms of Reference**

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

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

**b) Meetings & Attendance**

The Corporate Social Responsibility Committee comprises of 3 members. CA Navin C. Shah, Non-Executive Director is the Chairman of the Committee. During the year 2015-16, 1 (one) meeting was held on 29<sup>th</sup> April, 2015. Details of the Composition and attendance at the aforesaid meeting are as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	CA Navin C. Shah(C)	Non-Executive	1
2.	Shri Prakash M. Patil	Executive	1
3.	Shri Rashesh C. Gogri	Executive	1



## GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Year	Day, Date & Time	Venue	Special Resolutions passed for
2013	Friday, 02.08.2013 At 11.00 am	TIMA Hall, MIDC Tarapur, Taluka-Palghar, Dist. Thane - 401 506, Maharashtra.	Special Resolution passed pursuant to Section 314 of the Companies Act, 1956, to hold and continue to hold an office of profit.
2014	Friday, 11.07.2014 At 11.00 am		Special Resolution passed Pursuant to Section 180(1)(c) of the Companies Act, 2013, to borrow funds, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, exceeding aggregate of the paid up share capital and free reserves of the Company.
2015	Friday, 14.08.2015 At 11.00 am		No Special Resolution

During the year under review, no resolutions were passed through postal ballot.

### Subsidiary Company:

The Company does not have any material Non-listed Indian Subsidiary Company and hence it is not required to have an Independent Director of the Company on the Board of such Subsidiary Company. The Audit Committee reviews, the financial statements, particularly the investments made by the Company's Non-Listed Subsidiary Company. The Minutes of the Subsidiary are placed before the Board of Directors of the Company and the Directors are informed about all the significant transactions and arrangements entered into by the Subsidiary Company.

### DISCLOSURES:

- i. There have been no materially significant Related Party Transactions that may have potential conflict with the interests of the Company at large. Transactions with related party set out in Notes to Accounts, forming part of the Annual Report.
- ii. The Company has been continuously complying with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the said authorities relating to the above.
- iii. Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Whistle-Blower Policy and vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company at [www.aartidrugs.com](http://www.aartidrugs.com).
- iv. The Company has complied with all the mandatory requirements as laid down under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Regulations.
- v. The Company's policy on "material subsidiary" and policy on dealing with related party transactions respectively have been placed on the Company's website and can be accessed through weblink – [www.aartidrugs.co.in/Policy%20For%20determining%20Material%20Subsidiary.pdf](http://www.aartidrugs.co.in/Policy%20For%20determining%20Material%20Subsidiary.pdf).



- vi. All mandatory Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.
- vii. The Company has adopted an insider trading policy to regulate, monitor and report trading by insiders under SEBI (Prohibition of Insider Trading) Regulations, 2015. This policy also includes practices and procedures for fair disclosure of unpublished price sensitive information, initial and continual disclosure.

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

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

Sr. No.	Particulars	Remarks
1.	Non-Executive Chairman’s Office	The Company does not have Non-Executive Chairman and hence provision of maintenance of non-executive chairman’s office at the listed entity’s expense and allowance of reimbursement of expenses incurred in performance of his duties is not applicable.
2.	Shareholders’ Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company’s website, the same are not being sent to the shareholders.
3.	Audit Qualifications	The Company’s financial statement for the year 2015-16 does not contain any audit qualification.
4.	Separate posts of Chairman and CEO	The Company does not have separate post of Chairman and MD/CEO
5.	Reporting of Internal Auditor	The Internal Auditor reports to Chief Financial Officer and has direct access to the Audit Committee.

**MEANS OF COMMUNICATION:**

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

**GENERAL SHAREHOLDERS INFORMATION:**

**i. The day, date, time & venue of the 31<sup>st</sup> Annual General Meeting:**

Day	Date	Time	Venue
Friday	22 <sup>nd</sup> July, 2016	11.00 a.m.	TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra.

ii. Tentative Financial Calendar:

<b>Financial Year</b>	<b>1<sup>st</sup> April to 31<sup>st</sup> March</b>
<b>Adoption of Quarterly Results for the quarter ending:</b>	
June, 2016	1 <sup>st</sup> /2 <sup>nd</sup> week of August, 2016
September, 2016	1 <sup>st</sup> /2 <sup>nd</sup> week of November, 2016
December, 2016	1 <sup>st</sup> /2 <sup>nd</sup> week of February, 2017
March, 2017	1 <sup>st</sup> /2 <sup>nd</sup> week of May, 2017

iii. Date of Book Closure (Both days inclusive): Friday, 15<sup>th</sup> July, 2016 to Friday, 22<sup>nd</sup> July, 2016

iv. Listing on Stock Exchanges:

The Company's Equity shares are listed on the following Stock Exchanges, details of which are as follows:

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. SCRIP CODE – 524348 SCRIP ID - AARTIDRUGS	<b>National Stock Exchange of India Limited,</b> “Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. NSE SYMBOL: AARTIDRUGS
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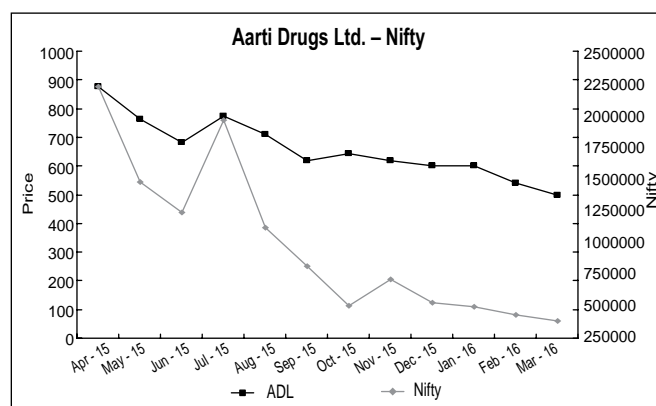
v. Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the year 2016-2017.

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

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2015	874.00	567.00	5,25,234	874.90	602.25	21,87,263
May 2015	764.75	642.00	3,04,477	764.70	643.95	13,64,456
June 2015	685.00	541.50	2,13,467	682.00	537.05	10,93,180
July 2015	775.00	624.05	4,16,781	775.50	623.00	19,02,997
August 2015	710.00	525.10	1,94,984	708.60	520.05	9,61,264
September 2015	619.00	469.50	1,61,434	619.90	467.50	6,28,026
October 2015	642.00	552.50	1,26,142	641.95	551.15	2,83,895
November 2015	619.50	508.05	1,96,149	620.00	498.20	5,12,569
December 2015	600.35	515.00	1,27,743	601.10	515.00	3,08,620
January 2016	600.10	485.00	75,342	599.50	483.10	2,77,519
February 2016	535.90	451.95	51,994	540.00	452.00	2,00,017
March 2016	500.00	443.00	85,165	500.00	440.05	1,49,133

vii. Performance in Comparison





**viii. Registrar & Transfer Agents & address for Correspondence:**

M/s. Sharepro Services (India) Pvt. Ltd.  
 13 AB Samhita Warehousing Complex,  
 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
 Off Andheri-Kurla Road, Sakinaka,  
 Andheri (E), Mumbai - 400 072.  
 Telephone: 022-67720300/400  
 Fax No.: 022-28591568.  
 E-mail: sharepro@shareproservices.com  
 Website: www.shareproservices.com

The Company has appointed M/s. Link Intime India Pvt. Ltd. with effect from 26<sup>th</sup> April, 2016 and details of the same are as follows:

**M/s. Link Intime India Pvt. Ltd.**  
 C-13, Pannalal Silk Mills Compound,  
 LBS Marg, Bhandup West,  
 Mumbai - 400 078, Maharashtra  
 Tel. No. 022 – 2594 6970  
 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**

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

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

**x. Shareholding Pattern as on 31<sup>st</sup> March, 2016:**

Category	No. of Shares	%
Promoters – Indian	1,49,96,836	61.93
Bodies Corporate	2,30,812	0.95
Banks, Financial Institutions	15,409	0.06
Mutual Funds/Trust	8,80,776	3.64
FII/NRI/OCB	1,39,822	0.58
Public	79,53,445	32.84
<b>Total</b>	<b>2,42,17,100</b>	<b>100.00</b>

**xi. Distribution of Shareholding as on 31<sup>st</sup> March, 2016**

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 500	15,352	90.22	16,20,076	6.69
501-1000	842	4.94	6,47,809	2.68
1001-2000	389	2.28	6,03,407	2.49
2001-3000	129	0.76	3,29,857	1.36
3001-4000	58	0.34	2,09,314	0.86
4001-5000	45	0.27	2,06,803	0.85
5001-10000	82	0.48	5,94,649	2.46
Above 10000	121	0.71	2,00,05,185	82.61
<b>TOTAL</b>	<b>17,018</b>	<b>100.00</b>	<b>2,42,17,100</b>	<b>100.00</b>

## xii. Dematerialization of Shares and Liquidity

Sr. No.	Mode of Holding	% age
1.	NSDL	91.54
2.	CDSL	06.17
3.	Physical	2.29
	Total	100.00

97.71% of Company's paid-up Equity Share Capital has been dematerialized up to 31<sup>st</sup> March, 2016 (97.48% up to 31<sup>st</sup> March, 2015). Trading in Equity Shares of the Company is permitted only in dematerialized form.

### Liquidity of Shares:

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

## xiii. ADRs/GDRs/Warrants

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

## xiv. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the year 2015-16, 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. 24.4 to the Annual Accounts.

## xv. Plant Locations

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

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

### R&D Centres:

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

## xvi. Address for Correspondence

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

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

## xvii. Compliance Officer:

Shri Sunny D. Pagare, Company Secretary of the Company has resigned w.e.f. 1<sup>st</sup> December, 2015 and Shri Vibhav S. Ranade appointed as a Company Secretary & Compliance Officer w.e.f. 22<sup>nd</sup> February, 2016.

### Mr. Vibhav S. Ranade, Company Secretary

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

The Company has following separate email ID to resolve investor's grievances [investorrelations@aartidrugs.com](mailto:investorrelations@aartidrugs.com).



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

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2015.	216	24,950	–	–
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	1	800	–	–
No. of shareholders to whom shares were transferred from the suspense account during the year.	1	800	–	–
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2016.	215	24,150	–	–

The voting rights on the shares outstanding in the suspense accounts as on 31<sup>st</sup> March, 2016 shall remain frozen till rightful owner of such shares claim the shares.

**xvii. CEO/CFO Certification**

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, certificates are duly signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO.

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

Place : Mumbai  
Date : 5<sup>th</sup> May, 2016

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

## Compliance with Code of Business Conduct and Ethics

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

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

Place : Mumbai  
Date : 5<sup>th</sup> May, 2016

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

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Aarti Drugs Limited  
Mumbai

We have examined the compliance of conditions of corporate governance by Aarti Drugs Ltd. for the year ended on 31<sup>st</sup> March 2016, as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. 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 statements of the company.

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 above-mentioned Listing Agreement/Listing Regulations, as applicable.

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.

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

For **GOKHALE & SATHE**  
CHARTERED ACCOUNTANT  
Firm Registration No.: 103264W

Sd/-  
**CA TEJAS J. PARIKH**  
PARTNER  
M. No. 123215



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AARTI DRUGS LIMITED

### Report on the financial statements

We have audited the accompanying financial statements of AARTI DRUGS LIMITED ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

These responsibilities also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the 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.

### Auditor's responsibility

Our responsibility is to express an opinion based on our audit of these financial statements.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of Section 143 (11) of the Companies Act 2013, we give in the Annexure - A, a statement on the matters specified in paragraph 3 & 4 of the order.
2. 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 appears from our examination of those books.
  - (c) The Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid 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 written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, 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 our separate report in "Annexure - B"; and
  - (g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :
    - i. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2016 on its financial position in its financial statements. Refer Note no: 24.2 of the Financial Statements.
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **GOKHALE & SATHE**  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 103264W

Sd/-  
**CA TEJAS J. PARIKH**  
PARTNER  
M. No. 123215

Place: Mumbai,  
Date: 5<sup>th</sup> May, 2016



## ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

In the Annexure, as required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of Section 143 (11) of the Companies Act 2013, on the basis of checks, as we considered appropriate, we report on the matters specified in paragraph 3 and 4 of the said order to the extent applicable to the Company.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) The Company has phased programme of physical verification of fixed assets by which all fixed assets are verified over a period of three years. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of the assets. We have been informed that no material discrepancy was noted on such physical verification.
  - (c) According to the information and explanations given to us and on the basis of examination of the records of the Company, title deeds of immovable properties other than self constructed immovable properties (buildings), are held in the name of the Company except Leasehold Lands Plot no's R-A/13, E-106, E-105, S-33/34 (aggregate book value of ₹ 26.57 lakhs) are in the name of erstwhile entities which are merged with Company. According to explanations obtained from management, in view of merger through court scheme, leasehold land rights are deemed to be transferred to the Company and procedure for transferring in the name of the Company is in progress.
- (ii) The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties, confirmation of such stocks with the third parties has been obtained by the Company. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on physical verification of stocks as compared to book records were not material; however the same have been dealt with the books of account.
- (iii) The Company had granted loans to its wholly owned subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') during the year.
    - (a) In our opinion, the rate of interest and other terms and conditions on which the loans was granted was not, prima facie, prejudicial to the interest of the Company.
    - (b) The borrower have been regular in the payment of the principal and interest as stipulated by the management..
    - (c) The borrower has repaid the loan as at the year end and hence there is no overdue amounts in respect of such loan granted.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Act, with respect to loans and investments made.
  - (v) The Company has not accepted any deposits from public during the year.
  - (vi) The Company has maintained cost records as required under sub section 1 of section 148 of the Companies Act, 2013. We have not, however, carried out a detailed examination of such records.
  - (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including the Provident Fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax, cess and any other statutory dues applicable to it.

- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, custom duty, excise duty and value added tax which have not been deposited on account of any dispute except the following:

Name of the Statute/Nature of the Dues	Financial Year	Forum where dispute is pending (₹ in Lakhs)		Total (₹ in Lakhs)
		Commissioner/ Dy. Commissioner	Appellate Authorities and Tribunals	
The Central Excise Act, 1944/Custom Duty/Service Tax/Interest & Penalty	FY 2007-08	-	38.88/-	38.88/-
Maharashtra Sales Tax Act, 2002/ Sales Tax	FY 2007-08	15.18/-	-	15.18/-
Income Tax Act/Tax Interest & Penalty	FY 1999-2000, FY 2012-13	55.41/-	-	55.41/-
Total (₹ in Lakhs)		70.59/-	38.88/-	109.47/-

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues for loan taken from financial institutions or bank or debenture holders.
- (ix) In our opinion and according to the information and explanation given to us, the term loans raised during the year were applied for the purpose for which the loans were obtained. The Company did not raise any money by way of public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **GOKHALE & SATHE**  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 103264W

Sd/-  
**CA TEJAS J. PARIKH**  
PARTNER  
M. No. 123215

Place: Mumbai,  
Date: 5<sup>th</sup> May, 2016



## **ANNEXURE – B TO THE INDEPENDENT AUDITOR’S REPORT**

### **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 31 March 2016 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 (‘ICAI’). 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, 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 **GOKHALE & SATHE**  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 103264W

Sd/-  
**TEJAS J. PARIKH**  
Partner  
M. No. 123215

Place: Mumbai,  
Date: 5<sup>th</sup> May, 2016



Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,421.71	2,421.71
Reserves & Surplus	2	32,609.65	27,948.53
		<b>35,031.36</b>	<b>30,370.24</b>
<b>Non-current Liabilities</b>			
Long-term Borrowings	3	17,521.35	15,147.46
Deferred Tax Liability (Net)		4,041.20	3,501.20
Other Long-term Liability	4	1,026.93	1,204.96
Long-term Provisions	5	141.63	28.95
		<b>22,731.11</b>	<b>19,882.57</b>
<b>Current Liabilities</b>			
Short-term Borrowings	6	25,736.98	25,126.59
Trade Payables	7	16,418.14	15,018.72
Other Current Liabilities	8	4,224.33	4,119.34
Short-term Provisions	9	1,328.22	2,175.71
		<b>47,707.67</b>	<b>46,440.36</b>
<b>TOTAL</b>		<b>105,470.14</b>	<b>96,693.17</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	10	46,276.70	43,148.38
Capital Work-in-Progress		3,404.47	1,334.63
Non-current Investments	11	1,111.51	1,111.49
Long-term Loans and Advances	12	474.48	424.46
		<b>51,267.16</b>	<b>46,018.97</b>
<b>Current Assets</b>			
Inventories	13	16,704.79	15,336.49
Trade Receivables	14	32,119.50	30,759.01
Cash and Cash Equivalents	15	450.35	342.99
Short-term Loans and Advances	16	1,883.80	1,744.88
Other Current Assets	17	3,044.54	2,490.84
		<b>54,202.98</b>	<b>50,674.20</b>
<b>TOTAL</b>		<b>105,470.14</b>	<b>96,693.17</b>

AS PER OUR REPORT OF EVEN DATE.

For GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Registration No: 103264W

Sd/-  
(CA TEJAS J. PARIKH)  
PARTNER

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

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

Sd/-  
**CS Vibhav S. Ranade**  
Company Secretary

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended 31 <sup>st</sup> March, 2016	For the Year Ended 31 <sup>st</sup> March, 2015
<b>1. Income from Operations</b>			
Gross Sales/Income from Operations		116,609.60	116,993.80
Less : Excise Duty & Sales Tax		9,536.34	8,545.57
Net Sales/Income from Operations		107,073.26	108,448.23
Other Operating Income	18	476.29	274.20
<b>Total Income from Operations (net)</b>		<b>107,549.55</b>	<b>108,722.43</b>
<b>2. Expenditure</b>			
(a) Cost of materials consumed	19	68,298.12	67,843.96
(b) Purchase of stock-in-trade (net)		3,651.65	8,721.17
(c) Changes in inventories of finished goods, work-in-progress		(524.62)	(2,357.66)
(d) Employee benefits expense	20	4,135.67	3,730.43
(e) Depreciation and amortisation expense	21	3,558.41	3,066.35
(f) Other expenses	22	14,818.42	13,888.97
<b>Total Expenses</b>		<b>93,937.66</b>	<b>94,893.22</b>
<b>3. Profit from Operations before Other Income, finance costs and exceptional items (1-2)</b>		<b>13,611.89</b>	<b>13,829.21</b>
4. Other Income		—	64.99
<b>5. Profit from ordinary activities before interest and exceptional items</b>		<b>13,611.89</b>	<b>13,894.20</b>
6. Interest	23	4,328.35	3,887.70
<b>7. Profit from ordinary activities after interest but before Exceptional Items</b>		<b>9,283.54</b>	<b>10,006.49</b>
8. Exceptional Items -		—	—
<b>9. Profit from Ordinary Activities before Tax</b>		<b>9,283.54</b>	<b>10,006.49</b>
<b>10. Tax Expenses (includes)</b>		<b>2,655.00</b>	<b>2,246.54</b>
Provision for Taxation — Current		2,115.00	2,100.00
— MAT Credit Entitlement		—	(100.00)
— Earlier Year		—	(153.46)
Provision for Deferred Taxation		540.00	400.00
<b>11. Net profit from ordinary activities after Tax</b>		<b>6,628.54</b>	<b>7,759.95</b>
<b>12. Net Profit for the period</b>		<b>6,628.54</b>	<b>7,759.95</b>
<b>13. Earning per share (EPS)</b>			
Basic/Diluted (in ₹)		27.37	32.04
14. Notes on Financial Statement	24		

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No: 103264W

Sd/-  
**(CA TEJAS J. PARIKH)**  
 PARTNER

Place: Mumbai  
 Date: 5<sup>th</sup> May, 2016

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

Sd/-  
**CS Vibhav S. Ranade**  
 Company Secretary

Notes forming part of Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ in Lakhs)

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>NOTE NO. 1 – SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
2,50,00,000 Equity shares of ₹ 10/- each	2,500.00	2,500.00
	<u>2,500.00</u>	<u>2,500.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>		
2,42,17,100 Equity Shares of ₹ 10/- each Issued, subscribed and fully paid-up	2,421.71	2,421.71
	<u>2,421.71</u>	<u>2,421.71</u>
<b>Reconciliation</b>	<b>Numbers</b>	<b>Value</b>
Opening outstanding shares	24,217,100	2,421.71
Closing outstanding shares	24,217,100	2,421.71

Note: There is no movement in shares during the year. In the financial year 2014-15, 1,21,08,550 Equity Shares of Rs. 10/- have been allotted as fully paid bonus shares for every share held on record date 25<sup>th</sup> March, 2015.

## Disclosures of shares held by each shareholders more than 5% shares

Name of holder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No. of Shares held	% Held	No. of Shares held	% Held
Prakash M. Patil	2061619	8.51	2046632	8.45

## NOTE NO. 2 – RESERVES &amp; SURPLUS

(₹ in Lakhs)

Particulars	As on 1 <sup>st</sup> April, 2015	Addition during the year	Appropriation during the year	As at 31 <sup>st</sup> March, 2016
Capital Reserves	200.74	–	–	200.74
Capital Redemption Reserve	210.27	–	–	210.27
Securities Premium Account	1,262.72	–	–	1,262.72
General Reserve	3,207.29	670.00	–	3,877.29
Profit & Loss Account	23,067.50	6,628.54	2,637.43	27,058.62
TOTAL Reserves – 31 <sup>st</sup> March, 2016	27,948.53	7,298.54	2,637.43	32,609.65
Previous years figures 31 <sup>st</sup> March, 2015	23,879.53	8,539.95	4,470.95	27,948.53

## NOTE NO. 3 – LONG-TERM BORROWINGS

## Term loans

## Secured borrowings

From Scheduled Banks	16,064.35	14,072.46
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## Loans &amp; advances from related parties

From Directors – Unsecured	857.00	575.00
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From Other – Unsecured	600.00	500.00
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<b>TOTAL</b>	<u>17,521.35</u>	<u>15,147.46</u>
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## Notes forming part of Balance Sheet as at 31<sup>st</sup> March, 2016

	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>NOTE NO. 4 – OTHER LONG-TERM LIABILITY</b>		
<b>Trade payables of Project</b>		
Due to micro enterprises and small enterprises	–	–
Due to others	645.77	813.80
<b>Other – Deferred Payment Liability</b>	<b>364.28</b>	<b>364.28</b>
– Trade Deposits	16.88	26.88
<b>TOTAL</b>	<b>1,026.93</b>	<b>1,204.96</b>
<b>NOTE NO. 5 – LONG-TERM PROVISION</b>		
Income Tax Provision (Net of Advance Tax and TDS)	141.63	28.95
<b>TOTAL</b>	<b>141.63</b>	<b>28.95</b>
<b>NOTE NO. 6 – SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
Secured Borrowings	15,004.37	15,919.07
Unsecured Borrowings	10,732.61	8,919.52
<b>Loans &amp; Advances from related parties</b>		
From Directors – Unsecured	–	188.00
From Other – Unsecured	–	100.00
<b>TOTAL</b>	<b>25,736.98</b>	<b>25,126.59</b>
<b>NOTE NO. 7 – TRADE PAYABLE</b>		
<b>Trade payables of Goods, Services &amp; Expenses</b>		
Due to micro enterprises and small enterprises	–	–
Due to others	16,418.14	15,018.72
<b>TOTAL</b>	<b>16,418.14</b>	<b>15,018.72</b>
<b>NOTE NO. 8 – OTHER CURRENT LIABILITY</b>		
Interest accrued but not due on Loans	284.20	295.35
Unpaid Dividend	122.51	85.47
Other Payable – Duties & Taxes	591.64	538.33
Long-term borrowing repayable in within 12 months	3,225.98	3,200.19
<b>TOTAL</b>	<b>4,224.33</b>	<b>4,119.34</b>
<b>NOTE NO. 9 – SHORT-TERM PROVISION</b>		
Provision for Employee benefits	137.28	147.85
Other Short Term Provisions – Goods & expenses	1,190.94	1,301.35
Proposed dividend	–	726.51
<b>TOTAL</b>	<b>1,328.22</b>	<b>2,175.71</b>



## Notes forming part of Balance Sheet as at 31<sup>st</sup> March, 2016

### NOTE NO. 10 – FIXED ASSETS

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1 <sup>st</sup> April, 2015	Addition	Deduction	As at 31 <sup>st</sup> March, 2016	As on 1 <sup>st</sup> April, 2015	Current Depreciation	Deduction	Up to 31 <sup>st</sup> March, 2016	As on 31 <sup>st</sup> March, 2016	As on 31 <sup>st</sup> March, 2015
<b>Tangible Assets</b>										
Land	2,909.23	293.27	-	3,202.49	-	-	-	-	3,202.49	2,909.23
Building	10,591.93	768.17	-	11,360.10	1,808.27	372.63	-	2,180.91	9,179.19	8,783.65
Furniture	714.14	38.73	-	752.87	232.63	84.75	-	317.38	435.49	481.51
Office Equipments	270.26	35.55	-	305.80	164.47	43.99	-	208.47	97.34	105.79
Plant & Machineries	47,619.99	4,795.51	-	52,415.50	17,053.65	2,848.00	-	19,901.65	32,513.85	30,566.34
Vehicles	281.50	15.23	0.51	296.21	110.64	41.00	0.10	151.54	144.68	170.86
<b>Intangible Assets</b>										
Tradenname	225.00	-	225.00	-	225.00	-	225.00	-	-	-
Technical Know How	2,467.20	-	2,467.20	-	2,467.20	-	2,467.20	-	-	-
Process Development (R&D)	1,430.15	740.70	1,430.15	740.70	1,299.15	168.03	1,430.15	37.03	703.66	131.00
<b>Total</b>	<b>66,509.39</b>	<b>6,687.14</b>	<b>4,122.86</b>	<b>69,073.67</b>	<b>23,361.02</b>	<b>3,558.41</b>	<b>4,122.45</b>	<b>22,796.97</b>	<b>46,276.70</b>	<b>43,148.38</b>
Previous Year	58,113.01	9,114.83	718.44	66,509.39	20,860.39	3,066.35	565.72	23,361.02	43,148.38	

Note:

- 1) Trade Name & Technical Know-how are not internally generated while process development are internally generated.
- 2) Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 92.48 Lakhs (Previous year ₹ 235.86 Lakhs).
- 3) Building addition includes Capital Expenditure incurred on R&D of ₹ 38.11 Lakhs (Previous year ₹ 446.54 Lakhs).
- 4) Remaining period of Amortisation of Intangible assets mentioned are as follow:

Particulars	WDV as on 31 <sup>st</sup> March, 2016	Remaining period of Amortization
Process Development (R&D)	70,366,224	57 Months

## Notes forming part of Balance Sheet as at 31<sup>st</sup> March, 2016

### NOTE NO. 11 – NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value	As at 31/03/2016	As at 31/03/2015
					(₹)	(₹)	(₹)
<b>A. TRADE INVESTMENTS</b>						<b>NIL</b>	<b>NIL</b>
<b>B. OTHER INVESTMENTS</b>							
<b>a. Investments in Equity Instruments</b>							
Aarti Industries Ltd.	750	–	–	750	5/-	0.06	0.06
Alembic Ltd.	180	–	–	180	2/-	0.01	0.01
Alembic Pharmaceuticals Ltd.	90	–	–	90	2/-	–	–
Aurobindo Pharma Ltd.	50	50	–	100	1/-	0.02	0.02
Sanofi India Ltd. (Aventis Pharma Ltd.)	5	–	–	5	10/-	0.02	0.02
Cadila Healthcare Ltd.	15	60	–	75	10/-	0.01	0.01
Cipla Ltd.	62	–	–	62	2/-	0.07	0.07
Dabur India Ltd.	300	–	–	300	1/-	0.06	0.06
Dr Reddy's Laboratories Ltd.	4	–	–	4	5/-	0.02	0.02
Fresenius Kabi Oncology Ltd. (Dabur Pharma Ltd.)	25	–	–	25	10/-	–	–
Glenmark Pharmaceuticals Ltd.	100	–	–	100	1/-	0.01	0.01
Godavari Drugs Ltd.	0	25	–	25	1/-	0.02	–
Ipca Laboratories Ltd.	1,050	–	–	1,050	2/-	0.25	0.25
Ind-Swifts Laboratories Ltd.	5	–	–	5	10/-	–	–
Ind-Swifts Ltd.	25	–	–	25	2/-	–	–
Jagsonpal Pharmaceuticals Ltd.	40	–	–	40	5/-	–	–
J.B.Chemicals & Pharmaceuticals Ltd.	500	–	–	500	2/-	0.21	0.21
Kopran Ltd.	5	–	–	5	10/-	–	–
Krebs Bio Chemicals & Industries Ltd.	100	–	–	100	10/-	0.26	0.26
Piramal Glass Ltd. (Kojam Fininvest Ltd.)	14	–	–	14	10/-	–	–
Lupin Ltd.	50	–	–	50	2/-	0.01	0.01
Mylan Laboratories Ltd. (Matrix Laboratories Ltd.)	50	–	–	50	2/-	0.02	0.02
Morepen Laboratories Ltd.	5	–	–	5	2/-	–	–
Natco Pharma Ltd.	5	20	–	25	10/-	–	–
Neuland Laboratories Ltd.	100	–	–	100	10/-	0.34	0.34
Piramal Enterprises Ltd (Piramal Health)	297	–	–	297	2/-	0.44	0.44
Novartis (I) Ltd.	5	–	–	5	5/-	0.01	0.01
Orchid Chemicals & Pharmaceuticals Ltd.	7	–	–	7	10/-	0.01	0.01
Panacea Biotec Ltd.	5	–	–	5	1/-	–	–
Pfizer Ltd.	14	–	–	14	10/-	0.06	0.06
Piramal Life Sciences Ltd. (PIRMAL PHYTOCARE LIMITED)	29	–	–	29	10/-	–	–
Ranbaxy Laboratories Ltd.	4	–	4	0	5/-	–	0.01
Reliance Capital Ltd.	5	–	–	5	10/-	–	–
Reliance Communication Ltd.	116	–	–	116	10/-	–	–
Reliance Infrastructure Ltd. (Reliance Energy Ltd.)	8	–	–	8	10/-	–	–
Reliance Industries Ltd.	232	–	–	232	10/-	0.10	0.10



## Notes forming part of Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value (₹)	As at 31/03/2016 (₹)	As at 31/03/2015 (₹)
Reliance Power Ltd.	29	–	–	29	10/-	–	–
Shasun Pharmaceutical Ltd. (Shasun Chemical & Drugs Ltd.)	500	–	500	0	2/-	–	0.17
Strides Arcolab Ltd.	100	156	–	256	10/-	0.39	0.22
Sun Pharma Advanced Research Co. Ltd.	10	–	–	10	10/-	–	–
Sun Pharmaceuticals Industries Ltd.	100	3	–	103	1/-	0.03	0.02
Marksans Pharma Ltd. (Tasc Pharma Ltd.)	1,000	–	–	1,000	1/-	0.05	0.05
Torrent Pharmaceuticals Ltd.	40	–	–	40	5/-	0.01	0.01
Unichem Laboratories Ltd.	1,000	–	–	1,000	2/-	0.25	0.25
Zydus Wellness Ltd.	2	–	–	2	10/-	–	–
Bank of Baroda	7,500	–	–	7,500	10/-	1.26	1.26
Bank of India	2,300	–	–	2,300	10/-	1.04	1.04
Union Bank of India	2,523	–	–	2,523	10/-	2.78	2.78
						7.83	7.81
Perfect Enviro Control Systems Ltd.	240,200	–	–	240,200	10/-	24.02	24.02
The Shamrao Vitthal Co-op Bank Ltd.	100	–	–	100	25/-	0.03	0.03
The Saraswat Co-op Bank Ltd.	10,100	–	–	10,100	10/-	1.01	1.01
Tarapur Environment Protection Society	17,997	–	–	17,997	100/-	18.00	18.00
Amit Hetrochem (I) Ltd.	291,690	–	–	291,690	10/-	222.23	222.23
Aarti Biotech Ltd.	1,200	–	–	1,200	10/-	0.12	0.12
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	308	–	–	308	*1-0/-	189.51	189.51
<b>Subsidiary</b>							
Pinnacle Life Science Pvt. Ltd.	7,782,750	–	–	7,782,750	10/-	648.56	648.56
						1,103.48	1,103.48
<b>b. Investment in Government or Trust Securities</b>							
N.S.C.	1	–	–	1		0.01	0.01
(One Certificate of ₹ 1000/- Face Value)							
						0.01	0.01
<b>c. Investment in Debentures or Bonds</b>							
Unit Trust of India (US-64)	190	–	–	190	100/-	0.19	0.19
						0.19	0.19
<b>Aggregate Amount of Quoted Investments &amp; Market Value</b>						8.03	8.01
<b>Aggregate Amount of Unquoted Investment</b>						1,103.48	1,103.48
<b>TOTAL</b>						1,111.51	1,111.49

(Aggregate market value of quoted investment : as at 31<sup>st</sup> March, 2016 ₹ 4,641,585/- and as at 31<sup>st</sup> March, 2015 ₹ 3,909,819/)

\*Face Value of 1 share = 10000 RMB

## Notes forming part of Balance Sheet as at 31<sup>st</sup> March, 2016

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
(₹ in Lakhs)		
<b>NOTE NO. 12 – LONG-TERM LOANS &amp; ADVANCES</b>		
Unsecured – consider good		
Capital Advances	474.48	424.46
<b>TOTAL</b>	<b>474.48</b>	<b>424.46</b>
<b>NOTE NO. 13 – INVENTORIES</b>		
Stores & Spares	444.58	406.83
Packing Materials	76.49	52.88
Raw Materials	6,409.45	5,662.14
Finished Goods	3,804.29	4,729.00
Work in process	5,895.11	4,445.78
Stock in Trade	74.87	39.86
<b>TOTAL</b>	<b>16,704.79</b>	<b>15,336.49</b>
<b>NOTE NO. 14 – TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Exceeding 6 months	760.13	686.72
Others	31,359.37	30,072.29
<b>TOTAL</b>	<b>32,119.50</b>	<b>30,759.01</b>
<b>NOTE NO. 15 – CASH &amp; CASH EQUIVALENTS</b>		
Cash on Hand	27.31	20.83
Cheques on Hand	266.49	197.03
Balances with Scheduled Banks :		
– Current Accounts	8.46	14.09
– Deposit Accounts	25.58	25.58
Earmarked balance – unpaid dividend	122.51	85.47
<b>TOTAL</b>	<b>450.35</b>	<b>342.99</b>
<b>NOTE NO. 16 – SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured, Consider good</b>		
Advances recoverable in cash or kind or for value to be received	1,796.88	1,654.17
Advances and loans – Staff & workers	86.92	90.70
<b>TOTAL</b>	<b>1,883.80</b>	<b>1,744.88</b>
<b>NOTE NO. 17 – OTHER CURRENT ASSETS</b>		
Deposits	779.03	566.66
Others – Excise & Service Tax	2,265.51	1,924.18
<b>TOTAL</b>	<b>3,044.54</b>	<b>2,490.84</b>

Notes forming part of Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

	(₹ in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>NOTE NO. 18 – OTHER OPERATING INCOME</b>		
Dividend	1.15	–
Interest	65.34	80.96
Miscellaneous income	60.59	193.23
Insurance Claims	349.22	–
<b>TOTAL</b>	<b>476.29</b>	<b>274.20</b>
<b>NOTE NO. 19 – COST OF MATERIALS CONSUMED</b>		
Raw Material Consumption	65,963.59	65,413.92
Packing Materials	1,004.68	1,142.38
Freight Inward	850.94	834.40
Clearing & Forwarding	478.92	453.26
<b>TOTAL</b>	<b>68,298.12</b>	<b>67,843.96</b>
<b>NOTE NO. 20 – EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus (Mfg.)	2,837.54	2,453.31
Labour Welfare Expenses	196.50	160.44
Salaries and Bonus (Admin.)	472.41	475.65
Provident Fund Contribution	174.74	167.16
Staff Welfare Expenses	11.45	11.12
Directors' Remuneration	443.03	462.75
<b>TOTAL</b>	<b>4,135.67</b>	<b>3,730.43</b>
<b>NOTE NO. 21 – DEPRECIATION AND AMORTISATION</b>		
Depreciation	3,390.37	2,884.27
Amortisation	168.03	182.08
<b>TOTAL</b>	<b>3,558.41</b>	<b>3,066.35</b>
<b>NOTE NO. 22 – OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Processing Charges	862.88	975.18
Labour Charges	2,031.24	1,694.46
Insurance Expenses	108.52	147.30
Lease Expenses	70.81	13.60
Power & Fuel	5,102.65	4,789.88
Stores & Spares	569.38	601.05
Repairs & Maintenance – Building	32.73	36.56
– Plant & Machinery	263.50	241.39
Research & Development	387.60	303.97
Water Charges	134.87	112.56
Laboratory Expenses	444.24	280.91
Other Factory Expenses	1,207.44	1,234.22
<b>Sub Total (a)</b>	<b>11,215.86</b>	<b>10,431.08</b>

## Notes forming part of Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

	(₹ in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>Office &amp; Administration Expenses</b>		
Books & Periodicals	0.16	0.24
Auditors' Remuneration	7.52	5.97
Conveyance Expenses	28.78	26.91
Legal & Professional Charges	154.28	137.78
Membership & Subscriptions	3.46	3.23
Printing & Stationery	24.06	25.63
Postage, Telegram & Telephone	31.21	29.21
Office Electricity Charges	26.26	28.00
Insurance Charges	32.56	26.99
Repairs & Maintenance – Others	44.47	32.55
Entertainment Expenses	13.48	14.31
Miscellaneous Expenses	54.98	33.42
Vehicle Expenses	11.62	7.91
Travelling Expenses – Directors	11.36	11.97
– Others	35.90	36.60
Directors' Sitting Fees	5.70	6.90
Loss on sale of Assets	0.19	–
<b>Sub Total (b)</b>	<b>485.97</b>	<b>427.62</b>
<b>Selling &amp; Distribution</b>		
Advertisement & Sales Promotion	118.51	137.75
Freight & Forwarding - Export	1,016.20	1,163.04
Freight & Forwarding - Local	290.28	268.31
Commission Expenses	751.60	790.83
Insurance Expenses	25.22	39.98
Postage & Telegram	15.77	13.07
Other Export Expenses	110.58	73.81
Bad Debts & other written off	206.45	96.29
<b>Sub Total (c)</b>	<b>2,534.61</b>	<b>2,583.08</b>
<b>Finance Cost</b>		
Bank Charges	405.69	333.76
<b>Sub Total (d)</b>	<b>405.69</b>	<b>333.76</b>
<b>Non Operative Expenses</b>		
Donations	0.92	8.43
CSR Expenditure	175.38	105.00
<b>Sub Total (e)</b>	<b>176.30</b>	<b>113.43</b>
<b>TOTAL (a+b+c+d+e)</b>	<b>14,818.42</b>	<b>13,888.97</b>
<b>NOTE NO. 23 – INTEREST</b>		
Interest on Term Loans	1,808.02	1,237.75
Interest on Working Capital	2,355.07	2,430.38
Interest on Others	165.26	219.57
<b>TOTAL</b>	<b>4,328.35</b>	<b>3,887.70</b>



## Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016

### PART – A

#### 24.1 Significant Accounting Policies :

##### a. Basis of Preparation

The financial statement have been prepared and presented under the historical cost convention on as accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply in all material aspects with the applicable accounting standards notified under the relevant provisions of the Companies Act 2013.

##### b. Fixed assets and depreciation

- i) Fixed assets include all expenditure of capital nature and are stated at cost of acquisition, installation and commissioning and related borrowing cost less depreciation. Fixed asset values are stated at historical cost. Depreciation on fixed assets other than land is charged under the straight-line method in accordance with Schedule II of the Companies Act, 2013. Product/Process development costs arising out of R&D are carried forward when their future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future economic benefit, from the related project, not exceeding ten years.
- ii) Impairment loss indicates the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of the net selling price of an asset or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The Company will recognize such losses whenever they arise.

##### c. Investments

Investments are classified into Current and Non-Current Investment. Current Investments are valued at lower of cost or fair value. Non- Current Investments are stated at cost. Provisions are made for diminution in value of investments, if any, other than those of temporary nature.

##### d. Valuation of Inventories

Inventories are stated at lower of cost or net realizable value, on the following basis:

- i) Raw materials, packing materials, stores and spares – At cost on FIFO Method
- ii) Work in process – At cost plus appropriate allocation of overheads
- iii) Finished Goods – At cost plus appropriate allocation of overheads or net realizable value whichever is lower

##### e. Retirement Benefits

- I. In respect of Gratuity and Superannuation fund, the Company's contribution to group insurance scheme of Life Insurance Corporation of India & Birla Sun Life Insurance Company Ltd. are charged against revenue.
- II. Provision for incremental liability in respect of encashable privilege leave on separation benefit is made as per independent actuarial valuation at the year end.

##### f. Revenue Recognition

Revenue is recognized to the extent that probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

###### • Sale of Goods :

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, and is stated net of excise duty, sales tax, returns and trade discounts.

###### • Export Benefits :

Export Benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.

- Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.

- Dividend income is recognized when the right to receive is established.

##### g. Borrowing Cost

Borrowing costs that are directly attributable to acquisition construction, or production of qualifying assets are capitalized as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

##### h. Foreign Currency Transactions

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



## Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016

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.

### i. Research & Development Expenditure

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

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

### j. Income Tax

Tax expenses comprise of current tax and deferred tax, current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date.

### k. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating Lease payments are recognised as an expense in the Profit and Loss Account of the year to which they relate.

## 24.2 Contingent Liabilities:

- In respect of bank guarantees issued and L/C opened by the Company's bankers ₹ 3,785.03/-Lakhs (As at 31<sup>st</sup> March, 2015 ₹ 4584.73 Lakhs)
- Demand in respect of additional income tax disputed in appeal ₹ 351.44/-Lakhs (As at 31<sup>st</sup> March, 2015 ₹ 1,133.91/-Lakhs), sales tax demand ₹ 15.18/- Lakhs (As at 31<sup>st</sup> March, 2015 ₹ Nil) and demand in respect of additional Excise, custom duty, fine & penalty in appeal ₹ 38.88/-Lakhs (As at 31<sup>st</sup> March, 2015 ₹ 78.51/- Lakhs)
- Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled ₹ 259.45/-Lakhs (As at 31<sup>st</sup> March, 2015 ₹ 189.86/- Lakhs)
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 303.49/- Lakhs. (As at 31<sup>st</sup> March, 2015 ₹ 1,212.67/- Lakhs)
- The company has given corporate guarantee for borrowing facilities of ₹ 1,854/- Lakhs from The Saraswat Co-Op. Bank Limited for its only subsidiary Pinnacle Life Science Private Ltd.

## 24.3 Securities for loans taken from Banks:

Bank Name	(₹ in Lakhs)			
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	F.Y. 2016-17	Subsequent Years
Kotak Mahindra Bank Ltd.	3,609.19	4,812.25	1,203.06	2,406.13
DBS Bank Ltd.	–	455.00	–	–
State Bank of India	1,516.40	2,487.20	1,014.60	501.80
Standard Chartered Bank	–	277.20	–	–
The Shamrao Vithal Co-op Bank Limited	7,500.00	5,000.00	895.82	6,604.18
Bank of Baroda	6,664.75	4,241.00	112.50	6,552.25

Note:

- Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No. N-198, G-60, E21 & E22, E-1, K-40, K-41, E120, E9/3 & E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B), W73(B) and MIDC Turbhe Plot No. D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No. 2902, 2904 & Plot No. 211, 213 & Plot No. 2601, 2602, 2603. The working directors of the company have personally guaranteed corporate loan of ₹ 1,516.40 Lakhs from State Bank of India.
  - Loan from Kotak Mahindra Bank, Standard Chartered Bank, The Shamrao Vithal Co-op Bank Ltd. is also secured by second charge on current assets of the company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹ 15,004.37 lakhs (Previous Year ₹ 15,919.07) are secured by hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of movable 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),



**Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016**

W61(B), W62(A), W71(B), W72(B), W73(B) and at Turbhe Plot No. D-277 & D-278 in Maharashtra and in GIDC , Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, & 211, 213 & 2601, 2602, 2603.

24.4 The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2016, the company had hedge in aggregate an amount of ₹ 28,728.66/- Lakhs (previous year ₹ 12,374.71/- Lakhs) out of its annual trade related operations (export & import) aggregating to ₹ 80,179.21/- Lakhs (previous year ₹ 79,433.77/- Lakhs) after considering natural hedge. The company had hedge its outstanding foreign currency long term borrowing ₹ Nil (Previous year ₹ 732.20/- Lakhs).

24.5 There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

24.6 In the opinion of the Board, the Current Assets and Loans and Advances have a value on realization at least equal to the amounts at which they are stated in the Balance Sheet.

**24.7 Segment-wise Disclosure as per Accounting Standard: 17.**

**I. BUSINESS SEGMENTS AS PRIMARY SEGMENTS**

The Company is considered to be a single segment Company engaged in pharmaceuticals business, hence the disclosure requirement as per AS-17 'Business Segments as Primary Segment' is not attracted.

(₹ in Lakhs)

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS		For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>Segment Revenue</b>			
a)	Exports	38,919.06	41,171.22
b)	Others	77,690.54	75,822.58
<b>Total</b>		<b>116,609.60</b>	<b>116,993.80</b>

Note:

Segmental capital employed:

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that currently it is not practicable to provide segment disclosures relating to total assets and liabilities.

**24.8 Related party transactions:**

Related party transactions disclosure as required by Accounting Standard – 18. 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India are given below:

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

3(a) Subsidiary – Wholly owned

Pinnacle Life Science Private Ltd.

3(c) 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.

1. Individuals

Mr. Chandrakant V. Gogri	Mr. Rajendra V. Gogri
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2. Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R. Gogri
Mrs. Dhanvanti V. Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

## Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016

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

- Key Management Personnel

Mr. Prakash M. Patil	Mr. Harit P. Shah
Mr. Harshit M. Savla	Mr. Uday M. Patil
Mr. Rashesh C. Gogri	Mr. Sunny Pagare (Till 1 <sup>st</sup> Dec, 2015 (Company Secretary)
Mr. Adhish Patil (CFO)	Mr. Vibhav S. Ranade (From 22 <sup>nd</sup> Feb, 2016) (Company Secretary)

- Relatives of Key Management Personnel

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mrs. Keserben P. Shah	Mrs. Jayashree H. Shah
Mr. Sameer P. Shah	Mr. Pragji M. Shah
Mrs. Arti T. Sankhe	Mrs. Manisha R. Gogri

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

- Aarti Industries Ltd.
- Rupal Drugs LLP
- Alchemie Gases & Chemicals Pvt. Ltd.
- Alchemie Financial Services Ltd.
- Alchemie Laboratories

**Note :** Sr. 3(a), 3(c), 3(d), 3(e) refer to the relevant Para's of AS 18.

### B. Transactions with the related parties during the year:

Note: Proportions given in the following statement belong to the respective accounting group as shown in the financial statements for the year ended 31<sup>st</sup> March, 2016.

Transaction with Related Parties	Subsidiary Company		Enterprise/firms over which controlling individuals have significant influence	
	C.Y.	P.Y.	C.Y.	P.Y.
	%	%	%	%
Sales & Income from Operations	2.11	0.24	–	0.01
Manufacturing Expenses	–	–	1.44	1.73
Borrowing costs	–	–	1.36	2.04
Outstanding Payable	–	0.01	1.83	0.98
Outstanding Receivable	4.04	0.77	–	–
Outstanding Unsecured Loan	–	–	4.39	5.20

Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016

Transaction with Related Parties	Individuals		Relatives of Individuals		Key Management Personnel		Relative of Key Management Personnel	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
	%	%	%	%	%	%	%	%
Employee Benefits & Office & Administration Expenses	0.04	0.05	0.91	0.84	30.87	32.94	2.12	2.78
Borrowing costs	-	-	-	-	1.80	1.19	-	1.19
Unsecured Loans Accepted	-	-	-	-	0.28	3.82	-	0.02
Unsecured Loans Repaid	-	-	-	-	-	0.78	-	3.44
Outstanding Unsecured Loan	-	-	-	-	7.03	7.42	-	-

24.9 Sales/Income from Operation include export benefits amounting to ₹ 2,208.14/- Lakhs (As at 31<sup>st</sup> March, 2015 ₹ 2,213.85/- Lakhs).

## 24.10 Directors Remuneration :

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Salary to Managing Directors and whole-time Directors	171.60	168.09
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	34.39	46.29
Commission payable to Directors	194.49	209.38
Contribution to Provident Fund	1.08	0.83
Superannuation fund scheme	41.47	38.15
<b>Total Remuneration</b>	<b>443.03</b>	<b>462.75</b>

## 24.11 Auditors' remuneration includes

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Statutory Audit	4.86	4.40
Other Audit Services	2.25	0.80
Certification	0.41	0.77
<b>Total</b>	<b>7.52</b>	<b>5.97</b>

## 24.12 Earning Per Share:

(₹ in Lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholder	6,628.54	7,759.95
Weighted Number of Equity Shares (Nos.)	2,42,17,100	2,42,17,100
Basic & Diluted EPS (after extraordinary items) (₹)	27.37	32.04
Nominal value per share (₹)	10.00	10.00

## Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016

### 24.13 Deferred Tax Liability (Net)

(₹ in Lakhs)

Particulars	Current Year	Previous Year
<b>Deferred Tax Liability</b>	<b>3,501.20</b>	3,101.20
Difference between depreciation as per Companies Act and Income Tax Act as on 31 <sup>st</sup> March, 2016 after considering Amortization.	540.00	400.00
<b>Net Deferred Tax Liability</b>	<b>4,041.20</b>	3,501.20

### 24.14 Disclosure Regarding Scientific Research & Development Expenditure

(₹ in Lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
2013-2014	386.59	521.37
2014-2015	303.97	889.38
2015-2016	387.60	1,261.94*

\* Capital expenditure includes expenditure on development of new process of ₹ 972.99/- Lakhs.

### 24.15 Employee Benefits:

#### a) Defined Benefit Plan

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

(₹ in Lakhs)

	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
<b>a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation</b>		
Defined Benefit Obligation at beginning of the Year	697.44	531.25
Current/Past Service Cost	44.91	34.25
Interest Cost	55.51	49.46
Actuarial(gain)/loss	00.25	106.12
Benefits Paid	(23.29)	(23.64)
Defined Benefit Obligation at year end	774.82	697.44
<b>b. Reconciliation of opening and closing balances fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	725.63	608.56
Expected return of plan assets	57.76	52.94
Actuarial gain/(loss)	2.71	6.45
Employer Contribution	21.14	81.31
Benefits Paid	(23.29)	(23.64)
Fair value of plan assets at year end	783.95	725.63
Actual return on plan assets	60.47	59.39



Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016

	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
<b>c. Reconciliation of fair value of assets and obligations</b>		
Fair value of plan assets as at 31 <sup>st</sup> March, 2016	783.95	725.63
Present value of obligation as at 31 <sup>st</sup> March, 2016	(774.82)	(697.44)
Amount Recognized	9.13	28.19
<b>d. Expenses recognized during the year</b>		
Current/Past Service cost	44.91	34.25
Interest cost	55.51	49.46
Expected return on plan assets	(57.76)	(52.94)
Actuarial (gain)/loss	(2.47)	99.67
Net Cost	(2.25)	(3.49)
L.I.C Group Gratuity (Cash Accumulation) Policy & Birla Sun Life Insurance Company Ltd Group Gratuity Policy.	97.37% Invested with L.I.C. & 2.63% B.S.I.L.	100% Invested with L.I.C.
<b>e. Actuarial assumptions</b>		
Mortality Table (L.I.C.)	–	–
	2006-08	2006-08
	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.08%	7.96%
Expected rate of return on plan assets (per annum)	8.08%	7.96%
Rate of escalation of in Salary (per annum)	5%	5%

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 ₹ 134.24 Lakhs previous year (₹ 139.86 Lakhs) has been provided in the Accounts.

**24.16** Additional information pursuant to the provisions of the Companies Act, 2013 (Figures in bracket related to 31<sup>st</sup> March, 2015)

**a.** Licensed capacity, installed capacity and production (as certified by the Management and not verified by the Auditors, it being a technical matter.)

(Qty in MT)

Class of Goods	Units	* Licensed	Installed	Production	Captive	Net Production
Pharmaceutical	Kgs	–	18,584	14,287.60	2,716.60	11,571.00
			(15,065)	(12,069.01)	(2,637.23)	(9,431.79)

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

## Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016

	Quantity Kg	Amounts (₹ in lakhs)
<b>b. Purchase of trading items (net):</b>		
No. of Strips	<b>4,84,67,259</b> (11,98,96,594)	<b>1,098.12</b> (7,384.53)
Kgs	<b>12,94,147</b> (3,65,753)	<b>2,553.53</b> (1,336.64)
	Percentage (%)	Amount (₹ in Lakhs)
<b>c. Value of Raw materials and spares consumed</b>		
Raw Material:		
Indigenous	<b>33.03</b> (34.75)	<b>21,787.63</b> (22,734.20)
Imported	<b>66.97</b> (65.25)	<b>44,175.96</b> (42,679.72)
Stores and spares:		
Indigenous	<b>100</b> (100)	<b>569.38</b> (601.05)
		(₹ in Lakhs)
	Current Year	Previous Year
<b>d. C.I.F. Value of Imports</b>		
Raw Material	<b>44,324.64</b>	41,397.24
Capital Goods	<b>251.31</b>	52.90
<b>e. Expenditure in Foreign Currency</b>		
Commission	<b>498.75</b>	518.44
Travelling Expenses	<b>33.35</b>	25.50
Sales Promotion	<b>70.30</b>	109.32
Foreign Bank Charges	<b>59.26</b>	48.25
Interest on F.C. Loan	<b>223.86</b>	245.63
Others	<b>279.05</b>	216.48
<b>f. Earnings in Foreign Exchange</b>		
F.O.B. Value of Exports	<b>35,854.57</b>	38,036.53



**Notes annexed to and forming part of Accounts for the year ended 31<sup>st</sup> March, 2016**

**24.17** As per Sec 135 of the Companies Act 2013, details of amount to be spent on Corporate Social Responsibility are as below. Gross amount to be spent on the CSR activity during the year is ₹ **167.14 Lakhs**. During the year Company has spent ₹ **175.38** Lakhs.

**24.18** During the year company had entered in to lease transaction covering Lease term of 5 years. The Lease Transaction is covered as Operating Lease as per the Accounting Standard 19, and all lease payments are recognized as an expense in profit and loss account on straight line basis. Disclosures as per Accounting Standard 19, Lease Accounting are as below:

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

<b>Period</b>	<b>Amount ₹ in Lakhs</b>
Not Later than 1 year	157.03
Later than 1 year and not later than 5 years	569.32
Later than 5 years	—

**24.19** Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**  
CHARTERED ACCOUNTANTS  
Firm Registration No: 103264W

Sd/-  
**(CA TEJAS J. PARIKH)**  
PARTNER

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

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

Sd/-  
**CS Vibhav S. Ranade**  
Company Secretary



# CASH FLOW STATEMENT

(₹ in Lakhs)

Sr. Particulars No.	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	9,283.54	10,006.49
<b>ADJUSTMENT FOR:</b>		
Depreciation & Amortisation	3,558.41	3,066.35
Interest Paid	4,328.35	3,887.70
Interest Received	(65.34)	(80.96)
Loss on Sale of Asset	0.19	-
Operating Profit before Working Capital Charges	<u>17,104.00</u>	<u>16,879.58</u>
Trade & Other Receivable	(2,053.12)	(2,383.36)
Changes in Inventories	(1,368.30)	(2,663.90)
Trade & Other Payable	<u>846.84</u>	<u>344.31</u>
Cash generated from operation	<u>14,529.42</u>	<u>12,176.63</u>
Direct Taxes Paid	(2,002.32)	(1,494.14)
Net Cash Flow from Operating Activities	<u>12,527.10</u>	<u>10,682.50</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets/Capital Work in Progress/Advances	(8,806.99)	(9,661.53)
Sales/(Purchase) of Investment	(0.02)	(649.60)
Sale of Fixed Assets	0.22	-
Interest Received	<u>65.34</u>	<u>80.96</u>
Net Cash Flow from Investing Activities	<u>(8,740.30)</u>	<u>(10,230.17)</u>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	2,399.69	7,038.55
Proceeds from Unsecured Loans & from Scheduled Bank	610.39	(1,433.16)
Dividend Paid	(2,361.17)	(2,266.83)
Interest Paid	(4,328.35)	(3,887.70)
Net Cash Flow from Financing Activities	<u>(3,679.44)</u>	<u>(549.14)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>107.36</u>	<u>(96.81)</u>
Opening Cash and Cash Equivalents	<u>342.99</u>	<u>439.80</u>
Closing Cash and Cash Equivalents	<u>450.35</u>	<u>342.99</u>

Note : (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 ₹ 25.57 Lakhs (previous year ₹ 25.57 Lakhs) under lien are considered as cash and cash equivalents.

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration No: 103264W**

Sd/-  
**(CA TEJAS J. PARIKH)**  
PARTNER

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

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

Sd/-  
**CS Vibhav S. Ranade**  
Company Secretary



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**AARTI DRUGS LIMITED**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AARTI DRUGS LIMITED ("the Company") and its subsidiary which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its subsidiary in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the Company including its subsidiary have responsibility in each of the respective Companies which also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective Companies 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 the orderly and efficient conduct of its business, including adherence to company's policies, the 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 preparation of the consolidated financial statements by the Company's Directors, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditor on the financial statements/financial information of its subsidiary as noted below, the 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 the consolidated state of affairs of the Company, including its subsidiary as at 31<sup>st</sup> March, 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements/financial information of its only subsidiary whose financial statements/financial information reflect total assets of ₹ 6,693.90 lakhs as at 31<sup>st</sup> March, 2016, total revenues of ₹ 8,584.07 lakhs

and net cash inflow of ₹ 16.73 lakhs for the year then ended as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose report have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of its subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor 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 by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of consolidation of the accounts of its subsidiary have been received.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in the aggregate in agreement with the relevant underlying books of accounts maintained by the Company, its subsidiary respectively 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March, 2016 taken on record by the Company's Directors and the relevant assertion contained in reports of the statutory auditor of its subsidiary incorporated in India, none of the directors of the Company and its subsidiary incorporated in India are disqualified as on 31<sup>st</sup> March, 2016 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 its subsidiary company, incorporated in India and the operating effectiveness of such controls, refer our separate report in "Annexure - A"; and
  - (g) 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 Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2016 which would impact the consolidated financial position. Refer note no 24.5 of the Consolidated Financial Statements.
    - ii. The Company and its subsidiary did not have any long term contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. There were no amounts required to be transferred to the Investor Education and Protection Fund by its subsidiary.

For **GOKHALE & SATHE**  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 103264W

Sd/-  
**CA TEJAS J. PARIKH**  
PARTNER  
Membership No. 123215

Place: Mumbai,  
Date: 5<sup>th</sup> May, 2016



## **ANNEXURE – A TO THE INDEPENDENT AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2016, we have audited the internal financial controls over financial reporting of Aarti Drugs Limited (hereinafter referred to as “the Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its subsidiary company, incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 (ICAI). 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 the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company and its subsidiary company, incorporated in India, 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 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 and its subsidiary company, which are companies incorporated in India, 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 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 financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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 and its subsidiary company, which are companies 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 31<sup>st</sup> March, 2016, 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.

### **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 its only subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **GOKHALE & SATHE**  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 103264W

Sd/-  
**CA TEJAS J. PARIKH**  
PARTNER  
Membership No. 123215

Place: Mumbai,  
Date: 5<sup>th</sup> May, 2016

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share Capital	1	2,421.71	2,421.71
Reserves & Surplus	2	33,318.08	28,393.55
			30,815.26
<b>Non-Current Liabilities</b>			
Long-term Borrowings	3	19,123.40	16,347.46
Deferred Tax Liability (Net)		4,041.81	3,501.81
Other Long-term Liability	4	1,070.80	1,224.71
Long-term Provisions	5	141.63	28.95
			21,102.92
<b>Current Liabilities</b>			
Short-term Borrowings	6	25,840.86	25,242.73
Trade Payables	7	18,489.88	16,672.50
Other Current Liabilities	8	4,380.36	4,152.72
Short-term Provisions	9	1,391.10	2,208.03
			48,275.98
<b>TOTAL</b>		<b>110,219.63</b>	<b>100,194.16</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Fixed Assets	10	49,341.53	44,846.40
Capital Work-in-Progress		3,404.47	1,605.79
Non-Current Investment	11	463.45	463.18
Long-term Loans & Advances	12	487.68	724.43
			47,639.80
<b>Current Assets</b>			
Inventories	13	17,835.01	16,419.56
Trade Receivable	14	33,168.65	31,427.30
Cash and Cash Equivalents	15	482.12	358.03
Short-term Loans and Advances	16	1,923.89	1,764.63
Other Current Assets	17	3,112.83	2,584.84
			52,554.36
<b>TOTAL</b>		<b>110,219.63</b>	<b>100,194.16</b>

AS PER OUR REPORT OF EVEN DATE.

For GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Registration No: 103264W

Sd/-  
(CA TEJAS J. PARIKH)  
PARTNER

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

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

Sd/-  
**CS Vibhav S. Ranade**  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

(₹ in Lakhs)

Sr. Particulars No.	Note No.	For the Year Ended 31 <sup>st</sup> March, 2016	For the Year Ended 31 <sup>st</sup> March, 2015
<b>1. Income from Operations</b>			
(a) Gross Sales/Income from Operations		122,830.51	117,960.27
Less : Excise Duty & Sales Tax		9,342.33	8,533.11
Net Sales/Income from Operations		113,488.18	109,427.16
(b) Other Operating Income	18	495.81	261.24
<b>Total Income from Operations (net)</b>		<b>113,983.99</b>	<b>109,688.40</b>
<b>2. Expenditure</b>			
(a) Cost of materials consumed	19	72,102.14	69,019.20
(b) Purchase of stock-in-trade (net)		5,059.86	8,721.17
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		(491.37)	(2,729.94)
(d) Employee benefits expense	20	4,475.52	3,792.82
(e) Depreciation and amortization expense	21	3,652.76	3,102.23
(f) Other expenses	22	15,268.92	13,982.95
<b>Total Expenses</b>		<b>100,067.82</b>	<b>95,888.43</b>
<b>3. Profit from Operations before Other Income, finance costs and exceptional items (1-2)</b>		<b>13,916.16</b>	<b>13,799.98</b>
4. Other Income		—	64.99
<b>5. Profit from ordinary activities before interest and exceptional items</b>		<b>13,916.16</b>	<b>13,864.96</b>
6. Interest	23	4,388.68	3,892.99
<b>7. Profit from ordinary activities after interest but before Exceptional Items</b>		<b>9,527.49</b>	<b>9,971.97</b>
8. Exceptional Items -		—	—
<b>9. Profit from Ordinary Activities before Tax</b>		<b>9,527.49</b>	<b>9,971.97</b>
<b>10. Tax Expenses (includes)</b>		<b>2,655.00</b>	<b>2,246.54</b>
Provision for Taxation — Current		2,115.00	2,100.00
— MAT Credit Entitlement		—	(100.00)
— Earlier Year		—	(153.46)
Provision for Deferred Taxation		540.00	400.00
<b>11. Net profit from ordinary Activities after Tax</b>		<b>6,872.49</b>	<b>7,725.43</b>
<b>12. Net Profit for the period</b>		<b>6,872.49</b>	<b>7,725.43</b>
<b>13. Earning Per Share (EPS)</b>			
Basic/Diluted (in ₹)		28.38	31.90
14. Notes on Financial Statement	24		

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**  
CHARTERED ACCOUNTANTS  
Firm Registration No: 103264W

Sd/-  
**(CA TEJAS J. PARIKH)**  
PARTNER

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

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

Sd/-  
**CS Vibhav S. Ranade**  
Company Secretary

Notes forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
(₹ in Lakhs)		
<b>NOTE NO. 1 – SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
2,50,00,000 Equity shares of ₹ 10/- each	2,500.00	2,500.00
	<u>2,500.00</u>	<u>2,500.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>		
2,42,17,100 Equity Shares of ₹ 10/- each Issued, subscribed and fully paid up	2,421.71	2,421.71
	<u>2,421.71</u>	<u>2,421.71</u>
<b>Reconciliation</b>	<b>Numbers</b>	<b>Value</b>
Opening outstanding shares	24,217,100	2,421.71
Closing outstanding shares	24,217,100	2,421.71

Note: There is no movement in shares during the year. In the financial year 2014-15, 1,21,08,550 Equity Shares of Rs. 10/- have been allotted as fully paid bonus shares for every share held on record date 25<sup>th</sup> March, 2015.

**Disclosures of shares held by each shareholders more than 5% shares:**

Name of holder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No. of Shares	% Holding	No. of Shares	% Holding
Prakash M. Patil	2061619	8.51	2046632	8.45

**NOTE NO. 2 – RESERVE & SURPLUS**

Particulars	(₹ in Lakhs)			
	As on 1 <sup>st</sup> April, 2015	Addition during the year	Appropriation during the year	As at 31 <sup>st</sup> March, 2016
Capital Reserves	680.28	–	26.01	654.28
Capital Redemption Reserve	210.27	–	–	210.27
Securities Premium Account	1,262.72	–	–	1,262.72
General Reserve	3,207.29	670.00	–	3,877.29
Profit & Loss Account	23,032.98	6,872.49	2,591.96	27,313.51
<b>TOTAL</b>	28,393.55	7,542.49	2,617.97	33,318.08

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>NOTE NO. 3 – LONG-TERM BORROWINGS</b>		
<b>Term loans</b>		
<b>Secured borrowings</b>		
From Scheduled Banks	17,666.40	15,272.46
<b>Loans &amp; advances from related parties</b>		
From Directors – Unsecured	857.00	575.00
From Other – Unsecured	600.00	500.00
<b>TOTAL</b>	<u>19,123.40</u>	<u>16,347.46</u>



## Notes forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
(₹ in Lakhs)		
<b>NOTE NO. 4 – OTHER LONG-TERM LIABILITY</b>		
<b>Trade payables of Project</b>		
Due to micro enterprises and small enterprises	–	–
Due to others	689.63	833.54
<b>Other – Deferred Payment Liability</b>	<b>364.28</b>	<b>364.28</b>
– Trade Deposits	16.88	26.88
<b>TOTAL</b>	<b>1,070.80</b>	<b>1,224.71</b>
<b>NOTE NO. 5 – LONG-TERM PROVISION</b>		
Income Tax Provision (Net of Advance Tax and TDS)	141.63	28.95
<b>TOTAL</b>	<b>141.63</b>	<b>28.95</b>
<b>NOTE NO. 6 – SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
Secured Borrowings	15,106.68	16,035.21
Unsecured Borrowings	10,732.61	8,919.52
<b>Loans &amp; Advances from related parties</b>		
From Directors – Unsecured	1.56	188.00
From Other – Unsecured	–	100.00
<b>TOTAL</b>	<b>25,840.86</b>	<b>25,242.73</b>
<b>NOTE NO. 7 – TRADE PAYABLE</b>		
<b>Trade payables of Goods, Services &amp; Expenses</b>		
Due to micro enterprises and small enterprises	–	–
Due to others	18,489.88	16,672.50
<b>TOTAL</b>	<b>18,489.88</b>	<b>16,672.50</b>
<b>NOTE NO. 8 – OTHER CURRENT LIABILITY</b>		
Interest accrued but not due on Loans	284.20	295.35
Unpaid Dividend	122.51	85.47
Other Payable – Duties & Taxes	597.67	571.71
Long-term borrowing repayable in within 12 months	3,375.98	3,200.19
<b>TOTAL</b>	<b>4,380.36</b>	<b>4,152.72</b>
<b>NOTE NO. 9 – SHORT-TERM PROVISION</b>		
Provision for Employee benefits (Bonus)	174.03	171.84
Other Short Term Provisions – Goods & expenses	1,217.07	1,309.68
Proposed dividend	–	726.51
<b>TOTAL</b>	<b>1,391.10</b>	<b>2,208.03</b>



Notes forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

NOTE NO. 10 – CONSOLIDATED FIXED ASSETS

(₹ in Lakhs)

Particulars	Op Gross Block as on 01-04-2015	Total Addition in Year	Deduction of GB	Clo Gross Block as on 31-03-2016	Op Acc Dep as on 01-04-2015	Total Current Year Dep	Deduction of Acc Dep	Clo Acc Dep as on 31-03-2016	Clo WDV as on 31-03-2016	Clo WDV as on 31-03-2015
<b>Tangible Assets:</b>										
Land	3,145.48	299.31	-	3,444.78	-	-	-	-	3,444.78	3,145.48
Building	11,478.16	1,208.78	-	12,686.94	1,917.94	402.68	-	2,320.62	10,366.32	9,560.23
Furniture	727.18	53.81	-	780.99	236.68	86.15	-	322.83	458.16	490.50
Office Equipments	452.02	376.05	-	828.07	222.06	69.05	-	291.11	536.96	229.96
Plant & Machineries	48,314.47	5,458.90	4.47	53,768.90	17,196.08	2,886.08	0.24	20,081.92	33,686.97	31,118.39
Vehicles	281.50	15.23	0.51	296.21	110.64	41.00	0.10	151.54	144.68	170.86
<b>Intangible Assets:</b>										
Tradename	225.00	-	225.00	-	225.00	-	225.00	-	-	-
Technical Knowhow	2,467.20	-	2,467.20	-	2,467.20	-	2,467.20	-	-	-
Process Development (R&D)	1,430.15	740.70	1,430.15	740.70	1,299.15	168.03	1,430.15	37.03	703.66	131.00
<b>Total</b>	68,521.15	8,152.77	4,127.33	72,546.59	23,674.75	3,653.00	4,122.69	23,205.06	49,341.53	44,846.40
<b>Previous Year</b>	59,676.06	9,563.54	718.44	68,521.15	21,138.24	3,102.23	565.72	23,674.75	44,846.40	

Note:

- 1) Trade Name & Technical Know-how are not internally generated while process development are internally generated
- 2) Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 92.48 Lakhs (Previous year ₹ 235.86 Lakhs)
- 3) Building addition includes Capital Expenditure incurred on R&D of ₹ 38.11 Lakhs (Previous year ₹ 446.54 Lakhs)
- 4) Remaining period of Amortisation of Intangible assets mentioned are as follow.

Particulars	WDV as on 31 <sup>st</sup> March, 2016	Remaining period of Amortisation
Process Development (R&D)	70,366,224	57 Months

## Notes forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

### NOTE NO. 11 – NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value	As at 31/03/2016	As at 31/03/2015
					(₹)	(₹)	(₹)
<b>A. TRADE INVESTMENTS</b>						<b>NIL</b>	<b>NIL</b>
<b>B. OTHER INVESTMENTS</b>							
<b>a. Investments in Equity Instruments</b>							
Aarti Industries Ltd.	750	–	–	750	5/-	0.06	0.06
Alembic Ltd.	180	–	–	180	2/-	0.01	0.01
Alembic Pharmaceuticals Ltd.	90	–	–	90	2/-	–	–
Aurobindo Pharma Ltd.	50	50	–	100	1/-	0.02	0.02
Sanofi India Ltd (Aventis Pharma Ltd.)	5	–	–	5	10/-	0.02	0.02
Cadila Healthcare Ltd.	15	60	–	75	10/-	0.01	0.01
Cipla Ltd.	62	–	–	62	2/-	0.07	0.07
Dabur India Ltd.	300	–	–	300	1/-	0.06	0.06
Dr Reddy's Laboratories Ltd.	4	–	–	4	5/-	0.02	0.02
Fresenius Kabi Oncology Ltd. (Dabur Pharma Ltd.)	25	–	–	25	10/-	–	–
Glenmark Pharmaceuticals Ltd.	100	–	–	100	1/-	0.01	0.01
Godavari Drugs Ltd.	0	25	–	25	1/-	0.02	–
Ipca Laboratories Ltd.	1050	–	–	1050	2/-	0.25	0.25
Ind-Swifts Laboratories Ltd.	5	–	–	5	10/-	–	–
Ind-Swifts Ltd.	25	–	–	25	2/-	–	–
Jagsonpal Pharmaceuticals Ltd.	40	–	–	40	5/-	–	–
J.B.Chemicals & Pharmaceuticals Ltd.	500	–	–	500	2/-	0.21	0.21
Kopran Ltd.	5	–	–	5	10/-	–	–
Krebs Bio Chemicals & Industries Ltd.	100	–	–	100	10/-	0.26	0.26
Piramal Glass Ltd. (Kojam Fininvest Ltd.)	14	–	–	14	10/-	–	–
Lupin Ltd.	50	–	–	50	2/-	0.01	0.01
Mylan Laboratories Ltd. (Matrix Laboratories Ltd.)	50	–	–	50	2/-	0.02	0.02
Morepen Laboratories Ltd.	5	–	–	5	2/-	–	–
Natco Pharma Ltd.	5	20	–	25	10/-	–	–
Neuland Laboratories Ltd.	100	–	–	100	10/-	0.34	0.34
Piramal Enterprises Ltd. (Piramal Health)	297	–	–	297	2/-	0.44	0.44
Novartis (I) Ltd.	5	–	–	5	5/-	0.01	0.01
Orchid Chemicals & Pharmaceuticals Ltd.	7	–	–	7	10/-	0.01	0.01
Panacea Biotec Ltd.	5	–	–	5	1/-	–	–
Pfizer Ltd.	14	–	–	14	10/-	0.06	0.06
Piramal Life Sciences Ltd. (PIRMAL PHYTOCARE LIMITED)	29	–	–	29	10/-	–	–
Ranbaxy Laboratories Ltd.	4	–	4	0	5/-	–	0.01
Reliance Capital Ltd.	5	–	–	5	10/-	–	–
Reliance Communication Ltd.	116	–	–	116	10/-	–	–
Reliance Infrastructure Ltd. (Reliance Energy Ltd.)	8	–	–	8	10/-	–	–
Reliance Industries Ltd.	232	–	–	232	10/-	0.10	0.10

Notes forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

## NOTE NO. 11 – NON-CURRENT INVESTMENTS (Contd.)

(₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value	As at 31/03/2016	As at 31/03/2015
					(₹)	(₹)	(₹)
Reliance Power Ltd.	29	–	–	29	10/-	–	–
Shasun Pharmaceutical Ltd. (Shasun Chemical & Drugs Ltd.)	500	–	500	0	2/-	–	0.17
Strides Arcolab Ltd.	100	156	–	256	10/-	0.39	0.22
Sun Pharma Advanced Research Co. Ltd.	10	–	–	10	10/-	–	–
Sun Pharmaceuticals Industries Ltd.	100	3	–	103	1/-	0.03	0.02
Marksans Pharma Ltd. (Tasc Pharma Ltd.)	1000	–	–	1000	1/-	0.05	0.05
Torrent Pharmaceuticals Ltd.	40	–	–	40	5/-	0.01	0.01
Unichem Laboratories Ltd.	1000	–	–	1000	2/-	0.25	0.25
Zydus Wellness Ltd.	2	–	–	2	10/-	–	–
Bank of Baroda	7500	–	–	7500	10/-	1.26	1.26
Bank of India	2300	–	–	2300	10/-	1.04	1.04
Union Bank of India	2523	–	–	2523	10/-	2.78	2.78
						<u>7.83</u>	<u>7.81</u>
Perfect Enviro Control Systems Ltd.	240,200	–	–	240,200	10/-	24.02	24.02
The Shamrao Vitthal Co-op Bank Ltd.	100	–	–	100	25/-	0.03	0.03
The Saraswat Co-op Bank Ltd.	12,600	–	–	12,600	10/-	1.26	1.26
Shivalik Solid Waste Management Ltd.	–	2,500	–	2,500	10/-	0.25	–
Tarapur Environment Protection Society	17,997	–	–	17,997	100/-	18.00	18.00
Amit Hetrochem (I) Ltd.	291,690	–	–	291,690	10/-	222.23	222.23
Aarti Biotech Ltd.	1,200	–	–	1,200	10/-	0.12	0.12
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	308	–	–	308	*1–0/-	189.51	189.51
						<u>455.42</u>	<u>455.17</u>
<b>b. Investment in Government or Trust Securities</b>							
N.S.C. (One Certificate of ₹ 1000/- Face Value)	1	–	–	1		0.01	0.01
						<u>0.01</u>	<u>0.01</u>
<b>c. Investment in Debentures or Bonds</b>							
Unit Trust of India (US-64)	190	–	–	190	100/-	0.19	0.19
						<u>0.19</u>	<u>0.19</u>
<b>Aggregate Amount of Quoted Investments &amp; Market Value</b>						<b>8.03</b>	<b>8.01</b>
<b>Aggregate Amount of Unquoted Investment</b>						<b>455.42</b>	<b>455.17</b>
<b>TOTAL</b>						<b><u>463.45</u></b>	<b><u>463.18</u></b>

(Aggregate market value of quoted investment : as at 31<sup>st</sup> March, 2016 ₹ 4,641,585/- and as at 31<sup>st</sup> March, 2015 ₹ 3,909,819/-)

\*Face Value of 1 share = 10000 RMB

## Notes forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ in Lakhs)

As at  
31<sup>st</sup> March, 2016      As at  
31<sup>st</sup> March, 2015

### NOTE NO. 12 – LONG-TERM LOANS & ADVANCES

Unsecured – consider good

Capital Advances	487.68	724.43
<b>TOTAL</b>	<b>487.68</b>	<b>724.43</b>

### NOTE NO. 13 – INVENTORIES

Stores & Spares	444.58	406.83
Packing Materials	262.31	161.92
Raw Materials	7,009.76	6,421.29
Finished Goods	3,839.24	4,908.59
Work in process	6,204.26	4,647.06
Stock in Trade	74.87	39.86
Less Provision for Non Moving Stock	–	(166.00)
<b>TOTAL</b>	<b>17,835.01</b>	<b>16,419.56</b>

### NOTE NO. 14 – TRADE RECEIVABLES

Unsecured, considered good

Exceeding 6 months	834.97	863.10
Others	32,402.00	30,714.20
	33,236.97	31,577.30
Less: Provision for Doubtful Debts	(68.32)	(150.00)
<b>TOTAL</b>	<b>33,168.65</b>	<b>31,427.30</b>

### NOTE NO. 15 – CASH & CASH EQUIVALENTS

Cash on Hand	37.02	30.18
Cheques on Hand	272.19	197.03
Balances with Scheduled Banks :		
– Current Accounts	16.39	16.14
– Deposit Accounts	34.01	29.21
Earmarked balance – unpaid dividend	122.51	85.47
<b>TOTAL</b>	<b>482.12</b>	<b>358.03</b>



## Notes forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ in Lakhs)

As at  
31<sup>st</sup> March, 2016

As at  
31<sup>st</sup> March, 2015

### NOTE NO. 16 – SHORT TERM LOANS & ADVANCES

#### Unsecured, Consider good

Advances recoverable in cash or kind or for value to be received	1,833.09	1,673.92
Advances and loans – Staff & workers	90.80	90.70
<b>TOTAL</b>	<b>1,923.89</b>	<b>1,764.63</b>

### NOTE NO. 17 – OTHER CURRENT ASSETS

Deposits	786.83	569.51
Others – Excise & Service Tax	2,326.00	2,015.33
<b>TOTAL</b>	<b>3,112.83</b>	<b>2,584.84</b>

## Notes forming part of Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

(₹ in Lakhs)

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
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### NOTE NO. 18 – OTHER OPERATING INCOME

Dividend	1.15	–
Interest (Gross)	66.38	42.22
Miscellaneous income	79.06	219.02
Insurance Claim Recd	349.22	–
<b>TOTAL</b>	<b>495.81</b>	<b>261.24</b>

### NOTE NO. 19 – COST OF MATERIALS CONSUMED

Raw Material Consumption	68,938.93	66,432.39
Packing Materials	1,816.78	1,294.98
Freight Inward	867.51	834.40
Clearing & Forwarding	478.92	457.43
<b>TOTAL</b>	<b>72,102.14</b>	<b>69,019.20</b>

### NOTE NO. 20 – EMPLOYEE BENEFITS EXPENSE

Salaries, Wages and Bonus (Mfg.)	3,126.99	2,506.16
Labour Welfare Expenses	196.50	160.44
Salaries and Bonus (Admin.)	502.56	481.40
Provident Fund Contribution	174.74	167.16
Staff Welfare Expenses	18.34	11.13
Directors' Remuneration	456.39	466.53
<b>TOTAL</b>	<b>4,475.52</b>	<b>3,792.82</b>

### NOTE NO. 21 – DEPRECIATION AND AMORTIZATION

Depreciation	3,484.73	2,920.15
Amortisation	168.03	182.08
<b>TOTAL</b>	<b>3,652.76</b>	<b>3,102.23</b>



Notes forming part of Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

(₹ in Lakhs)

	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>NOTE NO. 22 – OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Processing Charges	865.50	975.18
Labour Charges	2,132.04	1,710.33
Insurance Expenses	116.63	149.52
Lease Expenses	70.81	13.60
Power & Fuel	5,229.53	4,814.76
Stores & Spares	629.07	602.63
Repairs & Maintenance – Building	40.65	36.56
– Plant & Machinery	272.65	246.52
Research & development	387.60	303.97
Water Charges	134.87	112.56
Laboratory Expenses	444.24	280.91
Other Factory Expenses	1,303.88	1,253.92
<b>Sub Total (a)</b>	<b>11,627.47</b>	<b>10,500.46</b>
<b>Office &amp; Administration Expenses</b>		
Books & Periodicals	0.16	0.24
Auditors' Remuneration	9.71	6.53
Conveyance Expenses	29.87	26.91
Legal & Professional Charges	169.51	157.77
Membership & Subscriptions	3.62	3.23
Printing & Stationery	24.06	25.63
Postage, Telegram & Telephone	31.32	29.21
Office Electricity Charges	28.74	28.50
Insurance Charges	32.56	26.99
Repairs & Maintenance – Others	44.47	32.55
Entertainment Expenses	13.48	14.31
Miscellaneous Expenses	59.15	35.00
Vehicle Expenses	11.62	7.91
Travelling Expenses – Directors	11.40	11.97
– Others	37.82	36.60
Directors' Sitting Fees	5.70	6.90
Loss on sale of Assets	0.19	—
<b>Sub Total (b)</b>	<b>513.37</b>	<b>450.25</b>



## Notes forming part of Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

	(₹ in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>Selling &amp; Distribution</b>		
Advertisement & Sales Promotion	120.39	138.13
Freight & Forwarding – Exports	1,016.20	1,163.04
Freight & Forwarding – Local	292.43	268.31
Commission Expenses	751.70	790.83
Insurance Expenses	25.22	39.98
Postage & Telegram	15.77	13.11
Other Export Expenses	110.58	73.81
Bad Debts & other written off	206.45	96.30
<b>Sub Total (c)</b>	<u>2,538.75</u>	<u>2,583.51</u>
<b>Finance Cost</b>		
Bank Charges (d)	<u>412.85</u>	<u>335.30</u>
<b>Non Operative Expenses</b>		
Donations	1.11	8.43
CSR Expenditure	175.38	105.00
<b>Sub Total (e)</b>	<u>176.48</u>	<u>113.43</u>
<b>TOTAL (a+b+c+d+e)</b>	<u><u>15,268.92</u></u>	<u><u>13,982.95</u></u>
<b>NOTE NO. 23 – INTEREST</b>		
Interest on Term Loans	1,867.22	1,240.20
Interest on Working Capital	2,364.97	2,433.22
Interest on Others	156.49	219.57
<b>TOTAL</b>	<u><u>4,388.68</u></u>	<u><u>3,892.99</u></u>



## Notes forming part of Consolidated Financial Statement for the year ended 31<sup>st</sup> March, 2016

### 24.1 Background

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

Name of the Subsidiary	Proportion of Ownership (%)
Pinnacle Life Sciences Pvt. Ltd.	100% (Previous Year 100%)

24.2 Significant Accounting policies and notes to these Consolidated Financial Statements are intended to serve as means of informative disclosures and a guide to better understanding of the consolidated position of the Company. Recognizing this purpose, the company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures.

### 24.3. Principles of Consolidation

- This Consolidated Financial Statements are prepared using the Financial Statements of the parent company and the subsidiary company drawn up to the same reporting date.
- The Consolidation of the financial statements of the parent company and its subsidiary is done on line by line basis by adding together like items of assets, liabilities, income and expenses. All intra group transactions, unrealized inter-company profits and balances have been eliminated in the course of consolidation.
- The financial statements of parent company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- The excess of the cost of the Company's investment in the subsidiary over its share in equity of the subsidiary company, on the date of acquisition, is recognized in the financial statements as Capital Reserve.

### 24.4 Significant Accounting Policies :

#### a. Basis of Preparation

The financial statement have been prepared and presented under the historical cost convention on as accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply in all material aspects with the applicable accounting standards notified under the relevant provisions of the Companies Act 2013.

#### b. Fixed assets and depreciation

- Fixed assets include all expenditure of capital nature and are stated at cost of acquisition, installation and commissioning and related borrowing cost less depreciation. Fixed asset values are stated at historical cost. Depreciation on fixed assets other than land is charged under the straight-line method in accordance with Schedule II of the Companies Act, 2013. Product/Process development costs arising out of R&D are carried forward when their future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future economic benefit, from the related project, not exceeding ten years.
- Impairment loss indicates the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of the net selling price of an asset or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The Company will recognize such losses whenever they arise.

#### c. Investments

Investments are classified into Current and Non-Current Investment. Current Investments are valued at lower of cost or fair value. Non-Current Investment are stated at cost. Provisions are made for diminution in value of investments, if any, other than those of temporary nature.

#### d. Valuation of Inventories

Inventories are stated at lower of cost or net realizable value, on the following basis:

- Raw materials, packing materials, stores and spares – At cost on FIFO Method
- Work in process – At cost plus appropriate allocation of overheads
- Finished Goods – At cost plus appropriate allocation of Overheads or net realizable value Whichever is lower

#### e. Retirement Benefits

- In respect of Gratuity and Superannuation fund, the Company's contribution to group insurance scheme of Life Insurance Corporation of India & Birla Sun life Insurance Company Ltd. are charged against revenue.
- Provision for incremental liability in respect of encashable privilege leave on separation benefit is made as per independent actuarial valuation at the year end.

## Notes forming part of Consolidated Financial Statement for the year ended 31<sup>st</sup> March, 2016

### f. Revenue Recognition

Revenue is recognized to the extent that probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Sale of Goods :  
Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, and is stated net of excise duty, sales tax, returns and trade discounts.
- Export Benefits :  
Export Benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.
- Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.
- Dividend income is recognized when the right to receive is established.

### g. Borrowing Cost

Borrowing costs that are directly attributable to acquisition construction, or production of qualifying assets are capitalized as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### h. Foreign Currency Transactions

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

### i. Research & Development Expenditure:

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

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

### j. Income Tax

Tax expenses comprise of current tax and deferred tax, current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date.

### k. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating Lease payments are recognised as an expense in the Profit and Loss Account of the year to which they relate.

## 24.5 Contingent Liabilities:

(₹ In Lakhs)

Sr. No.	Particulars	On the Parent Company March, 16	On the Subsidiary Company March, 16	On the Parent Company March, 15	On the Subsidiary Company March, 15
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	3,785.03	–	4,584.73	–
b.	Demand in respect of additional income tax disputed in appeal	351.44	–	1,133.91	–
c.	Demand in respect of sales tax disputed in appeal	15.18	–	–	–
d.	Demand in respect of additional excise, custom, fine & penalty is disputed in appeal	38.88	–	78.51	–
e.	Liability for duty on raw material imported under advance licence benefit scheme against which export obligation remained to be fulfilled	259.45	–	189.86	–
f.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	303.49	13.20	1,212.67	161.24



Notes forming part of Consolidated Financial Statement for the year ended 31<sup>st</sup> March, 2016

## 24.6 Segment-wise Disclosure as per Accounting Standard: 17.

## I. BUSINESS SEGMENTS AS PRIMARY SEGMENTS

The Company is considered to be a single segment Company engaged in pharmaceuticals business, hence the disclosure requirement as per AS-17 'Business Segments as Primary Segment' is not attracted.

(₹ in Lakhs)

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS		For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>Segment Revenue</b>			
a)	Exports	38,919.06	41,171.22
b)	Others	83,911.45	76,789.05
	<b>Total</b>	<b>122,830.51</b>	<b>117,960.27</b>

Note:

Segmental capital employed:

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that currently it is not practicable to provide segment disclosures relating to total assets and liabilities.

## 24.7 Related party transactions:

Related party transactions disclosure as required by Accounting Standard – 18. 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India are given below:

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

3(c) 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.

## 1. Individuals

Mr. Chandrakant V. Gogri	Mr. Rajendra V. Gogri
--------------------------	-----------------------

## 2. Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R. Gogri
Mrs. Dhanvanti V. Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

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

## • Key Management Personnel.

Mr. Prakash M. Patil	Mr. Harit P. Shah
Mr. Harshit M. Savla	Mr. Uday M. Patil
Mr. Rashesh C. Gogri	Mr. Sunny Pagare (Till 1 <sup>st</sup> Dec, 2015) (Company Secretary)
Mr. Adhish Patil (CFO)	Mr. Vibhav S. Ranade (From 22 <sup>nd</sup> Feb, 2016) (Company Secretary)

## • Relatives of Key Management Personnel.

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mrs. Keserben P. Shah	Mrs. Jayashree H. Shah
Mr. Sameer P. Shah	Mr. Pragji M. Shah
Mrs. Arti T. Sankhe	Mrs. Manisha R. Gogri

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

- Aarti Industries Ltd.
- Rupal Drugs LLP
- Alchemie Gases & Chemicals Pvt. Ltd.
- Alchemie Financial Services Ltd.
- Alchemie Laboratories

**Note :** Sr. 3(c), 3(d), 3(e) refer to the relevant Para's of AS 18.

## Notes forming part of Consolidated Financial Statement for the year ended 31<sup>st</sup> March, 2016

### B. Transactions with the related parties during the year:

Note: Proportions given in the following statement belong to the respective accounting group as shown in the financial statements for the year ended 31<sup>st</sup> March, 2016.

Transaction with Related Parties	Enterprise/firms over which controlling individuals have significant influence	Enterprise/firms over which controlling individuals have significant influence
	C.Y.	L.Y.
	%	%
Sales & Income from Operations	–	–
Manufacturing Expenses	1.37	1.70
Borrowing costs	1.34	2.04
Outstanding Payable	1.65	0.89
Outstanding Receivable	–	–
Outstanding Unsecured Loan	4.39	5.20

Transaction with Related Parties	Individuals		Relatives of Individuals		Key Management Personnel		Relative of Key Management Personnel	
	C.Y.	L.Y.	C.Y.	L.Y.	C.Y.	L.Y.	C.Y.	L.Y.
	%	%	%	%	%	%	%	%
Employee Benefits & Office & Administration Expenses	0.04	0.05	0.87	0.82	29.42	32.26	2.02	2.73
Borrowing costs	–	–	–	–	1.77	1.19	–	1.19
Unsecured Loans Accepted	–	–	–	–	0.28	3.82	–	0.02
Unsecured Loans Repaid	–	–	–	–	–	0.78	–	3.44
Outstanding Unsecured Loan	–	–	–	–	7.03	7.42	–	–

### 24.8 Directors Remuneration:

(₹ in Lakhs)

Particulars	By the Parent Company 31 <sup>st</sup> March, 2016	By the Subsidiary Company 31 <sup>st</sup> March, 2016	By the Parent Company 31 <sup>st</sup> March, 2015	By the Subsidiary Company 31 <sup>st</sup> March, 2015
Salary to Managing Directors and whole-time Directors	171.60	12.98	168.09	3.20
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	34.39	0.17	46.29	0.56
Commission payable to Directors	194.49	–	209.38	–
Contribution to Provident fund	1.08	0.11	0.83	0.03
Superannuation fund scheme	41.47	0.11	38.15	–
<b>Total Remuneration</b>	<b>443.03</b>	<b>13.37</b>	<b>462.75</b>	<b>3.78</b>



Notes forming part of Consolidated Financial Statement for the year ended 31<sup>st</sup> March, 2016

24.9 Auditors' remuneration includes

(₹ in Lakhs)

Particulars	By the Parent Company 31 <sup>st</sup> March, 2016	By the Subsidiary Company 31 <sup>st</sup> March, 2016	By the Parent Company 31 <sup>st</sup> March, 2015	By the Subsidiary Company 31 <sup>st</sup> March, 2015
Statutory Audit	4.86	2.19	4.40	0.56
Other Audit Services	2.25	—	0.80	—
Certification	0.41	—	0.77	—
<b>Total</b>	<b>7.52</b>	<b>2.19</b>	<b>5.97</b>	<b>0.56</b>

24.10 Earning Per Share:

(₹ in Lakhs except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholder	6,872.49	7,725.43
Weighted Number of Equity Shares (Nos.)	2,42,17,100	2,42,17,100
Basic & Diluted EPS (after extraordinary items) (₹)	28.38	31.90
Nominal value per share (₹)	10.00	10.00

24.11 Details of Subsidiary

(₹ in Lakhs)

Name of the Subsidiary	Pinnacle Life Science Pvt. Ltd.	Pinnacle Life Science Pvt. Ltd.
The financial year of Subsidiary ended on	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Reporting currency	INR	INR
a. Share Capital	778.28	778.28
b. Reserves and surplus	580.50	360.78
c. Debts & other Liability	5336.90	3296.70
Total Liability (a+b+c)	6695.68	4435.76
Total Assets	6695.68	4435.76
Total Income	8584.07	1328.96
Profit/(loss) Before Tax	245.73	(324.83)
Tax Expenses	—	—
Profit/(Loss) after Tax	245.73	(324.83)

AS PER OUR REPORT OF EVEN DATE

For GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Registration No: 103264W

Sd/-  
(CA TEJAS J. PARIKH)  
PARTNER

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

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

Sd/-  
CS Vibhav S. Ranade  
Company Secretary

## Consolidated Cash Flow Statement as on 31<sup>st</sup> Mar, 2016

(₹ in Lakhs)

Sr. Particulars No.	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	9,508.60	9,971.97
ADJUSTMENT FOR:		
Depreciation & Amortisation	3,652.77	3,102.24
Depreciation on Revalued Assets	(26.01)	(13.79)
Interest Paid	4,388.68	3,893.00
Interest Received	(85.20)	(41.91)
Loss on Sale of Asset	0.19	-
Operating Profit before Working Capital Charges	17,437.87	16,911.51
Trade & Other Receivable	(1,901.09)	(3,028.93)
Changes in Inventories	(1,382.30)	(3,644.45)
Trade & Other Payable	1,177.28	1,715.10
Cash generated from operation	15,331.76	11,953.23
Direct Taxes Paid	(2,002.32)	(1,494.14)
Net Cash Flow from Operating Activities	13,329.44	10,459.09
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets/Capital Work in Progress/Advances	(9,965.79)	(10,698.14)
Sales/(Purchase) of Investment	(0.27)	(1,255.18)
Right Shares Issue	-	1,210.66
Interest Received	85.20	41.91
Net Cash Flow from Investing Activities	(9,879.49)	(10,700.75)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	2,801.74	7,931.23
Proceeds from Unsecured Loans & from Scheduled Bank	622.24	(1,625.05)
Dividend Paid	(2,361.17)	(2,266.83)
Interest Paid	(4,388.68)	(3,893.00)
Net Cash Flow from Financing Activities	(3,325.86)	146.36
Net Increase in Cash and Cash Equivalents (A+B+C)	124.09	(95.31)
Opening Cash and Cash Equivalents	358.03	453.34
Closing Cash and Cash Equivalents	482.12	358.03

Note : (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 ₹ 34.01 lakhs (Previous Year ₹ 29.21 lakhs) under lien are considered as cash and cash equivalents.

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration No: 103264W**

Sd/-  
**(CA TEJAS J. PARIKH)**  
PARTNER

Place: Mumbai  
Date: 5<sup>th</sup> May, 2016

For and on behalf of the Board of Directors of AARTI DRUGS LIMITED

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

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

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

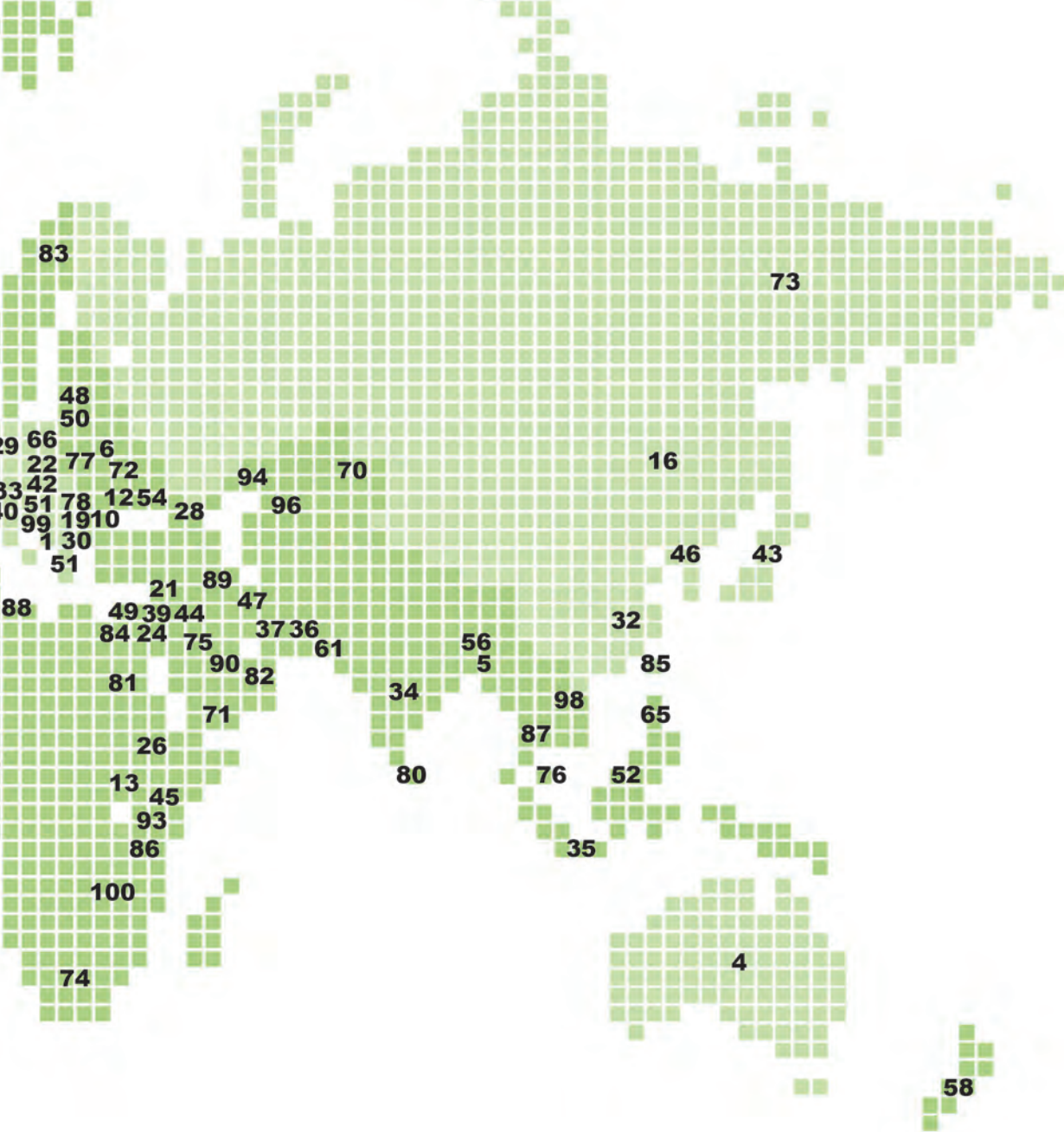
Sd/-  
**CS Vibhav S. Ranade**  
Company Secretary

# AARTI DRUGS

## AND ITS DOMESTIC PRESENCE







51	Macedonia	61	Pakistan	71	Rep. of Yemen	81	Sudan	91	U.K.
52	Malaysia	62	Panama	72	Romania	82	Sultanate of Oman	92	U.S.A.
53	Mexico	63	Paraguay	73	Russia	83	Switzerland	93	Uganda
54	Moldova	64	Peru	74	S. Africa	84	Syria	94	Ukraine
55	Morocco	65	Philippines	75	Saudi Arabia	85	Taiwan	95	Uruguay
56	Nepal	66	Poland	76	Singapore	86	Tanzania	96	Uzbekistan
57	Netherlands	67	Portugal	77	Slovakia	87	Thailand	97	Venezuela
58	New Zealand	68	Puerto Rico	78	Slovenia	88	Tunisia	98	Vietnam
59	Nicaragua	69	Rep. of Dominic	79	Spain	89	Turkey	99	Yugoslavia
60	Nigeria	70	Rep. of Kazakhstan	80	Sri Lanka	90	U.A.E.	100	Zimbabwe



Pinnacle - Baddi Formulation Unit



R&D Centre (E-1) at Tarapur



**Aarti Drugs Ltd.**

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