



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)
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Email: admin@aartidrugs.com
website: www.aartidrugs.com
CIN No.:L37060MH1984PLC055433

Ref: ADL/SE/2021-22

Date: August 11, 2021

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 2020-21

This is to inform you that **36th Annual General Meeting ('AGM')** of the Company is scheduled to be held on **Saturday, September 4, 2021 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 2020-21, 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 36th AGM of the Company along with Annual Report for FY 2020-21 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,

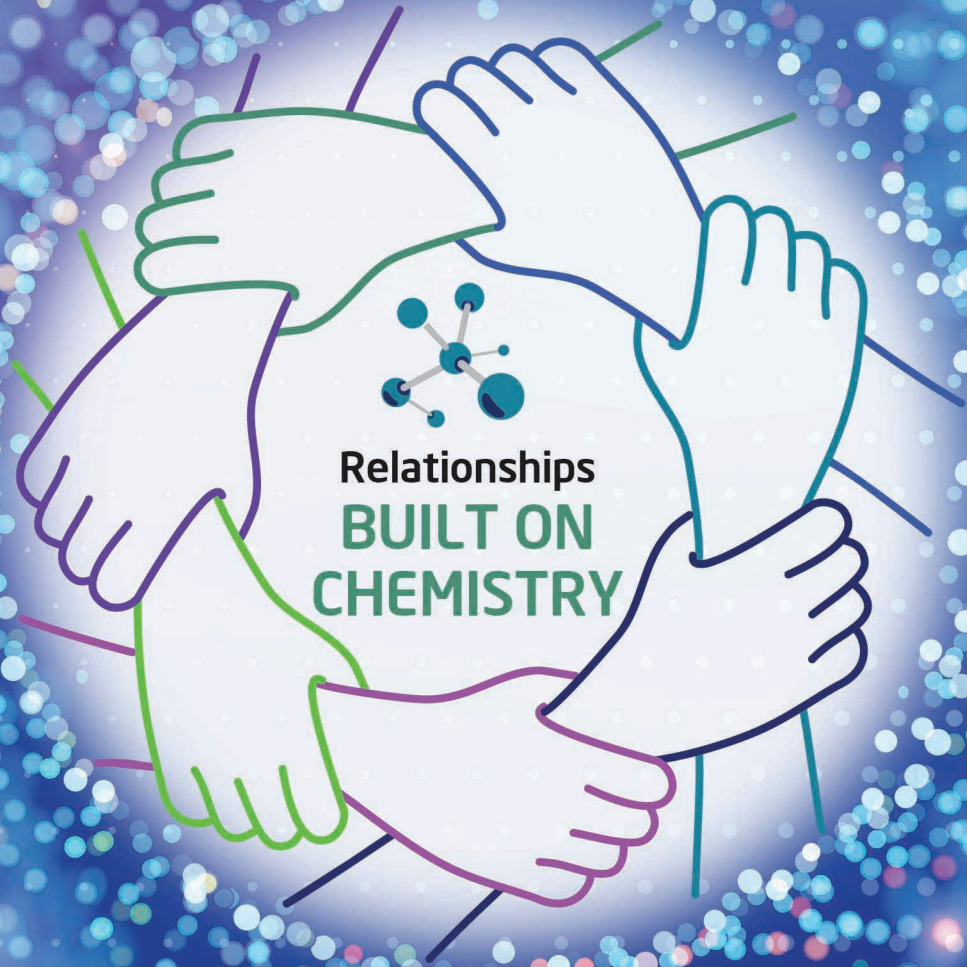
FOR AARTI DRUGS LIMITED

RUSHIKESH DEOLE

COMPANY SECRETARY & COMPLIANCE OFFICER

ICSI M.No.: A54527





ANNUAL REPORT 2020-21



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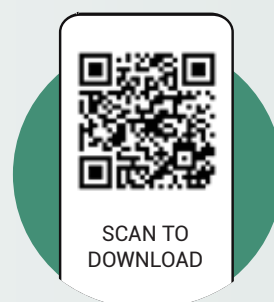
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Please find our online version at:
www.aartidrugs.co.in/annual-reports

Investor Information

Market Capitalisation
as at March 31, 2021

₹ 64.71 billion

CIN

L37060MH1984PLC055433

BSE Code

524348

NSE Symbol

AARTIDRUGS

AGM Date

September 4, 2021

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

In loving memory of
Shri Ramdas M. Gandhi

An Independent Director, mentor and guide of Aarti Drugs Limited, who
inspired us throughout his life's journey
(March 14, 1933 to July 16, 2021)




Shri Ramdas M. Gandhi was a visionary leader, a reputable advocate and a seasoned solicitor with years of experience in his field. He was known for his discipline as well as for his kind-heartedness. Shri Ramdas M. Gandhi was one of the senior-most members of the Board, who mentored other members during his three-decade-long stay at Aarti Group.

He led us on the path of governance, ethics, transparency and integrity. He was the key driver in bringing about a corporate culture and addressing the needs of a changing corporate and commercial laws. Known for his passion towards work even in such elderliness, Shri Ramdas M. Gandhi's contribution towards the success of the Aarti Group is beyond evaluation.

**He shall remain with us always.
May his soul rest in peace.**

RELATIONSHIPS BUILT ON CHEMISTRY

 If 2020 has taught us one thing, it is that we must prepare for the unforeseen and design an elaborate plan to help those in need, if we are to survive the struggle. Of all the demerits, there is one merit to 2020: It showed us the power of unity and Science.

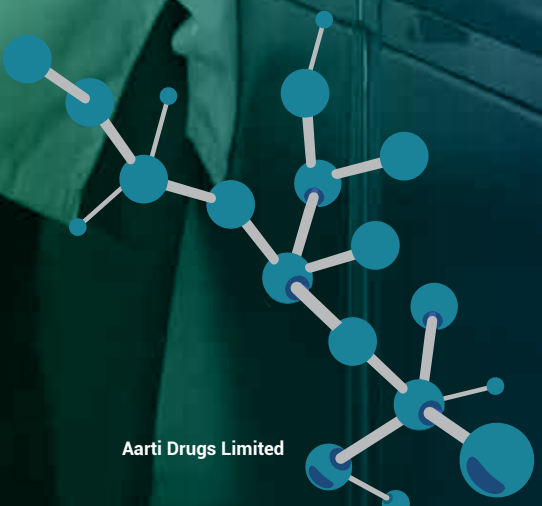
The global pharmaceutical industry stepped in to tackle the impacts of the pandemic head on. Their efforts have reaped benefits with the world riding out the storm on the back of multiple vaccine rollouts. It is now more prominent than ever that Science truly does save the day.

Our theme 'Relationships Built on Chemistry' touches upon the importance of these relationships developed over the pharmaceutical branch of chemistry. As the pandemic manages to surprise us with newer variants, pharmaceutical innovation is the world's best vaccine.

Aarti Drugs Limited had an important role in the past year as it continued creating value by leveraging its global clientele reach and quality products based on in-house R&D. We have been expanding our existing capabilities and adding new product lines in the API, intermediates, formulations, and speciality chemicals segments to cater to a wider client base worldwide. Furthermore, we plan on increasing our penetration in the regulated and semi-regulated markets. As we continue to foray in medicine, the world is certain to benefit as well as our stakeholders. However, at Aarti, the relationships and the internal chemistry within the organisation are matters of the highest priority. We focussed on the health and safety of our employees and communities as we supported them through these difficult times—a testimony to our growing relationships.

Going ahead, we aim at inclusive and sustainable value creation, prioritising our customers and communities as we plan on delivering more innovative, cost-effective, and quality products.







ABOUT AARTI DRUGS LIMITED



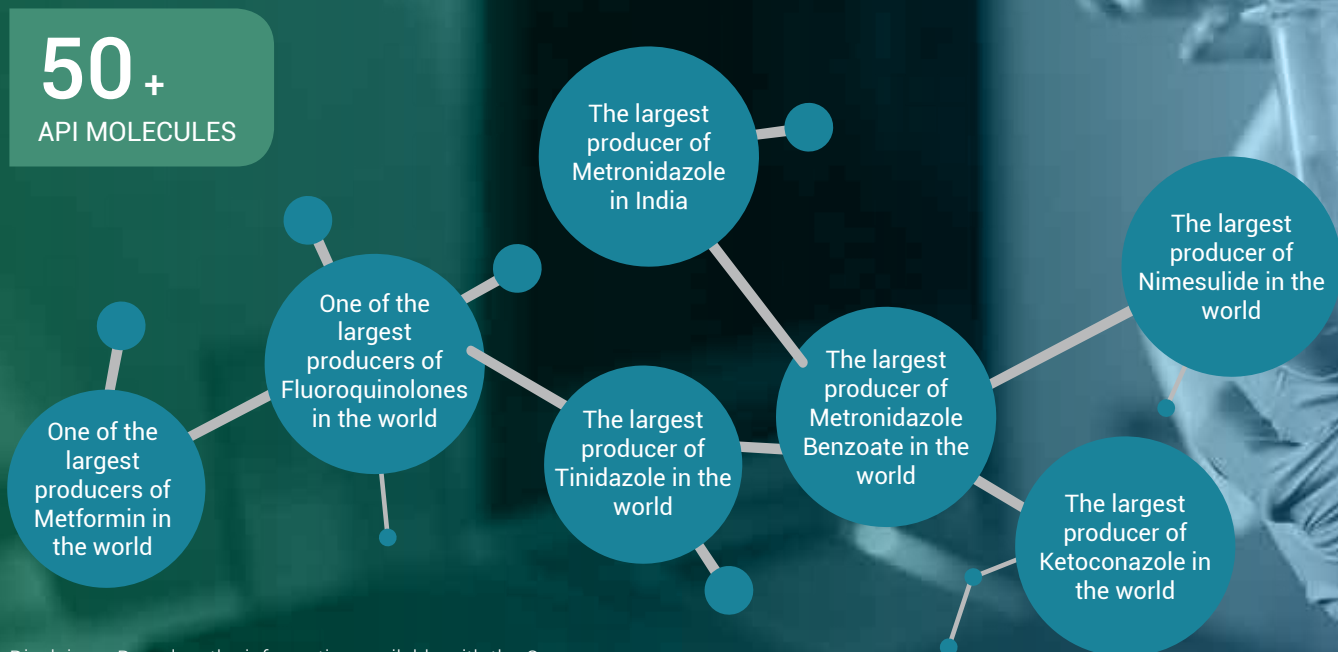
Building Chemistry Since 4 Decades Now

Incorporated in the year 1984, Aarti Drugs Limited ('Aarti' or 'ADL' or 'We' or 'the Company') is among the most trusted names in the pharmaceutical industry in India. Part of the esteemed Aarti Group of Industries with USD 6 billion in market capitalisation, ADL is a leading manufacturer of Active Pharmaceutical Ingredients (APIs), pharma intermediates, specialty chemicals, while also leading the industry with its formulations, procured by a wholly-owned subsidiary – Pinnacle Life Science Private Limited.

With 12 Good Manufacturing Practice (GMP) certified plants in India, ADL commands an annual installed capacity of around 47,701 metric tonnes. We also have robust R&D divisions in close vicinity to our manufacturing plants at MIDC Tarapur, Turbhe (Navi Mumbai), in Maharashtra. Our R&D units support our manufacturing facilities to curate products that meet international quality standards and stringent regulatory compliances.

ADL aims to build upon its USPs of timely responses, competitive pricing, and firm commitments. It is these truly-deserving feats that have earned us a reputation for being a dependable and reliable source of bulk actives and its intermediates in the international markets, establishing a distinct global presence.

LEADING API MANUFACTURER GLOBALLY



Disclaimer: Based on the information available with the Company



OUR MISSION

Seek global market leadership

Focus on growth and development of the product

Continue to create winning culture, operating in highest standards of ethics and values with co-operation among competitors

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



OUR VISION

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

Assuring consistent quality and timely delivery at competitive price.

Providing customised solutions and service to meet changing requirements of customers.

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

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

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



COMPANY SNAPSHOT: A CATALYTIC GROWTH STORY

₹ **21,593** million
CONSOLIDATED REVENUE

12
MANUFACTURING FACILITIES

3,975 metric tonnes
MONTHLY CAPACITY

₹ **47** + million
INVESTMENT IN R&D

80+
FINISHED PRODUCTS

100+
COUNTRIES COVERED

1,500+
HAPPY EMPLOYEES

*For earning per share, we have adjusted previous year's figures in proportion to bonus issue in the current year

Note: Numbers as on March 31, 2021

₹ **2,804** million
CONSOLIDATED PROFIT
AFTER TAX

₹ **30.1**
CONSOLIDATED
EARNING PER SHARE

34.2%
RETURN ON CAPITAL EMPLOYED

1993

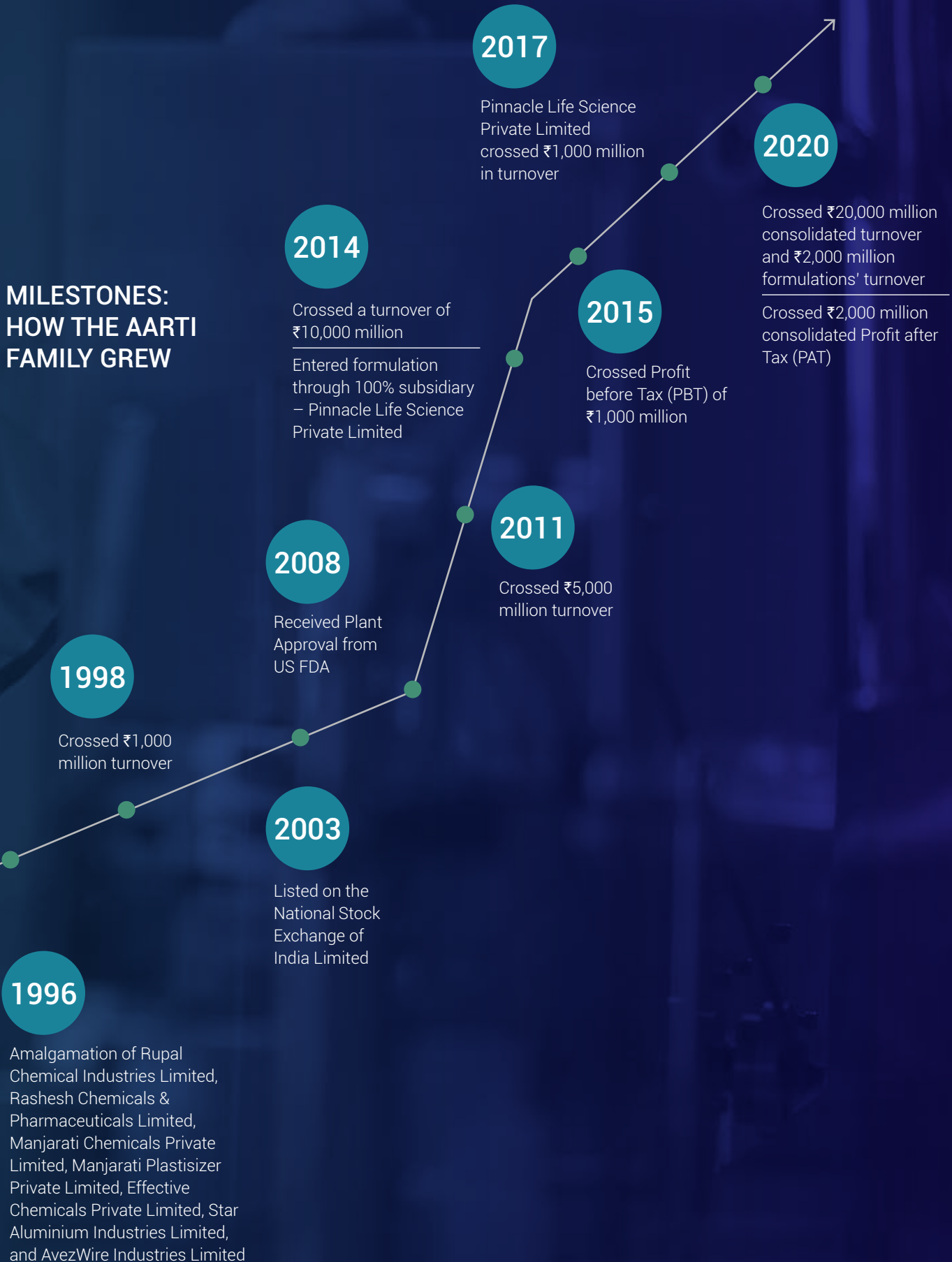
Listed on the
Bombay Stock
Exchange (now
BSE Limited)

1984

Incorporated



MILESTONES: HOW THE AARTI FAMILY GREW





OUR CHEMISTRY WITH THE GLOBE

We are a global leader in bulk drug procurement with 12 state-of-art multi-purpose manufacturing facilities across India. Our production capacity ranges from kilograms to multi-tonnes, and the Company also deals in delicate synthesis and fractionation procedures at high temperatures.

Our facilities cater to the needs of our esteemed clients across the globe. Of the 12 facilities, 9 are dedicated to API manufacturing. Our Baddi, Himachal Pradesh plant, is WHO-GMP approved with an installed annual capacity of 3 billion units of tablets and 300 million units of capsules. Presently, we have 2 manufacturing units for our speciality chemicals' division, with a greenfield expansion into 2 new facilities.

47,701
metric tonnes
ANNUAL MANUFACTURING CAPACITY

1,10,330
square metres
AGGREGATE PLANT AREA



E-22

- Australian Government – Department of Health and Ageing - Therapeutic Goods Administration
- EUGMP/WHO-GMP/Japanese Accreditation
- USFDA

G-60

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

E-21

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

N-198

EUGMP, WHO-GMP & ISO Certification

K-40

WHO-GMP/COFEPRIS

W-61

EUGMP & WHO-GMP

E-120

WHO-GMP

E-9/3

ISO-9001:2008

T-150

Intermediates



Baddi Pinnacle Plant

Formulation Plant
WHO-GMP

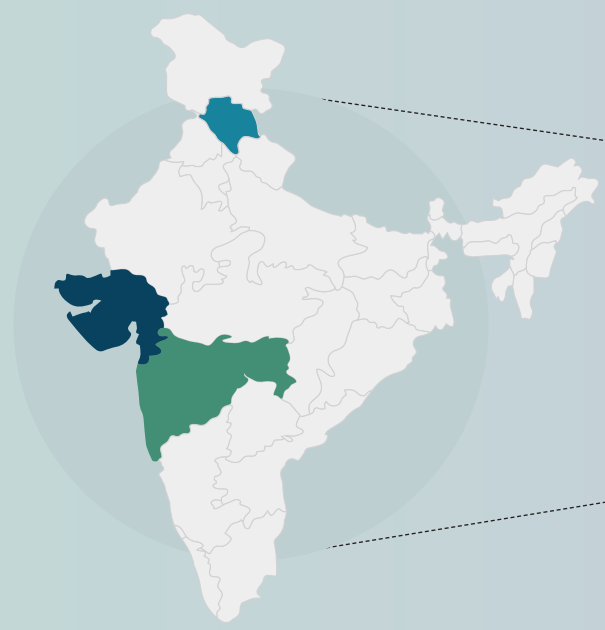


Sarigam-1

WHO-GMP

Sarigam-2

WHO-GMP/
COFEPRIS/CEP



The Company enjoys a diversified presence in **100+ countries** across **6 continents**.

Our presence in the pharmaceutical space of both advanced and emerging countries helps us tap into the growing regional opportunities across countries and diversify risk.

PRESENCE ACROSS MARKETS (%)

59

REGULATED

39

SEMI-REGULATED

2

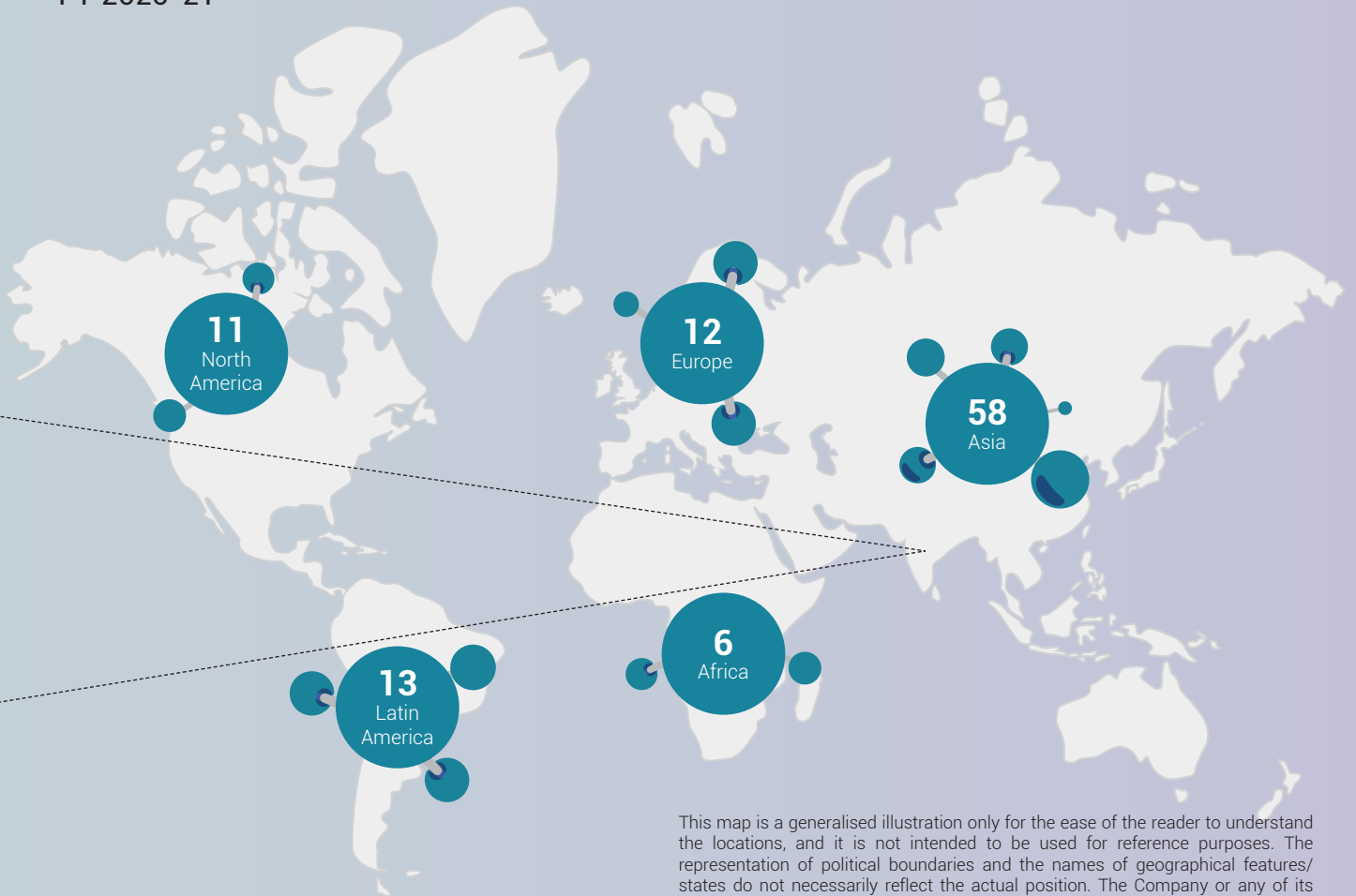
NON-REGULATED

TOP 10 EXPORT NATIONS



REVENUE CONTRIBUTION (%)

FY 2020-21



This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

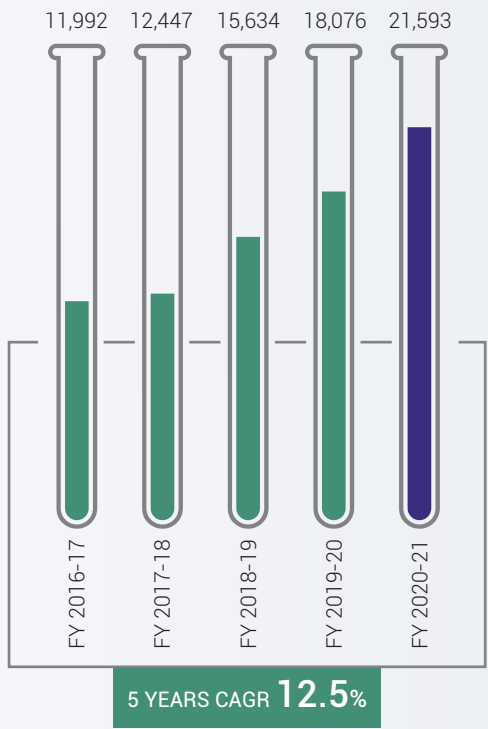
OUR ESTEEMED CLIENTELE



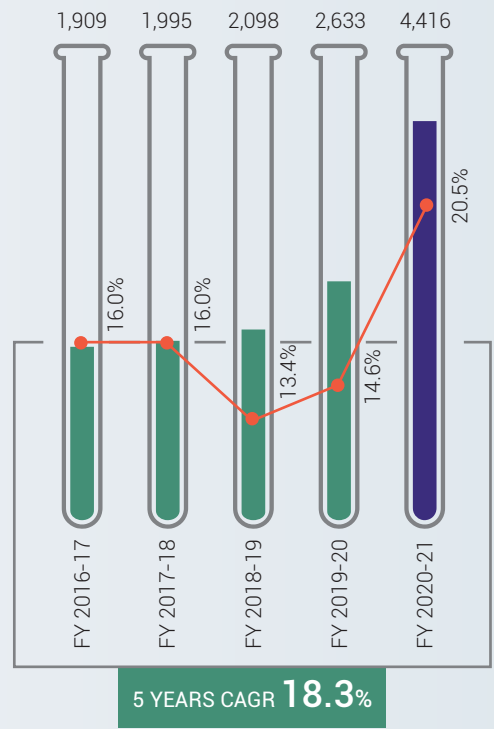
NUMBERS BUILT ON CHEMISTRY

Our Financial Performance in the Last Five Years

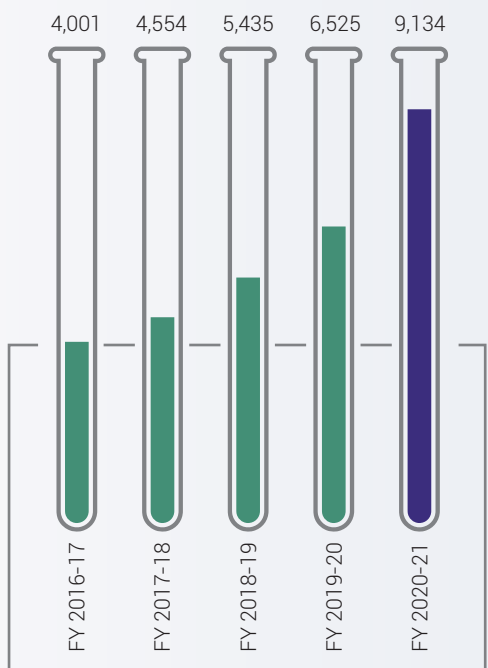
TOTAL REVENUE ₹ in million



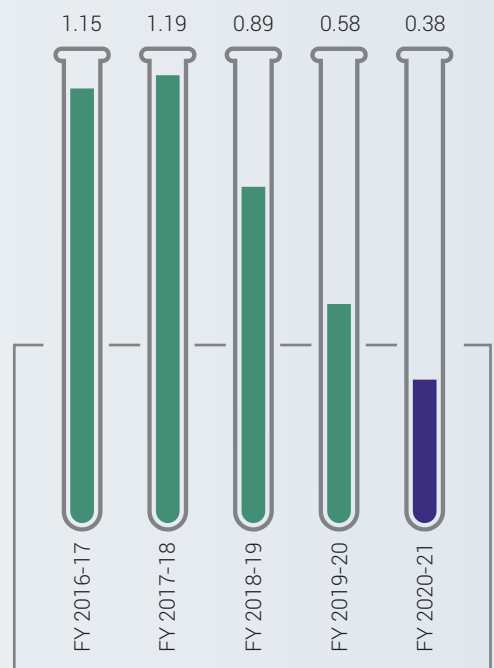
EBITDA AND EBITDA MARGIN* ₹ in million



NETWORTH ₹ in million



LEVERAGE (X)



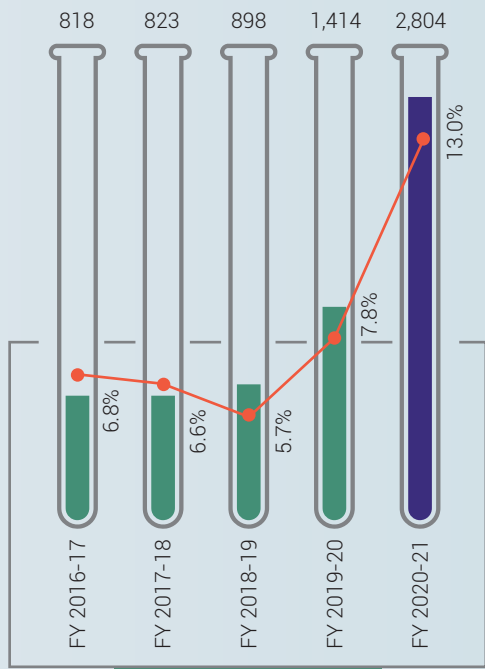
All consolidated figures as on March 31, 2021

* Earnings Before Interest, Taxes, Depreciation, and Amortisation (Before Exceptional Items)

** Profit after Tax

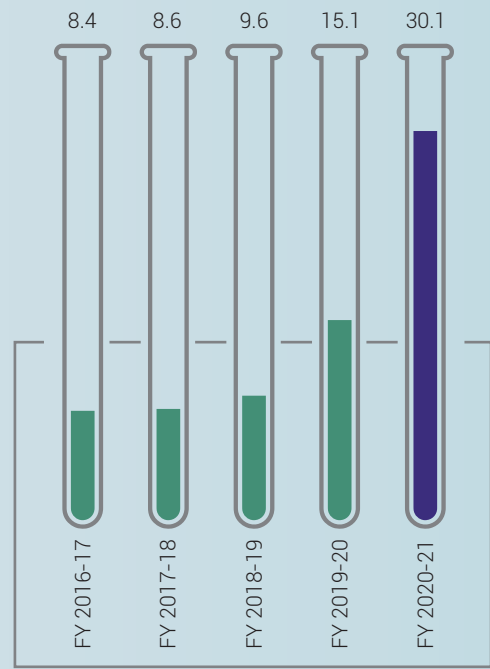
*** Earnings per Share (EPS have been proportionately adjusted for the bonus issue in the ratio 3:1)

PAT AND PAT MARGIN** ₹ in million

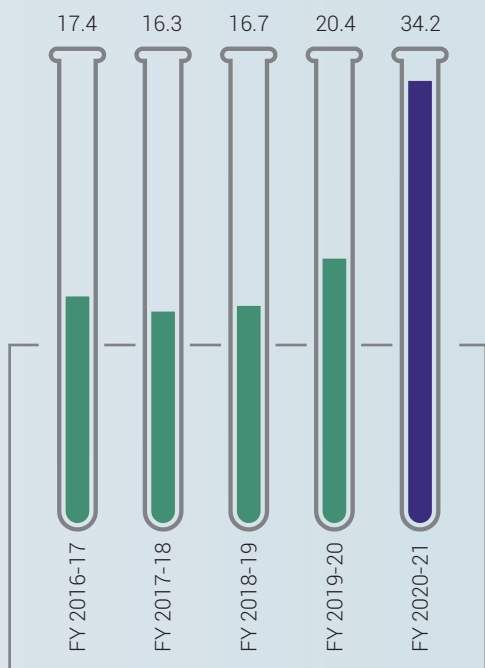


5 YEARS CAGR **27.9%**

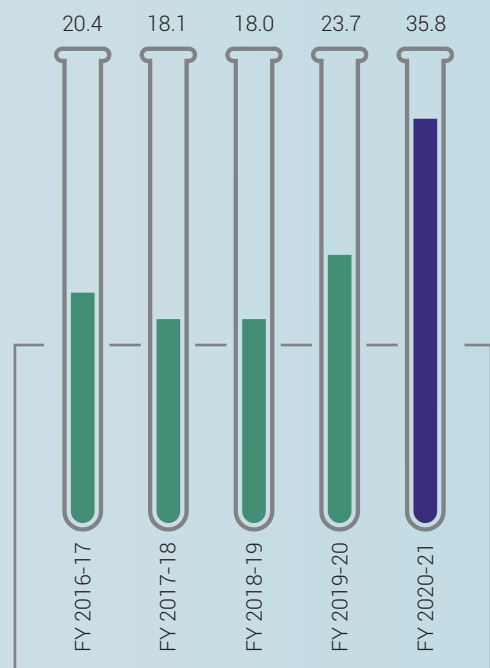
EPS*** ₹



RETURN ON CAPITAL EMPLOYED %



RETURN ON EQUITY %



A NOTE FROM THE CHAIRPERSON



**“WE AIM AT
CREATING
A BRAND
SYNONYMOUS
WITH GROWTH,
INCLUSIVITY,
AND CHEMICAL
INNOVATION”**

Dear Shareholders,

I hope that all's well at your end.

After a shocking year, we are coming back to terms with what the new normal has become. The year 2020 posed many challenges. The Covid-19 pandemic resulted in nationwide lockdowns across major economies. Trade and travel were disrupted, and the world faced an unprecedented crisis.

I am happy to report that despite these adversities, the Company maintained its consistent performance throughout the year and stayed resilient.

Lives and livelihood were impacted around the globe as the novel Coronavirus blew into a pandemic. As per the International Monetary Fund's data in January 2021, the global economic output witnessed an estimated fall by 3.5%

in CY 2020. Governments and central banks across the globe deployed various policy tools to support their economies. At the moment, the world is still dealing with the Covid-19 pandemic. Vaccine rollouts, on the other hand, have increased business confidence, increasing morale as the economy progressively recovers. With the removal of trade barriers and the resumption of normal business operations, the industry is gradually returning to pre-pandemic levels.

The Indian economy endured through a period of uncertainty in the first quarter of the financial year, however, as the nation reopened with the second half, business returned. With the restart of activity across sectors and the general improvement in public sentiment, the economy geared up

for recovery. The Reserve Bank of India (RBI) and the Centre stepped in again, providing a ₹ 29.87 trillion stimulus package. These factors contributed to 1.6% GDP growth in Q4 FY 2020-21 and provided solid growth momentum for all sectors and macro indicators.

The global pharmaceutical industry was impacted much like the rest, but the industry adapted and acted with resilience in the face of the pandemic. Despite restrictions on locomotion, the pharma industry in the developed as well as emerging economies saw a significant expansion and is poised to grow in the years ahead. The focus has now shifted towards consolidation and R&D for developing new cost-effective molecules. India, among the Asia-Pacific region, is expected to drive potential growth in the global pharmaceutical industry. This expectation has been drawn from India's accelerating innovation and R&D capabilities and a growing pharmaceutical market.

The Company focussed on three specific areas: Taking care of our employees, setting higher standards for research and innovation, and expanding capabilities to drive sustainable growth.

We swiftly acted in the face of the pandemic and implemented Covid-19 safety protocols to ensure the safety of our employees. We transitioned to work from home, while also conducting regular Covid-19 awareness workshops virtually to help our employees. We provided transportation facilities to our factory staff and run the vaccination drive for the employees. To prevent our people, we distributed face masks and conducted regular sanitation at our workplace with social distancing measures being followed thoroughly. This helped our productivity levels, and we ended the year with significant growth in revenue and profitability.

During the year FY 2020-21, ADL recorded a consolidated total revenue of ₹ 21,593 million with a growth of 19.5% as compared to FY 2019-20. The Company continued to leverage its global clientele and set higher standard of product quality, which helped us grow our numbers. Further, our cost optimisation strategies, backward integration of captive consumption, and development of cost-effective molecules led to an increase in profit after tax (PAT) by 98% to ₹ 2,804 million in FY 2020-21. Also, the margins expanded by 520 basis points to 13.0%.

We have put a lot of focus on R&D, during the year. We laid out various action points that helped us enhance our existing molecules, while simultaneously formulating more updated and recent products. The Company recently expanded into oncology, steroids, and hormones. Our phased capex plan of ₹ 6,000 million in the next five years is aimed at expanding our capacities, which shall help us cater to the growing demand in the global pharmaceutical industry. All our existing capacities across segments will be refurbished and new products will be added to the franchise to seize the opportunity, with funds

coming through internal accruals with minimal debt.

Sustainable and inclusive development is ingrained in our day-to-day operations. We believe in a judicious use of resources and more recyclable waste discharge across the value chain. Our ongoing efforts to eliminate organic effluent discharge and produce additional by-products from waste streams will help us deliver without an environmental fallout.

ADL is also engaged in various projects that inspire community betterment and socio-economic development. Our CSR arm, Aarti Foundation in association with other NGOs, worked towards supporting our communities during the pandemic-infested times by providing groceries, meals, healthcare facilities, and transportation. We also took up initiatives for education, women empowerment, and healthcare provisioning, among others.

Over the years, the Company has been able to carve a niche for itself and is looking forward to expanding the volumes. With the Government's initiative to encourage private health insurance schemes, consumer spending on medicines would likely grow too, which shall prove helpful for the generic sector in the domestic pharma market. The Company aims at becoming the first choice of this expanding market through quality and quantity deliverables.

We aim at creating a Company for all. A brand synonymous with growth, inclusivity, and chemical innovation. In this journey, our biggest asset remains the relationships we have fostered over the years.

I would like to express my gratitude towards the shareholders and employees, who continued to believe in 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 relationship with us and believing in our vision.

Thanking you,

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618



THE FORMULA TO SUCCESS AND GROWTH: OUR R&D TEAM

Innovation and Product Development

Research, innovation, and product development play a crucial role in the advancement of a pharmaceutical company. The Company emphasises on growing the intrinsic R&D prowess at our research centres in Tarapur and Turbhe. Our facilities are recognised by the Department of Science and Industry Research, under the Government of India. We carry out activities concerned with developing, upscaling, and transitioning to commercial production of APIs and intermediates, at these facilities. Experts and professors from the Institute of Chemical Technology (ICT) and the Council of Scientific and Industrial Research (CSIR) frequently visit our facilities for guidance regarding product development.

We have successfully developed over 30 new and existing APIs in last 5 years. Majority of our products developed with integrated API provide an end-to-end control. Continuous process improvement and product quality improvement are key strengths of our R&D apart from developing new products for future growth.



With a young and dynamic R&D team, we continue to explore opportunities in different regulatory markets and deliver differentiated products as our understanding and capabilities grow.



2

R&D FACILITIES

~ ₹ 47 million

R&D BUDGET FOR FY 2020-21

100+

R&D PERSONNEL

STRATEGIC PRIORITIES GOING AHEAD

- Further improvement in process efficiencies of existing products
- Development of cost-effective processes/technologies for APIs of the semi-regulated & non-regulated markets
- Development of new age Formulation products for Europe, USA, Australia, Brazil, Canada & Chile for Day-1 launches
- Expansion of R&D capabilities to develop complex Semi solids (creams & ointments) as well as Oral liquids
- Innovation-led emphasis on oncology, steroids, and hormones, with an approved plan in place, we are soon to initiate working in this niche as our manufacturing plant nears its completion

NEW PRODUCT DEVELOPMENT

We base our new product selections on market study and literature survey. Post developing the product, we feel a prudent stability check and documentation is needed. The shortlisted products are then developed according to the established technology in place for the known product. Furthermore, we take the life cycle management of our products in consideration before finalising the dosage form.

Our USPs:

A dedicated project manager for every region catering to multiple partners

A devoted portfolio team to identify 18-20 products every year for development

A distinctive intellectual property team for product patents

A Regulatory Affairs (RA) team for each region, having detailed understanding about patent filing requirements

A Quality Assurance (QA) team for compliance and quality purpose in the R&D

Going ahead, Artificial Intelligence (AI) will help the pharmaceutical industry design new and automated algorithms, which could provide faster, precise, and repeatable results. The Company continually focusses on API, intermediate, and specialty chemicals to increase future production of existing and newly developed product lines.



AARTI 2.0: EXPANDING TO SUSTAINABLE GROWTH

The Company's expansion is driven by the need for sustainable value creation. Our strategies encompass product line expansion, backward integration, and prudent capital allocation. Leveraging its effective strategy implementation, the Company aims to increase its revenues and maximise its cost-efficiency to unlock the next phase of growth, in the coming five years.



EXPANSION OF NEW AND EXISTING PRODUCTS

ADL has a brownfield expansion for existing products and a new product line in API segment on the cards. To meet our ambitious plans, we have begun scaling up our existing capacities, and plan on disbursing a capex of ₹ 6,000 million over the period of next five years. This plan will be executed in a phased manner with internal accruals and minimal debt. Furthermore, the expansion will also include backward integration for APIs and Formulation segments leading to cost synergies.

Our brownfield expansion plan

- Expansion and de-congestion of API facilities
- Expansion at Baddi plant leading to growth for our Formulations' business

MARKET PENETRATION STRATEGY

To increase our market penetration in existing markets and debut in unexplored territories, we have adopted a robust customer acquisition strategy. The Company's expansion pitches more product offerings to its existing customers, while it acquires new customers in domestic and export markets for its API and Formulations segment as part of our simultaneous growth strategies. Furthermore, we are adding new customers in the domestic market for our API segment in skincare therapy.

Sustainable Growth

- Prudent capital allocation will lead to optimal leverage, healthy asset turnover, and working capital cycle
- Decongesting and expansion strategies are likely to increase future revenue, profitability, and margins
- Backward integration over the years will lead to robust expansion in margins and improvement in return on network and capital employed



Overall, Aarti Drugs Limited is prepared for the opportunities and challenges which might occur in the future. Our focus strategies are projected to result in significant developments in our business, including increased market penetration globally and more efficient and cost-effective processes.



VALUE CREATION MODEL

We use our six capitals and our core competencies to provide high-quality pharmaceutical actives, intermediates, and formulations to create sustainable value for our stakeholders.

INPUTS



FINANCIAL CAPITAL

We rely on our equity and debt capital to support business operations, generate liquidity, and maximise stakeholder value.



MANUFACTURED CAPITAL

We employ our certified manufacturing facilities and leverage our backward integrations and synthesising expertise to deliver our differentiated product portfolio.



INTELLECTUAL CAPITAL

We utilise our R&D facilities and personnel to develop cost-efficient and effective solutions under our trusted brand.



HUMAN CAPITAL

We rely on our strong leadership, and a transparent and innovative culture to empower our people, nurture their skills, and provide a safe and rewarding workplace.



SOCIAL AND RELATIONSHIP CAPITAL

We believe in maintaining a respectful and sincere relationship with the Government, regulators, and our global clientele to create value for our stakeholders and communities in a sustainable way.



NATURAL CAPITAL

We focus on a judicious consumption of resources to remain an environment-conscious business and encourage steps taken in the direction of natural conservation.

BUSINESS MODEL

OUR BUSINESS

A leading pharmaceutical in India, the Company manufactures and exports generic bulk actives, advanced intermediates, and speciality chemicals to esteemed clientele globally. We also manufacture formulations for domestic market.

OUR OFFERINGS



Active Pharmaceutical Ingredients (APIs)



Pharmaceutical Formulations



Specialty Chemicals, Intermediates, and Others

COMPETITIVE EDGE

- Diversified product and client mix
- Strong in-house R&D with manufacturing expertise of more than 3 decades
- Lower competitive intensity
- Presence in highly specialised API segment with high-entry barriers
- Poised to overcome industry challenges

VALUE CREATED FOR OUR STAKEHOLDERS

FINANCIAL CAPITAL

Sustainable earnings' growth to fund future expansion and provide returns to shareholders.

₹ **21,593** million
REVENUE

19.5% Y-O-Y ↑

₹ **2,804** million
PAT

98% Y-O-Y ↑

35.81 %
ROE

MANUFACTURED CAPITAL

Reliable, high-quality, and effective pharmaceutical solutions, widely trusted by our customers and clients.

INTELLECTUAL CAPITAL

Superior, innovative, and cost-effective products to better the lives of our patients and customers.

HUMAN CAPITAL

Employment opportunities, skill development, and career progression to empower our people.

SOCIAL AND RELATIONSHIP CAPITAL

Uplifting the lives around us with our transparent business practices and CSR initiatives through Aarti Foundation and other NGOs.

NATURAL CAPITAL

Environmentally sound manufacturing practices and eco-friendly plants, which limit our carbon emissions, and pave a green-growth path.

EXPANDING COMMUNITY RELATIONSHIPS

Our CSR Initiatives

It is imperative for an organisation to foster inclusive development for its communities. At ADL, we believe, it is when we all grow together that growth has truly happened. Since inception, we have taken responsibility for our actions and strived to fulfil our role as a responsible corporate citizen. We engage in advancing and uplifting lives through Aarti Foundation. We also work with various NGOs and support their initiatives.



Supporting our Communities during the Pandemic



The Company has always extended a helping hand to the communities it operates around, during the times of crisis. We contributed to the PM Cares Covid-19 support fund as well as the support funds raised under the state governments of Gujarat and Maharashtra. We also distributed groceries, meals, and essential medicines to those in need during the lockdown.

RESILIENCE DURING COVID-19

- Delivered ration kits at various remote areas in association with SOS Children's Villages of India, Karunah Society for Development, Matruvandana, and various other NGOs
- Provided PPE Kits, face masks and sanitisers at various locations in association with Runanubandh Trust and various other NGOs
- Supplied medicines, facilitated transportation and accommodation to the doctors at TIMA Hospital, Boisar



Runanubandh Trust donated 1,000 PPE Kits at SevenHills Hospital, Mumbai



Community Engagement

At ADL, we use our resources prudently to nurture a sustainable development business ethos, which includes every member of the society. Our initiatives focus on helping and benefitting the lesser-privileged sections of the society. Spanning the remote corners of Maharashtra, Gujarat, and Madhya Pradesh, our CSR initiative encompasses education, healthcare, social welfare, and women empowerment, among others. Supporting the elderly, we provide financial assistance to 'Anand Vruddhashram Seva Trust', in particular, covering the 'Elderly Care Project'. Furthermore, we also provision streetlights for the Sarigam Grampanchayat.

EDUCATIONAL INITIATIVES

Education is an undeniable right of every human being, and for anyone who seeks, it should be made available. The Company believes that education helps bridge the socio-economic gaps that push us behind. The Aarti Foundation supports education initiatives and operates schools through our NGO partners with an aim to educate the underserved sections of our society. In association with the Yusuf Meherally Centre (YMC), Vicharta Samuday Samarthan Manch (VSSM), and Shree Ram-Krushna Dev Vidhya Sankul, we undertake various education-related and skill development oriented initiatives.



HEALTHCARE SUPPORT

As a pharma leader, healthcare comes naturally to us, and we look after our communities medically.

In order to build a strong foundation of healthcare access, we provision essentials and electronic instruments to hospitals in Tarapur. We also contribute to medical assistance, medication, and free hospitalisation of senior citizens.



SUPPORTING TRIBAL COMMUNITIES

We believe social upliftment of tribal communities is crucial to inclusive development. Our CSR arm, Aarti Foundation, with the help of Tribal Integrated Development and Education Trust (TIDE) has contributed for tribal projects in the state of Assam.

Sustainable Growth

- Covering over 1,800 villages in 10 districts of Assam, we formed more than 8,500 micro-credit groups (self-help groups) supporting more than 1,00,000 women (families) to become debt-free
- Promoting various income generation projects like mushroom farming, agarbatti making, weaving, bamboo craft, tailoring classes, and more
- Helping farmers get certified for organic farming
- Creating awareness by organising training camps for women and girls twice a year in 10 districts
- Treating over 250 patients under mental healthcare with a plan to support over 1,000 patients



WOMEN EMPOWERMENT

ADL, along with aided foundations and NGOs, has been working towards enhancing women's awareness and training, leading to their financial independence. The Company supports various programmes such as Nursing School and Teachers Training Institute. During the year, the Company funded Elderly Care Training with the help of Mahila Arthik Vikas Mahamandal.

BOARD OF DIRECTORS



SHRI CHANDRAKANT V. GOGRI

Chairman Emeritus

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



SHRI PRAKASH M. PATIL

Chairman, Managing Director & CEO

Shri Prakash M. Patil is Chairman, Managing Director and Chief Executive officer (CEO) of the Company and has been associated since inception of the Company's operations. He holds a degree of B.E.-Chemical from the Institute of Chemical Technology (ICT) [formerly known as the University Department of Chemical Technology]. He has more than 43 years of experience in the field of Chemical & Pharmaceutical industry. He has an expertise in Product Identification, Project Conceptualisation, Planning, Project Engineering & Implementation. His technical experience has helped the Company emerge as one of the leading pharmaceutical companies in the country.



SHRI RASHESH C. GOGRI

Managing Director

Shri Rashesh C. Gogri has been the Managing Director of the Company since September 26, 2014. He was the Whole-time Director of the Company since October 2012. He holds a Production Engineering degree from the Mumbai University and has more than 19 years of experience in the field of Production, Marketing, and Project Implementation in Chemical and Pharmaceutical industry. He also serves as the Vice-chairman & Managing Director of Aarti Industries Limited.



SHRI HARSHIT M. SAVLA

Joint Managing Director

Shri Harshit M. Savla is the Joint Managing Director of the Company. He is a Commerce Graduate having more than 33 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 38 years in the field of overall commercial functions like Selection of the New Products, Procurement and Marketing. He has in-depth knowledge of the Pharmaceutical industry.



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 NARENDRA J. SALVI

Non-Executive Director

Shri Narendra J. Salvi is a Non-executive director of the Company. He has an experience of 34 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.



SHRI VILAS G. GAIKAR

Independent Director

Dr. Vilas G. Gaikar is an Independent director of the Company. He holds a Ph.D. degree in Chemical Engineering from Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He is presently serving as the Distinguished Professor of Chemical Engineering in ICT. 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 190 publications in referred International Journals. He has been associated with the Company since the year 2005.



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 27 years of experience in the field of Stock Brokers' Audits, Compliances, Derivatives, Futures & Options, Accounting Standards and Internal Management Audit.



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 has retired as the professor of Pharmaceutical Technology at the Institute of Chemical Technology (ICT) [formerly known as the University Department of Chemical Technology]. He has more than 100 research publications in reputed international journals. He has been associated with the Company since the year 2008.



SHRI NAVIN C. SHAH

Independent Director

Shri Navin C. Shah is an Independent Director of the Company. He is a Commerce Graduate and Chartered Accountant by Qualification. He is a practicing Chartered Accountant with more than 36 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.



SMT PRITI P. SAVLA

Independent Director

With more than 13 years of experience, she is a practicing Chartered Accountant and a partner in KPB & Associates, Chartered Accountants firm based in Mumbai and Thane. She is a qualified certificate holder in Entrepreneurs' Development Program from the Indian School of Business, Hyderabad.



SHRI ADHISH P. PATIL

Chief Financial Officer

Shri Adhish P. Patil has an experience of over 17 years in the field of Finance, Consulting, Systems Engineering, and Information Technology. Bachelor of Engineering (IT) from the Mumbai University, he is an MBA in Finance & Marketing from the University of Florida, Warrington College of Business Administration. He is the winner of the prestigious 'Top 100 CFOs India 2014' award.

AWARDS AND RECOGNITIONS

1991-1992 | **CHEMEXCIL**
Outstanding Performance in Export

2001 | **ORGANISATION OF PHARMACEUTICAL PRODUCT**
Best Vendor

2001 | **CHEMEXCIL**
Outstanding Performance in Export

2005 | **AVAYA GLOBAL CONNECT**
Customer Responsiveness

2006 | **AVAYA GLOBAL CONNECT**
Customer Responsiveness

2009 | **CHEMEXCIL**
Outstanding Performance in Export

2012 | **CHEMEXCIL**
Outstanding Performance Latin American Export

2013 | **ABBOTT**
Business Partner 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



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 Narendra J. Salvi

INDEPENDENT DIRECTORS

Dr. Vilas G. Gaikar

CA Bhavesh R. Vora

Dr Krishnacharya G. Akamanchi

CA Navin C. Shah

CA Priti P. Savla

CHIEF FINANCIAL OFFICER

Shri Adhish P. Patil

COMPANY SECRETARY & COMPLIANCE OFFICER

CS Rushikesh Deole

Registered Office

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

Corporate Office

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

Corporate Identification Number

L37060MH1984PLC055433

Statutory Auditors

Kirtane & Pandit LLP, Chartered Accountants

Registrar & Share Transfer Agent

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

Bankers

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

MANAGEMENT DISCUSSION & ANALYSIS

The duration, intensity and spread of Covid-19 will play a major role in determining the global and domestic economic prospects. In immediate future, the pandemic's negative impact on economic growth can be cushioned by higher Government spending, better crop yields and stockpiling of essential items.

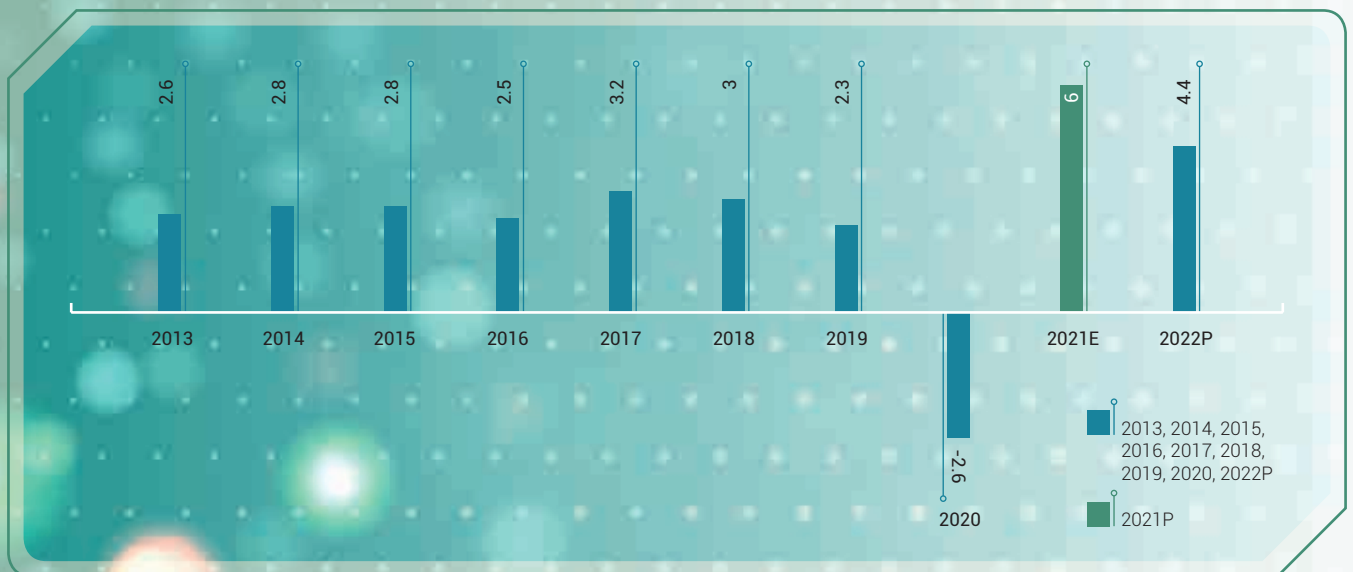
GLOBAL ECONOMIC OVERVIEW

CY 2020 began with a significant slowdown in demand and increasing protectionism in most of the world's economies. The year was marked by several marquee events ranging from the after-effects of deteriorating US-China trade relationships, uncertainties around the US Presidential elections, volatile crude prices, the closure of Brexit deal and so on. But far above these disruptions, the breakout of the worldwide Covid-19 pandemic was more catastrophic, leading to severe contractions across economies. Months of uncertainty and fear paralysed economic activities in both developed and developing economies. Trade and tourism came to a halt, while job and output losses saw a steep rise. Consumption dropped further, putting pressure on global Gross Domestic Product (GDP). The world GDP fell by an estimated 3.3% in 2020 – the sharpest contraction of global output since the Great Depression (Source: World Economic Outlook, April 2021). Governments around the world, however, acted quickly and boldly to brace for the health and economic ramifications of the crisis.

As Governments around the globe imposed lockdowns to combat the increasing Covid-19 infections, the world's economies experienced a technical recession unprecedented in history. However, the effect of the pandemic has been less pronounced than earlier, owing to a few fiscal and monetary stimulus programmes being implemented across the globe by different economies. The support from the Government has helped provide a significant boost short term but the long-term impacts of the pandemic on consumer behaviour, economic structures, growth, income distribution, trade, debt sustainability and financial stability are still uncertain.

More than a year into the pandemic, the global outlook remains bleak. New virus mutations and the rising human toll raise fears, despite rising vaccine coverage. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. In 2021, global growth is expected to reach 6%, moderating to 4.4% in 2022 (Source: World Economic Outlook, April 2021). The upward momentum reflects additional fiscal support in a few major economies, a vaccine-driven recovery expected in the second half of 2021 and continued economic activity adaptation to low mobility. The future will largely depend on the effectiveness of the policy support, pace of inoculations and evolution of economies based on the direction of the pandemic and its impact.

World Real GDP Growth (%)



P : Projected E : Expected

(Source: World Economic Outlook, April 2021)



INDIAN ECONOMIC OVERVIEW

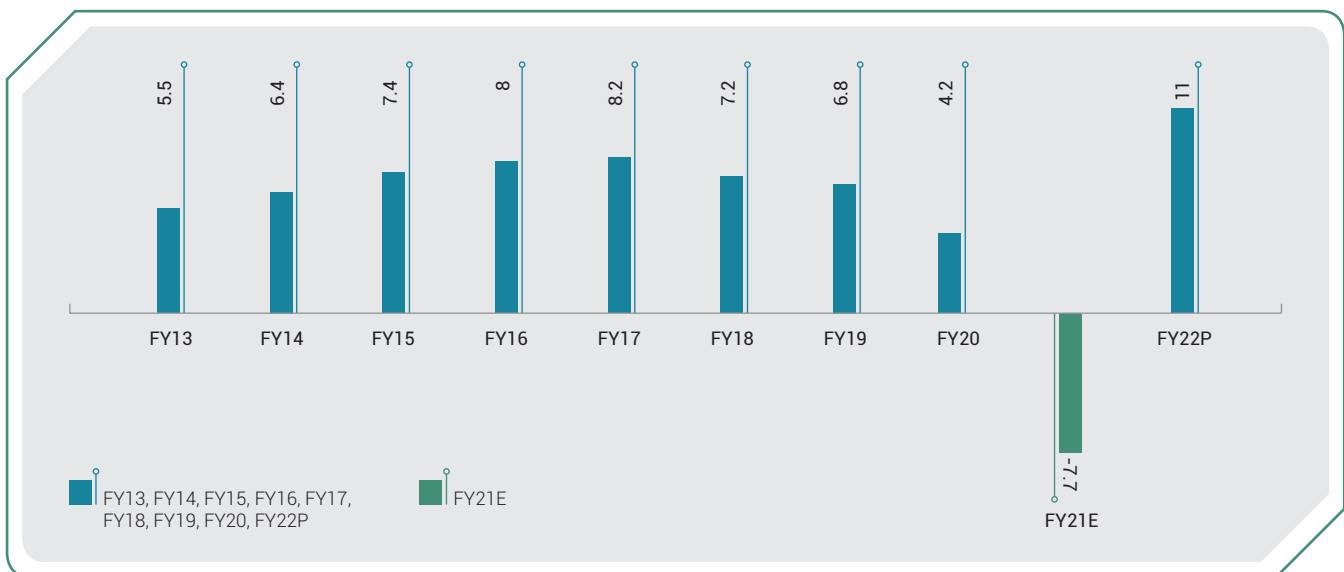
India, like the rest of the world's major economies, experienced sluggish growth in 2020 and the pandemic made the contraction worse. The Covid-19-induced lockdown in the first half of the year resulted in 23.9% lower output, consumption and GDP in the June quarter (Source: Ministry of Statistics and Programme Implementation, August 2020). On the positive side, reopening of the economy in the second quarter, along with Government's relief package and the Reserve Bank of India's (RBI) accommodative monetary policy, helped stabilise the economy. The Centre and the RBI provided a total fiscal stimulus of ₹ 29.87 Lakhs Crores between the period when the Covid-19 pandemic broke out in India and November 2020 (Source: Press Information Bureau, Government of India, Ministry of Finance, 12th November 2020).

The rollout of multiple vaccines, an aggressive inoculation drive and revival of several infrastructure projects by the Government is slowly churning out a positive momentum in the economy. The Indian economy thus went on to register a 0.4% GDP growth in December 2020 (Source: Ministry of Statistics and Programme Implementation, February 2021). In Q4, important indicators such as the unemployment rate showed signs of improvement. It went from 9.06% in December 2020 to 6.9% in February 2021 (Source:

Centre for Monitoring Indian Economy). Manufacturing PMI expanded for seventh consecutive month to 57.7 in February 2021, exceeding the global levels (Source: Boston Consulting Group India Economic Monitor, March 2021). India went on to record an impressive 13% growth in FDI in 2020. The Private Final Consumption Expenditure (PFCE), constituting more than 50% of the GDP, registered a decline by 2.4% in the December quarter. This decline, however, is an improvement from 26.3% in June quarter and was accompanied with a continued uptick in corporate profit (Source: Centre for Monitoring Indian Economy). GST collections continued to grow consecutively for the last six months and remained above the ₹ 1-trillion mark in February 2021 (Source: Boston Consulting Group India Economic Monitor, March 2021).

The Indian economy is undergoing a V-shaped recovery, showing strong signs of revival. The positive economic symptoms are underpinned by the rollout of vaccine, increase in mobility, privatisation and the Government's strong financial impetus. There is, however, an uncertainty about the nature of the ongoing recovery, but with strong prospects of growth in consumption and investments, the GDP is estimated to grow at 11% in FY 2021-22 (Source: Economic Survey 2020-21). Further, waves of the virus could, however, affect the economy, making the overall outlook uncertain.

Indian Economic Growth Output (%)



P : Projected E : Expected

(Source: Economic Survey 2020-21)

MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)

The industry plays a crucial role in improving patients' lives. Being one of the biggest contributors to the world economy, the industry is growing exponentially. Going forward, the industry will continue concentrating on value-based results and on gathering more real-world evidence.

**GLOBAL PHARMACEUTICAL INDUSTRY**

The global pharmaceutical industry comprises the manufacturing and marketing of Active Pharmaceutical Ingredients (API), intermediaries, formulations among others. The industry, along with the healthcare sector globally, has been impacted like never before due to the Covid-19 outbreak. This has led to material impact around consumer requirements and preferences, accompanied by macroeconomic, structural and microeconomic changes in the end-to-end value chain. The industry has responded with resilience in the face of the pandemic and a changing environment. From the unfolding of the novel coronavirus in January 2020 to vaccines being delivered to the first recipient in the UK by December 2020, with efficacy levels reaching 90%, the industry has exceeded all expectations of Governments and markets around the world.

By 2023, the global pharmaceutical industry is estimated to be worth USD 1.57 trillion. Despite various obstacles, the demand in major regions is poised for expansion due to change in sentiments from curative healthcare to preventive healthcare. North America continues to be the largest pharmaceutical market, with a market share of 45.33% expected by 2023. On the other hand, Europe's market share is projected to decrease in the coming years, with a share of 20.24% expected in 2023 with Asia-Pacific overtaking it as the world's second largest pharmaceutical market, with a market share of 24.07%.

To keep up with the progress in the emerging markets, the ongoing trends suggest that the local pharma companies in Europe, Middle East and majority of Africa are turning towards a low-cost generics asset acquisition spree. These consolidations are likely to help them reduce costs further. The scenario is becoming increasingly competitive, with major pharma players considering acquisitions of small and mid-sized organisations to leverage on their innovative abilities.



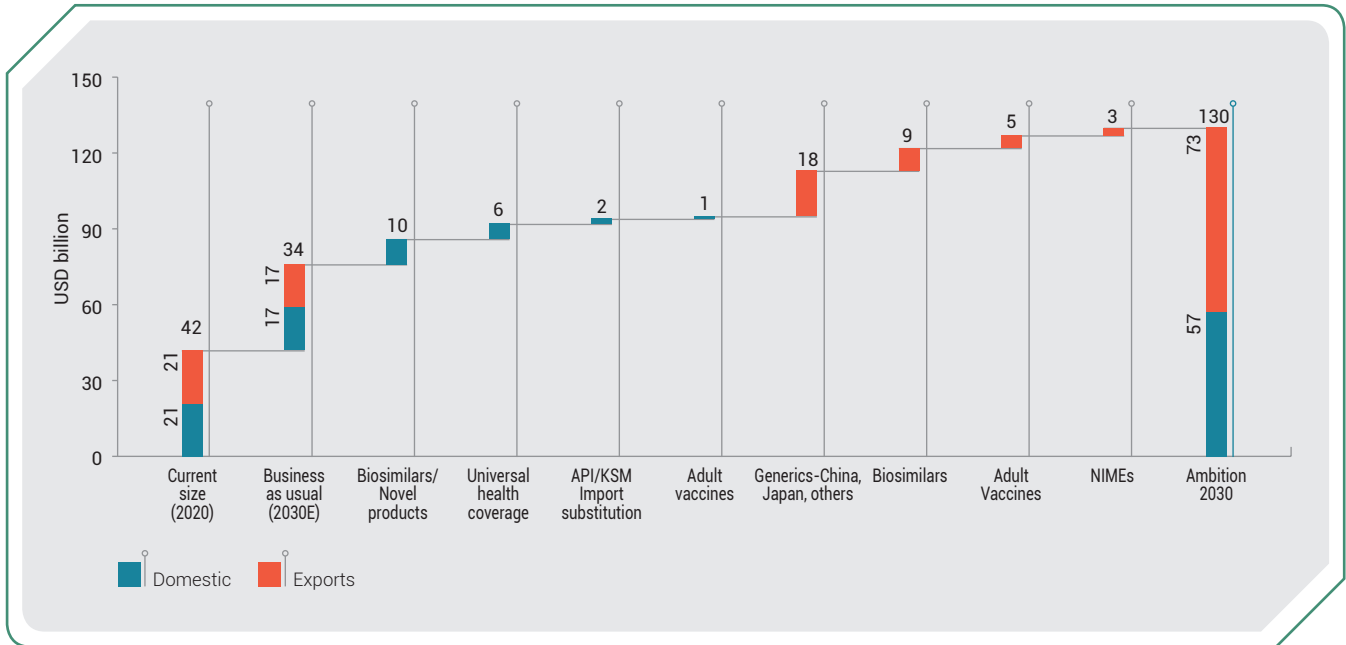
The nation is one of the largest providers of quality and affordable generic drugs globally. Indian pharmaceutical companies play a significant role in reaching affordable healthcare across the world. India exports medicines to more than 200 countries and vaccines to over 150 nations. From here, pharma companies in India will only grow - organically and inorganically - through strategic alliances.

**INDIAN PHARMACEUTICAL INDUSTRY**

The Indian pharma industry is divided into APIs, formulations and specialty chemicals. These segments are further divided into branded and generics under different therapeutic segments. The Indian pharmaceutical market is expected to witness a compounded annual growth rate (CAGR) of ~12% to reach USD 130 billion by 2030 from USD 41.7 billion in 2020. India has a huge potential both in the domestic as well as export markets due to the rising demand for quality healthcare with increase in income levels, ageing and growing population. These opportunities can be seized by accelerating research and innovation, achieving equitable and sustainable healthcare, strengthening manufacturing and supply base in domestic and global markets and improving access to medicines.

(Source: Indian Pharmaceutical Industry 2021: Future is Now February 2021)

Figure A: India's Growth Ambition 2030



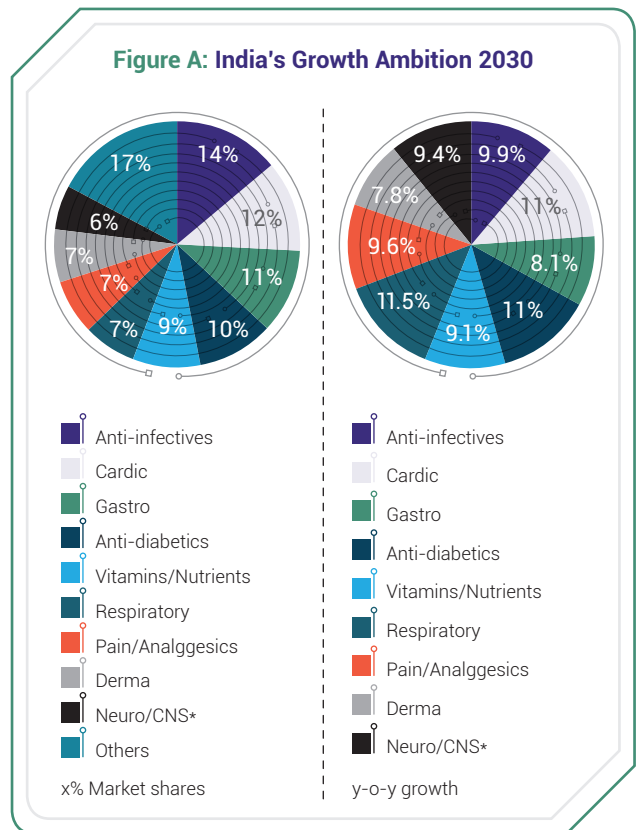
(Source: Indian Pharmaceutical Industry 2021: Future is Now February 2021)

INDIAN DOMESTIC PHARMACEUTICAL MARKET

The Indian domestic pharmaceutical market size reached USD 20.3 billion in CY 2019 with y-o-y growth of 9.8%. The anti-infective segment is the leading contributor with ~14% market share of the total domestic pharma business and continues to witness double-digit growth. Other segments that are growing in double digit include diabetes, cardiovascular disease and respiratory. The domestic market has grown at 2.2% during April-September 2020 compared to the same period last year despite a sluggish start to the year due to the pandemic.



Therapy-wise split of the pharma market in India



(Source: Indian Pharmaceutical Industry 2021: Future is Now February 2021)

MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)



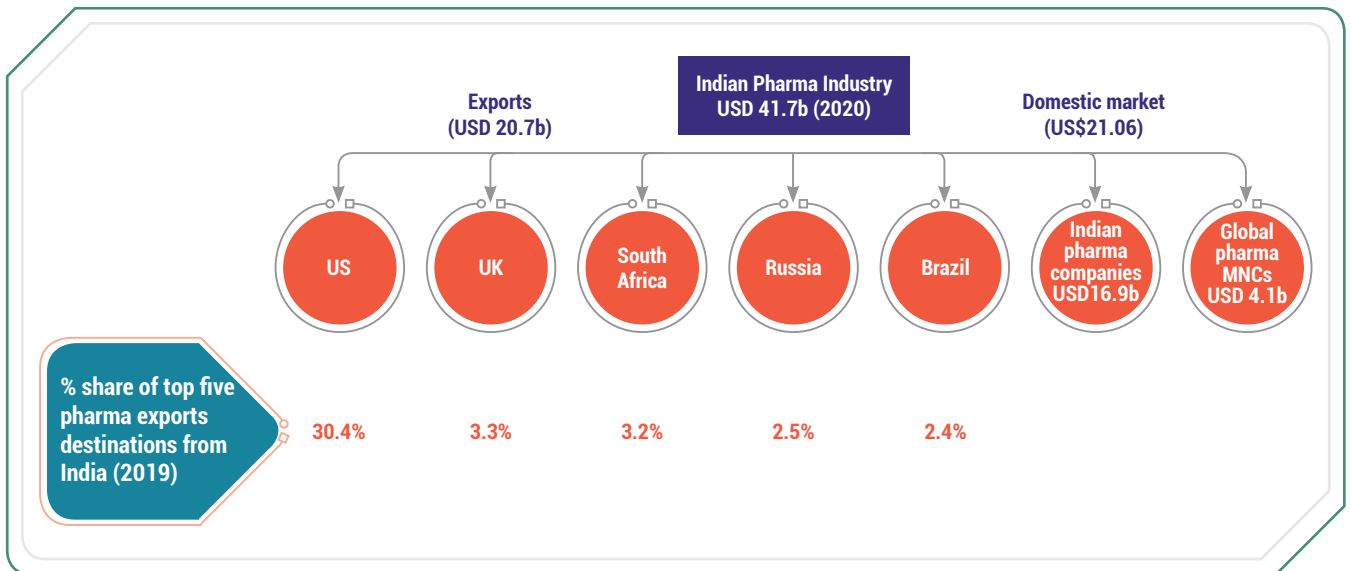
INDIAN EXPORTS PHARMACEUTICAL MARKET

Indian pharma exports reached USD 20.7 billion in FY 2019-20 with y-o-y growth of 8.4%. This was largely driven by exports of generics drugs to more than 200 countries, including both developed and developing markets. India is the source of 60,000 generic brands across 60 therapeutic categories. The country accounts for 40% of the generics demand in the US and ~25% of all medicines in the UK. Indian pharma manufacturers export nearly half of the pharma production, both in terms

of volume and value, to the US, UK, South Africa, Russia and other countries. Further in the global vaccine market, India exports vaccines to more than 150 countries and tends to the needs of 50% of the world's demand for vaccines as of February 2019. There remains a significant opportunity, largely untapped across Japan, China, Australia, ASEAN countries, Middle East region, Latin America and other African countries.

(Source: Indian Pharmaceutical Industry 2021: Future is Now February 2021)

Indian Pharma Industry Regional Breakup



(Source: Indian Pharmaceutical Industry 2021: future is now February 2021)

With the onset of the pandemic, the industry has faced severe constraints and impediments in reaching customers in India and around the world. In response to the global crisis, the pharmaceutical industry outperformed forecasts, exporting medicines to over 150 countries in addition to meeting all domestic demands. Over the course of the year, a significant increase in vaccine ability was achieved to supplement vaccine administration in India and other countries that depend on India for supplies.

Growth in the Indian pharmaceutical sector is likely to come from the efficient utilisation of existing infrastructure and establishing new infrastructure through synergistic collaboration among Governmental research bodies. Financing support through innovative funding

mechanism, right from the idea conceptualisation stage to the commercialisation stage is another growth enabler for the sector. Furthermore, Government policy support and harmonising with global regulatory standards with the Indian pharma industry is going to provide additional boost to the sector.

The Indian Government has taken significant measures to reduce costs and healthcare expenses. The highest priority continues to be on the introduction of generic drugs into the domestic market. Further, the emphasis on rural health programmes, preventive vaccinations, and life-saving medicines would provide pharma companies numerous opportunities.



COMPANY OVERVIEW

Aarti Drugs Limited was established in the year 1984 and it is a part of the esteemed Aarti Group of Industries with USD 1.1 billion in revenue. The Company manufactures Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and Specialty Chemicals. It also engages in the manufacturing of Formulations through our wholly owned subsidiary - Pinnacle Life Science Private Limited. The Company enjoys a leadership position in APIs with 50+ molecules for antibiotics, antiprotozoal, anti-inflammatory, anti-diabetic and anti-fungal among others.



	API	Formulations	Specialty Chemicals, Intermediates and Others
Manufacturing Facilities	9	1	2
Annual Capacity	38,857 Mt	3 billion tablets 300 million capsules	8,844 Mt

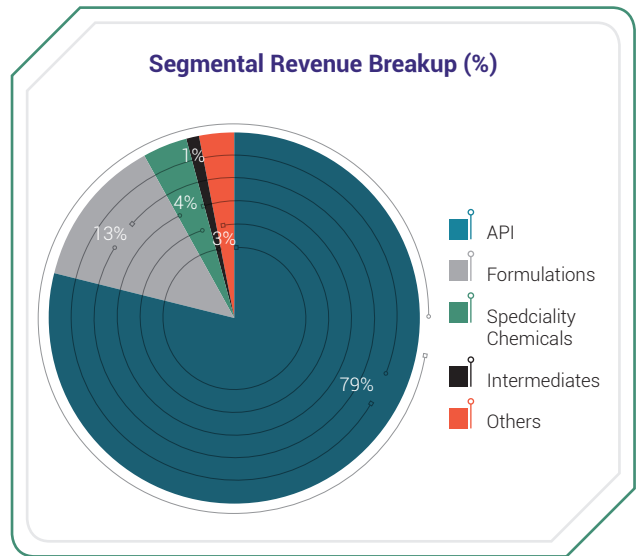
The Company has flexible manufacturing approach with a combination of in-house manufacturing as well as an outsourcing model supported by strong in-house R&D. The capacity of our multi-purpose plants ranges from kilograms to multi-tonnes. We have a long-term experience of multi-step synthesis and fractions at high temperature levels. Some of our manufacturing capabilities include Noble Metal Hydrogenation, Ammonolysis, Halogenation among others. Our Tarapur R&D division in MIDC, Maharashtra, is at a proximity to our manufacturing locations and supports our API manufacturing segment. Our other R&D unit at Turbhe, Navi Mumbai, supports the development of complex generics for our in-house formulation business.

Our products under APIs include:

- Antibiotics like Ciprofloxacin, Hydrochloride, etc. (In total 5 Fluoroquinolones- largest in the world in this category of antibiotics)
- Antiprotozoals like Metronidazole, Tinidazole, Metronidazole benzoate and others
- Antidiabetic like Metformin HCL and Pioglitazone
- Antifungals like Ketoconazole and Tolnaftate
- Ofloxacin - part of first category of fluoroquinolone
- Anti-inflammatory like Diclofenac derivatives, Aceclofenac, Nimesulide and Celecoxib
- Other categories

Our specialty chemicals include:

- Benzene Sulphonyl Chloride
- Derivatives of Chlorosulphonation chemistry



MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)



RESEARCH AND DEVELOPMENT

Our R&D centres and other facilities are well recognised by the Government's Department of Science and Industrial Research (DSIR). In our R&D team, we have doctorates, master graduates (M.Sc), graduates (B.Sc) and engineer technicians. Our R&D is well supported by a team of in-house project managers to ensure timely implementation of new products on the commercial scale. We also invite experts and professors from the Institute of Chemical Technology (ICT) and the Council of Scientific and Industrial Research (CSIR) to provide product development advice on a regular basis. In addition to developing new products for future growth, continuous process improvement and product quality improvement are major strengths of our R&D team.



R&D drives our growth. Our R&D proficiencies enable us to think more, keep inventing and innovating to serve people better



OUR SUBSIDIARIES

The Company has three subsidiaries in India and globally. Pinnacle Life Science Private Limited (PLSPL) is a wholly owned subsidiary of Aarti Drugs Limited (ADL). PLSPL was established with the aim to achieve leadership by providing high-quality, cost-effective pharmaceutical formulations to the world. PLSPL takes advantage of its parent Company's core API strengths and engineers most of the formulations in a cost-effective manner. With a revenue contribution of around 13.21%, PLSPL has opened avenues of exports for the Company. It has commenced commercial operations in Latin America, selective African markets as well as Asia with new registrations for export and Government tenders. Together, Aarti Drugs Limited and PLSPL offer a one-stop shop for major pharmaceutical requirements. This synergy has added considerable value to the existing API products through formulation. Pinnacle Chile SpA, our subsidiary based in Santiago, Chile, assists in the marketing of drug formulations and participates in the Chilean tender and private sector.



The Company has three subsidiaries in India and globally. Pinnacle Life Science Private Limited (PLSPL) is a wholly owned subsidiary of Aarti Drugs Limited (ADL)





Covid-19 is a global healthcare crisis that led to record response from communities. The pharmaceutical industry's contribution goes beyond development of Covid-19 treatments and vaccines. The industry also extended its expertise and financial support to its partners and people.



COVID-19 AND ITS IMPACT

The pandemic impacted the value chain across businesses, segments and continents. Aarti Drugs was also affected in the early days of the pandemic due to restrictions on travel and the Government-imposed lockdown. Our facilities were shut and there was unavailability of sufficient manpower. The impact on our organisation was, however, minimal as we were soon granted permission to reopen and operate our manufacturing facilities. Movement of critical workforce and materials also started as the Company qualified under the 'essential' goods and services category.

For the safety and security of our employees, we undertook initiatives such as social distancing, thermal screening and also conducted awareness campaigns. We ensured the availability of face masks and sanitisers, regular fumigation and sanitisation of our facilities, arranged Company buses for transportation of staff among others. These steps boosted employees' morale and resulted in smooth functioning of the manufacturing activities. During the lockdown, the Company provided work from home facilities to our Mumbai head office employees, along with the requisite connectivity, ensuring all IT security measures were in place and all systems were monitored remotely. We got our employees vaccinated at the earliest and also took additional insurance coverage till the Covid-19 threat is eliminated.

There has been no significant impact on the Company's capital and financial resources, performance, or liquidity position due to the pandemic. To tackle any impact arising from the pandemic, the Company has adopted strict control measures across the organisation. With the supply chain restored, and the pharmaceutical products being designated 'essentials goods', the Company returned to normalcy during the middle of the FY 2020-21.

During the pandemic, Aarti group took active steps to support communities. When Covid-19 initially struck India,

the Company contributed around ₹ 250 million to fight the impact of the virus on our society. It also donated large oxygen plant to the Government hospitals in the second wave.

The Company is in a healthy position to fulfil its future obligations and current arrangements. At present, the Company does not anticipate any contracts or arrangements that would have an adverse impact on the business in case of non-fulfilment of obligations by any party.



DISTRIBUTION CHANNELS

The Company's strong distribution network is significant to its operations. It is a strategic enabler allowing the Company to expand to more than 100 countries. In most of the cases, the Company ships goods directly to its customers by air or sea. This helps it in lowering its expenses. In some cases when the quantity isn't particularly large, the Company ships goods to its distributors. We also consciously assess our customers' creditworthiness, and if any credit risk is discovered, the transaction is completed through European traders. The Company has sufficient trade credit insurance in place to cover our receivables risks.



FINANCIAL PERFORMANCE

During the year, the Company exhibited a consistent performance on account of its long-term growth strategy coupled with cost-optimisation measures. Our value-centric business model, along with our global presence, has translated into a positive performance.

The Company registered a consolidated topline growth 19.5% to ₹ 21,593.05 million with an EBIDTA of ₹ 4,416.30 million, growth of 67.7% compared to previous year and EBITDA margin of 20.5%. Profit after Tax (PAT) for the year grew by 98.3% to ₹ 2,804 million, compared to the corresponding period last year. This growth was due to implementation of effective cost strategies. As a Company, we are attempting to reduce our reliance on imports through further backward integration of our API segment, in-house production of materials, along with the development of alternative processes, to minimise the risk of shortages. The Company managed to optimise its overall costs as a result of improved working capital and inventory management. All these measures led to an increased PAT and improved operating cash flow. In addition, the Company adopted a new tax regime in FY 2019-20 lowering the Company's total tax rate and resulting in higher PAT.

MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)

Particulars	FY 2020-21 (%)	FY 2019-20 (%)	Change (%)
Interest Coverage Ratio	17.06	6.36	168.24
Current Ratio	1.78	1.44	22.99
Debt Equity Ratio (Times)	0.38	0.58	-35.15
Operating Profit Margin	18.14	11.93	52.06
Net Profit Margin	13.01	7.83	66.21
Return on Equity	35.81	23.65	51.45

Overall working capital utilisation reduced due to timely realisation of debtors leading to improvement in interest coverage ratio.

In lieu of lower working capital utilisation, the working capital debt of the Company reduced whereas the net worth of the Company improved due to increase in PAT. This overall effect led to improvement in its Debt Equity ratio.

The Company actively focused on changing the processes for its products. The efficiency of these processes led to reduction in overall cost and improvement in its Net Profit Margin by 520 bps to 13.01% in FY 2020-21.

The improvement in PAT also resulted from the new tax regime. The Company's Consolidated Profit after Tax grew 520 bps in FY 2020-21 to ₹ 2,804 million. This led to an improvement in Return on Networth from 23.65% in FY 2019-20 to 35.81% in FY 2020-21.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Our internal control systems are sound and adequate in proportion to the Company's size and nature of operation. We assess and upgrade our systems regularly for incremental improvements. Our systems are reviewed by



the Board's Audit Committee on a regular basis. These systems ensure asset security, accurate transaction recording, and timely reporting.

At Aarti Drugs, internal audit is carried out by an independent firm of Chartered Accountants on a quarterly basis. Further, the Audit Committee regularly reviews the Internal Auditors' periodic reports and resolves any issues raised by the Internal Auditors and Statutory Auditors. Our Audit Committee constantly tries to add value by evaluating existing systems.

HUMAN RESOURCES

At Aarti Drugs, we consider our human capital an essential component of our business. As on March 31, 2021 on a consolidated basis, the Company had 1,620 permanent employees at its manufacturing plants and administrative office. To nurture and enhance the capabilities of our people, our Human Resource Development (HRD) Centre has conducted several training programmes during the year. In addition to in-house training programmes, we have also organised various training sessions and seminars for our team at some of the most prestigious training institutes.

ENVIRONMENT, HEALTH AND SAFETY

The Company is constantly working on innovative technologies to create efficient Waste Management Systems. The Company's primary focus has been around reducing emission and promoting cleaner environmental solutions. We have significantly reduced water consumption through our innovative production processes. Additionally, with the use of multiple effect evaporators and incinerators we have achieved zero organic effluent discharge from our plants for many of our locations by the end of FY 2020-21.

The Company has acquired 250 acres of forest land from the Forest Department near Dhuktan, Palghar, where the plantation work has been completed and it is being maintained on a regular basis. To reduce the entire effluent stream, the Company has continuously innovated several techniques to reduce effluent generation in the process, utility, and domestic areas across facilities. At Aarti Drugs, we integrate environmental considerations into the plant design in the preliminary stages of the project. Our facilities are fitted and operational with air scrubbers, dust filters, fire protection systems, and effluent treatment plants to facilitate a green environment. The Company is continuously innovating processes to reduce waste by maintaining higher yields and extracting byproducts from effluent streams, hence minimising environmental waste. Also by segregating waste we are able to further utilise it as a source of fuel for energy generation, reducing the

MANAGEMENT DISCUSSION & ANALYSIS (CONTD.)

carbon footprint.

During the year, the Company conducted various training programmes in all units regarding the use and value of personal protective equipment (PPE), safety awareness, and safety actions. A training session on “Kaizen” and “Behavior Based Safety in Organizations (Industrial Safety Awareness)” was conducted by the faculty of Bombay Productivity Council. Faculty from the Civil Defense, a Central Government Agency, conducted training for our people on first-aid, fire-fighting, and rescue operations to deal with emergencies.

To monitor the fire threat, all our units have fire hydrant systems, fire extinguishers, and smoke and heat detectors. We also have hydrogen gas leak detectors and ammonia gas leak detectors installed in our units wherever required. Besides, all electrical fittings in our units are flameproof. We have also installed rupture discs and safety valves in reaction vessels and distillation systems. Audio Visual Alert Alarm system has also been installed for the reactors to check likely rise in temperature, failure of cooling or chilling system and tripping of agitators. All our units were subjected to an external safety audit in accordance with IS:14489:1998, which was conducted by a Government of Maharashtra-approved safety auditor. Various onsite work training and safety-related observations were performed by safety consultant and former Deputy Director of the Department of Industrial Safety and Health. The Company is continually working to develop safer working conditions for its people.

OUTLOOK

The global economy is expected to grow by 6% in the CY2021 on account of increased fiscal support in major economies, large-scale inoculation drives, rising public investments and a general rise in sentiments (*Source: IMF's World Economic Outlook, April 2021*). Even emerging economies are expected to pick up in the CY2021 and grow by 6.7% (*Source: IMF's World Economic Outlook, April 2021*). According to the Economic Survey 2020-21, India is set to expand by 11% in the FY 2021-22. This will mostly

be driven by resumption of business activities, vaccination programmes across the country among other such measures. However, with India being hit by the second wave and a third wave is in the offing, most Indian cities had gone into lockdown at the time of writing this report, restricting trade, travel and interrupting supply chain. An optimistic outlook is still uncertain.

On the other side, consumer preferences have changed, and the world is moving towards preventive medicines over curative medicines. The inoculation drive is going to support the pharma sector, which already has been earmarked under the 'essential' space. At Aarti Drugs, we are prepared for all the challenges and opportunities that are going to arise from here. We are focused towards expanding our capacities, debottlenecking our facilities, reducing overall cost and expanding the geographical reach. Our measures are expected to translate into significant increase in revenue and margins in the coming years. API and speciality chemicals remain important segments for future greenfield projects. In the API segment, anti-diabetic therapy and other chronic lifestyle related therapies would be the primary focus areas. We are also focusing to tap more regulated geographies and setting up enhanced IT infrastructure support. The Company is also setting up more intermediate plants as a part of the drive to reduce further import dependency thereby improving profit margins. As a part of our forward integration strategy, manufacturing more derivatives and expanding in formulation business globally remain the key.

Cautionary Statement

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

DIRECTORS' REPORT

To

The Members of AARTI DRUGS LIMITED

Your Board of Directors ("Board") are pleased to present this 36th (Thirty Sixth) 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, 2021.

COMPANY'S FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Revenue from Operations	1,91,489	1,63,492	2,15,478	1,80,609
Other Operating Income	642	106	453	148
Total Income from Operations	1,92,131	1,63,598	2,15,930	1,80,757
Total Expenditure	1,58,383	1,46,939	1,79,052	1,62,675
Profit Before Depreciation, Amortisation, Interest and Tax Expenses	40,769	24,547	44,163	26,330
Finance Cost	2,261	3,220	2,296	3,373
Depreciation & Amortisation	4,760	4,667	4,988	4,875
Profit before Exceptional Items and Tax	33,749	16,660	36,879	18,082
Exceptional Income	22	838	22	447
Profit Before Tax	33,771	17,497	36,901	18,529
Less: Total Tax Expenses	8,000	3,930	8,862	4,389
Profit after Tax	25,771	13,567	28,040	14,140
Earnings Per Share (₹)	27.65	14.53	30.09	15.14

FINANCIAL PERFORMANCE

During the year under review, Standalone Revenue from operations of the Company was ₹ 1,91,489 lakhs as compared to ₹ 1,63,492 lakhs for FY 2019-20 registering a growth of 17.12%.

The Company has achieved Export Sales of ₹ 66,374 lakhs as against ₹ 55,044 lakhs for the last year, registering a growth of 20.58%.

EBITDA has been ₹ 40,769 lakhs as compared to ₹ 24,547 lakhs for FY 2019-20, registering a growth of 66.09%. PAT has been ₹ 25,771 as against ₹ 13,567 lakhs for FY 2019-20, grew by 89.95%.

Likewise, Consolidated revenue from operations of the Company is ₹ 2,15,478 lakhs as compared to ₹ 1,80,609 lakhs for FY 2019-20 registering a growth of 19.31%.

On Consolidated basis, Company's EBITDA has been ₹ 44,163 lakhs as compared to ₹ 26,330 lakhs for FY 2019-20, registering a growth of 67.72%. PAT has been ₹ 28,040 lakhs as against ₹ 14,140 lakhs for FY 2019-20, grew by 98.31%.

DIVIDEND

Your Company had declared and paid Interim Dividend of ₹ 2.5/- (@ 25%) per share (of ₹ 10/- each) aggregating to ₹ 2,330 lakhs which was higher than previous year.

DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the Company. The policy is available on the website of the Company at the weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

TRANSFER TO RESERVES

Your Company has transferred ₹ 2,577.12 lakhs to General Reserves. (Previous year ₹ 1,350 lakhs).

SHARE CAPITAL

The Board, at its meeting held on August 20, 2020, approved and recommended the issue of Bonus shares in the proportion of 3:1 i.e. 3(Three) Bonus Equity share(s) of face value ₹ 10/- each for every 1(One) Equity share(s) of face value of ₹ 10/- each which was approved by the shareholders through Postal Ballot on September 20, 2020. The Company allotted 6,99,00,000 fully paid up Bonus Equity Shares of face value ₹ 10/- each. The Bonus shares were credited to the eligible shareholders holding shares



DIRECTORS' REPORT (Contd.)

as on the record date, i.e. October 1, 2020. Pursuant to the said allotment of Bonus Equity Shares, the paid-up share capital of the Company has increased from ₹ 23,30,00,000 consisting of 2,33,00,000 Equity Shares of face value of ₹ 10/- each to ₹ 93,20,00,000 consisting of 9,32,00,000 Equity Shares of face value of ₹ 10/- each fully paid up. Approval of the shareholders was also obtained through the said postal ballot to increase Authorised Share capital of the Company from ₹ 25,00,00,000 to ₹ 120,00,00,000 to facilitate issue of Bonus shares.

The Board at its meeting held on March 19, 2021, had offered for buy back of 6,00,000 fully paid – up Equity shares of face value of ₹ 10/- (Rupees Ten only) each representing 0.64% of the total number of Equity shares at a price of ₹ 1000/- per Equity share (including premium of ₹ 990/- per Equity share) payable in cash for an aggregate amount of ₹ 60,00,00,000/- on a proportionate basis through the tender offer using stock exchange mechanism in accordance with prevailing regulations. Settlement of buy back bids was completed on May 19, 2021. Post Buy-back, the paid– up Equity Share Capital of the Company stood at ₹ 92,60,00,000/- consisting of 9,26,00,000 Equity Shares of face value of ₹ 10/- each

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company through Aarti Foundation and various other NGO's has been doing work in the following segments:

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

Many of our Pilot projects have been appreciated by various NGO's and Other Corporate Houses who have also started adopting those models thereby multiplying the magnitude of the reach of these social activities for the benefit of the Society at large.

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

[related-documents/](#)

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

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

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

Your Company recognizes 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 at large which reflects in the Company's policy, programs and development efforts. As on March 31, 2021, the Company had 1,239 permanent employees at its manufacturing plants and administrative office. Your Company is committed to build and strengthen our human capital by defining policies that support their growth, goals, and help them achieve excellence.

NOMINATION AND REMUNERATION POLICY

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

PERSONNEL

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in annexure and forms part of this Report. However, In terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the Members excluding this annexure. Any Member interested in obtaining a copy of the annexure may write to the Company Secretary at the Registered Office of the Company for a copy of it.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to

DIRECTORS' REPORT (Contd.)

which the financial statements relate and the date of this Boards' Report.

BUSINESS RISK MANAGEMENT

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

In compliance with Regulation 21 of the Listing Regulations, Board of Directors had constituted a Risk Management Committee consisting of Shri Prakash M. Patil (Chairman), Shri Rashesh C. Gogri, Shri Harshit M. Savla, Shri Harit P. Shah, Shri Adhish P. Patil and Shri Dhanaji L. Kakade. Independent Director, Shri K. G. Akamanchi has also been appointed as a member of the committee w.e.f. May 15, 2021. Main object of this Committee is to continuously identify, evaluate and take appropriate measures to mitigate various elements of risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Company has appointed 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 unauthorised 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

BUSINESS RESPONSIBILITY REPORTING (BRR)

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

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

RELATED PARTY TRANSACTIONS

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

All related party transactions that were entered into during the FY 2020-21 were on an arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

All related party transactions are presented to the Audit Committee. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented 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.



DIRECTORS' REPORT (Contd.)

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

CORPORATE GOVERNANCE

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

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available in prescribed format on the Company's website on www.aartidrugs.co.in

DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and no amount on account of principal or interest on public deposits was outstanding as on March 31, 2021.

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to the provisions of Section 186 of the Act, the details of Loans, Guarantees and Investments made by the Company as at March 31, 2021 are given in the notes to the Financial Statements.

ANNUAL BOARD EVALUATION

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

The performances of the Committees and Independent Directors were evaluated by the entire Board of Directors except for the Director being evaluated. The performance evaluation of the Chairman, Non-Independent Directors and Board as a whole was carried out by the Independent

Directors. The Board of Directors expressed their satisfaction with the evaluation process.

SUBSIDIARY

The Company, as on March 31, 2021, has 3 (three) subsidiaries, namely, Pinnacle Life Science Private Limited, Aarti Speciality Chemicals Limited and Pinnacle Chile SpA.

Of the above subsidiaries, Pinnacle Life Science Private Limited and Aarti Speciality Chemicals Limited are wholly-owned subsidiaries. Pinnacle Life Science Private Limited has been classified as the material subsidiary as it fulfills the criteria given under Regulation 16(1)(c) of the Listing Regulations. Pursuant Regulation 24A of the Listing Regulations, the Secretarial Audit Report as prescribed in Section 204 of Companies Act, 2013 for the Material Subsidiary Company, Pinnacle Life Science Private Limited for financial year ended March 31, 2021 is annexed as "Annexure - C2" and forms an integral part of this Report.

During the year, under review, Pinnacle Life Science LLC, Wholly Owned Subsidiary was wound up/ closed as said Company did not have any business activity.

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

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

The Company does not have any Associate Company or Joint Venture. A policy on material subsidiaries has been formulated and is available on the website of the Company at the web link <https://www.aartidrugs.co.in/policies-and-related-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 2020-21, together with the Auditors' Report, form 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 Companies Act, 2013 and Regulation 17 of the Listing Regulations. As on March 31, 2021, the Board

DIRECTORS' REPORT (Contd.)

comprise of 12 (Twelve) Directors out of which 5 (Five) are Executive Directors, 1 (One) Non-Executive Director and 6 (Six) Non-Executive Independent Directors. The Chairman of the Board is an Executive Director. The Board has highly qualified members and having varied experience in their respective fields.

At 35th AGM held on August 25, 2020 Shri Narendra J. Salvi (DIN: 00299202) has been appointed as the Non-executive Director in place of Shri Rajendra V. Gogri (DIN: 00061003), who retired by rotation at the conclusion of AGM and did not offer for re-appointment.

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

In accordance with the provisions of Section 152 of Companies Act, 2013, Shri Harshit M. Savla (DIN: 00005340) Joint Managing Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members. A brief profile of him is annexed to the Notice convening the ensuing Annual General Meeting.

Your Directors have also recommended for the approval of renewal of terms of Shri Prakash M. Patil (DIN: 00005618) as the Managing Director, Shri Harshit M. Savla (DIN: 00005340) as Joint Managing Director and Shri Harit P. Shah (DIN: 00005501) as Whole Time Director of the Company whose present terms will expire on May 31, 2022.

Shri Ramdas M. Gandhi, Independent Director of the Company left for heavenly abode on July 16, 2021. Late Shri Ramdas M. Gandhi was on the Board of the Company since December 31, 2005 and the Company immensely benefitted from his vision and leadership. The Board of Directors of the Company express their deep condolences and pay tribute to late Shri. Ramdas M. Gandhi.

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

Independent 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 Companies Act, 2013 and Regulation 16(b) of Listing Regulations. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company at the weblink <https://www.aartidrugs.co.in/independent-directors/>

The Board is of the opinion that the Independent Directors 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 Companies Act, 2013 read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Number of Meetings of the Board

During the year under review, the Board of Directors met 7 (Seven) 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 Companies Act, 2013 and the Listing Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the Annual Accounts for the financial year ended March 31, 2021, 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, 2021 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;



DIRECTORS' REPORT (Contd.)

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

FAMILIARISATION PROGRAMME

The Company has a familiarisation programme for its Independent Directors which is imparted at the time of appointment of an Independent Director on Board as well as annually. During the year, the Independent Directors of the Company were familiarised and the details of familiarisation programmes imparted to them are placed on the website of the Company at the web link

<https://www.aartidrugs.co.in/independent-directors/>

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

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

SAFETY, HEALTH AND ENVIRONMENT

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

The Company affirms that no person has been denied access to the Audit Committee Chairman.

STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013, the members at the 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.

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

COST AUDITORS

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

The Board has appointed M/s. GMVP & Associates LLP as Cost Auditor of the Company for FY 2021-22 under Section 148 and all other applicable provisions of the Act.

Shareholder's approval is being sought for ratification of the Remuneration proposed to be paid to M/s. GMVP & Associates LLP, Cost Auditor of the Company in respect of Cost Audit for the financial year ending March 31, 2022 as mentioned in the Notice convening the AGM.

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

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company had appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co., Company Secretary in Practice to undertake the Secretarial Audit of the Company.

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the financial year ended March 31, 2021 issued by CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co., Company Secretary in Practice and the Secretarial Auditor of the Company is annexed as "Annexure - C1" and forms an integral part of this Report. During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act.

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

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

DIRECTORS' REPORT (Contd.)

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 2020-21 is as follows:

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

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

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

During the Financial Year, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (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: July 27, 2021

CAUTIONARY STATEMENT

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

ANNEXURE - A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2020-21

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

2. Composition of CSR Committee:

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

* Circular Resolution was passed dated May 14, 2020 for seeking approval of the Committee members for the CSR Budget for FY 2020-21 and approval of Annual Report on CSR Activities for the year ended March 31, 2021.

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

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

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

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

6. Average net profit of the Company as per section 135(5):- ₹ **13,422.22 lakhs**

7. a) Two percent of average net profit of the Company as per section 135(5):- ₹ **268.44 lakhs**

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

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

d) Total CSR obligation for the financial year (7a+7b-7c):- ₹ **268.44 lakhs**

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

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

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

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

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

ANNEXURE - A (Contd.)

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (₹ In lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
1	COVID Support – PM CARES Fund	(viii)	Yes	Pan India		15	No	PM CARES Fund	-
2	COVID Support -Maharashtra State Disaster Management Authority	(xii)	Yes	Maharashtra	Various districts in Maharashtra	160	No	Maharashtra State Disaster Management Authority	-
3	COVID Support -Gujarat State Disaster Management Authority-CSR Fund	(xii)	Yes	Gujarat	Various districts in Gujarat	10	No	Gujarat State Disaster Management Authority-CSR Fund	-
4	Education Welfare and Skill	(ii)	Yes	Gujarat, Madhya Pradesh, Uttarakand	Ahmedabad, Kutch, Betul, Nainital	26.03	No	Aarti Foundation	CSR00000537
5	Healthcare Facilities	(i)	Yes	Maharashtra, Gujarat	Mumbai, Kutch	6.10	No	Aarti Foundation	CSR00000537
6	COVID Support (Food distribution, supply of Medical essentials)	(i), (xii)	Yes	Maharashtra, Gujarat	Various districts of Maharashtra and Gujarat	21.04	No	Aarti Foundation	CSR00000537
7	Rural Development- Livestock Development	(x)	Yes	Gujarat	Ahmedabad	2.50	No	Aarti Foundation	CSR00000537
8	Rural Development- Tribal Welfare	(x)	Yes	Assam	Various districts	15.83	No	Aarti Foundation	CSR00000537
9	COVID Support (Food distribution, supply of Medical essentials)	(i), (xii)	Yes	Maharashtra	Palghar	2.43	Yes	-	-
10	Healthcare Facilities	(i)	Yes	Maharashtra	Palghar	3.38	Yes	-	-
11	Education and Skill	(ii)	Yes	Maharashtra	Palghar	4.80	Yes	-	-
12	General Welfare Activities	(i), (ii)	Yes	Maharashtra, Gujarat	Palghar, Valsad	1.76	Yes	-	-
	Total					268.87			

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

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

f) Total amount spent for the Financial Year (8b+8c+8d+8e):- **₹ 268.87 lakhs**

g) Excess amount for set off, if any

**ANNEXURE - A (Contd.)**

Sl. No	Particular	Amount (₹ In lakhs)
(i)	Two percent of average net profit of the Company as per section 135(5)	268.44
(ii)	Total amount spent for the Financial Year	268.87
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.43
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.43

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

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ In lakhs)	Amount spent in the reporting Financial Year (₹ In lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (₹ In lakhs)
				Name of the Fund	Amount (₹ In lakhs)	Date of transfer	
	2019-20	-	15	-	-	-	-

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

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

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

- (a) Date of creation or acquisition of the capital asset (s) - **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset - **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- **Not Applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) - **Not Applicable**

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5):- **Not Applicable**

Sd/-

Prakash M. Patil

Managing Director & CEO
(Member of CSR Committee)
DIN: 00005618

Sd/-

Navin C. Shah

Independent Director
(Chairman of CSR Committee)
DIN: 01415556

Place: Mumbai
Date: July 27, 2021

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 / Associate Companies / Joint Ventures

Part "A" – Subsidiaries

(₹ In lakhs except % of Shareholding)													
Sr. No.	Name of Subsidiary Company	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
1.	Pinnacle Life Science Private Limited	INR	778.28	5,337.30	15,616.23	15,616.23	0.50	28,493.97	3,404.4	861.56	2,542.84	77.82	100
2.	Aarti Speciality Chemicals Limited	INR	25	-22.71	25.07	25.07	0.00	0.00	-20.82	0.00	-20.82	0.00	100
3.	Pinnacle Chile SpA	CLP	252.59	-305.31	111.73	111.73	0.00	-12.41	-291.78	0.00	-291.78	0.00	95

For and on behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO
DIN: 00005618

Sd/-

Harit P. Shah

Whole time Director
DIN: 00005501

Sd/-

Adhish P. Patil

Chief Financial Officer

Sd/-

Rushikesh V. Deole

Company Secretary

Place: Mumbai

Date: July 27, 2021



ANNEXURE - C1

FORM NO. MR - 3

Secretarial Audit Report

For The Financial Year Ended On March 31, 2021

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

To,

The Members,

Aarti Drugs Limited

(CIN: L37060MH1984PLC055433)

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2021 ('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, 2021 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 ("SEBI LODR");
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 which were not applicable to the Company during Audit Period;
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were not applicable to the Company during Audit Period; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 to the extent applicable during Audit Period;

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

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

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

ANNEXURE - C (Contd.)

- (i) **Share certificates for 4(four) requests received for share transfer during the Audit Period were issued after the period prescribed under the SEBI LODR i.e. 15 days of the date of lodgement as reported in the revised PCS certificate dated June 21, 2021 issued by Jagdish Patel & Co., Company Secretaries submitted for six months ended September 30, 2020 under Regulation 40(9) of SEBI LODR to the Stock Exchanges and relied upon by me. However, the said delays are covered under relaxation granted vide SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/59 dated April 13, 2020; and**
- (ii) **There have been some delays in crediting unpaid / unclaimed dividend amounts in respect of 2nd Interim dividend for FY 2012-13 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) which delays, however, are covered under relaxations granted vide MCA General Circular No. 16/2020 dated April 13, 2020 and MCA General Circular No. 35/2020 dated September 29, 2020 respectively.**

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

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

- (j) Public Liability Insurance Act, 1991; and
- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

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

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

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

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

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

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

Sd/-

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031

Place: Mumbai **Peer Review Certificate No. 867/2020**
Date: July 9, 2021 **UDIN: F003483C000607229**



ANNEXURE

To

The Members,

Aarti Drugs Limited

(CIN: L37060MH1984PLC055433)

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

Village-Pamtermbhi, Dist. Palghar,

Maharashtra - 401 506

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

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

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483C000607229

Place: Mumbai

Date: July 9, 2021

ANNEXURE - C2

FORM NO. MR - 3

Secretarial Audit Report

For The Financial Year Ended On March 31, 2021

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

To,

The Members,

Pinnacle Life Science Private Limited

(CIN: U24232HP2003PTC030912)

Near Telephone Exchange, Manpura,

Baddi, Himachal Pradesh 173205

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2021 ('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the applicable provisions of:

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

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 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 the Stock Exchanges which were not applicable to the Company as the Company is not listed on any Stock Exchange in India during Audit Period;

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



ANNEXURE - C2 (Contd.)

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

- (a) Drugs & Cosmetics Act, 1940 and rules made thereunder;
- (b) Narcotic Drugs and Psychotropic Substances Act, 1985;
- (c) The Insecticides Act, 1968;
- (d) Explosives Act, 1884 and Rules made thereunder;
- (e) Air (Prevention and Control of Pollution) Act 1981;
- (f) Water (Prevention and Control of Pollution) Act 1974;
- (g) The Noise (Regulation and Control) Rules 2000;
- (h) Environment Protection Act, 1986 and other environmental laws;
- (i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950;
- (j) Public Liability Insurance Act, 1991; and
- (k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

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

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

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

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

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

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

Sd/-

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Place: Mumbai

Peer Review Certificate No. 867/2020

Date: July 20, 2021

UDIN: F003483C000663771

ANNEXURE

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

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

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

Place: Mumbai
Date: July 20, 2021

Sd/-
CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483C000663771

ANNEXURE 'D'

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

1. CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken:

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

- We have modified design of evaporator of a chilling plant. Due to this 100% evaporator tubes are now submerged in refrigerant. It has improved efficiency of a chilling plant.
- We have installed membrane type filter press for SBS and Enrofloxacin filtration. Due to this product quality is improved and now, there is no any requirement of compressed air and nitrogen for wet cake drying.
- We have conducted regular energy and steam audits to check and improve the performance of equipment running in plant and utility.
- We have started the use of IE-3 motors, these motors have more efficiency than IE-2 motors.
- Improved condensate recovery to reduce fuel consumption.
- Interchanged position of air pre-heater and mechanical dust collector in briquette fired boiler. APH fouling issue is now reduced and due to clean flue gas to APH overall heat transfer coefficient has improved, results in lesser fuel consumption.
- Installation of MEE and MVR is under progress to achieve zero liquid discharge. MVR has much higher steam economy than conventional evaporators.
- Installation of high pressure co-generation boiler is under progress.
- Installed H ATFD for ciprofloxacin.

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

Measures for reduction in energy consumption includes:

- We are planning to install reverse osmosis system to the various treated effluent streams. Permeate water is directly recycled back in process and its operating cost is too less than conventional evaporation system.
- We have conducted pilot trials on scraped surface crystallizer. It requires less power and time for crystallisation operation. We are planning to install it's commercial set up.
- As a part of heat integration, we are planning to install evaporator for DFS ML operating on vapour from CBC stage evaporator.
- We are planning to install wet scrubber to venuleth dryer to trap power carry over with vapour.

	Power & Fuel Consumption	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Electricity		
	Purchased Units (KWH)	7,16,81,376	7,29,66,365
	Total Amount (₹ In lakhs)	6,100.43	6,508.36
	Per Unit (₹)	8.51	8.92
2	Furnace Oil		
	Purchased Units (MT)	1,023.90	876.23
	Total Amount (₹ in lakhs)	301.37	276.86
	Per Unit (₹) (Per Kg)	29.43	31.60
3.	Coal		
	Consumption (Unit)	3,68,34,242	3,93,29,771
	Total Amount (₹ In lakhs)	1,366.73	1,760.22
	Rate Per Unit	3.71	4.48
4.	Steam		
	Consumption(unit)	2,87,64,079	2,78,22,526
	Total Amount (₹ In lakhs)	447.44	458.48
	Rate Per Unit	1.56	1.65
5.	Others (₹ In lakhs)		
	Diesel (₹ in lakhs)	95.90	81.14
	Water Steam (₹ in lakhs)	980.60	793.78

ANNEXURE 'D' (Contd.)

II. CONSUMPTION PER UNIT OF PRODUCTION:

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

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

3. RESEARCH AND DEVELOPMENT (R&D)

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

(A) Specific areas in which R&D carried out by the Company during the FY 2020-2021

The focus area of the Company's R&D effort during FY 2020-2021 includes:

- Developed a new process of CaF₂ manufacturing from one of effluent stream of Ofloxacin Commercial scale plant set up work is under progress
- Installed ATFD for ciprofloxacin ML evaporation
- 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 Diketone & 2 PNB are the best examples

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

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

(C) Future plan of action:

- Further improvement in process efficiencies of existing products.
- Development of cost effective processes/ technology for APIs of the semi-regulated & non- regulated Markets.
- Development of green process with the help of Innovative technology.

ANNEXURE 'D' (Contd.)

- Development of TFBCL is under progress.
- Development of Pregabalin is under progress
- Development of Fluconazole is under progress
- Development of 3 HNA and Beta naphthol is under progress.
- Development of sulphonation based products is under progress.

(D) Expenditure on R & D

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Capital	203.17	199.76
Recurring	466.40	442.88
Total	669.57	642.64

4 FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total Foreign Exchange Earned (FOB)	60,080.72	51,058.71
Total Foreign Exchange Earned (CIF)	61,629.28	52,242.77
Total Foreign Exchange Used		
CIF Value of Imports:		
- Raw Material	75,242.33	63,229.19
- Capital Goods	496.58	73.74
Expenditure in foreign currency		
- Commission	752.93	893.30
- Travelling Expenses	0.00	21.33
- Sales Promotion	0.00	41.50
- Foreign Bank charges	93.60	95.55
- Interest on F.C.loan	224.08	586.17
- Others	200.85	69.73
Total	77,010.37	65,010.50

For and on behalf of the Board

Place: Mumbai
Date: July 27, 2021

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

CORPORATE GOVERNANCE REPORT

The Company's Report on Corporate Governance for the financial year ended March 31, 2021 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations")

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

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

Composition –

As on close of business hours of March 31, 2021, the Board comprises 12 (Twelve) Directors, out of which 5 (Five)

are Executive, 1 (one) is Non-Executive and 6 (Six) are Independent Directors (including one Woman Independent Director). Shri Ramdas M. Gandhi, Independent Director of the Company left for heavenly abode on July 16, 2021. As on March 31, 2021, the Company is in compliance with the provisions of Section 149(4) of the Companies Act, 2013 read with Regulation 17(1)(a) and 17(1)(b) of the Listing Regulations.

Independent Directors –

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

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

Board procedure –

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

Board Meetings –

During the year under review, 7 (Seven) Board Meetings were held on following dates:

Board Meeting(s)	I	II	III	IV	V	VI	VII
Dates	May 15, 2020	July 6, 2020	July 25, 2020	August 20, 2020	October 23, 2020	January 25, 2021	March 19, 2021
Mode of Meeting	Meeting held through Video Conferencing						

The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and Regulation 17(2) of the Listing Regulations. Apart from the physical meetings, the Board / Committees also considered and approved certain matters by circular resolutions, which were noted at the next meeting of the Board as required in terms of the Companies Act, 2013.

CORPORATE GOVERNANCE REPORT (Contd.)

Attendance, directorships and committee positions –

The names and categories of the Directors on the Board, their Directorship in other Companies, their attendance record, the committee positions in other Companies during financial year ended March 31, 2021, are as under:

Name of Director	Category	Directorship held in other listed entities	No. of other Directorships (excluding Aarti Drugs Limited)	No. of Committee Membership in other Companies (excluding Aarti Drugs Limited)		No. of Board Meetings Attended	Attendance at last AGM held on August 25, 2020
				Chairman	Member		
Shri Prakash M. Patil DIN: 00005618	Promoter / Executive	-	None	None	None	7	Yes
Shri Rashesh C. Gogri DIN: 00066291	Promoter / Executive	Aarti Industries Limited (Promoter/ Executive)	2	None	2	7	Yes
Shri Harshit M. Savla DIN: 00005340	Promoter / Executive	-	1	None	None	6	Yes
Shri Harit P. Shah DIN: 00005501	Executive	-	2	None	None	7	Yes
Shri Uday M. Patil DIN: 01186406	Promoter / Executive	-	None	None	None	5	Yes
Shri Rajendra V. Gogri ¹ DIN: 00061003	Promoter / Non-Executive	Aarti Industries Limited (Promoter/ Executive) Prince Pipes and Fittings Limited (Independent Non-Executive)	2	None	2	4	Yes
Shri Narendra J. Salvi ² DIN: 00299202	Non – Executive	Aarti Industries Limited (Executive)	1	None	None	3	Yes
Shri Ramdas M. Gandhi ³ DIN: 00029437	Independent Non-Executive	Aarti Industries Limited (Independent Non-Executive) Vinyl Chemicals (India) Limited (Independent Non-Executive)	2	1	2	7	Yes
Shri Bhavesh R. Vora DIN: 00267604	Independent Non-Executive	Aarti Industries Limited (Independent Non-Executive)	1	None	1	7	Yes
Shri Navin C. Shah DIN: 01415556	Independent Non-Executive	-	None	None	None	7	Yes
Shri Vilas G. Gaikar DIN: 00033383	Independent Non-Executive	-	None	None	None	7	Yes
Shri Krishnacharya. G. Akamanchi DIN: 02354032	Independent Non-Executive	-	None	None	None	7	Yes
Smt. Priti P. Savla DIN: 00662996	Independent Non-Executive	Aarti Industries Limited (Independent Non-Executive)	1	None	1	7	Yes

¹ Retired by rotation at the Annual General Meeting dated August 25, 2020

² Appointment as Non-executive Director at the Annual General Meeting dated August 25, 2020

³ Ceased to be Director w.e.f. July 16, 2021 due to demise.

Notes:

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

CORPORATE GOVERNANCE REPORT (Contd.)

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




















































Directors Competence/ Skills/Expertise Chart

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

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

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

Name of the Director

      Shri. Prakash M. Patil	      Shri Rashesh C. Gogri	      Shri Harshit M. Savla	      Shri Harit P. Shah
      Shri Uday M. Patil	     Shri Narendra J. Salvi	  Shri Ramdas M. Gandhi*	  Shri Bhavesh R. Vora
  Shri Navin C. Shah	    Shri Vilas G. Gaikar	    Shri K. G. Akamanchi	  Smt. Priti P. Savla

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

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

At the Annual General Meeting (AGM) dated August 25, 2020 Shri Narendra J. Salvi (DIN: 00299202) was appointed as the Non-executive Director in place of Shri Rajendra V. Gogri (DIN: 00061003), who retired by rotation at the conclusion of AGM and did not offer for re-appointment.

Certificate from Company Secretary in Practice –

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

KYC of Directors –

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

Independent director databank registration –

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

Shares held by Non-Executive Directors in the Company as on March 31, 2021

Name	Number of shares held	% of total shareholding
Shri Ramdas M. Gandhi*	30,512	0.03%
Shri Bhavesh R. Vora	-	-
Shri Navin C. Shah	-	-
Shri Vilas Gaikar	-	-
Shri Krishnacharya G. Akamanchi	-	-
Smt. Priti P. Savla	-	-
Shri Narendra J. Salvi	-	-

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

Code of Ethics –

The Company has prescribed a code of ethics for its Directors and senior management. The code of ethics of the Company has been posted on its website on the web link <https://www.aartidrugs.co.in/code-of-conduct/>

The declaration from the Chief Executive Officer in terms of Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, stating that as of March 31, 2021 the

Board members and the senior management personnel have affirmed the compliance with the code of ethics laid down by the Company, has been included in this Report.

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

In Compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a “Code on Prohibition of Insider Trading” to regulate, monitor and report trading by Designated Persons identified by the Company and their Immediate Relatives. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares from time to time. Also this code includes practices and procedures for fair disclosure of unpublished price sensitive information. The same is posted on the Company's website on the web link <https://www.aartidrugs.co.in/insider-trading-regulation/>

Familiarisation Programme –

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

Independent Directors Meeting –

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 31, 2021 without the participation of Non-Independent Directors and the members of the management. The Independent Directors discussed on various aspects, viz performance of non-Independent Directors and the Board as a whole, performance of the chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

COMMITTEES OF THE BOARD

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

1. AUDIT COMMITTEE

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

CORPORATE GOVERNANCE REPORT (Contd.)

Composition, Meeting and Attendance –

During the Financial Year 2020–21 Audit Committee met four times. The Composition of the Committee, date of the meetings and attendance of Audit Committee members in the said meetings is given below -

Members	Category	Date	May 15, 2020	July 25, 2020	October 23, 2020	January 25, 2021
		Mode of Meeting	Meeting held through Video Conferencing			
		Timing	11:00 AM	11:00 AM	11:00 AM	11:00 AM
Shri Ramdas M. Gandhi (Chairman)*	Independent Director	4	✓	✓	✓	✓
Shri Bhavesh R. Vora	Independent Director	4	✓	✓	✓	✓
Shri Navin C. Shah	Independent Director	4	✓	✓	✓	✓
Shri Vilas G. Gaikar	Independent Director	4	✓	✓	✓	✓
Shri Prakash M. Patil	Executive Director	4	✓	✓	✓	✓
Shri Rashesh C. Gogri	Executive Director	4	✓	✓	✓	✓

*Ceased to be a Chairman w.e.f. July 16, 2021 due to demise.

The Chief Financial Officer, Functional Heads, Representatives of the Statutory Auditors, Internal Auditors, Cost Auditor, as and when required attend the meetings of the Audit Committee from time to time. The Company Secretary of the Company acts as the secretary to the Audit Committee. The Chairperson of the Audit Committee attended the 35th Annual General Meeting held on August 25, 2020. 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 Internal Auditor; and
- Statement of deviations.

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

Terms of Reference –

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

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

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - 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;

CORPORATE GOVERNANCE REPORT (Contd.)

- vi) Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the Company with related parties;
- ix) Scrutiny of inter-corporate loans and investments;
- x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi) Evaluation of internal financial controls and risk management systems;
- xii) Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv) Discussion with internal auditors of any significant findings and follow up thereon;
- xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii) To review the functioning of the Whistle Blower Mechanism;
- xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx) Carrying out any other function as is included in the terms of reference of the Audit Committee;

- xxi) Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

2. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Composition, Meeting and Attendance –

During the Financial Year 2020 – 21 Stakeholders' Relationship Committee met once. The Composition of the Committee, date of the meetings and attendance of Stakeholders' Relationship Committee members in the said meeting is given below -

Members	Category	Date	March 31, 2021
		Mode of Meeting	Meeting held through Video Conferencing
		Time	4:00 PM
Shri Rajendra V. Gogri (Chairman)*	Non-executive Director	1	NA
Shri Bhavesh R. Vora (Chairman)**	Independent Director	1	✓
Shri Harshit M. Savla	Executive Director	1	✓
Shri Harit P. Shah	Executive Director	1	✓
Shri Navin C. Shah***	Independent Director	1	✓

* Ceased to be a member and Chairman of this Committee consequent to the retirement by rotation at the AGM dated August 25, 2020.

** Appointed as a Chairman of this committee w.e.f. October 23, 2020.

*** Appointed as a member of this Committee w.e.f. October 23, 2020.

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.

CORPORATE GOVERNANCE REPORT (Contd.)

- 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) such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations, and / or such other regulatory provisions, as amended from time to time, as also as the Board of Directors of the Company may consider think fit.

Name, Designation and Contact details of the Compliance Officer –

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

Mahendra Industrial Estate,
 Groud Floor, Plot No. 109-D,
 Road No. 29, Sion (East), Mumbai 400 022
 Ph:- 022-24048199
 Email:- investorrelations@aartidrugs.com
 Website:- www.aartidrugs.co.in

Separate email id for the redressal of investors' complaints–

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

Shareholders' complaints –

During the year under review, 11 Complaints were received through SCORES portal of SEBI. All the Complaints were resolved to the satisfaction of the shareholders as on March 31, 2021.

3. NOMINATION & REMUNERATION COMMITTEE

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

Composition, Meeting and Attendance –

During the Financial Year 2020–21 Nomination and Remuneration Committee met two times. The Composition of the Committee, date of the meetings and attendance of Nomination and Remuneration Committee members in the said meetings is given below:

Members	Category	Date	May 15, 2020	August 22, 2020
		Mode of Meeting	Meeting held through Video Conferencing	
		Time	10:15 AM	4:30 PM
Shri Bhavesh R. Vora (Chairman)	Independent Director	2	✓	-
Shri Ramdas M. Gandhi**	Independent Director	2	✓	✓
Shri Vilas G. Gaikar	Independent Director	2	✓	✓
Shri Prakash M. Patil	Executive Director	2	✓	✓
Shri Rajendra V. Gogri*	Non-Executive Director	2	✓	N.A.

* Ceased to be a member of this Committee consequent to the retirement by rotation at the AGM dated August 25, 2020.

** Ceased to be a member of this Committee w.e.f. July 16, 2021 due to demise.

TERMS OF REFERENCE:

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

- i) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- ii) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iii) devising a policy on diversity of board of directors;
- iv) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- v) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vi) recommend to the board, all remuneration, in whatever form, payable to senior management.

CORPORATE GOVERNANCE REPORT (Contd.)

Nomination and Remuneration policy –

I. CRITERIA AND QUALIFICATION FOR NOMINATION & APPOINTMENT

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

II. POLICY ON REMUNERATION

The Company considers human resources as its invaluable assets. The remuneration policy endorses equitable remuneration to all directors, key managerial personnel and employees of the Company consistent with the goals of the Company. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is posted on the website of the Company on the weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

Executive Directors

The Company remunerates its Executive Directors by way of salary and commission based on performance of the Company.

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

Non-executive Directors

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

Key Managerial Personnel [KMP] and other employees

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

Details of Remuneration to all Directors for the year ended March 31, 2021–

(₹ In lakhs)

Name of Director	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Prakash M. Patil	83.19	263.23	-	346.42
Shri Rashesh C. Gogri	72.67	263.23	-	335.89
Shri Harshit M. Savla	72.67	263.23	-	335.89
Shri Harit P. Shah	72.67	263.23	-	335.89
Shri Uday M. Patil	14.85	-	-	14.85
Shri Rajendra V. Gogri*	-	-	0.30	0.30
Shri Narendra J. Salvi**	-	-	0.30	0.30
Shri Ramdas M. Gandhi***	-	-	1.10	1.10
Shri Vilas G. Gaikar	-	-	0.90	0.90
Shri Bhavesh R. Vora	-	-	1.10	1.10
Shri Krishnacharya G. Akamanchi	-	-	0.50	0.50
Shri Navin C. Shah	-	-	1.00	1.00
Smt. Priti P. Savla	-	-	0.60	0.60

* Retired by rotation at the Annual General Meeting dated August 25, 2020

**Appointment as Non-executive Director at the Annual General Meeting dated August 25, 2020

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

CORPORATE GOVERNANCE REPORT (Contd.)

Transactions with the Non-executive Directors –

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

Board evaluation –

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

Independent Directors Evaluation –

The criteria for performance evaluation include areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness.

The performance evaluation of Independent Directors is carried out by the Board of Directors without presence of the Director being evaluated.

4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

Composition, Meetings and Attendance – Circular Resolution was passed dated May 14, 2020 for seeking approval of the Committee members for the CSR Budget for FY 2020-21 and approval of Annual

Composition, Meetings and Attendance – During the Financial Year 2020- 21 Risk Management Committee met once. The Composition of the Committee, date of the meetings and attendance of Risk Management Committee members in the said meeting is given below –

Members	Category	Date	14-Dec-2020
		Venue	Mumbai
		Time	10:30 AM
Shri Prakash M. Patil (Chairman)	Executive Director	1	✓
Shri Rashesh C. Gogri	Executive Director	1	✓
Shri Harshit M. Savla	Executive Director	1	-
Shri Harit P. Shah	Executive Director	1	✓
Shri Uday M. Patil	Executive Director	1	✓
Shri Adhish P. Patil, CFO	Member	1	✓
Shri Dhanaji L. Kakade, Vice President - Technical	Member	1	-
Shri Krishnacharya G. Akamanchi*	Independent Director	N.A.	N.A.

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

Report on CSR Activities for the year ended March 31, 2021. The Composition of the Corporate Social Responsibility Committee is given below.

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

Terms of Reference

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

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

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

5. RISK MANAGEMENT COMMITTEE

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

Terms of Reference

CORPORATE GOVERNANCE REPORT (Contd.)

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

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

GENERAL BODY MEETINGS –

Details of last three Annual General Meetings are as under

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2017-18	Friday, August 10, 2018 At 11:30 am	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, Dist.-401 506, Maharashtra.	No Special Resolution was passed.
2018-19	Tuesday, August 6, 2019 At 11:30 am	TIMA Hall, MIDC Tarapur, Taluka & Dist. Palghar, Dist.-401 506, Maharashtra.	No Special Resolution was passed.
2019-20	Tuesday, August 25, 2020 At 11:30 am	through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM")	No Special Resolution was passed.

Extraordinary General Meetings –

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

Details of resolutions passed through Postal Ballot –

During the year, Ordinary resolutions were passed through postal ballot for

- i) Increase in Authorised Share Capital and consequent amendment to Memorandum of Association of the Company and
- ii) Issue of Bonus Shares.

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

PROCEDURE FOR POSTAL BALLOT:

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

(NSDL) for the purpose of providing remote e-voting facility to all its members. Pursuant to Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 22/2020 dated June 15, 2020 issued by Ministry of Corporate Affairs (MCA) the Postal Ballot Notice was sent only through electronic mode to those members whose e-mail address was registered with the Company or the Depository Participant(s). In terms of the aforesaid MCA Circulars, physical copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business reply envelope was not sent to the members. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut – off date. Members desiring to exercise their votes by electronic mode were requested to vote through remote e-voting only before the close of business hours on

CORPORATE GOVERNANCE REPORT (Contd.)

the last date of e-voting.

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

MEANS OF COMMUNICATION:

Quarterly Results

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

Website

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

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

Designated E-mail address for investor services

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

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-20	769.95	505.80	84,735	766.70	500	11,23,337
May-20	994.55	693.40	2,47,230	995.00	692.00	43,93,528
Jun-20	1,308.00	917.00	2,32,412	1,303.40	911.10	39,61,926
Jul-20	1,811.35	1,200.00	2,65,049	1,805.00	1,240.00	28,77,131
Aug-20	3,724.50	1,710.00	11,73,544	3,719.00	1,701.00	1,47,83,684
Sep-20	3,087.00	746.00	6,39,976	3,089.00	745.75	58,49,707

GENERAL SHAREHOLDERS INFORMATION:

i. The day, date, time & venue of the 36th Annual General Meeting (AGM):

Day	Date	Time
Saturday	September 4, 2021	11:30 AM

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

ii. Tentative Financial Calendar:

Financial Year	April 1, 2021 to March 31, 2022
Adoption of Quarterly Results for the quarter ending: June, 2021	4th week of July, 2021
September, 2021	Last week of October/ 1st week of November, 2021
December, 2021	Last week of January/ 1st week of February, 2022
March, 2022	1st/2nd week of May, 2022

iii. Cut-off Date for e-voting:

Saturday, August 28, 2021

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:

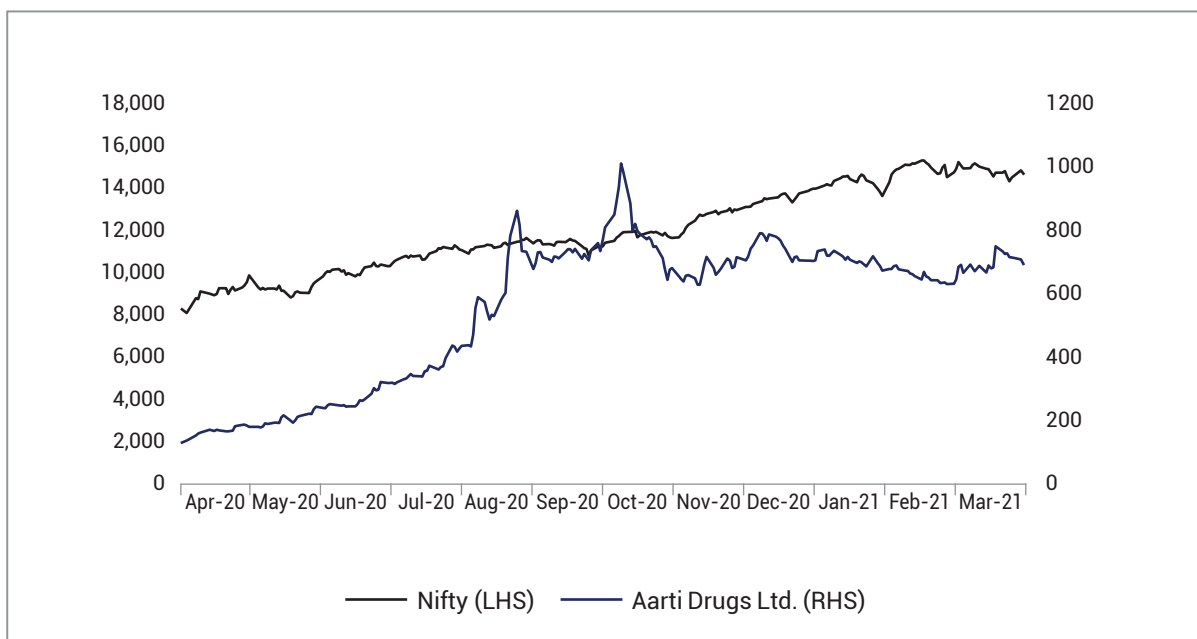
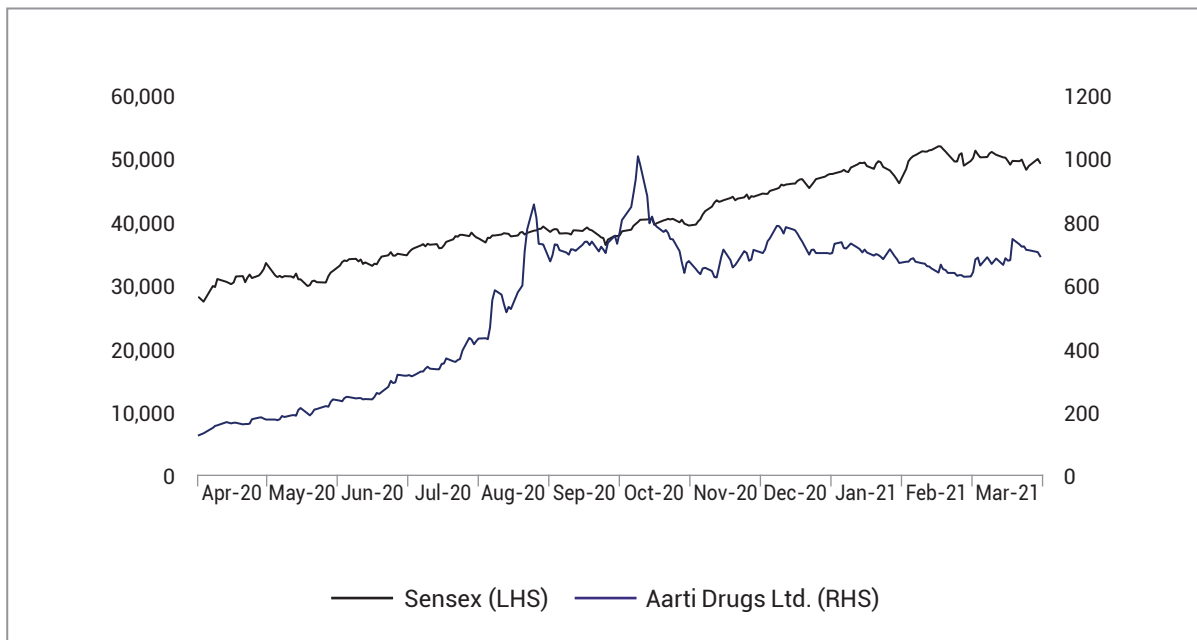
The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the FY2021-22.

CORPORATE GOVERNANCE REPORT (Contd.)

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Oct-20*	1,025.00	615.90	18,08,730	1,026.95	615.65	2,43,35,031
Nov-20	734.35	620.00	14,96,086	738.40	619.55	16,22,2912
Dec-20	812.00	645.00	13,70,057	811.00	645.65	1,51,42,689
Jan-21	755.50	670.05	13,06,067	756.00	670.00	1,12,11,025
Feb-21	694.95	625.00	8,27,430	695.00	628.00	56,60,826
Mar-21	785.00	615.00	15,81,056	786.00	630.90	2,52,51,356

*The Company has allotted bonus shares in the ratio of 3:1 (3 Equity Shares for 1 Equity Share held) on October 5, 2020 which was listed for trading from October 12, 2020.

vii. Performance in comparison to broad based indices



CORPORATE GOVERNANCE REPORT (Contd.)

viii. Registrar & Transfer Agents & Address for Correspondence

M/s. Link Intime India Private Limited

C-101, 247 Park, L. B. S. Marg,
 Vikhroli (West), Mumbai – 400 083,
 Tel. No. +91 22 49186000 | Fax No. 022 – 4918 6060
 Email ID: rnt.helpdesk@linkintime.co.in
 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 Listing Regulations, as amended, securities can be transferred only in dematerialised 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 dematerialised form. Transfer of Equity Shares in electronic form are effected through

the depositories with no involvement of the Company. The Executive-Directors, CFO and Company Secretary are authorised by the Board severally to approve transfers, which are noted at subsequent Board and Stakeholders Relationship Committee meeting.

x. Shareholding Pattern as on March 31, 2021:

Category	No. of Shares	%
Promoter and Promoter Group	5,61,02,800	60.20
Mutual Funds	14,77,599	1.59
Alternate Investment Funds	1,61,932	0.17
Foreign Portfolio Investors	27,84,995	2.99
Financial Institutions/ Banks	780	0.00
Public	2,96,92,363	31.86
Others	29,79,531	3.19
Total	9,32,00,000	100.00

xi. Distribution of Shareholding as on March 31, 2021

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 500	1,70,420	96.08	87,66,666	9.41
501-1000	3,680	2.07	28,40,937	3.05
1001-2000	1,761	0.99	25,39,442	2.72
2001-3000	438	0.25	10,95,454	1.18
3001-4000	317	0.18	11,59,883	1.24
4001-5000	127	0.07	5,87,277	0.63
5001-10000	290	0.16	20,90,248	2.24
Above 10000	333	0.19	7,41,20,093	79.53
TOTAL	1,77,366	100.00	9,32,00,000	100.00

xii. Dematerialisation of Shares and Liquidity:

98.63% of the paid-up capital is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as on March 31, 2021 under ISIN No: INE767A01016.

Mode of Holding	NSDL	CDSL	Physical	Total
Shares (nos)	8,18,94,330	1,00,24,917	12,80,753	9,32,00,000
Shares (%)	87.87	10.76	1.37	100

Liquidity of Shares:

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

xiii. Green initiative:

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

CORPORATE GOVERNANCE REPORT (Contd.)

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

xiv. ADRs/ GDRs/ Warrants

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

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

During the FY 2020-21, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in **Note No. 35** to the Annual Accounts.

xvi. 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 Nos. 211, 213, 2601, 2602, 2603, 2604, 2605, 2509, 2902/2904, GIDC, Sarigam – 396155, Dist. Valsad, Gujarat

R & D Centre:

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

xvii. Address for Correspondence:

Corporate Office and Head Office: 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. Credit Rating:

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2021.

During the year CRISIL has upgraded the Long-Term Rating from A+/Stable to A+/Positive. Below are the details of Credit Rating as on March 31, 2021:-

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

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

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	110	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	(4)*	(1300)	-	-
Bonus Shares Credited	109	40,425	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2021.	106	52,700	-	-

* 100 shares of one shareholder were transferred to IEPF before Bonus Issue and 1200 shares of three Shareholders were transferred to IEPF post allotment of Bonus Shares.

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2021 shall remain frozen till rightful owner of such shares claim the shares.

CORPORATE GOVERNANCE REPORT (Contd.)

xx. CEO/ CFO Certification:

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO were placed at the Meeting of the Board of Directors held on May 15, 2021 copy of which is attached in this Annual Report. The CEO and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

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 Listing Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under "investor" section of the website of the Company at the following weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

ii) Securities and Exchange Board of India (SEBI) has imposed a penalty of ₹ 1,00,000/- (Rupees One lakhs Only) vide its order dated June 24, 2019 for non-compliance with the provisions of SEBI (Buyback of Securities) Regulations, 2018 pertaining to the trading by 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 SEBI, or any statutory authority on any matter related to the capital markets during the last three years.

iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's code of conduct. The same has been hosted under "investor" section of the website of the Company at weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>

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

- iv) The Company has complied with all the mandatory requirements under Listing Regulations.
- v) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted under "investor" section of the website of the Company at weblink <https://www.aartidrugs.co.in/policies-and-related-documents/>
- vi) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).
- vii) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct to Regulate, monitor and Report trading by Designated Person.
- viii) There were no instances during the FY 2020-21, wherein the Board had not accepted recommendations made by any committee of the Board.
- ix) Total fees of ₹ 9.30 lakhs for FY 2020-21, 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.
- x) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

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

- xi) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.
- xii) None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

CORPORATE GOVERNANCE REPORT (Contd.)

DISCRETIONARY REQUIREMENTS

The status of compliance with discretionary requirements of Part E of schedule II of Listing Regulations with Stock Exchanges is provided below:

Sr. No.	Particulars	Remarks
1.	Non-Executive Chairman's Office	The Company does not have Non- executive Chairman.
2.	Shareholder's Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	The Company's financial statement for FY 2020-21 is unmodified.
4.	Reporting of Internal Auditor	The Internal Auditor reports to Chief Financial Officer and has direct access to the Audit Committee.

For and behalf of the Board

Sd/-

Prakash M. Patil

Chairman, Managing Director & CEO

DIN: 00005618

Place: Mumbai

Date: July 27, 2021

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: July 27, 2021

CORPORATE GOVERNANCE REPORT (Contd.)

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Aarti Drugs Limited,
Mumbai.

We, Kirtane & Pandit LLP, Chartered Accountants, Statutory Auditors of the Aarti Drugs Limited ("the Company"), have examined the compliance of conditions of Corporate Governance for the year ended on March 31, 2021, 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: 21047973AAAACV3197

Place: Mumbai
Date: July 27, 2021

CEO / CFO CERTIFICATION

Under Regulations 17(8) and 33(2)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We Certify that –

- A. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2021 which are fraudulent, illegal or violative of the Company's code of conduct;
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee -
- 1) There has not been any significant changes in internal control over financial reporting during the year;
 - 2) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and;
 - 3) We are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and behalf of the Board

Place: Mumbai
Date: May 15, 2021

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

Sd/-
Adhish P. Patil
Chief Financial Officer

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To: Aarti Drugs Limited

(CIN: L37060MH1984PLC055433)

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

Village-Pamtermbhi, Dist. Palghar,

Maharashtra - 401 506

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below **as on the Financial Year ended on March 31, 2021** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN	Full Name	Designation	Date of Appointment
00005340	Harshit Manilal Savla	Managing Director	02/01/1987
00005501	Harit Pragji Shah	Wholetime Director	15/09/1995
00005618	Prakash Moreshwar Patil	Managing Director	05/01/1985
00029437	Ramdas Maneklal Gandhi	Director	31/12/2005
00033383	Vilas Gaikar Gajanan	Director	31/12/2005
00066291	Rashesh Chandrakant Gogri	Managing Director	16/08/2012
00267604	Bhavesh Rasiklal Vora	Director	31/07/2006
00299202	Narendra Jagannath Salvi	Director	25/08/2020
00662996	Priti Paras Savla	Director	26/09/2014
01186406	Uday Moreshwar Patil	Wholetime Director	18/10/2000
01415556	Navin Chapshi Shah	Director	04/11/2010
02354032	Krishnacharya Govindacharya Akamanchi	Director	20/10/2008

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

Sd/-

CS Sunil M. Dedhia

(Peer Review Certificate No. 867/2020)

Proprietor, Sunil M. Dedhia & Co.

Company Secretaries

FCS No: 3483 C.P. No. 2031

UDIN: F003483C000469190

Place: Mumbai

Date: June 15, 2021



BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L37060MH1984PLC055433
Name of the Company	Aarti Drugs Limited
Registered address	Plot No. N-198, MIDC Tarapur, Tal and Dist. Palghar 401 506
Website	www.aartidrugs.co.in
E-mail id	investorrelations@aartidrugs.com
Financial Year reported	April 1, 2020 to March 31, 2021
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	Nil
(a) Number of International Locations (Provide details of major 5)	12 Manufacturing facilities
(b) Number of National Locations	
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, 2021 total paid up capital of the Company stood at ₹ 93.20 Crores consisting of 9,32,00,000 Equity shares of ₹ 10/- each
Total Turnover (INR)	As on March 31, 2021 the turnover of the Company is ₹ 1,91,489 lakhs
Total profit after taxes (INR)	As on March 31, 2021 the net profit of the Company is ₹ 25,771 lakhs
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer the summary of CSR spending from Annexure 'A'- Annual report on Corporate Social Responsibility (CSR) Activities.
List of activities in which expenditure in 4 above has been incurred:-	Please refer Annexure 'A'- Annual report on Corporate Social Responsibility (CSR) Activities.

SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?	The Company has 3 subsidiary Companies as on March 31, 2021 1) Pinnacle Life Science Private Limited 2) Aarti Speciality Chemicals Limited 3) Pinnacle Chile SpA
Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

BUSINESS RESPONSIBILITY REPORT (Contd.)

SECTION D: BR INFORMATION

1) Details of Directors responsible for BR and BR Head

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

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

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



BUSINESS RESPONSIBILITY REPORT (Contd.)

3) Governance related to BR

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

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

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

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

An effective vigil mechanism/whistle blower policy is in place to report to the management, instances on unethical behaviour and any violation of the Company's Code of Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment. No complaint was received in FY 2020-21.

During the year 11 complaints of shareholders were received through SEBI Scores portal. All the Complaints

were resolved to the satisfaction of the shareholders as on March 31, 2021.

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

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 recognised and every individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

The Company ensures compliance of employee related all

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

- 1) Please indicate the Total number of employees:- **1,239**
- 2) Please indicate the Total number of employees hired on temporary/ contractual / casual basis:- **2,046**
- 3) Please indicate the Number of permanent women employees:- **100**
- 4) Please indicate the Number of permanent employees with disabilities :- **01**
- 5) Do you have an employee association that is recognised by management.

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

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

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

- 8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees - **87**
 - (b) Permanent Women Employees **81**
 - (c) Casual/Temporary/Contractual Employees **80**
 - (d) Employees with Disabilities **N.A.**

PRINCIPLE 4: STAKEHOLDERS' ENGAGEMENT

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



BUSINESS RESPONSIBILITY REPORT (Contd.)

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

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

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

PRINCIPLE 5: HUMAN RIGHTS

Businesses should respect and promote human rights

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

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

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

No such complaints were received in the period under review.

PRINCIPLE 6: ENVIRONMENT, HEALTH AND SAFETY

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

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

Yes, it extends to all interested parties.

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

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

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

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

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

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

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

PRINCIPLE 7: POLICY ADVOCACY

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

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a) **Bombay Chamber of Commerce**
 - (b) **CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council**
 - (c) **Federation of Indian Chambers of commerce and Industry (FICCI)**
 - (d) **Federation of Indian Export Organisation**
 - (e) **Indian Institute of Chemical Engineering (IICChE)**
 - (f) **Indian Merchants Chamber (IMC)**
 - (g) **Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India**
 - (h) **Vapi Industrial Association**

Annually, the Company participates in events like

BUSINESS RESPONSIBILITY REPORT (Contd.)

CPhI – a pharma event, and Chemspeck, where the representatives meet existing and potential suppliers.

- 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

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

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

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

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

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

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

- 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.

- 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

- 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.

- 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

- 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**

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

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

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

For and on behalf of the Board

Sd/-

Prakash M. Patil

Place: Mumbai

Chairman, Managing Director & CEO

Date: July 27, 2021

DIN: 00005618



INDEPENDENT AUDITOR'S REPORT

To The Members of,
Aarti Drugs Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Aarti Drugs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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, 2021, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

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 in the last year, we have adopted alternative methodologies using technological solutions in performing our audit procedures. We have determined the matters described below to be the Key Audit Matters to be communicated in the Report:

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipment.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipment used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipment.</p> <p>Further, due to technical complexities management is required to assess and make estimates/judgments about capitalisation, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> 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. We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. We have carried out substantive audit procedures at financial and assertion level to verify the capitalisation of asset as Property, Plant and Equipment. 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. 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. We have verified the capitalisation of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.
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> <ol style="list-style-type: none"> 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. We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory. We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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, Business Responsibility Report, but does not include Standalone Financial Statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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, based on our audit, we report to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of changes in Equity and 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 Indian 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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,
 Firm's Registration No: 105215W/W100057

Sd/-
Milind Bhawe
 Partner

Place: Mumbai
 Date: May 15, 2021

Membership No.: 047973
 UDIN: 21047973AAAAAY1485

Annexure A to the Auditor's Report - March 31, 2021

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, 2021 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.

Auditor's 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the 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.

Annexure A to the Auditor's Report - March 31, 2021

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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **KIRTANE & PANDIT LLP**,
Chartered Accountants,
Firm Registration No.: 105215W/W100057

Sd/-

Milind Bhave

Partner

Membership No.: 047973
UDIN: 21047973AAAAAY1485

Place: Mumbai
Date: May 15, 2021

Annexure B to the Auditor's Report - March 31, 2021

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, 2021.

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. According to the information and explanation given to us 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 is 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, 2021 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.

Annexure B to the Auditor's Report - March 31, 2021

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 2018-19	NIL	456.19	456.19
Maharashtra Sales Tax Act, 2002/Sales Tax	FY 2007-08 to FY 2017-18	39.36	NIL	39.36
Income Tax/ Interest & Penalty	FY 2009-10 to FY 2018-19	NIL	6,750.04	6,750.04
Total		39.36	7,206.23	7,245.59

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

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

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

For **KIRTANE & PANDIT LLP**,
 Chartered Accountants,
 Firm Registration No. : 105215W/W100057

Sd/-

Milind Bhave

Partner

Place: Mumbai
 Date: May 15, 2021

Membership No.: 047973
 UDIN: 21047973AAAAAY1485

**STANDALONE BALANCE SHEET**

AS AT MARCH 31, 2021

(₹ in lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	62,451.54	60,155.59
Right of use Assets	1.1	589.42	872.95
Capital Work - in - Progress	1.2	1,595.24	1,096.09
Intangible Assets	2	11.01	128.56
Financial Assets			
Investments	3	2,431.51	2,037.67
Other Non- Current Assets	4	609.12	242.46
Total Non- Current Assets		67,687.84	64,533.32
Current Assets			
Inventories	5	39,037.75	30,741.36
Financial Assets			
(i) Trade Receivable	6	50,398.54	46,433.60
(ii) Cash and Bank Balances	7	380.74	384.68
(iii) Other Financial Assets	8	1,142.36	1,189.14
Other Current Assets	9	5,053.32	3,787.48
Total Current Assets		96,012.72	82,536.27
TOTAL ASSETS		1,63,700.56	1,47,069.58
EQUITIES AND LIABILITIES			
EQUITY			
Equity Share Capital	10	9,320.00	2,330.00
Other Equity		76,641.13	59,849.05
Total Equity		85,961.13	62,179.05
LIABILITIES			
Non- Current Liabilities			
Financial Liabilities			
(i) Lease Liability	1.1	358.00	587.22
(ii) Borrowings	11	14,755.89	17,627.82
(iii) Other Financial Liability	12	727.34	855.68
Provisions	13	2,212.02	2,512.22
Deferred Tax Liabilities (Net)	14	7,496.74	7,858.96
Total of Non- Current Liabilities		25,549.99	29,441.89
Current Liabilities			
Financial Liabilities			
(i) Borrowings	15	14,218.40	15,461.49
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		1,140.11	795.39
Dues of creditors other than micro enterprises and small enterprises		28,163.45	30,842.02
Provisions	17	127.55	213.96
Lease Liability	1.1	279.67	341.98
Other Current Liabilities	18	8,260.26	7,793.81
Total Current Liabilities		52,189.44	55,448.65
TOTAL EQUITY AND LIABILITIES		1,63,700.56	1,47,069.58
Summary of significant Accounting Policies and Other Explanatory Information	27-44		

AS PER REPORT OF EVEN DATE**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Milind Bhawe

Partner

M.NO.047973

Place : Mumbai

Date: May 15, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I Revenue from operations		1,91,489.03	1,63,492.20
II Other Income	19	642.28	106.12
III Total Revenue (I + II)		1,92,131.31	1,63,598.32
IV Expenses :			
(a) Cost of materials consumed	20	1,12,779.17	1,07,880.10
(b) Purchase of Stock-in-Trade		4,316.56	4,052.61
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		(908.19)	(5,393.70)
(d) Employee Benefits Expense	21	6,928.79	6,009.83
(e) Finance Cost (Interest)	22	2,260.83	3,220.26
(f) Depreciation and Amortisation Expense	23	4,759.56	4,666.90
(g) Other Expenses	24	28,245.83	26,502.54
Total Expenses (IV)		1,58,382.55	1,46,938.54
V Profit before exceptional items and tax (III - IV)		33,748.76	16,659.78
VI Exceptional Items	25	(22.48)	(837.69)
VII Profit Before Tax (V - VI)		33,771.24	17,497.47
VIII Tax Expenses :	40		
Provision for Taxation - Current Year		8,450.00	4,225.00
- MAT credit reversal		-	-
- Earlier Year		-	730.00
Provision for Deferred Tax		(450.00)	(1,025.00)
Total Tax Expenses (VIII)		8,000.00	3,930.00
IX Profit / (Loss) for the Year (VII - VIII)		25,771.24	13,567.47
X Other Comprehensive Income			
Item that will not to be reclassified to statement of Profit and Loss			
Fair value changes on Investments, net		314.76	283.69
Remeasurement of defined benefit Liability/Assets, net		26.08	(106.59)
XI Total Other Comprehensive Income,net		340.84	177.10
Total Comprehensive Income for the Year (IX+X)		26,112.08	13,744.57
Earnings per Equity Shares (EPS) (In ₹)	26		
Basic/Diluted		27.65	14.53
Summary of significant Accounting Policies and Other Explanatory Information	27-44		

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

Sd/-
CA Milind Bhave
 Partner
 M.NO.047973

Place : Mumbai
 Date: May 15, 2021

For and on Behalf of the Board of Directors

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

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

Sd/-
Harit P. Shah
 (Whole Time Director)
 DIN : 00005501

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

**STANDALONE STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED MARCH 31, 2021

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particular	Amount
As at March 31, 2020	2,330
Changes in equity share capital during the Year Ended March, 2021	6,990
As at March 31, 2021	9,320

B. OTHER EQUITY

(₹ in lakhs)

Particular	Other Equity				Other Comprehensive Income	Total Other Equity
	Reserve and Surplus					
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
As at April 1, 2019	200.74	273.77	903.77	47,507.39	613.76	49,499.43
Transfer to General Reserve from Retained Earnings	-	-	1,350.00	(1,350.00)	-	-
Transfer to Retained Earnings	-	-	-	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 March 31, 2020	200.74	301.98	2,220.00	56,552.07	574.25	59,849.05
Transfer to General Reserve from Retained Earnings	-	-	2,577.12	(2,577.12)	-	-
Profit for the Period	-	-	-	25,771.24	-	25,771.24
Dividend Paid	-	-	-	(2,330.00)	-	(2,330.00)
Issue of Bonus Shares	-	-	-	(6,990.00)	-	(6,990.00)
Fair value change on Investment, net	-	-	-	-	314.76	314.76
Remeasurement of defined benefit Liability/ Assets, net	-	-	-	-	26.08	26.08
Balance as at March 31, 2021	200.74	301.98	4,797.12	70,426.19	915.09	76,641.13

AS PER REPORT OF EVEN DATE**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Milind Bhave

Partner

M.NO.047973

Place : Mumbai

Date: May 15, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	33,771.24	17,497.47
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	4,759.56	4,666.90
	Provision for Doubtful debts /Bad debts	6.00	267.63
	Unrealised Foreign Exchange (Gain)/Loss (Net)	70.71	737.82
	Interest Paid	2,260.83	3,220.26
	Interest Received	(243.11)	(73.46)
	Dividend Received	(297.00)	(0.11)
	Assets w/off	304.20	-
	Profit on Sale of Property, Plant & Equipment	(326.68)	(836.61)
	Operating Profit before Working Capital Changes	40,305.75	25,479.90
	Trade & Other Receivable	(5,199.48)	(1,429.08)
	Changes in Inventories	(8,296.39)	(7,970.59)
	Trade & Other Payable	(2,624.81)	7,266.08
	Cash generated from operation	24,185.07	23,346.30
	Direct Taxes Paid	(8,777.53)	(3,731.55)
	Net Cash Flow from Operating Activities	15,407.54	19,614.75
B.	Cash Flow from Investing Activities		
	Purchase of PPE / Capital Work in Progress/ Advances	(8,067.07)	(4,708.46)
	Sale of PPE	633.60	1,491.20
	Sale of Investments	-	208.62
	Interest Received	243.11	73.46
	Dividend Received	297.00	0.11
	Net Cash Flow from Investing Activities	(6,893.36)	(2,935.07)
C.	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	(2,703.16)	(997.41)
	Proceeds from Unsecured Loans & from Scheduled Bank	(1,243.09)	(9,172.52)
	Buy Back of shares	-	(2,538.90)
	Dividend Paid	(2,320.52)	(703.00)
	Dividend Tax Paid	-	(143.68)
	Interest Paid	(2,260.83)	(3,220.26)
	Net Cash Flow from Financing Activities	(8,527.59)	(16,775.78)
	Net Increase in Cash and Cash Equivalents (A+B+C)	(13.42)	(96.10)
	Opening Cash and Cash Equivalents	297.58	393.68

**STANDALONE CASH FLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Closing Cash and Cash Equivalents	284.16	297.58
	Reconciliations of Cash and Cash Equivalents		
	- Balance with Banks	105.84	257.05
	- Cash in Hand	23.65	18.90
	- Cheques in Hand	154.67	21.64
	Balances as per Cash Flows Statement	284.16	297.58

Notes:

- (i) Figures in brackets indicate outflows.
(ii) Cash and cash equivalent is cash and bank balance as per balance sheet.
(iii) Fixed Deposits with bank amounting to ₹ 46.58 lakhs (previous year ₹ 207.58 lakhs) under lien are considered as cash and cash equivalents.
(iv) Previous year figures have been regrouped / rearranged to confirm to the current year's presentation wherever necessary.

AS PER 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, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Corporate Information:

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

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

The financial statements have been authorised for issue by the Board of Directors at their meeting held on May 15, 2021.

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) to be read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. The Company's Financial Statements for the year ended March 31, 2021 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

Classification of Assets and Liabilities:

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

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

The financial statements have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured at fair value, viz employee benefit plan assets. The financial statements are presented in Indian Rupees which is the functional currency of the Company and all values are rounded to the nearest lakhs, except when otherwise indicated.

Use of estimates and Judgments:

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

(2) Revenue recognition:

Revenue from contract with customer

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

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

(ii) **Interest Income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(iii) **Dividend income:** Dividend income is recognised when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

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

3) **Property, plant and equipment (PPE):**

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

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

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

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

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

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

Intangible Assets:

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

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

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

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

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

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

Research and Development:

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

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

Depreciation:

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Non-current assets held for sale

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

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

4) Inventories:

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

Finished goods are valued at lower of cost and net 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.

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 recognised 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 recognised 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 recognised 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 remaining unsettled at the year end are translated at year end rates. Differences arising on settlement or conversion of monetary items are recognised in statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of forward contracts is dealt with in the Profit and Loss Account proportionately over the period of contracts. The exchange differences arising on settlement/translation are dealt with in the Statement of Profit and Loss.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

7) Leases (as a lessee):

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

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

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

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

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

8) Income Taxes:

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

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

Current income tax:

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

Deferred tax:

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

9) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

get ready for its intended use or sale are capitalised 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 and Contingent Assets

Provisions:

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

Provisions are measured at the present value of management's best estimate of the expenditure

required to settle the present obligation at the end of the reporting period.

Contingent Liabilities:

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets

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

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

1 PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on April 1, 2020	Addition	Deduction	As on March 31, 2021	As on April 1, 2020	Addition	Deduction	As on March 31, 2021	As on March 31, 2021	As on March 31, 2020
TANGIBLES ASSETS										
BUILDING	16,849.61	441.37	-	17,290.98	4,062.33	559.50	-	4,621.84	12,669.14	12,787.28
FURNITURE	900.01	14.19	-	914.20	632.31	64.42	-	696.73	217.48	267.70
LAND	3,320.55	3,055.37	120.11	6,255.81	-	-	-	-	6,255.81	3,320.55
OFFICE EQUIPMENTS	218.69	21.94	-	240.63	156.92	27.12	-	184.04	56.59	61.77
PLANT & MACHINERY	75,788.28	3,173.82	-	78,962.10	32,481.53	3,595.00	-	36,076.53	42,885.57	43,306.75
VEHICLES	670.36	14.45	18.50	666.31	258.83	58.19	17.66	299.36	366.95	411.53
TOTAL	97,747.51	6,721.14	138.61	1,04,330.04	37,591.92	4,304.24	17.66	41,878.50	62,451.54	60,155.59
PREVIOUS YEAR	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	

Note :

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 203.17 Lakhs (previous year ₹ 199.76 Lakhs)

1.1 RIGHT OF USE ASSETS/LEASE LIABILITY

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	872.95	955.44
Additions during the year	54.23	293.80
Amortisation	(337.76)	(376.28)
Closing Balance	589.42	872.95

Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	929.19	997.01
Finance cost accrued during the year	58.39	293.80
Payment of lease liabilities	(349.92)	(361.61)
Closing Balance	637.66	929.19

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	279.67	341.98
Non- current lease liabilities	358.00	587.22
Total	637.66	929.19

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

1.2 CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,096.09	3,236.88
Capitalised	(490.17)	(2,817.63)
Additions during the year	989.33	676.83
Closing Balance	1,595.25	1,096.09

2. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) PROCESS DEVELOPMENT (R & D)		
Opening Balance	111.10	259.24
Additions during the year	-	-
Amortisation	(111.10)	(148.14)
Closing Balance	-	111.10
(B) COMPUTER SOFTWARE		
Opening Balance	17.46	23.06
Additions during the year	-	9.55
Amortisation	(6.45)	(15.14)
Closing Balance	11.01	17.46
Total (A+B)	11.01	128.56

3. NON CURRENT INVESTMENTS

(₹ in lakhs)

Name of the company	No. of Shares/ Units	As at March 31, 2021 (₹)	No. of Shares/ Units	As at March 31, 2020 (₹)
Investments - (Unquoted) in Equity Shares of Subsidiary Companies				
Pinnacle Life Science Private Limited	77,82,750	648.56	77,82,750	648.56
Aarti Speciality Chemicals Limited	2,50,000	25.00	2,50,000	25.00
Pinnacle Chile SpA (Chilean Company)*	95,000	28.38	95,000.00	28.38
Investments - (Unquoted) in Equity Shares of Other Companies				
Perfect Enviro Control Systems Limited	2,40,200	14.90	2,40,200	12.57
The Shamrao Vitthal Co- op Bank Limited	100	0.03	100	0.03
The Saraswat Co - op Bank Limited	10,100	1.01	10,100	1.01
Tarapur Environment Protection Society	68,188	121.61	68,188	112.37
Amit Hetrochem (I) Limited	2,91,690	29.17	2,91,690	29.17
Aarti Biotech Limited	1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Limited**	234	1,562.82	234	1,180.54
TOTAL		2,431.51		2,037.67

*Face Value of 1 share = 3500 CLP

**Face Value of 1 share = 10000 RMB

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

4. OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances	609.12	242.46
Total	609.12	242.46

5. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials (incl.In- transit stock)	18,651.87	11,336.12
Packing Materials	88.35	78.23
Work in process	10,782.40	9,714.39
Finished Goods (incl.In- transit stock)	8,508.37	8,668.19
Stores & Spares	1,006.76	944.42
Total	39,037.75	30,741.36

6. TRADE RECEIVABLE

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured		
-considered good	50,398.54	46,433.60
-considered doubtful	244.31	145.66
	50,642.85	46,579.26
Less: Provision for Doubtful Debts	244.31	145.66
Total	50,398.54	46,433.60

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

7. CASH AND BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on Hand	23.65	18.90
Cheques on Hand	154.67	21.64
Balances with Scheduled Banks :		
- Current Accounts	59.27	49.47
Deposit Accounts	46.58	207.58
Cash and cash equivalents	284.16	297.58
Other Bank Balances		
Earmarked balance - unpaid dividend	96.58	87.10
Total	380.74	384.68

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

8. OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured , Consider good		
Deposits	1,099.19	1,140.38
Loans & Advances - Employees & Others	43.17	48.76
Total	1,142.36	1,189.14

9. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances recoverable in cash or ' kind or for value to be received	1,921.57	1,867.25
Insurance claim receivable	243.72	227.02
Balances with Govt.Authority	2,888.03	1,693.21
Total	5,053.32	3,787.48

10. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	No. of Shares	As at March 31, 2021	No. of Shares	As at March 31, 2020
Authorised Share Capital				
Equity shares of ₹ 10/- each	1,200.00	12,000.00	250.00	2,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	932.00	9,320.00	233.00	2,330.00
		9,320.00		2,330.00

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.

10.2 THE DETAILS OF EQUITY SHARES OUTSTANDING DURING LAST 5 YEARS

No. of Equity Shares outstanding

Particulars	Financial Year				
	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Equity Shares at the beginning of the year	233.00	235.82	235.82	238.57	242.17
Issue of Bonus shares	699.00	-	-	-	-
Buyback of Shares	-	(2.82)	-	(2.75)	(3.60)
Equity Shares at the end of the year	932.00	233.00	235.82	235.82	238.57

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

- (a) During the Financial Year 2020-21, the Company has allotted 6,99,00,000 Bonus Equity Shares of ₹ 10/- each fully paid up on October 5, 2020 in the proportion of 3 Equity Shares for every 1 Equity Share held by the Equity Shareholders of the Company as on the record date of October 1, 2020
- (b) 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.
- (c) 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.
- (d) 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.

10.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

(₹ in lakhs)

Name of the shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	84,92,976	9.11	21,23,244	9.11

11. NON CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note No. 35a)	13,898.89	16,770.82
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
From Other - Unsecured	-	-
Total	14,755.89	17,627.82

12. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables of Project		
Due to others	630.76	664.20
Other - Deferred Payment Liability		
- Trade Deposits	16.99	16.99

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

Total	727.34	855.68
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13. LONG TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income Tax Provision (Net of Advance Tax and TDS)	2,030.18	2,357.71
Provision for Employee benefits	181.84	154.51
Total	2,212.02	2,512.22

14. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(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	7,408.96	7,823.49
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit liability/Assets	87.78	35.48
Total	7,496.74	7,858.96

15. CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note No.35b)	8,077.91	8,264.70
Unsecured borrowings	6,140.49	7,196.78
Total	14,218.40	15,461.49

16. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Dues Of Micro Enterprises And Small Enterprises	1,140.11	795.39
Dues Of Creditors Other Than Micro Enterprises And Small Enterprises	28,163.45	30,842.02
Total	29,303.56	31,637.41

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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	1,140.11	795.39
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, 2021 & March 31, 2020 there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

17. SHORT TERM PROVISION

	(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee benefits	127.55	213.96
Total	127.55	213.96

18. OTHER CURRENT LIABILITIES

	(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020
Current Maturity of Long term debts	3,960.83	3,792.07
Interest accrued but not due on Loans	79.92	71.10
Unpaid Dividend	96.58	87.10
Payable Duties & Taxes	1,340.00	364.30
Other Payables	2,782.92	3,479.23
Total	8,260.26	7,793.81

19. OTHER OPERATING INCOME

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend	297.00	0.11
Interest	243.11	73.46
Miscellaneous income	102.17	32.55
Total	642.28	106.12

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

20. COST OF MATERIALS CONSUMED

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Material Consumption	1,08,800.70	1,04,144.53
Packing Materials	1,782.01	1,784.54
Freight Inward	1,603.50	1,471.17
Clearing & Forwarding	592.96	479.86
Total	1,12,779.17	1,07,880.10

21. EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries,Wages and Bonus (Mfg)	4,614.15	4,342.00
Labour Welfare Expenses	113.22	156.53
Salaries and Bonus (Admin)	615.44	534.08
Provident Fund Contribution	216.57	224.61
Staff Welfare Expenses	0.45	7.46
Directors' Remuneration	1,368.96	745.15
Total	6,928.79	6,009.83

22. FINANCE COST

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Term Loans	1,633.61	1,796.28
Interest on Working Capital	459.64	1,221.43
Interest on Others (Including Ind AS 116 Interest)	167.58	202.55
Total	2,260.83	3,220.26

23. DEPRECIATION AND AMORTISATION

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, Plant & Equipment	4,304.24	4,142.48
Amortisation on Lease Assets	337.76	376.28
Amortisation on Intangible Assets	117.55	148.14
Total	4,759.56	4,666.90



**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

24. OTHER EXPENSES

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Manufacturing Expenses		
Processing Charges	1,887.84	1,807.60
Labour Charges	4,279.64	3,788.85
Insurance Expenses	543.62	555.12
Lease Expenses	6.00	6.00
Power & Fuel	9,292.49	9,878.84
Stores & Spares	1,895.62	1,595.53
Repairs & Maintenance - Building	93.81	34.47
- Plant & Machinery	906.49	752.88
Research & development	466.40	442.88
Water Charges	264.92	210.95
Laboratory Expenses	282.21	282.58
Other Factory Expenses	2,317.71	2,010.78
SubTotal (a)	22,236.75	21,366.47
Office & Administration Expenses		
Books & Periodicals	-	0.10
Auditors' Remuneration	9.30	8.33
Conveyance Expenses	25.86	35.55
Legal & Professional Charges	387.60	242.16
Membership & Subscriptions	1.57	3.49
Printing & Stationery	8.98	28.69
Postage, Telegram & Telephone	15.25	21.12
Office Electricity Charges	6.81	14.24
Insurance Charges	53.39	28.11
Repairs & Maintenance - Others	39.15	38.14
Entertainment Expenses	0.04	13.81
Miscellaneous Expenses	22.49	33.69
Vehicle Expenses	4.19	13.12
Travelling Expenses - Directors	0.08	6.90
- Others	0.26	19.34
Directors' Sitting Fees	5.80	3.80
Sub Total (b)	580.77	510.58
Selling & Distribution		
Advertisement & Sales Promotion	26.87	69.77
Freight & Forwarding -Export	2,737.48	1,780.43
Freight & Forwarding - Local	649.11	462.55
Commission Expenses	1,120.60	1,258.13
Insurance Expenses	74.41	82.94
Other Export Expenses	141.37	90.82
Bad Debts & other written off	6.00	267.63
Sub Total (c)	4,779.10	4,032.99

**NOTES FORMING PART OF THE STANDALONE STATEMENT OF PROFIT AND LOSS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Finance Cost		
Bank Charges (d)	310.32	353.74
Non Operative Expenses		
Donations	55.01	21.09
CSR Expenditure	283.88	217.67
SubTotal (e)	338.88	238.76
Total (a+b+c+d+e)	28,245.83	26,502.54

25. EXCEPTIONAL ITEMS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Assets w/off	304.20	-
Profit on Sale of Property, Plant & Equipment	(326.68)	(837.69)
Total	(22.48)	(837.69)

26 EARNING PER SHARE:

(₹ in lakhs except share data)

Particulars	As at March 31, 2021	As at March 31, 2020
Net Profit available for Equity Shareholders	25,771.24	13,567.47
Total Comprehensive Income	26,112.08	13,744.57
Number of Equity Shares (Nos.)	9,32,00,000	9,32,00,000
Basic & Diluted EPS (after extraordinary items) (₹)	27.65	14.53
Nominal value per share (₹)	10.00	10.00

27 CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Contingent Liabilities		
In respect of bank guarantees issued and L/C opened by the Company's bankers	6,149.64	7,838.68
Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	7,184.96	292.81
Demand in respect of additional Excise, custom duty, service tax, sales tax fine & disputed in appeal (not acknowledged as debt)	498.08	380.57
Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	390.30	267.94
Liability for Maharashtra Pollution Control Board	879.35	-
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	182.46	201.58

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

28 DISCLOSURE REGARDING SCIENTIFIC RESEARCH & DEVELOPMENT EXPENDITURE

(₹ in lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
2020-2021	466.40	203.17
2019-2020	442.88	199.76

29 SEGMENT REPORTING (IND-AS 108)

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

I. BASIS FOR SEGMENTATION

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

(₹ in lakhs)

II.	Geographical Segments as Secondary Segments	For the year ended March 31, 2021	For the year ended March 31, 2020
	Segment Revenue		
a)	Out of India	66,373.51	55,043.70
b)	India	1,25,115.52	1,08,448.50
	Total	1,91,489.03	1,63,492.20

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 Limited	India	100%
Aarti Speciality Chemicals Limited	India	100%
Pinnacle Life Science LLC (Closed-wef Feb21)	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

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

• Relatives of Individuals

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

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

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

- Key Management Personnel

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

- Relatives of Key Management Personnel

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

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

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

B. Transaction with the Related Parties:

Sr. No.	Particulars	Relationship	FY 2020-21 ₹ In lakhs	FY 2019-20 ₹ In lakhs
a)	Sale of Goods			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	4,481.00	3,734.32
	Aarti Industries Limited	Entities in which some of the directors are interested	32.44	3.37
	Aarti Life Science LLP	Entities in which some of the directors are interested	-	2.40
b)	Interest/Rent Income from Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	19.24	9.41

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

Sr. No.	Particulars	Relationship	FY 2020-21	FY 2019-20
			₹ In lakhs	₹ In lakhs
c)	Purchase of Goods Traded			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	-	-
	Aarti Industries Limited	Entities in which some of the directors are interested	1,214.08	2,533.64
	Alchemic Laboratories	Entities in which some of the directors are interested	104.98	65.00
d)	Manufacturing Expenses			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	-	138.34
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	13.66	12.30
e)	Finance Cost			
	Prakash M Patil	KMP	23.14	25.74
	Harshit M Savla	KMP	54.01	60.08
f)	Employee Benefit and Office & Administration Expenses			
	Prakash M Patil	Director	346.42	190.92
	Harshit M Savla	Director	335.90	180.40
	Harit. P. Shah	Director	335.90	180.40
	Uday M Patil	Director	14.85	13.04
	Rashesh C Gogri	Director	335.90	180.40
	Adhish Patil	KMP	99.07	58.38
	Vikas Patil	Relative of KMP	22.11	18.92
	Rushikesh Deole	KMP	7.00	6.00
g)	Director Sitting Fees			
	Rajendra V Gogri	Non-Executive Director	0.30	0.40
h)	Closing Balance			
	Balance Receivable			
	Aarti Speciality Chemicals Limited	Wholly Owned Subsidiary	22.31	1.74
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	-	-
	Pinnacle Life Science LLC	Wholly Owned Subsidiary	0.00	1.51
	Pinnacle Chile SpA	Subsidiary	3.43	2.72
	Balance Payable			
	Pinnacle Life Science Private Limited	Wholly Owned Subsidiary	1,948.24	1,624.86
	Aarti Life Science LLP	Entities in which some of the directors are interested	27.50	8.62
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	1.33	0.07
	Aarti Industries Limited	Entities in which some of the directors are interested	379.81	335.91
	Alchemie Laboratories	Entities in which some of the directors are interested	0.00	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.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

31 ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 2013

Licensed capacity installed capacity and production

a. Class of Goods	* Licensed	Units	Year	Installed	Production	Captive	Net Production
Pharmaceutical	----	MT	FY 2020-21	47,701	34,751.00	8,164.00	26,587.00
		MT	FY 2019-20	43,060	32,753.00	7,162.00	25,591.00

* As license is not required Licensed Capacity not given.

b. Purchase of trading items(Net):	Current Year	Previous Year
Quantity in Kg	69,22,460.20	52,21,149.00
Amounts (₹ in lakhs)	4,316.56	4,052.61

c. Value of Raw materials and spares consumed	FY 2020-21	FY 2019-20
Raw Material:		
Indigenous		
Percentage %	36.37	35.32
Amount (₹ In lakhs)	39,572.17	36,786.52
Imported		
Percentage %	63.63	64.68
Amount (₹ In lakhs)	69,228.54	67,358.01
Stores and spares		
Indigenous		
Percentage %	100.00	100.00
Amount (₹ In lakhs)	1,895.62	1,595.52

(₹ in lakhs)

d. C.I.F Value of Imports	FY 2020-21	FY 2019-20
Raw Material	75,242.33	63,229.19
Capital Goods	496.58	73.74

(₹ in lakhs)

e. Expenditure in Foreign Currency	FY 2020-21	FY 2019-20
Commission	752.93	893.30
Travelling Expenses	-	21.33
Sales Promotion	-	41.50
Foreign Bank Charges	93.60	95.55
Interest on F.C. Loan	224.08	586.17
Others	200.85	69.73

(₹ in lakhs)

f. Earnings in Foreign Exchange	FY 2020-21	FY 2019-20
F.O.B. Value of Exports	60,008.72	51,058.71

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

32 FAIR VALUE MEASUREMENTS:

Financial Instrument by Category

(₹ in lakhs)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Carrying	Level	Level	Level	Carrying	Level	Level	Level
	Amount	1	2	3	Amount	1	2	3
Financial Asset								
At Amortised Cost								
Trade Receivables	50,398.54	-	-	-	46,433.60	-	-	-
Cash & Cash Equivalent	284.16	-	-	-	297.58	-	-	-
Bank Balance Other than Cash and Cash Equivalents	96.58				87.10			
Other Financial Assets	1,142.36	-	-	-	1,189.14	-	-	-
At FVTOCI								
Investment		-	2,431.51	-		-	2,037.67	-
Financial Liabilities								
At Amortised Cost								
Borrowings	32,935.13	-	-	-	36,881.37	-	-	-
Trade Payables	29,303.56	-	-	-	31,637.41	-	-	-
Other Financial Liabilities	1,085.34	-	-	-	1,442.89	-	-	-

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

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

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

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

33 CAPITAL MANAGEMENT:

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

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

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Gross Debts	32,935.13	36,881.37
Less: Cash and Cash Equivalents	284.16	297.58
Net Debt (A)	32,650.96	36,583.79
Total Equity (B)	85,961.13	62,179.05
Net Gearing Ratio (A/B)	0.38	0.59

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

34 FINANCIAL RISK MANAGEMENT:

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

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

I. Credit Risk

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

Credit risk management.

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

II. Liquidity Risk

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

Liquidity Risk Management

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

As at March 31, 2021

Maturities of non-derivative financial liabilities

Particulars	(₹ in lakhs)			
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	29,303.56		-	29,303.56
Other financial liabilities	630.76	454.58	-	1085.34
Total	29,934.32	454.58		30,388.90

As at March 31, 2020

Maturities of non-derivative financial liabilities

Particulars				
	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		33,080.30

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.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

Foreign currency risk

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

35 SECURITIES FOR LOANS TAKEN FROM BANKS:

a.

(₹ in lakhs)

Bank Name	As at March 31, 2021	As at March 31, 2020	Installment Due	
			Within 1 Year	Subsequent Years
SVC Co-op Bank Limited	6,525.80	13,812.88	1,523.33	5,002.47
Kotak Mahindra Bank limited	5,400.00	-	1,800.00	3,600.00
Bank Of Baroda	-	6,749.99	-	-
HDFC Bank Limited	4,845.00	-	637.50	4,207.50
State Bank of India	1,088.93	-	-	1,088.93

Note:

- (ai) Above term loans except term loan from State Bank of India (Gift City) are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21, E22, E-1, K-40, K-41 E120, E9/3, E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B) W73(B), T-150 & G61, G62 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad-Gujarat Viz. Plot No 2902, 2904, 211, 213, 2601, 2602, 2603.
- (a ii) Term Loan from State Bank of India (Gift City) is secured by pari-passu first charge by way of hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21, E22, E-1, K-40, K-41 E120, E9/3, E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B) W73(B), T-150 & G61, G62 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad-Gujarat Viz. Plot No 2902, 2904, 211, 213, 2601, 2602, 2603.
- (a iii) Term Loan from HDFC Bank Limited and SVC Co-op Bank Limited is also secured by way of pari-passu second charge on current assets of the Company both present and future.
- b. Loans from Scheduled Banks Payable on Demand of ₹8,077.91 lakhs (Previous Year ₹ 8,264.70 lakhs) are secured by pari-passu first charge by way of hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of movable fixed assets. both present and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E21, E22, E-1, K-40, K-41 E120, E9/3, E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B) W73(B), T-150 & G61, G62 and MIDC Turbhe Plot No. D-277 & D-278. GIDC, Bhilad, Sarigam-Gujarat viz. Plot No. 2902, 2904, 211, 213, 2601, 2602, 2603.

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 31.03.2021, the Company had hedge in aggregate an amount of ₹ 29,080.36/-lakhs (previous year ₹15,185.22/-lakhs) out of its annual trade related operations (export& import) aggregating to ₹ 1,35,323.05/-lakhs (previous year ₹ 1,14,287.90/-lakhs) after considering natural hedge.

37 Sales/Income from Operation include export benefits amounting to ₹ 624.02/-lakhs (As at March 31, 2020 ₹ 1525.60/-lakhs)

38 DIRECTORS REMUNERATION:

(₹ in lakhs)

Particulars	FY 2020-21	FY 2019-20
Salary to Managing Directors and whole time Directors	228.30	179.17
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	43.40	34.11
Commission payable to Directors	1,052.92	487.54
Contribution to Provident Fund	1.08	1.08
Superannuation fund scheme	43.25	43.25
Total Remuneration	1,368.96	745.15

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

39 AUDITORS' REMUNERATION INCLUDES

Particulars	(₹ in lakhs)	
	FY 2020-21	FY 2019-20
Statutory Audit	9.07	8.25
Certification	0.23	0.07
Total	9.30	8.32

40 RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S DOMESTIC TAX RATE FOR MARCH 31, 2021 AND MARCH 31, 2020.

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit before income taxes	33,771.24	1,7497.47
Enacted tax rate in India (%)	25.168	25.168
Computed expected tax (benefit)/expenses	8,499.55	4,403.76
Timing difference in depreciable assets	(157.73)	(261.12)
Weighted deduction allowed for research and development expenditure	-	(55.73)
Other Non-deductible expenses for tax purpose	85.29	60.09
Other deductible Items for tax purpose	22.89	808.00
Deferred Tax not recognised (net)	(450.00)	(1,025.00)
Income tax expense reported in the statement of profit and loss	8,000.00	3,930.00
Effective Income Tax Rate	23.69	22.46

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax for the year ended March 31, 2021 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the Statement of Profit & Loss for the year ended March 31, 2021.

41 EMPLOYEE BENEFITS:

a) Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance of India and Aditya Birla Sun Life Insurance Company Limited is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which 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	1,396.49	1,157.83
	Current/Past Service Cost	77.38	62.52
	Interest Cost	95.52	90.19
	Actuarial(gain)/ loss	20.21	136.83
	Benefits Paid	(68.18)	(50.88)
	Defined Benefit Obligation at year end	1,521.42	1,396.49
b.	Reconciliation of opening and closing balances fair value of plan assets		
	Fair value of plan assets at beginning of the year	1,183.37	1,044.20
	Expected return of plan assets	54.98	(5.29)
	Interest Income	80.94	81.34
	Actuarial gain/ (loss)	-	-
	Employer Contribution	167.98	114.00
	Benefits Paid	(68.18)	(50.88)
	Fair value of plan assets at year end	1,419.09	1,183.37
	Actual return on plan assets	54.98	(5.29)
c.	Reconciliation of fair value of assets and obligations		
	Fair value of plan assets	1,419.09	1,183.37
	Present value of obligation	(1,521.42)	(1,396.49)
	Amount Recognised	(102.33)	(213.12)

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

d.	Expenses recognised during the year		
	Current/Past Service cost	77.38	62.52
	Interest cost	14.58	8.85
	Expected return on plan assets	-	-
	Actuarial(gain)/ loss	(34.77)	142.12
	Net Cost	14.58	8.85
	L.I.C Group Gratuity (Cash Accumulation) Policy, and Aditya Birla Sun Life Insurance Company Limited Group Gratuity Policy	84.96% Invested with L.I.C. & 15.04% ABSLCL	89.01% Invested with L.I.C. & 10.99% ABSLCL
e.	Actuarial assumptions		
	Mortality Table (L.I.C.)	-	-
		2006-08 (Ultimate)	2006-08 (Ultimate)
	Discount rate (per annum)	6.90%	6.84%
	Expected rate of return on plan assets (per annum)	6.90%	6.84%
	Rate of escalation of in Salary (per annum)	5.00%	4.50%
	The estimate of rate of escalation in salary considered in Actuarial valuation, take into account inflation, seniority, promotion, other relevant factors' including supply and Demand in the employment market. The above information is certified by the actuary		

b) Leave Encashment :

Leave Encashment liability amounting to ₹207.07 lakhs previous year (₹175.36 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)	
	FY 2020-21	FY 2019-20
Gross Amount to be spent on CSR Activity	268.45	231.74
Amount spent during the year	283.87	217.67

43 DISCLOSURE FOR OPERATING LEASES UNDER IND AS 116 - "LEASES":

The Company has adopted Ind AS 116- leases, effective from April 1, 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, 2021.

- **Total future lease payments under non-cancellable operating lease on undiscounted basis.**

Particulars	(₹ in lakhs)	
	FY 2020-21	FY 2019-20
Not Later than 1 year	384.67	481.80
Later than 1 year and not later than 5 years	462.71	784.40
Later than 5 years	-	-

44 FIGURES OF THE PREVIOUS YEAR HAVE BEEN REGROUPED AND REARRANGED WHEREVER NECESSARY.

AS PER REPORT OF EVEN DATE

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-
CA Milind Bhawe
Partner
M.NO.047973

Place : Mumbai
Date: May 15, 2021

For and on Behalf of the Board of Directors

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

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

Sd/-
Harit P. Shah
(Whole Time Director)
DIN : 00005501

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

INDEPENDENT AUDITOR'S REPORT

To The Members of,
Aarti Drugs Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Aarti Drugs Limited ("the Holding Company") and its three wholly-owned and one subsidiary (the Holding Company and its subsidiaries together referred as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the 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 consolidated state of affairs of the Group as at March 31, 2021, and their Consolidated Profit, their Consolidated Total Comprehensive Income, their Consolidated Changes in Equity and their Consolidated Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statement 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 obtained by us 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 in the last year, 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:

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipment.</p> <p>Peculiarity and technical complexities of Property, Plant and Equipment used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipment.</p> <p>Further, due to technical complexities management is required to assess and make estimates/judgments about capitalisation, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results</p>	<p>Principal Audit Procedures</p> <p>Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ol style="list-style-type: none"> 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. We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. We have carried out substantive audit procedures at financial and assertion level to verify the capitalisation of asset as Property, Plant and Equipment. 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. 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. We have verified the capitalisation of borrowing cost incurred on qualifying asset in accordance with the Ind AS 23.
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> <ol style="list-style-type: none"> 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. We have evaluated the design of Internal Controls relating to recording and valuation of Inventory. We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory. We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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, Business Responsibility Report, 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 other information, we required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company and its Subsidiary Companies which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 ₹ 6,112.55 Lakhs as at March 31, 2021, total revenue from operations of ₹ 28,493.99 Lakhs and net cash inflows amounting ₹ 589.67 Lakhs for the year ended March 31, 2021, 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, based on our audit we report to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (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 including Other Comprehensive Income, 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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, 2021 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, 2021 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,
 Firm's Registration No. : 105215W/W100057

Sd/-
Milind Bhawe
 Partner

Place: Mumbai
 Date: May 15, 2021

Membership No.: 047973
 UDIN: 21047973AAAAAZ1164



Annexure A to the Auditor's Report - March 31, 2021

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, 2021 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure A to the Auditor's Report - March 31, 2021

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, 2021, 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal

financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, in so far as it relates to separate financial statements of two subsidiaries, which are incorporated in India, is based in the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **KIRTANE & PANDIT LLP**,
Chartered Accountants,
Firm Registration No. : 105215W/W100057

Sd/-
Milind Bhave
Partner

Place: Mumbai
Date: May 15, 2021

Membership No.: 047973
UDIN: 21047973AAAAAZ1164



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	1	65,924.92	63,359.13
Right of use Assets	1.1	589.42	872.95
Capital work - in - progress	1.2	1,925.72	1,220.56
Intangible assets	2	25.52	149.24
Financial Assets			
Investments	3	1,730.07	1,336.22
Other Non- Current Assets	4	726.06	311.87
Total Non- Current Assets		70,921.70	67,249.96
Current Assets			
Inventories	5	41,500.27	32,540.48
Financial Assets			
(i) Trade receivable	6	55,522.95	48,863.44
(ii) Cash and Bank Balances	7	977.87	764.22
(iii) Other Current Financial Assets	8	1,272.40	1,199.80
Other current assets	9	6,406.18	6,577.21
Total Current Assets		1,05,679.66	89,945.14
Non current Asset held for sale		-	455.00
TOTAL		1,76,601.36	1,57,650.11
EQUITIES AND LIABILITIES			
EQUITY			
Share Capital	10	9,320.00	2,330.00
Other Equity		82,022.46	62,918.93
Total Equity Attributable to Equity Holders of the Company		91,342.46	65,248.93
Non- Controlling Interests		(1.68)	(0.21)
Total Equity		91,340.78	65,248.72
LIABILITIES			
Non current liabilities			
Financial Liabilities			
(i) Lease Liability	1.1	358.00	587.22
(ii) Borrowings	11	14,755.89	18,031.21
(iii) Other financial liability	12	730.54	878.73
provisions	13	2,167.14	2,513.46
Deferred tax liability (Net)	14	7,713.42	8,071.41
Total of Non current liabilities		25,724.99	30,082.02
Current liabilities			
Financial Liabilities			
(i) Borrowings	15	15,721.40	15,773.27
(ii) Trade payables	16		
Dues of micro enterprises and small enterprises		1,567.50	1,156.60
Dues of creditors other than micro enterprises and small enterprises		31,429.32	31,798.13
Provisions	17	279.57	307.98
Lease Liability	1.1	279.67	341.98
Other current liabilities	18	10,258.13	12,941.42
Total Current Liabilities		59,535.59	62,319.36
TOTAL		1,76,601.36	1,57,650.11
Summary of significant Accounting Policies and Other Explanatory Information	27-36		

AS PER REPORT OF EVEN DATE**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Milind Bhawe

Partner

M.NO.047973

Place : Mumbai

Date: May 15, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I Revenue from Operations		2,15,477.98	1,80,608.85
II Other Income	19	452.51	148.23
III Total Revenue (I + II)		2,15,930.50	1,80,757.08
IV Expenses :			
(a) Cost of materials consumed	20	1,22,152.32	1,14,191.57
(b) Purchase of stock-in-trade		11,123.88	8,831.60
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		(1,171.83)	(5,127.83)
(d) Employee Benefits Expense	21	8,049.64	6,935.59
(e) Finance cost (Interest)	22	2,295.74	3,372.60
(f) Depreciation and Amortisation Expense	23	4,988.35	4,875.33
(g) Other Expenses	24	31,613.48	29,596.03
Total Expenses (IV)		1,79,051.58	1,62,674.88
V Profit before exceptional items and tax (III - IV)		36,878.92	18,082.20
VI Exceptional Items	25	(22.48)	(446.65)
VII Profit before tax (V - VI)		36,901.39	18,528.85
VIII Tax Expenses :	32		
Provision for Taxation - Current Year		9,299.71	4,604.00
- MAT credit entitlement		7.61	-
- Earlier Year		-	730.00
Provision for Deferred Tax		(445.76)	(945.00)
Total tax expenses (VIII)		8,861.56	4,389.00
IX Profit / (Loss) for the period (VII - VIII)		28,039.83	14,139.85
X Other Comprehensive Income(Net of Tax)			
Item that will not to be reclassified to statement of Profit and Loss			
Fair value changes on Investments, net		314.76	283.69
Remeasurement of defined benefit Liability/Assets, net		26.17	(106.59)
Total Other Comprehensive Income,net		340.93	177.10
XI Total Comprehensive Income for the Year (IX+X)		28,380.76	14,316.95
XII Profit attributable to :			
Owner of the Company		28,041.30	14,140.06
Non- Controlling Interest		(1.47)	(0.21)
XIII Total Comprehensive Income attributable to :			
Owner of the Company		28,382.23	14,317.16
Non- Controlling Interest		(1.47)	(0.21)
Earnings per Equity Shares (EPS) (In ₹)	26		
Basic/Diluted		30.09	15.14
Summary of significant Accounting Policies and Other Explanatory Information	27-36		

AS PER REPORT OF EVEN DATE**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Milind Bhave

Partner

M.NO.047973

Place : Mumbai

Date: May 15, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. EQUITY SHARE CAPITAL

Particular	(₹ in lakhs)
As at March 31, 2020	2,330.00
Changes in equity share capital during FY 2020-21	6,990.00
As at March 31, 2021	9,320.00

B. OTHER EQUITY

Particulars	Other Equity				Other Comprehensive Income	Total Equity Attributable to Equity Holder of the Company	Non-Controlling Interest	Total Other Equity
	Reserve and Surplus							
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings				
As at April 1, 2019	628.27	273.77	903.77	49,566.83	613.76	51,986.39	-	51,986.39
Transfer to General Reserve from Retained Earnings	-	-	1,350.00	(1,350.00)	-	-	-	-
Transfer to Other Reserve from Retained Earnings	-	-	-	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)
other adjustments	-	-	-	(31.25)	-	(31.25)	-	(31.25)
Balance as at March 31, 2020	628.27	301.98	2,220.00	59,194.44	574.25	62,918.93	(0.21)	62,918.72
Transfer to General Reserve from Retained Earnings	-	-	2,577.12	(2,577.12)	-	-	-	-
Profit for the Period	-	-	-	28,041.30	-	28,041.30	(1.47)	28,039.83
Dividend Paid	-	-	-	(2,330.00)	-	(2,330.00)	-	(2,330.00)
Issue of Bonus Shares	-	-	-	(6,990.00)	-	(6,990.00)	-	(6,990.00)
Fair value change on Investment, net	-	-	-	-	314.76	314.76	-	314.76
Remeasurment of defined benefit Liability/Assets, net	-	-	-	-	26.17	26.17	-	26.17
other adjustments	-	-	-	41.29	-	41.29	-	41.29
Balance as at March 31, 2021	628.27	301.98	4,797.12	75,379.91	915.18	82,022.46	(1.68)	82,020.78

AS PER REPORT OF EVEN DATE

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Milind Bhawe

Partner

M.NO.047973

Place : Mumbai

Date: May 15, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Exceptional Items	36,901.39	18,528.85
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	4,988.35	4,875.33
	Provision for Bad & doubtful Debts/ Bad debts	84.66	275.13
	Unrealised Foreign Exchange (Gain)/Loss (Net)	70.71	737.82
	Interest Paid	2,295.71	3,372.60
	Interest Received	(259.58)	(131.39)
	Dividend Received	(297.00)	(0.11)
	Assets w/off	304.20	-
	Profit on Sale of Property Plant & Equipment	(326.68)	(445.57)
	Operating Profit before Working Capital Changes	43,761.77	27,212.64
	Trade & Other Receivable	(6,541.92)	173.12
	Changes in Inventories	(8,918.49)	(7,868.88)
	Trade & Other Payable	(3,148.86)	9,645.04
	Cash generated from operation	25,152.50	29,161.93
	Direct Taxes Paid	(9,667.53)	(4,087.55)
	Net Cash Flow from Operating Activities	15,484.97	25,074.38
B.	Cash Flow from Investing Activities		
	Purchase of PPE / Capital Work in Progress/ Advances	(8,813.08)	(4,799.06)
	Sale of PPE	1,088.60	1,084.67
	Sale of Investments	-	261.95
	Interest Received	259.58	131.39
	Dividend Received	297.00	0.11
	Net Cash Flow from Investing Activities	(7,167.90)	(3,320.93)
C.	Cash Flow from Financing Activities		
	Proceeds/(Repayment) from Long Term Borrowings	(3,444.80)	(2,135.42)
	Proceeds/(Repayment) from Unsecured Loans & from Scheduled Bank	(51.87)	(12,647.08)
	Buy Back of shares	-	(2,538.90)
	Dividend Paid	(2,320.52)	(703.00)
	Dividend Tax Paid	-	(143.68)
	Interest Paid	(2,295.71)	(3,372.60)
	Net Cash Flow from Financing Activities	(8,112.90)	(21,540.67)
	Net Increase in Cash and Cash Equivalents (A+B+C)	204.17	212.78
	Opening Cash and Cash Equivalents	677.13	464.35

**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

S.No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Closing Cash and Cash Equivalents	881.30	677.13
	Reconciliations of Cash and Cash Equivalents		
	- Balance with Banks	696.42	624.92
	- Cash in Hand	29.95	28.57
	- Cheques in Hand	154.92	23.64
	Balances as per Cash Flows Statement	881.29	677.13

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 ₹ 291.08 lakhs (previous year ₹ 290.14 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 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, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Corporate Information:

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

The List of Companies which are included in the Consolidated Financial Statements are follows:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest (%)	
		As on March 31, 2021	As on March 31, 2020
Wholly Owned Subsidiary			
Pinnacle Life Science Private Limited	India	100%	100%
Aarti Speciality Chemicals Limited	India	100%	100%
Pinnacle Life Science LLC (*)	UAE	-	100%
Subsidiary Company			
Pinnacle Chile SpA.	Chile	95%	95%

(*) Company Closed in Feb 21

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

The financial statements have been authorised for issue by the Board of Directors at their meeting held on May 15, 2021.

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) to be read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. The Company's Financial Statements for the year ended March 31, 2021 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

Classification of Assets and Liabilities:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their 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 have been prepared on a historical cost convention on the accrual basis, except for certain financial instruments that are measured

at fair value, viz employee benefit plan assets. The financial statements are presented in Indian Rupees which is the functional currency of the Group and all values are rounded to the nearest lakhs, except when otherwise indicated.

Use of estimates and Judgments:

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

2) Basis of consolidation:

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the group

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

3) Revenue recognition:

Revenue from contract with customer

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

- (i) **Sale of goods:** Revenue from contracts with customers is recognised on satisfaction of performance obligation, when control of the goods is passed to customer, at an amount that reflect the consideration the Company expects to receive. The point at which control passes is determined based on terms of agreement with customer or as per general industry / market practice. GST and other taxes on sales are excluded from revenue.
- (ii) **Interest Income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (iii) **Dividend income:** Dividend income is recognised when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.
- (iv) **Export benefits:** Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

4) Property, plant and equipment (PPE):

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

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

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

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

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

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

Intangible Assets:

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

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

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

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

The 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets is derecognised.

Research and Development:

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

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

Depreciation:

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

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

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

Non-current assets and disposal group held for sale

Assets and liabilities of disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. The determination of fair value less costs to sell includes use of the Management estimates and assumptions. The fair value of the disposal groups have been estimated using valuation techniques including income and market approach which includes unobservable inputs. Non-current assets and the disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and the disposal group was classified as "Held for Sale" adjusted for any depreciation / 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 the lower of cost and net realisable value. The cost of Raw materials, packing materials, store & spares and traded goods includes all cost of purchase, duties and taxes (other than those subsequently recoverable from the tax authorities) and all other cost incurred in bringing the inventory to its present location and conditions. Cost is arrived on moving stock on FIFO basis.

Finished goods are valued at lower of cost and net 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 recognised 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 recognised in the period in which they occur, directly in other comprehensive

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 recognised 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 remaining unsettled at the year end are translated at year end rates. Differences arising on settlement or conversion of monetary items are recognised in statement of profit and loss. Non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of forward contracts is dealt with in the Profit and Loss.

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

8) **Leases:**

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right of-use assets are determined on the same basis as

those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

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

9) **Income Taxes:**

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

Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income tax:

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

Deferred tax:

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences.

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

Deferred tax assets and liabilities are 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.

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 capitalised 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 and Contingent Assets:

Provisions:

Provisions for legal claims, chargeback and sales returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is

Probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

Contingent Liabilities:

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

1 PROPERTY, PLANT AND EQUIPMENT (Consolidated)

(₹ in lakhs)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on April 1, 2020	Addition	Deduction	As on March 31, 2021	As on April 1, 2020	Addition	Deduction	As on March 31, 2021	As on March 31, 2021	As on March 31, 2020
TANGIBLES ASSETS										
BUILDING	18,341.57	480.51	-	18,822.08	4,383.53	611.86	-	4,995.39	13,826.69	13,958.04
FURNITURE	984.59	33.24	-	1,017.83	654.53	72.17	-	726.70	291.13	330.06
LAND	3,562.84	3,055.37	120.11	6,498.10	-	-	-	-	6,498.10	3,562.84
OFFICE EQUIPMENTS	872.93	115.26	-	988.19	471.45	85.18	-	556.63	431.56	401.49
PLANT & MACHINERY	77,641.98	3,514.50	-	81,156.48	32,947.18	3,699.11	-	36,646.29	44,510.19	44,694.80
VEHICLES	670.94	14.45	18.50	666.89	259.04	58.27	17.66	299.65	367.24	411.90
TOTAL	1,02,074.86	7,213.32	138.61	1,09,149.57	38,715.74	4,526.58	17.66	43,224.66	65,924.92	63,359.13
PREVIOUS YEAR	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	

Note :

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹342.08 Lakhs (previous year ₹258.26 Lakhs)

1.1 RIGHT OF USE ASSETS/LEASE LIABILITY

Changes in the carrying value of right of use assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	872.95	955.44
Additions during the year	54.23	293.80
Amortisation	(337.76)	(376.28)
Closing Balance	589.42	872.95

Movement in lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	929.19	997.01
Finance cost accrued during the year	58.39	293.80
Payment of lease liabilities	(349.92)	(361.61)
Closing Balance	637.66	929.19

Break Up of current and Non current lease liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	279.67	341.98
Non- current lease liabilities	358.00	587.22
Total	637.66	929.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

1.2 CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,220.56	3,274.87
Capitalised	(490.17)	(2,817.63)
Additions during the year	1,195.33	763.32
Closing Balance	1,925.72	1,220.56

2. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) PROCESS DEVELOPMENT (R & D)		
Opening Balance	111.10	259.24
Additions during the year	-	-
Amortisation	(111.10)	(148.14)
Closing Balance	-	111.10
(B) COMPUTER SOFTWARE		
Opening Balance	38.14	31.91
Additions during the year	0.29	28.97
Amortisation	(12.90)	(22.74)
Closing Balance	25.52	38.14
Total (A+B)	25.52	149.24

3. NON CURRENT INVESTMENTS

(₹ in lakhs)

Name of the company	face Value	No. of Shares/ Units	As at March 31, 2021 (₹)	No. of Shares/ Units	As at March 31, 2020 (₹)
Investments - (Unquoted) in Equity Shares of Other Companies					
Perfect Enviro Control Systems Limited		2,40,200	14.90	2,40,200	12.57
The Shamrao Vitthal Co- op Bank Limited		100	0.03	100	0.03
The Saraswat Co - op Bank Limited		10,100	1.01	10,100	1.01
Shivalik Solid Waste Management Limited		2,500	0.50	2,500	0.50
Tarapur Environment Protection Society		68,188	121.61	68,188	112.37
Amit Hetrochem (I) Limited		2,91,690	29.17	2,91,690	29.17
Aarti Biotech Limited		1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Limited*		234	1,562.82	234	1,180.54
TOTAL			1,730.07		1,336.22

*Face Value of 1 share = 10000 RMB

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

4. OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances	726.06	311.87
Total	726.06	311.87

5. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials (incl.In- transit stock)	19,931.53	12,221.16
Packing Materials	370.73	355.49
Work in process	11,242.31	10,091.26
Finished Goods (incl.In- transit stock)	8,948.93	8,928.15
Stores & Spares	1,006.76	944.42
Total	41,500.27	32,540.48

6. TRADE RECEIVABLE

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured		
Trade Receivable O/s exceeding 6 months	686.69	287.52
Others	54,836.26	48,575.92
-considered good	55,522.95	48,863.44
-considered doubtful	348.79	153.16
	55,871.74	49,016.59
Less: Provision for Doubtful Debts	348.79	153.16
Total	55,522.95	48,863.44

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

7. CASH AND BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on Hand	29.95	28.57
Cheques on Hand	154.92	23.64
Balances with Scheduled Banks :		
- Current Accounts	405.34	334.78
Deposit Accounts	291.08	290.14
Cash and cash equivalents	881.29	677.12
Other Bank Balances		
Earmarked balance - unpaid dividend	96.58	87.10
Total	977.87	764.22

8. OTHER CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured , Consider good		
Deposit	1,220.54	1,142.31
Advances and loans - Staff & workers	51.86	57.48
Total	1,272.40	1,199.80

9. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances recoverable in cash or ' kind or for value to be received	2,024.64	3,834.49
Insurance claim receivable	243.72	227.02
Balances with Statutory/ Govt.Authority	4,137.81	2,515.70
Total	6,406.18	6,577.21

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

10. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares		No. of Shares	
Authorised Share Capital				
Equity shares of ₹ 10/- each	1,200.00	12,000.00	250.00	2,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	932.00	9,320.00	233.00	2,330.00
		9,320.00		2,330.00

10.1 RIGHT ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares with voting rights having a par value of ₹10/- per share. The Company Declares and pays dividends in Indian Rupees. Any Interim dividend paid is recognised on the approval by Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

10.2 THE DETAILS OF EQUITY SHARES OUTSTANDING DURING LAST 5 YEARS

No. of Equity Shares outstanding

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Equity Shares at the beginning of the year	233.00	235.82	235.82	238.57	242.17
Issue of Bonus shares	699.00	-	-	-	-
Buyback of Shares	-	(2.82)	-	(2.75)	(3.60)
Equity Shares at the end of the year	932.00	233.00	235.82	235.82	238.57

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

- During the FY 2020-21, the Company has allotted 6,99,00,000 Bonus Equity Shares of ₹10/- each fully paid up on October 5, 2020 in the proportion of 3 Equity Shares for every 1 Equity Share held by the Equity Shareholders of the Company as on the record date of October 1, 2020
- During the FY 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 ₹2,330.00 lakhs.
- During the FY 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.
- During the FY 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.

10.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

(₹ in lakhs)

Name of the shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
Prakash M Patil	84,92,976	9.11	21,23,244	9.11

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

11. NON CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
Secured borrowings		
From Scheduled Banks (Refer Note no.34a)	13,898.89	17,174.21
Loans & advances from related parties		
From Directors - Unsecured	857.00	857.00
From Other - Unsecured	-	-
Total	14,755.89	18,031.21

12. OTHER FINANCIAL LIABILITY

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables of Project		
Due to others	633.95	687.25
Other - Deferred Payment Liability	79.60	174.49
- Trade Deposits	16.99	16.99
Total	730.54	878.73

13. LONG TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income Tax Provision (Net of Advance Tax and TDS)	1,985.30	2,358.95
Provision for Employee benefits	181.84	154.51
Total	2,167.14	2,513.46

14. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(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	7,625.64	8,035.93
(b) Other Comprehensive Income		
Fair value of Investment / remeasurement of defined benefit Liability/Assets	87.78	35.48
Total	7,713.42	8,071.41

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

15. CURRENT BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand		
From Banks		
Secured Borrowings (Refer Note No.34b)	9,580.91	8,576.48
Unsecured borrowings	6,140.49	7,196.78
Total	15,721.40	15,773.27

16. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Dues of micro enterprises and small enterprises	1,567.50	1,156.60
Dues of creditors other than micro enterprises and small enterprises	31,429.32	31,798.13
TOTAL	32,996.82	32,954.72

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	1,567.50	1,156.60
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, 2021 & March 31, 2020, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

17. SHORT TERM PROVISION

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee benefits	279.57	307.98
Total	279.57	307.98

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

18. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Maturity of Long Term Debts	3,960.83	4,130.32
Interest accrued but not due on Loans	79.92	71.10
Unpaid Dividend	96.58	87.10
Other Payable - Duties & Taxes	1,359.70	368.31
Other Payable for Goods & Expenses	4,761.10	8,284.59
Total	10,258.13	12,941.42

19. OTHER OPERATING INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend	102.43	0.24
Interest	259.58	112.57
Miscellaneous Income	90.50	35.42
Total	452.51	148.23

20. COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Material Consumption	1,16,382.92	1,09,025.84
Packing Materials	3,558.79	3,202.73
Freight Inward	1,617.64	1,483.14
Clearing & Forwarding	592.96	479.86
Total	1,22,152.32	1,14,191.57

21. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, Wages and Bonus (Mfg)	5,324.94	4,985.92
Labour Welfare Expenses	113.22	156.53
Salaries and Bonus (Admin)	912.86	747.24
Provident Fund Contribution	216.57	224.61
Staff Welfare Expenses	19.98	20.38
Directors' Remuneration	1,462.07	800.92
Total	8,049.64	6,935.59

22. FINANCE COST

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Term Loans	1,652.29	1,915.96
Interest on Working Capital	475.83	1,254.08
Interest on Others (Including Ind AS 116 Interest)	167.61	202.55
Total	2,295.74	3,372.60



**NOTES FORMING PART OF THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

23. DEPRECIATION AND AMORTISATION

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, Plant & Equipment	4,533.04	4,350.91
Amortisation on Lease Assets	337.76	376.28
Amortisation on Intangible Assets	117.55	148.14
Total	4,988.35	4,875.33

24. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Manufacturing Expenses		
Processing Charges	2,178.76	1,932.57
Labour Charges	4,534.53	4,030.05
Insurance Expenses	576.54	571.80
Lease Expenses	6.00	6.00
Power & Fuel	9,537.14	10,152.75
Stores & Spares	1,968.14	1,662.06
Repairs & Maintenance - Building	111.84	45.40
- Plant & Machinery	931.33	778.73
Research & development	466.40	442.88
Water Charges	264.92	210.95
Laboratory Expenses	282.21	282.58
Other Factory Expenses	2,484.88	2,171.42
SubTotal (a)	23,342.68	22,287.19
Office & Administration Expenses		
Books & Periodicals	-	0.10
Auditors' Remuneration	11.99	10.49
Conveyance Expenses	37.94	46.93
Legal & Professional Charges	553.02	378.24
Membership & Subscriptions	1.75	3.59
Printing & Stationery	8.98	28.69
Postage, Telegram & Telephone	18.27	22.76
Office Electricity Charges	18.14	19.05
Insurance Charges	53.39	28.11
Repairs & Maintenance - Others	39.15	38.14
Entertainment Expenses	0.04	13.81
Miscellaneous Expenses	105.29	64.54
Vehicle Expenses	4.19	13.12
Travelling Expenses - Directors	3.45	12.18
- Others	33.27	75.30
Directors' Sitting Fees	5.80	3.80

**NOTES FORMING PART OF THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sub Total (b)	894.70	758.84
Selling & Distribution		
Advertisement & Sales Promotion	98.05	154.87
Freight & Forwarding -Export	2,737.48	2,269.53
Freight & Forwarding - Local	1,258.72	462.55
Commission Expenses	2,266.34	2,475.40
Insurance Expenses	74.41	82.94
Postage & Telegram	23.27	20.72
Other Export Expenses	141.37	90.82
Bad Debts & other written off	84.67	384.60
Sub Total (c)	6,684.31	5,941.43
Finance Cost		
Bank Charges (d)	327.33	369.75
Non Operative Expenses		
Donations	60.17	21.09
CSR Expenditure	304.30	217.72
SubTotal (e)	364.46	238.81
Total (a+b+c+d+e)	31,613.48	29,596.03

25. EXCEPTIONAL ITEMS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Assets w/off	304.20	-
Profit on Sale of Property, Plant & Equipment	(326.68)	446.65
Total	(22.48)	446.65

26 EARNING PER SHARE:

(Amount ₹ in lakhs except share data)

Particulars	As at March 31, 2021	As at March 31, 2020
Net Profit available for Equity Shareholders	28,039.83	14,139.85
Total Comprehensive Income	28,380.76	14,316.96
Number of Equity Shares (Nos.)	9,32,00,000	9,32,00,000
Basic & Diluted EPS (after extraordinary items) (₹)	30.09	15.14
Nominal value per share (₹)	10.00	10.00

27 CONTINGENT LIABILITIES AND COMMITMENTS:

(₹ in lakhs)

Sr. No.	Particulars	On the Parent Company Mar-21	On the Subsidiary Companies Mar-21	On the Parent Company Mar-20	On the Subsidiary Companies Mar-20
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	6,149.64	82.67	7,838.68	138.84
b.	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	7,184.96	-	292.81	-

NOTES FORMING PART OF THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

c.	Demand in respect of additional Excise, custom duty, service tax, sales tax ,fine & penalty in appeal (not acknowledged as debt)	498.08	-	380.57	-
d.	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	390.30	-	267.94	-
e.	Liability for Maharashtra Pollution Control Board	879.35	-	-	-
f.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	182.46	199.87	201.58	85.74

28 SEGMENT REPORTING (IND- AS 108)

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

I. BASIS FOR SEGMENTATION

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

(₹ in lakhs)

II.	GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended March 31, 2021	For the year ended March 31, 2020
	Segment Revenue		
a)	Out of India	77,322.95	62,294.30
b)	India	1,38,155.03	1,18,314.55
	Total	2,15,477.98	1,80,608.85

29 RELATED PARTY DISCLOSURE UNDER (IND-AS 24)

A. Name and Relationship of the Related Parties:

(1) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

• Individuals

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

• Relatives of Individuals

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

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

- Key Management Personnel

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

- Relatives of Key Management Personnel

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

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

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

B Transaction with the Related Parties:

Sr. No.	Particulars	Relationship	FY 2020-21 ₹ In lakhs	FY 2019-20 ₹ In lakhs
a)	Sale of Goods			
	Aarti Industries Limited	Entities in which some of the directors are interested	32.44	3.37
	Aarti Life Science LLP	Entities in which some of the directors are interested	-	2.40
b)	Purchase of Goods Traded			
	Aarti Industries Limited	Entities in which some of the directors are interested	1,214.08	2,533.64
	Alchemic Laboratories	Entities in which some of the directors are interested	104.98	65.00
c)	Manufacturing Expenses			
	Aarti Life Science LLP	Entities in which some of the directors are interested	96.00	96.00
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	13.66	12.30

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

Sr. No.	Particulars	Relationship	FY 2020-21	FY 2019-20
			₹ In lakhs	₹ In lakhs
d)	Finance Cost			
	Prakash M Patil	KMP	23.14	25.74
	Harshit M Savla	KMP	54.01	60.08
e)	Employee benefits and Office & Administration Expenses			
	Prakash M Patil	Director	346.42	190.92
	Harshit M Savla	Director	335.90	180.40
	Harit. P. Shah	Director	335.90	180.40
	Uday M Patil	Director	14.85	13.04
	Rashesh C Gogri	Director	335.90	180.40
	Adhish Patil	KMP	99.07	58.38
	Vikas Patil	Relative of KMP	22.11	18.92
	Vishwa Savla	Relative of KMP	73.27	55.77
	Rushikesh Deole	KMP	7.00	6.00
f)	Director Sitting Fees			
	Rajendra V Gogri	Non Executive Director	0.30	0.40
g)	Closing Balance :			
	Balance Payable:			
	Aarti Life Science LLP	Entities in which some of the directors are interested	27.50	8.62
	Alchemie Gases & Chemicals Private Limited	Entities in which some of the directors are interested	1.33	0.07
	Aarti Industries Limited	Entities in which some of the directors are interested	379.81	335.91
	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

Related Parties are identified by the Management.

30 DIRECTORS REMUNERATION:

Particulars	(₹ in lakhs)			
	By the Parent Company March 31, 2021	By the Subsidiary Company March 31, 2021	By the Parent Company March 31, 2020	By the Subsidiary Company March 31, 2020
Salary to Managing Directors and whole time Directors	228.30	90.52	179.17	53.19
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	43.40	-	34.11	-
Commission payable to Directors	1,052.92	-	487.54	-
Contribution to Provident fund	1.08	-	1.08	-
Superannuation fund scheme	43.25	2.58	43.25	2.58
Total Remuneration	1,368.96	93.10	745.15	55.77

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

31 AUDITORS' REMUNERATION INCLUDES

(₹ in lakhs)

Particulars	Statutory Audit		Certification		Total	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
By the Parent Company	9.07	8.25	0.23	0.07	9.30	8.32
By the Subsidiary Company						
Pinnacle Life Science Private Limited	2.49	2.01	-	-	2.49	2.01
Aarti Speciality Chemicals Limited	0.20	0.15	-	-	0.20	0.15

32 RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S DOMESTIC TAX RATE FOR MARCH 31, 2021 AND MARCH 31, 2020.

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit before income taxes	36,901.39	18,528.85
Enacted tax rate in India (%)	25.168	25.168
Computed expected tax (benefit)/expenses	9287.34	4663.34
Timing difference in depreciable assets	(193.64)	(299.92)
Weighted deduction allowed for research and development expenditure	-	(55.73)
Other Non deductible expenses for tax purpose	91.73	60.10
Other deductible Items for tax purpose	121.90	966.30
Deferred Tax not recognised (net)	(445.76)	(945.00)
Income tax expense reported in the statement of profit and loss	8,861.56	4,389.00
Effective Income Tax Rate	24.01	23.69

Note: The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax for the year ended March 31, 2020 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the Statement of Profit & Loss for the year ended March 31, 2021.

33 DETAILS OF FINANCIAL STATEMENT OF SUBSIDIARIES:

Name of the Subsidiary	(₹ in lakhs)	(₹ in lakhs)	(AED in lakhs)	(CLP in lakhs)
	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Pinnacle Life Science LLC	Pinnacle Chile SPA
The financial year of Subsidiary ended on	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
Reporting currency	₹	₹	AED	CLPESOS
a- Share Capital	778.28	25.00	-	252.59
b- Other Equity	5,337.30	(22.71)	-	(305.31)
c- Debts & other Liability	9,500.65	22.78	-	164.45
Total Liability (a+b+c)	15,616.23	25.07	-	111.73
Total Assets	15,616.23	25.07	-	111.73
Total Income	28,493.97	-	-	(12.41)
Profit/(loss) Before Tax	3,404.4	(20.82)	-	(291.78)

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

Name of the Subsidiary	(₹ in lakhs)	(₹ in lakhs)	(AED in lakhs)	(CLP in lakhs)
	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Pinnacle Life Science LLC	Pinnacle Chile SPA
Tax Expenses	861.56	-	-	-
Profit/(Loss) after Tax	2,542.84	(20.82)	-	(291.78)

Name of the Subsidiary	(₹ in lakhs)	(₹ in lakhs)	(AED in lakhs)	(CLP in lakhs)
	Pinnacle Life Science Private Limited	Aarti Speciality Chemicals Limited	Pinnacle Life Science LLC	Pinnacle Chile SPA
The financial year of Subsidiary ended on	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Reporting currency	₹	₹	AED	CLPESOS
a- Share Capital	778.28	25.00	-	322.91
b- Other Equity	2,988.94	(1.89)	(0.07)	(48.78)
c- Debts & other Liability	7,693.97	1.89	0.07	48.23
Total Liability (a+b+c)	11,461.19	25.00	0.00	322.36
Total Assets	11,461.19	25.00	0.00	322.36
Total Income	20,893.17	0.00	0.00	32.55
Profit/(loss) Before Tax	1,080.36	(1.89)	(0.07)	(48.78)
Tax Expenses	459.00	0.00	0.00	0.00
Profit/(Loss) after Tax	621.36	(1.89)	(0.07)	(48.78)

34 SECURITIES FOR LOANS TAKEN FROM BANKS:

a.

Bank Name	(₹ in lakhs)			
	As at March 31, 2021	As at March 31, 2020	Due for installment	
			F.Y.2021-22	Subsequent Years
Saraswat Co-Op Bank Limited	-	741.65	-	-
SVC Co-op Bank Limited	6,525.80	13,812.88	1,523.33	5,002.47
Kotak Mahindra Bank Limited	5,400.00	-	1,800.00	3,600.00
Bank Of Baroda	-	6749.99	-	-
HDFC Bank Limited	4,845.00	-	637.50	4,207.50
State Bank Of India	1,088.93	-	-	1,088.93

Note:

- Above term loans except term loan from State Bank of India (Gift City) are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3, E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B) ,T-150 & G61,G62 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904 , 211,213 , 2601,2602,2603, Baddi- Himachal Pradesh
- Term Loan from State Bank of India (Gift City) is secured by pari-passu first charge by way of hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3, E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B) ,T-150 & G61,G62 and MIDC Turbhe

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904 , 211,213 , 2601,2602,2603, Baddi- Himachal Pradesh.

- (iii) Term Loan from HDFC Bank Limited and SVC Co-op Bank Limited and Saraswat Co-op Bank Limited is also secured by way of pari-passu second charge on current assets of the Company both present and future.
- (iv) Term Loan of ₹195.28 Crs is secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders
- b.** Loans from Scheduled Banks Payable on Demand of ₹ **9,580.91 lakhs** (Previous Year ₹ 8,576.48 lakhs) are secured by pari-passu first charge by way of hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of movable fixed assets. both present and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120 ,E9/3,E9/4, W-60(B), W61(B),W62(A),W71(B),W72(B)W73(B),T-150 & G61,G62 and MIDC Turbhe Plot No. D-277 & D-278.GIDC, Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, 211,213, 2601,2602,2603, Baddi- Himachal Pradesh

35. The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2021, the Company had hedge in aggregate an amount of ₹ **29,080.36/-lakhs** (previous year ₹15,185.22/-lakhs) out of its annual trade related operations (export& import) aggregating to ₹ **1,35,323.05/-lakhs** (previous year ₹1,14,287.90/-lakhs) after considering natural hedge

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

AS PER REPORT OF EVEN DATE

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No.105215W/W100057

Sd/-

CA Milind Bhave

Partner

M.NO.047973

Place : Mumbai

Date: May 15, 2021

For and on Behalf of the Board of Directors

Sd/-

Prakash M. Patil

(Chairman, Managing Director & CEO)

DIN : 00005618

Sd/-

Adhish P. Patil

(Chief Financial Officer)

Sd/-

Harit P. Shah

(Whole Time Director)

DIN : 00005501

Sd/-

CS Rushikesh Deole

(Company Secretary & Compliance officer)

Notice of Annual General Meeting

NOTICE is hereby given that the THIRTY SIXTH ANNUAL GENERAL MEETING of the members of **AARTI DRUGS LIMITED** will be held on Saturday, the 4th day of **September 2021 at 11:30 AM (IST)** through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Auditors and the Board of Directors' thereon.
2. To appoint a Director in place of Harshit M. Savla (DIN 00005340) who is liable to retire by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to provisions of sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Schedule V of the Companies Act, 2013, approval of the Company be and is hereby accorded to the re-appointment of Shri Prakash M. Patil (DIN: 00005618) as the Managing Director of the Company for a period of five years with effect from June 1, 2022 upon the terms and conditions including remuneration payable to him as set out in the explanatory statement annexed to the Notice convening this meeting, with liberty to the Board to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed between the Board and Shri Prakash M. Patil.

RESOLVED FURTHER THAT the remuneration payable to Shri Prakash M. Patil, shall not exceed the overall

ceiling of the total managerial remuneration as provided under section 197 and Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel of the Company be and hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid 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 provisions of sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Schedule V of the Companies Act, 2013, approval of the Company be and is hereby accorded to the re-appointment of Shri Harshit M. Savla (DIN: 00005340) as the Managing Director of the Company (designated as Joint Managing Director) for a period of five years with effect from June 1, 2022 upon the terms and conditions including remuneration payable to him as set out in the explanatory statement annexed to the Notice convening this meeting, with liberty to the Board to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed between the Board and Shri Harshit M. Savla.

RESOLVED FURTHER THAT the remuneration payable to Shri Harshit M. Savla, shall not exceed the overall ceiling of the total managerial remuneration as provided under section 197 and Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel of the Company be and hereby severally authorised to do all such acts, deeds,

NOTICE (Contd.)

matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to provisions of sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Schedule V of the Companies Act, 2013, approval of the Company be and is hereby accorded to the re-appointment of Shri Harit P. Shah (DIN: 00005501) as the Whole time Director of the Company for a period of five years with effect from June 1, 2022 upon the terms and conditions including remuneration payable to him as set out in the explanatory statement annexed to the Notice convening this meeting, with liberty to the Board to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed between the Board and Shri Harit P. Shah.

RESOLVED FURTHER THAT the remuneration payable to Shri Harit P. Shah, shall not exceed the overall ceiling of the total managerial remuneration as provided under section 197 and Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel of the Company be and hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 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 gross remuneration payable

to Shri Uday M. Patil (DIN: 01186406), Director, who is in the permanent wholetime employment of the Company, from existing ₹ 24,00,000/- per annum to ₹ 32,00,000/- per annum with effect from April 1, 2021.

RESOLVED FURTHER THAT the Board of Directors (which includes any committee thereof) be and is hereby authorised to vary or increase the remuneration of Shri Uday M. Patil 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 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."

7. 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 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), approvals of the Nomination and Remuneration Committee and the Board of Directors of the Company and subject to all such sanctions, if any, as may be necessary, approval of the Company be and is hereby given for continuation of payment of commission at the rate of 3.20% of the net profit of the Company payable in aggregate to and shared by Shri Prakash M. Patil, Chairman, Managing Director & CEO, Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director and Shri Harit P. Shah, Whole-time Director of the Company for the period from April 1, 2022 till the remainder of their respective existing tenures, payable on quarterly basis, and that the respective Agreements (Principal and Supplemental Agreements) made with each one of them as amended from time to time shall stand amended and construed accordingly.

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."

**NOTICE (Contd.)**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 3,00,000/- (Rupees three lakhs only) per annum plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid to GMVP & Associates LLP, Cost Accountant, being the Cost Auditor as appointed by the Board of Directors based on the recommendations of the Audit Committee of the Company, for the conduct of the Audit of the cost accounting records of the Company, for the financial year ending March 31, 2022 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 : July 27, 2021

By Order of the Board

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

Notes:

1. In view of the continuing 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, Circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in (collectively referred to as "SEBI Circulars") 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 36th AGM shall be the Registered Office of the Company.

2. Pursuant to abovementioned MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the body corporate can attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 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 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-Voting agency. The facility of casting votes by a member using remote e-voting system as well as e-voting system on the date of the AGM will be provided by NSDL.
6. In line with the MCA and SEBI Circulars, the Notice calling the AGM along with Annual Report 2020-21 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 (Contd.)

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 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.
8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item Nos. 3 to 8 above is annexed hereto and forms part of the Notice. Further, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") and the provisions of the Secretarial Standard No. 2 on General Meetings, a brief profile of the director proposed to be appointed is set out in the Explanatory Statement to this Notice.
9. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. For obtaining these copies through electronic means Members may write to the Company Secretary by sending an email to investorrelations@aartidrugs.com till the date of the AGM.
10. 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.
11. Members holding shares in dematerialised 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.
12. The Company has transferred unclaimed amounts of Interim Dividend for the FY 2012-13 & 2013-14 and Final Dividend for FY 2012-13 to the Investor Education and Protection Fund as required under Section 124 and 125 of the Companies Act, 2013.
13. The Company has uploaded the information in respect of the Unclaimed Dividends as on March 31, 2021, 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".
14. 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 dematerialised form with the depositories. Therefore, the Shareholders are requested to take action to dematerialise the Equity Shares of the Company, promptly.
15. 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 rt.helpdesk@linkintime.co.in or to the Company at investorrelations@aartidrugs.com

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16. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.aartidrugs.co.in. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to M/s. Link Intime India Private Limited, in case the shares are held in physical form
17. In case of Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or M/s. Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
18. 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 remote e-voting period begins on Wednesday, September 1, 2021 at 9:00 AM (IST) and ends on Friday, September 3, 2021 at 5:00 PM (IST). The remote e-voting

module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Saturday, August 28, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Saturday, August 28, 2021.

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 and join General Meeting on NSDL e-Voting system.

Details on Step 1 is mentioned below:

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against Company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against Company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against Company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

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4. Your User ID details are given below :

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. Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- 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.
- How to retrieve your 'initial password'?
 - 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'.
 - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - 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 etc.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- Now, you will have to click on "Login" button.
- After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
- Now you are ready for e-Voting as the Voting page opens.
- 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.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

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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., authorising their representatives to attend and to vote on their behalf at the meeting electronically to the Scrutiniser 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 36th 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.
Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or [email at amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)
Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or [email at pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF EMAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@aartidrugs.com.
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.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
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](mailto:amitv@nsdl.co.in)
Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or [email at pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note



NOTICE (Contd.)

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.

- Members are encouraged to join the Meeting through Personal Computer/ Laptops for better experience.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/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.
- 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.
- Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied by the Company suitably.
- Since the AGM will be held through VC/OAVM in accordance with the Circulars mentioned above, the route map, proxy form and attendance slip are not attached to this Notice.

- Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ 1800-222-990. Further, please find below details of NSDL officials for queries. 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

OTHER INSTRUCTIONS

- The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Saturday, August 28, 2021 are entitled to vote on the Resolutions, set forth in this Notice.
- 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 Saturday, August 28, 2021.
- 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.
- 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.
- 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.
- The Scrutiniser shall, after scrutinising the votes, within two working days from the conclusion of the Meeting, submit a consolidated scrutiniser's report thereon to the Chairman or a person authorised by him in writing which will be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

Registered Office:
Plot No. N-198, MIDC Tarapur,
Village - Pamtermbhi,
Dist. Palghar - 401 506,
Maharashtra
Place: Mumbai
Date : July 27, 2021

By Order of the Board

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

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

The term of appointment of Shri Prakash M. Patil as the Managing Director of the Company will expire on May 31, 2022. The Board of Directors (Board) of the Company at meeting held on July 27, 2021, based on the recommendation of the Nomination & Remuneration Committee, has approved the proposal of re-appointment of Shri Prakash M. Patil as the Managing Director of the Company for a period of five years with effect from June 01, 2022 upon the terms and conditions contained in the draft Agreement to be entered into by the Company with him subject to the approval of the Company in General Meeting.

Section 196(3) of the Companies Act, 2013, inter alia, provides that no Company shall continue the employment of a person who has attained the age of 70 years, as Managing Director, Whole time director or Manager unless it is approved by the members by passing a special resolution. Part 1 of Schedule V to the Act contains a similar relaxation. Shri Prakash M. Patil has attained the age of 74 years and hence his reappointment as the Managing Director requires the approval of members by way of a special resolution.

Shri Prakash M. Patil holds a degree of B.E. Chemical from Institute of Chemical Technology (ICT) (formerly known as University Department of Chemical Technology). He is having more than 43 years of experience in the field of Chemical and Pharmaceutical Industry. His technical expertise has helped the Company to emerge as one of the leading pharmaceutical Company in the country.

Keeping in view that Shri Prakash M. Patil has rich and varied experience in the Industry and has been involved in the operations since inception of the Company; it would be in the interest of the Company to continue the employment of Shri Prakash M. Patil as the Managing Director.

The said draft Agreement, inter-alia, contain the following material terms and conditions:

1. **Period of Agreement:** June 1, 2022 to May 31, 2027
2. **Remuneration:** effective from June 1, 2022

(a) **Salary:** ₹ 80,00,000/- per annum

The Board of Directors shall have specific authority to revise or vary salary payable to Shri Prakash M. Patil, subject to recommendation/ approval by the Nomination & Remuneration Committee, up to an amount not exceeding ₹1,20,00,000/- per annum.

(b) **Commission:**

Shri Prakash M. Patil shall be entitled to be paid

share in aggregate commission upto 3.2% of the net profit of the Company as calculated in accordance with the provision of Section 198 of the Companies Act, 2013. Such commission shall be payable on quarterly basis.

(c) **Perquisites/Allowances:**

In addition to Salary and Commission, Shri Prakash M. Patil shall be entitled to the following perquisites / allowances:

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

Explanation: "Family" means the spouse, the dependent children and dependent parents of Shri Prakash M. Patil.

The perquisites and allowances together with the salary and commission payable as aforesaid shall be restricted to and subject to the applicable overall maximum ceiling limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 for the time being in force.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

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

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

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official

ANNEXURE TO THE NOTICE (Contd.)

calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

3. Annual Privilege Leave:

On full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

4. Shri Prakash M. Patil shall not be paid any sitting fees for attending the Meetings of the Board of Directors and/or Committee(s) thereof.
5. Either party shall be entitled to terminate the agreement by giving to the other party 180 days' notice in writing without showing any cause provided that the same may be waived mutually.
6. The terms and conditions of the said re-appointment and/or remuneration and/or agreement may be altered and varied from time to time, by the Board of Directors so as not to exceed the limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof), for the time being in force or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.
7. The other terms and conditions of the agreement are such as are customarily contained in agreements of similar nature.

Your Directors recommend the resolution at Item No. 3 for your approval as a Special Resolution.

Shri Prakash M. Patil is interested in the resolution pertaining to his own re-appointment and related agreement. Shri Uday Patil, Director and related as brother and Shri Adish Patil, CFO and related as son to him may be deemed to be interested in the said resolution. Relatives of Shri Prakash M. Patil may be also be deemed to be interested in the said resolution to the extent of their respective shareholdings, 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 AND 5

The terms of appointment of Shri Harshit M. Savla as Joint Managing Director and Shri Harit P. Shah as Whole time Director of the Company will expire on May 31, 2022. The Board of Directors (Board) of the Company at meeting held on July 27, 2021, based on the recommendation of the Nomination and Remuneration Committee, has approved the proposals of reappointment of Shri Harshit M. Savla

as the Managing Director (designated as Joint Managing Director) and Shri Harit P. Shah as Whole time Director of the Company for a period of five years with effect from June 01, 2022 upon the terms and conditions contained in the draft Agreements to be entered into by the Company with them subject to the approval of the Members in General Meeting.

The said draft Agreements, inter-alia, contains the following material terms and conditions:

1. **Period of Agreement:** June 1, 2022 to May 31, 2027

2. **Remuneration:** effective from June 1, 2022

(a) **Salary:** Shri Harshit M. Savla and Shri Harit P. Shah shall be entitled to be paid a Salary of ₹64,00,000 per annum for each one of them.

The Board of Directors shall have specific authority to revise or vary salary payable to Shri Harshit M. Savla and Shri Harit P. Shah, subject to recommendation/approval by the Nomination & Remuneration Committee, up to an amount not exceeding ₹1,20,00,000/- per annum in each case.

(b) **Commission:**

Shri Harshit M. Savla and Shri Harit P. Shah shall be entitled to be paid share in aggregate commission upto 3.2% of the net profit of the Company as calculated in accordance with the provision of Section 198 of the Companies Act, 2013. Such commission shall be payable on quarterly basis.

(c) **Perquisites/Allowances:**

In addition to Salary and Commission, Shri Harshit M. Savla and Shri Harit P. Shah shall be entitled to the following perquisites / allowances: House rent allowance, Reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, provision of car for the business of the Company, personal accident insurance; Bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

Explanation: "Family "means the spouse, the dependent children and dependent parents of the Jt. Managing Director/ Whole time Director

The perquisites and allowances together with the salary and commission payable as

ANNEXURE TO THE NOTICE (Contd.)

aforsaid shall be restricted to and subject to the applicable overall maximum ceiling limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 for the time being in force.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

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

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

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

3. Annual Privilege Leave:

On full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

4. Shri Harshit M. Savla and Shri Harit P. Shah shall not be paid any sitting fees for attending the Meetings of the Board of Directors and/or Committee(s) thereof.
5. Either party shall be entitled to terminate the agreement by giving to the other party 180 days' notice in writing without showing any cause provided that the same may be waived mutually.
6. The terms and conditions of the said re-appointment and/or remuneration and/or agreement may be altered and varied from time to time, by the Board of Directors so as not to exceed the limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 [including any statutory modifications or re-enactment thereof], for the time being in force or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.

7. The other terms and conditions of the agreement are such as are customarily contained in agreements of similar nature.

Your Directors recommend the resolutions at Item No. 4 and 5 for your approval as Ordinary Resolutions.

Shri Harshit M. Savla and Shri Harit P. Shah is interested in the resolution pertaining to their respective re-appointment and related agreements. Relatives of Shri Harshit M. Savla and Shri Harit P. Shah may be deemed to be interested in the said respective resolution to the extent of their respective shareholdings, 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 resolutions.

ITEM NO. 6

Nomination & Remuneration Committee of the Board at its meeting held on May 15, 2021, has evaluated the performance of the Executive Directors and in accordance with Company's performance and Industry norms, recommended revision in the ceiling limit of gross remuneration payable to Shri Uday M. Patil (DIN: 01186406) from existing ₹ 24,00,000/- per annum to ₹ 32,00,000/- per annum. In line with the regulatory requirements, subject to approval of the members, revised ceiling limit shall be effective from April 1, 2021

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

Shri Uday M. Patil is interested in the said resolution. Shri Prakash Patil, Managing Director and related as brother may be deemed to be interested in the resolution. Relatives of Shri Uday M. Patil may be deemed to be interested in the said resolution to the extent of their respective shareholdings, 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. 7

Shri Prakash M. Patil, Chairman, Managing Director & CEO, Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director, Shri Harit P. Shah, Whole-time Director of the Company are holding their respective offices for a period of five years in terms of their respective Principal Agreements entered into by the Company with each of them and amended from time to time by way of Supplemental Agreement(s), if any, thereto.

Section 197 of the Companies Act, 2013 ("the Act"), inter alia, permits payment of remuneration to Executive Directors by way of Commission, if the Company authorises

ANNEXURE TO THE NOTICE (Contd.)

such payment by way of a resolution of members. Based on the recommendation of the Nomination and Remuneration Committee of the Board of Directors duly approved by a resolution passed at its meeting, the Board of Directors at its meeting held on July 27, 2021, subject to approval of the Company in the General Meeting, has approved the continuation of payment of commission at the rate of 3.20% of the net profit of the Company payable in aggregate to and shared by the said Executive Directors for the period from April 1, 2022 till for the remainder of their respective existing tenures. Earlier, payment of the commission as aforesaid was duly approved by the Board at its meeting held on May 23, 2017 and the members at Annual General Meeting held on August 18, 2017 for the period up to FY 2020-21 only.

Such commission will accrue and shall be payable on quarterly basis and will be subject to adjustment for relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

The respective Agreements (Principal and Supplemental Agreements) made with each one of them as amended from time to time shall stand amended and construed accordingly.

All other terms and conditions remain unchanged. The Principal and Supplemental Agreement(s) referred to hereinabove are available for inspection at the registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays up to the date of Annual General Meeting.

Your Directors recommend the resolution at Item No. 7 for your approval as an Ordinary Resolution.

Shri Prakash M. Patil, Chairman, Managing Director & CEO, Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director, Shri Harit P. Shah, Whole-time Director of the Company are interested in the said resolution pertaining to payment of commission to them as aforesaid. Shri Uday M. Patil, Whole-time Director and Shri Adhish P. Patil, Chief Financial Officer, being the Brother and Son respectively of Shri Prakash M. Patil are deemed to be concerned or interested in the resolution.

Relatives of Shri 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 shareholdings, 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. 8

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 2021-22 was recommended by the Audit Committee to the Board. The Board thereby re-appointed GMVP & Associates LLP, Cost Accountant, as Cost Auditor for the conduct of the audit of the cost accounting records of the Company, at a remuneration of ₹ 3,00,000/- (Rupees three lakhs only) per annum plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid for the financial year ending March 31, 2022.

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 - Pamtermbhi,
Dist. Palghar - 401 506,
Maharashtra
Place: Mumbai
Date : July 27, 2021

By Order of the Board

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

ANNEXURE TO THE NOTICE (Contd.)

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

Particulars	Shri Prakash M. Patil (DIN: 00005618)	Shri Harshit M. Savla (DIN: 00005340)
Date of birth and age	August 16, 1947 (73 years)	November 19, 1962 (58 years)
Date of Appointment	January 5, 1985	January 2, 1987
Qualifications	B.E. – Chemical	B.Com
Experience and expertise in specific functional areas	He is associated with the Company 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 43 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.	He is a Commerce Graduate having more than 33 years of experience in Finance, Export and Administration. He played crucial role in expanding the export market for the products of the Company.
Directorships held in other public Companies	NIL	Pinnacle Life Science Private Limited Aarti Ventures Limited
Memberships/Chairmanships of committees of other public companies	NIL	NIL
Number of shares held in the Company	84,30,988	43,76,733
Relationship with other Directors, Manager and Key Managerial Personnel	Brother of Shri Uday M. Patil and Father of Shri Adhish P. Patil	NIL



ANNEXURE TO THE NOTICE (Contd.)

Particulars	Shri Harit P. Shah (DIN: 00005501)
Date of birth and age	October 12, 1963 (57 years)
Date of Appointment	September 15, 1995
Qualifications	B. Com
Experience and expertise in specific functional areas	He has experience of over 38 years in the field of overall commercial functions like selection of the new products, procurement and Marketing. He has in-depth knowledge of the pharmaceutical industry.
Directorships held in other public Companies	Pinnacle Life Science Private Limited Aarti Ventures Limited Aarti Speciality Chemicals Limited
Memberships/Chairmanships of committees of other public companies	NIL
Number of shares held in the Company	24,50,133
Relationship with other Directors, Manager and Key Managerial Personnel	NIL

Note: For other details such as number of meetings of the Board/ Committees attended during the year and remuneration drawn pertaining to the above directors, please refer to the Corporate Governance Report which is a part of this Annual Report.



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