



Aarti Drugs Ltd.

The Chemistry of Sustained Relationships



Annual Report 2012-13



AARTI DRUGS AND ITS GLOBAL PRESENCE

Country

- | | | | | |
|---------------|----------------|-----------------|---------------|---------------|
| 1. Albania | 9. Bosnia | 17. Croatia | 25. Georgia | 33. India |
| 2. Algeria | 10. Brazil | 18. Cuba | 26. Germany | 34. Indonesia |
| 3. Argentina | 11. Bulgaria | 19. Cyprus | 27. Ghana | 35. Iran |
| 4. Australia | 12. Canada | 20. Denmark | 28. Greece | 36. Iraq |
| 5. Bangladesh | 13. Chile | 21. Ecuador | 29. Guatemala | 37. Ireland |
| 6. Belgium | 14. China | 22. Egypt | 30. Honduras | 38. Israel |
| 7. Belarus | 15. Colombia | 23. El salvador | 31. Hongkong | 39. Italy |
| 8. Bolivia | 16. Costa rica | 24. France | 32. Hungary | 40. Japan |

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.





"Accidents hurt - Safety doesn't."

Corporate Information

Chairman Emeritus

Chandrakant V. Gogri

Board of Directors

Rajendra V. Gogri

Chairman (w.e.f. 16th August, 2012)

Prakash M. Patil

Managing Director & CEO

Harshit M. Savla

Jt. Managing Director

Whole-time Directors

Harit P. Shah

Rashesh C. Gogri (w.e.f. 16th August, 2012)

Uday M. Patil

Independent Directors

Ramdas M. Gandhi

Bhavesh R. Vora

Prof. Krishnacharya G. Akamanchi

Dr. Vilas G. Gaikar

Sunil M. Dedhia

Navin C. Shah

Chief Financial Officer

Adhish P. Patil

Company Secretary

Sunny Pagare

Auditors

M/s. Parikh Joshi & Kothare,
49/2341, M.H.B. Colony, Gandhi Nagar,
Bandra (East), Mumbai-400 051.

Solicitors

M/s. M. P. Savla & Co.
Bharat House, 2nd floor,
104 Mumbai Samachar Marg,
Mumbai-400 001.

Registrar & Transfer Agent

M/s. Sharepro Services (India) Pvt. Ltd.

Bankers

Bank of Baroda

Union Bank of India

State Bank of India

The Bank of Nova Scotia

Standard Chartered Bank

DBS Bank Ltd.

IDBI Bank Ltd.

Citi Bank N.A.

HSBC

ICICI Bank Ltd.

Kotak Mahindra Bank Ltd.

Company's Locations

Registered Office

Plot No. N - 198, M.I.D.C.,
Tarapur, Village-Pantembhi,
Taluka - Palghar,
Dist. Thane- 401 506.

Corporate Office

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

Visit us at www.aartidrugs.com

Contents

Corporate Information.....	[03]	Auditors' Report.....	[33]
Financial Highlights.....	[04]	Balance Sheet.....	[36]
Notice.....	[06]	Statement of Profit & Loss.....	[37]
Directors' Report.....	[13]	Notes Forming Part of Financial Statements.....	[38]
Management Discussion & Analysis.....	[20]	Cash Flow Statement.....	[53]
Report on Corporate Governance.....	[23]	Proxy Form and Attendance Slip	



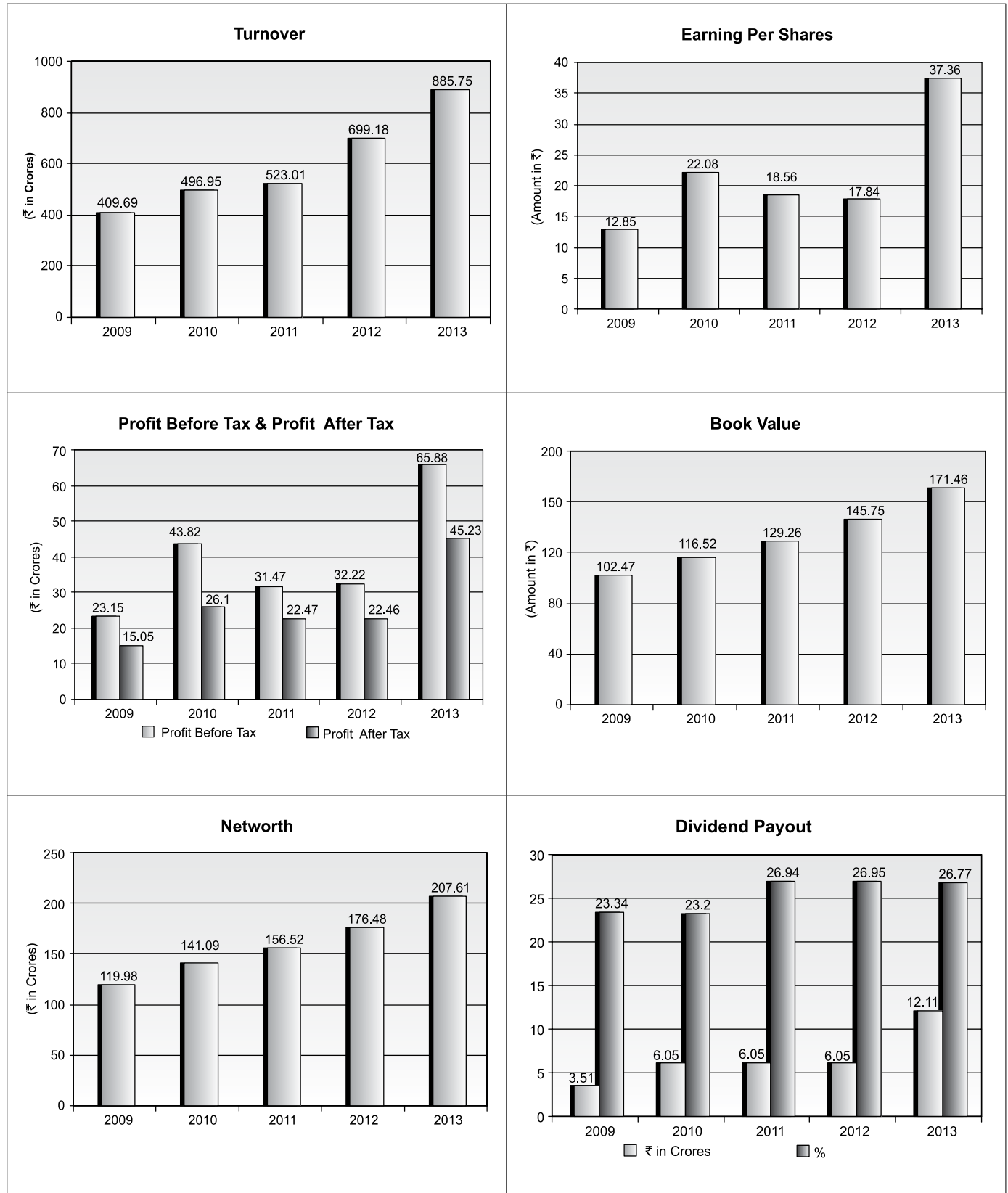
(₹ in Lakhs)

FINANCIAL HIGHLIGHTS

Particulars	Financial Year Ended on							
	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11*	31-Mar-12*	31-Mar-13*
Sales	27,900.01	31,330.26	33,584.79	40,968.87	49,694.87	52,301.38	69,917.64	88,574.83
Profit Before Interest, Depreciation and Amortization	3,144.38	3,449.75	3,930.01	5,690.35	7,207.99	6,269.13	8,027.03	12,033.43
Interest	841.68	986.30	1,183.81	2,271.69	1,474.45	1,347.80	2,267.19	2,803.55
Depreciation and Amortization	791.80	861.72	962.93	1,103.92	1,351.75	1,774.06	2,421.59	2,598.40
Profit Before Tax	1,510.90	1,601.73	1,783.27	2,314.75	4,381.79	3,147.27	3,221.98	6,587.84
Profit After Tax	1,272.86	1,276.98	1,307.32	1,504.75	2,609.79	2,247.29	2,246.10	4,523.84
Dividend (%)	15	12	18	30	50	50	50	100
Payout	175.62	140.50	210.75	351.26	605.43	605.43	605.43	1,210.86
Equity Capital	1,170.86	1,170.86	1,170.86	1,170.86	1,210.86	1,210.86	1,210.86	1,210.86
Reserves & Surplus	7,556.89	8,673.66	9,734.41	10,827.49	12,898.30	14,440.78	16,437.13	19,549.93
Less : Miscellaneous Expenditure	226.92	114.93	3.72	-	-	-	-	-
Networth	8,500.83	9,729.59	10,901.54	11,998.35	14,109.16	15,651.63	17,647.99	20,760.78
Borrowings								
Long Term	3,094.12	4,263.63	4,795.06	7,204.25	7,818.18	7,434.15	6,692.38	8,070.45
Short-Term-Bank	6,701.47	7,493.42	7,070.50	8,070.95	6,047.94	16,866.01	21,723.88	23,980.90
Short-Term-Others	8,413.26	7,499.31	8,651.20	2,572.65	3,898.38	85.01	1,374.94	-
Total Borrowings	18,208.85	19,256.36	20,516.76	17,847.85	17,764.50	24,385.18	29,791.20	32,051.35
Gross Block	20,059.68	21,253.39	23,359.01	26,725.92	28,748.23	34,579.98	43,938.29	47,904.89
Less : Depreciation	5,095.16	6,236.45	7,446.69	8,788.25	10,394.66	12,159.02	16,584.66	18,781.79
Net Block	14,964.52	15,016.94	15,912.33	17,937.66	18,353.57	22,420.96	27,353.63	29,123.10
Capital work-in-progress	Nil	1,375.20	1,466.90	64.42	340.35	1,037.47	299.09	1,258.89
Investments	2,040.49	2,134.85	33,52.82	2,137.85	2,137.85	2,461.29	691.84	513.19
Current Assets, Loans and Advances	17,098.48	17,231.02	18,767.55	18,513.71	20,020.43	25,669.13	32,917.38	41,076.71
Less: Current Liabilities	6,298.15	5,547.41	6,626.63	7,076.76	6,998.89	9,322.39	11,375.56	15,119.49
Net Working Capital	10,800.32	11,683.60	12,140.92	11,436.96	13,021.54	16,346.74	21,541.83	25,957.22
Book Value (₹)	72.60	83.10	93.11	102.47	116.52	129.26	145.75	171.46
EPS (Basic & Diluted) (₹)	10.85	10.90	11.17	12.85	22.08	18.56	17.84	37.36

* Note:- Regrouped as per Revised Schedule VI of the Companies Act, 1956.

FINANCIAL HIGHLIGHTS



NOTICE

Notice is hereby given that the Twenty-Eighth Annual General Meeting of the Members of Aarti Drugs Limited will be held on Friday, the 2nd day of August, 2013, at 11.00 a.m. at TIMA Hall, MIDC Tarapur, Taluka Palghar, Dist.: Thane - 401 506, Maharashtra, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors' and Auditors' thereon.
2. To declare a final dividend for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Shri Rashesh C. Gogri, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Harshit M. Savla, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Navin C. Shah, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Rajendra V. Gogri, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
7. 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 M/s. Parikh Joshi & Kothare, Chartered Accountants (Registration No. 107547W), be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 ("the Act"), the Company hereby approves the re-appointment and terms of remuneration of Shri Rashesh C. Gogri, Whole-time Director of the Company for a period of five years with effect from 31st October, 2012 upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him and submitted to this meeting, duly initialled by the Chairman for the purpose of the identification, which agreement is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits specified in Schedule XIII of the Act and as may be agreed between the Board of Directors and Shri Rashesh C. Gogri.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Act and subject to the approval of the Central Government, if and when necessary, consent of the Company be and is hereby accorded to Shri Vishwa H. Savla, to hold and continue to hold an Office of Profit as Vice-president, Formulation of the Company, with effect from 1st September, 2012 on the terms and conditions including remuneration as set out

in the letter of appointment issued by the Company to him and submitted to this meeting duly initialled by the Chairman for the purpose of identification, which is hereby specifically sanctioned, with power to the Chairman of the Company to alter and vary the terms of appointment subject to limit prescribed under the relevant rules prescribed under Section 314 of the Act and/or approval of the Central Government, as the case may be.”

Registered Office:
Plot No. N-198, MIDC,
Tarapur, Village-Pantembhi,
Taluka-Palghar,
Dist. Thane 401 506.

Place: Mumbai
Date: 16th May, 2013

By order of the Board

Sd/-
Sunny Pagare
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at Item No. 8 & 9 above is annexed hereto and forms part of the Notice.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 26th July, 2013 to 2nd August, 2013 (both days inclusive)
5. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the Company on all working days except Saturdays, between 11.00 a.m. and 1.00 p.m., up to the date of the AGM.
6. The Members are requested to note:
 - (i) **Change of Address/Bank details:** Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Sharepro Services (India) Private Limited, immediately of any change in their address and bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.
 - (ii) 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.
 - (iii) Members holding shares in physical form are requested to provide their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) along with their Folio Number and PAN to the Company's Registrars and Transfer Agents (RTA), M/s. Sharepro Services (India) Private Limited.
 - (iv) Section 109A of the Companies Act, 1956 provides for **Nomination by the shareholders** of the Company in the prescribed Form No. 2B for shares held in physical form. Blank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
 - (v) Queries on accounts may please be sent to the Company at Corporate Office 10 day in advance of the Annual General Meeting so that the answers may be made available at the meeting.
 - (vi) The Company has transferred unclaimed amounts of final dividend declared for the year 2004-05 to the Investor Education and Protection Fund as required under Sections 205A and 205C of the Companies Act, 1956.



Brief resume of Directors seeking re-election/re-appointment are as under:

Particulars	Shri Rashesh C. Gogri	Shri Harshit M. Savla
Date of birth and age	03.06.1974 (39 years)	19.11.1962 (50 years)
Date of Appointment	16.08.2012	02.01.1987
Qualifications	Industrial Engineer and holds Diploma in Business Management	B.Com.
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.	He has more than 26 years of experience in finance, export and administration. He played crucial role in expanding the export market for the product of the Company.
Directorships held in other (excluding foreign) Companies	Aarti Industries Ltd. Alchemie Leasing and Financing Pvt. Ltd. Gogri and Sons Investments Pvt. Ltd. Ganesh Polychem Ltd. Crystal Millennium Realtors Pvt. Ltd. Alchemie Dye Chem Pvt. Ltd. Anushakti Chemicals and Drugs Ltd. Aakansha Pharmachem Pvt. Ltd. Jhagadia Enterprises Pvt. Ltd. Dhaval Realtors (India) Pvt. Ltd. Anushakti Holdings Ltd. Spark Academy Pvt. Ltd. Aarti Specialties Ltd. Gogri Finserv Pvt. Ltd.	Dhaval Realtors (India) Pvt. Ltd. Crystal Millennium Realtors Pvt. Ltd.
Memberships/Chairmanships of committees across public companies	Audit Committee Aarti Drugs Ltd. – Member Anushakti Holdings Ltd. – Member Shareholder Transfer Committee Aarti Drugs Ltd. – Chairman Aarti Industries Ltd. – Member Finance Committee Aarti Industries Ltd. – Member Remuneration Committee Aarti Industries Ltd. – Member	Shareholder Grievance Committee Aarti Drugs Ltd. – Member Shareholder Transfer Committee Aarti Drugs Ltd. – Member
Number of shares held in the Company	403355	415755

Particulars	Shri Navin C. Shah	Shri Rajendra V. Gogri
Date of birth and age	22.02.1961 (52 years)	15.12.1959 (53 years)
Date of Appointment	04.11.2010	28.09.1984
Qualifications	B.Com, FCA	B.E.-Chemical, UDCT Mumbai / M.S., USA

Particulars	Shri Navin C. Shah	Shri Rajendra V. Gogri
Experience and expertise in specific functional areas	He is a Practising Chartered Accountant, with more than 25 years of experience.	He has rich experience in handling the portfolios of marketing, purchase and other commercial matters and is also a key reason for export development of the Company. Apart from having technical knowledge, he also has equally good expertise in areas of Accounts, Finance, Taxation, Legal & other Commercial matters.
Directorships held in other (excluding foreign) Companies	No other directorship	Aarti Industries Ltd. Alchemie Dyechem Pvt. Ltd. Gogri & Sons Investment Pvt. Ltd. Aarti Biotech Ltd. Anushakti Chemicals & Drugs Ltd. Crystal Millenium Realtors Pvt. Ltd. Anushakti Holdings Ltd. Jhagadia Enterprises Pvt. Ltd. Kutchi Angel Network Pvt. Ltd. Aarti Specialties Ltd. Alchemie Finserv Pvt. Ltd. Kutchi Angel Network Pvt. Ltd.
Membership/Chairmanships of committees across public companies	Audit committee Aarti Drugs Ltd. – Member	Audit committee Aarti Industries Ltd. – Member Anushakti Holdings Ltd. – Member Remuneration Committee Aarti Industries Ltd. – Chairman Aarti Drugs Ltd. – Chairman Share Transfer Committee Aarti Industries Ltd. – Chairman Finance Committee Aarti Industries Ltd. – Chairman Shareholder Grievance Committee Aarti Drugs Ltd- Chairman Aarti Industries Ltd. – Chairman
Number of shares held in the Company	NIL	330980

Registered Office:
Plot No. N-198, MIDC,
Tarapur, Village-Pantembhi,
Taluka-Palghar,
Dist. Thane 401 506.

Place: Mumbai
Date: 16th May, 2013

By order of the Board

Sd/-
Sunny Pagare
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 8

Shri Rashesh C. Gogri has been the Non-executive Director of the Company since 16th August, 2012. Based on the recommendation of the Remuneration Committee duly approved by the resolution passed at its meeting on 25th October, 2012 and the Board of Directors at its meeting held on 31st October, 2012, appointed Shri Rashesh C. Gogri as the Executive Director, for a period five years, with effect from 31st October, 2012 upon and subject to the terms, provisions and conditions hereinafter appearing and in accordance with section 269 read with Schedule XIII of the Companies Act, 1956 and subject to all such sections as may be necessary. The said draft Agreement would inter- alia, contain the following material terms and conditions:

1. **Period of Agreement:** 31.10.2012 to 30.10.2017.

2. **Remuneration:**

(a) **Salary:**

Salary of ₹ 2,67,150/- per month with power to the Board of Directors to increase the salary from time to time subject to recommendation/approval by the Remuneration Committee, up to an amount not exceeding ₹ 3,50,000/- per month.

(b) **Perquisites /Allowances:**

In addition to salary, the whole time director shall be entitled to the following perquisites/allowances:

House rent allowance, Reimbursement of medical expenses and medical insurance premiums for self and family; leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance; Bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company and such other perquisites and special allowances as may be determined by the Board of Directors from time to time in each case individually.

Explanation:- For the purpose of this agreement "Family" means the spouse, the dependent children and dependent parents of the Executive Director.

The perquisites and allowances together with the salary and commission payable as aforesaid shall be restricted to and subject to the applicable overall maximum ceiling limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 for the time being in force.

(c) **Commission:**

In addition to the salary and perquisites as above he shall be entitled to be paid share in aggregate commission calculated at the rate of 2% of net profit of the Company computed under Section 349 of the Companies Act, 1956. The share of such commission payable shall be determined by the Board of Directors. Such commission shall be payable annually after the annual accounts for the relevant year are adopted by the members of the Company.

(d) The Executive Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:

- (i) Contribution to provident fund, superannuation fund or annuity fund as per the rules of the Company to the extent there either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service.
- (iii) Encashment of leave at the end of the tenure.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

For the purposes of calculating the ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be valued at actual cost.

3. **Annual Privilege Leave:** On full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
4. Executive Director shall not be paid any sitting fee for attending the Meetings of the Board of Directors or Committee thereof.
5. The Company shall pay to the Executive Director remuneration by way of salary and perquisites as specified above, notwithstanding the inadequacy of profits or no profits in any financial year during the tenure of his office as such, subject to the approval of the Central Government, if required.
6. Either party shall be entitled to terminate the agreement by giving to the other party 180 days' notice in writing without showing any cause provided that the same may be waived mutually.
7. The terms and conditions of the said reappointment and/or remuneration and/or agreement may be altered and varied from time to time, by the Board of Directors so as not to exceed the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, for the time being in force or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.
8. The other terms and conditions of the agreement are such as are customarily contained in agreements of similar nature.

The above may also be treated as an abstract of the said agreement(s) pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the said resolutions for your approval.

Shri Rashesh C. Gogri, is interested in the said resolution. Shri Rajendra V. Gogri is deemed to be interested in the said resolution as he is related to him.

None of the other Directors is, in any way, concerned or interested in the said resolutions.

Item No. 9

Shri Vishwa H. Savla, who is related to Shri Harshit M. Savla, Joint Managing Director of the Company has been holding office of profit as Vice-president, Formulation in the Company with effect from 1st September, 2012.

Material terms of his appointment/remuneration as such are as under:

Gross remuneration of ₹ 12,63,190/- per annum including perquisites and allowances with power to the Chairman to make annual increment on time scale subject to limit prescribed under the relevant rules prescribed under Section 314 of the Act and/ or approval of the Central Government, if applicable, as the case may be.

Under the provision of Section 314(1) of the Companies Act, 1956, consent of the Company by way of special resolution is necessary for a relative of a Director to hold and continue to hold an office of profit under the Company carrying a monthly remuneration of ₹ 50,000/- or more. Further, prior consent of the Company by way of special resolution and approval of the Central Government is necessary for a relative of a Director to hold and continuing to hold an office of profit under the Company carrying a monthly remuneration of ₹ 2,50,000/- or more in terms of relevant rules prescribed under Section 314 (1B) of the said Act.



In view of the above and to ensure due compliance of the applicable law, it is thus proposed to obtain consent of the Company as such for the payment of remuneration as aforesaid.

Your Directors recommend the resolution at Item No. 9 of the Notice for your approval.

Shri Harshit M. Savla is deemed to be concerned or interested in the resolution. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

Registered Office:
Plot No. N-198, MIDC,
Tarapur, Village-Pantembhi,
Taluka-Palghar,
Dist. Thane 401 506.

Place: Mumbai
Date: 16th May, 2013

By order of the Board

Sd/-
Sunny Pagare
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS OF AARTI DRUGS LIMITED

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report together with the Audited Statements of Accounts along with the Report of the Auditors for the year ended 31st March, 2013.

COMPANY'S FINANCIAL RESULTS

	2012-2013	2011-2012
		(₹ in Lakhs)
Net Sales/Income from Operations	82484	65926
Other Operating Income	91	308
Total Income from Operations	82575	66234
Less: (Increase)/Decrease in Stock-in-Trade	(2259)	(91)
Consumption of Raw Materials	57786	45448
Staff Cost	2853	2483
Other Expenditure	12161	10368
Total Expenditure	70541	58208
Profit Before Depreciation, Amortization, Finance Cost and Tax Expenses	12034	8027
Less: Interest	2804	2267
Depreciation & Amortization	2599	2422
Profit before Exceptional items	6631	3338
Less: Exceptional items	44	116
Profit Before Tax	6588	3222
Less: Provision for taxation – Current	1760	800
– Deferred	304	176
Profit After Tax	4524	2246
Add: Surplus brought forward	13253	12506
Profit available for appropriation	17777	14278
Appropriations:		
Income tax of Earlier Year	–	86
Transfer to General Reserve	450	236
Proposed Dividend 40%	484	363
1st Interim Dividend 30%	363	242
2nd Interim Dividend 30%	363	–
Tax on Dividend	201	98
Balance carried to Balance Sheet	15916	13253

DIVIDEND

During the year under review, your Company had declared and paid 1st & 2nd interim dividends (of ₹ 3/- each) @ 60% per equity share of ₹ 10/- each (Previous Year : 20%). Your Directors have recommended a final Dividend of ₹ 4/- @ 40% per equity share for the financial year 2012-13 (Previous Year: 30%). Total cash outflow on account of dividend payments including dividend distribution tax will be ₹ 1,411 Lakhs for the financial year 2012-13 (Previous Year: ₹ 703 Lakhs).



OPERATIONS REVIEW

During the year under review, the Company has achieved Sales Turnover of ₹ 88,575 Lakhs (Previous Year: ₹ 69,918 Lakhs) registering a growth of 26.68%.

Further, the Company has achieved Export Turnover of ₹ 32,220 Lakhs as against ₹ 28,071 Lakhs for the last year, registering a growth of 14.78%.

Operating Profit before Interest, Depreciation, Amortization & Tax, has been ₹ 12,034 Lakhs (Previous Year ₹ 8,027 Lakhs), registering a growth of 49.92%. Profit After Tax has been ₹ 4,524 Lakhs (Previous Year ₹ 2,246 Lakhs), registering a growth of 101.42%.

The company had carried out expansion programmes in the year 2010-11 & 2011-12 keeping long term view in the mind, inspite of recessionary conditions prevailing globally. The company reaped the benefit of utilization of expanded capacity for the full year which has resulted into increased sales. In addition, last year one of our location at Sarigam suffered loss of production for three months due to general environmental clearance issue in the area. During the year under review, we successfully operated that plant at higher capacity. Due to overall higher capacity utilization across the company, the overheads got spread over increased production which led to reduction in costs and thus increase in the profitability.

Fire incident occurred on 22.03.2013 at one of the Production block of the manufacturing unit located at Plot No. N - 198 Tarapur manufacturing MNI, an intermediate which is further processed to manufacture two APIs. Loss / damage caused to stock and fixed assets due to fire incident has been covered under insurance and accounted for appropriately.

The Company could arrange to outsource the said intermediates from outside and supplies of said APIs were restored to customers within a period of a month.

DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s. 217 (2AA) of the Companies Act, 1956, your Directors hereby state that –

- (i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- (ii) 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 at the end of the financial year and of the profit of the Company for that year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared Annual Accounts on a going concern basis.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rashesh C. Gogri, Shri Harshit M. Savla, Shri Navin C. Shah and Shri Rajendra V. Gogri retire by rotation and being eligible, offer themselves for re-appointment.

During the year the Board of Directors have resolved to appoint Shri Rashesh C. Gogri as Executive Director of the Company with effect from 31st October, 2012.

CORPORATE GOVERNANCE

Your Company has complied with the mandatory Corporate Governance requirements stipulated under clause 49 of the Listing Agreement. Report on Corporate Governance is annexed hereto forming part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under the Listing Agreement is annexed hereto forming part of this Report.

DISCLOSURE OF PARTICULARS

Pursuant to section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules 1975, as amended up to date, the names and other particulars are set out in the Annexure to the Directors' Report. However, as per the provisions of the section 219(1)(b)(iv) of the Companies Act, 1956, 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.

Particulars required u/s. 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo are given in the annexure to this Report.

AUDITORS

M/s. Parikh Joshi & Kothare, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. Members are requested to appoint Auditors and to fix their remuneration.

COST AUDIT

The Cost Auditor, Mr. Girish S. Maniar, re-appointed by the Company under Section 233B of the Companies Act, 1956 attended the Audit Committee Meeting, where Cost Audit Report was discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2012 was February 28, 2013 and the Cost Audit Reports were filed by the Cost Auditor on February 28, 2013. The due date for filing the Cost Audit Reports for the financial year ended March 31, 2013 is September 30, 2013.

HUMAN RESOURCES

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.

In fire incident occurred at unit N-198, casualty of 6 (Six) employees/workers was reported. The victims were covered under insurance and appropriate compensations have been also settled by the Company.

GREEN INITIATIVE

Last year, we started a Green initiative with the aim of being green and minimizing our impact on the environment. This year too we are proposing to send the Annual Report to the registered e-mail addresses of the shareholders.

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.

By Order of the Board

Sd/-
Rajendra V. Gogri
Chairman

Place: Mumbai

Date: 16th May, 2013



ANNEXURE TO DIRECTOR'S REPORT

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 include:

- Installation of energy efficient aerodynamically designed FRP fans replacing regular Aluminium fans for cooling towers.
- Installation 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.
- Tried 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.

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

The proposals being considered for reduction of conservation of energy include

- Use of charcoal/carbon briquettes as a solid fuel in boilers
- 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>
1. Electricity		
Purchased Units (KWH)	39457494	34674360
Total Amount (₹ in Lacs)	3076.21	2305.77
Per Unit (₹)	7.80	6.65
2. Furnace Oil		
Purchased Units (MT)	1828.41	3447.67
Total Amount (₹ in Lacs)	753.00	1222.82
Per Unit (₹) (Per Kg)	41.18	35.47
3.(a) Coal		
Consumption (Unit)	26038658	25949969
Total Amount (₹ in Lacs)	815.01	824.69
Rate Per Unit	3.13	3.18
3.(b) Briquettes		
Consumption (Unit)	8921811	3282862
Total Amount (₹ in Lacs)	482.67	185.81
Rate Per Unit	5.41	5.66
4. Other		
Diesel (₹ in Lacs)	40.40	63.76
L.D.O.	0.00	4.80

II. **Consumption per unit of production:**

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

2. **RESEARCH AND DEVELOPMENT (R&D)**

The Company's two State-of-the Art R&D Centres at Plot No. N-198 and G-60, MIDC industrial Area, Tarapur, recognized by Department of Science and Industry Research, Government Of India and other R&D center at Turbhe, Navi Mumbai, carry 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 2012-13**

The focus areas of the company's R&D effort during 2012-13 has been:

- Improvement of existing production process by enhancing yields and reducing costs by optimization of reaction parameters, reaction re-engineering and implementing cost effective routes of synthesis. This effort has resulted in improving quality of the products and reducing their manufacturing cost.
- Development of new API's: The Company's R&D is focussed on developing new API's in its pipeline which is are blockbusters molecules in their respective therapeutic segments. All API's under development are expected to go off patent within next 5 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.
- Development of new markets, penetration in to regulatory markets through quality up gradation and cost reduction.
- Improve quality of products to fulfill existing demands of customers.

(C) Future Plan of Action:-

- To Further improve process efficiencies for existing products.
- The Company will be filling around 20 DMF's (Drug Master File) with global regulatory authorities within the next 2 years. This is expected to increase it's presence in the profitable US market for supply of API's to it's generic customers/partners.
- Development of Cost Effective Processes/Technologies for API's for the semi-regulated & Non-Regulated Markets.
- Creating Intellectual Property Bank. The Company will be filing for process patents for its pipeline API's at the National & International Level.

(D) Expenditure on R&D:

	(₹ in Lakhs)	
	Current Year	
	Previous Year	
Capital	214.94	101.15
Recurring	521.44	463.12
Total	736.38	564.27

3. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- The Company has successfully validated processes for few potential APIs at US FDA approved plant E-22.
- Process improvement work was carried out which lead to improvement in quality as well as cost-reduction.
- Clopidogrel bisulphate, Pioglitazone Hydrochloride, are the examples in which we have improved the quality of these products. Clopidogrel bisulphate is an example in which we have reduced the costing. In Clopidogrel bisulphate, we have achieved quality as per EP/BP, particularly, impurity - C was brought down to below 0.5%.
- Recovery of one of the costly raw material Thiophene-ethanol from mother liquor and it was demonstrated at commercial scale. Also commercialized process for recovery of second crop of Clopidogrel bisulphate stage - III.
- Process validated for manufacturing Rivastigmine Hydrogen Tartarate USP grade at US FDA approved plant.
- Developed & demonstrated Q Acid second crop purification process to Q Acid plant, this Q Acid produces BP/EP grade of Ciprofloxacin HCL and Enrofloxacin Base HCL.
- We have optimised manufacturing process for Atorvastatin Calcium & Telmisartan at laboratory scale. They are synthetic lipid lowering agent & an anti-hypertensive agent respectively.
- We are also developing manufacturing process for Olmesartan, an anti-hypertensive agent.
- We are working on process improvement on Celecoxib, an anti-inflammatory agent.

4. TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

		(₹ in Lakhs)
	Current Year	Previous Year
Total Foreign Exchange Earned	<u>29640.30</u>	<u>24605.01</u>
Total Foreign Exchange Used		
CIF Value of Imports :		
– Raw Material	26999.19	17933.61
– Capital Goods	154.92	49.16
Expenditure in Foreign Currency		
– Commission	367.54	273.80
– Travelling Expenses	51.55	39.33
– Sales Promotion	84.26	21.40
– Foreign Bank charges	42.55	40.57
– Interest on F.C.loan	824.69	996.86
– Others	27.32	19.83
TOTAL	<u>28551.59</u>	<u>19374.55</u>

For and on behalf of the Board

Sd/-
Rajendra V. Gogri
Chairman

Place : Mumbai
Date : 16th May, 2013



MANAGEMENT DISCUSSION AND ANALYSIS

PHARMACEUTICAL INDUSTRY – GLOBAL & INDIAN

The global pharmaceutical market has seen high growth over the past few years, spurred primarily by the North American market. However, there is a gradual growth movement towards emerging markets, where availability of healthcare is expanding and there is an increasing need for treatments associated with chronic disease more typically found in developed countries till date. Emerging markets currently represent 16% of the global market (IMS health), but are expected to contribute 40% of growth by 2014.

The Indian pharmaceutical industry has been an important constituent of the pharmaceutical sector worldwide with rising use of generics, and the high cost competitiveness backed by the high quality scientific talent. The Indian pharmaceutical industry consisting of Bulk Drug Exports, Formulation Exports, and Domestic Formulations is expected to grow to around US \$ 52 billion by the year 2014-15 at a CAGR of 17.2% from the year 2011-12. The domestic formulations market is expected to grow with a CAGR of 13.5% from 2008-09 to reach a size of US \$ 17.3 billion by 2014-15. Export formulations are poised to reach a size of US \$ 14.9 billion growing at a CAGR of 20% from 2008-09 to 2014-15. And the most importantly Bulk drugs are projected to be US \$ 19.8 billion by 2015 growing at a CAGR of 19.5% from 2008-09 to 2014-15.

BUSINESS STRATEGY

- Domestic Market and Trends:

The Indian bulk drug industry world-wide has grown as a direct offset of formulation growth. With a growth of 34% over the past five years, Indian bulk drug exports have grown to reach US \$ 6.8 billion in 2008-09 from US \$ 1.6 billion in 2003-04. Aarti Drugs Limited (ADL) has a strong regulatory framework and cGMP level documentation which is becoming 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 ADL in the space of Antibiotic, Antidiabetic, Antifungal, Antidiarrheal, Anti-inflammatory and Antihypertensive 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 capital expenditure plans of constructing new facilities, few of which will start giving production output in the coming year. These will cater to ever increasing Antidiabetic segment.

- Export Market and Trends:

Growing generic costs and rising cost pressures faced by innovators have provided a significant opportunity to bulk drug players. In addition, strengths such as low cost manufacturing, high process chemistry skills, manufacturing facilities and increasing number of DMF filings have fuelled growth in bulk drug exports. ADL facilities are cGMP approved with certifications like USFDA, WHO GMP, TGA and ISO. ADL is constantly growing its presence in regulated markets by offering series of products from its USFDA, TGA certified plants, as well as Japanese accredited plants. ADL also has ANVISA certification of Brazilian authorities and COFEPRIS of Mexican authorities to cater to Latin American market in three of its major products.

ADL is constantly working to keep its facilities up to the standards of cGMP as we plan to harness and grow our market share in semi-regulated like South East Asia & Non American regulated markets.

ADL will continue to cater global pharmaceutical markets through following channels:

- Contract Manufacturing.
- Direct Exports
Increasing its share of direct exports to regulated and non-regulated markets. Continuing R&D on the molecules that will go off patent in near future.
- Indirect Exports
Supplying APIs for domestic formulations for regulated markets.

SWOT ANALYSIS

Strengths & Opportunities:

Although in general cost of manufacturing is lower in China than in India, ADL has been able to keep its costs to minimum possible and aggressively compete with Chinese competitors. Moreover, global players prefer Indian manufacturers to Chinese due to documentation and quality issues. Furthermore, currently ADL has customer audited and FDA approved facilities which give us an edge over competition throughout the world.

ADL continues to enjoy economies of scale due to its large production capacities in Anti Diarrhea, Anti Inflammatory, Anti Fungal, and Anti Biotic segment. Bigger market share will automatically help us to be competitive in market due to lower overheads and better bargaining power. Since inception, ADL has been exporting to 97 countries worldwide indicating its strong logistics and geographic spread of ADL brand.

ADL is operating its two State-of-the Art R&D Centers, at Tarapur, which are recognized by Department of Science and Industry Research, Government of India, and at Turbhe, Navi Mumbai. 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 speciality chemicals for non-API related applications. ADL has 29 years of manufacturing experience and has developed expertise in various reactions for bigger volumes of production, which is a key strength in API manufacturing industry.

Weaknesses, Risks and Concerns:

Variation in crude oil prices would always be area of concern. ADL has already installed greener technologies like briquette fired boilers, economizers etc. to save power and fuel costs. ADL 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 ADL operations because approximately 40% of its total revenues consists of exports. However, more than 85% of this exposure is naturally hedged due to the imports. ADL has a strict FOREX policy of hedging all of its foreign currency loans thus mitigating the risk of volatility of exchange rate.

INTERNAL CONTROL SYSTEM & ADEQUACY

The Company has sound and adequate internal control systems commensurate with its size and nature of business.

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 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. ADL is also under process to implement the Microsoft Navision ERP systems which will further enhance the internal system controls.

DISCUSSION ON FINANCIAL & OPERATIONAL PERFORMANCE

During the year under review the Company has achieved topline of ₹ 885.75 crores, achieving a y-o-y growth of 26.68% correspondingly EBIDTA worked out to ₹ 120.34 crores as against ₹ 80.27 crores in the previous year recording a growth of 49.92%. Net profit after tax was ₹ 45.24 crores as against ₹ 22.46 crores in the previous year recording growth of 101.42%.

The Company had carried out expansion programmes in the year 2010-11 & 2011-12 keeping long term view in the mind, inspite of recessionary conditions prevailing globally. The Company reaped the benefit of utilization of expanded capacity for the full year which has resulted into increased sales. In addition, last year one of our location at Sarigam suffered loss of production for three months due to general environmental clearance issue in the area. During the year under review, we successfully operated that plant at higher capacity. Due to overall higher capacity utilization across the Company, the overheads got spread over increased production which led to reduction in costs and thus increase in the profitability.



Considering increase in cost of crude petroleum and volatility of rupees against dollar, Company had taken steps to replace furnace oil fired boilers to briquette fired boilers in last two years. These steps helped Company to contain its fuel cost.

Above factors resulted in increase in operating margin of the Company for the year under review as indicated last year in our annual report and reap benefits out of expansion programs as indicated in the last year's discussion on Financial and Operational performance.

HUMAN RESOURCE

Human capital has always been the most important and valuable asset to the Company. HRD center had conducted number of training programs during the year 2012-13 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. 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 equipments, records storage facilities etc. We have been providing maintenance services to the Palghar-Dahanu Taluka Sport Association.

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 a eco-friendly manner. 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. 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 R&D programs are currently focused on new products amongst therapeutic categories such as Antipsychotic, Antitussive, Antifungal, Antihypertensive, Anticonvulsant, Alcoholism treatment and Anti-inflammatory. These products would be launched in a time-horizon of 2-4 years depending upon patents. Company will continue to do R&D on APIs that are off patents and will work on non-infringing synthesis routes.

ADL has expanded the capacities of its existing products in Anti-Biotic, Anti-Diabetic, Anti-Fungal, and Anti-Diarrhea segments. This has given an impetus to sales volumes. ADL is planning to expand the capacity of its Cardio-protectant, anti-biotic & anti-diabetic and lifestyle related drugs in future.

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.

REPORT ON CORPORATE GOVERNANCE

Your Company has complied in all respects with the applicable Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. A Report on Corporate Governance compliance is furnished below:

(I) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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.

(II) MANDATORY REQUIREMENTS:

(1) 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 (including the Chairman who is Non-Executive). Out of 7 (Seven) Non-Executive Director, 6 (Six) Directors are Independent Directors. Except Managing Director, the other Directors are liable to retire by rotation.

Name of Director	Category	No. of other Directorship*	No. of Committee Membership in all Companies**		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
#Shri Chandrakant V. Gogri	Chairman Non-Executive	1	None	None	3	Yes
^Shri Rajendra V. Gogri	Chairman Non-Executive	5	2	2	6	Yes
Shri Prakash M. Patil	Managing Director	None	None	1	6	Yes
Shri Harshit M. Savla	Joint Managing Director	None	None	1	7	Yes
Shri Harit P. Shah	Executive	2	None	1	7	Yes
@Shri Rashesh C. Gogri	Executive	5	None	2	4	No
Shri Uday M. Patil	Executive	None	None	None	7	Yes
Shri Ramdas M. Gandhi	Independent	5	5	2	7	No
Dr. Vilas G. Gaikar	Independent	None	None	1	2	No
Shri Bhavesh R. Vora	Independent	1	None	3	6	Yes
Shri Sunil M. Dedhia	Independent	1	None	None	6	Yes
Prof. Krishnacharya G. Akamanchi	Independent	None	None	None	4	No
Shri Navin C. Shah	Independent	None	None	1	6	No

* This excludes Directorships held in Private Limited, Overseas Companies.

** Includes Audit Committee and the shareholders'/Investors' Grievance committee only.

Shri Chandrakant V. Gogri has retired from directorship and chairmanship w.e.f. 16th August, 2012.

^ Shri Rajendra V. Gogri has been appointed as Chairman w.e.f. 16th August, 2012.

@ Shri Rashesh C. Gogri has been appointed as Director w.e.f. 16th August, 2012 and Executive Director w.e.f. 31st October, 2012.



(b) Board Meetings:

During the Year 2012-13, 7 (Seven) Board Meetings were held on 25.05.2012, 09.07.2012, 10.08.2012, 31.10.2012, 29.11.2012, 06.02.2013 and 28.03.2013.

(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. All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2013. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

(2) COMMITTEES

(a) Audit Committee:

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement which, inter-alia, include overseeing financial reporting process, reviewing periodic financial results, financial statements, internal control and internal audit systems, accounting policies and practices, related party transactions, performance of internal and statutory auditors, adequacy of internal audit function, discussions with internal and statutory auditors and cost auditors.

During the year 2012-13, 6 (Six) Audit Committee Meetings were held on 25.05.2012, 09.07.2012, 10.08.2012, 31.10.2012, 06.02.2013 and 04.03.2013.

The composition of the Audit Committee and other relevant details are given below:

Name of Director	Category	Profession	No. of meetings attended
Shri Ramdas M. Gandhi Chairman	Non-Executive (Independent)	Solicitor	6
Shri Prakash M. Patil Member	Managing Director & CEO	Industrialist	5
Shri Bhavesh R. Vora Member	Non-Executive (Independent)	Professional	5
Dr. Vilas G. Gaikar Member	Non-Executive (Independent)	Service	2
Shri Rashesh C. Gogri Member*	Executive (Whole- time Director)	Business	2
Shri Navin C. Shah Member*	Non-Executive (Independent)	Professional	1

* Became members w.e.f. 31st October, 2012.

Vice-Presidents and General Managers from various divisions of the Company, as and when required and Internal Auditors, Cost Auditors, Statutory Auditors of the Company and Company Secretary who acts as Secretary to the Audit Committee attended the Audit Committee Meetings to respond to queries raised at the Committee Meetings.

(b) Shareholders' Grievance Committee:

Terms of Reference of the Committee inter-alia cover reviewing status of approval of transfer/transmission of shares, issue of duplicate certificates, review/redressal of Investor's Grievances.

During the year 2012-13, 4 (Four) Shareholders' Grievance Committee Meetings were held on 15.05.2012, 16.08.2012, 15.12.2012 and 15.03.2013.

The composition of the Shareholders' Grievance Committee and other relevant details are given below:

Name of Director	Category	No. of meetings attended
#Shri Chandrakant V. Gogri Chairman	Non-Executive	4
^Shri Rajendra V. Gogri Chairman	Non-Executive	3
Shri Bhavesh R. Vora Member	Independent	3
Shri Harit P. Shah Member	Whole-time Director	4
Shri Harshit M. Savla Member	Joint Managing Director	4

Shri Chandrakant V. Gogri has retired from directorship and chairmanship w.e.f. 16th August, 2012.

^ Shri Rajendra V. Gogri has been appointed as Chairman w.e.f. 16th August, 2012.

(c) Shareholders' complaints:

During the year, 9 (Nine) Complaints were received All the complaints were resolved to the satisfaction of the Shareholders. No request for Share Transfers or Dematerialization was pending for approval as on 31st March, 2013.

(3) SUBSIDIARY COMPANIES

The Company does not have any Subsidiary Company.

(4) DISCLOSURES

- (a) 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.
- (b) 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 Note No. 24.8 of Notes on Accounts, forming part of the Annual Report.
- (c) All mandatory Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.

(5) REMUNERATION OF DIRECTORS

Remuneration payable to the Directors is considered and approved by the Remuneration Committee constituted in accordance with the Corporate Governance Code and the provisions of the Companies Act, 1956, having due regard to the relevant factors. Non-executive Directors are paid Sitting fees at the rate of ₹ 7000/- for attending each of the meetings of the Board, Audit and Remuneration Committee and ₹ 3000/- for other Committees. The details of remuneration paid/payable to each Director for the year ended 31st March, 2013 are as under:



(Amount in ₹)

Name of Director	Inter se Relationship	Category	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
#Shri Chandrakant V. Gogri	Brother of Mr. R. V. Gogri	Non-Executive Chairman, Promoter	NIL	NIL	43000	43000
^Shri Rajendra V. Gogri	Brother of Mr. C. V. Gogri	Non-Executive Chairman, Promoter	NIL	NIL	53000	53000
Shri Prakash M. Patil	Brother of Mr. U. M. Patil	Managing Director, Promoter	4038157	4610435	NIL	8648592
Shri Harshit M. Savla	–	Joint Managing Director, Promoter	3399385	4610435	NIL	8009820
Shri Harit P. Shah	–	Whole-time Director	3223176	4610435	NIL	7833611
@Shri Rashesh C. Gogri	Son of Mr. C. V. Gogri	Whole-time Director	7857630*	NIL	18000	7875630
Shri Uday M. Patil	Brother of Mr. P. M. Patil	Whole-time Director, Promoter	431270	NIL	NIL	431270
Shri Ramdas M. Gandhi	–	Non-Executive, Independent	NIL	NIL	112000	112000
Dr. Vilas G. Gaikar	–	Non-Executive, Independent	NIL	NIL	42000	42000
Shri Bhavesh R. Vora	–	Non-Executive, Independent	NIL	NIL	80000	80000
Shri Sunil M. Dedhia	–	Non-Executive, Independent	NIL	NIL	42000	42000
Prof. Krishnacharya G. Akamanchi	–	Non-Executive, Independent	NIL	NIL	28000	28000
Shri Navin C. Shah	–	Non-Executive, Independent	NIL	NIL	49000	49000

Shri Chandrakant V. Gogri has been retired from directorship and chairmanship w.e.f. 16th August, 2012.

^ Shri Rajendra V. Gogri has been appointed as Chairman w.e.f. 16th August, 2012.

@ Shri Rashesh C. Gogri has been appointed as Director w.e.f. 16th August, 2012 and Executive Director w.e.f. 31st October, 2012.

* Includes one time assigned value of keyman's insurance policy.

- 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 31st March, 2013:

Name	Number of shares held	% of total shareholding
Shri Rajendra V. Gogri	330980	2.73
Shri Ramdas M. Gandhi	9500	0.07
Dr. Vilas G. Gaikar	Nil	Nil
Shri Bhavesh R. Vora	Nil	Nil
Shri Sunil M. Dedhia	Nil	Nil
Prof. Krishnacharya G. Akamanchi	Nil	Nil
Shri Navin C. Shah	Nil	Nil

(6) GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as under:

Year	Day, Date & Time	Venue	Special Resolutions passed for
2010	Friday, 27.08.2010 At 11.00 am	TIMA Hall, MIDC Tarapur, Taluka- Palghar, Dist. Thane - 401 506, Maharashtra.	-
2011	Saturday, 23.07.2011 At 11.00 am		-
2012	Wednesday, 29.08.2012 At 11.00 am		Special Resolution passed pursuant to Section 314, to hold and continue to hold an office of profit.

Note: No Special resolution was passed through postal ballot during the previous year. At present no special resolution is proposed to be passed through postal ballot.

(7) MEANS OF COMMUNICATION

1. The Quarterly results were published in following Newspapers:

Financial Results for the quarter ended	Newspapers
30.06.2012	The Financial Express and Alpha Mahanagar
30.09.2012	Economic Times and Maharashtra Times
31.12.2012	Economic Times and Maharashtra Times
31.03.2013	The Financial Express and Alpha Mahanagar

2. NSE Electronic Application Processing System (NEAPS) is a web based application designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.

(8) GENERAL SHAREHOLDERS INFORMATION

(a) The day, date, time & venue of the 28th Annual General Meeting:

Day	Date	Time	Venue
Friday	2 nd August, 2013	11.00 a.m.	TIMA Hall, MIDC Tarapur, Taluka-Palghar, Dist. Thane - 401 506, Maharashtra.

(b) Tentative Financial Calendar:

Financial Year	1 st April to 31 st March
Adoption of Quarterly Results for the quarter ending:	
June, 2013	4 th /5 th week of July, 2013
September, 2013	4 th /5 th week of October, 2013
December, 2013	1 st /2 nd week of February, 2014
March, 2014	4 th /5 th week of May, 2014
Dates of Book Closure (Both days inclusive)	26.07.2013 to 02.08.2013

(c) Listing on Stock Exchanges:

Stock Exchange	Symbol/Stock Code
National Stock Exchange of India Limited	AARTIDRUGS
Bombay Stock Exchange Limited	524348



(d) Liquidity of Shares:

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

(e) 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 2013-2014.

(f) Dematerialisation of Shares:

Sr. No.	Mode of Holding	%
1.	NSDL	89.53
2.	CDSL	6.85
3	Physical	3.62
	Total	100.00

96.38% of Company's paid-up Equity Share Capital has been dematerialised upto March 31, 2013 (96.15% up to March 31, 2012). Trading in Equity Shares of the Company is permitted only in dematerialised form.

(g) Share Transfer Agents & address for Correspondence:

M/s. Sharepro Services (India) Pvt. Ltd.
13 AB Samhita Warehousing Complex,
2nd 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 shareholder's are requested to address all their communications/suggestions/grievances to the Share Transfer Agents at the above address.

(h) Compliance Officer:

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

In accordance with the Clause 47(f) of the Listing Agreement Company has opened a specific Investor Grievance e-mail ID - **investorrelations@aartidrugs.com**

(i) 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, Shri Harshit M. Savla and Shri Harit P. Shah. Committee meets every weekly for approval of the transfer request.

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

(j) **Unclaimed Share Certificates as per Clause 5A of Listing Agreement:**

In terms of Clause 5A(I) and Clause 5A(II) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in demat form:

Particulars	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 21 st February, 2013	216	12475
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	Nil	Nil
No. of shareholders to whom shares were transferred from the suspense account during the year.	Nil	Nil
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2013.	216	12475

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2013 shall remain frozen till rightful owner of such shares claim the shares.

(9) **MARKET PRICE DATA**

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2012	119.00	101.60	37880	119.20	100.65	94732
May 2012	117.90	95.00	33091	118.00	94.00	79541
June 2012	134.70	100.00	214123	133.80	97.65	331829
July 2012	128.80	112.45	33006	128.00	113.65	104048
August 2012	147.90	120.00	103837	148.70	118.80	236769
September 2012	170.40	137.85	630006	170.40	136.25	1571477
October 2012	179.85	149.00	219780	180.00	149.00	518620
November 2012	230.95	178.00	929086	231.00	175.00	1798467
December 2012	218.45	195.10	90613	218.00	192.00	155737
January 2013	241.00	208.45	76394	241.70	209.05	116640
February 2013	234.90	190.05	52390	234.95	190.00	66412
March 2013	200.00	143.25	54156	200.90	143.95	89902



(10) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2013

Category	No. of Shares	%
Promoters – Indian	6954428	57.43
Bodies Corporate	247958	2.05
Banks, Financial Institutions	75981	0.63
Mutual Funds/Trust	2	0.00
FII/NRI/OCB	56719	0.47
Public	4773462	39.42
Total	12108550	100.00

Distribution of Shareholding as on 31st March, 2013

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 250	6683	79.211	613566	5.067
251-500	859	10.181	336215	2.777
501-1000	411	4.871	330894	2.733
1001-2000	183	2.169	271499	2.242
2001-3000	81	0.96	207967	1.718
3001-4000	37	0.439	135022	1.115
4001-5000	31	0.367	142761	1.179
5001-10000	48	0.569	366414	3.026
10001- 99999999998	104	1.233	9704212	80.143
TOTAL	8437	100.000	12108550	100.000

(11) REGISTERED OFFICE

Plot No. N-198, MIDC, Tarapur, Village-Pamtembhi, Taluka-Palghar, Dist. Thane - 401 506.

(12) PLANT LOCATIONS

Plot No. N-198, G-60, E-120, K-40, K-41, E-9/3, E-9/4, E-21 and E-22 MIDC Industrial Area, Tarapur, Village Pamtembhi, Tal-Palghar, Dist. Thane - 401 506.

Plot Nos. 2902/2904, GIDC, Sarigam - 396155, Dist. Valsad, Gujarat.

(13) R & D CENTRES

Plot Nos. N-198 & G-60, MIDC Industrial Area, Tarapur, Village Pamtembhi, Tal-Palghar, Dist. Thane - 401 506, Maharashtra.

Plot Nos. D-277/278, TTC Industrial Area, Turbhe, Navi Mumbai, Maharashtra.

(14) CEO/CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by Managing Director (CEO) and Chief Financial Officer (CFO) was placed at the meeting of the Board of Directors held on 16th May, 2013.

(III) NON-MANDATORY REQUIREMENTS

REMUNERATION COMMITTEE

The Terms of Reference of the Committee is to review and recommend/approve remuneration payable to the Managerial Personnel.

During the year 2012-2013, meetings of the Remuneration committee were held on 16.05.2012 and 25.10.2012.

The composition of the Remuneration Committee and other relevant details are given below:

Name of Director	Category	No. of meetings attended
#Shri Chandrakant V. Gogri	Chairman, Non-executive	1
Shri Rajendra V. Gogri	Chairman, Non-executive	1
Shri Prakash M. Patil	Managing Director	2
Shri Ramdas M. Gandhi	Independent	2
Bhavesh R. Vora	Independent	2
Dr. Vilas G.Gaikar	Independent	1

Shri Chandrakant V. Gogri has retired from directorship and chairmanship w.e.f. 16th August, 2012.

^ Shri Rajendra V. Gogri has been appointed as Chairman w.e.f. 16th August, 2012.

For and on behalf of the Board

Sd/-
Prakash M. Patil
Managing Director

Place : Mumbai
Date : 16th May, 2013

CEO's Certification

All the Directors and the Senior Management Personnel have affirmed compliance of the Code of Conduct laid down by the Board of Directors in terms of Clause 49 of the Listing Agreement made with the Stock Exchanges.

For and on behalf of the Board

Sd/-
Prakash M. Patil
Managing Director

Place : Mumbai
Date : 16th May, 2013



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Aarti Drugs Ltd.,
Mumbai

We have examined the compliance of conditions of corporate governance by Aarti Drugs Ltd., for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS
Firm Registration Number: - 107547W

Sd/-
(TEJAS J. PARIKH)
PARTNER.
M. No. 123215

Place: Mumbai,
Date: 16th May, 2013

INDEPENDENT AUDITORS' REPORT

To the Members of
AARTI DRUGS LIMITED,
Mumbai.

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 March 31, 2013, and the Statement of Profit and Loss and 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

Management is responsible for 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 standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the 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 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
 - (a) We have 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

Sd/-

CA Tejas Parikh

Membership Number: 123215

(Partner)

Firm Registration No.: 107547W

Place: Mumbai
Date: 16th May, 2013



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our report of even date)

1. In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets were physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification.
 - (c) Substantial part of fixed assets has not been disposed of during the year. On 22nd March, 2013, there was fire in one of the production block of manufacturing division of the Company and as a result of which certain plant and machineries and building were destroyed. However, in our opinion and according to the information and explanations given to us, it did not materially affect Company's operations
2. In respect of its Inventories:
 - (a) The Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has taken loans during the year from parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1,917.44 lakhs and the year end balance of loans taken was ₹ 1,320.63 lakhs.
 - (c) In our opinion, the rate of interest and other terms and conditions on which the loans had been taken by the company from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the Company.
 - (d) There are no overdue amounts of the loans taken by the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
 - (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has accepted deposits from the public. In our opinion, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA and other relevant provisions of the Act and the rules framed there under, where applicable, have been complied with.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:

- (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been regularly deposited with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of Sales Tax, Income-Tax, Customs, Wealth-Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of disputes and the Forum where the dispute is pending are as under:

Nature of Statute	Year	Nature of the Dues Pending	Amount (₹ in lakhs)	Forum Where Dispute is Pending
Income Tax Act, 1961	AY 2007-08	Income Tax demand in dispute	149.10	CIT (Appeals) - 13
Income Tax Act, 1961	AY 2010-11	Income Tax demand in dispute	58.19	CIT (Appeals) - 14
Central Excise	2012	Excise Demand	78.51	CESTAT
Central Excise	1998	Excise Demand	102.90	Supreme Court

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in dues repayable to Financial Institutions, Banks or Debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. According to the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
16. Term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
17. On an overall basis, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not raised any monies by way of issue of debentures during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable to the Company.
21. During the audit carried out by us, any fraud on or by the Company has not been noticed or reported during the year.

For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

Sd/-

CA Tejas Parikh

Membership Number: 123215
(Partner)

Firm Registration No.: 107547W

Place: Mumbai
Date: 16th May, 2013

Balance Sheet as at 31st March, 2013

(Amount in ₹)

Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
<u>EQUITIES AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	1	121,085,500	121,085,500
Reserves & Surplus	2	1,954,992,816	1,643,713,123
		2,076,078,316	1,764,798,623
Non-Current Liabilities			
Long-term Borrowings	3	807,044,784	669,237,804
Deferred Tax Liability (Net)		275,119,979	244,719,979
Other Long-term Liability	4	100,331,059	77,099,541
Long-term Provisions	5	28,573,926	—
		1,211,069,748	991,057,323
Current Liabilities			
Short-term Borrowings	6	2,149,834,528	2,055,704,967
Trade Payables	7	1,318,933,261	937,856,764
Other Current Liabilities	8	302,406,675	286,560,556
Short-term Provisions	9	138,865,302	90,216,250
		3,910,039,765	3,370,338,536
TOTAL		7,197,187,829	6,126,194,482
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets	10	2,912,309,791	2,735,363,343
Capital Work-in-Progress		125,888,843	29,908,977
Non-current Investments	11	51,319,130	69,183,930
Long-term Loans and Advances	12	25,572,364	22,658,885
Other Non Current Assets		—	—
		3,115,090,128	2,857,115,135
Current Assets			
Inventories	13	1,409,190,780	979,076,448
Trade Receivables	14	2,156,747,832	1,806,035,270
Cash and Cash Equivalents	15	28,787,676	49,438,513
Short-term Loans and Advances	16	196,033,279	271,486,505
Other Current Assets	17	291,338,134	163,042,610
		4,082,097,701	3,269,079,346
TOTAL		7,197,187,829	6,126,194,482
Notes on Financial Statement	24		

AS PER OUR REPORT OF EVEN DATE.

 For **PARIKH JOSHI & KOTHARE**
 CHARTERED ACCOUNTANTS
 Firm Registration No: 107547W

For and on behalf of the Board of Directors

 Sd/-
(CA TEJAS PARIKH)
 PARTNER

 Sd/-
Prakash M. Patil
 (Managing Director)

 Sd/-
Harshit M. Savla
 (Jt. Managing Director)

 Sd/-
Sunny Pagare
 (Company Secretary)

 Place: Mumbai
 Date: 16th May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in ₹)

Particulars	Note No.	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Income from Operations			
(a) Gross Sales / Income from Operations		8,857,482,938	6,991,764,019
Less : Excise Duty & Sales Tax		609,068,702	399,154,744
Net Sales / Income from Operations		8,248,414,236	6,592,609,275
(b) Other Operating Income	18	9,057,336	30,816,633
Total Income from Operations (net)		8,257,471,572	6,623,425,908
Expenditure			
(a) Cost of materials consumed	19	4,924,374,114	3,811,201,288
(b) Purchase of stock-in-trade		854,272,502	733,601,781
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		(225,935,972)	(9,166,086)
(d) Employee benefits expense	20	285,287,029	248,267,539
(e) Depreciation and amortization expense	21	259,839,912	242,158,530
(f) Other expenses	22	1,216,131,145	1,036,818,217
Total Expenses		7,313,968,729	6,062,881,269
Profit from Operations before Other Income, finance costs and exceptional items		943,502,843	560,544,639
Other Income		—	—
Profit from ordinary activities before finance cost and exceptional items		943,502,843	560,544,639
Finance costs (interest)	23	280,355,286	226,719,328
Profit from ordinary activities after finance cost but before Exceptional Items		663,147,557	333,825,311
Exceptional Items		4,363,298	11,627,396
Profit from Ordinary Activities before Tax		658,784,259	322,197,915
Tax Expenses (Includes)		206,400,000	97,588,396
Provision for Taxation		176,000,000	80,000,000
Provision for Deferred Taxation		30,400,000	17,588,396
Net profit from ordinary Activities after Tax		452,384,259	224,609,519
Earning per share (EPS)			
Basic/Diluted (in ₹)		37.36	17.84
Notes on Financial Statement	24		

AS PER OUR REPORT OF EVEN DATE.

For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS
Firm Registration No: 107547W

For and on behalf of the Board of Directors

Sd/-
(CA TEJAS PARIKH)
PARTNER

Sd/-
Prakash M. Patil
(Managing Director)

Sd/-
Harshit M. Savla
(Jt. Managing Director)

Sd/-
Sunny Pagare
(Company Secretary)

Place: Mumbai
Date: 16th May, 2013



Notes forming part of Balance Sheet as at 31st March, 2013

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
NOTE NO. 1 – SHARE CAPITAL		
AUTHORISED :		
2,15,00,000 Equity shares of ₹ 10/- each	215,000,000	215,000,000
	215,000,000	215,000,000

ISSUED, SUBSCRIBED & PAID-UP :		
1,21,08,550 Equity Shares of ₹ 10/- each Issued, subscribed and fully paid up	121,085,500	121,085,500

	Numbers	Value
Reconciliation		
Opening outstanding shares	12108550	121,085,500
Closing outstanding shares	12108550	121,085,500

Note: There is no movement in shares during the year

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

Name of Shareholders	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares held	% held	No. of Shares held	% held
Prakash M. Patil	966464	7.98	925427	7.64
Aarti Industries Ltd.	651059	5.38	651059	5.38

NOTE NO. 2 – RESERVES & SURPLUS

(Amount in ₹)

Particulars	As on 1 st April, 2012	Addition during the year	Appropriation During the year	As at 31 st March, 2013
Capital Reserves	20,074,336	–	–	20,074,336
Capital Redemption Reserve	21,026,840	–	–	21,026,840
Securities Premium Account	126,272,430	–	–	126,272,430
General Reserve	151,001,642	45,000,000	–	196,001,642
Profit & Loss Account	1,325,337,875	452,384,259	186,104,566	1,591,617,568
TOTAL Reserves – 31st March, 2013	1,643,713,123	497,384,259	186,104,566	1,954,992,816
Previous years figures 31 st March, 2012	1,444,077,769	248,209,519	156,498,953	1,643,713,123

	As at 31 st March, 2013	As at 31 st March, 2012
--	---------------------------------------	---------------------------------------

NOTE NO. 3 – LONG-TERM BORROWINGS

Term loans

Secured borrowings

From Financial Institutions	232,571,664	246,666,664
From Scheduled Banks (Refer Note No 24.4)	442,410,120	422,571,140

Loans & advances from related parties

From Directors – Unsecured	18,800,000	–
From Other – Unsecured	113,263,000	–

TOTAL	807,044,784	669,237,804
--------------	--------------------	-------------

Notes forming part of Balance Sheet as at 31st March, 2013

	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
NOTE NO. 4 – OTHER LONG-TERM LIABILITY		
Trade payables of Project		
Due to micro enterprises and small enterprises	–	–
Due to others	57,078,492	33,284,098
Other – Deferred Payment Liability	36,428,223	36,428,223
– Trade Deposits	6,824,344	7,387,220
TOTAL	100,331,059	77,099,541
NOTE NO. 5 – LONG-TERM PROVISION		
Income Tax Provision (Net of Advance Tax and TDS)	28,573,926	–
TOTAL	28,573,926	–
NOTE NO. 6 – SHORT-TERM BORROWINGS		
Loans repayable on demand		
From Banks		
Secured Borrowings	1,346,968,836	1,173,706,141
Unsecured Borrowings	802,865,692	744,504,826
Loans & advances from related parties		
From Directors – Unsecured	–	28,700,000
From Other – Unsecured	–	108,794,000
TOTAL	2,149,834,528	2,055,704,967
NOTE NO. 7 – TRADE PAYABLE		
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises	–	–
Due to others	1,318,933,261	937,856,764
TOTAL	1,318,933,261	937,856,764
NOTE NO. 8 – OTHER CURRENT LIABILITY		
Interest accrued but not due on Loans	25,662,138	16,428,780
Unpaid Dividend	4,932,136	3,869,937
Other Payable – Duties & Taxes	23,556,401	12,084,399
Long-term borrowing repayable in within 12 months	248,256,000	254,177,440
TOTAL	302,406,675	286,560,556
NOTE NO. 9 – SHORT-TERM PROVISION		
Provision for Employee benefits (Bonus)	10,592,996	9,767,747
Other Short Term Provisions – Goods & expenses	79,838,106	44,122,853
Proposed dividend	48,434,200	36,325,650
TOTAL	138,865,302	90,216,250



Notes forming part of Balance Sheet as at 31st March, 2013

NOTE NO. 10 – FIXED ASSETS

(Amount in ₹)

ITEM	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1 st April, 2012	Additions	Deduction	As at 31 st March, 2013	As on 1 st April, 2012	Current Depreciation	Deduction	Up to 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
TANGIBLE ASSETS:										
LEASEHOLD LAND	132,518,783	29,149,800	-	161,668,583	-	-	-	-	161,668,583	132,518,783
BUILDING	532,491,432	59,266,311	23,791,806	567,965,937	115,472,993	18,428,171	5,517,668	128,383,496	439,582,440	417,018,439
PLANT & MACHINERY	3,174,059,310	377,858,611	68,210,902	3,483,707,019	1,172,721,077	182,348,230	34,524,646	1,320,544,660	2,163,162,359	2,001,338,234
OFFICE EQUIPMENTS	28,553,335	11,265,857	-	39,819,192	25,647,800	4,883,852	-	30,531,653	9,287,540	2,905,535
FURNITURE	52,712,217	10,239,204	-	62,951,421	15,657,441	3,665,241	-	19,322,682	43,628,739	37,054,776
VEHICLES	25,302,913	1,204,109	321,000	26,186,022	7,218,909	2,731,247	83,861	9,866,294	16,319,728	18,084,004
INTANGIBLE ASSETS:										
TRADENAME	22,500,000	-	-	22,500,000	18,000,000	2,250,000	-	20,250,000	2,250,000	4,500,000
TECHNICAL KNOWHOW	246,720,000	-	-	246,720,000	197,376,000	24,672,000	-	222,048,000	24,672,000	49,344,000
TOTAL (A)	4,214,857,991	488,983,892	92,323,708	4,611,518,175	1,552,094,221	238,978,740	40,126,175	1,750,946,785	2,860,571,389	2,662,763,770
PREVIOUS YEAR	3,278,935,158	1,055,754,740	119,831,906	4,214,857,992	1,132,132,177	458,309,969	38,347,925	1,552,094,221	2,662,763,771	2,146,895,187
PROCESS DEVELOPMENT (R&D)	178,971,112	-	-	178,971,112	106,371,540	20,861,170	-	127,232,710	51,738,402	72,599,572
TOTAL (B)	178,971,112	-	-	178,971,112	106,371,540	20,861,170	-	127,232,710	51,738,402	72,599,572
TOTAL (A + B)	4,393,829,103	488,983,892	92,323,708	4,790,489,287	1,658,465,761	259,839,912	40,126,175	1,878,179,495	2,912,309,791	2,735,363,343
PREVIOUS YEAR	3,457,906,270	488,983,892	119,831,906	4,393,829,104	1,215,902,089	242,158,530	38,347,925	1,658,465,761	2,735,363,343	2,242,096,387

Note:

- Trade Name & Technical Knowhow are not internally generated while process development are internally generated.
- Plant & Machinery Addition includes Capital Expenditure incurred on R&D of ₹ 2,14,93,785/- (previous year ₹ 1,01,51,121/-).
- In the reporting period, building and plant and machinery was destroyed/lost in the fire, which occurred in N 198 Unit at Tarapur, and accordingly Gross Block and Depreciation Block is reduced to the extent of assets destroyed in the fire amounting to ₹ 2,37,91,806/- (corresponding Depreciation ₹ 55,17,668/-) and ₹ 6,82,10,902/- (corresponding Depreciation ₹ 3,45,24,646/-) for building and plant and machinery respectively.
- Remaining period of Amortization of intangible assets mentioned above are as follow:

Particulars	WDV as on 31 st March, 2013 (₹)	Remaining period of Amortization
Tradename	2,250,000	1 Year
Technical Knowhow	24,672,000	1 Year
Process Development (07-08)	3,705,032	1 Year – 3 Months
Process Development (08-09)	48,033,370	2 Years – 9 Months
TOTAL	78,660,402	

Notes forming part of Balance Sheet as at 31st March, 2013

NOTE NO. 11 – NON CURRENT INVESTMENTS

(Amount in ₹)

Name of the Company	Opening Balance	Add Acquisitions during the year	Less Disposed during the year	Closing Balance	Face Value	As at 31/03/2013	As at 31/03/2012
					(₹)	(₹)	(₹)
A. TRADE INVESTMENTS						NIL	NIL
B. OTHER INVESTMENTS							
a. Investments in Equity Instruments							
Aarti Industries Ltd.	750	Nil	Nil	750	5/-	6,066	6,066
Alembic Ltd.	90	Nil	Nil	90	2/-	1,315	1,315
Alembic Pharmaceuticals Ltd.*	90	Nil	Nil	90	2/-	–	–
Aurobindo Pharma Ltd.	50	Nil	Nil	50	1/-	1,700	1,700
Sanofi India Ltd. (Aventis Pharma Ltd.)	5	Nil	Nil	5	10/-	1,630	1,630
Cadila Healthcare Ltd.	15	Nil	Nil	15	10/-	655	655
Cipla Ltd.	62	Nil	Nil	62	2/-	7,050	7,050
Dabur India Ltd.	300	Nil	Nil	300	1/-	5,530	5,530
Dr Reddy's Laboratories Ltd.	4	Nil	Nil	4	5/-	1,912	1,912
Dr Reddy's Laboratories Ltd. (NCD)*	24	Nil	Nil	24	5/-	–	–
Fresenius Kabi Oncology Ltd. (Dabur Pharma Ltd.)*	25	Nil	Nil	25	10/-	–	–
Glenmark Pharmaceuticals Ltd.	100	Nil	Nil	100	1/-	1,330	1,330
Ipca Laboratories Ltd.	1,050	Nil	Nil	1,050	2/-	25,490	25,490
Ind-Swifts Laboratories Ltd.	5	Nil	Nil	5	10/-	112	112
Ind-Swifts Ltd.	25	Nil	Nil	25	2/-	345	345
Jagsonpal Pharmaceuticals Ltd.	40	Nil	Nil	40	5/-	463	463
J.B. Chemicals & Pharmaceuticals Ltd.	500	Nil	Nil	500	2/-	21,120	21,120
Kopran Ltd.	5	Nil	Nil	5	10/-	172	172
Krebs Bio Chemicals & Industries Ltd.	100	Nil	Nil	100	10/-	25,907	25,907
Piramal Glass Ltd. (Kojam Fininvest Ltd.)*	14	Nil	Nil	14	10/-	–	–
Lupin Ltd.	50	Nil	Nil	50	2/-	1,135	1,135
Mylan Laboratories Ltd. (Matrix Laboratories Ltd.)	50	Nil	Nil	50	2/-	2,365	2,365
Morepen Laboratories Ltd.	5	Nil	Nil	5	2/-	85	85
Natco Pharma Ltd.	5	Nil	Nil	5	10/-	345	345
Neuland Laboratories Ltd.	100	Nil	Nil	100	10/-	34,375	34,375
Piramal Enterprises Ltd. (Piramal Health)	297	Nil	Nil	297	2/-	43,816	43,816
Novartis (I) Ltd.	5	Nil	Nil	5	5/-	1,155	1,155
Orchid Chemicals & Pharmaceuticals Ltd.	7	Nil	Nil	7	10/-	595	595
Panacea Biotec Ltd.	5	Nil	Nil	5	1/-	158	158
Pfizer Ltd.	10	Nil	Nil	10	10/-	4,950	4,950
Piramal Life Sciences Ltd.*	29	Nil	Nil	29	10/-	–	–
Ranbaxy Laboratories Ltd.	4	Nil	Nil	4	5/-	1,410	1,410
Reliance Capital Ltd.*	5	Nil	Nil	5	10/-	–	–
Reliance Communication Ltd.*	116	Nil	Nil	116	10/-	–	–
Reliance Infrastructure Ltd. (Reliance Energy Ltd.)*	8	Nil	Nil	8	10/-	–	–
Reliance Industries Ltd.	232	Nil	Nil	232	10/-	10,000	10,000



Notes forming part of Balance Sheet as at 31st March, 2013

(Amount in ₹)

Name of the Company	Opening Balance	Add Acquisitions during the year	Less Disposed during the year	Closing Balance	Face Value	As at 31/03/2013	As at 31/03/2012
					(₹)	(₹)	(₹)
Reliance Power Ltd.*	29	Nil	Nil	29	10/-	-	-
Shasun Pharmaceutical Ltd. (Shasun Chemical & Drugs Ltd.)	500	Nil	Nil	500	2/-	16,875	16,875
Strides Arcolab Ltd.	100	Nil	Nil	100	10/-	22,282	22,282
Sun Pharma Advanced Research Co. Ltd.*	10	Nil	Nil	10	10/-	-	-
Sun Pharmaceuticals Industries Ltd.	50	Nil	Nil	50	1/-	1,660	1,660
Marksans Pharma Ltd. (Tasc Pharma Ltd.)	1,000	Nil	Nil	1000	1/-	5,219	5,219
Torrent Pharmaceuticals Ltd.	20	Nil	Nil	20	5/-	990	990
Unichem Laboratories Ltd.	1,000	Nil	Nil	1000	2/-	24,825	24,825
Wyeth Ltd.	5	Nil	Nil	5	10/-	1,300	1,300
Zydus Wellness Ltd.*	2	Nil	Nil	2	10/-	-	-
Bank of Baroda	1,500	Nil	Nil	1500	10/-	126,000	126,000
Bank of India	2,300	Nil	Nil	2300	10/-	103,500	103,500
Union Bank of India	2,523	Nil	Nil	2523	10/-	277,530	277,530
						<u>781,367</u>	<u>781,367</u>
Perfect Enviro Control Systems Ltd.	240,200	Nil	Nil	240,200	10/-	2,402,000	2,402,000
Tarapur Environment Protection Society	16,645	1,352	Nil	17,997	100/-	1,799,700	1,664,500
Amit Hetrochem (I) Ltd.	291,690	Nil	Nil	291,690	10/-	22,223,440	22,223,440
Aarti Biotech Ltd.	1,200	Nil	Nil	1,200	10/-	12,000	12,000
<u>Associates</u>							
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	386	Nil	Nil	386	1,690,000/-	23,780,623	23,780,623
						<u>50,217,763</u>	<u>50,082,563</u>
b. Investment in Government or Trust Securities							
N.S.C (One Certificate of ₹ 1,000/- Face Value)	1	Nil	Nil	1	-	1,000	1,000
c. Investment in Debentures or Bonds							
Unit Trust of India (US-64)	190	Nil	Nil	190	100/-	19,000	19,000
SBI Capital Protection Fund	30,000	Nil	Nil	30,000	-	300,000	300,000
						<u>319,000</u>	<u>319,000</u>
d. Other Non-Current Investments							
Aarti Udyog (LLP)						-	18,000,000
Aggregate Amount of Quoted Investments & Market Value						<u>1,100,367</u>	<u>1,100,367</u>
Aggregate Amount of Unquoted Investment						<u>50,218,763</u>	<u>68,082,563</u>
TOTAL						<u>51,319,130</u>	<u>69,183,930</u>

(Aggregate market value of quoted investment: as at 31st March, 2013 ₹ 4,159,368.50 and as at 31st March, 2012 ₹ 4,162,741/-).

* These shares received by Company in earlier years for consideration other than cash.

Notes forming part of Balance Sheet as at 31st March, 2013

	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
NOTE NO. 12 – LONG TERM LOANS & ADVANCES		
Unsecured – consider good		
Capital Advances	25,572,364	10,787,390
Advance Tax and TDS (Net of provisions)	–	11,871,495
TOTAL	25,572,364	22,658,885
NOTE NO. 13 – INVENTORIES		
Stores & Spares	28,430,347	25,944,986
Packing Materials	4,146,992	3,440,082
Raw Materials	633,067,301	437,053,212
Finished Goods	371,635,591	221,727,228
Work in process	366,938,549	290,910,940
Trading Goods (refer note no 24.1.d)	4,972,000	–
TOTAL	1,409,190,780	979,076,448
NOTE NO. 14 – TRADE RECEIVABLES		
Unsecured, considered good		
Trade Receivable O/s exceeding 6 months	44,285,466	44,367,583
Others	2,112,462,366	1,761,667,687
TOTAL	2,156,747,832	1,806,035,270
NOTE NO. 15 – CASH & CASH EQUIVALENTS		
Cash on Hand	2,021,972	1,669,916
Cheques on Hand	14,887,061	29,710,673
Balances with Scheduled Banks :		
– Current Accounts	1,961,839	8,119,485
– Deposit Accounts	4,984,669	6,068,502
Earmarked balance – unpaid dividend	4,932,136	3,869,937
TOTAL	28,787,676	49,438,513
NOTE NO. 16 – SHORT TERM LOANS & ADVANCES		
Unsecured, Consider good		
Advances recoverable in cash or kind or for value to be received	189,552,913	267,429,721
Advances and loans – Staff & workers	6,480,366	4,056,784
TOTAL	196,033,279	271,486,505
NOTE NO. 17 – OTHER CURRENT ASSETS		
Deposits	36,347,765	33,072,862
Preliminary Exps	–	6,565
Insurance claim receivable	167,962,632	99,100,000
Others – Excise & Service Tax	87,027,737	30,863,182
TOTAL	291,338,134	163,042,610

**Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013**

	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
NOTE NO. 18 – OTHER OPERATING INCOME		
Dividend	81,792	99,483
Interest (Gross)	1,601,336	8,447,985
Miscellaneous income	7,374,208	22,269,165
TOTAL	9,057,336	30,816,633
NOTE NO. 19 – COST OF MATERIALS CONSUMED		
Raw Material Consumption*	4,735,262,577	3,652,248,424
Packing Materials	78,539,551	66,786,251
Freight Inward	76,853,156	68,785,699
Clearing & Forwarding	33,718,830	23,380,914
TOTAL	4,924,374,114	3,811,201,288
* Stock lost on account of fire amounting of ₹ 2,31,12,151/- has been adjusted.		
NOTE NO. 20 – EMPLOYEE BENEFITS EXPENSE		
Salaries,Wages and Bonus (Mfg)	196,735,159	167,769,776
Labour Welfare Expenses	17,221,747	14,764,967
Salaries and Bonus (Admin)	36,573,866	31,837,807
Provident Fund Contribution	843,249	822,280
Staff Welfare Expenses	1,132,085	734,691
Directors' Remuneration	26,573,543	15,493,738
Keyman Insurance Assigned	6,207,380	16,844,280
TOTAL	285,287,029	248,267,539
NOTE NO. 21 – DEPRECIATION AND AMORTIZATION		
Depreciation	238,978,740	219,556,902
Amortization	20,861,172	22,601,628
TOTAL	259,839,912	242,158,530
NOTE NO. 22 – OTHER EXPENSES		
Manufacturing Expenses		
Processing Charges	58,874,602	48,533,781
Labour Charges	115,319,881	99,286,030
Insurance Expenses	10,827,122	9,126,552
Lease Expenses	3,900,000	3,900,000
Power & Fuel	516,729,162	460,792,529
Stores & Spares	51,065,805	48,969,063
Repairs & Maintenance – Building	214,156	934,346
– Plant & Machinery	18,635,799	8,442,027
Research & development	31,282,659	23,710,587
Other Manufacturing Expenses	–	–
Water Charges	13,442,743	12,093,975
Laboratory Expenses	14,198,998	14,246,977
Other Factory Expenses	86,019,915	63,716,265
Sub Total (a)	920,510,842	793,752,132

Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013

	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Office & Administration Expenses		
Books & Periodicals	35,843	9,008
Auditors' Remuneration	484,754	483,951
Conveyance Expenses	2,105,331	2,115,352
Legal & Professional Charges	9,864,167	7,229,862
Membership & Subscriptions	208,082	292,547
Printing & Stationery	1,561,952	2,467,389
Postage, Telegram & Telephone	2,974,033	2,248,830
Office Electricity Charges	2,574,258	2,244,442
Insurance Charges	2,534,442	781,608
Repairs & Maintenance – Others	2,387,280	2,145,770
Entertainment Expenses	2,335,648	1,564,987
Miscellaneous Expenses	2,204,789	3,227,393
Vehicle Expenses	867,122	916,489
Travelling Expenses – Directors	2,120,860	1,770,441
– Others	4,741,096	3,152,464
Directors' Sitting Fees	467,000	446,000
Loss on sale of Assets	214,939	503,015
Sub Total (b)	37,681,596	31,599,548
Selling & Distribution		
Advertisement & Sales Promotion	11,908,049	4,716,795
Freight & Forwarding - Export	98,449,080	89,371,403
Freight & Forwarding - Local	17,472,179	16,424,329
Commission Expenses	60,872,575	52,262,331
Insurance Expenses	1,924,617	776,068
Postage & Telegram	1,166,030	1,375,660
Other Export Expenses	14,488,160	10,855,252
Bad Debts & other written off	9,855,600	5,541,773
Sub Total (c)	216,136,290	181,323,610
Finance Cost (d)		
Bank Charges	28,322,897	26,924,090
Non Operative Expenses		
Donations	13,472,955	3,215,557
Preliminary Exps W/off	6,565	3,280
Sub Total (e)	13,479,520	3,218,837
TOTAL (a+b+c+d+e)	1,216,131,145	1,036,818,217
NOTE NO. 23 – FINANCE COST		
Interest on Term Loans	88,540,337	84,850,037
Interest on Working Capital	176,773,562	129,212,947
Interest on Others	15,041,387	12,656,344
TOTAL	280,355,286	226,719,328



Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013

PART – A

24.1 Accounting Policies :

a. Recognition of Income and expenditure

These accounts are prepared under the historical cost convention on accrual basis and under the going concern assumption in accordance with the accounting principles generally accepted in India and the relevant provisions of the Companies Act, 1956.

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 XIV of the Companies Act, 1956. 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

Long Term Investments are stated at cost. Provisions are made for diminution in value of investments, if any, other than those of a temporary nature.

d. Valuation of Inventories

Inventories are stated at lower of cost or net realisable 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 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 it can be reliably measured and is probable that the economic benefit will flow to the Company

• Sale of Goods :

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of excise duty, sale returns and VAT.

• 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.

g. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a Qualifying asset are capitalized as part of the cost of that asset. The amounts of borrowing cost eligible for capitalization are determined in accordance with Accounting Standard-16. Other borrowing cost are recognized as an expense in the period in which they are incurred

h. Foreign Currency Transactions

All exchange differences arising from foreign currency transactions are dealt with in the Company's profit and loss account.

i. Research & Development Expenditure:

Revenue Expenses are accounted under the head "Research & Development" and Capital Expenses are Accounted under the head Fixed Assets.

j. Deferred Taxation

Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantially enacted on the Balance Sheet date.

Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013

24.2 Fire incident occurred on 22.03.2013 at one of the Production block of the manufacturing unit located at Plot No. N - 198 Tarapur manufacturing MNI, an intermediate which is further processed to manufacture two APIs. Loss / damage caused to stock and fixed assets due to fire incident has been covered under insurance and accounted for appropriately.

24.3 Contingent Liabilities:

- In respect of bank guarantees issued and L/C opened by the Company's bankers ₹ 2689.84 lakhs (As at 31-March-2012 ₹2257.87 lakhs)
- Demand in respect of additional income tax disputed in appeal ₹ 485.26 lakhs (As at 31-March 2012 ₹ 250.64 lakhs).
- Demand /Rebate in respect of Excise duty in case of Ammonium Sulphate of ₹102.90 Lakhs (as at 31st March 2012 ₹102.90 lakhs). The Hon'ble High Court of Mumbai has decided the appeal in favour of the Company in February 2010 on the basis of its earlier judgment in a similar case. However, as per information available with the Company, the Department of Central Excise has filed an appeal in that precedent case in the Supreme Court, hence the company has continued to disclose this matter.
- Liability for duty on raw material imported under advance licence benefit scheme against which export obligation remained to be fulfilled ₹163.98 lakhs (As at 31-March-2012 ₹55.38 lakhs).
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 731.39 lakhs (As at 31-March-2012 ₹412.72 lakhs).

24.4 Securities for loans taken from Banks:

a. (Amount in ₹)

Bank Name	As at 31-March-13	As at 31-March-12	F.Y 2013-14	Subsequent Years
Industrial Development Bank of India	11,111,120	108,333,340	11,111,120	NIL
Export Import Bank of India	300,666,664	284,761,903	68,095,000	232,571,664
Kotak Mahindra Bank Ltd.	200,000,000	NIL	NIL	200,000,000
Standard Chartered Bank	265,860,000	348,320,000	114,450,000	151,410,000
DBS Bank Ltd.	145,600,000	182,000,000	54,600,000	91,000,000

Note:

- Above term loan are secured by pari-pasu 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, E21-22, K-40, K-41 E120, E9/3 & E9/4, and MIDC Turbhe Plot No. D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad-Gujarat Viz. Plot No. 2902, 2904.
 - Kotak Mahindra bank loan is also secured by second charge on current assets of the company both present and future.
- b. Loans from Scheduled Banks ₹ 1,346,968,836 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, Maharashtra viz. Plot No. N-198, G-60, E-21 & 22, K-40 & K-41, E-120 and E-9/3 & E-9/4, W-60(B) 61(B) 62(B) 71(B) 72(B). GIDC, Bhilad, Sarigam-Gujrat viz. Plot No. 2902, 2904 and at Turbhe Plot No. D-277 & D-278. The working Directors of the Company have personally guaranteed these loans.
- 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 31st March, 2013. 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 realisation 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.

(Amount in ₹)

II.	GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended 31 st March 2013	For the year ended 31 st March, 2012
	Segment Revenue		
a)	Exports	322,19,57,860	280,71,01,289
b)	Others	563,55,25,078	418,46,62,729
	Total	885,74,82,938	699,17,64,019

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.



Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013

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(b) Associates

Huanggang Yinhe Aarti Pharmaceutical Co. 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
--------------------------	-----------------------

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	

• 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. Adhish P. Patil	Mr. Pragji M. Shah
Mrs. Aarti T. Sankhe	Mr. Sameer P. Shah

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

- Aarti Industries Ltd.
- Anushakti Holdings Ltd.
- Rupal Drugs LLP
- Anushakti Chemical & Drugs Ltd.
- Gogri & Sons Investments Pvt. Ltd.
- Alchemie Gases & Chemicals Pvt. Ltd.
- Alchemie Leasing & Financing Pvt. Ltd.

Note : Sr. 3(b),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 31st March, 2013

Transaction with Related Parties	Associates & Joint Ventures		Enterprise/firms over which controlling individuals have significant influence	
	C.Y.	P.Y.	C.Y.	P.Y.
	%	%	%	%
Sales & Income from Operations	Nil	Nil	0.06	0.04
Manufacturing Expenses	0.22	0.94	3.57	1.91
Outstanding Payable	0.87	2.21	6.67	6.29
Outstanding Receivable	0.00	0.00	0.00	0.00
Outstanding Unsecured Loan	Nil	Nil	6.42	0.00

Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013

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	0.14	0.18	0.60	32.14	35.21	1.75	1.51
Borrowing costs	0.00	0.00	0.00	1.08	0.98	0.88	1.37	1.73
Unsecured Loans Accepted	0.00	0.00	0.00	0.23	0.08	0.78	0.13	1.42
Unsecured Loans Repaid	0.00	0.00	0.74	0.26	0.40	0.00	0.29	0.19
Outstanding Unsecured Loan	0.00	0.00	0.00	3.09	2.85	4.61	4.51	5.84

24.9 Sales and other sales income include export benefits amounting to ₹ 13,23,75,723/- (As at 31st March, 2012 ₹23,57,98,005/-)

24.10 a) Directors Remuneration :

(Amount in ₹)

Particulars	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	97,96,830	59,36,964
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	25,29,705	8,92,846
Key man Insurance policy assigned	62,07,380	1,68,44,280
Commission payable to Directors	1,38,31,304	71,29,038
Contribution to Provident Fund	41,340	37,440
Superannuation fund scheme	3,74,364	14,97,450
Total Remuneration	3,27,80,923	3,23,38,018

Note: The above figures do not include contribution to gratuity fund as separate figures are not available for the managing / whole time directors.

24.11 Auditors' remuneration includes

(Amount in ₹)

Particulars	Current Year	Previous Year
Statutory Audit	2,95,000	3,35,000
Other Audit Services	1,37,879	1,22,666
Certification	51,875	26,285
Total	4,84,754	4,83,951

24.12 Earning Per Share:

(Amount in ₹)

Particulars	Current Year	Previous Year
Net Profit as per Statement of Profit & Loss (₹)	45,23,84,259	22,46,09,519
Less – Income Tax of Earlier Years	–	85,72,801
Net Profit available for Equity Shareholder	45,23,84,259	21,60,36,718
Weighted Number of Equity Shares (Nos.)	1,21,08,550	1,21,08,550
Basic & Diluted EPS (₹)	37.36	17.84
Nominal value per share (₹)	10.00	10.00

**Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013****24.13 Deferred Tax Liability (Net)**

(Amount in ₹)

Particulars	Current Year	Previous Year
Deferred Tax Liability	24,47,19,979	22,71,31,583
Difference between depreciation between depreciation as per Co Act and Income Tax act as on 31 st March, 2013 after considering Amortisation.	3,04,00,000	1,75,88,396
Net Deferred Tax Liability	27,51,19,979	24,47,19,979

24.14 Disclosure Regarding Scientific Research & Development Expenditure

(Amount in ₹)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
2008-2009	2,32,50,086	60,75,391
2009-2010	4,55,18,360	43,90,328
2010-2011	4,37,52,686	2,43,25,148
2011-2012	4,63,12,215	1,01,51,121
2012-2013	5,21,43,831	2,14,93,785

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.

	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	3,85,83,831	2,88,46,198
Current/Past Service Cost	29,38,643	22,36,629
Interest Cost	33,76,085	23,79,811
Actuarial(gain)/loss	48,60,774	70,02,041
Benefits Paid	(12,46,011)	(18,80,848)
Defined Benefit Obligation at year end	4,85,13,322	3,85,83,831
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	3,63,28,187	3,11,67,085
Expected return of plan assets	31,24,224	24,93,367
Actuarial gain/(loss)	8,43,180	4,11,398
Employer Contribution	1,08,04,738	41,37,185
Benefits Paid	(12,46,011)	(18,80,848)
Fair value of plan assets at year end	4,98,54,318	3,63,28,187
Actual return on plan assets	39,67,404	29,04,765

Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013

	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31 st March, 2013	4,98,54,318	3,63,28,187
Present value of obligation as at 31 st March, 2013	(4,85,13,322)	(3,85,83,831)
Amount Recognized	13,40,996	(22,55,644)
d. Expenses recognized during the year		
Current/Past Service cost	29,38,643	22,36,629
Interest cost	33,76,085	23,79,811
Expected return on plan assets	(31,24,224)	(24,93,367)
Actuarial(gain)/ loss	40,17,594	65,90,643
Net Cost	72,08,098	87,13,716
L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
e. Actuarial assumptions		
Mortality Table (L.I.C.)	–	–
	2006-08	1994-96
	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.25%	8.75%
Expected rate of return on plan assets (per annum)	8.79%	8.60%
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 ₹97,00,917/- previous year (₹75, 91,440/-) has been provided in the Accounts.

24.16 Additional information pursuant to the provisions of paragraphs 3, 4CD, 4D and part II of Schedule VI of the Companies Act, 1956 (Figures in bracket relate to 31st March 2012).

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 Kg.)

Class of Goods	Units	* Licensed	Installed	Production	Captive	Net Production
Pharmaceutical	Kgs	–	29,544 (29016)	23,963.90 (20963.34)	2277.11 (2250.27)	21,686.79 (18713.07)

* As license is not required Licensed Capacity not given.



Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2013

	<u>Quantity</u> Kg	<u>Amount</u> (₹)
b. Purchase of trading items:		
No. of Strips	14,25,15,973 (10,18,20,260)	73,66,21,005 (51,35,72,780)
Kgs	1,75,579 (14,24,671)	11,76,51,497 (22,00,29,001)
	<u>Percentage</u> (%)	<u>Amount</u> (₹)
c. Value of Raw materials and spares consumed		
Raw Material:		
Indigenous	41.10 (48.79)	1,94,63,44,044 (1,76,63,81,154)
Imported	58.90 (51.21)	2,78,89,18,533 (1,88,58,67,270)
Stores and spares:		
Indigenous	100 (100)	5,10,65,805 (4,89,69,063)
	<u>Current Year</u>	<u>Previous Year</u>
d. C.I.F Value of Imports		
Raw Material	2,69,99,18,702	1,79,33,60,545
Capital Goods	1,54,91,660	49,15,759
	<u>Current Year</u>	<u>Previous Year</u>
e. Expenditure in Foreign Currency		
Commission	3,67,54,107	2,73,79,598
Travelling Expenses	51,54,506	39,33,095
Sales Promotion	84,26,197	21,40,022
Foreign Bank Charges	42,55,174	40,57,381
Interest on F.C. Loan	8,24,69,266	9,96,85,872
Others	27,31,880	19,83,358
f. Earnings in Foreign Exchange		
F.O.B. Value of Exports	2,96,40,29,679	2,46,05,01,915

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

AS PER OUR REPORT OF EVEN DATE.
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS
Firm Registration No: 107547W

For and on behalf of the Board of Directors

Sd/-
(CA TEJAS PARIKH)
PARTNER

Sd/-
Prakash M. Patil
(Managing Director)

Sd/-
Harshit M. Savla
(Jt. Managing Director)

Sd/-
Sunny Pagare
(Company Secretary)

Place: Mumbai
Date: 16th May, 2013

CASH FLOW STATEMENT

(₹ in Lakhs)

Sr. Particulars No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary items	6,631.48	3,221.98
ADJUSTMENT FOR:		
Depreciation & Amortisation	2,598.40	2,421.62
Interest Paid	2,803.55	2,531.28
Interest Received	(16.01)	(84.48)
Dividend Received	(0.82)	(0.99)
Loss on Sale of Asset	2.15	5.03
Exceptional Items	(43.63)	116.27
Operating Profit before Working Capital Charges	11,975.11	8,210.71
Trade & Other Receivable	(3,513.57)	(3,217.46)
Changes in Inventories	(4,301.14)	(557.88)
Trade & Other Payable	4,626.16	702.26
Cash generated from operation	8,786.55	5,137.63
Direct Taxes Paid	(1,355.55)	(695.01)
Net Cash Flow from Operating Activities	7,431.01	4,442.62
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets/Capital Work in Progress/Advances	(5,999.64)	(4,726.55)
Sales/(Purchase) of Investment	178.65	(132.88)
Interest Received	16.01	84.48
Dividend Received	0.82	0.99
Net Cash Flow from Investing Activities	(5,804.16)	(4,773.96)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	1,318.86	(428.27)
Proceeds from Unsecured Loans & from Scheduled Bank	941.30	3,802.86
Dividend Paid	(1,289.96)	(544.88)
Interest Paid	(2,803.55)	(2,531.28)
Net Cash Flow from Financing Activities	(1,833.36)	298.43
Net Increase in Cash and Cash Equivalents (A+B+C)	(206.50)	(32.92)
Opening Cash and Cash Equivalents	494.38	527.30
Closing Cash and Cash Equivalents	287.88	494.38

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 ₹49.84 lakhs (previous year ₹60.68 lakhs) under lien are considered as cash and cash equivalents.

AS PER OUR REPORT OF EVEN DATE.

For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS
Firm Registration No: 107547W

For and on behalf of the Board of Directors

Sd/-
(CA TEJAS PARIKH)
PARTNER

Sd/-
Prakash M. Patil
(Managing Director)

Sd/-
Harshit M. Savla
(Jt. Managing Director)

Sd/-
Sunny Pagare
(Company Secretary)

Place: Mumbai
Date: 16th May, 2013

This Page Intentionally Left Blank



AARTI DRUGS LIMITED

Regd off: Plot No. N- 198, M.I.D.C., Tarapur, Village- Pamtembhi, Taluka – Palghar, Dist. Thane- 401 506, Maharashtra.

PROXY FORM

I/We _____ of _____ in the District of _____ being a member/members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my/our proxy to vote for me/us on my/our behalf at **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Company to be held on Friday, 2nd day of August, 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Signature _____

Affix Re. 1/- Revenue Stamp

L.F. No. _____

*Depository: NSDL/CDSL _____

*DP. ID _____

*Client ID _____

(*For Shares held in Electronic Form)

No. of Share(s) held _____

Notes:

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- (2) A proxy need not be a member.
- (3) The completed form should be deposited at the Registered Office of the Company, Plot No. N- 98, M.I.D.C., Tarapur, Village- Pamtembhi, Taluka – Palghar, Dist. Thane- 401 506, Maharashtra not less than 48 hours before the time for holding the meeting.



AARTI DRUGS LIMITED

Regd off: Plot No. N- 198, M.I.D.C., Tarapur, Village- Pamtembhi, Taluka – Palghar, Dist. Thane- 401 506, Maharashtra.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting held at TIMA Hall, MIDC, Tarapur, Taluka-Palghar, Dist. Thane 401 506, Maharashtra on Friday, 2nd day of August, 2013 at 11.00 a.m.

1. L.F. No. _____

2. *Depository : NSDL/CDSL _____

3. *DP. ID _____

4. *CLIENT ID _____

(*FOR SHARES HELD IN ELECTRONIC FORM)

5. FULL NAME OF THE SHAREHOLDER: _____

(IN BLOCK LETTERS)

6. NO. OF EQUITY SHARES HELD: _____

7. SIGNATURE OF THE SHAREHOLDER

OR PROXY ATTENDING: _____

(PLEASE GIVE FULL NAME OF THE 1ST JOINTHOLDER)

MR./MRS./MISS _____

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

NOTE: PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.



- | | | | | |
|---------------|-----------------|------------------------|-----------------------|----------------|
| 41. Jordan | 52. Netherlands | 63. Rep. of Yemen | 74. Spain | 85. U.A.E. |
| 42. Kenya | 53. New zealand | 64. Rep. of dominicana | 75. Sudan | 86. U.K. |
| 43. Korea | 54. Nicaragua | 65. Rep. of kazakhstan | 76. Sultanate Of oman | 87. U.S.A. |
| 44. Kuwait | 55. Nigeria | 66. Romania | 77. Sweden | 88. Ukraine |
| 45. Latvia | 56. Pakistan | 67. Russia | 78. Switzerland | 89. Uruguay |
| 46. Lithuania | 57. Panama | 68. S. africa | 79. Syria | 90. Uzbekistan |
| 47. Macedonia | 58. Paraguay | 69. Saudi arabia | 80. Taiwan | 91. Venezuela |
| 48. Malaysia | 59. Peru | 70. Senegal | 81. Tanzania | 92. Vietnam |
| 49. Mexico | 60. Philippines | 71. Sri lanka | 82. Thailand | 93. Yugoslavia |
| 50. Morocco | 61. Poland | 72. Singapore | 83. Tunisia | 94. Zimbabawe |
| 51. Nepal | 62. Portugal | 73. Slovenia | 84. Turkey | |



Aarti Drugs Ltd.

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

Tel.: ++91 22 2401 9025

Fax: ++91 22 2407 3462 / ++91 22 2407 0144

www.aartidrugs.com

FORM A

Format Of Covering Letter Of the annual audit report to be filed with the stock exchanges.

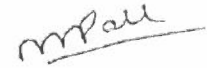
Sr no	Particulars	
1	Name of the Company :	Aarti Drugs Limited
2	Annual financial statements for the year ended	31 st March, 2013
3	Type of Audit observation	Un - qualified
4	Frequency of observation	Not Applicable


For PARIKH JOSHI & KOTHARE
CHARTERED ACCOUNTANTS
Firm Registration Number: 107547W



(TEJAS J. PARIKH)
PARTNER
M. No. 123215



For AARTI DRUGS LIMITED


Prakash M. Patil
Managing Director & CEO


Adhish P. Patil
Chief Financial Officer


Ramdas M. Gandhi
Audit Committee, Chairman

Date : 16/05/2013
Place: Mumbai