



Aarti Drugs Limited

Manufacturers of : Bulk Drugs & Chemicals

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

Ref: ADL/SE/2020-21

July 31, 2020

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

BSE CODE – 524348

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

Dear Sir/Madam,

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

Sub: Annual Report for the FY 2019-20

This is to inform you that **35th Annual General Meeting ('AGM')** of the Company is scheduled to be held on **Tuesday, August 25, 2020 at 11.30 AM IST** through Video Conferencing ('VC') /Other Audio Visual Means ('OAVM')

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find enclosed the Annual Report of the Company along with the Notice of AGM and other Statutory Reports for the FY 2019-20, which is being sent through electronic mode to those Members whose email addresses are registered with the Company/ Depository Participants/ Registrar and Transfer Agent.

The Notice of 35th AGM of the Company along with Annual Report for FY 2019-20 is also being made available on the website of the Company at the weblink <https://www.aartidrugs.co.in/annual-reports/>

Kindly take the same on record.

Thanking you,

Yours faithfully,

FOR AARTI DRUGS LIMITED

RUSHIKESH DEOLE

COMPANY SECRETARY & COMPLIANCE OFFICER

ICSI M.No.: A54527



THE CHEMISTRY OF SUSTAINED RELATIONSHIPS

Annual Report 2019-20



Forward-looking statements:

In this annual report, we have disclosed certain forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make certain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such

statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate

assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Annual Report 2019-20



THE ANNUAL REPORT ONLINE

This 2020 Annual Report can also be downloaded as a PDF file from our website at <https://www.aartidrugs.co.in/annual-reports/>

Contents

Corporate Overview

Corporate Information	03
Corporate Identity	04
Awards and Accolades	08
Geographical Presence	10
Research & Development	12
Key Performance Indicators	14
Financial Highlights	16
Corporate Social Responsibility	18
Board of Directors and Leadership Team	20
Chairman's Letter	22

Statutory Report

Management Discussion and Analysis	24
Notice	30
Board's Report	41
Report on Corporate Governance	70
Business Responsibility Report	88

Financial Statements

Standalone Financials

Independent Auditor's Report	96
Balance Sheet	104
Profit and Loss Statement	105
Cash Flow Statement	107
Notes to Financial Statement	109

Consolidated Financials

Independent Auditor's Report	137
Consolidated Balance Sheet	144
Consolidated Statement of Profit and Loss	145
Consolidated Cash Flow Statement	147
Notes to Consolidated Financial Statement	149



THE CHEMISTRY OF SUSTAINED RELATIONSHIPS

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

We ensure that our innovative ideas are brought to life while manufacturing the best-in-class products for the market. We also aspire to be the leaders in the supply and production of bulk drugs in the near future, along with providing

customised solutions and services to the consumers to meet their changing requirements. Our strong determination and dedication has helped us in expanding our production capabilities of various products under different therapies which include Antidiabetic, Antibiotic, Specialty Chemicals etc.

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

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



Corporate Information

Chairman Emeritus

Shri Chandrakant V. Gogri

Chairman, Managing Director & Chief Executive Officer

Shri Prakash M. Patil

Managing Director

Shri Rashesh C. Gogri

Jt. Managing Director

Shri Harshit M. Savla

Whole-time Directors

Shri Harit P. Shah

Shri Uday M. Patil

Non-executive Director

Shri Rajendra V. Gogri

Independent Directors

Shri Ramdas M. Gandhi

CA Bhavesh R. Vora

CA Navin C. Shah

Dr. Krishnacharya G. Akamanchi

Dr. Vilas G. Gaikar

CA Priti P. Savla

Chief Financial Officer

Shri Adhish P. Patil

Company Secretary & Compliance Officer

CS Rushikesh Deole (w.e.f 23rd April, 2019)

Registered Office

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

Corporate Identification Number

L37060MH1984PLC055433

Statutory Auditors

Kirtane & Pandit LLP
Chartered Accountants,

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park, L. B. S. Marg, Vikhroli (West),
Mumbai - 400 083, Maharashtra
Tel No: +91 22 49186000
Fax: +91 22 49186060

Bankers

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

Corporate Office

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



Corporate

Identity



“
**THE CHEMISTRY
OF SUSTAINED
RELATIONSHIPS**
”

Aarti Drugs Limited was established in the year 1984 and is a part of \$1000 Million Aarti Group of Industries with robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates, Specialty Chemicals and also produces Formulations with its wholly-owned subsidiary - Pinnacle Life Science Private Limited. Products under APIs includes Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.





Mission



Seek global market leadership



Focus on growth and development of the product



Continue to create a winning culture, operating in the highest standards of ethics and values, while co-operating with the competitors



Strive for excellence in customer service, quality and R&D

Vision

We Shall Become The First Choice Vendor Of Bulk Drugs And Achieve A Leadership Position By:



Assuring consistent quality and timely delivery at competitive prices



Providing customized solutions and service to meet the changing requirements of customers



Choose the best and the most flexible manufacturing practices and methods



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



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

Key Facts

“ The key to success is to start before you are ready.”

12



Manufacturing facilities

~34%



Export revenue

100+



Countries

3,588 MT



Monthly API Capacity

1,536



Employees

34,071 Sq.M



API Plant Area

50+



API Molecules

80+



Finished Products





- One of the largest producers of Metformin in the world
- One of the largest producers in Fluoroquinolones in the world
- Largest producer of Tinidazole in the world
- Largest producer of Metronidazole Benzoate in the world
- Largest producer of Metronidazole in India
- Largest producer of Ketoconazole in the world
- Largest producer of Nimesulide in the world

Disclaimer: Based on information available with the company



2001

CHEMEXCIL

Outstanding Performance in Export

**ORGANIZATION OF
PHARMACEUTICAL
PRODUCT**

Best Vendor

2005

**AVAYA GLOBAL
CONNECT**

Customer Responsiveness

2006

**AVAYA GLOBAL
CONNECT**

Customer Responsiveness

2009

PHARMEXCIL

Outstanding Performance in
Export

2012

PHARMEXCIL

Outstanding Performance
Latin American Export

2013

ABBOTT

Best Vendor of the year

2014

ABBOTT

Appreciation as business
partner

2014

**Government of India
(Ministry of commerce
and Industry)**

Certificate of Recognition –
Star Export House

2015

ABBOTT

Business partner of the year

2016

ABBOTT

Business partner
of the year

2017

ABBOTT

Business partner
of the year

2018

ABBOTT

Business partner
of the year

2019

ABBOTT

Business partner
of the year



1991-92

CHEMEXCIL

Outstanding
Performance in Export



Milestones

1984

Incorporation

1993

Listed On BSE Limited

1996

Amalgamation of Rupal Chemical Industries Limited, Rashesh Chemicals & Pharmaceuticals Limited, Manjarati Chemicals Private Limited, Manjarati Plastics Private Limited, Effective Chemicals Private Limited, Star Aluminium Industries Limited and Avez Wire Industries Limited

1998

Turnover of Rs. 100 Crores

2003

Listed On National Stock Exchange of India Limited

2015

PBT more than Rs. 100 Crores

2014

Turnover of Rs. 1000 Crores & 100% holdings in Pinnacle Life Science Private Limited

2011

Turnover of Rs. 500 Crores

2008

Approval of USFDA Plant

2017

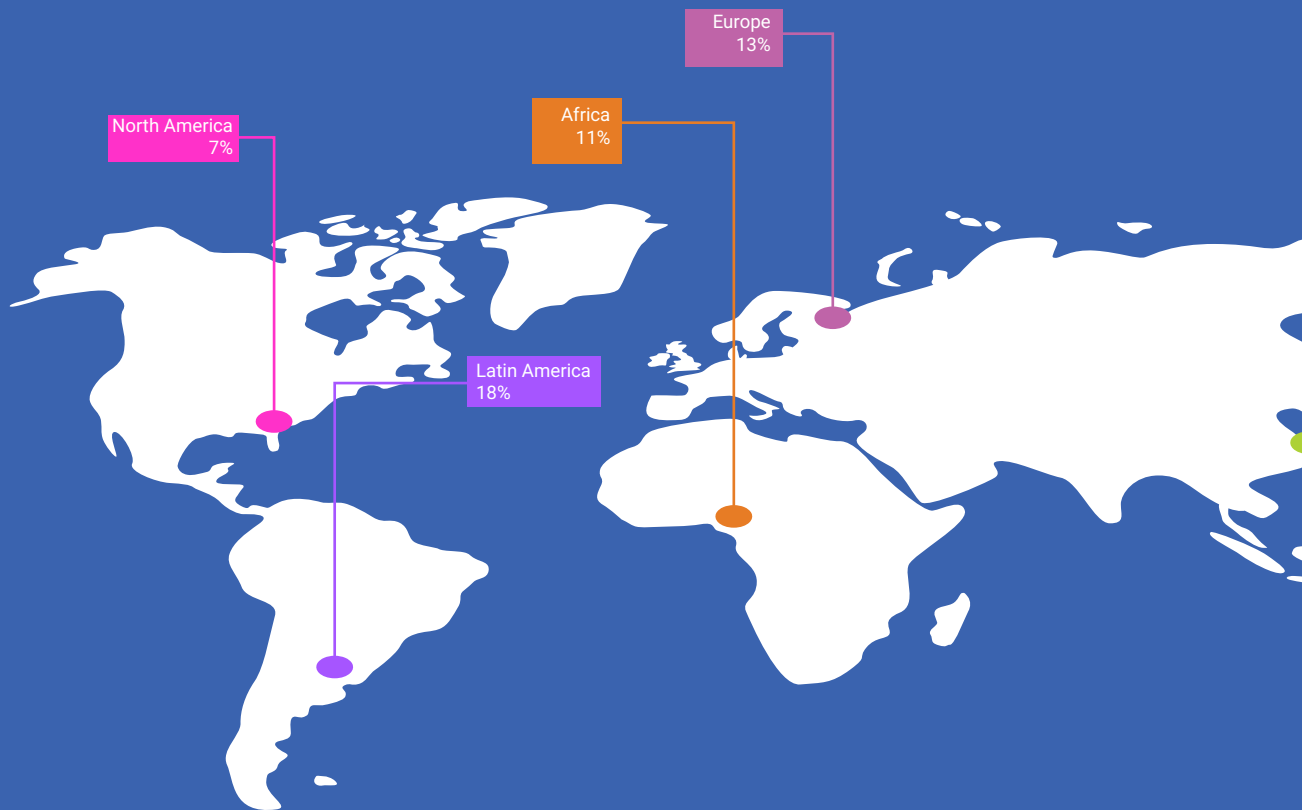
Rs. 100 Crores Turnover Pinnacle Life Science Private Limited

2019

Turnover of Rs. 1500 Crores

2020

PBT more than Rs. 150 Crores and PAT more than Rs. 100 Crores



Global Presence

TOP 10 EXPORT COUNTRIES		ASIA		AUSTRALIA	
Countries		Afghanistan	Pakistan	Australia	
Brazil	Iran	Armenia	Philippines	EUROPE	
Mexico	Bangladesh	Bangladesh	Rep Of Yemen	Belarus	Latvia
Pakistan	Netherlands	Brunei	Republic Of	Belgium	Macedonia
Turkey	China	China	Dominican	Bulgaria	Moldovia
Egypt	Indonesia	Croatia	Russia	Cyprus	Netherlands
Market		Hong Kong	Saudi Arabia	Czech Republic	Poland
Regulated	53%	India	Singapore	Denmark	Portugal
Semi-Regulated	44%	Indonesia	South Korea	Eurpoe	Romania
Non - Regulated	3%	Iran	Srilanka	France	Scotland
AFRICA		Iraq	Sultanate Of	Germany	Slovenia
Africa	Nigeria	Japan	Oman	Greece	Spain
Algeria	Seychelles	Jordan	Syria	Hungary	Switzerland
Benin Republic	South Africa	Korea	Taiwan	Iceland	Tunisia
Bolivia	Sudan	Kuwait	The Republic Of	Ireland	UK
Bosnia	Tanzania	Lebanon	Kazakhstan	Israel	Ukraine
Burundi	Thailand	Lithuania	Turkey	Italy	Yugoslavia
Egypt	Togo	Malaysia	Uzbekistan		
Ethiopia	Uganda	Myanmar	Vietnam		
Kenya	Zambia	Nepal			
Morocco	Zimbabwe				
Mozambique					



LATIN AMERICA

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

NORTH AMERICA

- Bahamas
- British Virgin Island
- Canada
- Panama
- USA

Domestic Presence

- 1 Maharashtra
- 2 Gujarat
- 3 Uttar Pradesh
- 4 Himachal Pradesh
- 5 Uttarakhand
- 6 Tamil Nadu
- 7 Andhra Pradesh
- 8 Sikkim
- 9 Karnataka
- 10 Delhi
- 11 Madhya Pradesh
- 12 Jammu & Kashmir
- 13 West Bengal
- 14 Goa
- 15 Daman (* Union Territory)
- 16 Kerala
- 17 Odisha
- 18 Assam
- 19 Punjab
- 20 Rajasthan
- 21 Haryana
- 22 Chandigarh
- 23 Bihar
- 24 Chhattisgarh
- 25 Telangana

Notes: All numbers in % denotes revenue share

Research & Development


“ The Strength of the R&D team lies in the vast experience & knowledge they possess in the field of Chemistry.



 **1**
Doctorates

 **60**
Master Graduates
[M. Sc]

 **15**
Graduates [B. Sc]

 **20**
Engineer

 **15**
Technicians





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

OUR STRENGTH



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



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



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



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

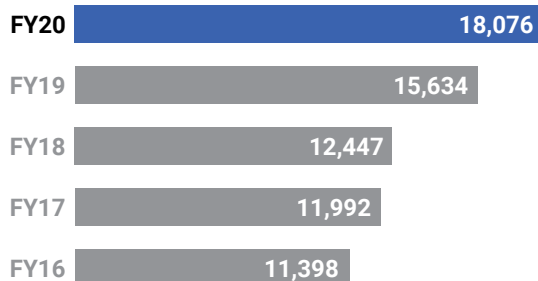


Frequent visits of Experts and Professors from ICT and Council of Scientific and Industrial Research (CSIR) for guidance regarding product development.

Key Performance Indicators

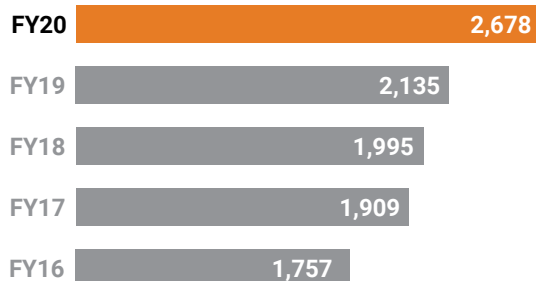
Revenue

CAGR **12.22%**



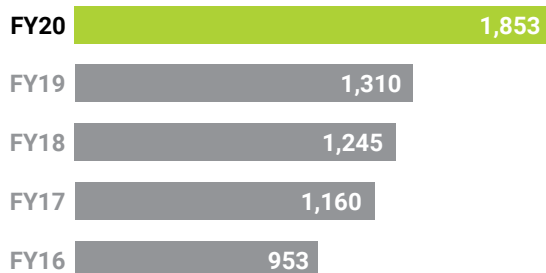
EBITDA

CAGR **11.11%**



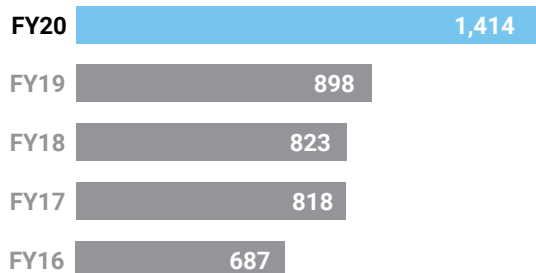
PBT

CAGR **18.09%**

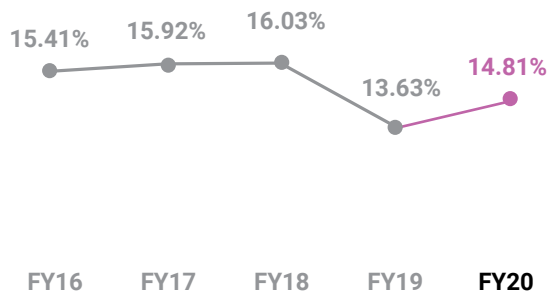


PAT

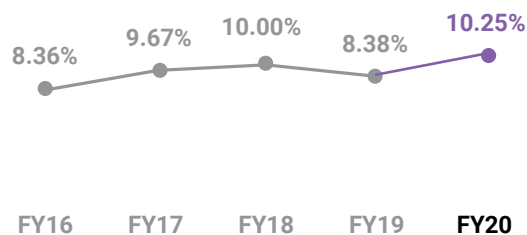
CAGR **19.78%**



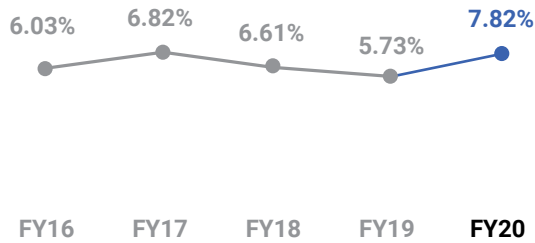
EBITDA Margin



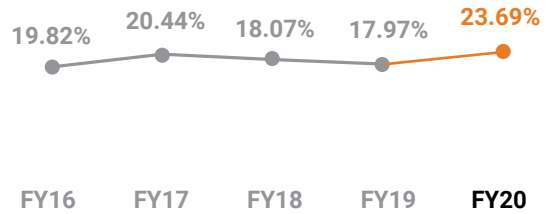
PBT Margin



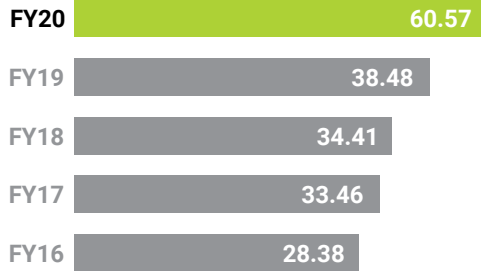
PAT MARGIN



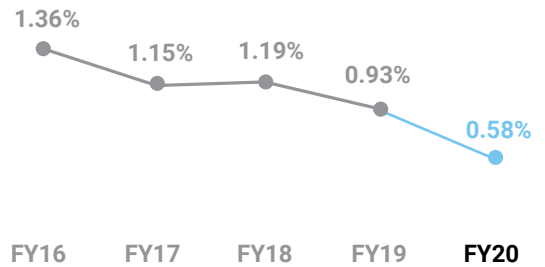
ROE



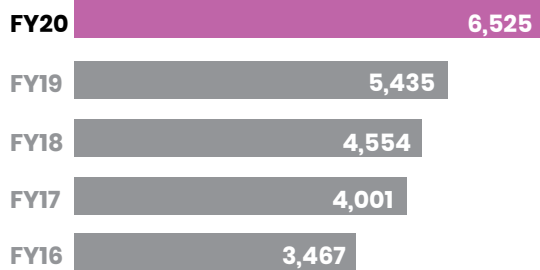
EARNING PER SHARE



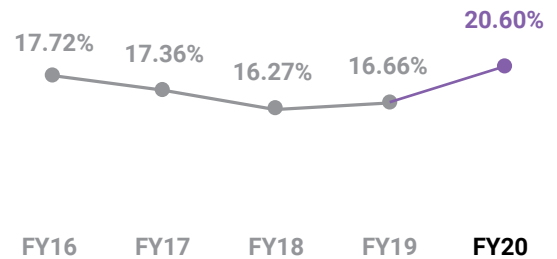
GEARING RATIO (x)



NET WORTH



ROCE



Note:
All numbers are in Rs. Millions except for share data
All numbers are on consolidated basis

Financial Highlights

Particulars	31-Mar-11	31-Mar-12	31-Mar-13
Sales (Net)	49,642.42	65,926.09	82,484.14
Profit Before Interest and Depreciation	6,269.13	8,027.03	12,033.43
Interest	1,347.80	2,267.19	2,803.55
Depreciation	1,774.06	2,421.59	2,598.40
Profit Before Tax	3,147.27	3,221.98	6,587.84
Profit After Tax	2,247.29	2,246.10	4,523.08
Dividend (%)	50	50	100
Payout	605.43	605.43	1,210.86
Equity Capital	1,210.86	1,210.86	1,210.86
Other Equity	14,440.78	16,437.13	19,549.93
Networth	15,651.63	17,647.99	20,760.78
Borrowings			
Non - Current Borrowings	7,434.15	6,692.38	8,070.45
Current Borrowing - Bank	16,866.01	21,723.88	21,498.34
Current Borrowing - Others	85.01	1,374.94	-
Total Borrowings	24,385.18	29,791.20	29,568.79
Property, Plant and Equipment (Gross)	34,579.98	43,938.29	47,904.89
Less:- Accumulated Depreciation	12,159.02	16,584.66	18,781.79
Property, Plant and Equipment (Net)	22,420.96	27,353.63	29,123.10
Capital Work-in-progress	1,037.47	299.09	1,258.89
Non - Current Investment	2,461.29	691.84	513.19
Current Assets	25,669.13	32,917.38	41,076.71
Less:- Current Liabilities	9,322.39	11,375.56	17,602.05
Net Working Capital	16,346.74	21,541.83	23,474.66
Book Value (Rs.)	129.26	145.75	171.45
EPS (Basic & Dilluted) (Rs.)	18.56	17.84	37.36

(Rs. in Lakhs)

31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
96,993.72	1,09,427.16	1,13,488.18	1,19,517.10	1,24,362.88	1,56,094.10	1,80,609.00
14,635.01	16,967.19	17,568.93	19,089.56	19,952.75	21,354.00	26,777.00
3,348.97	3,892.99	4,388.68	3,642.09	3,496.13	3,996.00	3,373.00
2,811.94	3,102.23	3,652.76	3,846.27	4,006.30	4,256.00	4,875.00
8,476.04	9,971.97	9,527.49	11,601.20	12,450.32	13,102.00	18,529.00
6,171.23	7,725.43	6,872.49	8,180.20	8,230.67	8,975.00	14,140.00
130	80	67.5	10	10	10	20
1,574.12	1,937.37	1,634.65	238.57	235.82	235.82	466.00
1,210.86	2,421.71	2,421.71	2,385.71	2,358.21	2,358.21	2,330.00
23,879.53	28,393.55	32,244.53	37,627.50	43,184.56	51,986.00	62,919.00
25,090.39	30,815.26	34,666.24	40,013.21	45,542.77	54,344.21	65,249.00
7,664.20	16,347.46	19,123.40	20,154.56	20,269.68	20,821.00	18,031.00
24,758.92	24,954.73	25,839.30	24,466.43	30,564.21	26,325.00	15,773.00
1,800.83	288	1.56	-	-	-	-
34,223.95	41,590.19	44,964.26	44,620.99	50,833.89	47,146.00	33,804.00
58,113.01	68,521.15	71,622.59	84,204.79	90,294.06	96,717.00	1,03,324.00
20,860.39	23,674.75	23,030.94	26,703.58	30,508.19	34,522.00	39,092.00
37,252.62	44,846.40	48,591.65	57,501.21	59,785.87	62,195.00	64,232.00
831.55	1,605.79	3,404.47	1,427.77	2,844.60	3,275.00	1,221.00
461.9	463.18	1,283.22	1,193.86	1,075.86	1,244.00	1,336.00
46,428.05	53,278.79	56,522.49	57,142.28	73,686.00	78,429.00	89,945.00
21,407.73	21,313.77	24,151.59	24,964.69	31,604.00	32,773.00	46,697.00
25,020.32	31,965.02	32,370.90	32,177.59	42,082.00	45,656.00	43,248.00
207.21	127.25*	143.15	167.72	193.12	230.44	280.04
50.97	31.90*	28.38	33.46	34.41	38.48	60.57

Notes:

During the F.Y. 2019-20, the Company has bought back 2,82,100 Equity Shares at a price of Rs. 900/- per share.

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

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

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

Corporate Social Responsibility

LENDING A HELPING HAND

At Aarti, we believe that our objective is to engage in utilizing our resources for the wider good. We are committed to a transparent and responsible corporate governance.

Our prime objective is to give back to the society in a way that brings positive changes and transforms the lives of the weaker sections in the best possible ways. We engage in these activities through the Aarti Foundation to contribute effectively for the betterment of the underprivileged section of the society. We also interact with various NGOs and take their support to understand the issues faced by the communities

The Company intends to undertake larger initiatives in the villages of Gujarat, Maharashtra and other parts of India which represent opportunities to make a significant difference on account of their extensive needs and development.



गोरक्षनाथांची पंचक्रोशी 'सिद्धिविनायक'च्या माध्यमातून होणार पाणीदार

वाभळरबुंटा येथे आरती फाउंडेशनच्या सहयोगातून देण्यात आली पोकलेन

वाभळरबुंटा येथे पंचक्रोशी येथे बांधण्यात आलेली पाणीपट्टी या योजनेचा शुभारंभ करण्यात आला. या योजनेचा उद्देश्य आहे, पाणीपुरवठा करणे. या योजनेचा अंमलबजावणी करणारा आहे, आरती फाउंडेशन. या योजनेचा अंमलबजावणी करणारा आहे, आरती फाउंडेशन. या योजनेचा अंमलबजावणी करणारा आहे, आरती फाउंडेशन.

Our key interventions include:

- Education & Skill Development
- Healthcare
- Social Welfare
- Rural Development
- Women Empowerment
- Water conservation and environment



Education and Skill Development

The educational system in rural India needs attention. We firmly believe that quality education and livelihood opportunities can transform lives and empower people in the best way. Your Company has supported various education activities through Vicharta Samuday Samarthan Manch(VSSM) and other NGOs.

Women Empowerment

Aarti along with its aided Foundations and NGOs has been working for enhancing women's awareness and training, leading to their financial independence. Your Company supports various programmes like Nursing School, Teachers training institute and livelihood generation through Karunah Society for Development and other NGOs.



Water Conservation and Environment

There have been multiple droughts across India in the last few years, aggravated by limited water conservation. Aarti Drugs alongwith various NGOs helped create check dams, artificial lakes and de-silted water bodies (lakes and ponds) alongwith various other water conservations efforts. The company also embarked on initiatives to engage in planting trees.



Board of Directors & Leadership



Shri Prakash M. Patil

Chairman, Managing Director & CEO

Shri Prakash M. Patil is Chairman, Managing Director and Chief Executive officer (CEO) of the Company and has been associated since inception of the Company's operations. He holds a degree of B.E. – Chemical from Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He has more than 42 years of experience in the field of Chemical & Pharmaceutical Industry. He has expertise in Product Identification, Project Conceptualisation, Planning, Project Engineering & Implementation. His technical experience has helped the Company to emerge as one of the leading Pharmaceutical Company in the country.



Shri Rashesh C. Gogri

Managing Director

Shri Rashesh C. Gogri has been appointed as Managing Director of the Company with effect from 26th September, 2014. He was the Whole-time Director of the Company since October, 2012. He holds a Production Engineering degree from Mumbai University and has more than 18 years of experience in the field of production, marketing and project implementation in chemical industry. He also serves as the Vice – Chairman & Managing Director of Aarti Industries Limited.



Shri Harshit M. Savla

Joint Managing Director

Shri Harshit M. Savla is the Joint Managing Director of the Company. He is a Commerce Graduate having more than 32 years of experience in Finance, Export and Administration. He played a crucial role in expanding the export market for the products of the Company.



Shri Harit P. Shah

Whole-time Director

Shri Harit P. Shah is a Whole-time Director of the Company. He is a Commerce Graduate and has experience of over 27 years in handling commercial functions encompassing Purchases, Local Sales and Exports.



Shri Uday M. Patil

Whole-time Director

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



Shri Rajendra V. Gogri

Non – Executive Director

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





Shri Ramdas M. Gandhi

Independent Director

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



Shri Bhavesh R. Vora

Independent Director

Shri Bhavesh R. Vora is an Independent Director of the Company. He is a commerce graduate and a Chartered Accountant by qualification. He is a practicing Chartered Accountant, with more than 26 years of experience in the field of stock brokers' audits, compliances, derivatives, futures & options, accounting standards and internal management audit.



Shri Navin C. Shah

Independent Director

Shri Navin C. Shah is an Independent Director of the Company. He is Commerce Graduate and Chartered Accountant by Qualification. He is a practicing Chartered Accountant with more than 35 years of experience in the field of Income Tax related matters. He also has expertise in Goods and Service Tax (GST). He has been associated with the Company since the year 2010.



Shri Vilas G. Gaikar

Independent Director

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



Shri Krishnacharya G. Akamanchi

Independent Director

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



Smt. Priti P. Savla

Independent Director

With more than 12 years of experience, she is a practicing Chartered Accountant and a partner in KPB & Associates, Chartered Accountants firm based in Mumbai & Thane. She is a qualified certificate holder in Entrepreneurs' Development Program from Indian School of Business, Hyderabad.



Shri Adhish P. Patil

Chief Financial Officer

Shri Adhish P. Patil has an experience of over 16 years in the field of finance, consulting, systems engineering and Information Technology. Bachelor of Engineering (IT) from Mumbai University. He is an MBA - Finance & Marketing from University of Florida, Warrington College of Business Administration. He is the winner of prestigious 'Top 100 CFOs India 2014' award.

Chairman's Letter

Dear Shareholders,

It brings me immense delight to put forth the annual performance of your Company for the financial year 2019-20. This was a year marked by various events, both good and bad for the global economy. Tense trade relations, a global pandemic and an already struggling domestic economy were the big highlights of the last fiscal year. Aarti Drugs, however, sailed safe during the year and capitalised on its opportunities. FY 2019-20 was an eventful year for Aarti Drugs on several fronts. Your Company stayed true to its commitment of delivering excellence and adding value to the shareholders, in addition to achieving significant feats. The FY19-20 will be a testament of our grit and belief in ourselves, as we passed these testing times with flying colours.

India is one of the major driving forces of the global pharmaceuticals industry, owing to its focus on Research and Development (R&D). Additionally, the country has an ever-growing pharmaceutical market being the largest provider of generic drugs globally. The Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in UK. This proves that the opportunities in the industry will keep growing in the coming years.

During the last quarter of FY20, the COVID-19 outbreak impacted all countries both medically and economically. The wild spread of the virus, in addition to the increasing casualties brought the world to a halt, as numerous nations initiated a lockdown to counter the outbreak. India, too, followed suit and began a country-wide lockdown for nearly three months, as a step to prevent the virus from impacting the nation. The efforts of the brave civil workers and medical professionals around the world is lauded, as they work day and night to treat the patients, find a cure and ensure safety on all fronts.

The Company continued to bank on its worldwide

footprint and set higher standards in FY20. Through constant innovation and market studies, the Company has recently expanded its capacity in anti-inflammatory therapeutic category. The Coronavirus did impact the operations of Aarti Drugs, but your Company held its own ground on the back of its strong financials and dominance in the industry. For the first time in its history, your Company amassed a PAT of more than Rs. 100 Crores. The financials of the Company for FY20 prove that we are on the right track of progress and our continuous efforts are bearing fruit. Furthermore, the Company also streamlined its key products processes with alternate KSMs (Key Starting Materials).

The financial year 2019-20 presented a lot of challenges, which your Company dealt successfully with market knowledge and experience. Owing to the unavailability of KSMs from China, there were a lot of changes in the processes of key products. The Company made sure these changes were for the better, as improved efficiency was noted with the better process. The Company is investing heavily on its R&D as a part of its tradition to innovate new products and improve the processes of our key products. R&D is also crucial in solving the teething problems involved in scaling up the production of our recently expanded anti-diabetic facility, which will help us in innovating new products.

Your Company's dedication to reducing pollution and ensuring a sustainable process is intact, as we emphasize proper waste management techniques and believe in operating procedures which do not harm the environment. We have made continuous efforts in eliminating the organic effluent discharge and manufacturing more by-products out of waste streams. It is a part of our vision and ethics to manufacture the best quality products with negligible discharge operations and recycling requirements.

It makes me proud by overviewing all the goals and feats achieved in the financial year 2019-20. Our objective for the coming years is to keep producing





“
**INDIA IS ONE
OF THE MAJOR
DRIVING FORCES
OF THE GLOBAL
PHARMACEUTICALS
INDUSTRY.**

”

the best-in-class products to retain the trust of our loyal customers as a part of “The Chemistry of Sustained Relationships” and capture new markets. The Company is standing tall and confident to face any challenges which develop in the future nearby.

I would like to express my gratitude towards the shareholders and employees of Aarti Drugs, who continued to lay trust on the management even during these tough times. Further, I would like to thank the suppliers, customers, bankers and all the stakeholders for forging a strong partnership with us and believing in our vision.

Thanking you,

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

Management Discussion

and Analysis

GLOBAL ECONOMY



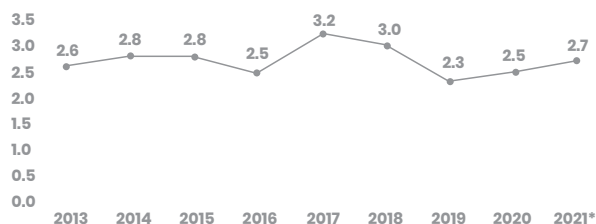
Due to the advent of COVID-19, which put a stop to a revival after the settling US-China relations and other geopolitical concerns, the global economy has suffered a massive blow. The mystery surrounding the nature and propagation of the virus continues to develop as scientists work hard to decode its biology and find a cure.

The worldwide economic growth was already stunted before lockdowns were initiated in the major countries. The International Monetary Fund (IMF) estimated the global growth to be around 3 percent for 2019, while signaling a worse crisis than the one in 2008-09. This was due to uncertainties surrounding trade policies and sensitive geo-political relationships that disrupted the Chinese economy, as major companies were seeking alternative destinations for manufacturing. Other obscure factors include supply disruptions, tightening of financial markets, haphazard patterns of spending, volatile commodity prices and resulting changes in public behaviour. With export-dependent nations like Germany and Japan inching into recession because of low global demand, more problems are rising.

There is considerable uncertainty around the outlook for global growth. The economic impact depends on factors that function in hard-to-predict ways, including the pandemic mechanism, the strength and efficacy of containment efforts, the magnitude of supply disruptions, the effects of drastic tightening on global

financial market conditions, shifts in consumption habits and behavioral changes. Most countries are facing a multi-layered crisis that involves a health scare, domestic economic instability, plummeting global demand, reversal of capital flows and a fall in commodity prices. The chances of having a bad outcome predominate. The only hope is that the pandemic will fade, and the subsequent efforts to get back on track will bear fruit.

% GROWTH OF WORLD GROSS PRODUCT



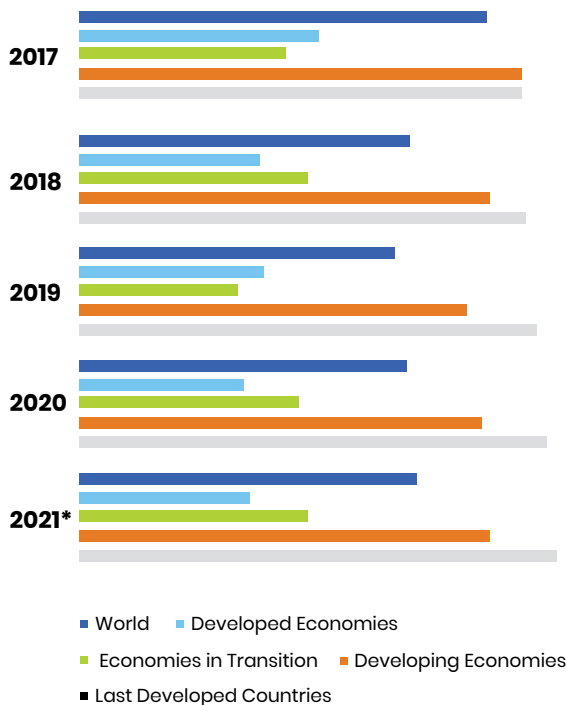
In 2019, the world economy has shown its slowest pace across developed and developing regions due to multiple challenges and high risk of uncertainties. The financial year 2020-21 will begin on a cautious note, with numerous industries impacted severely due to COVID-19. With the US presidential elections looming

(Source WESP: World Economic Situation and Prospects)



at the latter stage of the year, the world waits with bated breath to discover upcoming developments. The results of the US election will be crucial in driving the global markets. Another important topic is the Price War, which will dictate the oil prices globally. Both Russia and Saudi Arabia are standing their ground, but the damage can be collateral. The war will affect the whole world the longer it sustains.

GROWTH OF WORLD OUTPUT AND GROSS DOMESTIC PRODUCT (%)



INDIAN ECONOMY

For two basic reasons, the ties between India's and the global economy's fortunes are not as strong:

- we have a large domestic demand base and that supports consumption
- we are not as reliant on exports as some of the other Asian countries like China and South Korea

It is naive, however, to assume that Indians will remain isolated from global shocks altogether. As for the Indian economy, the return of Prime Minister Modi to power is expected to provide greater political stability and attract investment due to the ruling dispensation's pro-business and pro-reform outlook. Factors such as a reduced interest rate environment and a sharp decline in the corporate tax rate along with limited capacity utilization changes augur well for the currently underinvestment sector.

There are questions, however, and policy makers need to remain cautious. The contribution from the private sector continues to deteriorate, with government spending now accounting for more than a fourth of GDP growth. On top of that, tight fiscal constraints and the recent corona virus outbreak are overhangs. Therefore, the GDP growth of the FY20 may be lower than the 5% YoY CSO estimate. The agricultural production in the recent fiscal was record high, however the economy needs triggers to ensure a sustainable run and fulfil its expectations of a good performance in FY21. High inflation issues won't go away overnight, and higher fiscal deficits could prevent more strong stimulus measures. The consensus, however, is gradually emerging that the worst could be behind us and that India's GDP growth is expected to show a pick up no matter how small it is.

The government continues to remain proactive, and the proof lies in the reported measure showing that the government is recognizing economic conditions and is prepared to act. Significant policy changes have been made in the previous six months to balance both sides of the equation and boost both demand and supply. These include liberalization of FDI requirements for selected sectors; rollback of a much-debated tax surcharge on foreign portfolio investors; opportunities to help multiple industries; restructuring of PSU banks; and significant corporate tax rate reductions. It is anticipated that these steps will strengthen credit growth, increase capital inflows, reinvigorate private investment and hiring, and thus boost economic growth. These essential steps are likely to counter the negative effect of both global and domestic economic factors.

GLOBAL PHARMACEUTICAL INDUSTRY



The global pharmaceutical industry is expected to be valued at USD 1.57 trillion by the year 2023. Despite numerous hurdles, the market is primed for growth in major regions. Aging, medical conditions, rising income levels and increasing populations are crucial factors for consistent progress.

North America continues to be the biggest pharmaceutical market and by 2023 will have the market share of 45.33%. On the other hand, the market share of Europe is anticipated to decline in the coming years and is expected to have 20.24% share. Asia-Pacific continues to be a prominent market for pharmaceuticals and will become the second biggest market globally, with the market share to become 24.07% in a couple of years.

The emerging local pharma companies in Europe, Middle East and majority of Africa will look to buy low-profit generic assets. Most of the drugs sold in Middle East and North Africa (MENA) area are costlier in comparison to major EU countries.

Throughout FY2019, M&A in the pharmaceutical industry continues its promising run in spite of global slowdown in numerous other sectors. The deal values are also set to increase from USD 1.2 trillion to USD 1.5 trillion. With the scenario becoming very competitive, the major players are looking to acquire small and mid-sized organisations for their innovative abilities. Research and development are now a priority as generic pharma are not being re-invented for the masses, limiting growth opportunities. From FY20, pharma companies will lay emphasis on consolidation to keep up with the progress in emerging markets.

INDIAN PHARMACEUTICAL INDUSTRY



The Indian pharmaceutical market and medical device market, respectively, are expected to be valued at USD 100 billion and USD 25 billion by the year 2025. In FY19, the nation exported pharmaceuticals worth USD 19.14 billion and up to January 2020, the number was USD 13.69 billion. The exports consist of drug formulations, bulk drugs, intermediaries, surgical instruments and herbal products. In 2019, the turnover of India's pharmaceutical market was USD 20.03 billion, which was a growth from 9.8% YoY from USD 18.12 billion in FY 2018.

India provides the largest number of generic drugs on a worldwide basis. The country's pharmaceutical

sector tends to more than 50% of the world's demand for vaccines, the 40% of demand in the US and 25% of all the medicine in the UK. Over the next five years, the medicine spending in India is anticipated to grow 9-12%, which will bring it to the top 10 tier in this category. Pharma companies in India increased their investment on research and development to 8.5% in FY18 from 5.3% in FY12. On the back of such developments, the healthcare and pharma sector in India is primed for promising growth even as pricing and cost could concern the participants.

The progress of the industry will be supported by the increasing exports to larger and new markets like China, Japan, Indonesia, Latin America and Africa. This will help India in becoming the leading supplier globally in terms of volume, according to Indian Pharmaceutical Alliance (IPA).

The Government of India has taken substantial steps to reduce costs and healthcare expenses. A push to introduce generic drugs into the domestic market continues to be the top priority. Additionally, the emphasis on rural health programmes, preventive vaccines and lifesaving drugs will create multiple opportunities for pharma companies.

COMPANY OVERVIEW:

Aarti Drugs Limited was established in the year 1984 and forms a part of \$1000 Million Aarti Group of Industries with a robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and Specialty Chemicals and also manufactures formulations through its wholly owned subsidiary- Pinnacle Life Science Private Limited. Products under APIs includes Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin, Diclofenac derivatives etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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



the Internal Auditors. Issues raised by Internal Auditors and Statutory Auditors are discussed and addressed by the Audit Committee. Audit Committee constantly tries to add value by evaluating existing systems.

ENVIRONMENT, HEALTH & SAFETY:



The Company is continuously working on innovative technologies to design effective Waste Management Systems. The primary focus of the Company has been on pollution control and clean environment solutions. The Company has drastically reduced the water consumption. Many of the plants of the Company are at zero effluent discharge, achieved through multiple effect evaporators and incinerators. The company has taken 250 acres of forest land from Forest Department for plantation near Dhuktan, Palghar where the plantation work is completed and is maintained regularly. The Company has continuously innovated many more techniques to reduce the effluent generation in the Process, utility and domestic areas across units to reduce the entire effluent stream. Environmental requirements are incorporated into the plant design right from the preliminary stage of a process. Air Scrubbers, Dust Filters, Fire Protection Systems and Effluent Treatment Plants are in place & well maintained. The Company is striving to reach towards the goal of Zero Organic Effluent Discharge by means of multiple effect evaporators and incinerators.

During the year, the Company has conducted various training programmes in all units regarding use and importance of PPE's, Safety Awareness and behavior related to safety. Faculties of Bombay Productivity Council conducted training programme on 'Kaizen' and 'Behavior Based Safety in Organization (Industrial Safety Awareness)'. Training programme on First Aid, Fire Fighting and Rescue Operations in any type of emergency is conducted by faculty of Civil Defense, Central Government Agency for the employees of the Company. All units have Fire Hydrant Systems, all types of Fire Extinguishers, Smoke and Heat Detectors to control the fire hazard. Hydrogen Gas leak detectors and Ammonia Gas leak detectors are installed in our units wherever it is required. In all our units, all electrical

fittings are flameproof to avoid fire hazard. Rupture Disc and Safety Valves provided to reaction vessels and distillation units wherever required. Audio Visual Alert Alarm system provided to the reactors wherever there is likely rise in temperature, failure of cooling or chilling system, tripping of agitators. The external Safety Audit as per IS:14489:1998 of all our units which was done by recognised Safety Auditor by Government of Maharashtra. Safety Consultant and Ex - Deputy Director of Department of Industrial Safety and Health has conducted various onsite job training followed by safety related observations. The Company is making continuous efforts to create safer working conditions for the workers.

RESEARCH AND DEVELOPMENT:



The Company's Research & Development (R&D) is recognized by Department of Science and Industrial Research (DSIR), Government of India. It is well-supported by in-house project management team to ensure timely implementation of new products on the commercial scale. We also organize frequent visits of Experts and Professors from Institute of Chemical Technology (ICT) and Council of Scientific and Industrial Research (CSIR) for guidance on product development. In last few years, about 35+ API's (New and Existing) have been developed in lab.

Team work has played a significant role to achieve the financial target which includes one Doctorates, 60 Master Graduates (M. Sc), 15 Graduates (B. Sc) and 35 Engineer Technicians.

SUBSIDIARY:

Pinnacle Life Science Private Limited (PLSPL) is a Wholly owned Subsidiary of Aarti Drugs Limited (ADL). PLSPL was established with a vision of achieving leadership by offering quality and useful pharmaceutical formulations to the World at affordable prices. PLSPL capitalizes the core API strengths of its parent Company and engineers most of the formulations in a cost-effective way. PLSPL contributes around 9.7% of revenue and has opened more avenues of exports for the company.

The company has shown tremendous value addition, through formulation, to existing API products. It started commercial operations in Latin America as well as selective African markets with new registration for export and government tenders. Aarti Drugs Limited and Pinnacle Life Science Private Limited, together present a one stop-shop for major pharmaceutical needs.

During the year, Company has incorporated 2 overseas Subsidiaries and 1 Domestic subsidiary Company. Pinnacle Chile SpA, incorporated in Santiago, Chile, was established for marketing the formulation of drugs and participating in the tender and private market in Chile. Aarti Speciality Chemicals Limited (Wholly Owned Subsidiary), located in Mumbai, India, was founded for carrying on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and/or otherwise dealers in Speciality and other chemicals, pharmaceuticals and drugs. Pinnacle Life Science LLC is another wholly owned subsidiary of your Company, located in Fujairah at United Arab Emirates (U.A.E.) for expanding business and exploring opportunities in the Middle East and North Africa.

SEGMENT-WISE PERFORMANCE:

For the year 2019-20, around 96% of the total Standalone Sales of the Company came from APIs and its allied Intermediate Segment and approximately 4% from the Specialty Chemicals. Within the API Segment, Antibiotic Therapeutic Category contributes to around 44%, Anti-Protozoals around 16%, Anti-inflammatory around 10%, followed by Anti-diabetic, Anti-fungal and Cardioprotectant Therapeutic categories.

FINANCIAL PERFORMANCE:

During FY 2019-20, the company is growing consistently on account of its long-term strategy and robust expansion plan. Due to its global presence with the finest sense of business, it has shown tremendous financial performance.

The top and bottom lines were improved to Rs. 18,061 million and Rs. 1,414 million, achieving a Y-o-Y growth of 15.7% & 57.5% respectively, correspondingly the EBITDA stands at Rs. 2,678 million as against Rs. 2,135 million in the previous year, recording a growth of 25.4%. Increment in Profit after tax followed by effective costing strategy. Overall gearing ratio reduced to 0.58 times from 0.93 times due to effective working capital management, it proved systematic relationship between Total Equities and Total long-term liabilities reflected through positive changes in the net worth from Rs. 5,434 million to Rs. 6,525 million. Due to environmental issues in China during the last year, there were shortages of raw materials which led to increased input costs. As a Company, we are trying to reduce dependency on imports by the way of backward

integration, manufacturing the materials in-house & also developed alternate processes to mitigate the risk of shortages. However, amidst these challenges, the Company was still able to achieve the desired revenue target and also achieving the highest Revenue & PBT till date. With better Working Capital and inventory Management, the Company's overall expenses got reduced, which resulted in the PAT Growth and an improved operating cash flow.

	2020	2019	% Changes
(i) Interest Coverage Ratio	6.2	4.3	44%
(ii) Debt Equity Ratio	0.59	0.91	-35%
(iii) Net Profit Margin (%)	7.79%	5.74%	36%
(iv) Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.	22.33%	17.54%	27%

(i) The EBITDA of the company grew by 25.5% YoY in FY20 due to better demand and efficient operations. On the other hand, the overall working capital utilization decreased, leading to lower working capital interest. Consequently, the Interest Coverage Ratio improved by 44%.

(ii) Due to lower working capital utilization, the working capital debt of the company reduced whereas the net worth grew substantially due to good PAT in FY20. There was a surplus of Free Cash Flows in FY20, which has helped in reducing our Debt-to-Equity Ratio.

(iii) In FY19, due to the shortage of KSMs from China, we had changed a lot of processes for our products which resulted in lower margins in FY19. After continuous efforts we were able to make these new processes more efficient in FY20, resulting in better Net Profit Margins.

(iv) In FY20, the consolidated PAT of the company grew by more than 57.5% due to better margins and good revenue growth. Additionally, in FY20 the company went for the new tax regime thus lowering the overall tax rate of the company, leading to higher PAT.

IMPACT OF COVID-19:

In the initial days of lockdown in March, the Company's manufacturing activities were impacted to a minimal extent as the majority of the employees could not reach the factory location due to restrictions on the movement of manpower, unavailability of transportation, etc. But, on the basis of the Company's product profile, we were granted permissions to operate the manufacturing facilities, movement of critical workforce, materials, etc. For the safety and security of our employees the Company took initiatives such as social distancing,



thermal screening, availability of face masks & sanitizers, awareness campaigns, fumigation, arrangement of Company buses for transportation of staff, sanitation at factories, etc. which gave a boost to the employees' morale and resulted in smooth functioning of the manufacturing activities. Other factors such as the scarcity of logistics facilities, supply and dispatches of raw materials were also affected in the initial stage of lockdown, which has now improved and clocked close to normalcy. As soon as the lockdown commenced, the Company had provided Work from Home facility to the employees of the Mumbai Head Office with necessary connectivity and the Company had ensured that all the IT Security protocols were in place and that all the systems were monitored remotely. The Company has not seen any material impact on the capital & financial resources, profitability and liquidity position and does not foresee any challenge in realizing/recovering its assets as there is no adverse effect on the internal financial reporting and control. However, the Company has implemented stringent control measures across the organization to address any evolving situation resulting from the pandemic. The supply chain is now close to normal and with pharmaceuticals being recognised as essential goods, the Company does not predict any impact on the demand of its products. The Company is well positioned to fulfil its obligations and existing contracts/arrangements. At present, the Company does not foresee any contract/agreements which will have an adverse impact on the business in case of non-fulfilment of obligations by any party.

DISTRIBUTION CHANNELS:

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

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

Human capital is an essential part of our Company. The Company has 1536 permanent employees on a consolidated basis. To enhance the capabilities of our most important assets, our Human Resource Development (HRD) Centre has conducted many training programmes during the year. Apart from in-house training programmes, our team has regularly attended many training sessions and seminars at some of the most prestigious training institutes.

OUTLOOK:

The Company has recently expanded its capacity in anti-inflammatory therapeutic category. The Company has also planned capital expenditure for a few more anti-diabetic products in FY20-21 along with intermediate and specialty products. The recent lockdown announced by the government due to COVID-19 has resulted into some production losses due to labour shortage. However, company has managed to sail through these difficult times keeping its production efficiencies around 70-80% due to essential nature of the business. The Company has taken a lot of measures, in consultation with various government bodies, to maintain proper social distancing, arranging for private transport in some cases, regular check-ups, using proper PPE, periodic fumigations for disinfecting premises etc.

Cautionary Statement:

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



AARTI DRUGS LIMITED

CIN: L37060MH1984PLC055433

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

Phone: 022-2401 9025, Fax: 022-24073462

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

NOTICE

NOTICE is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING** of the members of AARTI DRUGS LIMITED will be held on **Tuesday, the 25th day of August 2020 at 11:30 AM** through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt;
 - (a) The Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Directors' and Auditors thereon; and
 - (b) The Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2020, together with the Report of the Auditors thereon.
2. To appoint Shri Narendra J. Salvi (DIN:00299202) as an Non-executive Director liable to retire by rotation in place of Shri Rajendra V. Gogri (DIN: 00061003), who retires by rotation at the conclusion of this meeting and has not offered for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company and subject to other approvals, if any, the consent of the Company be and is hereby accorded to revise the ceiling limit of basic salary payable to Executive Directors as shown hereunder with effect from April 1, 2020 till the remaining period of their respective tenure

Name of Directors	Basic Salary Per Month (in Rs.)
Shri Prakash M. Patil (Chairman, Managing Director & CEO)	10,00,000
Shri Rashesh C. Gogri (Managing Director)	10,00,000
Shri Harshit M. Savla (Joint Managing Director)	10,00,000
Shri Harit P. Shah (Whole time Director)	10,00,000

RESOLVED FURTHER THAT the Board of Directors (which includes any committee thereof) be and is hereby authorised to vary or increase the basic salary of the Executive Directors from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the ceiling limit mentioned above and overall ceiling limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/ or any guidelines prescribed by the Government from time to time.

RESOLVED FURTHER THAT except the change as stated hereinabove, all other terms & conditions of the principal agreement with them, as approved earlier by the members shall remain unchanged.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, [including any statutory modification(s) or re-enactment thereof for the time being in force], the remuneration of Rs. 3,00,000/- (Rupees



three lakhs only) as approved by the Board of Directors based on the recommendations of the Audit Committee of the Company, to be paid to GMVP & Associates LLP, Cost Accountant, for the conduct of the Audit of the cost accounting records of the Company, for the financial year ending March 31, 2021 be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered Office:

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

Place: Mumbai

Date : May 15, 2020

By Order of the Board

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

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) will be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The deemed venue for the 35th AGM shall be the Registered Office of the Company.
2. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the body corporate can attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM along with Annual Report 2019-20 is being sent only through electronic mode to those members whose e-mail address is registered with the Company or the Depository Participant(s). Members may note that the Notice calling the AGM along with Annual Report has been uploaded on the website of the Company at www.aartidrugs.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 and SEBI circular dated May 12, 2020.
8. The members seeking any information with regards to accounts or any other matters to be placed at the AGM, are requested to write to the Company in advance through email at investorrelations@aartidrugs.com. The same will be replied by the Company suitably.
9. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item Nos. 2 to 4 above is annexed hereto and forms part of the Notice. Further, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") and the provisions of the Secretarial Standard No. 2 on General Meetings, a brief profile of the director proposed to be appointed is set out in the Explanatory Statement to this Notice.



10. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. For obtaining these copies through electronic means Members may write to the Company Secretary by sending an email to investorrelations@aartidrugs.com till the date of the AGM.
11. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited (RTA), immediately of any change in their address and bank details. Members holding shares in dematerialised form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.
12. Members holding shares in dematerialized form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFSC code) and Permanent Account Number (PAN) with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA as the same is mandated by the Securities and Exchange Board of India.
13. The Company has transferred unclaimed amounts of Interim Dividend for the FY 2011-12 & 2012-13 and Final Dividend for FY 2011-12 to the Investor Education and Protection Fund as required under Section 124 and 125 of the Companies Act, 2013.
14. The Company has uploaded the information in respect of the Unclaimed Dividends as on March 31, 2020, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aartidrugs.co.in
- The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority.
- The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express (English) and Aapla Mahanagar (Marathi) published from Mumbai for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to Demat Account of IEPF Authority on its website at www.aartidrugs.co.in under "Investors Section".
15. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not being processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, the Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
16. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. Members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their email addresses to the M/s. Link Intime India Private Limited sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aartidrugs.com
17. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:**

The voting period begins on Saturday, August 22, 2020 at 9:00 AM and ends on Monday, August 24, 2020 at 5:00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, August 18, 2020 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at
<https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
4. Your User ID details are given below :

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.



- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.
4. Now you are ready for e-Voting as the Voting page opens.
 5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 6. Upon confirmation, the message "Vote cast successfully" will be displayed.
 7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Corporate members intending to attend the meeting through their authorised representatives are requested to send to the Company a duly certified scanned copy of the Board or governing body Resolution/ Authorisation etc., authorizing their representatives to attend and to vote on their behalf at the meeting electronically to the Scrutinizer by e-mail to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in.
2. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 35th AGM through VC/OAVM.
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
4. In case of any queries, with respect to remote e-voting or e-voting at the AGM, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or can contact NSDL on evoting@nsdl.co.in or contact Further, please find below details of NSDL officials for queries.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.

Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at amitv@nsdl.co.in

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@aartidrugs.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investorrelations@aartidrugs.com.
3. Alternatively, member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the AGM shall be treated as "INVALID".

4. The details of the persons who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting and reproduced hereunder for convenience;

Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at amitv@nsdl.co.in

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.co.in

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Personal Computer/ Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number/folio number, email id, mobile number at



investorrelations@aartidrugs.com at least 5 days before the date of AGM. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

6. Shareholders can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address mentioning their name, demat account number/folio number, email id, mobile number at investorrelations@aartidrugs.com at least 5 days before the date of AGM. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
7. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied by the Company suitably.
8. Since the AGM will be held through VC/OAVM in accordance with the Circulars mentioned above, the route map, proxy form and attendance slip are not attached to this Notice.

Registered Office:

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

Place: Mumbai

Date : May 15, 2020

OTHER INSTRUCTIONS

1. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Tuesday, August 18, 2020 are entitled to vote on the Resolutions, set forth in this Notice.
2. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of Tuesday, August 18, 2020.
3. A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
4. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the meeting.
5. CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
6. The Scrutiniser shall, after scrutinizing the votes, within forty eight hours from the conclusion of the Meeting, submit a consolidated scrutinizer's report thereon to the Chairman or a person authorised by him in writing which will be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

By Order of the Board

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

Annexure to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 2

In accordance with the provisions of the Act and the Articles of Association of the Company, Shri Rajendra V. Gogri (DIN: 00061003), Non-Executive Director of the Company retires by rotation at the ensuing AGM. Shri Rajendra V. Gogri, who is eligible for re-appointment, has conveyed that he does not intend to seek re-appointment due to pre-occupancy and will retire upon completion of his current term at this AGM.

Pursuant to the provision of Section 152(6)(e) of the Act, the Company may fill up the vacancy caused upon retirement of a director by rotation by appointing some other person thereto.

On the basis of recommendation of Nomination & Remuneration Committee, the Board of Directors in its meeting held on May 15, 2020 has proposed the appointment of Shri Narendra J. Salvi (DIN: 00299202) as Non-executive Director of the Company liable to retire by rotation for approval of the shareholders.

Your Directors recommend the appointment for your approval.

Except Shri Narendra Salvi, none of the other Directors, Key Managerial Personnel of the Company or their relatives is, in anyway, concerned or interested, financially or otherwise, in the said matter.

ITEM NO. 3

The Nomination and Remuneration Committee of the Board, has evaluated performance of the Executive Directors and in accordance with Company's performance and Industry norms, recommended revision in the ceiling limit on Basic Salary as stated in the table below;

Name of Directors	Basic Salary Per Month (in Rs.)
Shri Prakash M. Patil (Chairman, Managing Director & CEO)	10,00,000
Shri Rashesh C. Gogri (Managing Director)	10,00,000
Shri Harshit M. Savla (Joint Managing Director)	10,00,000
Shri Harit P. Shah (Whole time Director)	10,00,000

In line with the regulatory requirements, subject to approval of the members, revised ceiling limit shall be effective from April 1, 2020, while other terms & conditions of the principal agreement(s) with them including commission payable to them shall remain unchanged.

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

Shri Prakash M. Patil, Shri Rashesh C. Gogri, Shri Harshit M. Savla and Shri Harit P. Shah are interested in said resolution. The relatives of Shri Prakash M. Patil, Shri Rashesh C. Gogri, Shri Harshit M. Savla and Shri Harit P. Shah may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

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

ITEM NO. 4

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor for FY 2020-21 was recommended by the Audit Committee to the Board. The Board there by re-appointed GMVP & Associates LLP, Cost Accountant, as Cost Auditor for the conduct of the audit of the cost accounting records of the Company, at a remuneration of Rs.3,00,000/- (Rupees three lakhs only) plus tax as applicable for the financial year ending March 31, 2021.



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

Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

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

Registered Office:

Plot No. N-198, MIDC Tarapur,
Village - Pantermbhi,
Dist. Palghar - 401 506,
Maharashtra

Place: Mumbai
Date : May 15, 2020

By Order of the Board

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

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

Particulars	Shri Narendra J. Salvi (DIN: 00299202)
Date of birth and age	August 16, 1964 (55 years)
Proposed Date of Appointment	August 25, 2020
Qualifications	Master of Science (Organic Chemistry)
Experience and expertise in specific functional areas	He has an experience of 33 years in API (Active Pharmaceuticals Ingredients) Industry. He also serves as Whole time Director of Aarti Industries Limited and responsible for Quality System, Manufacturing, Projects & Developments and Operations of Pharma Division of the Aarti Industries Limited.
Directorships held in other (excluding foreign) Companies	Aarti Industries Limited Aarti Pharmachem Limited
Memberships/Chairmanships of committees companies	NIL
Number of shares held in the Company	NIL
Relationship with other Directors	NIL



BOARD'S REPORT

TO THE MEMBERS OF AARTI DRUGS LIMITED

Your Directors have pleasure in presenting the 35th (Thirty Fifth) Annual Report on the business and operations of the Company together with the Audited Financial Statements along with the Report of the Auditors for the year ended March 31, 2020.

COMPANY'S FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	1,63,492	1,45,425	1,80,609	1,56,094
Other Operating Income	106	251	148	241
Total Income from Operations	1,63,598	1,45,677	1,80,757	1,56,335
Total Expenditure	1,46,939	1,33,291	1,62,675	1,43,609
Profit Before Depreciation, Amortization, Interest and Tax Expenses	25,385	20,557	26,777	21,354
Finance Cost	3,220	3,756	3,373	3,996
Depreciation & Amortization	4,667	4,039	4,875	4,256
Profit before Exceptional Items and Tax	16,660	12,386	18,082	12,726
Exceptional Income	838	377	447	377
Profit Before Tax	17,497	12,762	18,529	13,102
Less: Total Tax Expenses	3,930	4,037	4,389	4,127
Profit after Tax	13,567	8,726	14,140	8,975
Earnings Per Share (₹)	58.12	37.42	60.57	38.48

FINANCIAL PERFORMANCE

During the year under review, Standalone Revenue from operations of the Company is ₹ 1,63,492 lakhs as compared to ₹ 1,45,425 lakhs for FY 2018-19 registering a growth of 12.42%.

The Company has achieved Export Sales of ₹ 55,044 lakhs as against ₹ 54,662 lakhs for the last year, registering a growth of 0.70%.

EBITDA has been ₹ 25,385 lakhs as compared to ₹ 20,557 lakhs for FY 2018-19, registering a growth of 23.49%. PAT has been ₹ 13,567 lakhs as against ₹ 8,726 lakhs for FY 2018-19, grew by 55.48%.

Likewise Consolidated Revenue from operations of the Company is ₹ 1,80,609 lakhs as compared to ₹ 1,56,094 lakhs for FY 2018-19, registering a growth of 15.71%.

On Consolidated basis, Company's EBITDA has been ₹ 26,777 lakhs as compared to ₹ 21,354 lakhs for FY 2018-19, registering a growth of 25.40%. PAT has been ₹ 14,140 lakhs as against ₹ 8,975 lakhs for FY 2018-19, grew by 57.55%.

DIVIDEND

Your Company had declared and paid Interim Dividends of ₹ 2/- (@ 20%) per share (of ₹ 10/- each) aggregating to ₹ 4.66 Crores. To conserve the funds of the Company, your directors are not recommending the final dividend for FY 2019-20.

DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the Listing Regulations, the top 500 listed companies shall formulate a Dividend Distribution Policy. Your company has been classified as Top 500 Company as per market capitalization dated March 31, 2020. However, the Company has already voluntarily adopted

the Policy in this regards setting out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the company. The policy is available on the website of the Company at the weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

TRANSFER TO RESERVES

Your Company has transferred ₹ 13.50 Crores to General Reserves. (Previous year ₹ 8.70 Crores).

SHARE CAPITAL

During the Financial Year 2019-20, the Company has bought back 2,82,100 (Two Lakhs Eighty Two Thousand One Hundred) fully paid – up Equity shares of face value of ₹ 10/- (Rupees Ten only) each representing 1.20% of the total number of Equity shares at a price of ₹ 900/- (Rupees Nine Hundred only) per Equity share (including premium of ₹ 890/- per Equity share) payable in cash for an aggregate amount of ₹ 25,38,90,000/- (Rupees Twenty Five Crores Thirty Eight Lakhs and Ninety Thousand only), on a proportionate basis through the tender offer using stock exchange mechanism in accordance with prevailing regulations. Post Buy-back, the paid– up Equity Share Capital of the Company is ₹ 23,30,00,000/- (Rupees Twenty Three Crores Thirty Lakhs only) divided into 2,33,00,000 (Two Crores Thirty Three Lakhs) Equity shares of ₹ 10/- each (Rupees Ten only).

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY REPORTING

Business Responsibility Reporting for the year under review, as stipulated under Regulation 34 read with SEBI Circular No CIR/CFD/CMD/10/2015 dated 4th November, 2015 is in a separate section forming part of this Annual Report.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Composition

The composition of the Board is in conformity with Section 149 of the Act and Regulation 17 of the Listing Regulations. The Board continues to comprise of 12 (Twelve) Directors out of which 5 (Five) are Executive Directors, 1 (One) Non – Executive Director and 6 (Six) Non-Executive Independent Directors. The Chairman of the Board is an Executive Director.

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

At 34th AGM held on August 6, 2019 members approved a fresh term of appointment including remuneration of Shri Uday M. Patil (DIN: 01186406) who is in the permanent whole time employment of the Company and being Director designated as the Whole time Director for a period of five years effective from April 1, 2019.

Your Directors in its meeting held on May 15, 2020 have proposed the appointment of Shri Narendra Jagannath Salvi



(DIN: 00299202) as Non-executive Director of the Company liable to retire by rotation in place of Shri Rajendra V. Gogri (DIN: 00061003) who retires by rotation at the ensuing Annual General Meeting (AGM) as per the law and Articles of Association of the Company and has not offered for reappointment due to preoccupation for the approval of the shareholders. His brief resume is given in the notice convening AGM.

The Board places on record its appreciation for valuable contribution given by Shri Rajendra V. Gogri towards the success of the Company.

Approval of the Members has been received by passing a Special Resolution through postal ballot for re-appointment of Independent Directors, Shri Ramdas M. Gandhi (DIN: 00029437), Shri Bhavesh R. Vora (DIN: 00267604), Shri Vilas G. Gaikar (DIN: 00033383) for the period of three years and Shri Navin C. Shah (DIN: 01415556), Shri Krishnacharya G. Akamanchi (DIN: 02354032), Smt. Priti P. Savla (DIN: 00662996) for period of 5 years respectively w.e.f. April 1, 2019.

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

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

Independent Director

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

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and that they hold highest standards of integrity.

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

Number of Meetings of the Board

During the year under review, the Board of Directors met 5 (Five) times. The agenda of the meeting was circulated to the members of the Board in advance along with necessary documents, reports, recommendations etc. so that each Board member can actively participate on agenda items during the meeting. The details of Board and Committee Meetings and the attendance of the Directors at such meetings are provided in the Corporate Governance Report, which forms part of this Annual Report. The intervening gap between the meetings was within the prescribed period under the Act and the Listing Regulations.

FAMILIARISATION PROGRAMME

The Company has put in place a system to familiarize the Independent Directors about the Company, its products, business operations in emerging markets, Quality Control and on-going events relating to the Company. The details of such familiarization programmes imparted for Independent Directors are placed on the website of the Company <https://www.aartidrugs.co.in/independent-directors/>

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and the Listing Regulations, the Board of Directors has carried out an internal evaluation of its own performance, Board Committees and Individual Directors. A structured questionnaire was prepared after taking into consideration, various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance of the Board and committees was evaluated by the Board on the basis of discussion and above questionnaire. The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

DISCLOSURES RELATED TO COMMITTEES & POLICIES

1. Audit Committee

The Audit Committee is constituted in conformity with the provisions of Section 177 of the Act and Regulation

18 of the Listing Regulations. The details regarding the composition, terms of reference, meetings and attendance of members of Audit Committee of the Company are disclosed in the report of Corporate Governance, which forms part of this Annual Report.

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

2. Nomination & Remuneration Committee

The Nomination & Remuneration Committee of Directors is constituted in accordance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations. The details regarding composition, term of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

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

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

3. Stakeholders Relationship Committee

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

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

4. Corporate Social Responsibility Committee (CSR)

As per the provisions of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a CSR

Committee and the Board of Directors of the Company has approved CSR Policy based on the recommendations of the CSR Committee.

The CSR Policy is available on the Company's website on the weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

Your Company actively contributes to the following segments –

- Education & Skill Development
- Healthcare
- Disaster relief and rehabilitation
- Social Welfare
- Rural Development
- Women Empowerment
- Water conservation and environment

Your Company through Aarti Foundation and various other NGOs has been doing work in these segments. Many of our Pilot projects had been appreciated by various NGOs and Other Corporate Houses who have also started adopting those models thereby multiplying the magnitude of the reach of these social activities for the benefit of the Society at large.

During the year under review, the Company was required to spend Rs. 232.66 Lakhs (including Rs. 0.92 Lakhs unspent amount of previous year) on CSR Activities. However, the Company has actually spent Rs. 217.67 Lakhs on CSR Activities during the year. Rs. 15 Lakhs remained unspent on account of change in project cost. This unspent amount has been carried forward to next year. The Company is constantly evaluating various projects to fulfil its obligations towards the society.

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

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

Your Company recognizes its human resources as one of its prime resources. Your Company enjoyed excellent relationships with workers and staff during the year under review and consider them their most important assets. Your Company cares for its people, Customers, Suppliers, and community which reflects in the Company's policy, programs and development efforts. As on March 31, 2020, the Company



had 1233 permanent employees at its manufacturing plants and administrative office. Your Company is committed to build and strengthen our human capital by defining policies that support their growth, goals, and help them achieve excellence.

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

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

Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment. Details of Internal Complaints Committee

Status of the Complaints during the FY 2019-20 is as follows:

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

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

PARTICULARS OF EMPLOYEES

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

interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

AUDITORS

a) Statutory Auditor

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

Auditors Report for the year under review forms the part of this Annual Report. The Auditors has not reported any frauds to the Audit Committee under Section 143(12) of the Companies Act, 2013.

b) Cost Auditor

M/s. GMVP & Associates LLP were appointed as Cost Auditor by the Company under Section 148(5) read with Section 141 of the Act. Shareholder's approval is being sought for ratification of the Remuneration proposed to be paid to M/s. GMVP & Associates LLP, Cost Auditor of the Company in respect of Cost Audit for the financial year ended March 31, 2021 as mentioned in the Notice convening 35th AGM.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2019 was September 27, 2019 and the Cost Audit Report was filed on October 1, 2019. The due date for filling the cost audit report for the financial year ended March 31, 2020 is September 27, 2020.

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

c) Secretarial Auditor

Pursuant to provisions of Section 204(1) of the Act and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the financial year ended March 31, 2020 issued by CS Sunil M. Dedhia of Sunil M. Dedhia & Co., Practicing Company Secretaries and the Secretarial Auditor of the Company is annexed as "Annexure - D". During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act.

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

There are no qualification, reservation or adverse remark or disclaimer made by the Auditor in their report. As regards observations of the Statutory Auditors and the Secretarial Auditor in their respective reports in respect to unpaid/ unclaimed, dividend/ shares required to be credited/ transferred to IEPF, it is clarified that delay in credit/ transfer of unpaid/ unclaimed, dividend/ shares have occurred due to technical difficulties.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

In addition to the existing system for internal adequacy and controls, the Company has devised an automated structured Compliance Management System (CMS) that brings together all regulatory requirements under one integrated framework. Through this automated framework users get regular reminders for compliance and at the same time it also enables the checker to track the compliance. Apart from the many other additional features, it provides a comprehensive view of compliance levels and performance across the entire organization through customised reports with accuracy and authenticity.

The Company has appointed M/s. Raman S. Shah & Associates, Chartered Accountants, as an Independent Internal Auditors who periodically audits the adequacy and effectiveness of the internal controls laid down by the

management and suggests improvements. This ensures that all Assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems commensurate with the nature and size of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

BUSINESS RISK MANAGEMENT

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

In compliance with Regulation 21 of the Listing Regulations, Board of Directors has constituted a Risk Management Committee consisting of Shri Prakash M. Patil (Chairman), Shri Rashesh C. Gogri, Shri Harshit M. Savla, Shri Harit P. Shah, Shri Uday M. Patil, Shri Adhish P. Patil and Shri Dhanaji L. Kakade. Main object of the committee is to continuously identify, evaluate and take appropriate measures to mitigate various elements of risks.

SAFETY, HEALTH AND ENVIRONMENT

Your Company is committed to ensure a sound Safety, Health and Environment (SHE) performance related to its activities, products and services. Your Company had been continuously taking various steps to develop and adopt Safer Process technologies and unit operations. Your Company is taking continuous efforts for the adoption of safe & environmental friendly production process. Monitoring and periodic review of the designed SHE Management System are done on a continuous basis.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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



All related party transactions that were entered into during the FY 2019-20 were on an arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

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

The details of Related party transactions are provided in the accompanying financial statements.

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to the provisions of Section 186 of the Act, the details of Loans, Guarantees and Investments made by the Company as at March 31, 2020 are given in the notes to the Financial Statements.

DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 and no amount on

account of principal or interest on public deposits was outstanding as on March 31, 2020.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is enclosed as "Annexure- B" and forms an integral part of the report.

Further, the extract to the Annual Return of the Company can also be accessed on the Company's website www.aartidrugs.co.in

SUBSIDIARY

At the beginning of the FY 2019-20, Company had one subsidiary, namely Pinnacle Life Science Private Limited.

During the year Company has incorporated the following Subsidiary Companies.

Name of Subsidiary	City and Country of Incorporation	Purpose of Incorporation
Pinnacle Chile SpA (95%)	Santiago, Chile	For marketing the formulation drugs and participating the tender and private market in Chile.
Aarti Speciality Chemicals Limited (Wholly Owned Subsidiary)	Mumbai, India	To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and/or otherwise dealers in Speciality and other chemicals, pharmaceuticals and drugs.
Pinnacle Life Science LLC (Wholly Owned Subsidiary)	International Free Zone Authority (IFZA), Fujairah at United Arab Emirates (U.A.E.)	To expand the business and explore the business opportunities in Middle East and North Africa.

The Company has attached along with its financial statements, a separate statement containing the salient features of the Financial Statements of the said Subsidiaries in "Form AOC-1" which is annexed as "Annexure - C".

During the year, the Board of Directors reviewed the affairs of the Subsidiaries. Also in conformity with Section 134 of the Companies Act, 2013 and Rule 8(1) of the Company (Accounts) Rules, 2014, **Note 33** of Consolidated Financial Statement cover the highlights of performance of Subsidiaries and its contribution to the overall performance of the Company during the year.

The Company does not have any Associate Company or Joint Venture. As per Financial Statement for the year ended March 31, 2020, Pinnacle Life Science Private Limited has been classified as the material subsidiary as it fulfills the criteria given under Regulation 16(1)(c) of the Listing Regulations. A policy on Material Subsidiaries had been formulated and is available on the website of the Company at the web link <https://www.aartidrugs.co.in/policies-and-related-documents/>

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Companies Act, 2013 and Regulation 33 of the Listing Regulations and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2019-20, together with the Auditors' Report, form part of this Annual Report.

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the Annual Accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared Annual Accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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



COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

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

GREEN INITIATIVE

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai

Date: May 15, 2020

CAUTIONARY STATEMENT

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

Annexure 'A'

Annual Report on Corporate Social Responsibility (CSR) Activities

(₹ in Lakhs)

A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Corporate Social Responsibility Section of Directors Report contains the requisite details. The CSR policy adopted by the Board of Directors has been uploaded on the Company's website at www.aartidrugs.co.in
The Composition of the CSR Committee	Shri Navin C. Shah (Chairman) – Independent Director Shri Prakash M. Patil – Executive Director Shri Rashesh C. Gogri – Executive Director
Average net profit of the company for last three financial years (Amount in Lakhs)	11,587.07
Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in Lakhs)	231.74
Details of CSR spent during the financial year.	
(1) Total amount to be spent for the F.Y.	232.66 [including ₹ 0.92 Lakhs unspent amount of the previous year]
(2) Amount unspent, if any;	15.00
(3) Manner in which the amount spent during F.Y.	Details given below

CSR project or activity identified	Sector in which the project is covered	Locations where project is undertaken (Local Area / District)	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency*
a) Education and Skill	Rural Development	Palghar District and other various locations in the state of Maharashtra and Gujarat	232.66	68.72	68.72	(Direct as well through Implementing Agency)
b) Health				20.35	20.35	
c) Women Empowerment				11.25	11.25	
d) Eradication of Hunger & Poverty				7.50	7.50	
e) Environment Project				11.45	11.45	
f) Water Conservation				52.60	52.60	
g) Social Welfare				45.80	45.80	
Total				217.67	217.67	

* **Details of Implementing Agency:** Aarti Foundation, Shree Kutchi Visa Oshwal Jain Mahajan (Mumbai), Sanskrutik Vikas Mandal, Lions Club of Tarapur, Investor Education & Welfare Association, Rotary Club of Sarigam, Shree Siddhivinayak Sevabhavi Sansthan, Sushil Trust, Yusuf Meherally Centre, Vichrta Samuday Samarthan Manch (VSSM), Karunah Society for Development, Gramin Vikas Samiti

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

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

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

Place: Mumbai
Date: May 15, 2020



ANNEXURE 'B'

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended March 31, 2020
[Pursuant to section 92(3) of the Companies Act 2013 and rule 12(1) of the Companies
(Management and Administration) Rules 2014]

I. REGISTRATION AND OTHER DETAILS:

i. CIN	L37060MH1984PLC055433
ii. Registration Date	September 28, 1984
iii. Name of the Company	Aarti Drugs Limited
iv. Category / Sub-Category of the Company	Public Company Limited by Shares/ Non-Govt. Company
v. Address of the Registered office and contact details	Plot No. N-198, MIDC Tarapur, Tal. Palghar, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra Tel: 022 – 2407 2249 / 2401 9025 Email: investorrelations@aartidrugs.com
vi. Whether listed company	Yes
vii. Name Address and Contact details of Registrar and Transfer Agent if any	M/s. Link Intime India Private Limited. C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra Tel: 022 – 49186000 Fax: 022-49186060 Email: rnt.helpdesk@linktime.co.in Website: www.linktime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Pinnacle Life Science Private Limited	U24232HP2003PTC030912	Subsidiary	100%	2(87)
2.	Pinnacle Chile SpA	77091384-5	Subsidiary	95%	2(87)
3.	Aarti Speciality Chemicals Limited	U24230MH2019PLC333306	Subsidiary	100%	2(87)
4.	Pinnacle Life Science LLC	J83193AGT	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	11571326	0	11571326	49.07	10778236	-	10778236	46.26	-2.81
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	2791510	0	2791510	11.84	2437789	0	2437789	10.46	-1.37
e) Banks / FI	0	0	0		0	0	0		
f) Any Other-Trust	319946	0	319946	1.36	1099218	0	1099218	4.72	3.36
Sub-total (A) (1):-	14682782	0	14682782	62.26	14315243	0	14315243	61.44	-0.82
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks /FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	14682782	0	14682782	62.26	14315243	0	14315243	61.44	-0.82
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	957571	0	957571	4.06	976768	0	976768	4.19	0.13
b) Banks /FI	1764	0	1764	0.01	25741	0	25741	0.11	0.10
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FII's	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Other (Specify Alternate Investment Funds)	88395	0	88395	0.37	121575	0	121575	0.52	0.15



Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Portfolio Investor	118520	0	118520	0.50	248873	0	248873	1.07	0.57
Sub-total (B)(1):-	1166250	0	1166250	4.95	1372957	0	1372957	5.89	0.95
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	330147	0	330147	1.40	365436	0	365436	1.57	0.17
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3736708	389885	4126593	17.50	3658932	348133	4007065	17.20	-0.30
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2780360	0	2780360	11.79	2673115	0	2673115	11.47	-0.32
c) Others (specify)									
(i) Non Resident Indians	223993	0	223993	0.95	202400	0	202400	0.87	-0.08
(ii) Foreign National	619	0	619	0.00	0	0	0	0.00	0.00
(iii) Trusts	9708	0	9708	0.04	11032	0	11032	0.05	0.01
(iv) Hindu Undivided Family	190564	0	190564	0.81	270466	0	270466	1.16	0.35
(v) Clearing Member	21114	0	21114	0.09	21170	0	21170	0.09	0.00
(vi) IEPF	49970	0	49970	0.21	61116	0	61116	0.26	0.05
Sub-total (B)(2):-	7343183	389885	7733068	32.79	7263667	348133	7611800	32.67	-0.12
Total Public Shareholding (B)=(B)(1)+ (B)(2)	8509433	389885	8899318	37.74	8636624	348133	8984757	38.56	0.82
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	23192215	389885	23582100	100	22951867	348133	23300000	100	0.00

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Aarnav Rashesh Gogri	48304	0.20	-	47666	0.20	-	0.00
2	Aashay Rashesh Gogri	227024	0.96	-	224024	0.96	-	0.00
3	Adhish Prakash Patil	288894	1.23	-	285802	1.23	-	0.00

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
4	Arti Rajendra Gogri	273894	1.16	-	35276	0.15	-	-1.01
5	Arun Moreshwar Patil	15740	0.07	-	17475	0.08	-	0.01
6	Bhoomi Harshit Savla	254090	1.08	-	0	0.00	-	-1.08
7	Chandrakant Vallabhaji Gogri	544908	2.31	-	537386	2.31	-	0.00
8	Harshit Manilal Savla	1086482	4.61	-	1072125	4.60	-	-0.01
9	Hetal Gogri Gala	722430	3.06	-	712885	3.06	-	0.00
10	Indira Madan Dedhia	45951	0.19	-	45450	0.20	-	0.00
11	Jay Manilal Savla	147471	0.63	-	135837	0.58	-	-0.04
12	Jaya Chandrakant Gogri	649561	2.75	-	290978	1.25	-	-1.51
13	Jigna Hiren Shah	149170	0.63	-	144806	0.62	-	-0.01
14	Manisha Rashesh Gogri	48406	0.21	-	47767	0.21	-	0.00
15	Mirik Rajendra Gogri	631506	2.68	-	623160	2.67	-	0.00
16	Prakash M. Patil (HUF)	41873	0.18	-	41321	0.18	-	0.00
17	Prakash Moreshwar Patil	2050342	8.69	-	2123244	9.11	-	0.42
18	Priti Prakash Patil	1041001	4.41	-	1027244	4.41	-	-0.01
19	Rajendra Vallabhaji Gogri	554806	2.35	-	315474	1.35	-	-1.00
20	Rashesh Chandrakant Gogri	992422	4.21	-	1019309	4.37	-	0.17
21	Renil Rajendra Gogri	628144	2.66	-	616269	2.64	-	-0.02
22	Seema Harshit Savla	858007	3.64	-	1147402	4.92	-	1.29
23	Uday Moreshwar Patil	12590	0.05	-	12439	0.05	-	0.00
24	Vishwa Harshit Savla	258310	1.10	-	254897	1.09	-	0.00
25	Aashyav Business Trust	0	0.00	-	350000	1.50	-	1.50
26	Jay Manilal Savla (Trustee of MOMI's Trust)	319946	1.36	-	282218	1.21	-	-0.15
27	Orchid Family Trust	0	0.00	-	232000	1.00	-	1.00
28	Tulip Family Trust	0	0.00	-	235000	1.01	-	1.01
29	Aarti Industries Limited	491790	2.09	-	0	0.00	-	-2.09
30	Aarti Life Science LLP	3460	0.01	-	3419	0.01	-	0.00
31	Alchemie Financial Services Limited	9858	0.04	-	9858	0.04	-	0.00
32	Alchemie Finserv Pvt. Ltd.	466234	1.98	-	466234	2.00	-	0.02
33	Anushakti Enterprise Private Limited	569500	2.41	-	611974	2.63	-	0.21
34	Dilesh Roadlines Pvt Ltd	64696	0.27	-	64696	0.28	-	0.00
35	Gogri Finserv Pvt. Ltd.	785972	3.33	-	885972	3.80	-	0.47
36	Safechem Enterprises Private Limited	400000	1.70	-	395636	1.70	-	0.00
	Total	14682782	62.26	-	14315243	61.44	-	-0.82



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

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Aarnav Rashesh Gogri	48304	0.2	29.05.2019	-638	Buy back	47666	0.20
2	Aashay Rashesh Gogri	227024	0.96	29.05.2019	-3000	Buy back	224024	0.96
3	Adhish Prakash Patil	288894	1.23	29.05.2019	-3825	Buy back	285069	1.22
		285069	1.22	19.03.2020	422	Purchase	285491	1.23
		285491	1.23	23.03.2020	311	Purchase	285802	1.23
4	Arti Rajendra Gogri	273894	1.16	29.05.2019	-3618	Buy back	270276	1.16
		270276	1.16	28.06.2019	-235000	Gift Given	35276	0.15
5	Arun Moreshwar Patil	15740	0.07	29.05.2019	-207	Buy back	15533	0.07
		15533	0.07	01.08.2019	1000	Purchase	16533	0.07
		16533	0.07	02.08.2019	500	Purchase	17033	0.07
		17033	0.07	05.08.2019	442	Purchase	17475	0.08
6	Bhoomi Harshit Savla	254090	1.08	29.05.2019	-3357	Buy back	250733	1.08
		250733	1.08	15.11.2019	-250733	Gift Given	0	0.00
7	Chandrakant Vallabhaji Gogri	544908	2.31	29.05.2019	-7198	Buy back	537710	2.31
		537710	2.31	07.06.2019	-180	Gift Given	537530	2.31
		537530	2.31	11.06.2019	-108	Gift Given	537422	2.31
		537422	2.31	13.06.2019	-36	Gift Given	537386	2.31
8	Harshit Manilal Savla	1086482	4.61	29.05.2019	-14357	Buy back	1072125	4.60
9	Hetal Gogri Gala	722430	3.06	29.05.2019	-9545	Buy back	712885	3.06
10	Indira Madan Dedhia	45951	0.19	29.05.2019	-501	Buy back	45450	0.20
11	Jay Manilal Savla	147471	0.63	29.05.2019	-1921	Buy back	145550	0.62
		145550	0.62	28.02.2020	-4713	Sale	140837	0.60
		140837	0.60	02.03.2020	-5000	Sale	135837	0.58
12	Jaya Chandrakant Gogri	649561	2.75	29.05.2019	-8583	Buy back	640978	2.75
		640978	2.75	28.06.2019	-350000	Gift Given	290978	1.25
13	Jigna Hiren Shah	149170	0.63	29.05.2019	-1912	Buy back	147258	0.63
		147258	0.63	02.03.2020	-2452	Sale	144806	0.62
14	Manisha Rashesh Gogri	48406	0.21	29.05.2019	-639	Buy back	47767	0.21
15	Mirik Rajendra Gogri	631506	2.68	29.05.2019	-8346	Buy back	623160	2.67
16	Prakash M. Patil (HUF)	41873	0.18	29.05.2019	-552	Buy back	41321	0.18
17	Prakash Moreshwar Patil	2050342	8.69	29.05.2019	-27098	Buy back	2023244	8.68
		2023244	8.68	16.08.2019	50000	Purchase	2073244	8.90
		2073244	8.90	19.08.2019	50000	Purchase	2123244	9.11
18	Priti Prakash Patil	1041001	4.41	29.05.2019	-13757	Buy back	1027244	4.41

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
19	Rajendra Vallabhaji Gogri	554806	2.35	29.05.2019	-7332	Buy back	547474	2.35
		547474	2.35	28.06.2019	-232000	Gift Given	315474	1.35
20	Rashesh Chandrakant Gogri	992422	4.21	29.05.2019	-13113	Buy back	979309	4.20
		979309	4.20	12.09.2019	40000	Purchase	1019309	4.37
21	Renil Rajendra Gogri	628144	2.66	29.05.2019	-8301	Buy back	619843	2.66
		619843	2.66	02.03.2020	-3574	Sale	616269	2.64
22	Seema Harshit Savla	858007	3.64	29.05.2019	-11338	Buy back	846669	3.63
		846669	3.63	21.08.2019	25000	Purchase	871669	3.74
		871669	3.74	22.08.2019	25000	Purchase	896669	3.85
		896669	3.85	15.11.2019	250733	Gift Received	1147402	4.92
23	Uday Moreshwar Patil	12590	0.05	29.05.2019	-151	Buy back	12439	0.05
24	Vishwa Harshit Savla	258310	1.1	29.05.2019	-3413	Buy back	254897	1.09
25	Aashyav Business Trust	0	0	28.06.2019	350000	Gift Received	350000	1.50
26	Jay Manilal Savla (Trustee of MOM's Trust)	319946	1.36	29.05.2019	-4228	Buy back	315718	1.36
		315718	1.36	04.06.2019	-500	Sale	315218	1.35
		315218	1.35	12.06.2019	-500	Sale	314718	1.35
		314718	1.35	20.06.2019	-500	Sale	314218	1.35
		314218	1.35	27.06.2019	-500	Sale	313718	1.35
		313718	1.35	01.11.2019	-750	Sale	312968	1.34
		312968	1.34	13.11.2019	-1000	Sale	311968	1.34
		311968	1.34	03.12.2019	-500	Sale	311468	1.34
		311468	1.34	20.12.2019	-1000	Sale	310468	1.33
		310468	1.33	27.12.2019	-1000	Sale	309468	1.33
		309468	1.33	31.12.2019	-750	Sale	308718	1.32
		308718	1.32	10.02.2020	-500	Sale	308218	1.32
		308218	1.32	12.02.2020	-500	Sale	307718	1.32
		307718	1.32	17.02.2020	-500	Sale	307218	1.32
		307218	1.32	20.02.2020	-500	Sale	306718	1.32
		306718	1.32	24.02.2019	-500	Sale	306218	1.31
306218	1.31	26.02.2019	-4000	Sale	302218	1.30		
302218	1.30	27.02.2019	-20000	Sale	282218	1.21		
27	Orchid Family Trust	0	0	28.06.2019	232000	Gift Received	232000	1.00
28	Tulip Family Trust	0	0	28.06.2019	235000	Gift Received	235000	1.01
29	Aarti Industries Limited	491790	2.09	29.05.2019	-6499	Buy back	485291	2.08
		485291	2.08	14.08.2019	-485291	Transfer*	0	0.00



Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
30	Aarti Life Science LLP	3460	0.01	29.05.2019	-41	Buy back	3419	0.01
31	Alchemie Financial Services Limited	9858	0.04	-	-	No change	9858	0.04
32	Alchemie Finserv Pvt. Ltd.	466234	1.98	-	-	No change	466234	2.00
33	Anushakti Enterprise Private Limited	569500	2.41	29.05.2019	-7526	Buy back	561974	2.41
		561974	2.41	22.08.2019	50000	Purchase	611974	2.63
34	Dilesh Roadlines Pvt Ltd	64696	0.27	-	-	No change	64696	0.28
35	Gogri Finserv Pvt. Ltd.	785972	3.33	22.08.2019	100000	Purchase	885972	3.80
36	Safechem Enterprises Private Limited	400000	1.7	29.05.2019	-4364	Buy back	395636	1.70

*Transfer of Shares to Aarti Surfactants Limited pursuant to the composite scheme of arrangement between Aarti Industries Limited, Aarti Surfactants Limited and Nascent Chemical Industries Limited approved by NCLT, Ahmedabad Bench vide its order dated June 10, 2019

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

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	DSP Blackrock	957571	4.06	03.05.2019	1527	Buy	959098	4.07
				10.05.2019	506	Buy	959604	4.07
				17.05.2019	11897	Buy	971501	4.12
				29.05.2019	-7471	Buy back	964030	4.14
				05.07.2019	3780	Buy	967810	4.15
				12.07.2019	2020	Buy	969830	4.16
				19.07.2019	5310	Buy	975140	4.19
				23.08.2019	-738	Sale	974402	4.19
			18.10.2019	2366	Buy	976768	4.19	
2	Jayshree Harit Shah	464465	1.97	29.05.2019	-6137	Buy back	458328	1.97
3	Nikhil Parimal Desai	296681	1.26	29.05.2019	-3579	Buy back	293102	1.26
				27.12.2019	-25000	Sale	268102	1.15
4	Liza Nemjee Savla	234650	1.00	29.05.2019	-3100	Buy back	231550	0.99
				17.01.2020	-6550	Sale	225000	0.97
				07.02.2020	-500	Sale	224500	0.96
				21.02.2020	-1741	Sale	222759	0.96
				28.02.2020	-6654	Sale	216105	0.93

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
5	Samir Pragji Shah	133515	0.57	29.05.2019	-1763	Buy back	131752	0.57
6	Parimal Hasmukhlal Desai	123891	0.53	29.05.2019	-1636	Buy back	122255	0.52
7	UNIFI AIF BLEND FUND#	5041	0.02	19.04.2019	5017	Buy	10058	0.04
				26.04.2019	12460	Buy	22518	0.10
				03.05.2019	6700	Buy	29218	0.12
				10.05.2019	5822	Buy	35040	0.15
				17.05.2019	7053	Buy	42093	0.18
				24.05.2019	805	Buy	42898	0.18
				31.05.2019	1417	Buy	44315	0.19
				14.06.2019	4236	Buy	48551	0.21
				21.06.2019	8700	Buy	57251	0.25
				29.06.2019	643	Buy	57894	0.25
				26.07.2019	4605	Buy	62499	0.27
				02.08.2019	6493	Buy	68992	0.30
				09.08.2019	13990	Buy	82982	0.36
				16.08.2019	9168	Buy	92150	0.40
23.08.2019	7598	Buy	99748	0.43				
30.08.2019	8500	Buy	108248	0.46				
06.09.2019	8622	Buy	116870	0.50				
27.09.2019	4705	Buy	121575	0.52				
8	Tarla Parimal Desai	122933	0.52	29.05.2019	-1624	Buy back	121309	0.52
9	Harit P. Shah (HUF)#	0	0.00	27.12.2019	100000	Buy	100000	0.43
10	Sushma Arun Patil	74515	0.32	29.05.2019	-984	Buy back	73531	0.32
				21.06.2019	1026	Buy	74557	0.32
				12.07.2019	500	Buy	75057	0.32
				26.07.2019	1000	Buy	76057	0.33
				20.09.2019	500	Buy	76557	0.33
11	Parul Samir Shah*	71617	0.31	29.05.2019	-946	Buy back	70671	0.30
12	DSP AIF Pharma Fund*	83354	0.35	05.04.2019	-1122	Sale	82232	0.35
				29.05.2019	-1014	Buy back	81218	0.35
				20.09.2019	-2552	Sale	78666	0.34
				27.09.2019	-78666	Sale	0	0.00

* Ceased to be in top 10 shareholders as on 31.03.2020. The same is reflected above since the shareholder was one of the top 10 shareholders as on 01.04.2019
Not in the list of top 10 shareholders as on 31.03.2019. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2020



v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Prakash Moreshwar Patil	2050342	8.69	29.05.2019	-27098	Buy back	2023244	8.68
		2023244	8.68	16.08.2019	50000	Purchase	2073244	8.90
		2073244	8.90	19.08.2019	50000	Purchase	2123244	9.11
2	Rashesh Chandrakant Gogri	992422	4.21	29.05.2019	-13113	Buy back	979309	4.20
		979309	4.20	12.09.2019	40000	Purchase	1019309	4.37
3	Harshit Manilal Savla	1086482	4.61	29.05.2019	-14357	Buy back	1072125	4.60
4	Harit Pragji Shah	636012	2.70	29.05.2019	-8403	Buy back	627609	2.69
5	Uday Moreshwar Patil	12590	0.05	29.05.2019	-151	Buy back	12439	0.05
6	Rajendra Vallabhaji Gogri	554806	2.35	29.05.2019	-7332	Buy back	547474	2.35
		547474	2.35	28.06.2019	-232000	Gift Given	315474	1.35
7	Ramdas Maneklal Gandhi	7730	0.03	29.05.2019	-102	Buy back	7628	0.03
8	Bhavesh Rasiklal Vora	-	-	-	-	-	-	-
9	Navin Chapsi Shah	-	-	-	-	-	-	-
10	Vilas Gajanan Gaikar	-	-	-	-	-	-	-
11	Krishnacharya Govindacharya Akamanchi	-	-	-	-	-	-	-
12	Priti Paras Savla	-	-	-	-	-	-	-
13	Adhish Prakash Patil	288894	1.23	29.05.2019	-3825	Buy back	285069	1.22
		285069	1.22	19.03.2020	422	Purchase	285491	1.23
		285491	1.23	23.03.2020	311	Purchase	285802	1.23
14	Rushikesh Vivek Deole	-	-	-	-	-	-	-

V. INDEBTEDNESS:

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

(₹ In lakhs)

Particular	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
1 Principal Amount	37,615.86	9,435.44		47,051.31
2 Interest due but not paid	--	-		-
3 Interest accrued but not due	28.64	27.79		56.43
Total (1+2+3)	37,644.50	9,463.23		47,107.73
Change in Indebtness during the financial year				
Addition	36,871.45	45,796.13		82,667.58
Reduction	45,659.72	47,177.79		92,837.51
Net Change	(8,788.27)	(1,381.66)		(10,169.93)
Indebtness at the end of the financial year				
1 Principal Amount	28,827.59	8,053.78		36,881.37
2 Interest due but not paid	-	-		-
3 Interest accrued but not due	71.10	-		71.10
Total (1+2+3)	28,898.69	8,053.78		36,952.48

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration Name	Name of MD/WTD/ Manager					Total Amount	
		Prakash M. Patil CMD	Rashesh C. Gogri MD	Harshit M. Savla JT. MD	Harit P. Shah WTD	Uday M. Patil WTD		
1	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69.04	58.51	58.51	58.51	13.04	257.61	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961							
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-	
2	Stock Option	-	-	-	-	-	-	
3	Sweat Equity	-	-	-	-	-	-	
4	Commission							
	- as % of profit	121.89	121.89	121.89	121.89	-	487.54	
	- others, specify	-	-	-	-	-	-	
5	Others, please specify	-	-	-	-	-	-	
	Total (A)	190.92	180.4	180.4	180.4	13.04	745.15	
	Ceiling as per the Act		10% of the Net Profits of the Company					

B. Remuneration to other Directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration Name	Name of Director					Total amount	
		Ramdas M. Gandhi	Bhavesh R. Vora	Vilas G.Gaikar	Navin C. Shah	K. G. Akamanchi		Priti P. Savla
1.	Independent Directors							
	a. Fees for attending Board/ Committee Meeting	0.70	0.90	0.20	0.90	0.30	0.40	3.40
	b. Commission	-	-	-	-	-	-	-
	c. Others (please specify)	-	-	-	-	-	-	-
	Total (1)	0.70	0.90	0.20	0.90	0.30	0.40	3.40
	Other Non-executive Directors	Rajendra V. Gogri	-	-	-	-	-	-
	a. Fees for attending Board/ Committee Meeting	0.40	-	-	-	-	-	0.40
	b. Commission	-	-	-	-	-	-	-
	c. Others (please specify)	-	-	-	-	-	-	-
	Total (2)	0.40	-	-	-	-	-	0.40
	Total Managerial Remuneration (B)= (1+2)	1.10	0.90	0.20	0.90	0.30	0.40	3.80
	Overall ceiling as per the Act		1% of net profits of the Company					



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

(₹ in lakhs)

Sr. No	Particulars of Remuneration	Name of KMP		
		Prakash M. Patil CEO	Adhish P. Patil CFO	Rushikesh V. Deole CS
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	69.04	58.38	6.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	121.89	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	190.92	58.38	6.00

vii) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made if any (give Details)
-	-	-	-	-	-

For and on behalf of the Board

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

Place: Mumbai
 Date: May 15, 2020

ANNEXURE 'C'

FORM AOC-1

[Pursuant to first proviso to sub – section (3) of Section 129 read with Rule 5 of Companies (Account) Rules, 2014]

Statement containing salient features of Financial Statements of Subsidiaries (Amount in Lakhs except % of Shareholding)

Part "A" -Subsidiaries

Sr. No.	Name of Subsidiary Company	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision on for Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
1.	Pinnacle Life Science Pvt. Ltd.	INR	778.27	29,88.94	11,461.19	11,461.19	0.5	20,893.17	1,080.36	459.00	621.36	0.00	100
2.	Aarti Speciality Chemicals Limited	INR	25	(1.89)	25	25	0.00	0.00	(1.89)	0.00	(1.89)	0.00	100
3.	Pinnacle Life Science LLC	AED	0.00	(0.07)	0.00	0.00	0.00	0.00	(0.07)	0.00	(0.07)	0.00	100
4.	Pinnacle Chile SpA	CLP	322.91	(48.78)	322.36	322.36	0.00	32.55	(48.78)	0.00	(48.78)	0.00	95

The Financial Statement of Pinnacle Life Science LLC and Pinnacle Chile SpA. Whose reporting currency other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. As at 31st March, 2020 AED 1 = 20.27 INR and CLP 1 = 0.091 INR.

For and On behalf of the Board

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

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

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
Rushikesh V. Deole
Company Secretary

Place: Mumbai
Date: May 15, 2020



ANNEXURE 'D'

Form No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020
(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2020 ('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which were not applicable to the Company during Audit Period;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which were not applicable to the Company during Audit Period;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 which were not applicable to the Company during Audit Period;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were not applicable to the Company during Audit Period; and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, **except that there have been delays in crediting unpaid dividend amounts and shares in respect of which dividends were unpaid or unclaimed for the seven years due to be transferred during the Audit Period to Investor Education and Protection Fund (IEPF) in few cases.**

I further report that based on review of compliance system prevailing in the Company and on the basis of the Compliance Certificate(s) issued by the Senior Management officials and taken on record by the Board of Directors at their meetings, I am of the opinion that the Company has adequate systems and processes in place commensurate with its size and nature of operations to monitor and ensure compliance with the following laws applicable specifically to the Company:

- (a) Drugs & Cosmetics Act, 1940 and rules made thereunder;
- (b) Narcotic Drugs and Psychotropic Substances Act, 1985;
- (c) The Insecticides Act, 1968;
- (d) Explosives Act, 1884 and Rules made thereunder;
- (e) Air (Prevention and Control of Pollution) Act 1981;
- (f) Water (Prevention and Control of Pollution) Act 1974;
- (g) The Noise (Regulation and Control) Rules 2000;
- (h) Environment Protection Act, 1986 and other environmental laws;
- (i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950;
- (j) Public Liability Insurance Act, 1991; and

- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

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

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

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

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

I further report that during the Audit Period under review, the Company had bought back 2,82,100 Equity shares of Rs. 10/- each representing 1.20% of the total number of Equity shares at a price of Rs. 900/- per Equity share for an aggregate amount of Rs. 25,38,90,000/- on a proportionate basis through the tender offer using stock exchange mechanism in accordance with prevailing regulations and except this, in my view, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

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

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

FCS No: 3483 C.P. No. 2031

UDIN: F003483B000464526

Place: Mumbai

Date: July 16, 2020



ANNEXURE

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

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

- (1) Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- (2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- (3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (4) Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Sd/-
CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
FCS No: 3483 C.P. No. 2031
UDIN: F003483B000464526

Place: Mumbai
Date: July 16, 2020

ANNEXURE 'E'

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

1. CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken:

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

- We have conducted regular energy audit and steam audits to check and improve the performance of equipments running in plant and utility.
- We have converted external furnace coal fired to semi fluidized boiler to improve steam to coal ratio.
- Tuning of boilers/ thermopacs for optimum Air–Fuel ratio to increase efficiency.
- Condensate recovery improved to reduce fuel consumption.
- We have conducted pilot trials on ATFD to remove residual solvent from feed and improve the yield of product. This has improved solvent recovery and product quality.
- Installation of multiple effect evaporator to achieve zero liquid discharge
- We are using Energy efficient motors (high power factor motors) which saves around 3-5% energy.
- Use of membrane type filter press for corrosive products instead of ANF and centrifuge. Product coming from it has less moisture content and use of nitrogen is also reduced. Energy required for operation is also less.

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

Measures for reduction in energy consumption includes:

- We are planning to use ATFD commercially to improve solvent recovery and yield in some products.
- We are planning to install bag filters to coal fired boilers in place of wet scrubber to minimize effluent load from plant and air pollution load.
- We are planning to install MVR for effluent evaporation. MVR has much more steam economy than MEE.



I	Power & Fuel Consumption	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
1	Electricity		
	Purchased Units (KWH)	7,29,66,365	6,44,72,331
	Total Amount (₹ In Lakhs)	6,508.36	5,484.38
	Per Unit (₹)	8.92	8.51
2	Furnace Oil		
	Purchased Units (MT)	876.23	816.90
	Total Amount (₹ in Lakhs)	276.86	283.25
	Per Unit (₹) (Per Kg)	31.60	34.67
3.	Coal		
	Consumption (Unit)	9,22,48,420	6,97,71,215
	Total Amount (₹ In Lakhs)	2,554.00	1,762.58
	Rate Per Unit	2.77	2.53
4.	Steam		
	Consumption(unit)	2,78,22,526	2,27,47,966
	Total Amount (₹ In Lacs)	458.48	428.60
	Rate Per Unit	1.65	1.88
5.	Others (₹ In Lakhs)		
	Diesel (₹ in Lakhs)	81.14	96.08

II. Consumption per unit of production:

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

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- The Company has successfully developed and validated the manufacturing process for Moxifloxacin HCL. It is a multi-stage product. All the stages are developed successfully in the R&D lab by the Company. The commercial Production of moxifloxacin HCL already started during second quarter of 2019-20. Optimization and validation of Process done as per E.P. and IP.
- The company has successfully developed and validated the manufacturing process of Sodium Salt of Para toluene sulfinate on commercial scale. Optimization and commercial product is started.
- The company has successfully developed manufacturing process for 1,1Cyclohexyl diacetic acid & Its mono amide (an intermediate of gabapentin). process optimisation (raw material, quality etc) work completed in pilot. The company has scaled up on commercial scale.
- Company has successfully validated and commercialized new route of synthesis for Teneligliptin HBr and it's intermediate. Process is validated in pilot plant & ready for commercialization.
- Company has successfully validated and commercialized new route of synthesis for Vildagliptin and it's intermediate. Process is validated in pilot plant & ready for commercialization.
- The Company has also developed cost-effective process to compete China for Antibiotic and it's intermediates, Antidiarrhoeals and Antidiabetics. The company has also carried out process improvement work which leads to improvement in quality as well as cost-reduction. The

company is making continuous effort to further improve quality of all API's which the company supplies.

- The company had also successfully worked on Cyclopropane Carboxylic acid in pilot & it is ready for commercialization.
- The company has successfully developed process for Enrofloxacin using ATFD to reduce manufacturing cost in pilot.
- The company has successfully reduced cost of Activated carbon & its disposal in Metformin hydrochloride on commercial scale.
- Company has successfully developed new purification process for Vildagliptin and validated.
- The Company has developed new purification method for Gatifloxacin
- Cost effective optimization of manufacturing process of Para toluene sulfonyl chloride for smoother operations and better quality. Reduction of Quantity of Water by recycling water without effect on quality.
- Company is working on various existing products & its back Integration to minimize cost burden as well as dependency.

3. RESEARCH AND DEVELOPMENT (R&D)

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

(A) Specific areas in which R&D carried out by the company during the 2019-2020

The focus area of the company's R&D effort during 2019-20 includes:

- We specially focused on recovery of usable by-products and side products from waste streams to reduce Organic load of effluent treatment

plant. By-products/ side products recovery from Clopidogrel API is best examples. We also recovered Aniline from aqueous of diclofenac sodium and recycled different aqueous stream of diclofenac sodium to reduce fresh water consumption. We also developed process for to isolate glycolic acid and sodium chloride salt from diclofenac aqueous stream.

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

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

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

(C) Future plan of action:

1. Further improvement in process efficiencies of existing products.



2. The company expects to file new DMFs and also to update the existing ones during the year 2020-21 with global regulatory authorities. This would help increase exports to regulated markets with better margins by supply of generic APIs too.
3. Development of cost effective processes/ technology for APIs of the semi-regulated & non- regulated Markets.
4. Development of green process with the help of Innovative technology.

(D) Expenditure on R & D

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Capital	199.76	332.99
Revenue	442.88	397.85
Total	642.64	730.84

4 . FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Total Foreign Exchange Earned (FOB)	51,058.71	50,222.01
Total Foreign Exchange Earned (CIF)	52,242.77	51,271.64
Total Foreign Exchange Used		
CIF Value of Imports:		
- Raw Material	63,229.19	52,042.43
- Capital Goods	73.74	327.64
Expenditure in foreign currency		
- Commission	893.30	521.85
- Travelling Expenses	21.33	29.74
- Sales Promotion	41.50	26.05
- Foreign Bank charges	95.55	81.35
- Interest on F.C.loan	586.17	800.16
- Others	69.73	53.67
Total	65,010.50	53,882.89

For and on behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai
Date: May 15, 2020

CORPORATE GOVERNANCE REPORT

The Company's Report on Corporate Governance for the financial year ended March 31, 2020 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations")

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

The Company is committed to maintain high standards of Corporate Governance to achieve business excellence and strengthen the confidence of all stakeholders.

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

BOARD OF DIRECTORS

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

There were no changes in the Board composition during the year. The Board is constituted with appropriate combination of Executive, Non-Executive and Independent Directors. The Board as on March 31, 2020 continues to comprise of 12 Directors of whom 5 (Five) are Executive, 1 (one) is Non-Executive and 6 (Six) are Non-Executive Independent Directors.

Name of Director	Category	Directorship held in other listed entities	No. of other Directorships* (excluding Aarti Drugs Limited)	No. of Committee Membership in other Companies** (excluding Aarti Drugs Limited)		No. of Board Meetings Attended	Attendance at last AGM held on August 6, 2019
				Chairman	Member		
Shri Prakash M. Patil DIN: 00005618	Promoter / Executive / Chairman, Managing Director & Chief Executive Officer	-	None	None	None	4	Yes
Shri Rashesh C. Gogri DIN: 00066291	Executive / Managing Director	Aarti Industries Limited (Managing Director)	2	None	2	4	No
Shri Harshit M. Savla DIN: 00005340	Promoter / Executive / Joint Managing Director	-	1	None	None	5	Yes
Shri Harit P. Shah DIN: 00005501	Executive / Whole – time Director	-	2	None	None	5	Yes
Shri Uday M. Patil DIN: 01186406	Executive / Whole – time Director	-	None	None	None	3	Yes



Shri Rajendra V. Gogri DIN: 00061003	Promoter / Non –Executive Director	Aarti Industries Limited (Promoter/ Chairman & Managing Director)	1	None	2	4	No
Shri Ramdas M. Gandhi DIN: 00029437	Non - Executive / Independent	Independent Director of Aarti Industries Limited and Vinyl Chemicals (India) Limited	2	1	2	4	No
Shri Bhavesh R. Vora DIN: 00267604	Non - Executive / Independent	Aarti Industries Limited (Independent Director)	1	None	1	5	No
Shri Navin C. Shah DIN: 01415556	Non - Executive / Independent	-	None	None	None	5	Yes
Shri Vilas G. Gaikar DIN: 00033383	Non - Executive / Independent	-	None	None	None	1	No
Shri Krishnacharya. G. Akamanchi DIN: 02354032	Non - Executive / Independent	-	None	None	None	3	No
Smt. Priti P. Savla DIN: 00662996	Non - Executive / Independent	Aarti Industries Limited (Independent Director)	1	None	1	4	No

Notes:

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

**Chairmanship / Membership of Committee include Audit Committee and Stakeholders Relationship Committee only

The number of Directorships, Chairmanship/ Membership in Committees of all Directors is within prescribed limits under Companies Act 2013 and Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b) Board Meetings:

The Board meets at regular intervals to discuss and decide on business strategies/policies and to review the financial performance of the Company and its Subsidiary. During the year under review, 5 (Five) Board Meetings were held on following dates

Board Meeting(s)	I	II	III	IV	V
Dates	May 15, 2019	July 26, 2019	October 23, 2019	December 7, 2019	February 6, 2020

The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and Regulation 17(2) of the SEBI Regulations.

c) Disclosure of Relationships between the Directors inter-se

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

d) Shares held by Non-Executive Directors in the Company as on March 31, 2020

Name	Number of shares held	% of total shareholding
Shri Rajendra V. Gogri	3,15,474	1.35%
Shri Ramdas M. Gandhi	7,628	0.03%
Shri Bhavesh R. Vora	-	-
Shri Navin C. Shah	-	-
Shri Vilas Gaikar	-	-
Shri Krishnacharya G. Akamanchi	-	-
Smt. Priti P. Savla	-	-

e) Code of Conduct and Insider Trading:

The Company's Code of Conduct laid down by the Board of Directors is applicable to all the Directors and Senior Management of the Company. The Code of Conduct is posted on the Company's website on the web link <https://www.aartidrugs.co.in/code-of-conduct/>

All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2020. A declaration to this effect, duly signed by the Chairman, Managing Director & Chief Executive Officer is annexed hereto, also declaration with regards to compliance with the Code of Conduct have been received from all the Board Members and Senior Management Personnel.

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

procedures to be followed and disclosures to be made while trading in the Company's shares from time to time. The same is posted on the Company's website on the web link <https://www.aartidrugs.co.in/insider-trading-regulation/>

f) Directors Competence/ Skills/Expertise Chart

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

- i) **Industry Experience:** The experience in Pharma and Chemical industry is seen as the most significant considering the nature of business of the Company.
- ii) **International Business experience:** Experience in leading businesses in different geographies with knowledge and understanding of key geographies/markets around the world.
- iii) **General management/Governance:** Strategic thinking, decision making, protecting interest of all stakeholders and responsibilities towards customer, employees, suppliers, regulatory bodies and the communities in which it operates.
- iv) **Financial skills:** Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc.
- v) **Technical skills and professional skills** and knowledge including legal and regulatory aspects.



Name of Directors	Industry Experience	International Business	General Management/ Governance	Financial Skills	Technical Skills	Professional Skills (Finance, Banking, Legal)
Prakash M. Patil	✓	✓	✓	✓	✓	-
Rashesh C. Gogri	✓	✓	✓	✓	✓	-
Harshit M. Savla	✓	✓	✓	✓	✓	-
Harit P. Shah	✓	✓	✓	✓	✓	-
Uday M. Patil	✓	✓	✓	✓	✓	-
Rajendra V. Gogri	✓	✓	✓	✓	✓	-
Ramdas M. Gandhi	-	-	✓	✓	-	✓
Bhaves R. Vora	-	-	✓	✓	-	✓
Navin C. Shah	-	-	✓	✓	-	✓
Vilas G. Gaikar	✓	-	✓	✓	✓	-
Krishnacharya G. Akamanchi	✓	-	✓	✓	✓	-
Priti P. Savla	-	-	✓	✓	-	✓

g) Independent Directors:

During the year under review, the Independent Directors met on May 15, 2019 inter-alia:

- i. To review the performance of all the Non-independent Directors and the Board of Directors as a whole;
- ii. To review the performance of the Chairperson taking into account the views of Executive Directors and Non-Executive Directors
- iii. To assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board of Directors to effectively and reasonably perform their duties.

h) Criteria for Appointment of Independent Directors

The Nomination and Remuneration Committee while considering proposal for appointment of Independent Directors also considers the criteria of independence of Directors prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors have confirmed that they meet the criteria of independence laid down under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

i) Confirmation by the Board on fulfilment of Independence of the Independent Directors

The Board also hereby confirms that the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

j) Familiarization Programme:

A Company has in place system to familiarize the Independent Directors with the organization, its products, business and on-going events. The details of familiarization programme are disclosed on the Company's website on the weblink <https://www.aartidrugs.co.in/independent-directors/>

COMMITTEES OF THE BOARD

1. AUDIT COMMITTEE

The Audit Committee has been constituted in line with

the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI LODR Regulations.

Functional heads/ representatives, as and when required and Internal Auditors, Cost Auditors, Statutory Auditors, CFO of the Company and Company Secretary who acts as Secretary to the Audit Committee attended the Audit Committee Meetings to respond to queries raised at the Committee Meetings. All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise.

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

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
- Statement of deviations.

a) Terms of Reference

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

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

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the "Directors responsibility Statement".
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listed and other legal requirements relating to financial statement
 - Disclosure of any related party transaction
 - Qualifications/ modified opinion(s) in the draft audit report
- v) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- vi) Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization



of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

- vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the Company with related parties;
- ix) Scrutiny of inter-corporate loans and investments;
- x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi) Evaluation of internal financial controls and risk management systems;
- xii) Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv) Discussion with internal auditors of any significant findings and follow up thereon;
- xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there

is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii) To review the functioning of the Whistle Blower Mechanism;
- xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx) Carrying out any other function as is included in the terms of reference of the Audit Committee.
- xxi) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

b) Composition and meetings of Audit Committee in FY 2019-20

Members	Category	Date	15-May -19	26- Jul -19	23 – Oct -19	6-Feb-20
		Venue	Mumbai	Mumbai	Mumbai	Mumbai
		Timing	11:00 AM	11:00 AM	11:00 AM	11:30 AM
Shri Ramdas M. Gandhi (Chairman)	Independent Director	3	-	✓	✓	✓
Shri Bhavesh R. Vora	Independent Director	4	✓	✓	✓	✓
Shri Navin C. Shah	Independent Director	4	✓	✓	✓	✓
Shri Vilas G. Gaikar	Independent Director	1	-	✓	-	-
Shri Prakash M. Patil	Executive Director	4	✓	✓	✓	✓
Shri Rashesh C. Gogri	Executive Director	4	✓	✓	✓	✓

2. NOMINATION & REMUNERATION COMMITTEE

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

a) Terms of Reference:

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

- i) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board, policy relating to the remuneration of the Directors, key managerial personnel and other employees;

- ii) To formulate the criteria for evaluation of all the Directors on the Board;
- iii) To devise a policy on Board diversity;
- iv) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal and
- v) To decide whether to extent or continue the terms of appointment of the independent director, on the basis of report of performance evaluation of independent directors.
- vi) Recommend to the board, all remuneration, in whatever form, payable to senior management.

b) Composition of NRC and its meeting in the FY 2019-20

Members	Category	15-May -2019
		Mumbai 10:30 AM
Shri Bhavesh R. Vora (Chairman)	Independent Director	✓
Shri Ramdas M. Gandhi	Independent Director	✓
Shri Vilas G. Gaikar	Independent Director	-
Shri Prakash M. Patil	Executive Director	✓
Shri Rajendra V. Gogri	Non-Executive Director	✓

c) Performance Evaluation Criteria for Independent Directors

The criteria for performance evaluation cover areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by entire Board of Directors without presence of the directors being evaluated.

d) Managerial Remuneration

i) Policy on Nomination and Remuneration

A person to be appointed as Director, Key Managerial Personnel (KMP) or at Senior Management level should possess adequate and relevant qualification, expertise and experience for the position that he/she is being considered for. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is posted on the website of



the Company on the weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

The Remuneration policy for all the employees are designed in a way to attract talented executives and remunerate them fairly and responsibly, this being a continuous ongoing exercise at each level in the organization.

ii) Executive Directors

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

iii) Non-executive Directors

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

iv) Key Managerial Personnel [KMP] and other employees

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

v) Details of Remuneration to all Directors for the year ended March 31, 2020

(₹ In Lakhs)

Name of Director	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Prakash M. Patil	69.04	121.89	-	190.92
Shri Rashesh C. Gogri	58.51	121.89	-	180.40
Shri Harshit M. Savla	58.51	121.89	-	180.40
Shri Harit P. Shah	58.51	121.89	-	180.40
Shri Uday M. Patil	13.04	-	-	13.04
Shri Rajendra V. Gogri	-	-	0.40	0.40
Shri Ramdas M. Gandhi	-	-	0.70	0.70
Shri Vilas G. Gaikar	-	-	0.20	0.20
Shri Bhavesh R. Vora	-	-	0.90	0.90
Shri Krishnacharya G. Akamanchi	-	-	0.30	0.30
Shri Navin C. Shah	-	-	0.90	0.90
Smt. Priti P. Savla	-	-	0.40	0.40

Note:-

- All the Executive directors are appointed under the contract 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.
- No Stock options has been given to the Directors.

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

a) Terms of Reference:

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

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

b) Composition of SRC and its meeting in FY 2019-20

Members	Category	15-May-2019 Mumbai 9:00 AM
Shri Rajendra V. Gogri (Chairman)	Non-executive Director	✓
Shri Bhavesh R. Vora	Independent Director	✓
Shri Harshit M. Savla	Executive Director	✓
Shri Harit P. Shah	Executive Director	✓

c) Shareholders' complaints:

During the year under review, 6 Complaints were received through SCORES portal of SEBI. All the Complaints were resolved to the satisfaction of the shareholders whereas 1 (one) Complaint was pending as on March 31, 2020 which has been resolved before the date of this report.

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

a) Pursuant to provisions of Section 135 of the Companies Act, 2013 Corporate Social Responsibility Committee (hereinafter referred as "CSR Committee") of the Board has been constituted. The Company Secretary acts as the Secretary to the Committee. Based on the recommendation of CSR Committee, the Company has adopted CSR policy which is displayed on the website of the Company on the weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

b) Terms of Reference

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

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



c) Composition of CSR Committee and its meeting held in the FY 2019-2020

Members	Category	15-May-2019
		Mumbai 10:00 AM
Shri Navin C. Shah (Chairman)	Independent Director	✓
Shri Prakash M. Patil	Executive Director	✓
Shri Rashesh C. Gogri	Executive Director	✓

GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2017	Friday, August 18, 2017 At 2.30 pm	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, Dist.- 401 506, Maharashtra.	Special Resolution was passed for the following items – i. Re-appointment of Shri Prakash M. Patil as Managing Director of the Company pursuant to Section 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013. ii) Alteration of Articles of Association pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013.
2018	Friday, August 10, 2018 At 11:30 am	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, Dist.- 401 506, Maharashtra.	No Special Resolution was passed.
2019	Tuesday, August 6, 2019 At 11:30 am	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, Dist.- 401 506, Maharashtra.	No Special Resolution was passed.

During the year under review, no resolutions were passed through postal ballot and no special resolution is proposed to be conducted through Postal Ballot at the forthcoming AGM.

Subsidiary Company:

Pinnacle Life Science Private Limited is wholly – owned subsidiary of the Company. Shri Bhavesh R. Vora, Independent Director of the Company is also an Independent Director on the Board of Pinnacle Life Science Private Limited.

During the year Company has incorporated the following subsidiary Companies.

Name of Subsidiary	City and Country of Incorporation	Purpose of Incorporation
Pinnacle Chile SpA	Santiago, Chile	For marketing the formulation drugs and participating the tender and private market in Chile.
Aarti Speciality Chemicals Limited (Wholly Owned Subsidiary)	Mumbai, India	To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and/ or otherwise dealers in Speciality and other chemicals, pharmaceuticals and drugs.
Pinnacle Life Science LLC (Wholly Owned Subsidiary)	International Free Zone Authority (IFZA), Fujairah at United Arab Emirates (U.A.E.)	To expand the business and explore the business opportunities in Middle East and North Africa.

The Audit Committee reviews, the financial statements, particularly the investments made by the Non-Listed Subsidiary Companies. The Minutes of the Subsidiary are placed before the Board of Directors of the Company and the Directors are informed about all the significant transactions and arrangements entered into by the Subsidiary Companies.

MEANS OF COMMUNICATION:

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

GENERAL SHAREHOLDERS INFORMATION:

i. The day, date, time & venue of the 35th Annual General Meeting:

Day	Date	Time
Tuesday	August 25, 2020	11:30 AM

The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

ii. Tentative Financial Calendar:

Financial Year	April 1, 2020 to March 31, 2021
Adoption of Quarterly Results for the quarter ending:	
June, 2020	4 th week of July, 2020
September, 2020	Last week of October/ 1 st week of November, 2020
December, 2020	Last week of January/ 1 st week of February, 2021
March, 2021	1 st /2 nd week of May, 2021

iii. Record Date:

Tuesday, August 18, 2020



iv. Listing on Stock Exchanges:

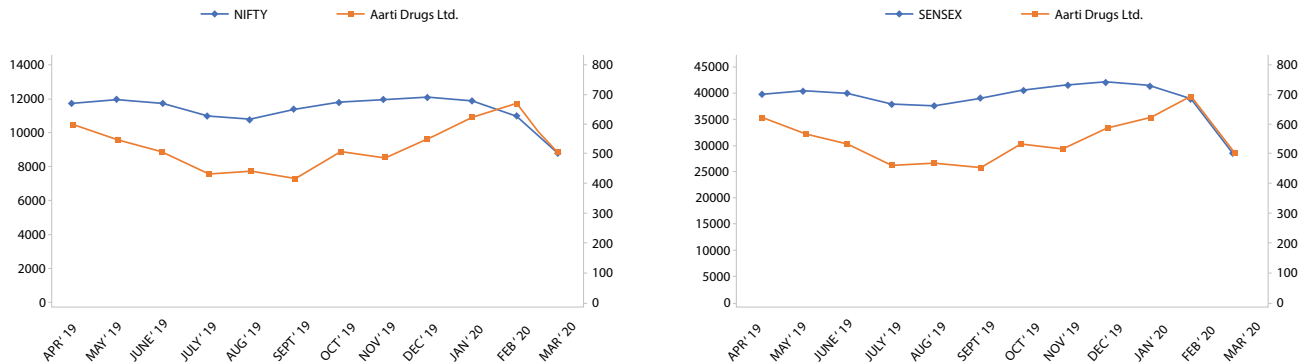
Stock Exchange	Stock Code/ Symbol
BSE Limited	
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001,	524348
National Stock Exchange of India Limited	
“Exchange Plaza”, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AARTIDRUGS

v. Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories.

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

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-19	643.00	613.20	27,153	645.30	613.50	1,74,072
May-19	623.50	548.05	31,584	622.00	554.00	2,06,821
Jun-19	572.00	512.00	29,288	608.35	508.30	1,73,288
Jul-19	549.90	457.05	17,988	534.60	456.00	1,77,727
Aug-19	510.00	419.30	14,803	539.45	427.00	4,33,129
Sep-19	485.00	432.45	45,705	488.85	434.00	4,58,223
Oct-19	556.25	438.85	26,994	555.80	432.20	2,74,612
Nov-19	560.00	492.15	30,345	545.00	502.20	2,05,623
Dec-19	624.40	493.20	28,122	624.90	493.05	3,86,378
Jan-20	648.15	558.40	53,741	648.90	556.65	6,56,276
Feb-20	812.65	579.45	1,64,959	811.95	576.85	16,63,246
Mar-20	733.00	422.25	77,411	729.00	421.00	7,57,953

vii. Performance in comparison to broad based indices

viii. Registrar & Transfer Agents & Address for Correspondence

M/s. Link Intime India Pvt. Ltd.

C-101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai – 400 083,
Tel. No. +91 22 49186000 | Fax No. 022 – 4918 6060
Email ID: mt.helpdesk@linkintime.co.in | Website: www.linkintime.co.in

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

ix. Share transfer System:

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings

to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorised by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

x. Shareholding Pattern as on March 31, 2020:

Category	No. of Shares	%
Promoter and Promoter Group	14315243	61.44
Mutual Funds	976768	4.19
Alternate Investment Funds	121575	0.52
Foreign Portfolio Investors	248873	1.07
Financial Institutions/ Banks	25741	0.11
Public	6680180	28.67
Others	931620	4.00
Total	23300000	100.00

xi. Distribution of Shareholding as on March 31, 2020

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 500	17852	90.28	1851715	7.95
501-1000	1039	5.25	777115	3.34
1001-2000	423	2.14	632965	2.72
2001-3000	149	0.75	374169	1.61
3001-4000	71	0.36	252334	1.08
4001-5000	39	0.20	179177	0.77
5001-10000	94	0.48	664000	2.85
Above 10000	107	0.54	18568525	79.69
TOTAL	19774	100	23300000	100

xii. Dematerialization of Shares and Liquidity:

98.51% of the paid-up capital is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2020 under ISIN No: INE767A01016.

Mode of Holding	NSDL	CDSL	Physical	Total
Shares (nos)	20601852	2350015	348133	23300000
Shares (%)	88.42	10.09	1.49	100



Liquidity of Shares:

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

xiii.ADRs/ GDRs/ Warrants

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

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

During the year 2019-20, the Company had managed the Foreign Exchange Risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in **Note No. 35** to the Consolidated Notes to Accounts.

xv. Credit Rating:

The Company has not issued any debt instruments and does not have any Fixed Deposit Programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2020.

During the year Crisil has upgraded the Long-Term Rating from A/Positive to A+/Stable. Following is the summary of credit ratings obtained by the Company.

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

xvi. Plant Locations:

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

R & D Center:

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

xvii. Address for Correspondence:

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

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

xviii.Compliance Officer:

Shri Rushikesh Deole,
Company Secretary
 Mahendra Industrial Estate,
 Ground Floor, Plot No. 109-D,
 Road No.29, Sion (East),
 Mumbai - 400 022,
 Maharashtra
 Ph:- 022-2401 9025/ 022-2404 8199

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has specific Investor Grievance e-mail investorrelations@aartidrugs.com.

xix. Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	109	13,575	-	-
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	-	-	-	-
No. of shareholders to whom shares were transferred from the suspense account during the year.	-	-	-	-
Shares transferred to IEPF A/c	-	-	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020.	109	13,575	-	-

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2020 shall remain frozen till rightful owner of such shares claim the shares.

DISCLOSURES:

i) During the year, there were no material related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts.

As required under Regulation 23(1) of SEBI LODR Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under "Investor" section of the website of the Company at <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI LODR Regulations, the Company has formulated Whistle Blower Policy for

Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's code of conduct. The same has been hosted under "Investor" section of the website of the Company at weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the person has been denied access to the Audit Committee.

iv) The Company has complied with all the mandatory requirements under SEBI LODR Regulations.

v) To determine 'Material Subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted under "Investor" section of the website of the Company at weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

vi) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR Regulations 2015.

vii) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct to Regulate, monitor and Report trading by Designated Person.



viii) Certificate as required under Part C of Schedule V of SEBI LODR Regulations, received from Shri Sunil M. Dedhia proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on May 15, 2020.

ix) There were no instances during the financial year 2019-20, wherein the Board had not accepted recommendations made by any committee of the Board.

x) Total fees of ₹ 8.32 Lakhs for FY 2019-20, for all services was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the Statutory Auditor is part.

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

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

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

Discretionary Requirements

The status of compliance with discretionary requirements of Part E of schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges is provided below:

Sr. No	Particulars	Remarks
1.	Non-Executive Chairman's Office	The Company does not have Non-executive Chairman.
2.	Shareholder's Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	There have been delays in crediting unpaid dividend amounts and shares in respect of which dividends were unpaid or unclaimed for the seven years due to be transferred during the Audit Period to Investor Education and Protection Fund (IEPF) in few cases.
4.	Separate posts of Chairman and CEO	The Company does not have separate post of Chairman and MD/CEO.
5.	Reporting of Internal Auditor	The Internal Auditor reports to Chief Financial Officer and has direct access to the Audit Committee.

CEO/CFO Certification to the Board

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 certificates are duly signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO were placed at the Meeting of the Board of Directors held on May 15, 2020

For and on behalf of the Board

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

Place: Mumbai
 Date: May 15, 2020

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 Regulation 17(5)(a) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai

Date: May 15, 2020



Independent Auditor's Certificate on Corporate Governance

To the Members of
Aarti Drugs Limited,
Mumbai.

We, Kirtane & Pandit LLP, Chartered Accountants, Statutory Auditors of the Aarti Drugs Limited ("the Company"), have examined the compliance of conditions of Corporate Governance for the year ended on March 31, 2020, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations.

Management Responsibility

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

Auditor's Responsibility

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

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

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

Opinion

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

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

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

**Sd/-
Milind Bhawe
Partner
Membership No.: 047973**

UDIN: 20047973AAAABO7308

Place: Mumbai

Date: May 15, 2020

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

Corporate Identity Number (CIN) of the Company	L37060MH1984PLC055433
Name of the Company	Aarti Drugs Limited
Registered address	Plot No. N-198, MIDC Tarapur, Tal. Palghar, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra Tel: 022 – 2407 2249 / 2401 9025 Email: investorrelations@aartidrugs.com
Website	www.aartidrugs.co.in
E-mail id	investorrelations@aartidrugs.com
Financial Year reported	April 1, 2019 to March 31, 2020
Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical 201 Pharma 210
List three key products/services that the Company manufactures/provides (as in balance sheet)	a) Ciprofloxacin HCL b) Metformin HCL c) Metronidazole
Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major 5)	Nil
(b) Number of National Locations	12 Manufacturing facilities
Markets served by the Company – Local/State/National/International	All Local, State, National and International

Section B: Financial Details of the Company

Paid up Capital (INR)	As on March 31, 2020 total paid up capital of the Company stood at ₹ 23.30 Crores consisting of 2,33,00,000 Equity shares of ₹ 10/- each
Total Turnover (INR)	As on March 31, 2020 the turnover of the Company is ₹ 1634.92 Crores
Total profit after taxes (INR)	As on March 31, 2020 the net profit of the Company is ₹ 135.67 Crores
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer the summary of CSR spending from Annexure 'A'- Annual report on Corporate Social Responsibility (CSR) Activities.
List of activities in which expenditure in 4 above has been incurred:-	Please refer Annexure 'A'- Annual report on Corporate Social Responsibility (CSR) Activities.



Section C: Other Details

Does the Company have any Subsidiary Company/ Companies?	The Company has 4 subsidiary Companies as on March 31, 2020 1) Pinnacle Life Science Private Limited 2) Aarti Speciality Chemicals Limited 3) Pinnacle Life Science LLC 4) Pinnacle Chile SpA
Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1) Details of Directors responsible for BR and BR Head

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

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

Sr. No.	Policies/ Guidelines on --	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
	Questions									
1	Do you have a policy/ policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3	Does the policy conform to any national / international standards? If yes, specify?	Yes, Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. the Company believes in benchmarking practices and global standards - to the best possible extent.								

Sr. No.	Policies/ Guidelines on --	P1 Business Ethics	P2 Product Responsibility	P3 Employees Welfare	P4 Stakeholders Engagement	P5 Human Rights	P6 Safety, Health & Environment	P7 Public Policy	P8 CSR	P9 Customer Centricity
4	Has the policy being approved by the Board? if yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management]. Yes Policies are Signed by the Managing Director								
5	Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.								
6	Indicate the link for the policy to be viewed online?	https://www.aartidrugs.co.in/policies-and-related-documents/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them.								
8	Does the company have in-house structure to implement the policy/ policies?	In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted from time to time.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Company' Vigil Mechanism / Whistle Blower Policy is an effective tool towards grievance redressal mechanism.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	In addition to the Statutory Audits, Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.								

3) Governance related to BR

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

This is the first BR report of the Company as Company fulfils the criteria mentioned in Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. BR report forms an integral part of the Annual Report and uploaded on the website of the Company at www.aartidrugs.co.in in Annual Report Section.

Section E: Principle-Wise Performance

Principle 1: Ethics, Transparency and Accountability Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

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

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



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

An effective vigil mechanism/whistle blower policy is in place to report to the management, instances on unethical behaviour and any violation of the Company's Code of Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment. No complaint was received in 2019-20.

During the year 6 complaints of shareholders were received through SEBI Scores portal, out of that 5 Complaint were resolved and one pending complaint as on year ended March 31, 2020 has also been resolved.

Principle 2: Sustainability

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

- 1) List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

a) **Metformin HCL b) Metronidazole c) Ciprofloxacin HCL**

- 2) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

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

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

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

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

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

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

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

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

Raw materials: We always work on raw material manufacturing technology & share our experience with our existing suppliers. Doing this exercise, we know the basic technology & manufacturing cost of raw materials & quality. Knowledge of technology helps us to achieve sustainable sourcing. Our consumptions of raw materials are consistent & high, This is key to sustainable sourcing of raw material.

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

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

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

Yes, Aarti is always working with local vendors. We share our working culture of competitiveness with local vendors and monitor frequently. Aarti drugs demonstrate various technical skills to vendors to

become competitive. Result of this, they grow along with us for capacities of production. Sharing of technical scales help them for improvement in capabilities

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

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

**Principle 3: Welfare of Employees
Businesses should promote the wellbeing of all employees**

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

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

The Company ensures the compliance of employee related applicable statutes which guarantee the social security benefits, proper and safe working environment, wages, timely payment, bonus, leave benefits, working hours, breaks, maintaining hygiene, health, prohibition of child labour and respecting their all fundamental and human rights.

- 1) Please indicate the Total number of employees:- **1233**
- 2) Please indicate the Total number of employees hired on temporary/ contractual / casual basis:- **2430**
- 3) Please indicate the Number of permanent women employees:- **101**
- 4) Please indicate the Number of permanent employees with disabilities :-**4**
- 5) Do you have an employee association that is recognized by management.

Yes. Aarti Drugs Employees Credit Co-Op Society Limited is recognized association by the management.

- 6) What percentage of your permanent employees is members of this recognized employee association? **90%**
- 7) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

- 8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees - **90**
 - (b) Permanent Women Employees - **85**
 - (c) Casual/Temporary/Contractual Employees - **80**
 - (d) Employees with Disabilities - **100**

**Principle 4: Stakeholders’ Engagement
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

- 1) Has the company mapped its internal and external stakeholders?: **Yes**
- 2) Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? **Yes**
- 3) Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

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

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

Principle 5: Human Rights

Businesses should respect and promote human rights

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

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

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

No such complaints were received in the period under review.

Principle 6: Environment, Health and Safety

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

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

Yes, it extends to all interested parties.

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

Company does not have such a type of hyperlink but we have developed green belt at 250 acres of Forest land. Around 7,00,000 trees are planted in last 7 years.

3. Does the company identify and assess potential environmental risks? **Yes**
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

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

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

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

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? **Yes**
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. **NIL**

Principle 7: Policy Advocacy

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

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

- (a) Bombay Chamber of Commerce
- (b) CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council
- (c) Federation of Indian Chambers of commerce and Industry (FICCI)
- (d) Federation of Indian Export Organisation
- (e) Indian Institute of Chemical Engineering (IICChE)

- (f) Indian Merchants Chamber (IMC)
- (g) Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India
- (h) Vapi Industrial Association

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

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

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

**Principle 8: Inclusive Growth and Equitable Development
Businesses should support inclusive growth and equitable development**

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

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

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

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

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

3. Have you done any impact assessment of your initiative?
Yes
4. What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

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

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

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

**Principle 9: Customer Centricity
Businesses should engage with and provide value to their customers and consumers in a responsible manner**

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

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

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

Based on specific customer requirement

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. **Nil**
4. Did your company carry out any consumer survey/ consumer satisfaction trends?



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

Our Customers include end-user industries to whom we supply our products. We regularly interact with the customers to understand their needs. Meetings are conducted at least once in a year with key customers and

regular feedbacks are encouraged by other customers through emails. The areas of focus identified during the engagement are quality, timely delivery of the product and technical support during product application. The initiatives taken to address these areas include extension in technical support to our customers by our Research and Development team.

For and on behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai
Date: May 15, 2020

Independent Auditor's Report

To the Members of
Aarti Drugs Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Aarti Drugs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Due to COVID-19 lockdown throughout the country, since last week of March 2020, we have adopted alternative methodologies using technological solutions in performing our audit procedures. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

Sr. No.	Key Audit Matter	Auditor's Response
1.	Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipments. Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonably accurateness and completeness of financial	Principal Audit Procedures Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows: a) We assessed the Company's process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment as per the Ind AS 16. b) We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. c) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment. d) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.



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

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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure



about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer **Note 27** to the Standalone Financial Statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer **Note 36** to the Standalone Financial Statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except the following.
 - a) There have been delays in crediting unpaid dividend amount to Investor Education and Protection Fund.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

**Sd/-
Milind Bhawe
Partner
Membership No.: 047973**

UDIN: 20047973AAAABP4675

Place: Mumbai

Date: May 15, 2020

Annexure A

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

We have audited the internal financial controls over financial reporting of Aarti Drugs Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Sd/-
Milind Bhawe
Partner
Membership No.: 047973**

**UDIN: 20047973AAAABP4675
Place: Mumbai
Date: May 15, 2020**

Annexure B

Annexure B referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Aarti Drugs Limited on the accounts of the company for the year ended March 31, 2020.

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

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

According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Custom Duty and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they become payable.
 - (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited on account of any disputes.



Name of the Statute/Nature of the Dues	Financial Year	Forum where Dispute is pending (₹ in Lakhs)		Total (₹ in Lakhs)
		Commissionerate/ Dy. Commissioner	Appellate Authorities/ Tribunals	
The Central Excise Act, 1944/Custom Duty/ Service Tax/Interest & Penalty	FY 2007-08 to FY 2014-15	NIL	350.02	350.02
Maharashtra Sales Tax Act, 2002/Sales Tax	FY 2007-08 to FY 2014-15	30.55	NIL	30.55
Income Tax/ Interest & Penalty	FY 2015-16 & FY 2016-17	NIL	3.23	3.23
Total		30.55	353.25	383.80

(viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

(ix) In our opinion, and according to the information and explanations given to us, the Term Loans raised during the year were applied for the purpose for which the loans were obtained. The Company did not raise money by way of public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the course of audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the company has been paid or payable managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

(xii) According to the information and explanations given to

us, the nature of business is not related to Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliances with the Section 177 & 188 of the Act and details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Sd/-
Milind Bhawe
Partner
Membership No.: 047973**

UDIN: 20047973AAAABP4675

Place: Mumbai

Date: May 15, 2020

BALANCE SHEET

as at 31st March, 2020

(₹ in lakhs)			
Particulars	Note No	As at 31 st Mar, 2020	As at 31 st Mar, 2019
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	60,155.59	58,284.40
Right of use Assets	1.1	872.95	-
Capital Work - in - Progress	1.2	1,096.09	3,236.88
Intangible Assets	2	128.56	282.30
Financial Assets			
Investments	3	2,037.67	1,891.59
Other Non- Current Assets	4	242.46	97.45
Total Non- Current Assets		64,533.32	63,792.62
Current Assets			
Inventories	5	30,741.36	22,770.77
Financial Assets			
(i) Trade Receivable	6	46,433.60	43,689.62
(ii) Cash and Bank Balances	7	384.68	484.78
(iii) Other Financial Assets	8	1,189.14	1,121.64
Other Current Assets	9	3,787.48	5,433.51
Total Current Assets		82,536.27	73,500.32
TOTAL ASSETS		1,47,069.58	1,37,292.93
EQUITIES AND LIABILITIES			
EQUITY			
Equity Share Capital	10	2,330.00	2,358.21
Other Equity		59,849.05	49,499.43
Total Equity		62,179.05	51,857.64
LIABILITIES			
Non- Current Liabilities			
Financial Liabilities			
(i) Lease Liability	1.1	587.22	-
(ii) Borrowings	11	17,627.82	19,526.48
(iii) Other Financial Liability	12	855.68	1,044.98
Provisions	13	2,361.53	1,279.60
Deferred Tax Liabilities (Net)	14	7,858.96	8,848.49
Total of Non- Current Liabilities		29,291.20	30,699.55
Current Liabilities			
Financial Liabilities			
(i) Borrowings	15	15,461.49	24,634.01
(ii) Trade payables	16		
Dues of mirco enterprises and small enterprises		795.39	879.60
Dues of creditors other than micro enterprises and small enterpries		30,842.02	21,963.47
Provisions	17	364.65	143.23
Lease Liability	1.1	341.98	-
Other Current Liabilities	18	7,793.81	7,115.44
Total Current Liabilities		55,599.34	54,735.75
TOTAL EQUITY AND LIABILITIES		1,47,069.58	1,37,292.93
Summary of significant Accounting Policies and Other Explanatory Information	27-44		

AS PER OUR REPORT OF EVEN DATE.

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

Sd/-
(CA Milind Bhawe)
PARTNER
M.NO.047973

PLACE : MUMBAI
DATE: May 15, 2020

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Rushikesh Deole
(Company Secretary & Compliance officer)



STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2020

		(₹ in lakhs)	
Particulars	Note No	31 st Mar 2020	31 st Mar 2019
I Revenue from operations		1,63,492.20	1,45,425.36
II Other Income	19	106.12	251.14
III Total Revenue (I + II)		1,63,598.32	1,45,676.50
IV Expenses :			
(a) Cost of materials consumed	20	1,07,880.10	93,014.41
(b) Purchase of Stock-in-Trade		4,052.61	3,261.59
(c) Changes in inventories of finished goods, work-in-progress and Stock- in - Trade		(5,393.70)	1,905.14
(d) Employee Benefits Expense	21	6,009.83	5,313.50
(e) Finance Cost (Interest)	22	3,220.26	3,755.76
(f) Depreciation and Amortisation Expense	23	4,666.90	4,039.34
(g) Other Expenses	24	26,502.54	22,000.92
Total expenses (IV)		1,46,938.54	1,33,290.67
V Profit before exceptional items and tax (III - IV)		16,659.78	12,385.83
VI Exceptional Items	25	(837.69)	(376.55)
VII Profit Before Tax (V - VI)		17,497.47	12,762.38
VIII Tax Expenses :	40		
Provision for Taxation - Current Year		4,225.00	3,300.00
- MAT credit		-	-
- Earlier Year		730.00	(108.43)
Provision for Deferred Tax		(1,025.00)	845.00
Total Tax Expenses (VIII)		3,930.00	4,036.57
IX Profit / (Loss) for the Year (VII - VIII)		13,567.47	8,725.81
Other Comprehensive Income			
Item that will not to be reclassified to statement of Profit and Loss			
Fair value changes on Investments, net		283.69	132.79
Remeasurement of defined benefit Liability/Assets, net		(106.59)	(33.90)
X Total Other Comprehensive Income, net		177.10	98.88
XI Total Comprehensive Income for the Year (IX+X)		13,744.57	8,824.69
Earnings per Equity Shares (EPS) (In ₹)	26		
Basic/Diluted		58.12	37.42
Summary of significant Accounting Policies and Other Explanatory Information	27-44		

AS PER OUR REPORT OF EVEN DATE.

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

Sd/-
(CA Milind Bhawe)
PARTNER
M.NO.047973

PLACE : MUMBAI
DATE: May 15, 2020

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Rushikesh Deole
(Company Secretary & Compliance officer)

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2020

A. EQUITY SHARE CAPITAL

Particulars	(₹ in lakhs)
As at 31 st March, 2019	2,358.21
Changes in equity share capital during the year 2019-20	(28.21)
As at 31 st March, 2020	2,330.00

B. OTHER EQUITY

Particulars	Other Equity				Other Comprehensive Income	Total Other Equity
	Reserves and Surplus					
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
As at 1st April, 2018	200.74	273.77	33.77	39,935.87	514.88	40,959.03
Transfer to General Reserve from Retained Earning	-	-	870.00	(870.00)	-	-
Profit for the Period	-	-	-	8,725.81	-	8,725.81
Dividend Paid	-	-	-	(235.82)	-	(235.82)
Tax on Dividend	-	-	-	(48.47)	-	(48.47)
Remeasurement of defined benefit Liability/Assets, net	-	-	-	-	(33.90)	(33.90)
Fair value change on Investment, net	-	-	-	-	132.79	132.79
Balance as at 31st Mar, 2019	200.74	273.77	903.77	47,507.39	613.76	49,499.43
Transfer to General Reserve from Retained Earning	-	-	1,350.00	(1,350.00)	-	-
Transfer to Retained Earning	-	-	-	216.61	(216.61)	-
Profit for the Period	-	-	-	13,567.47	-	13,567.47
Dividend Paid	-	-	-	(699.00)	-	(699.00)
Tax on Dividend	-	-	-	(143.68)	-	(143.68)
Buyback of shares	-	28.21	(33.77)	(2,505.13)	-	(2,510.69)
Fair value change on Investment, net	-	-	-	-	283.69	283.69
Remeasurement of defined benefit Liability/Assets, net	-	-	-	-	(106.59)	(106.59)
Impact on account of adoption of Ind AS 116	-	-	-	(41.58)	-	(41.58)
Balance as at 31st March, 2020	200.74	301.98	2,220.00	56,552.07	574.25	59,849.05

AS PER OUR REPORT OF EVEN DATE.

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

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

PLACE : MUMBAI
DATE: May 15, 2020

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Rushikesh Deole
(Company Secretary & Compliance officer)



CASH FLOW STATEMENT

as on 31st March, 2020

		(₹ In lakhs)	
S. No	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
A. Cash Flow from Operating Activities			
	Net Profit before Tax and Exceptional Items	17,497.47	12,762.38
ADJUSTMENT FOR:			
	Depreciation & Amortisation	4,666.90	4,039.34
	Provision for Doubtful debts /Bad debts	267.63	25.13
	Unrealised Foreign Exchange (Gain)/Loss (Net)	737.82	(240.13)
	Interest Paid	3,220.26	3,755.76
	Interest Received	(73.46)	(126.20)
	Dividend Received	(0.11)	(0.11)
	Profit on Sale of Property, Plant & Equipment	(836.61)	(376.55)
	Change in operating Assets / Liabilities	25,479.90	19,839.62
	Trade & Other Receivable	(1,429.08)	(6,398.94)
	Changes in Inventories	(7,970.59)	2,639.44
	Trade & Other Payable	7,266.08	1,540.59
	Cash generated from operations	23,346.30	17,620.71
	Direct Tax Paid	(3,731.55)	(2,890.96)
	Net Cash Flow from Operating Activities	19,614.75	14,729.75
B. Cash Flow from Investing Activities			
	Purchase of PPE / Capital Work in Progress/ Advances	(4,708.46)	(7,179.09)
	Sale of Property, Plant & Equipment	1,491.20	1,120.07
	Sale of Investments	208.62	-
	Interest Received	73.46	126.20
	Dividend Received	0.11	0.11
	Net Cash Flow from Investing Activities	(2,935.07)	(5,932.72)
C. Cash Flow from Financing Activities			
	Proceeds from Long Term Borrowings	(997.41)	340.40
	Proceeds from Unsecured Loans & from Scheduled Bank	(9,172.52)	(4,989.74)
	Buy Back of shares	(2,538.90)	-
	Dividend Paid	(703.00)	(242.89)
	Dividend Tax Paid	(143.68)	(48.47)
	Interest Paid	(3,220.26)	(3,755.76)
	Net Cash Flow from Financing Activities	(16,775.78)	(8,696.46)

(₹ In lakhs)

S. No	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
	Net Increase in Cash and Cash Equivalents (A+B+C)	(96.10)	100.58
	Opening Cash and Cash Equivalents	393.68	293.10
	Closing Cash and Cash Equivalents	297.58	393.68
	Reconciliations of Cash and Cash Equivalents		
	- Balance with Banks	257.05	58.64
	- Cash in Hand	18.90	16.47
	- Cheques in Hand	21.64	318.58
	Balance as per Cash Flows Statement	297.58	393.68

Notes:

- (i) Figures in brackets indicate outflows.
- (ii) Cash and cash equivalent is cash and bank balance as per balance sheet.
- (iii) Fixed Deposits with bank amounting to ₹ 207.58 lakhs (previous year ₹ 33.09 lakhs) under lien are considered as cash and cash equivalents.
- (iv) Previous year figures have been regrouped / rearranged to confirm to the current year's presentation wherever necessary.

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhawe)

PARTNER

M.NO.047973

PLACE : MUMBAI

DATE: May 15, 2020

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary
& Compliance officer)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Corporate Information:

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

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

The financial statements have been authorized for issue by the Board of Directors at their meeting held on May 15, 2020.

Note: 1 Significant Accounting Policies and Accounting Estimates and Judgements

1) Basis of preparation:

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

Classification of Assets and Liabilities:

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

The Statement of Cash Flows have been prepared under Indirect Method.

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

Use of estimates and Judgments:

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

(2) Revenue recognition:

Revenue from contract with customer

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

- (i) **Sale of goods:** Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.
- (ii) **Interest Income:** Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend income: Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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

3) Property, plant and equipment (PPE):

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

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

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

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

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

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired

from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Intangible Assets:

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

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

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

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

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

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

Research and Development:

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

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



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Depreciation:

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

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

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

Non-current assets held for sale

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of the assets held for sale has been estimated using valuation techniques (including income and market approach), which include unobservable inputs. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" and its recoverable amount at the date of the subsequent decision not to sell. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions.

4) Inventories:

Raw materials, packing materials, store & spares, Traded goods and Work in progress are valued at cost. The cost of Raw materials, packing materials, store & spares and traded goods includes all cost of purchase, duties and taxes (other than those subsequently recoverable from the tax authorities) and all other cost incurred in bringing

the inventory to its present location and conditions. Cost is arrived on moving stock on FIFO basis.

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

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

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

5) Retirement and other employee benefits:

Provident fund:

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

Gratuity Obligations:

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Other Benefit Plan

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

6) Foreign Currency Transactions:

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

7) Leases:

The Company has adopted Ind AS 116 'Leases' with effect from April 01, 2019. Ind AS 116 replaces Ind AS 17 'Leases and Implementation and related Guidance'. The standard sets out principles for recognition, measurement, presentation and disclosure of Leases for both parties i.e. for Lessor and for Lessee. Ind AS 116 introduces single lessee accounting entry approach and requires lessee to account asset and liabilities for all leases for more than 12 months and underlying assets which are not defined as 'Low Value' Assets by the Management of the Company.

The Company's lease asset primarily consists of leases for buildings and for vehicles. The Company, at the inception of the contract, assesses whether a contract

contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. This policy has been applied to existing contracts into on or after April 01, 2019.

The Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The right-of-use assets initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are subsequently depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets is evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Company's incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if, the Company changes its assessment of whether it exercises an extension or a termination option.

The Company treated the leases with remaining lease term for less than 12 months as if they were "short term lease".

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing Cash Flows.



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

8) Income Taxes:

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

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

Current income tax:

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

Deferred tax:

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

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

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

Minimum Alternate Tax (MAT) :

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

9) Borrowing Costs:

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

10) Provisions and Contingent Liabilities:

Provisions:

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

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

Contingencies:

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

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

NOTE NO. 1- PROPERTY, PLANT AND EQUIPMENTS

(₹ in lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1 st April'19	Addition	Deduction	As on 31 st Mar'20	As on 1 st April'19	Addition	Deduction	As on 31 st Mar'20	As on 31 st Mar'20	As on 31 st Mar'19
TANGIBLE ASSETS										
BUILDING	15,979.57	1,053.70	183.66	16,849.61	3,550.93	543.00	31.59	4,062.33	12,787.28	12,428.64
FURNITURE	869.90	30.12	-	900.01	557.74	74.57	-	632.31	267.70	312.16
LAND	3,822.00	-	501.45	3,320.55	-	-	-	-	3,320.55	3,822.00
OFFICE EQUIPMENTS	166.89	51.80	-	218.69	137.85	19.06	-	156.92	61.77	29.04
PLANT & MACHINERY	70,599.80	5,188.48	-	75,788.28	29,014.55	3,466.98	-	32,481.53	43,306.75	41,585.25
VEHICLES	353.63	350.09	33.37	670.36	246.31	34.33	21.81	258.83	411.53	107.32
TOTAL	91,791.79	6,674.19	718.47	97,747.51	33,507.39	4,137.94	53.40	37,591.92	60,155.59	58,284.40
PREVIOUS YEAR	85,617.78	6,984.10	810.10	91,791.79	29,704.40	3,869.31	66.32	33,507.39	58,284.40	

Note :

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹199.76 Lakhs (previous year ₹ 332.99 Lakhs)

NOTE NO. 1.1 - Right of use Assets/Lease Liability

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at 31 st March' 2020
Opening Balance	955.44
Additions during the year	293.80
Depreciation	(376.28)
Closing Balance	872.95

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 955.44 Lakhs and lease liability of ₹ 997.01 Lakhs. The cumulative effect of applying the standard, amounting to ₹ 41.58 Lakhs was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Movement in lease liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2020
Opening Balance	997.01
Finance cost accrued during the year	293.80
Payment of lease liabilities	(361.61)
Closing Balance	929.19



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Break Up of current and Non current lease liabilities

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	
Current lease liabilities	341.98	
Non- current lease liabilities	587.22	
Total	929.19	

NOTE NO. 1.2 - Capital Work in Progress

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
Opening Balance	3,236.88	2,799.16
Capitalised	(2,817.63)	(1,569.47)
Additions during the year	676.83	2,007.19
Closing Balance	1,096.09	3,236.88

NOTE NO.2: INTANGIBLE ASSETS

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
(a) PROCESS DEVELOPMENT (R & D)		
Opening Balance	259.24	407.38
Additions during the year	-	-
Amortisation	(148.14)	(148.14)
Closing Balance	111.10	259.24
(b) COMPUTER SOFTWARE		
Opening Balance	23.06	38.21
Additions during the year	9.55	6.73
Amortisation	(15.14)	(21.89)
Closing Balance	17.46	23.06
Total (a+b)	128.56	282.30

Remaining period of Amortisation of Intangible assets mentioned as follow

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	
Process Development (R & D)	111.10	9 Months

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

NOTE NO 3 - NON CURRENT INVESTMENTS

(₹. In Lakhs except no. of Share)

Name of the company	No. of Shares/ Units	As at 31-Mar-20 (₹)	No. of Shares/ Units	As at 31-Mar-19 (₹)
Investments - (Unquoted) in Equity				
Shares of Subsidiary Companies				
Pinnacle Life science Pvt Ltd	77,82,750	648.56	77,82,750	648.56
Aarti Speciality Chemicals Limited	2,50,000	25.00	-	-
Pinnacle Chile SpA (Chilean Company)*	95,000	28.38	-	-
Investments - (Unquoted) in Equity Shares of Other Companies				
Perfect Enviro Control Systems Ltd.	2,40,200	12.57	2,40,200	12.57
The Shamrao Vitthal Co- op Bank Ltd.	100	0.03	100	0.03
The Saraswat Co - op Bank Ltd.	10,100	1.01	10,100	1.01
Tarapur Environment Protection Society	68,188	112.37	68,188	111.43
Amit Hetrochem (I) Ltd	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Ltd.	1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.**	234	1,180.54	308	1,088.79
TOTAL		2,037.67		1,891.59

*Face Value of 1 share = 3500 CLP

**Face Value of 1 share = 10000 RMB

Note No 4: Other Non- Current Assets

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Capital Advances	242.46	97.45
TOTAL	242.46	97.45

Note No 5: Inventories

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Raw Materials (incl.In- transit stock)	11,336.12	8,791.36
Packing Materials	78.23	101.25
Work in process	9,714.39	8,239.47
Finished Goods (incl.In- transit stock)	8,668.19	4,749.41
Stores & Spares	944.42	845.29
Stock in Trade	-	43.97
TOTAL	30,741.36	22,770.77



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 6: Trade receivable

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Unsecured		
-considered good	46,433.60	43,689.62
-considered doubtful	145.66	41.05
	46,579.26	43,730.67
Less: Provision for Doubtful Debts	145.66	41.05
TOTAL	46,433.60	43,689.62

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

Note No 7: Cash and Bank Balances

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Cash on Hand	18.90	16.47
Cheques on Hand	21.64	318.58
Balances with Scheduled Banks :		
- Current Accounts	49.47	25.55
Deposit Accounts	207.58	33.09
Cash and cash equivalents	297.58	393.68
Other Bank Balances		
Earmarked balance - unpaid dividend	87.10	91.10
TOTAL	384.68	484.78

Note No 8: Other Financial Assets

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Unsecured , Consider good		
Deposits	1,140.38	1,066.14
Loans & Advances - Employees & Others	48.76	55.50
TOTAL	1,189.14	1,121.64

Note No 9: Other current assets

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Advances recoverable in cash or ' kind or for value to be received	1,867.25	1,713.08
Insurance claim receivable	227.02	655.57
Balances with Govt. Authority	1,693.21	3,064.86
TOTAL	3,787.48	5,433.51

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 10 : Equity Share Capital

(₹. & No. of Shares In Lakhs)

Particulars	No. of Shares	As at		
		31 st March, 2020	No. of Shares	As at 31 st March, 2019
Authorised Share Capital				
Equity shares of ₹ 10/- each	250.00	2,500.00	250.00	2,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	233.00	2,330.00	235.82	2,358.21
		2,330.00		2,358.21

Note No.10.1: Rights attached to equity shares

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

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

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

No. of Equity Shares outstanding

(Units in lakhs)

Particulars	Financial Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
Equity Shares at the beginning of the year	235.82	235.82	238.57	242.17	242.17
Issue of Bonus shares	-	-	-	-	-
Buyback of Shares	(2.82)	-	(2.75)	(3.60)	-
Equity Shares at the end of the year	233.00	235.82	235.82	238.57	242.17

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

- During the Financial Year 2019-20, the company has completed buyback of 2,82,100/- equity shares of face value ₹ 10/- each at a price of ₹ 900/- per share on 27th May, 2019. The number of shares post buyback stands reduced to 2,33,00,000 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2330.00 lakhs.
- During the Financial Year 2017-18, the company has completed buyback of 2,75,000/- equity shares of face value ₹ 10/- each at a price of ₹ 875/- per shares on 14th March, 2018. The number of shares post buyback stands reduced to 2,35,82,100 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2358.21 lakhs.
- During the Financial Year 2016-17, the company has completed buyback of 3,60,000/- equity shares of face value ₹10/- each at a price of ₹750/- per share on 26th December, 2016. The number of shares post buyback stands reduced to 2,38,57,100 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹ 2385.71 lakhs.

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

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

Name of the shareholders	As at 31 st March, 2020		As at 31 st March, 2019	
	No. of Shares	% held	No. of Shares	% held
Prakash M. Patil	21,23,244	9.11	20,50,342	8.69

Note No 11: Non current Borrowings

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note no.35a)	16,770.82	18,669.48
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
TOTAL	17,627.82	19,526.48

Note No.12 Other Financial Liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Trade payables of Project	664.20	758.61
Deferred Payment Liability	174.49	269.39
Trade Deposits	16.99	16.99
TOTAL	855.68	1,044.98

Note No 13 : Long term provision

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Income Tax Provision (Net of Advance Tax and TDS)	2,357.71	1,134.26
Provision for Employee benefits	3.81	145.34
TOTAL	2,361.53	1,279.60

Note No 14 : Deferred Tax Liabilities (Net)

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(a) Recognised in Profit and Loss		
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	7,823.49	8,831.08
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit liability/Assets	35.48	17.41
Total	7,858.96	8,848.49

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 15: Current Borrowings (₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note No.35b)	8,264.70	16,055.56
Unsecured borrowings	7,196.78	8,578.44
TOTAL	15,461.49	24,634.01

Note No 16 : Trade payables (₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Dues Of Micro Enterprises And Small Enterprises	795.39	879.60
Dues Of Creditors Other Than Micro Enterprises And Small Enterprises	30,842.02	21,963.47
TOTAL	31,637.41	22,843.07

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

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

	(₹ in lakhs)	
a) Principal Amount Due To Suppliers Registered Under MSMED Act And Remaining Unpaid As At The Year End	795.39	879.60
b) Interest Due Thereon	-	-
c) Interest Paid By The Company In Term Of Section 16	-	-
d) Interest Due And Payable For The Period Of Delay In Payment	-	-
e) Interest Accrued And Remaining Unpaid	-	-
f) Interest Remaining Due And Payable Even In Succeeding Years	-	-

As at March 31, 2020 & March 31, 2019, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

Note No 17 : Short term provision (₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provision for Employee benefits	364.65	143.23
TOTAL	364.65	143.23



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 18 : Other current liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current Maturity of Long term debts (Refer Note no.35a)	3,792.07	2,890.82
Interest accrued but not due on Loans	71.10	56.43
Unpaid Dividend	87.10	91.10
Payable Duties & Taxes	364.30	743.48
Other Payable for Goods & Expenses	3,479.23	3,333.61
TOTAL	7,793.81	7,115.44

Note No 19 - Other Operating Income

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Dividend	0.11	0.11
Interest	73.46	126.20
Miscellaneous income	32.55	124.83
Total	106.12	251.14

Note No 20 - Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Raw Material Consumption	1,04,144.53	89,910.64
Packing Materials	1,784.54	1,425.91
Freight Inward	1,471.17	1,243.81
Clearing & Forwarding	479.86	434.06
Total	1,07,880.10	93,014.41

Note No 21 - Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Salaries,Wages and Bonus (Mfg)	4,342.00	3,877.91
Labour Welfare Expenses	156.53	140.44
Salaries and Bonus (Admin)	534.08	491.27
Provident Fund Contribution	224.61	204.59
Staff Welfare Expenses	7.46	8.39
Directors' Remuneration	745.15	590.92
Total	6,009.83	5,313.50

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 22 - Finance Cost

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Interest on Term Loans	1,796.28	1,785.74
Interest on Working Capital	1,221.43	1,867.50
Interest on Others (Including Ind AS 116 Interest)	202.55	102.52
Total	3,220.26	3,755.76

Note No 23 - Depreciation and Amortisation

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Depreciation on Property, Plant & Equipment	4,142.48	3,891.20
Depreciation on Lease Assets	376.28	-
Amortisation on Intangible Assets	148.14	148.14
Total	4,666.90	4,039.34

Note No 24 - Other expenses

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Manufacturing Expenses		
Processing Charges	1,807.60	1,387.95
Labour Charges	3,788.85	3,403.76
Insurance Expenses	555.12	230.98
Lease Expenses*	6.00	366.43
Power & Fuel	9,878.84	8,054.88
Stores & Spares	1,595.53	1,272.66
Repairs & Maintenance - Building	34.47	21.06
- Plant & Machinery	752.88	548.34
Research & development	442.88	397.85
Water Charges	210.95	148.76
Laboratory Expenses	282.58	310.06
Other Factory Expenses	2,010.78	1,729.70
SubTotal (a)	21,366.47	17,872.43
* Refers to Lease Expenses on account of Short Term Lease		
Office & Administration Expenses		
Books & Periodicals	0.10	0.08
Auditors' Remuneration (Refer Note.39)	8.33	7.50
Conveyance Expenses	35.55	35.32



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

Particulars	(₹ in lakhs)	
	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Legal & Professional Charges	242.16	168.00
Membership & Subscriptions	3.49	3.35
Printing & Stationery	28.69	21.00
Postage, Telegram & Telephone	21.12	21.24
Office Electricity Charges	14.24	10.27
Insurance Charges	28.11	27.16
Repairs & Maintenance - Others	38.14	39.27
Entertainment Expenses	13.81	26.07
Miscellaneous Expenses	33.69	40.86
Vehicle Expenses	13.12	10.06
Travelling Expenses - Directors	6.90	9.60
- Others	19.34	26.07
Directors' Sitting Fees	3.80	3.90
Sub Total (b)	510.58	449.74
Selling & Distribution		
Advertisement & Sales Promotion	69.77	139.52
Freight & Forwarding -Export	1,780.43	1,505.58
Freight & Forwarding - Local	462.55	388.39
Commission Expenses	1,258.13	851.22
Insurance Expenses	82.94	23.91
Postage & Telegram	20.72	16.71
Other Export Expenses	90.82	166.61
Bad Debts & other written off	267.63	25.13
Sub Total (c)	4,032.99	3,117.07
Finance Cost		
Bank Charges (d)	353.74	344.55
Non Operative Expenses		
Donations	21.09	9.50
CSR Expenditure (Refer Note.42)	217.67	207.63
SubTotal (e)	238.76	217.13
Total (a+b+c+d+e)	26,502.54	22,000.92

Note No 25 - Exceptional Items

Exceptional Items Include Profit on Sale of Property, Plant & Equipment of ₹ 837.69 Lakhs (Previous Year ₹ 376.55 Lakhs)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

26. Earning Per Share:

Particulars	(₹ in Lakhs, except share data)	
	Current Year	Previous Year
Net Profit available for Equity Shareholders	13,567.47	8,725.81
Total Comprehensive Income	13,744.57	8,824.69
Number of Equity Shares (Nos.)	2,33,00,000	2,35,82,100
Basic & Diluted EPS (after extraordinary items) (₹)	58.12	37.42
Nominal value per share (₹)	10.00	10.00

27. Contingent Liabilities and Commitments:

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
(i) Contingent Liabilities		
In respect of bank guarantees issued and L/C opened by the Company's bankers	7,838.68	6,713.09
Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	292.81	291.42
Demand in respect of additional Excise, custom duty, service tax, sales tax fine & disputed in appeal (not acknowledged as debt)	380.57	235.62
Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	267.94	164.76
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	201.58	63.38

28. Disclosure Regarding Scientific Research & Development Expenditure

YEAR	(₹ in Lakhs)	
	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
2019-2020	442.88	199.76
2018-2019	397.85	332.99

29. Segment Reporting (Ind- AS 108)

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

I. BASIS FOR SEGMENTATION

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



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

(₹in Lakhs)

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Segment Revenue		
a) Out of India	55043.70	54662.34
b) India	108448.50	90763.02
Total	163492.20	145425.36

30. RELATED PARTY DISCLOSURES As per IND AS 24

A. Name and Relationship of the Related Parties:

- (1) Subsidiary – Wholly owned & Subsidiary Company

Name of the Company	Country of Incorporation	Proportion of Ownership Interest
Wholly Owned Subsidiary Company		
Pinnacle Life Science Private Ltd	India	100%
Aarti Speciality Chemicals Limited	India	100%
Pinnacle Life Science LLC	UAE	100%
Subsidiary Company		
Pinnacle Chile SPA	Chile	95%

- (2) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

• Individuals

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

• Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R Gogri
Mrs. Arti R. Gogri	Mr. Renil R. Gogri
Mrs. Hetal Gogri Gala	

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

• Key Management Personnel

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

- Relatives of Key Management Personnel

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mr. Sameer P. Shah	Mrs. Jayshree H. Shah
Mrs. Arati T. Sankhe	Mrs. Manisha R. Gogri

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

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

Transaction with the Related Parties:

			(₹ in Lakhs)	
Sr. No.	Particulars	Relationship	2019-20	2018-19
a)	Sale of Goods			
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	3,734.32	3,924.73
	Aarti Industries Ltd	Entities in which some of the directors are interested	3.37	3.58
	Aarti Life Science LLP	Entities in which some of the directors are interested	2.40	-
b)	Sale of Property, Plant & Equipments			
	Aarti Industries Ltd	Entities in which some of the directors are interested	-	1,110.00
c)	Interest Income from Pinnacle Life Science Pvt Ltd	Wholly Owned Subsidiary	9.41	12.05
d)	Purchase of Goods Traded			
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	-	387.42
	Aarti Industries Ltd	Entities in which some of the directors are interested	2,533.64	1,895.22
	Alchemie Laboratories	Entities in which some of the directors are interested	65.00	15.60
e)	Manufacturing Expenses			
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	138.34	-



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

			(₹ in Lakhs)	
Sr. No.	Particulars	Relationship	2019-20	2018-19
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	12.30	16.51
f)	Finance Cost			
	Alchemie Financial Services Ltd	Entities in which some of the directors are interested	-	8.08
	Prakash M. Patil	KMP	25.74	25.70
	Harshit M. Savla	KMP	60.08	60.00
g)	Employee Benefit and Office & Administration Expenses			
	Prakash M. Patil	Director	190.92	153.39
	Harshit M. Savla	Director	180.40	142.86
	Harit. P. Shah	Director	180.40	142.86
	Uday M. Patil	Director	13.04	8.95
	Rashesh C. Gogri	Director	180.40	142.86
	Adhish Patil	KMP	58.38	48.48
	Vibhav Ranade	KMP	-	6.97
	Vikas Patil	Relative of KMP	18.92	17.71
	Hetal Gogri	Relative of KMP	-	4.83
	Rushikesh Deole	KMP	6.00	-
h)	Director Sitting Fees			
	Rajendra V. Gogri	Non-Executive Director	0.40	0.40
i)	Closing Balance			
	Balance Receivable			
	Aarti Speciality Chemicals Limited	Wholly Owned Subsidiary	1.74	-
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	-	1,745.30
	Pinnacle Life Science LLC	Wholly Owned Subsidiary	1.51	-
	Pinnacle Chile SpA	Subsidiary	2.72	-
	Balance Payable			
	Pinnacle Life Science Private Ltd	Wholly Owned Subsidiary	1,624.86	-
	Aarti Life Science LLP	Entities in which some of the directors are interested	8.62	65.23
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	0.07	0.33
	Aarti Industries Ltd	Entities in which some of the directors are interested	335.91	447.76

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

			(₹ in Lakhs)	
Sr. No.	Particulars	Relationship	2019-20	2018-19
	Alchemie Laboratories	Entities in which some of the directors are interested	14.40	-
	Prakash M. Patil	KMP	257.00	257.00
	Harshit M. Savla	KMP	600.00	600.00

Note: Related Parties are identified by the Management.

31. Additional information pursuant to the provisions of the Companies Act, 2013

a. Licensed capacity installed capacity and production

Class of Goods	* Licensed	Units	Year	Installed	Production	Captive	Net Production
Pharmaceutical	----	MT	2019-20	43,060	32,753.00	7,162.00	25,591.00
		MT	2018-19	29,758	22,495.13	4,690.44	17,804.68

* As license is not required Licensed Capacity not given.

b. Purchase of trading items(Net):		Current Year	Previous Year
Quantity in Kg		52,21,149.00	35,10,508.00
Amounts (₹ in Lakhs)		4,052.61	3,261.59

c. Value of Raw materials and spares consumed		Current Year	Previous Year
Raw Material:			
Indigenous			
Percentage %		35.32	39.72
Amount (₹ in Lakhs)		36,786.52	35,708.18
Imported			
Percentage %		64.68	60.28
Amount (₹ in Lakhs)		67,358.01	54,202.46
Stores and spares			
Indigenous			
Percentage %		100.00	100.00
Amount (₹ in Lakhs)		1,595.52	1,272.65

d. C.I.F Value of Imports		Current Year	Previous Year
		(₹ in Lakhs)	
Raw Material		63,229.19	52,042.43
Capital Goods		73.74	327.64



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

		(₹in Lakhs)	
e	Expenditure in Foreign Currency	Current Year	Previous Year
	Commission	893.30	521.85
	Travelling Expenses	21.33	29.74
	Sales Promotion	41.50	26.05
	Foreign Bank Charges	95.55	81.35
	Interest on F.C. Loan	586.17	800.16
	Others	69.73	53.67

		(₹in Lakhs)	
f	Earnings in Foreign Exchange	Current Year	Previous Year
	F.O.B. Value of Exports	51,058.71	50,222.01

32. FAIR VALUE MEASUREMENTS:

Financial Instrument by Category

Particulars	As at 31 st March, 2020				As at 31 st March, 2019			
	Carrying	Level	Level	Level	Carrying	Level	Level	Level
	Amount	1	2	3	Amount	1	2	3
Financial Asset								
At Amortised Cost								
Trade Receivables	46,433.60	-	-	-	43,689.62	-	-	-
Cash & Cash Equivalent	297.58	-	-	-	393.68	-	-	-
Bank Balance Other than Cash and Cash Equivalents	87.10				91.10			
Other Financial Assets	1,189.14	-	-	-	1,121.63	-	-	-
At FVTOCI								
Investment		-	2,037.67	-		-	1,891.59	-
Financial Liabilities								
At Amortised Cost								
Borrowings	36,881.37	-	-	-	47,051.31	-	-	-
Trade Payables	31,637.41	-	-	-	22,843.07	-	-	-
Other Financial Liabilities	1,442.89	-	-	-	1,044.98	-	-	-

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

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

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

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

33. CAPITAL MANAGEMENT:

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

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

Particulars	(₹in Lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
Gross Debts	36,881.37	47,051.31
Less: Cash and Cash Equivalents	297.58	393.68
Net Debt (A)	36,583.79	46,657.63
Total Equity (B)	62,179.05	51,857.64
Net Gearing Ratio (A/B)	0.59	0.91

34. FINANCIAL RISK MANAGEMENT:

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

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

I. Credit Risk

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

Credit risk management

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



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

II. Liquidity Risk

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

Liquidity Risk Management

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

As at 31st March, 2020

Maturities of non-derivative financial liabilities

Particulars				(₹in lakhs)
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	31,637.41	-	-	31,637.41
Other financial liabilities	759.09	683.80	-	1442.89
Total	32,396.50	683.80	-	33080.30

As at 31st March 2019

Maturities of non-derivative financial liabilities

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

III. Market Risk

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

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

Foreign currency risk

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

35. Securities for loans taken from Banks:

Bank Name	(₹ in Lakhs)			
	As at	As at	Installment	Future
	31 st March, 2020	31 st March, 2019	Within 1 Year	Subsequent Years
The Shamrao Vithal Co op Bank Limited	13812.88	13910.30	2442.07	11370.81
Bank Of Baroda	6749.99	7649.99	1350.00	5399.99

Note:

(ai) Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E-21, E-22, E-1, K-40, K-41, E-120, E-9/3, E-9/4, W-60(B), W-61(B), W-62(A), W-71(B), W-72(B), W-73(B) & T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904, 211, 213, 2601, 2602, 2603, 2520, 2522 and 3325.

(aii) Loan from The Shamrao Vithal Co-op Bank Ltd is also secured by second charge on current assets of the company both present and future.

b. Loans from Scheduled Banks Payable on Demand of ₹ 8,264.70 Lakhs (Previous Year ₹16,055.56 Lakhs) 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, E-22, E-1, K-40, K-41, E-120, E-9/3, E-9/4, W-60(B), W-61(B), W-62(A), W-71(B), W-72(B), W-73(B) & T-150 and MIDC Turbhe Plot No. D-277 & D-278. GIDC, Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, 211, 213, 2601, 2602, 2603, 2520, 2522 and 3325.

36. The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2020, the company had hedge in aggregate an amount of ₹15,185.22/-Lakhs (previous year ₹19,299.93/-Lakhs) out of its annual trade related operations (export& import) aggregating to ₹1,14,287.90/-Lakhs (previous year ₹1,02,264.44/-Lakhs) after considering natural hedge.

37. Sales /Income from Operation include export benefits amounting to ₹ 1648.84/-Lakhs (As at 31st March 2019 ₹1783.30/-Lakhs)

38. Directors Remuneration:

Particulars	(₹ in Lakhs)	
	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	179.17	174.57
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	34.11	34.62
Commission payable to Directors	487.54	337.40
Contribution to Provident Fund	1.08	1.08
Superannuation fund scheme	43.25	43.25
Total Remuneration	745.15	590.92



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

39. Auditors' remuneration includes

Particulars	(₹ in Lakhs)	
	Current Year	Previous Year
Statutory Audit	8.25	7.50
Certification	0.07	0.00
Total	8.32	7.50

40. Reconciliation of Tax Expense and the Accounting Profit multiplied by India's domestic tax rate for 31st March,2020 and 31st March,2019.

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Accounting profit before income taxes	17497.47	12762.38
Enacted tax rate in India (%)	25.168	34.944
Computed expected tax (benefit)/expenses	4403.76	4459.69
Timing difference in depreciable assets	(261.12)	(494.17)
Weighted deduction allowed for research and development expenditure	(55.73)	(186.97)
Other Non-deductible expenses for tax purpose	60.09	76.57
Other deductible Items for tax purpose	808.00	(663.55)
Deferred Tax not recognised (net)	(1025.00)	845.00
Income tax expense reported in the statement of profit and loss	3930.00	4036.57
Effective Income Tax Rate	22.46	31.68

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized the provision for Income Tax for the year ended 31st March, 2020 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognized in the Statement of Profit & Loss for the year ended 31st March, 2020.

41. Employee Benefits:

a) Defined Benefit Plan

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

a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation	(₹ in Lakhs)	
	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
Defined Benefit Obligation at beginning of the Year	1157.83	1021.01
Current/Past Service Cost	62.52	57.13
Interest Cost	90.19	80.15
Actuarial(gain)/ loss	136.83	47.31
Benefits Paid	(50.88)	(47.77)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

			(₹ in Lakhs)	
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year		
Defined Benefit Obligation at year end	1396.49	1157.83		
b. Reconciliation of opening and closing balances fair value of plan assets				
Fair value of plan assets at beginning of the year	1044.20	954.11		
Expected return of plan assets	(5.29)	(4.06)		
Interest Income	81.34	74.90		
Actuarial gain/ (loss)	0.00	0.00		
Employer Contribution	114.00	67.02		
Benefits Paid	(50.88)	(47.77)		
Fair value of plan assets at year end	1183.37	1044.20		
Actual return on plan assets	(5.29)	(4.06)		
c. Reconciliation of fair value of assets and obligations				
Fair value of plan assets	1183.37	1044.20		
Present value of obligation	(1396.49)	(1157.83)		
Amount Recognized	(213.12)	(113.63)		
d. Expenses recognized during the year				
Current/Past Service cost	62.52	57.13		
Interest cost	8.85	5.25		
Expected return on plan assets	0.00	0.00		
Actuarial(gain)/ loss	142.12	51.37		
Net Cost	8.85	5.25		
L.I.C Group Gratuity (Cash Accumulation) Policy, and Aditya Birla Sun Life Insurance Company Ltd. Group Gratuity Policy	89.01% Invested with L.I.C. & 10.99% ABSLCL	89.28% Invested with L.I.C. & 10.72% ABSLCL		
f. Actuarial assumptions				
Mortality Table(L.I.C.)	-	-		
	2006-08	2006-08		
	(Ultimate)	(Ultimate)		
Discount rate (per annum)	6.84%	7.79%		
Expected rate of return on plan assets (per annum)	6.84%	7.79%		
Rate of escalation of in Salary (per annum)	4.50%	4.50%		
The estimate of rate of escalation in salary considered in Actuarial valuation, take into account inflation, seniority, promotion, other relevant factors' including supply and Demand in the employment market. The above information is certified by the actuary				



NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2020

b) Leave Encashment :

Leave Encashment liability amounting to ₹175.36 Lakhs previous year (₹174.93 Lakhs) has been provided in the Accounts for the year.

42. As per Section 135 of the Companies Act 2013, details of amount to be spent on Corporate Social Responsibility are as below.

Particulars	(₹ in Lakhs)	
	Current Year	Previous Year
Gross Amount to be spent on CSR Activity	231.74	208.55
Amount spent during the year	217.67	207.63

43. Disclosure for operating leases under Ind AS 116 - "Leases":

The Company has adopted Ind AS 116- leases, effective from 1st April, 2019 as notified by the Ministry of Corporate Affairs (MCA) in the Companies (India Accounting Standards) Amendments Rules, 2019. The Adoption of Ind AS 116 did not have any material Impact on the results for the year ended March, 2020.

- **Total future lease payments under non-cancellable operating lease on undiscounted basis.**

Period	(₹ in Lakhs)	
	Current Year	Previous Year
Not Later than 1 year	481.80	483.45
Later than 1 year and not later than 5 years	784.40	1019.07
Later than 5 years	-	-

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

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M.NO.047973

PLACE : MUMBAI

DATE: May 15, 2020

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary
& Compliance officer)

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INDEPENDENT AUDITOR'S REPORT

To the Members of Aarti Drugs Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Aarti Drugs Limited ("the Holding Company") and its one subsidiary (the Holding Company and its subsidiaries together referred as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020, and Consolidated Profit and Consolidated Total Comprehensive Income, Consolidated Changes in Equity and its Consolidated Cash Flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Due to COVID-19 lockdown throughout the country since last week of March 2020, we have adopted alternative methodologies using technological solutions in performing our audit procedures. We have determined the matters described below to the Key Audit Matters to be communicated in the Report:

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipments.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonable accurateness and completeness of financial</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>a) We assessed the Group's process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment as per the Ind AS 16.</p> <p>b) We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment.</p> <p>c) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment.</p> <p>d) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.</p>

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

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

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

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

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

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

Management's Responsibility for the Consolidated Financial Statements

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



making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company and its Subsidiary Companies which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matter

We did not audit financial statements/information of three wholly-owned & one subsidiary whose financial statements/ financial information reflect total assets of Rs. 11,514.53 Lakhs as at March 31, 2020, total revenue from operations of Rs. 20,896.03 Lakhs for the year ended March 31, 2020, respectively considered in the Consolidated Financial Statements.

Out of above, two wholly-owned subsidiaries financial statements/ financial information have been audited by other auditor whose report has been furnished to us and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of its subsidiary is based solely on the report of the other auditor.

For remaining one wholly-owned and one subsidiary's unaudited financial statements/ information furnished to us by the Board of Directors and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these Companies are based solely on such unaudited interim financial statements / financial information. In our opinion and according to the information and explanations given to us by the Board of

Directors, these interim financial statements / financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the Statutory Auditors of its subsidiary companies incorporated in India, none of the directors of the Group incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our reports expresses



an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, amended:

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

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

- i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its Consolidated Financial Statements – Refer **Note 27** to the Consolidated Financial Statements;
- ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer **Note 35** to the Consolidated Financial Statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group except the following :
 - a) There have been delays in crediting unpaid dividend amount to Investor Education and Protection Fund by the Holding Company.

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

**Sd/-
Milind Bhave
Partner
Membership No.: 047973**

UDIN: 20047973AAAABQ3198

Place: Mumbai

Date: May 15, 2020

Annexure A to the Auditor's Report

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

We have audited the internal financial controls over financial reporting of Aarti Drugs Limited (the Company and its subsidiaries, together referred as "the Group") as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



Annexure A to the Auditor's Report

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Sd/-
Milind Bhawe
Partner
Membership No.: 047973**

**UDIN: 20047973AAAABQ3198
Place: Mumbai
Date: May 15, 2020**

CONSOLIDATED BALANCE SHEET

as at 31st March, 2020

Particulars	Notes	(₹ in lakhs)	
		Consolidated As at 31 st March, 2020	Consolidated As at 31 st March, 2019
ASSETS			
Non - Current Assets			
Property, plant and Equipment	1	63,359.13	62,195.28
Right of use Assets	1.1	872.95	-
Capital work - in - progress	1.2	1,220.56	3,274.87
Intangible assets	2	149.24	291.15
Financial Assets			
Investments	3	1,336.22	1,243.52
Other Non- Current Assets	4	311.87	115.16
Total Non- Current Assets		67,249.96	67,119.98
Current Assets			
Inventories	5	32,540.48	24,661.28
Financial Assets			
(i) Trade receivable	6	48,863.44	45,854.41
(ii) Cash and Bank Balances	7	764.22	555.45
(iii) Other Current Financial Assets	8	1,199.80	954.74
Other current assets	9	6,577.21	6,403.00
Total Current Assets		89,945.14	78,428.87
Non current Asset held for sale		455.00	-
TOTAL		1,57,650.11	1,45,548.85
EQUITIES AND LIABILITIES			
EQUITY			
Share Capital	10	2,330.00	2,358.21
Other Equity		62,918.93	51,986.39
Total Equity Attributable to Equity Holders of the Company		65,248.93	54,344.60
Non- Controlling Interests		(0.21)	-
Total Equity		65,248.72	54,344.60
LIABILITIES			
Non current liabilities			
Financial Liabilities			
(i) Lease Liability	1.1	587.22	-
(ii) Borrowings	11	18,031.21	20,820.80
(iii) Other financial liability	12	878.73	1,072.07
provisions	13	2,362.76	1,232.20
Deferred tax liability (Net)	14	8,071.41	8,980.93
Total of Non current liabilities		29,931.33	32,106.01
Current liabilities			
Financial Liabilities			
(i) Borrowings	15	15,773.27	26,324.58
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		1,156.60	1,261.89
Dues of creditors other than micro enterprises and small enterprises		31,798.13	23,001.60
Provisions	17	458.67	216.19
Lease Liability	1.1	341.98	
Other current liabilities	18	12,941.42	8,293.97
Total		62,470.06	59,098.24
TOTAL		1,57,650.11	1,45,548.85

Summary of significant Accounting Policies and Other Explanatory Information 27-36

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-
(CA Milind Bhawe)
PARTNER
M.NO.047973

PLACE : MUMBAI
DATE: May 15, 2020

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Rushikesh Deole
(Company Secretary & Compliance officer)



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2020

				(₹ in lakhs)	
Particulars	Note No	Consolidated 31 st March, 2020	Consolidated 31 st March, 2019		
I Revenue from Operations		1,80,608.85	1,56,094.10		
II Other Income	19	148.23	241.05		
III Total Revenue (I + II)		1,80,757.08	1,56,335.15		
IV Expenses :					
(a) Cost of materials consumed	20	1,14,191.57	99,890.45		
(b) Purchase of stock-in-trade		8,831.60	4,424.72		
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		(5,127.83)	1,682.45		
(d) Employee Benefits Expense	21	6,935.59	6,092.08		
(e) Finance cost (Interest)	22	3,372.60	3,995.83		
(f) Depreciation and Amortisation Expense	23	4,875.33	4,256.23		
(g) Other Expenses	24	29,596.03	23,267.60		
Total Expenses (IV)		1,62,674.88	1,43,609.36		
V Profit before exceptional items and tax (III - IV)		18,082.20	12,725.79		
VI Exceptional Items	25	(446.65)	(376.55)		
VII Profit before tax (V - VI)		18,528.85	13,102.33		
VIII Tax Expenses :	32				
Provision for Taxation - Current Year		4,604.00	3,372.11		
- MAT credit entitlement		-	(7.61)		
- Earlier Year		730.00	(108.43)		
Provision for Deferred Tax		(945.00)	871.11		
Total tax expenses (VIII)		4,389.00	4,127.19		
IX Profit / (Loss) for the Year (VII - VIII)		14,139.85	8,975.15		
Other comprehensive Income		-	-		
Item that will not to be reclassified to statement of Profit and Loss		-	-		
Fair value changes on Investments, net		283.69	132.79		
Remeasurement of defined benefit Liability/Assets, net		(106.59)	(33.90)		
X Total Other Comprehensive Income, net		177.10	98.88		
XI Total Comprehensive Income for the period (IX+X)		14,316.95	9,074.03		
XII Profit attributable to :					
Owner of the Company		14,140.06	8,975.15		
Non- Controlling Interest		(0.21)	-		
XIII Total Comprehensive Income attributable to :					
Owner of the Company		14,317.16	9,074.03		
Non- Controlling Interest		(0.21)	-		
Earnings per Equity Shares (EPS) (In ₹)	26				
Basic/Diluted		60.57	38.48		

Summary of significant Accounting Policies and Other Explanatory Information 27-36

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-
(CA Milind Bhawe)
PARTNER
M.NO.047973

PLACE : MUMBAI
DATE: May 15, 2020

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(Chairman, Managing Director & CEO)
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(Chief Financial Officer)

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

Sd/-
CS Rushikesh Deole
(Company Secretary & Compliance officer)

STATEMENT CHANGES IN EQUITY

for the year ended 31st March, 2020 (Consolidated)

A. EQUITY SHARE CAPITAL

Particulars	(₹ in lakhs)
As at 31 st March, 2019	2,358.21
Changes in equity share capital during the year 2019-20	(28.21)
As at 31 st March, 2020	2,330.00

B. OTHER EQUITY

Particulars	Other Equity				Other Comprehensive Income	Total Equity Attributable to Equity Holder of the Company	Non-Controlling Interest	Total Equity
	Capital Reserve	Reserve and Surplus Capital Redemption Reserve	General Reserve	Retained Earnings				
As at 1 st April, 2018	628.27	273.77	33.77	41,733.87	514.88	43,184.56	-	43,184.56
Transfer to General Reserve from Retained Earning	-	-	870.00	(870.00)	-	-	-	-
Profit for the Period	-	-	-	8,975.15	-	8,975.15	-	8,975.15
Dividend Paid	-	-	-	(235.82)	-	(235.82)	-	(235.82)
Tax on Dividend	-	-	-	(48.47)	-	(48.47)	-	(48.47)
Remeasurment of defined benefit Liability/Assets, net	-	-	-	-	(33.90)	(33.90)	-	(33.90)
Fair value change on Investment;net	-	-	-	-	132.79	132.79	-	132.79
other adjustments	-	-	-	12.10	-	12.10	-	12.10
Balance as at 31 st March, 2019	628.27	273.77	903.77	49,566.83	613.76	51,986.39	-	51,986.39
Transfer to General Reserve from Retained Earning	-	-	1,350.00	(1,350.00)	-	-	-	-
Transfer to Retained Earning	-	-	-	216.61	(216.61)	-	-	-
Profit for the Period	-	-	-	14,140.06	-	14,140.06	(0.21)	14,139.85
Dividend Paid	-	-	-	(699.00)	-	(699.00)	-	(699.00)
Tax on Dividend	-	-	-	(143.68)	-	(143.68)	-	(143.68)
Buyback of shares	-	28.21	(33.77)	(2,505.13)	-	(2,510.69)	-	(2,510.69)
Fair value change on Investment; net	-	-	-	-	283.69	283.69	-	283.69
Remeasurment of defined benefit liability/Assets'net	-	-	-	-	(106.59)	(106.59)	-	(106.59)
Impact on account of adoption of Ind AS 116	-	-	-	(41.58)	-	(41.58)	-	(41.58)
other adjustments	-	-	-	10.33	-	10.33	-	10.33
Balance as at 31 st Mar, 2020	628.27	301.98	2,220.00	59,194.44	574.25	62,918.93	(0.21)	62,918.72

AS PER OUR REPORT OF EVEN DATE.

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

Sd/-
(CA Milind Bhawe)
PARTNER
M.NO.047973

PLACE : MUMBAI
DATE: May 15, 2020

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Rushikesh Deole
(Company Secretary & Compliance officer)



CONSOLIDATED CASH FLOW STATEMENT

as on 31st March, 2020

		(₹ in lakhs)	
S. No	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
A. Cash Flow from Operating Activities			
	Net Profit before Tax and Exceptional Items	18,528.85	13,102.33
ADJUSTMENT FOR:			
	Depreciation & Amortisation	4,875.33	4,256.23
	Provision for Bad & doubtful Debts/ Bad debts	275.13	25.13
	Unrealised Foreign Exchange (Gain)/Loss (Net)	737.82	(240.13)
	Interest Paid	3,372.60	3,995.83
	Interest Received	(131.39)	(140.13)
	Dividend Received	(0.11)	(0.11)
	Loss on Sale of Property, Plant & Equipment	(445.57)	(376.55)
	Change in Operating Assets / Liabilities	27,212.64	20,622.61
	Trade & Other Receivable	173.12	(6,271.90)
	Changes in Inventories	(7,868.88)	3,171.68
	Trade & Other Payable	9,645.04	(248.79)
	Cash generated from operations	29,161.93	17,273.60
	Direct Tax Paid	(4,087.55)	(2,964.45)
	Net Cash Flow from Operating Activities	25,074.38	14,309.16
B. Cash Flow from Investing Activities			
	Purchase of Property, Plant & Equipment / Capital Work in Progress/ Advances	(4,799.06)	(7,427.35)
	Sale of Fixed Assets	1,084.67	1,120.07
	Sale of Investments	261.95	-
	Dividend Received	0.11	0.11
	Interest Received	131.39	140.13
	Net Cash Flow from Investing Activities	(3,320.93)	(6,167.05)
C. Cash Flow from Financing Activities			
	Proceeds/(Repayment) from Long Term Borrowings	(2,135.42)	335.57
	Proceeds/(Repayment) from Unsecured Loans & from Scheduled Bank	(12,647.08)	(4,055.41)
	Buy Back of shares	(2,538.90)	-
	Dividend Paid	(703.00)	(242.89)
	Dividend Tax Paid	(143.68)	(48.47)
	Interest Paid	(3,372.60)	(3,995.83)
	Net Cash Flow from Financing Activities	(21,540.67)	(8,007.03)
	Net Increase in Cash and Cash Equivalents (A+B+C)	212.78	135.07
	Opening Cash and Cash Equivalents	464.35	329.28

(₹ in lakhs)

S. No	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
	Closing Cash and Cash Equivalents	677.13	464.35
	Reconciliations of Cash and Cash Equivalents		
	- Balance with Banks	624.92	119.57
	- Cash in Hand	28.57	26.21
	- Cheques in Hand	23.64	318.58
	Balance as per Cash Flows Statement	677.13	464.35

Notes:

- (i) Figures in brackets indicate outflows
- (ii) Cash and cash equivalent is cash and bank balance as per balance sheet
- (iii) Fixed Deposits with bank amounting to ₹ 290.14 lakhs (previous year ₹ 73.65 lakhs) under lien are considered as cash and cash equivalents.
- (iv) Previous year figures have been regrouped / rearranged to confirm to the current year's presentation wherever necessary.

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M.NO.047973

PLACE : MUMBAI

DATE: May 15, 2020

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary
& Compliance officer)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Corporate Information:

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

The List of Companies which are included in the Consolidated Financial Statements are follows:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest (%)	
		As on 31 st March, 2020	As on 31 st March, 2019
(₹ in lakhs)			
Wholly Owned Subsidiary			
Pinnacle Life Science Private Ltd.	India	100%	100%
Aarti Speciality Chemicals Ltd.	India	100%	-
Pinnacle Life Science LLC	UAE	100%	-
Subsidiary Company			
Pinnacle Chile SpA.	Chile	95%	-

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

The Financial Statements have been authorized for issue by the Board of Directors at their meeting held on May 15, 2020.

Note: 1 Significant Accounting Policies and Accounting Estimates and Judgments

1) Basis of preparation:

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

Classification of Assets and Liabilities:

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

The Statement of Cash Flows have been prepared under Indirect Method.

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

Use of estimates and Judgments:

The preparation of the Financial Statements in conformity with Ind AS requires the management to make estimates, Judgment & Assumptions. These estimates, judgments’ & assumption affect the application of accounting policies and the reported amounts of assets & liabilities, the disclosures of contingent assets & liability at the date of the Financial Statement & reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

estimates are reflected in the Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

2) Basis of consolidation:

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

3) Revenue recognition:

Revenue from contract with customer

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

(i) **Sale of goods:** Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.

(ii) **Interest Income:** Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate

applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) **Dividend income:** Revenue is recognized when the group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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

4) Property, plant and equipment:

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

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

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

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

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

Property, plant and equipment are eliminated from Financial Statements, either on disposal or when retired



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence

Intangible Assets:

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

Intangible assets are stated at cost or acquisition less accumulated amortisation and impairment. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

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

Research and Development:

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

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

Depreciation:

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

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

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

Non-current assets and disposal group held for sale

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. The determination of fair value less costs to sell includes use of the Management estimates and assumptions. The fair value of the disposal groups have been estimated using valuation techniques including income and market approach which includes unobservable inputs. Non-current assets and the disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and the disposal group was classified as "Held for Sale" adjusted for any depreciation / amortization and its recoverable amount at the date when the disposal group no longer meets the "Held for Sale" criteria. Recoverable amounts of assets reclassified from "Held for Sale" have been estimated using the Management's assumptions.

5) Inventories:

Raw materials, packing materials, store & spares, Traded goods and Work in progress are valued at cost. The cost of Raw materials, packing materials, store & spares and traded goods includes all cost of purchase, duties and

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

taxes (other than those subsequently recoverable from the tax authorities) and all other cost incurred in bringing the inventory to its present location and conditions. Cost is arrived on moving stock on FIFO basis.

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

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

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

6) Retirement and other employee benefits:

Provident fund:

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

Gratuity Obligations:

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

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

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

Other Benefit Plan

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

7) Foreign Currency Transactions:

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

8) Leases:

The Group has adopted Ind AS 116 'Leases' with effect from April 01, 2019. Ind AS 116 replaces Ind AS 17 - Leases and Implementation and related Guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of Leases for both parties i.e. for Lessor and for Lessee. Ind AS 116 introduces single lessee accounting entry approach and requires lessee to account asset and liabilities for all leases for more than 12 months and underlying assets which are not defined as 'Low Value' Assets by the Management of the Company.



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

The Group's lease asset primarily consists of leases for buildings and for vehicles. The Group, at the inception of the contract, assesses whether a contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. This policy has been applied to existing contracts into on or after April 01, 2019.

The Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The right-of-use assets initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are subsequently depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets is evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Group's incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it exercises an extension or a termination option.

The Group treated the leases with remaining lease term for less than 12 months as if they were "short term lease".

Lease liability and ROU asset have been separately presented in the Balance Sheet, and lease payments have been classified as financing cash flows. Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

9) Income Taxes:

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

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

Current income tax:

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

Deferred tax:

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

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

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

Minimum Alternate Tax (MAT):

MAT credit is recognized as an asset only when and to the extent it is reasonably certain that the group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

10) Borrowing Costs:

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

11) Provisions and Contingent Liabilities:

Provisions:

Provisions for legal claims, chargeback and sales returns are recognized when the group has a present legal or constructive obligation as a result of past events, it is

Probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

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

Contingencies:

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

NOTE NO. 1- PROPERTY, PLANT AND EQUIPMENTS (Consolidated)

(₹ in lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1 st April,19	Addition	Deduction	As on 31 st March,20	As on 1 st April,19	Addition	Deduction	As on 31 st March,20	As on 31 st March,20	As on 31 st March,19
TANGIBLE ASSETS										
BUILDING	17,694.65	1,087.23	440.32	18,341.57	3,838.76	597.81	53.04	4,383.53	13,958.04	13,855.89
FURNITURE	925.39	59.52	0.32	984.59	574.73	79.89	0.08	654.53	330.06	350.66
LAND	4,365.65	23.47	826.28	3,562.84	-	-	-	-	3,562.84	4,365.65
OFFICE EQUIPMENTS	959.15	100.51	186.73	872.93	437.73	79.15	45.44	471.45	401.49	521.41
PLANT & MACHINERY	72,418.49	5,440.48	216.98	77,641.98	29,424.59	3,547.52	24.93	32,947.18	44,694.80	42,993.89
VEHICLES	354.22	350.09	33.37	670.94	246.46	34.40	21.81	259.04	411.90	107.76
TOTAL	96,717.55	7,061.31	1,704.00	1,02,074.86	34,522.27	4,338.77	145.30	38,715.74	63,359.13	62,195.28
PREVIOUS YEAR	90,294.06	7,233.59	810.10	96,717.55	30,508.19	4,080.40	66.32	34,522.27	62,195.28	

Note :

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹199.76 Lakhs (previous year ₹232.99 Lakhs)

NOTE NO. 1.1 - Right of use Assets/Lease Liability

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at 31 st March,2020
Opening Balance	955.44
Additions during the year	293.80
Depreciation	(376.28)
Closing Balance	872.95

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 955.44 Lakhs and lease liability of ₹ 997.01 Lakhs. The cumulative effect of applying the standard, amounting to ₹ 41.58 Lakhs was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Movement in lease liabilities

(₹ in lakhs)

Particulars	As at 31 st March,2020
Opening Balance	997.01
Finance cost accrued during the year	293.80
Payment of lease liabilities	(361.61)
Closing Balance	929.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at 31 st March,2020
Current lease liabilities	341.98
Non- current lease liabilities	587.22
Total	929.19

NOTE NO. 1.2 - Capital Work in Progress

(₹ in lakhs)

Particulars	As at 31 st March,2020	As at 31 st March,2019
Opening Balance	3,274.87	2,844.60
Capitalised	(2,817.63)	(1,576.92)
Additions during the year	763.32	2,007.19
Closing Balance	1,220.56	3,274.87

NOTE NO.2: INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at 31 st March,2020	As at 31 st March,2019
(a) PROCESS DEVELOPMENT (R & D)		
Opening Balance	259.24	407.38
Additions during the year	-	-
Amortisation	(148.14)	(148.14)
Closing Balance	111.10	259.24
(b) COMPUTER SOFTWARE		
Opening Balance	31.91	46.05
Additions during the year	28.97	13.54
Amortisation	(22.74)	(27.69)
Closing Balance	38.14	31.91
Total (a+b)	149.24	291.15

Remainig period of Amortisaton of Intangible assets mentioned as follow

(₹ in lakhs)

Particulars	As at 31 st March,2020	
Process Development (R & D)	111.10	9 Months



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

NOTE NO 3 - NON CURRENT INVESTMENTS

(₹. In Lakhs except % of Shareholding)

Name of the company	No. of Shares/ Units	As at 31 st March, 2020 (₹)	No. of Shares/ Units	As at 31 st March, 2019 (₹)
Investments - (Unquoted) in Equity Shares of Other Companies				
Perfect Enviro Control Systems Ltd.	2,40,200	12.57	2,40,200	12.57
The Shamrao Vitthal Co- op Bank Ltd.	100	0.03	100	0.03
The Saraswat Co - op Bank Ltd.	10,100	1.01	10,100	1.01
Shivalik Solid Waste Management Ltd	2,500	0.50	2,500	0.50
Tarapur Environment Protection Society	68,188	112.37	68,188	111.43
Amit Hetrochem (I) Ltd	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Ltd.	1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.*	234	1,180.54	308	1,088.79
TOTAL		1,336.22		1,243.52

*Face Value of 1 share = 10000 RMB

Note No 4: Other Non- Current Assets

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Capital Advances	311.87	115.16
TOTAL	311.87	115.16

Note No 5: Inventories

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Raw Materials (incl.In- transit stock)	12,221.16	9,449.06
Packing Materials	355.49	431.37
Work in process	10,091.26	8,801.72
Finished Goods (incl.In- transit stock)	8,928.15	5,089.86
Stores & Spares	944.42	845.29
Stock in Trade	-	43.97
TOTAL	32,540.48	24,661.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 6 : Trade receivable

(₹ in lakhs)

Particulars	As at 31 st March,2020	As at 31 st March,2019
Unsecured		
-considered good	48,863.44	45,854.41
-considered doubtful	153.16	41.05
	49,016.59	45,895.46
Less: Provision for Doubtful Debts	153.16	41.05
TOTAL	48,863.44	45,854.41

Note No 7 : Cash and Bank Balances

(₹ in lakhs)

Particulars	As at 31 st March,2020	As at 31 st March,2019
Cash in Hand	28.57	26.21
Cheques in Hand	23.64	318.58
Balances with Scheduled Banks :		
- Current Accounts	334.78	45.92
Deposit Accounts	290.14	73.65
Cash and cash equivalents	677.12	464.35
Other Bank Balances		
Earmarked balance - unpaid dividend	87.10	91.10
TOTAL	764.22	555.45

Note No 8: Other Current Financial Assets

(₹ in lakhs)

Particulars	As at 31 st March,2020	As at 31 st March,2019
Unsecured , Consider good		
Deposit	1,142.31	892.25
Advances and loans - Staff & workers	57.48	62.49
TOTAL	1,199.80	954.74



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 9: Other current assets

(₹ in lakhs)

Particulars	As at 31 st March,2020	As at 31 st March,2019
Advances recoverable in cash or ' kind or for value to be received	3,834.49	1,822.47
Insurance claim receivable	227.02	655.57
Balances with Statutory/ Govt. Authority	2,515.70	3,924.96
TOTAL	6,577.21	6,403.00

NOTE NO 10 SHARE CAPITAL

(₹. & No. of shares in lakhs)

Particulars	No. of Shares	As at 31 st March,2020	No. of Shares	As at 31 st March,2019
Authorised Share Capital				
Equity shares of ₹ 10/- each	250.00	2,500.00	250.00	2,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	233.00	2,330.00	235.82	2,358.21
		2,330.00		2,358.21

Note No.10.1: Rights attached to equity shares

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

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

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

No.of Equity Shares outstanding

(Shares in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2016
Equity Shares at the beginning of the year	235.82	235.82	238.57	242.17	242.17
Issue of Bonus shares	-	-	-	-	-
Buyback of Shares	(2.82)	-	(2.75)	(3.60)	-
Equity Shares at the end of the year	233.00	235.82	235.82	238.57	242.17

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

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

- (a) During the Financial Year 2019-20 , the company has completed buyback of 2,82,100/- equity shares of face value ₹10/- each at a price of ₹ 900/- per share on 27th May, 2019. The number of shares post buyback stands reduced to 2,33,00,000 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹ 2330.00 lakhs.
- (b) During the Financial Year 2017-18 , the company has completed buyback of 2,75,000/- equity shares of face value ₹10/- each at a price of ₹ 875/- per share on 14th March, 2018. The number of shares post buyback stands reduced to 2,35,82,100 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹2358.21 lakhs.
- (c) During the Financial Year 2016-17 , the company has completed buyback of 3,60,000/- equity shares of face value ₹10/- each at a price of ₹750/- per share on 26th December, 2016. The number of shares post buyback stands reduced to 2,38,57,100 of ₹10/- each. Accordingly the paid up capital also stands reduced to ₹ 2385.71 lakhs.

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

Name of the shareholders	As at 31 st March, 2020		As at 31 st March, 2019	
	No. of Shares	% held	No. of Shares	% held
Prakash M. Patil	21,23,244	9.11	20,50,342	8.69

Note No 11: Non current Borrowings

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note no.34a)	17,174.21	19,963.80
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
TOTAL	18,031.21	20,820.80

Note No 12 : Other financial liability

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
Trade payables of Project	687.25	785.70
Deferred Payment Liability	174.49	269.39
Trade Deposits	16.99	16.99
TOTAL	878.73	1,072.07



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 13 : Long term provision

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Income Tax Provision (Net of Advance Tax and TDS)	2,358.95	1,086.86
Provision for Employee benefits	3.81	145.34
TOTAL	2,362.76	1,232.20

Note No 14 : Deferred Tax Liabilities (Net)

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(a) Recognised in Profit and Loss		
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	8,035.93	8,963.52
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit Liability/Assets	35.48	17.41
Total	8,071.41	8,980.93

Note No 15 : Short term Borrowings

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note no.34b)	8,576.48	17,746.14
Unsecured borrowings	7,196.78	8,578.44
TOTAL	15,773.27	26,324.58

Note:-

Working Capital Loans availed from scheduled Banks, are secured/ to be secured by way of Pari passu first charge by hypothecation of Inventories and Trade Receivable.

Note No 16 : Trade payables

(₹ in lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Dues Of Micro Enterprises And Small Enterprises	1,156.60	1,261.89
Dues Of Creditors Other Than Micro Enterprises And Small Enterprises	31,798.13	23,001.60
TOTAL	32,954.72	24,263.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

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

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

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
a) Principal Amount Due To Suppliers Registered Under MSMED Act And Remaining Unpaid As At The Year End	1,156.60	1,261.89
b) Interest Due Thereon	-	-
c) Interest Paid By The Company In Term Of Section 16	-	-
d) Interest Due And Payable For The Period Of Delay In Payment	-	-
e) Interest Accrued And Remaining Unpaid	-	-
f) Interest Remaining Due And Payable Even In Succeeding Years	-	-

As at March 31, 2020 & March 31, 2019, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

Note No 17 : Short term provision

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
Provision for Employee benefits	458.67	216.19
TOTAL	458.67	216.19

Note No 18 : Other current liabilities

Particulars	(₹ in lakhs)	
	As at 31 st March, 2020	As at 31 st March, 2019
Current Maturity of Long Term Debts (Refer Note no.34a)	4,130.32	3,575.82
Interest accrued but not due on Loans	71.10	56.43
Unpaid Dividend	87.10	91.10
Other Payable - Duties & Taxes	368.31	748.95
Other Payable for Goods & Expenses	8,284.59	3,821.67
TOTAL	12,941.42	8,293.97



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 19 - Other Operating Income

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Dividend	0.24	0.19
Interest	112.57	116.03
Miscellaneous Income	35.42	124.83
Total	148.23	241.05

Note No 20 - Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Raw Material Consumption	1,09,025.84	95,246.44
Packing Materials	3,202.73	2,959.45
Freight Inward	1,483.14	1,250.50
Clearing & Forwarding	479.86	434.06
Total	1,14,191.57	99,890.45

Note No 21 - Employee benefits expense

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Salaries, Wages and Bonus (Mfg)	4,985.92	4,446.44
Labour Welfare Expenses	156.53	140.44
Salaries and Bonus (Admin)	747.24	641.30
Provident Fund Contribution	224.61	204.59
Staff Welfare Expenses	20.38	22.42
Directors' Remuneration	800.92	636.91
Total	6,935.59	6,092.08

Note No 22 - Finance Cost

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Interest on Term Loans	1,915.96	1,955.95
Interest on Working Capital	1,254.08	1,934.17
Interest on Others (Including Ind AS 116 Interest)	202.55	105.71
Total	3,372.60	3,995.83

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Note No 23 - Depreciation and Amortisation

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Depreciation on Property, Plant & Equipment	4,350.90	4,108.09
Depreciation on Lease Assets	376.28	
Amortisation on Intangible Assets	148.14	148.14
Total	4,875.33	4,256.23

Note No 24 - Other expenses

(₹ in lakhs)

Particulars	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Manufacturing Expenses		
Processing Charges	1,932.57	1,654.52
Labour Charges	4,030.05	3,551.93
Insurance Expenses	571.80	243.65
Lease Expenses*	6.00	366.43
Power & Fuel	10,152.75	8,277.18
Stores & Spares	1,662.06	1,320.38
Repairs & Maintenance - Building	45.40	28.40
- Plant & Machinery	778.73	558.02
Research & development	442.88	397.85
Water Charges	210.95	148.76
Laboratory Expenses	282.58	310.06
Other Factory Expenses	2,171.42	1,871.49
SubTotal (a)	22,287.19	18,728.68
* Refers to Lease Expenses on account of Short Term Lease		
Office & Administration Expenses		
Books & Periodicals	0.10	0.08
Auditors' Remuneration (Refer Note.31)	10.49	9.25
Conveyance Expenses	46.93	49.04
Legal & Professional Charges	378.24	225.03
Membership & Subscriptions	3.59	7.12
Printing & Stationery	28.69	21.00
Postage,Telegram & Telephone	22.76	22.15
Office Electricity Charges	19.05	12.89
Insurance Charges	28.11	27.16
Repairs & Maintenance - Others	38.14	39.27



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Particulars	(₹ in lakhs)	
	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
Entertainment Expenses	13.81	26.07
Miscellaneous Expenses	64.54	53.48
Vehicle Expenses	13.12	10.06
Travelling Expenses - Directors	12.18	19.11
- Others	75.30	53.49
Directors' Sitting Fees	3.80	3.90
Sub Total (b)	758.84	579.10
Selling & Distribution		
Advertisement & Sales Promotion	154.87	189.54
Freight & Forwarding -Export	2,269.53	1,552.28
Freight & Forwarding - Local	462.55	396.02
Commission Expenses	2,475.40	1,002.14
Insurance Expenses	82.94	23.91
Postage & Telegram	20.72	16.71
Other Export Expenses	90.82	166.61
Bad Debts & other written off	384.60	25.13
Sub Total (c)	5,941.43	3,372.35
Finance Cost		
Bank Charges (d)	369.75	354.74
Non Operative Expenses		
Donations	21.09	9.57
CSR Expenditure	217.72	223.16
SubTotal (e)	238.81	232.73
Total (a+b+c+d+e)	29,596.03	23,267.60

Note No 25 - Exceptional Items

Exceptional Items Include Profit on Sale of Property, Plant & Equipment of ₹ 446.65 Lakhs (Previous Year ₹ 376.55 Lakhs)

26. Earning Per Share:

(Amount in ₹ in Lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	14,139.85	8,975.15
Total Comprehensive Income	14,316.96	9,074.03
Number of Equity Shares (Nos.)	2,33,00,000	2,35,82,100
Basic & Diluted EPS (after extraordinary items) (₹)	60.57	38.48
Nominal value per share (₹)	10.00	10.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

27. Contingent Liabilities and Commitments:

(₹ in lakhs)

Sr. No.	Particulars	On the Parent Company	On the Subsidiary Companies	On the Parent Company	On the Subsidiary Companies
		Mar-20	Mar-20	Mar-19	Mar-19
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	7,838.68	138.84	6,713.09	229.74
b.	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	292.81	-	291.42	-
c.	Demand in respect of additional Excise, custom duty, service tax, sales tax ,fine & penalty in appeal (not acknowledged as debt)	380.57	-	235.62	-
d.	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	267.94	-	164.76	-
e.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	201.58	85.74	63.38	43.21

28. Segment Reporting (Ind- AS 108)

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

I. BASIS FOR SEGMENTATION

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

(₹ in lakhs)

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS		For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Segment Revenue			
a)	Out of India	62,294.30	56,447.02
b)	India	1,18,314.55	99,647.08
Total		1,80,608.85	1,56,094.10



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

29. RELATED PARTY DISCLOSURE UNDER (Ind-AS 24)

A. Name and Relationship of the Related Parties:

(1) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

• Individuals

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

• Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R Gogri
Mrs. Hetal Gogri Gala	Mr. Renil R. Gogri
Mrs. Arti R. Gogri	

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

• Key Management Personnel

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

• Relatives of Key Management Personnel

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mr. Sameer P. Shah	Mrs. Jayshree H. Shah
Mrs. Arati T. Sankhe	Mrs. Manisha R. Gogri

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

- Aarti Industries Ltd.
- Aarti Life Science LLP
- Alchemie Gases & Chemicals Pvt Ltd
- Alchemie Laboratories

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

- Alchemie Financial Services Ltd.
- Safechem Enterprises Pvt. Ltd.
- Anushakati Enterprise Pvt. Ltd.
- Gogri Finserv Pvt. Ltd.
- Dilesh Roadlines Pvt. Ltd.
- Alchemie Finserv Pvt. Ltd.

Transaction with the Related Parties:

Sr. No.	Particulars	Relationship	2019-20 ₹ In Lakhs	2018-19 ₹ In Lakhs
a) Sale of Goods				
	Aarti Industries Ltd	Entities in which some of the directors are interested	3.37	3.58
	Aarti Life Science LLP	Entities in which some of the directors are interested	2.40	-
b) Sale of Property, Plant & Equipments				
	Aarti Industries Ltd	Entities in which some of the directors are interested	-	1,110.00
c) Purchase of Goods Traded				
	Aarti Industries Ltd	Entities in which some of the directors are interested	2,533.64	1,895.22
	Alchemie Laboratories	Entities in which some of the directors are interested	65.00	15.60
d) Manufacturing Expenses				
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	12.30	16.51
e) Finance Cost				
	Alchemie Financial Services Ltd	Entities in which some of the directors are interested	-	8.08
	Prakash M. Patil	KMP	25.74	25.70
	Harshit M. Savla	KMP	60.08	60.00
f) Employee benefits and Office & Administration Expenses				
	Prakash M. Patil	Director	190.92	153.39
	Harshit M. Savla	Director	180.40	142.86
	Harit. P. Shah	Director	180.40	142.86



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

Sr. No.	Particulars	Relationship	2019-20 ₹ In Lakhs	2018-19 ₹ In Lakhs
	Uday M. Patil	Director	13.04	8.95
	Rashesh C. Gogri	Director	180.40	142.86
	Adhish Patil	KMP	58.38	48.48
	Vibhav Ranade	KMP	-	6.97
	Vikas Patil	Relative of KMP	18.92	17.71
	Hetal Gogri	Relative of KMP	-	4.83
	Vishwa Savla	Relative of KMP	55.77	45.99
	Rushikesh Deole	KMP	6.00	-
g)	Director Sitting Fees			
	Rajendra V. Gogri	Non Executive Director	0.40	0.40
h)	Closing Balance :			
	Balance Payable:			
	Aarti Life Science LLP	Entities in which some of the directors are interested	8.62	65.23
	Alchemie Gases & Chemicals Pvt Ltd	Entities in which some of the directors are interested	0.07	0.33
	Aarti Industries Ltd	Entities in which some of the directors are interested	335.91	447.76
	Alchemie Laboratories	Entities in which some of the directors are interested	14.40	-
	Prakash M. Patil	KMP	257.00	257.00
	Harshit M. Savla	KMP	600.00	600.00

Note: Related Parties are identified by the Management.

30. Directors Remuneration:

Particulars	(₹ in lakhs)			
	By the Parent Company 31 st Mar-2020	By the Subsidiary Company 31 st Mar-2020	By the Parent Company 31 st Mar-2019	By the Subsidiary Company 31 st Mar-2019
Salary to Managing Directors and whole time Directors	179.17	53.19	174.57	43.41
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	34.11	0.00	34.62	0.00
Commission payable to Directors	487.54	0.00	337.40	0.00
Contribution to Provident fund	1.08	0.00	1.08	0.00
Superannuation fund scheme	43.25	2.58	43.25	2.58
Total Remuneration	745.15	55.77	590.92	45.99

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

31. Auditors' remuneration includes

(₹ in lakhs)

Particulars	Statutory Audit		Certification		Total	
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
By the Parent Company	8.25	7.50	0.07	0.00	8.32	7.50
By the Subsidiary Company						
Pinnacle Life Science Pvt.Limited	2.01	1.75	0.00	0.00	2.01	1.75
Aarti Speciality Chemicals Limited	0.15	0.00	0.00	0.00	0.15	0.00

32. Reconciliation of tax Expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2020 and 31st March, 2019.

(₹ in lakhs)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Accounting profit before income taxes	18,528.85	13,102.33
Enacted tax rate in India (%)	25.168	34.944
Computed expected tax (benefit)/expenses	4663.34	4578.48
Timing difference in depreciable assets	(299.92)	(529.76)
Weighted deduction allowed for research and development expenditure	(55.73)	(186.97)
Other Non deductible expenses for tax purpose	60.10	82.02
Other deductible Items for tax purpose	966.30	(687.70)
Deferred Tax not recognised (net)	(945.00)	871.11
Income tax expense reported in the statement of profit and loss	4,389.00	4,127.19
Effective Income Tax Rate	23.69	31.50

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized the provision for Income Tax for the year ended 31st March, 2020 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognized in the Statement of Profit & Loss for the year ended 31st March, 2020.



NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

33. Details of Financial Statement of Subsidiaries:

Name of the Subsidiary	(₹ in Lakhs)	(₹ in Lakhs)	(AED in Lakhs)	(CLP in Lakhs)	(₹ in Lakhs)
	Pinnacle Life Science Private Ltd	Aarti Speciality Chemicals Ltd	Pinnacle Life Science LLC	Pinnacle Chile SPA	Pinnacle Life Science Private Ltd
The Financial year of Subsidiary ended on	31 st March, 2020	31 st March, 2020	31 st March, 2020	31 st March, 2020	31 st March, 2019
Reporting currency	INR	INR	AED	CLPESOS	INR
a-Share Capital	778.28	25.00	0.00	322.91	778.28
b- Other Equity	2988.94	(1.89)	(0.07)	(48.78)	2367.58
c- Debts & other Liability	7693.97	1.89	0.07	48.23	7874.47
Total Liability (a+b+c)	11461.19	25.00	0.00	322.36	11020.33
Total Assets	11461.19	25.00	0.00	322.36	11020.33
Total Income	20893.17	0.00	0.00	32.55	14982.84
Profit/(loss) Before Tax	1080.36	(1.89)	(0.07)	(48.78)	350.28
Tax Expenses	459.00	0.00	0.00	0.00	90.62
Profit/(Loss) after Tax	621.36	(1.89)	(0.07)	(48.78)	259.66

34. Securities for loans taken from Banks:

Bank Name	(₹ in lakhs)			
	As at 31-March-2020	As at 31-March-2019	Due for Installment	
			F.Y.2020-21	Subsequent Years
Saraswat Co-Op Bank Ltd.	741.65	1979.32	338.25	403.40
The Shamrao Vithal Co op Bank Limited	13812.88	13910.30	2442.07	11370.82
Bank Of Baroda	6749.99	7649.99	1350.00	5399.99

Note:

(ai) Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E-21, E-22, E-1, K-40, K-41, E-120, E-9/3, E-9/4, W-60(B), W-61(B), W-62(A), W-71(B), W-72(B), W-73(B) & T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904, 211, 213, 2601, 2602, 2603, 2520, 2522, 3325, Baddi- Himachal Pradesh.

(aii) Loan from The Shamrao Vithal Co-op Bank Ltd and Saraswat Co-op Bank Ltd. is also secured by second charge on current assets of the company both present and future.

b. Loans from Scheduled Banks Payable on Demand of ₹ 8,576.48 lakhs (Previous Year ₹ 17,746.14 Lakhs) 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2020

and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E-21, E-22, E-1, K-40, K-41, E-120, E-9/3, E-9/4, W-60(B), W-61(B), W-62(A), W-71(B), W-72(B), W-73(B) & T-150 and MIDC Turbhe Plot No. D-277 & D-278. GIDC, Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, 211, 213, 2601, 2602, 2603, 2520, 2522, 3325 Baddi- Himachal Pradesh.

35. The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31st March, 2020, the company had hedge in aggregate an amount of ₹ 15,185.22/-Lakhs (previous year ₹ 19,299.93/-Lakhs) out of its annual trade related operations (export& import) aggregating to ₹ 1,14,287.90/-Lakhs (previous year ₹ 1,02,264.44/-Lakhs) after considering natural hedge

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

AS PER OUR REPORT OF EVEN DATE.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

(CA Milind Bhave)

PARTNER

M.NO.047973

PLACE : MUMBAI

DATE: May 15, 2020

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harshit M. Savla

(Jt. Managing Director)

DIN : 00005340

Sd/-

CS Rushikesh Deole

(Company Secretary
& Compliance officer)





Mahendra Industrial Estate, Ground Floor, Road No. 29,
Plot No. 109-D, Sion (East), Mumbai - 400 022, Maharashtra
Tel.: +91 22 2401 9025
Fax: +91 22 2407 3462 / +91 22 2407 0144
www.aartidrugs.co.in