



Aarti Industries Ltd.

the **RIGHT CHEMISTRY**
for a **BRIGHTER TOMORROW**

Vision

To emerge as key source to leading Global consumers of Speciality Chemicals and Intermediates for Dye stuff, Agro, Polymers, Pharma & Surfactants.

Mission

- To constantly strive to set up and maintain global size plant facilities.
- To become customer-driven Company by providing customized solutions and service to meet changing customer requirements.
- To maintain consistent quality and timely delivery at competitive prices.
- To use best cost effective manufacturing methods supported by proven, eco-friendly and safe technologies
- Commitment to growth by Research & new product development and progressive increase in Exports.
- Continuous focus on people to encourage and nurture winning organizational culture.
- To meet the challenges of competition by dynamic management drive.





Corporate Information

Chairman Emeritus

Chandrakant V. Gogri

Board of Directors

Rajendra V. Gogri

Chairman & Managing Director

Shantilal T. Shah

Vice Chairman

Rashesh C. Gogri

Vice Chairman & Managing Director

Independent Directors

Ramdas M. Gandhi

Laxmichand K. Jain

Vijay H. Patil

Haresh K. Chheda (upto 31st March, 2014)

K.V.S. Shyam Sunder

P. A. Sethi

Bhavesh R. Vora

Sunil M. Dedhia (upto 31st March, 2014)

Whole-time Directors

Parimal H. Desai

Manoj M. Chheda

Hetal Gogri Gala

Kirit R. Mehta

Renil R. Gogri

Chief Financial Officer

CA Chetan Gandhi

Company Secretary

CS Mona Patel

Auditors

M/s Parikh Joshi & Kothare

49/2341, M.H.B. Colony, Gandhi Nagar,
Bandra (East), Mumbai – 400 051

Registrar & Transfer Agent

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

Samhita Warehousing Complex,
Gala No. 52 to 56, Bldg. No.13 A-B,
Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka,
Mumbai - 400 072

Telephone - 022-67720300/67720400

Fax No. - 022-28591568

Bankers

Axis Bank Ltd.

Bank of Baroda

Citi Bank N.A.

DBS Bank Ltd.

Export-Import Bank of India

First Rand Bank

HDFC Bank Ltd.

IDBI Bank Ltd.

IndusInd Bank Ltd.

ING Vysya Bank Ltd.

Kotak Mahindra Bank Ltd.

Societe Generale

Standard Chartered Bank

State Bank of India

Union Bank of India

Registered Office

**Plot Nos. 801, 801/23, GIDC Estate,
Phase III, Vapi-396 195, Dist. Valsad, Gujarat.**

Corporate Identity Number:

L24110GJ1984PLC007301

Corporate Office

**Udyog Kshetra, 2nd Floor,
Mulund – Goregaon Link Road, L.B.S. Marg,
Mulund (West), Mumbai - 400 080**

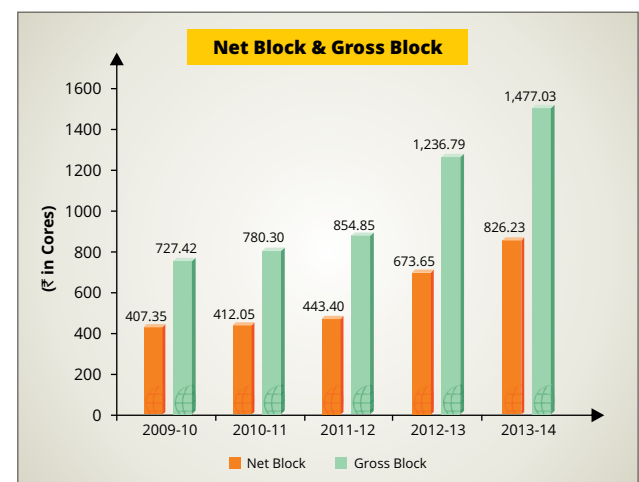
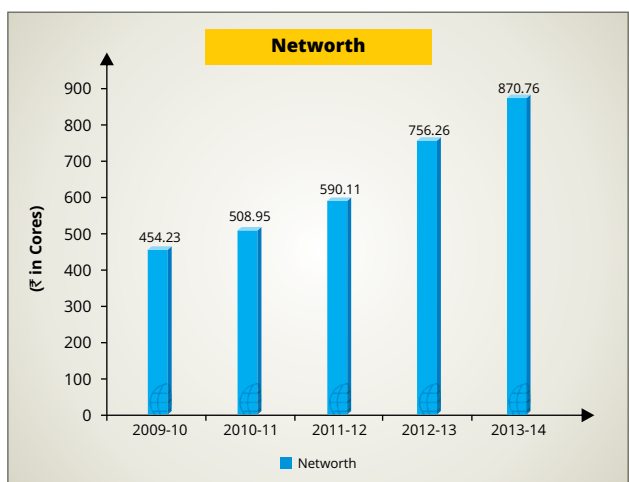
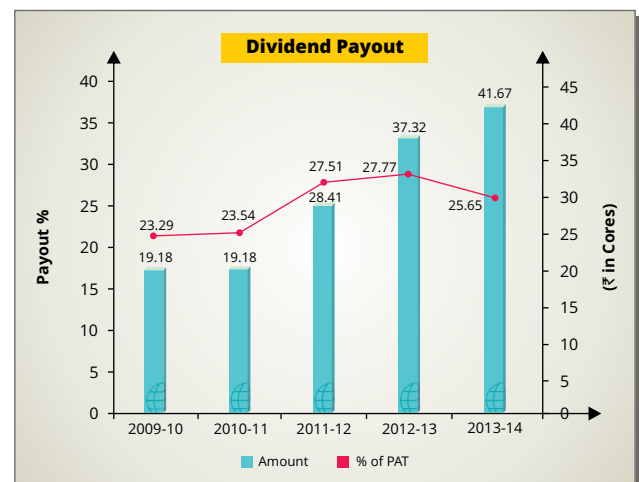
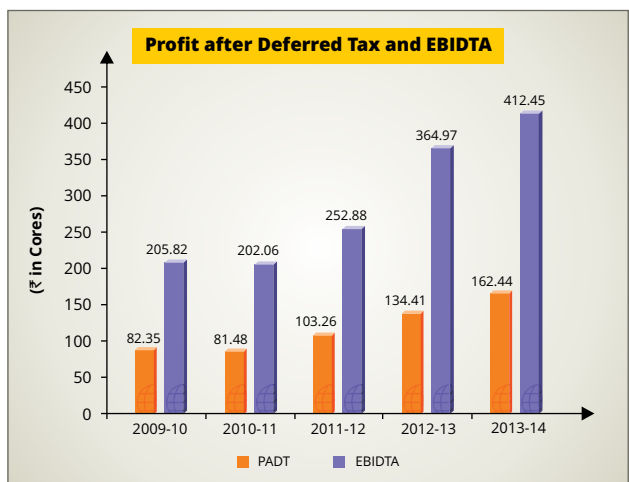
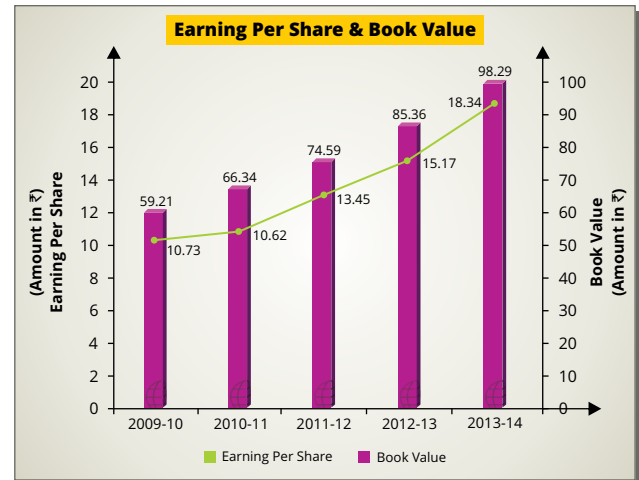
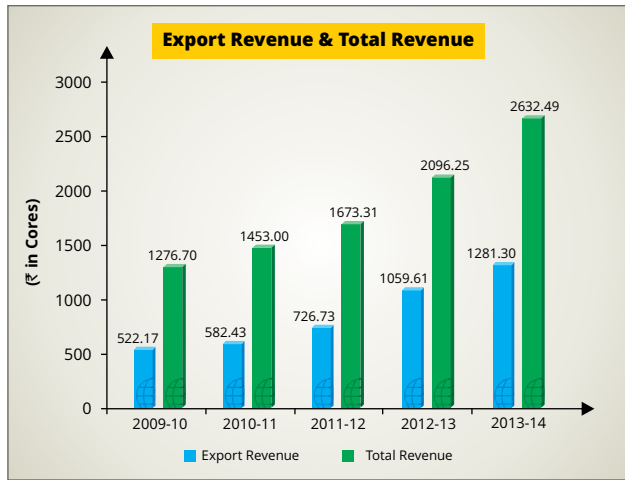
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Consolidated Financial Highlights





CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Financial Year Ended on							
	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Income from Operations	263,249	209,625	167,331	145,300	127,670	143,195	87,972	70,071
EBIDTA	41,245	36,497	25,288	20,206	20,582	24,829	12,546	8,976
Interest	11,784	9,537	7,184	5,621	5,199	8,949	3,891	2,906
Depreciation	8,852	8,284	5,485	4,981	4,707	4,013	2,860	2,677
Profit before tax	20,609	18,676	12,619	9,604	10,676	11,867	5,796	3,394
Share of Profit from Associates	1,088	241	1,431	1,544	1,397	1,309	670	498
Consolidated Profit after tax (& Deferred tax)	16,244	13,441	10,326	8,148	8,235	9,461	4,654	2,997
Dividend %	90	80	70	50	50	60	30	16
Payout	4,167	3,732	2,841	1,918	1,918	2,195	1,092	582
Per Share Dividend (in ₹)	4.50	4.00	3.50	2.50	2.50	3.00	1.50	0.80
Equity Capital	4,430	**4,430	*3,956	3,836	*3,836	3,685	3,640	3,640
Reserve & Surplus	82,646	71,196	55,055	46,711	41,608	33,682	26,782	23,557
Networth	87,076	75,626	59,011	50,895	45,423	37,428	30,326	27,256
Borrowings (Long term & Short term)	94,941	80,474	58,824	49,462	39,418	44,044	38,774	30,216
Gross Block	147,703	123,679	85,485	78,030	72,742	66,259	52,677	49,106
Less: Depreciation	65,080	56,314	41,145	36,825	32,007	27,063	21,872	18,549
Net Block (Fixed Assets)	82,623	67,365	44,340	41,205	40,735	39,196	30,805	30,557
Capital work-in-progress	11,744	6,869	5,442	1,845	915	883	3,331	1,704
Investments	11,724	9,542	9,357	7,642	5,436	4,055	3,147	2,563
Working Capital Assets	160,922	133,822	106,843	88,794	74,351	64,204	56,296	43,606
Less: Working Capital Liabilities	76,104	53,984	42,260	33,193	31,054	22,836	21,185	18,369
Net Working Capital	84,818	79,838	64,583	55,601	43,297	41,368	35,111	25,237
Face Value per share (₹)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Book Value per share (₹)	98.29	85.36	74.59	66.34	59.21	50.79	41.65	37.43
EPS (Basic & Diluted) (₹)	18.34	**15.17	*13.45	10.62	*10.73	11.81	5.61	3.47

Figures have been regrouped and restated in compliance with the revised reporting requirements.

* Based on increased equity post conversion of Preferential warrants

** Based on increased equity pursuant to Scheme of Arrangement between Aarti Industries Limited with Anushakti Chemicals and Drugs Limited.



NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the Members of AARTI INDUSTRIES LIMITED will be held at the Registered Office of the Company at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat, on Wednesday, the 24th day of September, 2014, at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a final dividend for the financial year ended 31st March, 2014.
3. To appoint a Director in place of Shri Manoj M. Chheda (DIN: 00022699), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kirit R. Mehta (DIN: 00051703), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, and pursuant to recommendation of the Audit Committee of the Board of Directors, M/s. Gokhale & Sathe, Chartered Accountants (Firm Regn. No. 103264W) be and are hereby appointed as Statutory Auditors of the Company for a period of 3 (three) years, subject to ratification by the members at every Annual General Meeting (AGM) and eligibility of the firm, to hold office from the conclusion of this AGM until the conclusion of the thirty fourth AGM of the Company, on such remuneration and reimbursement of out of pocket expenses, as shall be decided/approved by the Board of Directors."

SPECIAL BUSINESS

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 and 197 and all other applicable provisions, if any, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and 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 subject to all such sanctions, if any, as may be necessary, the Company hereby approves, variation in the terms of remuneration payable to Shri Rashesh C. Gogri (DIN: 00066291), Vice Chairman & Managing Director, Shri Parimal H. Desai (DIN: 00009272), Shri Manoj M. Chheda (DIN: 00022699), Smt. Hetal Gogri Gala (DIN: 00005499), Shri Kirit R. Mehta (DIN: 00051703) and Shri Renil R. Gogri (DIN: 01582147) Wholetime Directors of the Company with effect from 1st April, 2014 as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to 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 the provisions of Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 read with Schedule IV thereof and the Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri Bhavesh R. Vora (DIN: 00267604), Director of the Company, who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the said Act signifying his intention to propose Shri Bhavesh R. Vora as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, not liable to retire by rotation."
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 Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 read with Schedule IV thereof and the Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri P. A. Sethi (DIN: 00004038), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the said Act signifying his intention to propose Shri P. A. Sethi as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, not liable to retire by rotation."



9. 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 Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 read with Schedule IV thereof and the Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri K. V. S. Shyam Sunder (DIN: 00502621), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the said Act signifying his intention to propose Shri K. V. S. Shyam Sunder as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, not liable to retire by rotation."
10. 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 Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 read with Schedule IV thereof and the Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri Ramdas M. Gandhi (DIN: 00029437), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the said Act signifying his intention to propose Shri Ramdas M. Gandhi as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, not liable to retire by rotation."
11. 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 Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 read with Schedule IV thereof and the Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri Vijay H. Patil (DIN: 00030046), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the said Act signifying his intention to propose Shri Vijay H. Patil as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, not liable to retire by rotation."
12. 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 Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 read with Schedule IV thereof and the Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri Laxmichand K. Jain (DIN: 00042099), Director of the Company whose period of office was liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the said Act signifying his intention to propose Shri Laxmichand K. Jain as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, not liable to retire by rotation."
13. To ratify the appointment of Cost Auditor for the year 2014-15 by passing the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT subject to such rules, guidelines and approval as may be necessary the re-appointment of Ms. Ketki D. Visariya, Cost Accountant, as Cost Auditor to audit the cost accounts and related books maintained by the Company in respect of Organic & Inorganic Chemicals, Bulk Drugs, and Fertilizers for Financial Year 2014-15 on a remuneration of ₹ 1,50,000/- (Rs One Lac Fifty Thousand Only) plus Service Tax as applicable, be and is hereby ratified."
14. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:
"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 22nd Annual General Meeting held on 30th September, 2005 and pursuant to Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board") to borrow any sum or sums of money/ies, from time to time, notwithstanding that money so borrowed together with the money/ies already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's bankers, including and not limited to



working Capital Loans, in the ordinary course of business), and outstanding at any point of time, may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose, provided that the total amount so borrowed by the Board shall not exceed ₹ 2,000 Crores (Rupees Two Thousand Crores Only).

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorized to arrange and finalise the terms and conditions of all such monies to be borrowed from time to time and to do all such acts, matter, deeds and things as may be necessary or expedient for implementing and for giving effect to the above resolution in the best interest of the Company."

15. To approve and ratify the issue of Non-Convertible Debentures by passing the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to approve and ratify issue of 400 Redeemable, Non-Convertible Debentures (NCDs) of the face value of ₹ 50,00,000/- (Rupees Fifty Lakh only) each, aggregating ₹ 200 Crores (Rupees Two Hundred Crores Only) issued and allotted on private placement basis, to Indusind Bank Limited on 31st July, 2014, within the overall borrowing limits of the company, as approved by the members, on such terms and conditions as decided by the Board of Directors of the Company (including Committees thereof), including rate of interest, tenure and security cover thereof, utilisation of the issue proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for Secured/Unsecured Redeemable Non-convertible Debentures, in one or more series/tranches, on private placement basis, aggregating up to ₹ 100 Crores (Rupees Hundred Crores Only), within the overall borrowing limits of the Company, as approved by the members, on such terms and conditions as the Board of Directors of the Company (including Committees thereof) may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said Debentures be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised to do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments and writings as may be deemed necessary, proper, desirable or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be and are hereby substituted by a new set of Articles of Association, a draft of which has been initialed by the Chairman and made available for inspection by the shareholders at the registered office of the Company, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the entire exclusion of all the Articles contained in the existing Articles of Association.

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

Registered Office:
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi-396195,
Dist. Valsad, Gujarat

Place: Mumbai
Date: 11th August, 2014

By order of the Board

Sd/-
CS MONA PATEL
Company Secretary



Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. Further, a Member holding more than 10% (ten percent), of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
The instrument appointing a proxy must be deposited at the registered office of the company not less than 48 hours before the commencement of meeting.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at Item Nos. 6 to 16 above is annexed hereto and forms part of the Notice.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2014 to 24th September, 2014 (both days inclusive) for the purpose of payment of the final dividend for the financial year ended 31st March, 2014 and the AGM.
Dividend on Equity shares as recommended by the Board of Directors for the year ended 31st March, 2014, if approved at the Meeting, will be payable to those eligible Members whose names appear on the Register of Members as on 17th September, 2014.
5. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the AGM.
6. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Sharepro Services (India) Private Limited, immediately of any change in their address and bank details. Members holding shares in 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.
7. Members holding shares in dematerialized form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) and Permanent Account Number (PAN) with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA as the same is mandated by the Securities and Exchange Board of India.
8. Queries on accounts may please be sent to the Company 10 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.
9. The Company has transferred unclaimed amounts of 2nd Interim dividend, Final Dividend for the year 2005-06 and 1st Interim dividend for the year 2006-07 to the Investor Education and Protection Fund as required under Sections 205A and 205C of the Companies Act, 1956.
10. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 30th Annual General Meeting (AGM) held on 23rd September, 2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aartigroup.com
11. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail addresses to the Sharepro Services (India) Private Limited (RTA) sending an e-mail at sharepro@shareproservices.com or to the Company at investorrelations@aartigroup.com.
12. Copies of the Annual Report 2013-14 are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2013-14 are being sent by the permitted mode.
13. Members/Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
14. In terms of Sections 107 and 108 of the Companies Act, 2013 read with the Rules made thereunder, the Company is pleased to provide the facility to its Members holding shares in physical or dematerialized form as on the cut-off date, being 8th August, 2014, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The complete details of the instruction for e-voting along with the User ID and Password are being sent to all the Members along with the AGM Notice.



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

Particulars	Shri Manoj M. Chheda	Shri Kirit R. Mehta	Shri Bhavesh R. Vora
Date of birth and age	23.10.1962 (52 years)	02.08.1948 (66 years)	13.09.1967 (46 years)
Appointed on	25.11.1993	18.09.2000	23.09.2008
Qualifications	B.Com, L.L.B. (General)	B.Com	B.Com, ACA
Experience and expertise in specific functional areas	He is a Whole - time Director of the Company since November, 1993. He is Commerce Graduate from Mumbai University and holds L.L.B. (General) degree. He has wide experience of over 26 years in purchase and marketing of Chemicals.	He has wide experience in dealing with various Government authorities at Vapi, Sarigam and Jhagadia at Gujarat and Tarapur in Maharashtra where Company's manufacturing units are located. He was the President of Federation of Industries Association Gujarat, Executive member of Gujarat Chamber of Commerce and Industries and also the President of Sarigam Industries Association and the President of Vapi Industries Association.	He is a Practising Chartered Accountant with more than 27 years of experience in working in the field of Stock Brokers Audits, Compliances, Derivatives, Futures & Options, Accounting Standards and Internal & Management Audit areas.
Directorships held in other (excluding foreign) Companies	No other Directorship	Anushakti Holdings Ltd. Anushakti Chemicals and Drugs Ltd. Sarigam Waste and Effluent Management Company Ltd. Amrey enterprises Pvt Ltd.	Aarti Drugs Ltd. Sabero Organics Gujarat Ltd.
Memberships / Chairmanships of committees across public companies	Audit Committee: Aarti Industries Ltd. – Member Shareholders Grievance Committee: Aarti Industries Ltd. – Member Finance Committee: Aarti Industries Ltd. – Member	Audit Committee: Anushakti Holding Ltd. – Chairman Share Holders Grievance Committee: Aarti Industries Ltd. – Member Finance Committee: Aarti Industries Ltd. – Member	Audit Committee: Aarti Industries Ltd. – Member Aarti Drugs Ltd. – Member Share Holders Grievance Committee: Aarti Drugs Ltd. – Member Remuneration Committee: Aarti Drugs Ltd. – Chairman
No. of shares held in the Company	1000001	49980	Nil

Particulars	Shri P. A. Sethi	Shri K.V.S. Shyam Sunder
Date of birth and age	19.10.1944 (69 years)	29.07.1942 (72 years)
Appointed on	23.09.2008	23.09.2008
Qualifications	B.Com, CAIIB	B.Com, ACA
Experience and expertise in specific functional areas	He was an Executive Director in Vijaya Bank from March, 2003 to October 2004. He has more than 46 years experience in Banking sector. He has worked as a General Manager and Deputy General Manager for many years.	He is a fellow member of the Institute of Chartered Accountant of India and a seasoned banker with over 33 years of enriched banking experience. He is also a partner in Singrodia Goyal & Company. He is an expert in Corporate & Retail Banking, Risk Management Credit Rating, Reviewing & Monitoring System and Loan Policies.
Directorship held in other (excluding foreign) Companies	Pro-G Agro Pvt. Ltd.	Ladderup Finance Ltd. Liners India Ltd. Ladderup Wealth Management Pvt. Ltd. Ladderup Corporate Advisory Pvt. Ltd.
Memberships / Chairmanships of committees across public companies	Audit Committee: Aarti Industries Ltd. – Member	Audit Committee: Ladderup Finance Ltd. – Member Aarti Industries Ltd. – Member Shareholders' Grievance Committee: Ladderup Finance Ltd. – Chairman
No. of shares held in company	Nil	Nil



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

Particulars	Shri Ramdas M. Gandhi	Shri Vijay H. Patil	Shri Laxmichand K. Jain
Date of birth and age	14.03.1933 (81 years)	15.07.1937 (77 years)	02.03.1941 (73 years)
Appointed on	29.01.1990	29.01.1990	29.01.1990
Qualifications	L.L.M, Solicitor.	L.L.M	MS (Chem.) US
Experience and expertise in specific functional areas	He is an Advocate & Solicitor and has practised in the High Court at Mumbai since more than 56 years. He is a Corporate Lawyer & has vast experience of Commercial Law, Corporate Law & other related Laws.	He is an advocate of Supreme Court and expert in taxation matters with 50 years experience in legal and taxation matters.	He is an Environmental Expert with over 47 years of experience in the industry.
Directorship held in other (excluding foreign) Companies	Vinyl Chemicals (India) Ltd. Unichem Laboratories Ltd. Aarti Drugs Ltd.	No other Directorship	No other Directorship
Memberships / Chairmanships of committees across public companies	Audit Committee: Aarti Drugs Ltd. – Chairman Aarti Industries Ltd. – Chairman Vinyl Chemicals (India) Ltd. – Chairman Unichem Laboratories Ltd. – Member Shareholders Grievance Committee: Unichem Laboratories Ltd. – Chairman Vinyl Chemicals (India) Ltd. – Member Remuneration Committee: Vinyl Chemicals (India) Ltd. – Member Unichem Laboratories Ltd. – Member Aarti Industries Ltd. – Member Aarti Drugs Ltd. – Member	Audit Committee: Aarti Industries Limited – Member Remuneration Committee: Aarti Industries Limited – Member	Audit Committee: Aarti Industries Limited – Member Remuneration Committee: Aarti Industries Limited – Chairman
No. of shares held in company	26500	7200	20550

Registered Office:
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi-396195,
Dist. Valsad, Gujarat

Place: Mumbai
Date: 11th August, 2014

By order of the Board

Sd/-
CS MONA PATEL
Company Secretary



ANNEXURE TO THE NOTICE

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

Item No. 6

Shri Rashesh C. Gogri, Vice Chairman & Managing Director, Shri Parimal H. Desai, Shri Manoj M. Chheda, Smt. Hetal Gogri Gala, Shri Kirit R. Mehta and Shri Renil R. Gogri Whole-time Directors 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 by way of Supplemental Agreement(s), if any, thereto.

Based on the recommendation of the 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 30th May, 2014, subject to approval of the Company in the General Meeting has revised the terms of payment of Basic Salary to all the said executives with effect from 1st April, 2014.

The Board of Directors will have power to make increments subject to maximum basic salary of ₹ 5,00,000/- per month in case of Shri Rashesh C. Gogri, Shri Parimal Desai, Shri Manoj M. Chheda, Smt. Hetal Gogri Gala, Shri Kirit R. Mehta and Shri Renil R. Gogri. All other terms and conditions remain unchanged.

Your Directors thus commend the said resolution for your approval as an Ordinary resolution.

Shri Rashesh C. Gogri, Shri Parimal H. Desai, Shri Manoj M. Chheda, Smt. Hetal Gogri Gala, Shri Kirit R. Mehta and Shri Renil R. Gogri are interested in the said resolution pertaining to variation of terms of remuneration payable to each of them. Shri Rajendra V. Gogri, Chairman and Managing Director may be deemed to be concerned or interested in the resolution to the extent it relates to Shri Renil R. Gogri as he is related to him. None of the other Director is, in anyway, concerned or interested in the said resolution.

Item Nos. 7 to 9

Shri Bhavesh R. Vora, B.Com., ACA, a practising Chartered Accountant having more than 25 years of experience, has been Independent Director of the Company since 23.09.2008.

Shri P. A. Sethi, B.Com., CAIIB, having more than 46 years of experience in Banking sector has been Independent Director of the Company since 23.09.2008.

Shri K. V. S. Shyam Sunder B.Com., ACA fellow member of the Institute of Chartered Accountant of India and a seasoned banker with over 33 years of enriched banking experience. He has been an Independent Director of the Company since 23.09.2008.

Shri Bhavesh R. Vora, Shri P. A. Sethi and Shri K. V. S. Shyam Sunder, Independent Directors of the Company, had been appointed as Directors liable to retire by rotation and retire by rotation at the ensuing Annual General Meeting in terms of the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), all of them being eligible and seeking re-appointment, are proposed to be appointed as Independent Directors for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24th September, 2014.

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from members along with a deposit of ₹ 1,00,000/- in each case, proposing candidature of Shri Bhavesh R. Vora, Shri. P. A. Sethi, and Shri K. V. S. Shyam Sunder for the office of Independent Directors, to be appointed as such under the provisions of Section 149 of the said Act.

The Company has received from each of the said Directors, consent in writing to act as director and declaration to the effect that they are not disqualified under Section 164(2) of the Companies Act, 2013 in prescribed Form DIR - 2 and DIR - 8 respectively. Further, the Company has received from each of the said Directors, a declaration to the effect that he meets criteria of independence as provided in Section 149(6) of the said Act. Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by each of the said Directors that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the Board is of opinion that they fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and are independent of the management.



The Board considers that continued association of each of the said Independent Directors would be of immense benefit to the Company in view of their qualification, expertise and experience in their respective field as also exposure to the corporate culture and governance. Further, continued association of each of the said Directors would be of immense benefit to the Company and it is desirable to continue to avail services of each one of them as Independent Directors.

Copies of the draft letters for appointment proposed to be issued to Shri Bhavesh R. Vora, Shri P. A. Sethi and Shri K. V. S. Shyam Sunder as an Independent Director setting out the terms and conditions thereof are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11.00 a.m. and 1.00 p.m., up to the date of the AGM.

The resolutions proposed at Item Nos. 7 to 9 of the accompanying Notice, seek the approval of the members for appointment each of the said Directors as an Independent Director of the Company, not as directors liable to retire by rotation for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force).

Your Board thus commend the said resolutions for your approval as an Ordinary Resolution.

Shri Bhavesh R. Vora, Shri P. A. Sethi and Shri K. V. S. Shyam Sunder are interested in the resolution pertaining to their respective appointment as an Independent Director.

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 Nos. 10 to 12

Shri Ramdas M. Gandhi, L.L.M, Solicitor has practised in the High Court at Mumbai since more than 56 years, has been Independent Director of the Company since 29.01.1990.

Shri Vijay H. Patil, L.L.M. advocate of Supreme Court and an expert in taxation matters with 50 years experience in legal and taxation matter, has been an Independent Director of the Company since 29.01.1990.

Shri Laxmichand K. Jain, MS (Chem) US is an Environmental Expert with over 47 years of experience in the industry, has been Independent Director of the Company since 29.01.1990.

Shri Ramdas M. Gandhi, Shri Vijay H. Patil and Shri Laxmichand K. Jain are Independent Directors whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), all of them being eligible and offering themselves for appointment, are proposed to be appointed as an Independent Director for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24th September, 2014.

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from members along with a deposit of ₹ 1,00,000/- in each case, proposing candidature of Shri Ramdas M. Gandhi, Shri Vijay H. Patil and Shri Laxmichand K. Jain for the office of Independent Directors, to be appointed as such under the provisions of Section 149 of the said Act.

The Company has received from each of the said Directors, consent in writing to act as director and declaration to the effect that they are not disqualified under Section 164(2) of the Companies Act, 2013 in prescribed Form DIR-2 and DIR-8 respectively. Further, the Company has received from each of the said Directors, a declaration to the effect that he meets criteria of independence as provided in Section 149(6) of the said Act. Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by each of the said Directors that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the Board is of opinion that they fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and are independent of the management.

The Board considers that continued association of each of the said Independent Directors would be of immense benefit to the Company in view of their qualification, expertise and experience in their respective field as also exposure to the corporate culture and governance. Further, continued association of each of the said Directors would be of immense benefit to the Company and it is desirable to continue to avail services of each one of them as Independent Directors.



Copies of the draft letters for appointment proposed to be issued to Shri Ramdas M. Gandhi, Shri Vijay H. Patil and Shri Laxmichand K. Jain as an Independent Director setting out the terms and conditions thereof are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11.00 a.m. and 1.00 p.m., up to the date of the AGM.

The resolutions proposed at Item Nos. 10 to 12 of the accompanying Notice, seek the approval of the members for appointment each of the said Directors as an Independent Director of the Company, not as directors liable to retire by rotation for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24th September, 2014, pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force).

Your Board thus commends the said resolutions for your approval as an Ordinary Resolution.

Shri Ramdas M. Gandhi, Shri Vijay H. Patil and Shri Laxmichand K. Jain are interested in the resolution pertaining to their respective appointment as an Independent Director.

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. 13

A proposal for appointment of Cost Auditor for 2014-15 was recommended by the Audit Committee to the Board. It was proposed to re-appoint Ms. Ketki D. Visariya, Cost Accountant, as Cost Auditor.

Certificate dated 11.04.2014 issued by Ms. Ketki Damji Visariya regarding her eligibility for appointment as Cost Auditor will be available for inspection at the registered office of the Company during 11.00 a.m. to 1.00 p.m. on working days.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the appointment and 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 Board thus commend the said resolution for your approval as an Ordinary Resolution.

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

Item No. 14

The members of the Company, at the 22nd Annual General Meeting held on 30th September 2005, by way of an Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956, had accorded their consent to the Board of Directors to borrow funds up to an amount of ₹ 500 Crores (Rupees Five Hundred Crores Only) over and above the aggregate of paid up share capital and free reserves of the Company.

Pursuant to Section 180 of the Companies Act, 2013 effective from 12th September, 2013, prior consent of the Company is required by way of a special resolution to the Board of Directors to borrow funds, apart from temporary loans obtained from the company's bankers in the ordinary course of business, exceeding aggregate of the paid up share capital and free reserves of the Company.

Having regard to the growth in the operations and ongoing capital expenditure plans, it is necessary to augment long terms funds required by the Company. It is, therefore, proposed to obtain consent of the members by way of a Special Resolution under Section 180 and other applicable provisions of the Companies Act, 2013, to increase the borrowing powers of the Board of Directors as set out in the draft resolution proposed at Item No. 14 of the accompanying Notice to ₹ 2,000 Crores (Rupees Two Thousand Crores Only).

Your Board thus commend the said resolution for your approval as a Special Resolution.

None of the Directors, 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. 15

Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed, inter alia, under Section 42 of the Act deals with private placement of securities by a Company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for Non-Convertible Debentures on private placement, the Company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Further Ministry of Corporate Affairs vide notification G.S.R. 424 (E) dated 30th June, 2014 provided that for offer/invitation for subscription of non-convertible debentures made within a period of six months from the date of commencement of the rules, the Special Resolution may be passed within the said period of six months from the date of commencement of the rules.

The Company has borrowed an amount aggregating to ₹ 200 Crores (Rupees Two Hundred Crores Only) by way of issue of 400 Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 50,00,000/- (Rupees Fifty Lakh Only) each, on 31st July, 2014. Further, the Company is expecting to borrow up to ₹ 100 Crores (Rupees Hundred Crores Only) by way of issue of NCDs during the period from the date of passing of this resolution till the next annual general meeting with a view to augment long term resources for financing, inter alia, ongoing capital expenditure and for general corporate purposes including and not limited to long term working capital needs.

Accordingly, the approvals of the members are being sought for ratification of NCDs issued on 31st July, 2014 aggregating to ₹ 200 Crores, on the terms and conditions determined by the Board of Directors of the Company at its meeting held on 30th May, 2014, and for issuance of further NCDs to raise up to ₹ 100 Crores, in one or more tranches, within the overall borrowing limits of the Company, as approved by the members from time to time, as stated in the draft resolution.

The Board recommends the resolution for your approval as a Special Resolution.

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

Item No. 16

The existing Articles of Association (AoA) of the Company are based on the Companies Act, 1956 and several regulations in the existing AoA contain special Sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the provisions of the Companies Act, 2013 ("Act").

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs (MCA) has notified 98 Sections and on March 26, 2014, MCA has notified most of the remaining Sections barring few provisions. However substantive Sections of the said Act which deal with the general working of the Companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletion in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model Articles of Association for a Company limited by Shares.

The Proposed new draft AoA shall be open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. up to and including the date of the Annual General Meeting of the Company.

Your Board thus commends the said Resolution for your approval as a Special Resolution.

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

Registered Office:
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi-396195,
Dist. Valsad, Gujarat

Place: Mumbai
Date: 11th August, 2014

By order of the Board

Sd/-
CS MONA PATEL
Company Secretary

**DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS**

TO THE MEMBERS OF AARTI INDUSTRIES LIMITED

Your Directors are pleased to present this Thirty First Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2014.

CONSOLIDATED FINANCIAL RESULTS

(₹ in Crores)

Particulars	2013-14	2012-13
Net Sales	2,598	2,058
Other Operating Income	34	38
Total Income from Operations (Net)	2,632	2,096
Expenses		
a) Cost of Material Consumed	1,630	1,261
b) Purchases of Stock-in-trade	117	93
c) Changes in inventories of Finished Goods, Work-in-progress and Stock-in-trade	(62)	(71)
d) Employee Benefits Expenses	79	65
e) Depreciation and Amortisation Expenses	88	83
f) Other Expenses	467	387
Total Expenses	2,319	1,818
Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional Items	313	278
Other Income	11	4
Profit/(Loss) before Finance Costs	324	282
Finance Costs	118	95
Profit/(Loss) before Tax	206	187
Tax Expenses		
a) Provision for Taxation-Current	40	46
b) Provision for Deferred Tax	14	8
Total Tax Expenses	54	54
Net Profit/(Loss) after Tax	152	133
Share of Profit/(Loss) of Associates	11	2
Minority Interest	(1)	(1)
Net Profit/(Loss) after consolidation	162	134
Earnings Per Share (₹)	18.34	15.17
Book Value Per Share (₹)	98.29	85.36



DIVIDEND

Your Company had declared and paid Interim Dividends of ₹ 3.00 ps. (@ 60%) per share (of ₹ 5/- each). Your Directors are pleased to recommend a Final Dividend of ₹ 1.50 ps. (@ 30%) per share (of ₹ 5/- each) for the FY 2013-14, aggregating to the Total Dividend of ₹ 4.50 ps. (@ 90%) per share (of ₹ 5/- each) for the FY 2013-14 compared to the Total Dividend of ₹ 4.00 ps. (@ 80%) per share (of ₹ 5/- each) for the FY 2012-13. The total amount of Dividend pay-out for the year would be ₹ 39.87 Crores (previous year ₹ 35.44 Crores).

Your Company has transferred ₹ 14.90 Crores to General Reserve (P.Y. ₹ 13.15 Crores).

FINANCIALS

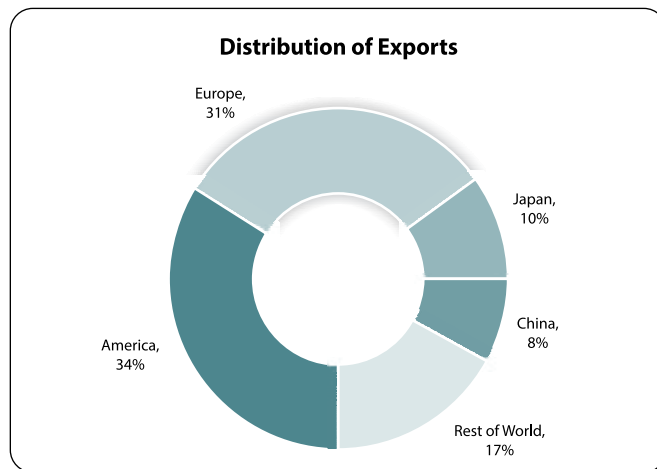
Your Company has presented yet another year of consistent and stable growth. During the year, the Standalone Net Revenues of the Company grew by over 25% at ₹ 2,633 Crores (previous year ₹ 2,096 Crores). Exports revenues also grew to ₹ 1,281 Crores, a growth of over 20% (previous year ₹ 1,060 Crores).

Operating profit before Interest, Depreciation and Tax for FY 2013-14 increased by 11% to ₹ 395 Crores (previous year ₹ 356 Crores). EBITDA margins for the Company were at 15.3% for FY 2013-14 from 16.6% in FY 2012-13, on account of higher input costs.

Profit before Tax for FY 2013-14 also increased to ₹ 201 Crores (previous year ₹ 184 Crores). Profit after Tax and Deferred Tax grew to ₹ 149 Crores for FY 2013-14 from ₹ 131 Crores for FY 2012-13.

Your Company's Consolidated Income increased by about 26% to ₹ 2,632 Crores as compared to ₹ 2,096 Crores for last year. Consolidated EBITDA also grew by 13% to ₹ 412 Crores from ₹ 365 Crores last year. Net Profit after Consolidation surged by 21 % at ₹ 162 Crores vis-à-vis ₹ 134 Crores for last year. Consolidated EPS for the FY 2013-14 was at ₹ 18.34 as against ₹ 15.17 for the FY 2012-13.

During last few years, with scale up of capacities and introduction of various high growth and high margin export oriented products, the share of Exports Revenue to Total Revenue has been increasing. Exports represent about 50% of the total revenues. Also a bulk of products sold in domestic markets are converted and ultimately exported. Hence considering this, about 70% of our output would be exported either directly or indirectly. The recovery of Global Markets from the recessionary environment coupled with our strong Global position and Strategic arrangements with key global customers, has helped us to increase our volumes both present and incremental on account of higher production capacities. Our delivery and service commitment helps us to gain loyalty from our customers, which results into increase in our exports operations.



Geographical Spread of Export Revenue

CHEMICAL INDUSTRY – STRUCTURE & DEVELOPMENT

The Global Speciality Chemical Industry size is pegged at around \$740bn (FICCI Speciality Chemical report and 12th Five-Year Plan document) accounting for roughly 22% of the global chemical industry. This industry has grown at a CAGR of 3.7% during 2006-11, despite contracting by around 7% in 2009, due to the global financial crisis. Going forward, the industry is expected to grow at a CAGR of about 5.4% annually to reach \$970bn by FY 16, based on Industry estimates. Asia-Pacific and the Middle Eastern countries are expected to contribute to the bulk of the future growth for the sector.

Indian Speciality Chemical sector has demonstrated strong growth of around 13%, and is expected to accelerate further, higher than the average global growth rate. (Source – FICCI). The high rate of growth for the segment is driven by faster growth in end-user industries such as paints & coatings, speciality polymers, and home care surfactants, among others. This is supported by both domestic and export opportunities. Derisking of business concentration from China by various global customers coupled with appreciation of Chinese Yuan v/s Indian Rupee and the rising operating costs in China, shall further increase the opportunities for Indian Companies to expand the business in global markets. Your Company expects the encouraging growth opportunity in sectors like Pigments, Speciality Polymers, Pharmaceuticals, Agrochemicals, Construction chemicals and Water Chemicals to support the higher industry growth.



The emergence of a stable Government at Centre has improved the business sentiment and consumer confidence across Pan India and improving the future macro outlook. This new and renewed hope of growth, if supported by positive and proactive steps from the Government, would restart the revival of Indian Economy and would result into increase in demand at various sectors. Government Initiatives in the form of Port based Chemical Parks in SEZ, Improvement in Infrastructure, Tax concessions, rationalization of Duty Structure, FDI relaxation, etc. would facilitate further growth of the Indian Chemical Industry into a major Chemical hub.

Your Company is a leading manufacturer of Speciality Chemicals with diversified end-uses into Agrochemicals, Pharmaceuticals, High Performance Polymers, Paints, Pigments, Printing Inks, Rubber Chemicals, Additives, Surfactants, Dyes, Oil & Gas additives, Flavours & Fragrances, etc. Your Company's derisking by diversification has helped it withstand the volatilities & downturns of a specific end-user segment and also helps to capitalize on the growth opportunities in other end-user segments.

With the rationales of Long term sustainability for both growth and profitability, your Company continued in last year the efforts to adopt a sustainable framework considering the elements of Safety, Health, Environment Impact and Energy Efficiency initiatives. Your Company has made significant investments by installing various Bioreactors, Chemical Reverse Osmosis, Multiple Effect Evaporator, Incineration, Electrostatic Filters, Solvent Recovery Systems, Waste Heat Recovery Systems, etc. Your Company had also been continuously working towards improvement of process safety as well as increasing the levels of automation. These would provide long term benefits of Consistency in Quality, Yield Improvements, Saving in utilities cost, minimization of human error, etc. Your Company has been constantly improving the manufacturing process and adoption of greener processes. These efforts have been appreciated by various MNC customers. Your Company plans to invest further in these areas to ensure providing greener and safer manufacturing environment.

Reclassification of Business Segments

The Company is a multi-product and multi-faceted one. The operations were earlier classified into four segments viz, Performance Chemicals, Agri Intermediates & Fertilizers, Pharmaceuticals and Home & Personal Care based on the end-use/ applications.

However, in case of Performance Chemicals Segment and Agri Intermediates & Fertilizers Segment, a majority of manufacturing facilities are common and interlinked. As a result the segmental performance for these two segments may fluctuate based on the product mix adopted in a particular reporting period. Thus, for better understanding of the operations resulting on account of these interchangeable facilities, it has been decided to merge these two segments into a single reportable segment under the name of "Speciality Chemicals". Hence the operations of the Company has been reclassified into three segments viz, Speciality Chemicals, Pharmaceuticals and Home & Personal Care Chemicals. This reclassification has also facilitated the identification of Capital Employed for each of these segments, which was not possible earlier on account of common manufacturing facilities. The changed reclassification does not have any financial impact. The profile of these new business segments are presented below:

Speciality Chemicals

- Polymer & additives
- Dyes, Pigments, Paints & Printing Inks
- Fuel additives, Rubber Chemicals, Resins, etc.
- Agrochemicals & Intermediates
- Fertilizer & Nutrients

Pharmaceuticals

- Active Pharmaceutical Ingredients (APIs)
- Intermediates for Innovators & Generic Companies

Home & Personal Care Chemicals

- Non-ionic Surfactants
- Concentrates for shampoo, hand wash & dish wash



The brief Segmental financials are also presented below:

(₹ in Crores)

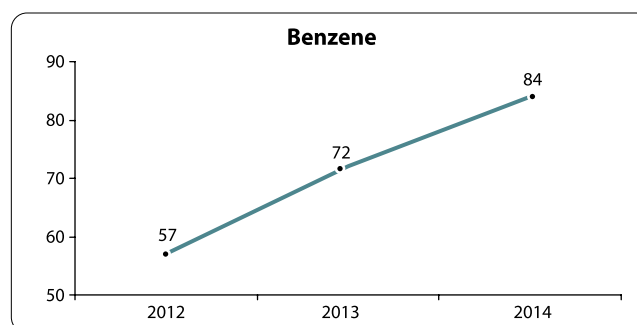
	Speciality Chemicals	Pharmaceuticals	Home & Personal Care Chemicals	Total
Sales	2,216	249	167	2,632
% of Total Sales	84.20%	9.46%	6.34%	100.00%
Export	1,130	117	34	1,281
% of Sales	50.99%	46.99%	20.36%	48.67%
EBIT	332	30	4	366
% of Sales	14.98%	12.05%	2.40%	13.91%
Capital Employed as at 31st March 2014	1414	377	87	2006*
ROCE %	23.48%	7.96%	4.60%	18.25%

(* Includes unallocated Capital Employed of ₹ 128 Crores)

As you would note from above, Speciality Chemicals accounts for about 85% of the Revenues and over 90% of EBIT. Further the operations for Pharmaceutical Segment are growing and have registered a growth in revenues by about 33%, while the EBIT for the segment had tripled over last year. Also the EBIT margin for Pharmaceutical Segment has increased from 5% for FY 2012-13 to 12% for FY 2013-14. This segment is expected to be poised for faster growth. We shall further review these segments in details as below:

Speciality Chemicals Segment:

This segment continues to account for majority of the revenues and profits for the Company. Over last year, the segment had reported a growth of about 26% in its revenues of which about 12% is attributable to volume growth and the balance towards the increase in input costs which has been passed on to the customers. The increase in benzene prices does not impact EBIT in general, however when looked in percentage terms, it reduces the EBIT %.



We present below the key financials for Speciality Chemicals Segment:

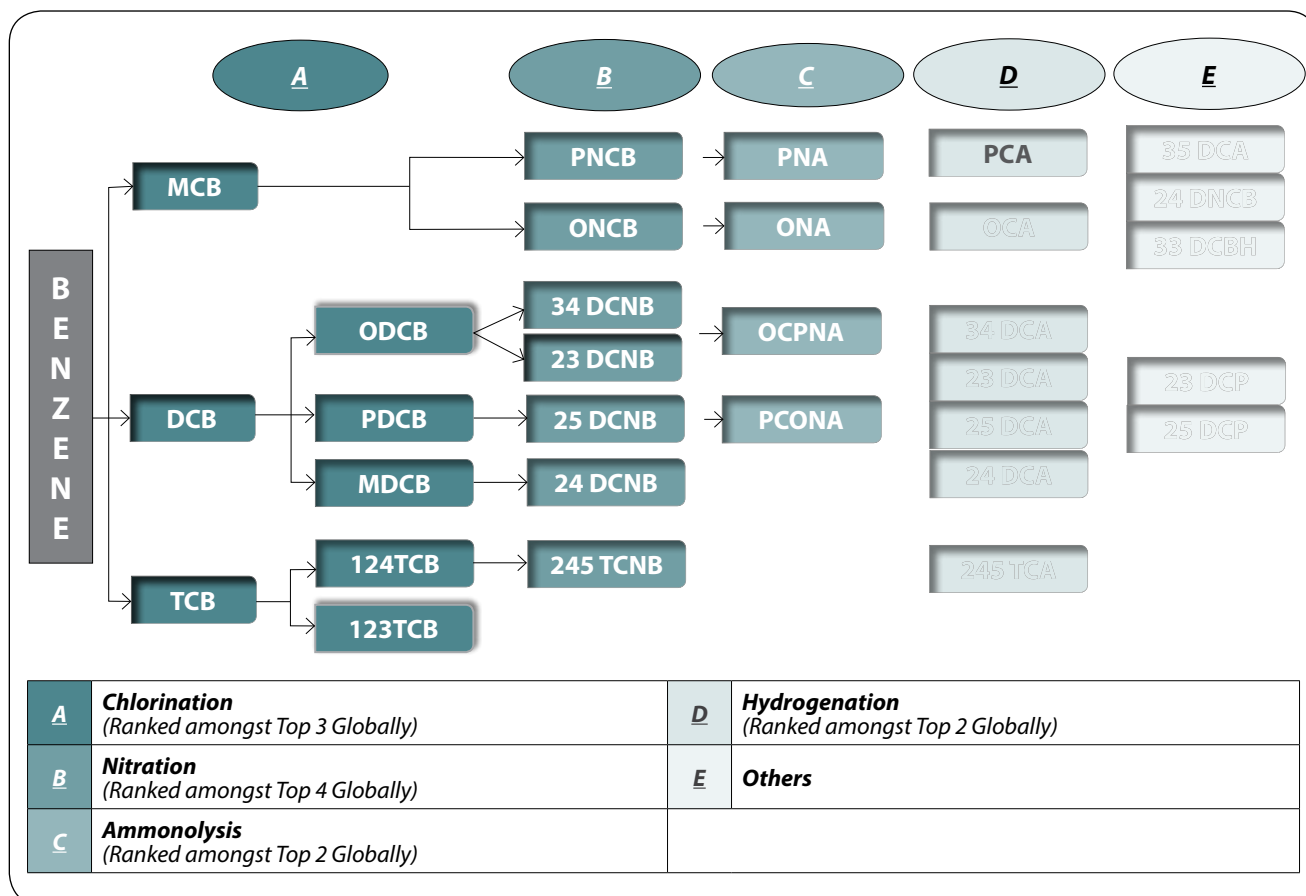
(₹ in Crores)

KEY FINANCIALS	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11
Sales	2,216	1,757	1,350	1,228
% of Total Sales	84.20%	83.83%	80.70 %	84.49 %
Export	1,130	946	639	504
% of Segment Sales	50.99%	53.84%	47.33%	41.04%
Segment EBIT	332	319	217	186
EBIT %	14.98%	18.16%	16.07%	15.15%



Your Company is one of leading global player manufacturing various Benzene Based Derivatives through a number of chemicals processes at its Global Scale manufacturing units located at Vapi, Jhagadia, Kutch in the State of Gujarat and Tarapur in the State of Maharashtra.

A brief structure of Benzene Based Product Profile and Global market share is presented below:



In addition to the above chemistries, your Company also manufactures a number of products through Halex Chemistry, Phthalates, Diazotisation, Denitro Chlorination, Methoxylation, Alkylated Anilines & Toulidines. The products manufactured under these complex chemistry range from ₹ 300/- per kg to over ₹ 1500/- per kg. Your Company's Global scale capacities and higher market share have helped the Company to capitalize on the growth opportunities and convert that into higher volumes. Your Company's strengths of highly integrated manufacturing operations through its global size units manufacturing diverse products having diversified end usage catering to needs of over 800 domestic and global customers have helped itself to be one of the key player in the global arena.

This diversity in the end-user profile along with the common manufacturing units, which can be used for diverse, dynamic and interchangeable product mix of a variety of Speciality chemicals, not only ensures better utilization of capacities, but also helps building customer confidence by providing adequate quantities to meet their needs. Further, the uniqueness of integrated operations with optimum isomer/co product balancing and gainful utilization of by-products have helped your Company to emerge as a "Strategic" supplier to various MNCs and they consider your Company as the partner in their future growth. Considering these opportunities, over past two years the Company has been expanding its various capacities across various manufacturing sites. The Company has further plans for expansion, of which the major ones are briefed below. These expansions shall be able to fuel the growth of the Company for next 4 to 5 years.

Key Expansion Activities:

The proposed debottlenecking/expansion of the NCB capacities (Nitration) from 57000 MT to 75000 MT is underway and is expected to be progressively completed in FY 2014-15. Against the present capacity of about 57000 MT, the production achieved in FY 2013-14 was about 54230 MT (Previous year about 48072 MT).



Your Company further plans to expand its another critical and base production process viz Chlorination Process by about 15000 tpa i.e from present 65000 tpa to 80000 tpa. This expansion shall ensure adequate supply of first stage products over next 3-4 years for captive consumption for forward chain of products as well as to meet the additional demand for these chemicals from global markets. Along with this, the Company also proposes to set up a Calcium Chloride Granulation plant. This shall consume the by-product HCL generated in the process and convert that into commercially marketable product with high export potential. Your Company already has one such unit in Bhachau, Kutch and an another one is now being planned at Vapi, Gujarat. Your Company was the 1st company in India to import such technology. The Calcium Chloride Granules are 100% exported by your Company to various global customers for Oil-Exploration and De-icing purposes.

Your Company also plans to expand its capacities for one of its key Speciality Chemical with diversified end use into Polymers, Dyestuffs & Additives through Continuous Hydrogenation Process. With this expansion, your Company would have a dedicated unit to cater to the growing demand of this Speciality Chemical, from FY 2015-16, having large export potential. Further, in case of the existing continuous Hydrogenation unit which caters to the growing, high margin and niche demand in the segments of Polymers, Agrochemicals, Pigments, etc in global markets have also been registering a consistent volume growth due to higher exports. Annual average production of Hydrogenated compounds in FY 2013-14 was 1650 TPM as compared to 1390 TPM for FY 2012-13, thereby posting a y-o-y volume growth of about 19% and is expected to grow further in coming periods.

It may be noted that the above volume data are given for reference purposes & may not be directly comparable, as each hydrogenated product would have different process time. Thus with different product mix adopted the process utilisation time would vary & so the output may also vary.

Your Company has also been upgrading its 6 Batch Nitration capacities and consolidate the same into Continuous Nitration units over a period of time. In this regard, Your Company had commissioned one Continuous Nitration unit, thereby reducing the Batch Nitration units from 6 to 4. While this shall increase the level of automation of the process, it shall also facilitate for overall increase in production capabilities. It shall also result in increasing the consistencies & yields of various products and simultaneously help to reduce the consumption of fuel and other utilities, and thus bring about higher volumes with significant cost savings and more safer and highly automated operations.

Your Company plans to setup a dedicated block of Continuous Nitration Unit for manufacture of Nitro Toulènes and derivatives at Jhagadia. The products manufactured shall be used as intermediates into end-user industries such as Optical Brighteners, Agro Chemicals, Pigments, Pharmaceuticals, etc. This unit shall also provide feeder material required for the proposed Ethylation unit being setup at Dahej SEZ. The Company has already closed the technological tie-ups and has taken up this project on fast track basis. The Company plans to commission this unit in FY 2015-16.

On account of the wide diversity in product applications, the Speciality Chemicals segment on an overall basis is expected to grow with **Key driving industries for growth of Speciality Chemicals which are summarized below:**

- **Polymers & Additives:**

Usage of High Performance Polymers has been increasing as a replacement of metal parts in various mode of transportation worldwide, as an endeavor to reduce the weight and improve the fuel efficiency. In addition to this,



Continuous Hydrogenation Plant at Jhagadia



Nitration Unit at Vapi



these polymers are also used in high growth segments such as Water Treatment, Power Plant Filter, Electronic media & Telecommunication devices and various other Electrical Instruments. Aforesaid various expansions will help to increase the volumes of these Polymer intermediates to cater the growing international demand.

- **Dyes, Paints, Pigments and Printing Inks:**

This sector has witnessed a shift in the consumption pattern of Printing Inks based applications. While the demands for Printing inks in developed economies are reducing, the same are increasing in developing economies on account of increasing per-capita income & consumption (along-with changes in consumption profile), growth in education and healthcare facilities, etc. The global replacement of usage of Organic Pigment vis-à-vis metal pigments has been the driving force behind the significant growth of Pigment applications globally and shall continue further going forward. The expanded capacity for a Pigment intermediate commissioned in Q1 FY 2013-14 has already reached about 85% capacity utilization and your Company further proposes to scale up the capacities by debottlenecking.

- **Agri-Intermediates and Fertilizers:**

Your Company is a leading global manufacturer of various Agrochemicals Intermediates and has presence across all the sub-segments viz herbicides, insecticides, fungicides, etc. Emphasis on achieving food grain self-sufficiency, limited farmland availability and growth in horticulture and floriculture have been the reasons for the growth of Agrochemicals worldwide. Exports account for over 60% of India's Agrochemicals produce and are expected to have a double digit growth for years to come. Your Company is in talks with few customers for long-term supply arrangement to meet their increasing requirements. Your Company's products are now being sold across all markets such as NAFTA, Asia, Europe, Latin America, and other territories. This has also helped to de-risk the business from Indian as well as various other local climatic changes across the world.

Your Company is also into manufacturing of Single Super Phosphate (a widely used fertilizer). It is a gainful usage of the by-product Dilute Sulphuric Acid (generated by other Chemical units) and is marketed under the guidelines prescribed by Government of India. The production of SSP saves the Company from the hassles of management and disposal of the by-product dilute sulphuric acid. However, off-late the challenges of Cyclicity of Indian Monsoon, High Inventory and Recovery Periods, Delays in grant of Subsidy, etc have resulted into high working capital requirement for this business. Considering the same, your Company has discontinued the expansion of this unit planned earlier. Further, since overall composition of Fertilizers and Nutrients is less than 4% to the total revenues, the cyclicity of this business does not materially affect the overall operations of the Company. The Company is also undertaking R&D Initiatives to reduce the generation of the by-product and recycle the same by reconcentration, thereby limiting the exposure to this volatile business for the time being or till conditions improve.

Pharmaceuticals:

Pharmaceuticals Industry accounts for almost quarter of the Indian Chemical Industry. From being a startup and base level operations, Indian Pharma Companies have evolved to be a leader in the production of high quality generic drugs. Patent expirations, weak pipeline quality and increasing focus by Governments to reduce healthcare costs continue to exert pressure on innovator companies which supports outsourcing to low-cost nations. Despite challenges, leading Indian players continue to exhibit strong profitability indicators. Outlook on the Indian pharmaceutical companies remains favourable as companies will continue to benefit from recovery in the domestic market, strong growth potential in generics in developed markets and potential outsourcing opportunities. Globally, generics players however continue to face competitive environment from large innovator companies. Price erosion, especially through regulatory interventions, remains a foremost challenge in the European markets. Presence in limited competition product segments and over-the-counter (OTCs) segment offers some protection to margins. Most developed markets continue to move away from branded generics to commoditized un-branded generics and lower margin tender based business.

Your Company has four manufacturing units of which - two are USFDA approved facilities & other two are WHO GMP approved facilities. The plants are cGMP compliant - meeting ICH Q7 standards – thus enabling buyers to use APIs in all regulated markets. Your Company has 42 commercial APIs with 33 European DMFs, 27 US DMFs and 15 CEP (of which 4 are under approval). There are 12 more APIs under development. Your Company enjoys distinct advantage of having dedicated USA, Japan and EU regulatory approvals for Steroids and Anti-Cancer products. Your Company also enjoys cost efficiencies by being backward integrated for most of the APIs and thus enhances the margins of its range of products. In FY 2013-14, your Company scaled up its capacities from 4 lines to 9 lines for manufacturing of APIs at its Tarapur USFDA unit.



We present below the key financials for Pharmaceuticals Segment:

(₹ in Crores)

KEY FINANCIALS	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11
Sales	249	187	165	131
% of Total Sales	9.46%	8.92%	9.86%	8.98%
Export	117	92	66	46
% of Segment Sales	46.99%	49.20%	40.00%	35.15%
Segment EBIT	30	9	4	(6)
EBIT %	12.05%	4.81%	2.55%	NA

The volumes of products under this segment have been consistently increasing which have helped improvement in margins and segmental profitability. EBIT for FY 2012-13 increased to ₹ 30 Crores v/s ₹ 9 Crores for FY 2013-14. EBIT margins have been improving and increased to about 12% of sales in FY 2013-14 as compared to about 5% of sales for FY 2012-13. You would note that the incremental sales of about ₹ 62 Crores have resulted into incremental EBIT of ₹21 Crores. Thus with incremental EBIT from additional volumes at about 25 to 30%, incremental volume shall increase the EBIT significantly. Further of the total exports, exports to regulated markets are over 60%, which help into improvement of margins. Thus **the incremental growth in revenues would result in a significant improvement in EBIT.**

Further, your Company also plans to commission a dedicated unit to manufacture caffeine, targeting the needs of Cola and Energy Drinks makers. Thus, with increase in volumes through global markets and with newer capacities, we expect the segment to grow at faster pace in coming years.

Home & Personal Care Chemicals

Rising per capita income has enabled the increase of consumption of hygiene and personal care products. Increasing consumption is driving demand for wide range of cosmetic chemicals, health care products as well as hygiene products using performance chemicals, polymers and oleo chemicals.

We present below the key financials for Home & Personal Care Chemicals Segment:

(₹ in Crores)

KEY FINANCIALS	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11
Sales	167	152	158	95
% of Total Sales	6.34%	7.25%	9.47%	6.52%
Export	34	22	21	10
% of Segment Sales	20.36%	14.47%	13.21%	10.94%
Segment EBIT	4	5	5	5
EBIT %	2.40%	3.29%	3.11%	5.36%

Home & Personal Care Chemicals segment is relatively a low margin business. Your Company has two manufacturing units, one each at Pithampur (Madhya Pradesh) & at Silvassa. Your Company plans to carry out debottlenecking for some of its operations so as to expand the capacities for export oriented products which have better margins. These efforts will help to increase exports for this segment and also result into improvement of margins.

RISKS AND CONCERNS

Your Company perceives risks or concerns common to industry such as concerns related to the Macro Indian Economic Outlook, Global Economic fallout, Regulatory risks, Foreign Exchange volatilities, Higher Interest rates, Rising Raw-material prices and other commercial & business related risks. While Segments like Pharmaceuticals and Home & Personal Care are not much affected by the economic cycle and have its own independent growth drivers, the diversity of end uses of Speciality Chemicals and the ability of the Company to interchangeably use the production facilities insulate the Company from any adversity for any specific end user applications. Further, your Company's diversified revenue mix, flexible product mix and increasing export volumes also help to derisk the business from any domestic economic setbacks as well as certain specific



global uncertainties. Diversified & wide customer base further reduces risks of dependence of business with few customer or few products. Your Company is also in the process of entering into long term supply arrangement with its key suppliers to ensure continuous and adequate supply of raw-materials to meet the growing demand for the products.

Volatility in foreign exchange rates of Indian Rupee vis-a-vis US\$ is now an inherent risk. Your Company's policy to hedge only those exposures which are backed by confirmed orders helps it from taking any unwanted positions and thus is not significantly affected by any such movements.

Chemical Businesses has lots of inherent process risks. To ensure that this risks do not arise, your Company had set up its efforts for adopting greener, cleaner and safer manufacturing operations, your Company has been increasing and upgrading the level of automation in the existing processes thereby providing for a safer working environment.

Chemical businesses are generally working capital intensive and hence the working capital requirements are also higher. Your Company has been making continuous efforts to reduce the working capital cycle. With these efforts and higher cash accruals going forward, debt-equity ratio is expected to improve in coming years.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control systems, which provide for automatic checks and balances. Your Company has maintained a proper and adequate system of internal controls. This ensures that all Assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems commensurate with the nature and size of its business operations. The internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s. 217(2AA) of the Companies Act, 1956 (the Act):

- (i) That in the preparation of the Annual Accounts for the Year ended 31st March, 2014, the applicable Accounting Standards had been followed along with proper explanation for material departures, if any;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year of the profit of the Company for that year;
- (iii) That the Directors had 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;
- (iv) That Directors' have prepared the annual accounts on a going concern basis.

SUBSIDIARY COMPANIES

The Company has 5 subsidiaries, namely, Aarti Corporate Services Limited, Alchemie Europe Limited, Innovative Envirocare Jhagadia Limited, Shanti Intermediates Private Limited and Nascent Chemical Industries Limited. Statement pursuant to Section 212 and summary of financial information of Subsidiaries are provided in the Annual Report.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiaries are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiaries and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiaries will also be kept open for inspection at the Registered Office of the Company as well as at the head offices of the Subsidiaries. The Consolidated Financial Statements presented by the Company include the financial results of its Subsidiaries.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in presenting Consolidated Financial Statements which form part of the Annual Report and Accounts.



DIRECTORS

Shri Kirit R. Mehta and Shri Manoj M. Chheda, Whole-time Directors, retire by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible, offer themselves for re-appointment.

Pursuant to Section 152 of the Companies Act, 2013, Shri Bhavesh R. Vora, Shri P. A. Sethi and Shri K. V. S. Shyam Sunder, Independent Directors will retire at the ensuing Annual General Meeting and being eligible, seek re-appointment.

The Companies Act, 2013 *inter alia* provides for appointment of independent directors. Section 149(10) of the said Act, effective from 1st April, 2014, provide that independent directors shall hold office for a term of up to five consecutive years on the Board of a company and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company. Section 149(11) of the said Act provides that no independent director shall be eligible for more than two consecutive terms of five years. It is also clarified that existing tenure of an independent director shall not be counted for the above purpose. Section 149(13) states that the provisions of retirement by rotation as provided in Section 152(6) and (7) of the said Act shall not apply to such independent directors.

Our independent directors were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. The Board has been advised that independent directors so appointed would continue to serve their existing term as per the resolution pursuant to which they were appointed. In view of this, independent directors, namely, Shri Bhavesh R. Vora, Shri P. A. Sethi and Shri K. V. S. Shyam Sunder, complete their present terms at the ensuing AGM, and being eligible and seeking re-appointment, be considered for re-appointment for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24th September, 2014.

Shri Ramdas M. Gandhi, Shri Vijay H. Patil and Shri Laxmichand K. Jain, are also Independent Directors of the Company, whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under Section 149(10) of the Companies Act, 2013 and Rules made thereunder, an Independent Director shall now hold office for a term of 5 (five) consecutive years on the Board of the Company and is not subject to retirement by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, and Rules made thereunder, Shri Ramdas M. Gandhi, Shri Vijay H. Patil and Shri Laxmichand K. Jain, being eligible and offering themselves for such appointment, be considered for re-appointment as Independent Directors of the Company for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24th September, 2014.

Shri Sunil M. Dedhia and Shri Haresh K. Chheda resigned as Independent Directors of the Company effective from 1st April, 2014. The Board wish to place on record its appreciation for their guidance to the Company during their tenure with the Company as such.

CORPORATE GOVERNANCE

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

DISCLOSURE OF PARTICULARS

Information as per the requirements of Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo are annexed hereto forming part of this Report.

ENVIRONMENTAL, SAFETY AND HEALTH

Your Company is committed to ensure sound Safety, Health and Environmental (SHE) performance related to its activities, products and services. The Company is taking continuous steps to develop Safer Process Technologies and Unit Operations. Your Company has been investing heavily in areas such as Process Automation for increased safety and reduction of human error element, Enhanced level of training on Process and Behaviour based safety, adoption of safe & environmental friendly production process, Installation of Bioreactors, Chemical ROs, Multiple effect evaporator and Incinerator, etc to reduce the discharge of effluents, commissioning of Waste Heat recovery systems, and so on to ensure the Reduction, Recovery and Reuse of effluents & other utilities. Monitoring and periodic review of the designed SHE Management System is done on a continuous basis. The Company already has two "Zero Discharge" unit and is reviewing the viability for converting other unit into Zero discharge. The Company is committed to continuously take further steps to provide a safe and healthy environment.



CORPORATE SOCIAL RESPONSIBILITY

Your Company has taken several CSR initiatives for over a decade. The involvement is not only through financial support but also in the form of Personal and continuous involvement of your Management thereby ensuring the activities are benefited by their experience and to ensure the reach of these initiatives to the society at large. Shri Chandrakant V. Gogri, Chairman Emeritus is driving the CSR initiatives. The CSR activities of your Company had primarily been focused on promoting education to the poorest of the poor, Empowering women, healthcare, affordable housing, support to those affected by natural calamities.

Aarti Group had set up a school named Tulsi Vidya Mandir at Kutch, Gujarat in year 2005. Tulsi Vidya Mandir imparts Secondary & Higher Education to over 400 children coming from about 12 villages. Aarti Group also founded Mahavir School/College of Nursing at Sabar Kantha, Gujarat in Year 2008. Mahavir School/College of Nursing is spreading professional nursing education to around 150 candidates annually in the interior villages. Thus providing people from interiors with an alternative option to earn their livelihood. Further Aarti Group also founded Maninagar Sanskar Dham, at Kutch in Gujarat in year 2011. It is a kindergarten for children of rag-pickers. These children are nurtured at the centre for a year and then assisted till obtaining admission to primary school. Aarti Group has been contributing to Ratanpar Boarding School located in remote part of kutch. Ratanpar Boarding School is imparting essential educational and Boarding facility to around 150 students. Your Company along with its employees have contributed to the cause of rehabilitation of 15 villages affected during flash flood in Uttarakhand in last monsoon. The Rehabilitation work is in final phase and would be completed in FY 2014-15.

Apart from the above, the Company continues to support programs such as organizing on a Blood Donation Camps, Health checkup camps, etc on regular basis. The Company has been donating to several Hospitals, Educational Institutions, Trusts, and contributes for green/open spaces. The Company also contributes for relief measures in times of natural calamities. In parlance to the objective of providing basic primary and secondary education in the surrounding areas, your Company actively contributes for upgradation & infrastructure development of the schools.

During the year, the sectoral reach had been broadened to include Military and vocational training, waste water recycling providing/contributing for education facilities in remote locations and for Nomads, employment opportunities, etc. with the focus on eradication of hunger, poverty and malnutrition.

PERSONNEL

As required by the Provision of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended up-to-date, the names and the other particulars of the Employees are set out in the Annexure to the Directors' Report. However, as per the Provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Reports and Accounts are being sent to all the Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

M/s. Parikh Joshi & Kothare, Auditors of the Company retire at the ensuing Annual General Meeting. Though eligible, Auditors have informed that they are not seeking re-appointment as they are in the process of consolidation of their firm with M/s. Gokhale & Sathe, Chartered Accountants. At the request of the Company, M/s. Gokhale & Sathe have Communicated their eligibility and willingness to accept the office, if appointed. Members are requested to appoint Auditors and to fix their remuneration.

COST AUDITORS

The Cost Auditor Ms. Ketki D. Visariya (Fellowship No. 16028), Cost Accountant, re-appointed by the Company under Section 233B of the Companies Act, 1956 attend the Audit Committee Meeting, where cost audit reports are discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended 31st March, 2013 was 30th September, 2013 and the Cost Audit Reports were filed by the Cost Auditor on 27th September, 2013. The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2014 is 30th September, 2014.

The Company is seeking the ratification from the Shareholders for the appointment of Ms. Ketki D. Visariya, Cost Auditor of the Company for the financial year ending 31st March, 2015 vide resolution no. 13 of the Notice of AGM.



INDUSTRIAL RELATIONS & HUMAN RESOURCES

The Company enjoys cordial relation with its employees at all levels. Your Company continues to ensure safety and health of its employees. Your directors record their appreciation of the support and co-operation of all employees and counts on them to be able to maintain company's growth momentum.

ACKNOWLEDGEMENT

The Board of Directors places on record its sincere appreciation for the dedicated services rendered by the employees of the Company at all levels and the constructive co-operation extended by them. Your Directors would like to express their grateful appreciation for the assistance and support by all Government Authorities, Auditors, financial institutions, banks, suppliers, other business associates and last but not the least the Shareholders.

For and on behalf of the Board

Sd/-

RAJENDRA V. GOGRI

CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai

Dated : 30th May, 2014

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 to Directors' Report

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

1. CONSERVATION OF ENERGY

a) Energy Conservation Measures taken

- The Company had been operating various captive and co-generation Power plants. The Company expects a significant savings in the consumption of natural resources/fuel by adoption of such process.
- Wherever possible, Variable Frequency Drives are installed to reduce the power consumption.
- Energy audit is conducted and recommendations are implemented.
- Flash steam utilization has been done wherever possible.
- Improved design steam traps were selected to reduce the steam consumption and utilize the flash steam.

b) Additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy:

- Implementation of Clean Development Mechanism Project, which will lead to higher recovery of Heat and thus, result in reduction of emission of green House gases.
- Upgradation of Batch Nitration units into Continuous Nitration units, shall help in overall optimization of utilities thereby resulting the reduction in energy consumption.

c) The adoption of energy conservation measures indicated above result in savings in the cost of production.

d) Total energy consumption and energy consumption per unit of Production:

I. POWER AND FUEL CONSUMPTION

Particulars	Financial Year	
	2013-14	2012-13
1. Electricity		
a) Purchased Units (KWH)	99,547,631	81,753,647
Total Amount (₹)	689,444,229	558,712,563
Rate/Unit (₹)	6.93	6.83
b) Own Generation through:		
(i) Diesel Generator Units (KWH)	2,393,911	2,352,646
Total Amount (₹)	36,900,935	34,378,276
Rate/Unit (₹)	15.41	14.61
(ii) Through Steam Turbine/Generator (KWH)	38,610,976	41,646,494
Total Amount (₹)	9,86,71,444	127,682,880
Rate/Unit (₹)	2.56	3.07
2. Coal/Lignite		
Quantity (Kgs.)	206,738,778	215,732,446
Total Amount (₹)	756,337,080	744,525,288
Rate/Kg (₹)	3.66	3.45
3. Furnace Oil/L.D.O.		
Quantity (Ltrs.)	24,31,005	2,699,669
Total Amount (₹)	135,603,991	149,472,743
Rate/Ltr. (₹)	55.78	55.37
4. Natural Gas		
Quantity (SCM)	5,85,684	723,736
Total Amount (₹)	22,014,591	25,359,347
Rate/SCM (₹)	37.59	35.04

**II. CONSUMPTION PER UNIT OF PRODUCTION**

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

2. RESEARCH AND DEVELOPMENT (R&D)**a) Specific areas in which R&D carried out by the Company.**

The R&D activities of the Company are carried out in the areas of bulk drugs, APIs, speciality chemicals and intermediate chemicals.

b) Benefits derived as result of the above R&D:

The Company's R&D Centres at Vapi & Dombivli are showing satisfactory progress in their activities of development of new products and improvements in existing product efficiencies. The Company has been successfully commissioning manufacturing facilities based on the new developments in R&D. During the year, a wide range of indigenously developed products has been introduced and put into commercial use.

c) Future Plan of Action:

The Company will continue with its activities in the field of R&D of development of new products and improvements in existing product efficiencies.

d) The Company has incurred the following expenditure in Research and Development:

In the areas of new products and improvement in existing product efficiencies.

Expenditure on R&D	(₹ in Lakhs)
(a) Capital	926.76
(b) Revenue	470.76
(c) Total	1,397.52
(d) Total R&D Expenditure as a percentage of total turnover	0.53%

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**a) Efforts, in brief, made towards technology absorption, adaptation and innovation:**

- Forward Integration for downstream products and expansion also with in-house technology.
- Continuous endeavour to improve product quality and process yields.

b) Benefits derived as a result of above efforts:

- Lower project costs for expansion
- Value addition
- Exports of higher value-added products resulting in increased foreign exchange earning.

c) Information regarding technology imported during the last 5 years: NIL**4. TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange Earnings and outgo were ₹ 1,281 Crores and ₹ 442 Crores respectively (Previous Year ₹ 1,060 Crores and ₹ 343 Crores respectively).

For and on behalf of the Board

Sd/-

RAJENDRA V. GOGRI
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated : 30th May, 2014



REPORT ON CORPORATE GOVERNANCE

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

(I) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company is committed to the adoption and adherence to Corporate Governance Practices, which shall ensure that all the concerned parties associated with the Company obtain requisite information which would help them to make informed decision. Such Corporate Governance Practices help enhancement of long-term shareholders value and interest of other 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. The Company has adequate number of Independent Directors and also has formed various Committees for overview of the Organisation.

(II) MANDATORY REQUIREMENTS:

(1) BOARD OF DIRECTORS

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

Aarti Industries Limited (AIL) Board presently consists of 14 (Fourteen) Directors of whom 7 (Seven) are Executive, 1 (One) is Non-Executive and 6 (Six) are Independent Directors except Managing Directors, the other Directors are liable to retire by rotation.

Name of Directors	Category	No. of other Directorship*	No. of Committee Membership in all Companies**		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Shri Rajendra V. Gogri	Chairman and M.D.	5	1	3	4	Yes
Shri Rashesh C. Gogri	Vice-chairman and M.D.	5	None	2	4	Yes
Shri Shantilal T. Shah	Vice-chairman, Non- executive	5	1	None	4	No
Shri Parimal H. Desai	Executive	2	1	1	4	Yes
Shri Manoj M. Chheda	Executive	None	None	2	3	Yes
Smt. Hetal Gogri Gala	Executive	2	None	None	3	No
Shri Kirit R. Mehta	Executive	3	1	1	3	No
Shri Renil R. Gogri	Executive	2	None	None	4	Yes
Shri Ramdas M. Gandhi	Independent	3	4	2	4	Yes
Shri Laxmichand K. Jain	Independent	None	None	1	4	No
Shri Vijay H. Patil	Independent	None	None	1	2	No
Shri Haresh K. Chheda @	Independent	None	None	None	4	Yes
Shri P. A. Sethi	Independent	None	None	1	4	No
Shri K.V.S. Shyam Sunder	Independent	2	1	2	4	No
Shri Bhavesh R. Vora	Independent	2	None	3	4	No
Shri Sunil M. Dedhia #	Independent	1	None	None	4	Yes

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

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

@ Shri Haresh K. Chheda has resigned as director w.e.f. 1st April, 2014.

Shri Sunil M. Dedhia has resigned as director w.e.f. 1st April, 2014.

**(b) Board Meetings:**

During the Year 2013-14, 4 (Four) Board Meetings were held on 16.05.2013, 12.08.2013, 14.11.2013, and 02.02.2014.

(c) Code of Conduct:

Aarti Industries Limited Code of Conduct laid down by the Board of Directors is applicable to all the Directors and Senior Management of the Company. The Code of Conduct is posted on the Company's website. All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2014. A declaration to this effect, duly signed by the Managing Director (CEO) is annexed hereto.

(2) COMMITTEES**(a) Audit Committee:**

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

During the year 2013-14, 6 (Six) Audit Committee Meetings were held on 09.04.2013, 16.05.2013, 12.08.2013, 14.11.2013, 02.02.2014 and 27.03.2014.

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

Name of Directors	Category	Profession	No. of meetings attended
Shri Ramdas M. Gandhi	Independent, Chairman	Solicitor	6
Shri Rajendra V. Gogri	Chairman & Managing Director, Executive	Industrialist	6
Shri Parimal H. Desai	Executive	Industrialist	5
Shri Laxmichand K. Jain	Independent	Environmental Consultant	5
Shri Hareesh K. Chheda @	Independent	Chartered Accountant	6
Shri Vijay H. Patil	Independent	Advocate	4
Shri P. A. Sethi	Independent	Banker	6
Shri K.V.S. Shyam Sunder	Independent	Chartered Accountant	5
Shri Bhavesh R. Vora	Independent	Chartered Accountant	6
Shri Manoj M. Chheda	Executive	Industrialist	5

@ Shri Hareesh K. Chheda has resigned as director w.e.f. 1st April, 2014.

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

**(b) Shareholders' Grievance Committee:**

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

During the year 2013-14, 4 (Four) Shareholders' Grievance Committee Meetings were held on 17.06.2013, 16.09.2013, 14.12.2013 and 13.03.2014.

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

Name of the Directors	Category	No. of meetings attended
Shri Shantilal T. Shah	Chairman, Non-executive	4
Shri Rajendra V. Gogri	Executive	2
Shri Manoj M. Chheda	Executive	4
Shri Kirit R. Mehta	Executive	3

(c) Shareholders' Complaints:

During the year, 48 (Forty Eight) Complaints were received. All the Complaints were resolved to the satisfaction of the Shareholders. No request for Share Transfer or Dematerialisation was pending for approval as on 31st March, 2014.

(3) SUBSIDIARY COMPANIES

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

(4) DISCLOSURES

- The Code of Conduct for the Directors and the Senior Management of the Company have been laid down by the Board. The Code has been posted on the website of the Company.
- The Company has been continuously complying with the requirements of Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the said authorities relating to the above.
- There have been no materially Significant Related Party Transactions that may have potential conflict with the interests of the Company at large. Transactions with Related Party have been disclosed in the Note No. 31 – Notes to Accounts to the Annual Accounts in the Annual Report.
- Directors periodically review and assess risks and measures to minimise the risks.
- All mandatory Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.

(5) REMUNERATION OF DIRECTORS

Remuneration payable to the Directors is considered and approved by the Remuneration Committee constituted in accordance with the Corporate Governance Code and the provisions of the Companies Act, 1956, having due regard to the relevant factors. Non-executive Directors are paid sitting fees at the rate of ₹ 8,000/- for attending each of the meetings of Board and Audit Committee(s) and ₹ 4,000/- each for other Committee(s).



The details of remuneration paid to each Director for the year 31st March, 2014 are as under:

(Amount in ₹)

Name of Director(s)	Relationship with other Director(s)	Category	Salary and other Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Rajendra V. Gogri	Father of Shri Renil R. Gogri	Chairman & M.D., Promoter	4,019,925	10,518,380	–	14,538,305
Shri Shantilal T. Shah	–	Vice-chairman Non-executive, Promoter	–	–	2,60,000	2,60,000
Shri Rashesh C. Gogri	Brother of Smt. Hetal Gogri Gala	Vice-chairman & M.D., Promoter	3,795,452	10,518,380	–	14,313,832
Shri Parimal H. Desai	–	Executive, Promoter	3,569,488	1,984,600	–	5,554,088
Shri Manoj M. Chheda	–	Executive	3,569,488	9,92,300	–	4,561,788
Shri Kirit R. Mehta	–	Executive	1,633,763	–	–	1,633,763
Smt. Hetal Gogri Gala	Sister of Shri Rashesh C. Gogri	Executive, Promoter	3,571,702	10,319,920	–	13,891,622
Shri Renil R. Gogri	Son of Shri Rajendra V. Gogri	Executive, Promoter	2,627,472	5,358,420	–	7,985,892
Shri Laxmichand K. Jain	–	Non-executive, Independent	–	–	76,000	76,000
Shri Ramdas M. Gandhi	–	Non-executive, Independent	–	–	84,000	84,000
Shri Vijay H. Patil	–	Non-executive, Independent	–	–	52,000	52,000
Shri Haresh K. Chheda [@]	–	Non-executive, Independent	–	–	80,000	80,000
Shri P. A. Sethi	–	Non-executive, Independent	–	–	80,000	80,000
Shri K.V.S. Shyam Sunder	–	Non-executive, Independent	–	–	72,000	72,000
Shri Bhavesh R. Vora	–	Non-executive, Independent	–	–	80,000	80,000
Shri Sunil M. Dedhia [#]	–	Non-executive, Independent	–	–	32,000	32,000

@ Shri Haresh K. Chheda has resigned as director w.e.f. 1st April, 2014.

Shri Sunil M. Dedhia has resigned as director w.e.f. 1st April, 2014.

Notes:

- Bonus for FY 2012-13 is paid in FY 2013-14.
- The above figures do not include contribution to Group Gratuity Fund, Group Medclaim & Group Personal Accident, as separate figures are not available for the Directors.
- All Executive Directors are appointed under contracts each for a period of five years and with termination notice period of 180 days.
- The Non-executive Directors, apart from receiving Directors' Remuneration by way of sitting fees, approved by the Board of Directors within the limit fixed and approved by the Shareholders, do not have any other material pecuniary relationship or transactions with the Company.
- The above figures do not include contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income-Tax law.

**Shares held by Non-executive Directors in the Company as on 31st March, 2014**

Name	Number of Shares held	% of Total Shareholding
Shri Shantilal T. Shah	2340651	2.64
Shri Ramdas M. Gandhi	26500	0.03
Shri Laxmichand K. Jain	20550	0.02
Shri Vijay H. Patil	7200	0.01
Shri Hareesh K. Chheda @	2000	0.00
Shri P. A. Sethi	Nil	Nil
Shri K.V.S. Shyam Sunder	Nil	Nil
Shri Bhavesh R. Vora	Nil	Nil
Shri Sunil M. Dedhia#	Nil	Nil

@ Shri Hareesh K. Chheda has resigned as director w.e.f. 1st April, 2014.

Shri Sunil M. Dedhia has resigned as director w.e.f. 1st April, 2014.

(6) GENERAL BODY MEETINGS**DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS ARE AS UNDER:**

Year	Day, Date & Time	Venue	Special Resolutions passed for
2011	Tuesday, 27.09.2011 11.00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat.	–
2012	Monday, 13.08.2012 11.00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat.	Special Resolution passed pursuant to Section 314 to hold and continue to hold an Office of Profit.
2013	Monday, 23.09.2013 11.00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.	–

Note: During the last year, no Resolution was put through postal ballot.

(7) MEANS OF COMMUNICATION

Quarterly and annual financial results are published in The Western Times in (English) edition and (Gujarati) edition published from Ahmedabad.

These results and official news releases are also available on the website of the Company (www.aartigroup.com). All data required to be filed electronically or otherwise pursuant to the Listing Agreement 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, NSE (www.nseindia.com) and BSE Ltd. (www.bseindia.com) and available on their websites as well.

(8) GENERAL SHAREHOLDERS INFORMATION**(a) The day, date, time & venue of the 31st Annual General Meeting:**

Day	Date	Time	Venue
Wednesday	24 th September, 2014	10.30 am	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat

(b) Tentative Financial Calendar:

Financial Year	1 st April to 31 st March
Adoption of Quarterly Results for the quarter ending:	
June, 2014	1 st /2 nd week of August, 2014
September, 2014	1 st /2 nd week of November, 2014
December, 2014	1 st /2 nd week of February, 2015
March, 2015	4 th /5 th week of May, 2015.
Dates of Book Closure (Both days inclusive)	17 th September, 2014 to 24 th September, 2014

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

Stock Exchange	Stock Code/Symbol
National Stock Exchange of India Limited	AARTIIND
BSE Ltd.	524208

(d) Liquidity of Shares:

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

(e) Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the year 2014-2015.

(f) Dematerialisation status:

Equity Shares of the Company are traded compulsorily in Dematerialised Form and available for trading in the Depository Systems of both NSDL and CDSL. Security Code No. with NSDL and CDSL is – ISIN No. **INE-769A01020**. As on 31st March, 2014, **86057950** Equity Shares representing **97.14%** of the Paid-up Share Capital of the Company are held in dematerialised form.

(g) Share Transfer Agents & Address for Correspondence:**M/s. Sharepro Services (India) Pvt. Ltd.**

Samhita Warehousing Complex,
Gala No.-52 to 56, Bldg. No.13 A-B,
Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Mumbai – 400 072.
Telephone: 022-67720300/67720400
Fax No.: 022-28591568.

e-mail: sharepro@shareproservices.com

website: www.shareproservices.com

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

(h) Debt Securities - Debenture Trustee**IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai 400001

Ph:- +91 (22) 4080 7001

Fax: +91 (22) 6631 7776

e-mail: itsl@idbitrustee.com

website: <http://www.idbitrustee.com>

(i) Compliance Officer:**CS Mona Patel, Company Secretary**

222, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road,
L.B.S. Marg, Mulund (West), Mumbai-400 080.

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

(j) Share Transfer System:

Share Transfer Committee comprising of Shri R. V. Gogri, Shri S. T. Shah and Shri R. C. Gogri and Smt. H.G. Gala meets weekly for approval of the transfer, dematerialisation, etc.

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

**(k) Unclaimed Share Certificates:**

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

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of shareholders (phase wise transfers)	Number of Equity Shares
Aggregate no of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2013.	580	407688	–	–
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	2	1500	4	4200
No. of shareholders to whom shares were transferred from the suspense account during the year.	2	1500	4	4200
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2014.	574	401988	–	–

The voting rights on the shares outstanding in the suspense accounts as on 31st March, 2014 shall remain frozen till rightful owner of such shares claim the shares.

(9) MARKET PRICE DATA

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2013	93.90	75.05	93970	93.90	78.00	283679
May 2013	97.50	86.85	142052	96.75	86.65	327918
June 2013	93.70	75.00	85608	90.70	74.75	413496
July 2013	82.85	75.50	72392	83.00	75.40	1467014
August 2013	79.00	62.00	77469	81.50	66.00	264842
September 2013	72.50	64.15	153318	72.65	64.00	319566
October 2013	81.95	69.00	75203	82.15	68.90	298955
November 2013	92.05	78.30	104763	92.50	78.10	303144
December 2013	103.60	83.10	444369	103.25	83.15	1156365
January 2014	106.80	93.50	175962	107.00	93.80	403065
February 2014	112.00	87.00	413041	112.00	86.50	882474
March 2014	136.90	106.20	983766	136.95	106.00	2797273

(10) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2014

Category	No. of Shares	%
Promoters – Indian	53851802	60.79
Promoters – Foreign	86148	0.10
Bodies Corporate	1026488	1.16
Banks, Financial Institutions	5216	0.01
Mutual Funds	7126885	8.04
FII/NRI/OCB	504246	0.57
Public	25990902	29.33
TOTAL	88591687	100.00

**Distribution of Shareholding as on 31st March, 2014**

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less Than 1000	12847	80.475	3490619	3.940
1001-2000	1901	11.908	2525377	2.851
2001-4000	479	3.001	1383595	1.562
4001-6000	220	1.378	1111015	1.254
6001-8000	93	0.583	644622	0.728
8001-10000	62	0.388	584675	0.660
10001-20000	129	0.808	1790978	2.022
Above 20001	233	1.460	77060806	86.984
Total	15964	100.000	88591687	100.000

(11) REGISTERED OFFICE

Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat.

(12) PLANT LOCATIONS

- Plot Nos. 801, 801/23, 802, 803, 804/1-2-3, 801/15 to 19, 21 & 22, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 902, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 286/1, 285, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 22 / C / 1 & 2, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- Shed No. A1-6&9, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 609 & 610, GIDC Estate, 100 Shed, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot Nos. 750-751, Sarigam Industrial Area, Sarigam, Tal. Umargaon, Dist. Valsad, Gujarat.
- Plot Nos. 2701, 2703 Sarigam Industrial Area, Sarigam, Tal. Umargaon, Dist. Valsad, Gujarat.
- Plot Nos. 758/1, 2 & 3, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.
- Plot Nos. 756/2 A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6 A&B, 756/7, 779, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.
- Survey No. 1430/1, NH-8, Bhachau, Kutch, Gujarat.
- Plot No. D-18, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. E-50, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. K - 17/18/19, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. L – 5, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. L – 8, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Survey No. 193/1/4, 193/1/5, 193/1/6, Silvassa, Union Territory of Silvassa.
- Plot No. D – 53/54/60, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra
- Plot Nos. 62, 63 & 64, Sagore, Pithampur Industrial Area, Sector-3, Pithampur, Dist. Dhar, Madhya Pradesh.

(13) R & D CENTERS

- Plot No. 801, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot Nos. D54 & D56, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.

(14) CEO/CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by CEO and CFO was placed at the meeting of the Board of Directors held on 30th May, 2014.

**(III) NON-MANDATORY REQUIREMENTS****REMUNERATION COMMITTEE**

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

During the year 2013-14, one meeting of the Remuneration Committee was held on 13.05.2013. The composition of the Remuneration Committee and other relevant details are given below:

Name of Directors	Category	No. of meetings attended
Shri Laxmichand K. Jain	Chairman, Independent	1
Shri Rajendra V. Gogri	Chairman & Managing Director, Executive	1
Shri Ramdas M. Gandhi	Independent	1
Shri Vijay H. Patil	Independent	1

For and Behalf of the Board

Sd/-

RAJENDRA V. GOGRI

CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai

Date: 30th May, 2014

CEO's Certification

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

For and Behalf of the Board

Sd/-

RAJENDRA V. GOGRI

CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai

Date: 30th May, 2014



Auditors' Certificate on Corporate Governance

CERTIFICATE

To the Members of
Aarti Industries Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Aarti Industries Ltd., for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

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

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

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

Place: Mumbai
Date: 30th May, 2014



Independent Auditors' Report

To the Members of AARTI INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AARTI INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by sub-section (3) Section 227 of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of the written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

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

Place: Mumbai
Date: 30th May, 2014



Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date.

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The Company has phased programme of physical verification of its fixed assets by which all fixed assets are verified over a period of three years. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. We have been informed that no material discrepancies were noticed on such physical verification. Substantial part of fixed assets has not been disposed of during the year.
- (ii) The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties, confirmation of such stocks with third parties has been obtained by the Company. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material; however, the same have been properly dealt with the books of account.
- (iii)
 - (a) The Company has not granted loans to Companies covered in register maintained under section 301 of the Companies Act, 1956.
 - (b) The Company has taken a loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The year end as well as maximum outstanding balance during the year of loan taken was ₹ 659.56 lakhs.
 - (c) In our opinion, the rate of interest and other terms and conditions on which the loans have been taken from the Companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- (v) In case of transactions exceeding the value of the five lakhs rupees in the financial year in respect of any party –
 - (a) The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
 - (b) In our opinion, each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has accepted deposits from the public. In our opinion, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, where applicable, have been complied with. National Company Law Tribunal has not passed any order in respect of public deposits accepted by the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Company has maintained cost records as required under Section 209 (1)(d) of the Companies Act, 1956. We have not, however, carried out a detailed examination of such records.
- (ix)
 - (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities,



(b) The following statutory dues have not been deposited on account of dispute:

Name of the Statute/Nature of Dues	Period to which the amounts relates	Forum where disputes is pending (₹ in lakhs)		Total (₹ in Lakhs)
		Commissionerate	Appellate Authorities & Tribunals	
The Central Excise Act, 1944/Custom Duty/Service Tax/Interest & penalty	From FY 2001-02 to 2013-14	1,414.16	1,096.97	2,511.13
Income Tax Act/Tax Interest & Penalty	FY 2008-09 & 2009-10	663.70	NIL	663.70
Total		2,077.86	1,096.97	3,174.83

- (x) The Company has no accumulated losses. The Company has not incurred cash losses in the financial year under report and in the financial year immediately preceding such financial year.
- (xi) The Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The Company has not given guarantee for loans taken by others from banks or financial institutions and in our opinion, the terms and conditions of such guarantee are not, prima facie, prejudicial to the interests of the Company.
- (xiv) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiv) are not applicable to the Company.
- (xv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xv) of the Order are not applicable to the company.
- (xvi) Term loans availed by the Company were, prima facie, applied for the purposes for which the loans were obtained.
- (xvii) On an overall basis, the funds raised on short-term basis have, prima facie, not been used for long term investment.
- (xviii) The Company has not made preferential allotment of shares during the year to parties and companies covered in the Register, maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(xviii) of the companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xix) The Company has not issued debentures during the year, hence requirement of reporting regarding creation of security in respect of debentures does not arise.
- (xx) According to the information and explanations given to us, during the period covered by our audit report, the company has not raised any money by public issues. Therefore, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi) During the audit carried out by us, any fraud on or by the Company has not been noticed or reported during the year.

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

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

Place: Mumbai
 Date: 30th May, 2014

**Balance Sheet as at 31st March, 2014**

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	4,429.58	3,956.00
(b) Share Capital pending allotment upon Scheme of Arrangement	1-A	NIL	473.58
(c) Reserves and Surplus	2	73,439.88	63,234.52
		<u>77,869.46</u>	<u>67,664.10</u>
Non-Current Liabilities			
(a) Long-Term Borrowings	3	25,502.81	11,674.07
(b) Deferred Tax Liabilities (Net)	4	8,445.92	7,070.92
(c) Other Long-Term Liabilities	5	731.97	20.37
(d) Long-Term Provisions	6	25,566.61	21,716.61
		<u>60,247.31</u>	<u>40,481.97</u>
Current Liabilities			
(a) Short-Term Borrowings	7	68,583.76	68,500.84
(b) Trade Payables		36,783.59	21,584.61
(c) Other Current Liabilities	8	10,103.55	6,376.29
(d) Short-Term Provisions	9	2,898.19	2,680.34
		<u>118,369.09</u>	<u>99,142.08</u>
TOTAL		<u>256,485.86</u>	<u>207,288.15</u>
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	79,320.17	66,409.88
(ii) Intangible Assets	10	8.55	12.73
(iii) Capital Work-in-Progress	10	11,261.12	6,200.83
(b) Non-Current Investments	11	3,224.96	1,859.52
(c) Long-Term Loans and Advances	12	38,616.17	31,262.40
		<u>132,430.97</u>	<u>105,745.36</u>
Current Assets			
(a) Inventories	13	60,333.21	46,212.30
(b) Trade Receivables	14	46,577.32	42,865.28
(c) Cash and Cash Equivalents	15	1,235.42	971.06
(d) Short-Term Loans and Advances	16	12,959.18	8,964.38
(e) Other Current Assets	17	2,949.76	2,529.77
		<u>124,054.89</u>	<u>101,542.79</u>
TOTAL		<u>256,485.86</u>	<u>207,288.15</u>
Summary of Significant Accounting Policies and other Explanatory Information	25-36		

As per our report of even date
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
RASHESH C. GOGRI
VICE CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 30th May, 2014

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY

Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended 31 st March, 2014	For the Year Ended 31 st March, 2013
Revenue from Operations	18	263,277.72	209,611.76
Other Income	19	1,042.46	439.61
Total Revenue		264,320.18	210,051.37
EXPENSES :			
Cost of Materials Consumed (Incl. Packing, Fuel, Stores & Spares)	20	163,078.84	126,227.25
Purchases of Stock-in-Trade		11,685.89	9,311.78
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(6,205.14)	(7,106.89)
Employee Benefits Expenses	22	7,572.74	6,361.37
Finance Costs	23	11,753.35	9,499.80
Depreciation and Amortisation Expenses		8,743.55	8,180.04
Other Expenses	24	47,596.45	39,193.68
Total Expenses		244,225.68	191,667.03
PROFIT BEFORE TAX		20,094.50	18,384.34
TAX EXPENSES :			
(1) Current Tax		3,850.00	4,500.00
(2) Deferred Tax		1,375.00	750.00
PROFIT AFTER TAX		14,869.50	13,134.34
Earnings Per Equity Share (EPS) (in ₹)			
Basic/Diluted	32	16.78	14.83
Summary of Significant Accounting Policies and other Explanatory Information	25-36		

As per our report of even date
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
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Sd/-
RASHESH C. GOGRI
VICE CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 30th May, 2014

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY



Significant Accounting Policies:

(a) Accounting Basis:

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles in India and comply in all material aspects with the applicable accounting standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

(b) Revenue Recognition:

- (i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest, Insurance claims and Subsidy from Department of Fertilizers is recognized on the time proportion method.

(c) Fixed Assets and Depreciation:

(1) Fixed Assets

Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT) inclusive of all expenditure of capital nature such as, inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(2) Depreciation

(A) Depreciation is provided on Reducing Balance Method at the rate prescribed under Schedule XIV of the Companies Act, 1956, in respect of asset installed by the Company in one plant, taken on operating lease.

(B) Leasehold Land is amortized over the period of lease.

(C) Depreciation is provided on Straight Line Basis on following assets based on Management's estimate at the rate mentioned below:

- | | |
|-----------------------------|--|
| (i) Building | @ 5.28% |
| (ii) Residential Quarters | @ 3.34% |
| (iii) Computers | @ 40% |
| (iv) Furniture and Fixtures | @ 10.34% (except for the Assets of Anushakti Chemicals & Drugs Ltd. situated at its Tarapur Unit, wherein the same are depreciated on WDV basis at the rate of 13.91%) |
| (v) Vehicles | @ 15% (except for the Assets of Anushakti Chemicals & Drugs Ltd. situated at its Tarapur Unit, wherein the same are depreciated on WDV basis at the rate of 25.89%) |

(D) Depreciation on Fixed Assets other than Leasehold Land and those mentioned above are provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.

(E) Product/Process Development Expenses are amortized over the estimated useful life of the product.

(3) Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an assets or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(d) Investments:

- (i) Current investments are stated at lower of cost or fair market value.
- (ii) Long term investments are stated at cost less provision for permanent diminution in value if any, of investments.



(e) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares	– At cost on Weighted Average basis.
(ii) Work-in-Process	– At cost plus appropriate allocation of overheads.
(iii) Finished Goods	– At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

(f) Retirement Benefits:

Employee benefits are charged off in the year in which the employee has rendered services.

(g) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are dealt with in the Profit and Loss Account, except in case of long-term loans, where they relate to acquisition of fixed asset, in which case they are adjusted to the carrying cost of such assets. The premium in case of future contracts is dealt with in the Profit and Loss Account proportionately over the period of the contracts.

(h) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of fixed assets and depreciation is provided on the same basis as for other fixed assets.

(i) Operating Lease:

Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

(j) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(k) Deferred Tax:

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet.

Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

(l) Borrowing Costs:

Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(m) Provisions and Contingent Liabilities:

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.



Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

1. SHARE CAPITAL:

Authorised

12,50,00,000 Equity Shares of ₹ 5/- each

Issued, Subscribed & Paid up

8,85,91,687 (previous year 7,91,20,073) Equity Shares of ₹ 5/- each fully paid up

TOTAL

As at 31 st March, 2014	As at 31 st March, 2013
6,250.00	6,250.00
4,429.58	3,956.00
4,429.58	3,956.00

1.1 Reconciliation of the number of shares outstanding as on 31st March, 2014:

Particulars	No. of Shares outstanding	
	As at 31 st March, 2014	As at 31 st March, 2013
Equity shares at the beginning of the year	79,120,073	79,120,073
Add: Shares Issued during the year	9,471,614	NIL
Less: Shares buy back during the year	NIL	NIL
Equity shares at the end of the year	88,591,687	79,120,073

1.2 Details of Shareholders holding more than 5% shares:

Name of Shareholder	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares held	% held	No. of Shares held	% held
Anushakti Holdings Ltd.	7,022,301	7.93	6,198,600	7.83
HDFC Trustee Company Ltd. – HDFC Prudence Fund	6,181,510	6.98	6,132,810	7.75
Gogri and Sons Investments Pvt. Ltd.	5,833,773	6.59	4,844,613	6.12
Alchemie Leasing & Financing Pvt. Ltd.	5,184,098	5.85	4,341,655	5.49

1.3 The details of Equity shares outstanding during last 5 Years:

Particulars	Financial Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
No. of Equity Shares outstanding: (Refer Note No. 1.4)	88,591,687	79,120,073	79,120,073	76,720,073	76,720,073

1.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

- [a] 8,43,649 (previous year 8,43,649) were issued to Shareholders of Surfactant Specialities Ltd. pursuant to its Merger with the Company.
- [b] 42,000 (previous year 42,000) were issued to Shareholders of Avinash Drugs Ltd. pursuant to its Merger with the Company.
- [c] 30,25,000 (previous year 30,25,000) were issued towards Preferential allotment at a premium of ₹ 30.65 paise to Warrantheolders.
- [d] 24,00,000 (previous year 24,00,000) have been issued towards Preferential allotment at a premium of ₹ 53/- to Warrantheolders.
- [e] 94,71,614 (previous year Nil) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to its Scheme of arrangement with the Company.

1.A SHARE CAPITAL PENDING ALLOTMENT UPON SCHEME OF ARRANGEMENT :

(₹ in Lakhs)

94,71,614 Shares are to be issued and allotted to Shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to the Scheme of Arrangement approved by the Honorable High Courts at Ahmedabad and Bombay vide their order dated 8th March, 2013 & 8th February, 2013 respectively.

TOTAL

As at 31 st March, 2014	As at 31 st March, 2013
NIL	473.58
NIL	473.58



Notes on Financial Statements for the year ended 31st March, 2014

2. RESERVE AND SURPLUS :

(₹ in Lakhs)

Sr. Particulars No.	As at 31 st March, 2014	As at 31 st March, 2013
a. Capital Reserves		
Opening Balance	6,921.71	2.08
Addition: pursuant to the Scheme of Arrangement	NIL	6,919.63
Deduction	NIL	NIL
Closing Balance	6,921.71	6,921.71
b. Capital Redemption Reserve		
Opening Balance	55.33	55.33
Addition	NIL	NIL
Deduction	NIL	NIL
Closing Balance	55.33	55.33
c. Securities Premium Account		
Opening Balance	2,199.16	2,199.16
Addition : on issue of Shares	NIL	NIL
Deduction	NIL	NIL
Closing Balance	2,199.16	2,199.16
d. General Reserve		
Opening Balance	10,724.32	9,409.32
Addition: Transferred from Profit & Loss Account	1,490.00	1,315.00
Deduction	NIL	NIL
Closing Balance	12,214.32	10,724.32
e. Profit and Loss Account		
Opening Balance	42,021.06	34,330.84
Addition :		
Net Profit/(Net Loss) for the year	14,869.50	13,134.34
Deduction :		
Proposed Dividend	1,328.87	1,107.40
1 st Interim Dividend	1,550.35	1,328.88
2 nd Interim Dividend	1,107.39	1,107.40
Tax on Dividend	677.53	585.44
Transferred to General Reserve	1,490.00	1,315.00
Closing Balance	50,736.42	42,021.06
f. Other Reserves		
State Investment Subsidy	51.82	51.82
Amalgamation Reserve	1,076.55	1,076.55
Forfeiture Reserve	184.57	184.57
Closing Balance	1,312.94	1,312.94
TOTAL	73,439.88	63,234.52



Notes on Financial Statements for the year ended 31st March, 2014

3. LONG-TERM BORROWINGS:

(₹ in Lakhs)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	25,443.46	9,500.73	11,579.93	4,307.84
(b) Vehicle Loans from Banks/Financial Institution	59.35	68.62	51.24	54.87
	25,502.81	9,569.35	11,631.17	4,362.71
Unsecured				
(a) Deposits	NIL	86.10	42.90	44.50
	NIL	86.10	42.90	44.50
TOTAL	25,502.81	9,655.45	11,674.07	4,407.21

3.1 (a) Out of the total ECB/Term Loans from Banks/Financial Institutions to ₹ 34,944.19 Lakhs;

- Outstanding Term Loans/ECBs to the extent of ₹ 22,560.75 Lakhs, are secured/to be secured by way of Pari Passu Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi and Jhagadia, in the State of Gujarat, Pithampur in the State of Madhya Pradesh, Silvassa in the Union Territory of Silvassa and further 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.
- Term Loan from Citibank to the extent of ₹ 2,952.50 Lakhs is secured by way of Exclusive Charge on the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) situated at the new hydrogenation unit at Jhagadia Unit II.
- ECB from DBS Bank to the extent of ₹ 1,497.50 Lakhs is secured by way of Joint Equitable Mortgage of the Company's immovable properties situated at Bhachau, in the State of Gujarat and further 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) situated at the same unit.
- Term Loan from IndusInd Bank to the extent of ₹ 150.00 Lakhs is secured by way of Joint Equitable Mortgage of the one of Company's Immovable Property situated at Tarapur, in the State of Maharashtra and further 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) situated at the same unit.
- Term Loan of ₹ 7,500.00 Lakhs from Societe Generale 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.
- Term Loan of ₹ 283.44 Lakhs from Financial Institution is secured by way of exclusive charge on specific ISO-Tanks used for Company's operations.

(b) Vehicle loans from banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

3.2 Repayment Terms:

(₹ in Lakhs)

Particulars	Repayment Tenor			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
ECB/Term Loans from Banks/Financial Institutions	12,087.88	9,771.54	3,584.04	NIL
Vehicle Loans from Banks/Financial Institutions	59.35	NIL	NIL	NIL

4. DEFERRED TAX LIABILITIES (NET):

Deferred Tax Liabilities

Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per Tax Laws

Deferred Tax Assets

Items allowed for tax purpose on payment

Deferred Tax Liabilities (Net)

(₹ in Lakhs)

As at 31 st March, 2014	As at 31 st March, 2013
7,070.92	6,320.92
1,578.87	994.95
(203.87)	(244.95)
8,445.92	7,070.92

Notes on Financial Statements for the year ended 31st March, 2014

		(₹ in Lakhs)	
	As at 31 st March, 2014	As at 31 st March, 2013	
5. OTHER LONG-TERM LIABILITIES:			
Unsecured Loan From Others	731.97	20.37	
TOTAL	731.97	20.37	
6. LONG-TERM PROVISIONS:			
Provision for Tax	25,566.61	21,716.61	
TOTAL	25,566.61	21,716.61	
7. SHORT-TERM BORROWINGS:			
Secured			
(I) Working Capital Loan from Banks	67,004.05	58,729.14	
	67,004.05	58,729.14	
Unsecured			
(I) From Banks	1,579.71	9,473.45	
(II) From Others	NIL	298.25	
	1,579.71	9,771.70	
TOTAL	68,583.76	68,500.84	

- 7.1** Working Capital Loans availed from Scheduled Banks, are secured/to be secured by way of Pari Passu first charge by hypothecation of Raw Materials, Stock-In-Process, Semi-Finished Goods, Finished Goods, Packing Materials and Stores and Spares, Bills Receivables and Book Debts and all other moveable, both present and future. Also by way of Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi, Jhagadia and Bhachau in the State of Gujarat and at Tarapur in the State of Maharashtra and further by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by ECB/Term Lenders.

		(₹ in Lakhs)	
	As at 31 st March, 2014	As at 31 st March, 2013	
8. OTHER CURRENT LIABILITIES:			
(a) Current maturities of Long-Term Debt (Refer Note No. 3)	9,500.73	4,307.84	
(b) Current maturities of Vehicle Loan (Refer Note No. 3)	68.62	54.87	
(c) Current maturities of Deposit (Refer Note No. 3)	86.10	44.50	
(d) Interest accrued but not due on borrowings	11.45	10.19	
(e) Unpaid Dividends	172.89	151.06	
(f) Deposits	18.65	18.65	
(g) Sales Tax Deferred Liability	51.88	136.62	
(h) Other Current Liability & Taxes	193.23	1,652.56	
TOTAL	10,103.55	6,376.29	
9. SHORT-TERM PROVISIONS:			
Provisions for			
Employees' Benefits	1,343.47	1,080.01	
Proposed Dividend & Tax thereon	1,554.72	1,600.33	
TOTAL	2,898.19	2,680.34	

Notes on Financial Statements for the year ended 31st March, 2014

10. FIXED ASSETS:

Particulars	GROSS BLOCK						ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 st April, 2013	Addition on account of Scheme of Arrangement	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31 st March, 2014	Balance as at 1 st April, 2013	Addition on account of Scheme of Arrangement	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31 st March, 2014	Balance as at 31 st March, 2014	Balance as at 31 st March, 2013
(i) Tangible Assets												
Free Hold Land	356.46	NIL	NIL	NIL	356.46	25.75	NIL	NIL	NIL	25.75	330.71	330.71
Lease Hold Land	2,254.26	NIL	990.75	23.20	3,221.81	205.24	NIL	28.02	NIL	233.26	2,988.55	2,049.02
Buildings	8,408.34	NIL	1,782.78	60.80	10,130.32	2,517.06	NIL	470.46	48.25	2,939.27	7,191.05	5,891.28
Plant and Equipment	104,104.68	NIL	18,600.62	85.95	122,619.35	46,718.28	NIL	7,986.31	38.44	54,666.15	67,953.20	57,386.40
Furniture and Fixtures	1,412.70	NIL	233.86	NIL	1,646.56	1,133.64	NIL	126.54	NIL	1,260.18	386.38	279.06
Vehicles	1,289.68	NIL	124.91	NIL	1,414.59	816.27	NIL	128.04	NIL	944.31	470.28	473.41
TOTAL (i)	117,826.12	NIL	21,732.92	169.95	139,389.09	51,416.24	NIL	8,739.37	86.69	60,068.92	79,320.17	66,409.88
(ii) Intangible Assets												
Process Development	1,996.39	NIL	NIL	NIL	1,996.39	1,996.39	NIL	NIL	NIL	1,996.39	NIL	NIL
Technical Know-how	7.57	NIL	NIL	NIL	7.57	7.57	NIL	NIL	NIL	7.57	NIL	NIL
Goodwill	615.92	NIL	NIL	NIL	615.92	615.92	NIL	NIL	NIL	615.92	NIL	NIL
Computer Software	38.40	NIL	NIL	NIL	38.40	25.67	NIL	4.18	NIL	29.85	8.55	12.73
Copyrights and Patents	965.50	NIL	NIL	NIL	965.50	965.50	NIL	NIL	NIL	965.50	NIL	NIL
TOTAL (ii)	3,623.78	NIL	NIL	NIL	3,623.78	3,611.05	NIL	4.18	NIL	3,615.23	8.55	12.73
GROSS TOTAL (i + ii)	121,449.90	NIL	21,732.92	169.95	143,012.87	55,027.29	NIL	8,743.55	86.69	63,684.15	79,328.72	66,422.61
Previous Year	83,356.61	16,205.63	22,222.32	334.66	121,449.90	40,033.00	6,879.30	8,180.05	65.06	55,027.29	66,422.61	
Capital Work-in-Progress											11,261.12	6,200.83

10.1 Gross Block of Plant & Machinery includes assets given on Lease with Gross Block ₹ 115.22 Lakhs (previous year ₹ 163.95 Lakhs).

10.2 Additions to Gross Block includes an amount of ₹ 1,272.04 Lakhs (previous year ₹ 807.99 Lakhs) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year.

10.3 Current year depreciation includes ₹ 116.71 Lakhs (previous year ₹ 97.47 Lakhs) on Assets deployed for Research & Development.

Notes on Financial Statements for the year ended 31st March, 2014

11. NON-CURRENT INVESTMENTS:

(₹ in Lakhs)

Name of the Company	Number of Units / Shares (All fully paid up)				As at 31 st March, 2014	As at 31 st March, 2013
	Opening Balance	Acquisition	Disposal	Closing Balance		
<u>Trade Investments – (Quoted) in Equity Shares</u>						
Aarti Drugs Ltd.	651,059	NIL	401,000	250,059	40.01	104.17
Bank of India	285	NIL	NIL	285	1.70	1.70
Glenmark Pharmaceuticals Ltd.	400	NIL	NIL	400	1.33	1.33
					43.04	107.20
<u>Trade Investments – (Unquoted) in Equity Shares of Associate Companies</u>						
Anushakti Holdings Ltd.	8,846,490	NIL	NIL	8,846,490	290.51	290.51
Anushakti Chemicals & Drugs Ltd.	15,529,136	NIL	NIL	15,529,136	751.21	751.21
Ganesh Polychem Ltd.	1,970,621	1,097,636	NIL	3,068,257	1,215.86	77.06
					2,257.58	1,118.78
<u>Investments – (Unquoted) in Equity Shares</u>						
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	NIL	NIL	1,020	0.51	0.51
Damanganga Saha Khand Udyog Mandali Ltd.	61	NIL	NIL	61	1.22	1.22
Narmada Clean Tech Ltd.	102,230	NIL	NIL	102,230	13.26	13.26
Dilesh Roadlines Pvt. Ltd.	114,000	*456,000	**105,450	464,550	0.85	11.40
Indusken Pharmaceuticals Pvt. Ltd.	200,000	NIL	NIL	200,000	20.00	20.00
U.K.I.P. Co-Op. Soc. Ltd.	35	NIL	NIL	35	0.02	0.02
Perfect Enviro Control Systems Ltd.	36,800	NIL	NIL	36,800	3.68	3.68
Aarti Ventures Ltd.	NIL	190,000	NIL	190,000	19.00	NIL
					58.54	50.09
<u>Investments – (Unquoted) in Subsidiary Companies</u>						
Aarti Corporate Services Ltd.	2,024,680	NIL	NIL	2,024,680	172.91	172.91
Alchemie (Europe) Ltd.	40,000	40,000	NIL	80,000	54.39	25.54
Innovative Envirocare Jhagadia Ltd.	NIL	350,000	NIL	350,000	3.50	NIL
					230.80	198.45
<u>Investments – (Unquoted) in Limited Liability Partnership</u>						
Aarti Udyog Limited Liability Partnership	NA	NA	NA	NA	380.00	380.00
Anushakti Specialities Limited Liability Partnership	NA	NA	NA	NA	5.00	5.00
					385.00	385.00
<u>Investments - (Unquoted) in Unsecured Convertible Debenture</u>						
Aarti Corporate Services Ltd.	NIL	250,000	NIL	250,000	250.00	NIL
					250.00	NIL
TOTAL					3,224.96	1,859.52

* Bonus share allotted

** Given back under buyback scheme of Dilesh Roadlines Pvt. Ltd.

Aggregate Market Value of Quoted Investments: (₹ in Lakhs)

As on 31.03.2014

661.57

As on 31.03.2013

935.35



Notes on Financial Statements for the year ended 31st March, 2014

	(₹ in Lakhs)	
	As at 31 st March, 2014	As at 31 st March, 2013
12. LONG-TERM LOANS AND ADVANCES:		
a. Capital Advances	4,545.50	1,072.15
b. Other Deposits	1,547.63	1,211.59
c. Other loans and advances:		
(i) Loans & Advances (Employees)	745.30	726.98
(ii) Loans & Advances (Others)	2,288.55	3,219.22
(iii) Advance Tax and Tax Deducted at Source	29,489.19	25,032.46
TOTAL	38,616.17	31,262.40
13. INVENTORIES:		
a. Raw Materials and Components (incl In-transit stock)	21,970.33	14,368.90
b. Work-in-progress Finished Goods	19,277.36	15,010.57
c. Finished Goods (incl In-transit stock)	16,767.91	14,611.69
d. Stock-in-trade	820.87	1,038.73
e. Stores and spares	492.29	531.85
f. Fuel (incl In-transit stock)	651.66	360.13
g. Packing Materials	352.79	290.43
TOTAL	60,333.21	46,212.30
13.1 IN-TRANSIT INVENTORIES:		
Raw Materials	5,046.52	1,744.85
Finished Goods	2,952.40	1,384.28
Fuel	226.56	157.97
TOTAL	8,225.48	3,287.10
14. TRADE RECEIVABLES:		
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	44,081.67	39,847.79
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	2,495.65	3,017.49
TOTAL	46,577.32	42,865.28
15. CASH AND CASH EQUIVALENTS:		
Cash on hand	150.41	188.56
Bank balance in Current Accounts	244.52	390.27
Bank deposits kept as Margin Money	667.60	241.17
Earmarked Balances (Unpaid Dividend Accounts)	172.89	151.06
TOTAL	1,235.42	971.06
16. SHORT-TERM LOANS AND ADVANCES:		
(a) Advance to Related Party (Refer Note No. 31)	NIL	340.35
(b) Others – Balances with Custom, Port Trust, Excise & VAT Authorities	12,959.18	8,624.03
TOTAL	12,959.18	8,964.38
17. OTHER CURRENT ASSETS:		
Others Receivables	1.69	1.69
Prepaid Insurance	165.26	236.35
Subsidy Receivable	2,295.35	1,739.08
Gratuity Receivable	35.78	15.43
Insurance Claim Receivable	451.68	537.22
TOTAL	2,949.76	2,529.77

Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

18. REVENUE FROM OPERATIONS (Refer Note No. 18.1):

	For the Year Ended 31 st March, 2014	For the Year Ended 31 st March, 2013
Sale of Products	278,535.78	223,093.75
Sale of Services	391.47	424.57
Other Operating Revenues (Refer Note No. 18.2)	3,409.35	3,860.58
GROSS REVENUE OPERATIONS	282,336.60	227,378.90
Less: Excise Duty/Vat	19,058.88	17,767.14
NET REVENUE FROM OPERATIONS	263,277.72	209,611.76

18.1 NET SALES & OPERATING REVENUES:**Local Sales:**

Speciality Chemicals	108,675.41	81,203.89
Pharmaceuticals	13,204.15	9,514.39
Home & Personal Care Chemicals	13,267.78	12,932.92
Total (A)	135,147.34	103,651.20

Export Sales:

Speciality Chemicals	113,020.63	94,561.81
Pharmaceuticals	11,693.96	9,169.40
Home & Personal Care Chemicals	3,415.79	2,229.35
Total (B)	128,130.38	105,960.56

TOTAL (A+B)	263,277.72	209,611.76
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18.2 OTHER OPERATING REVENUES:

Export Benefits	598.85	748.97
Fertilizers Subsidy Received	2,245.54	2,397.33
SHIS Scheme Income	171.70	NIL
Insurance Claim Received	2.07	248.59
Scrap Sales	391.19	465.69
TOTAL	3,409.35	3,860.58

19. OTHER INCOME:

Dividend Received	53.32	119.21
Profit on Sale of Assets	216.33	57.93
Profit on Sale of Investments	695.37	13.32
Lease Rent Income	30.05	36.32
Other Income	47.39	212.83
TOTAL	1,042.46	439.61



Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

	For the Year Ended 31 st March, 2014	For the Year Ended 31 st March, 2013
20. COST OF MATERIALS CONSUMED:		
Consumption of Raw Materials	145,023.80	110,139.73
Consumption of Packing Materials	4,160.11	3,180.51
Consumption of Fuel	9,139.56	9,193.57
Consumption of Stores & Spares	4,755.37	3,713.44
TOTAL	163,078.84	126,227.25
21. CHANGE IN INVENTORY:		
<u>Opening Stock</u>		
Finished Goods	15,650.43	11,346.00
Work-in-Progress	15,010.57	12,208.11
Total (A)	30,661.00	23,554.11
<u>Closing Stock</u>		
Finished Goods	17,588.78	15,650.43
Work-in-Progress	19,277.36	15,010.57
Total (B)	36,866.14	30,661.00
TOTAL (A-B)	(6,205.14)	(7,106.89)
22. EMPLOYEE BENEFITS:		
Salaries, Wages & Bonus	6,913.56	5,791.81
Contribution to PF and other Funds	254.48	195.94
Workmen & Staff Welfare Expenses	404.70	373.62
TOTAL	7,572.74	6,361.37
22.1 DIRECTORS' REMUNERATION:		
Basic Salary	180.49	157.73
House Rent Allowance	19.81	18.04
Contribution to PF	23.65	18.19
Value of Perquisites	1.05	0.70
Ex-Gratia/ Super Annuation Fund	31.58	31.58
Keyman Insurance Assigned	NIL	188.79
Commission	396.92	382.55
TOTAL	653.50	797.58
23. FINANCE COST:		
Interest Expenses	10,557.24	8,719.83
Other Borrowing Costs	1,196.11	779.97
TOTAL	11,753.35	9,499.80

Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

24. OTHER EXPENSES:**Manufacturing Expenses:**

	For the Year Ended 31 st March, 2014	For the Year Ended 31 st March, 2013
Freight, Cartage & Transport	7,141.85	6,243.90
Power	6,894.44	5,587.12
Water Charges	596.99	564.36
Processing Charges	1,547.79	1,171.17
Other Manufacturing Expenses	6,279.15	5,507.57
Repairs & Maintenance	3,656.55	3,003.60
Insurance Charges	301.30	269.13
Research & Development Expenses	926.76	777.96
Factory Administrative Expenses	1,816.58	1,259.63
Total (A)	29,161.41	24,384.44

Office Administrative Expenses:

Rent, Rates and Taxes	205.56	153.00
Travelling and Conveyance	383.83	312.63
Auditor's Remuneration (Refer Note No. 24.1)	14.65	15.06
Legal & Professional Charges	214.86	204.21
Postage, Telegraph & Telephone	70.94	63.94
Printing & Stationery Expenses	55.95	42.76
Other Administrative Expenses	895.88	583.68
Total (B)	1,841.67	1,375.28

Selling & Distribution Expenses:

Advertisement & Sales Promotion	426.78	350.74
Export Freight Expenses	6,096.49	5,437.94
Freight and Forwarding Expenses	6,849.98	5,107.47
Commission	1,012.53	820.15
Export Insurance Charges	201.06	110.08
Sample Testing & Analysis Charges	69.88	46.62
Bad Debts Written Off	85.15	148.66
Discount Given	1,385.71	1,023.45
Sundry Balance Written Off/(Back)	52.20	23.40
Total (C)	16,179.78	13,068.51

Non-Operating Expenses:

Donation	401.01	346.85
Loss on Sale of Investments	NIL	12.14
Loss on Sale of Assets	12.58	6.46
Total (D)	413.59	365.45
TOTAL (A+B+C+D)	47,596.45	39,193.68

24.1 AUDITOR'S REMUNERATION:

Audit Fees	11.75	11.00
Certification Charges	2.24	2.22
Service Tax Charges	NIL	1.46
Out of Pocket Expenses	0.66	0.38
TOTAL	14.65	15.06



Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

25. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for):

(i) Contingent Liabilities:

- (a) Claims against the Company not acknowledged as Debts
- (b) Letters of Credit, Bank Guarantees & Bills Discounted

(ii) Commitments:

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances

TOTAL

As at 31 st March, 2014	As at 31 st March, 2013
3,908.53	3,870.11
7,539.89	8,052.43
11,448.42	11,922.54
1,108.28	3,697.63
1,108.28	3,697.63
12,556.70	15,620.17

26. There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
27. Interest received of ₹ 334.77 Lakhs (Tax Deducted at Source ₹ 29.14 Lakhs) [previous year ₹ 411.98 Lakhs (Tax Deducted at Source ₹ 9.21 Lakhs)] is netted off against interest paid on Working Capital.
28. In the opinion of the Board, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to amounts at which they are stated in the Balance Sheet.

29. RESEARCH & DEVELOPMENT ACTIVITIES:

(₹ in Lakhs)

EXPENDITURE	As at 31 st March, 2014	As at 31 st March, 2013
Revenue	926.76	777.69
Capital	470.76	230.90

30. SEGMENT REPORTING:

(₹ in Lakhs)

Sr. No.	Particulars	Financial Year 2013-14	Financial Year 2012-13
(A)	Primary Segments: Business Segments		
	1. Segment Revenue:		
	a) Speciality Chemicals	221,696.04	175,765.71
	b) Pharmaceuticals	24,898.11	18,683.79
	c) Home & Personal Care Chemicals	16,683.57	15,162.27
	Total	263,277.72	209,611.77
	2. Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	33,262.19	31,895.73
	b) Pharmaceuticals	2,974.64	944.58
	c) Home & Personal Care Chemicals	410.90	503.02
	Total (A)	36,647.73	33,343.33
	Less: Interest	11,753.35	9,499.80
	Other Unallocable Expenditure (Net)	4,800.78	5,459.19
	Total (B)	16,554.13	14,958.99
	Total Profit before Tax (A-B)	20,093.60	18,384.34



Notes on Financial Statements for the year ended 31st March, 2014

30. SEGMENT REPORTING:

(₹ in Lakhs)

Sr. No.	Particulars	Financial Year 2013-14	Financial Year 2012-13
	3. Capital Employed:		
	a) Speciality Chemicals	140,134.36	131,052.00
	b) Pharmaceuticals	37,720.48	24,340.00
	c) Home & Personal Care Chemicals	8,747.06	4,235.00
	d) Unallocated Capital	4,186.50	2,710.00
	TOTAL	190,788.40	162,337.00
(B)	Secondary Segments: Geographical Segments		
	a) India	135,147.34	103,651.21
	b) Out of India	128,130.38	105,960.56
	Total	263,277.72	209,611.77

Note:

The Company is a multi-product and multi-faceted one. The performance were earlier classified into four segments viz, Performance Chemicals, Agri-Intermediates & Fertilisers, Pharmaceuticals and Home & Personal Care Chemicals based on the end-use/applications.

In case of Performance Chemicals Segment and Agri Intermediates & Fertilizers Segment, a majority of manufacturing facilities are common and interlinked. As a result the segmental performance for these two segments would fluctuate based on the product mix adopted at each reporting period.

Thus for better interpretation of the operations resulting on account of these interchangeable facilities, it is decided to merge these two segments into a single reportable segment under the name of "Speciality Chemicals". Hence the performance of the Company shall be reclassified into three segments viz, Speciality Chemicals, Pharmaceuticals and Home & Personal Care Chemicals. This also facilitates the disclosure of Capital Employed for each segment, which earlier was not possible on account of common manufacturing facilities. This change does not have any financial impact.

31. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (AS: 18):

I Following are the Subsidiaries of the Company as defined in Para 3(a) of Accounting Standard - 18.

1. Aarti Corporate Services Ltd.
2. Nascent Chemical Industries Ltd. (Through its holding Company: Aarti Corporate Services Ltd.)
3. Shanti Intermediates Pvt. Ltd. (Through its holding Company: Aarti Corporate Services Ltd.)
4. Anushakti Specialities Limited Liability Partnership (LLP)
5. Alchemie (Europe) Ltd.
6. Innovative Envirocare Jhagadia Ltd.

II Following are the Associates of the Company as defined in Para 3(b) of the Accounting Standard - 18.

1. Ganesh Polychem Ltd.
2. Anushakti Chemicals and Drugs Ltd.
3. Anushakti Holdings Ltd.

III Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence as defined in Para 3(e) of the Accounting Standard - 18.

1. Alchemie Pharma Chem Ltd.
2. Alchemie Industries
3. Gogri and Sons Investments Pvt. Ltd.
4. Alchemie Leasing and Financing Pvt. Ltd.
5. Alchemie Laboratories
6. Aarti Drugs Ltd.
7. Alchemie Dye Chem Pvt. Ltd.

IV Following are the individuals who with their relatives as defined in Para 3(c) and 3(d) of the Accounting Standard - 18 own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

Sr. No.	Name	Status
1.	Shri Rajendra V. Gogri	Director
2.	Smt. Hetal Gogri Gala	Director
3.	Shri Rashesh C. Gogri	Director
4.	Shri Shantilal T. Shah	Director

Sr. No.	Name	Status
5.	Shri Parimal H. Desai	Director
6.	Shri Kirit R. Mehta	Director
7.	Shri Manoj M. Chheda	Director
8.	Shri Renil R. Gogri	Director



Notes on Financial Statements for the year ended 31st March, 2014

The following transactions were carried out during the year with the related parties in the ordinary course of business

(A) Details relating to parties referred to in items I, II and III above.

(₹ in Lakhs)

Sr. No.	Description of Transaction	Year	Subsidiary Companies [I]	Associated [II]	Other related Enterprises Firms [III]
1.	Sales of Finished Goods/Sales Income	CY	7,957.32	4,143.94	2,048.88
		PY	13.27	10,032.79	2,270.11
2.	Purchases of Raw Materials/Finished Goods	CY	495.51	625.47	63.05
		PY	395.82	292.46	48.60
3.	Other Manufacturing Expenses	CY	1,412.15	—	663.20
		PY	1,018.04	—	659.68
4.	Rent paid	CY	—	—	51.00
		PY	—	—	51.00
5.	Other Income	CY	—	—	3.00
		PY	—	—	3.00
6.	Sale of Investments	CY	—	—	—
		PY	242.01	—	—
7.	Sale of Fixed Assets	CY	0.95	—	100.00
		PY	—	—	—
8.	Purchase of Fixed Assets	CY	8.26	—	—
		PY	—	—	—
9.	Inter-Corporate Deposits taken/(Repaid) during the year	CY	—	650.00	26.00
		PY	—	—	—
10.	Inter-Corporate Deposits given/(Received back) during the year	CY	—	(336.40)	(26.00)
		PY	—	(150.00)	—
11.	Interest Expense on the Inter-Corporate Deposits taken	CY	—	10.62	0.38
		PY	—	—	23.32
12.	Interest Income on the Inter-Corporate Deposits placed/unsecured loans	CY	—	—	2.23
		PY	—	60.00	—
13.	Dividend Received	CY	—	0.03	53.26
		PY	60.58	—	58.60
14.	Equity Contribution/(Disposal) in cash or in kind made during the year	CY	32.35	—	—
		PY	—	—	—
15.	Purchase of Investment (Convertible Debentures)	CY	250.00	—	—
		PY	—	—	—
16.	Profit / (Loss) on sale of Investments	CY	—	—	—
		PY	(11.65)	—	—
17.	Profit / (Loss) on sale of Fixed Assets	CY	0.95	—	78.51
		PY	—	—	—
18.	Outstanding items pertaining to the related parties at the balance sheet date – Receivable/(Payable)	CY	7,305.88	(551.64)	271.00
		PY	1,199.00	5,659.49	1,072.11

Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

(B) Details relating to persons referred to in item IV above*

- a. Directors' Remuneration including perquisites[#]
- b. Commission to Directors
- c. Sitting Fees
- d. Rent paid
- e. Travelling Expenses
- f. Telephone Expenses

TOTAL

Financial Year 2013-14	Financial Year 2012-13
255.37	416.76
396.92	382.55
2.60	3.08
83.15	81.69
106.61	86.64
3.84	5.53
848.49	976.25

* Excluding the payments made to Independent Directors & Relative of Directors as per Accounting Standard Interpretation 21 issued by the Institute of Chartered Accountants of India.

[#] Value of Perquisites includes non Cash Perquisites of ₹ 1.94 Lakhs (previous year ₹ 1.73 Lakhs).

32. EARNING PER SHARE (EPS):

Net Profit available for Equity Shareholders

(₹ in Lakhs)

No. of Equity Shares

(Nos.)

Basic & Diluted EPS

(₹)

Nominal Value of Equity Share

(₹)

Financial Year 2013-14	Financial Year 2012-13
14,869.50	13,134.34
88,591,687	88,591,687
16.78	14.83
5.00	5.00

33. EMPLOYEE BENEFITS:**Defined Benefit Plan**

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

(₹ in Lakhs)

Particulars**a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation**

Defined Benefit Obligation at beginning of the Year

Current Service Cost

Interest Cost

Actuarial(gain)/ loss

Benefits Paid

Defined Benefit Obligation at year end

Gratuity (funded) 2013-14	Gratuity (funded) 2012-13
571.88	423.38
52.24	39.67
47.18	37.05
40.68	94.26
(7.43)	(22.48)
704.55	571.88



Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

Particulars	Gratuity (funded) 2013-14	Gratuity (funded) 2012-13
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	484.26	421.02
Expected return of plan assets	42.13	36.21
Actuarial(gain)/loss	3.68	5.33
Employer Contribution	44.95	44.18
Benefits Paid	(7.43)	(22.48)
Fair value of plan assets at year end	567.59	484.26
Actual return on plan assets	45.81	41.53
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	567.59	484.26
Present value of obligation	704.55	571.88
Amount Recognized in Balance Sheet	136.96	87.62
d. Expenses recognized during the year		
Current Service Cost	52.24	39.67
Interest Cost	47.18	37.05
Expected return on plan assets	(42.13)	(36.21)
Actuarial(gain)/ loss	37.00	88.94
Net Cost	94.29	129.45
e. Investment Details		
L.I.C. Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f. Actuarial assumptions		
Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	9.31%	8.25%
Expected rate of return on plan assets (per annum)	8.70%	8.70%
Rate of escalation of in Salary (per annum)	5%	5%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Leave Encashment:

Leave Encashment liability amounting to ₹ 346.88 Lakhs (previous year ₹ 274.38 Lakhs) has been provided in the Books of Accounts.



Notes on Financial Statements for the year ended 31st March, 2014

34. DERIVATIVES & FORWARD CONTRACT INSTRUMENTS:

- (A) The Company uses Forward Exchange Contract to hedge against its Foreign Exchange exposures relating to underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for Trading or Speculative purposes.

As at 31st March, 2014 the Company had hedged in aggregate an amount of ₹ 299.50 Lakhs (previous year ₹ 4,887.00 Lakhs) out of its annual trade related operations (Exports & Imports) aggregating to ₹ 160,963.49 Lakhs (previous year ₹ 128,851.98 Lakhs).

The Company had hedged its currency risks to the tune of ₹ 11,980.00 Lakhs (previous year ₹ Nil) in respect of its long term Foreign Currency Loans/Borrowings. Relating to the same, the Company had also swapped its floating interest rate borrowing of ₹ 19,010.75 Lakhs (previous year ₹ 9,160.41 Lakhs) into a fixed rate loan through an interest rate swap.

- (B) Net foreign exchange loss of ₹ 2,121.63 Lakhs (previous year ₹ 154.14 Lakhs) is included in Profit & Loss Account.

35. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3, 4C, 4D AND PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

	(₹ in Lakhs)	
	Financial Year	Financial Year
	2013-14	2012-13
(A) Details of Raw Material Consumption		
Benzene	48,208.65	37,239.70
Concentrated Nitric Acid (C.N.A.)	6,082.59	4,899.88
Sulphur	5,268.72	6,667.24
Alpha Olifine (AO)	7,006.82	7,318.02
Phthalic Anhydride	15,062.90	9,865.82
Aniline	9,874.00	5,542.22
Others	53,520.12	38,606.84
TOTAL	145,023.80	110,139.72
(B) Sales of Products		
Speciality Chemicals	221,696.04	175,765.70
Pharmaceuticals	24,898.11	18,683.79
Home & Personal Care Chemicals	16,683.57	15,162.27
TOTAL	263,277.72	209,611.76
(C) Details of Trading Purchases		
Methanol	2,325.17	1,043.54
Ortho Chloro Para Nitro Aniline	1,597.94	2,285.22
Para Nitro Aniline	1,456.37	943.88
Ortho Anisidine	2,041.35	706.93
Fast Red B Base	408.27	594.06
Others	3,856.79	3,738.15
TOTAL	11,685.89	9,311.78



Notes on Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

(D) Value and percentage of Raw Materials and Stores and Spares consumed

Raw Materials:

Indigenous

Imported

Total

Stores and Spares:

Indigenous

Imported

Total

Fuel:

Indigenous

Imported

Total

	2013-14	2012-13
Indigenous	108,703.00	82,102.61
	74.96%	74.54%
Imported	36,320.80	28,037.12
	25.04%	25.46%
Total	145,023.80	110,139.73
	100.00%	100.00%
Stores and Spares:		
Indigenous	4,686.09	3,692.59
	98.54%	99.44%
Imported	69.28	20.85
	1.46%	0.56%
Total	4,755.37	3,713.44
	100.00%	100.00%
Fuel:		
Indigenous	6,441.57	6,789.17
	70.48%	73.85%
Imported	2,697.99	2,404.40
	29.52%	26.15%
Total	9,139.56	9,193.57
	100.00%	100.00%

(E) C.I.F. Value of Imports:

Capital Goods

Raw Materials

Stores and Spares

Fuel

Capital Goods	607.80	1,297.59
Raw Materials	37,699.24	26,482.59
Stores and Spares	69.28	20.85
Fuel	2,468.50	1,552.32

(F) Expenditure in Foreign Currency:

Commission on Export Sales

Import of Goods for Resale

Other Expenses

Commission on Export Sales	425.12	416.25
Import of Goods for Resale	1,376.67	3,053.38
Other Expenses	1,503.90	1,476.64

(G) Earnings in Foreign Currency:

F.O.B. Value of Export Sales

F.O.B. Value of Export Sales	121,437.12	99,237.81
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36. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
RASHESH C. GOGRI
VICE CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 30th May, 2014

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY

Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lakhs)

Sr. No.	Particulars	For the year Ended 31 st March, 2014	For the year Ended 31 st March, 2013
A.	Cash flow from Operating Activities :		
	Net Profit before Tax and Extraordinary Items	20,094.50	18,384.34
	Adjustments for:		
	Interest and Finance Charges Paid	11,753.35	9,499.80
	Depreciation	8,743.55	8,180.04
	Loss on Sale of Investments	NIL	12.14
	Loss on Sale of Assets	12.58	6.46
		40,603.98	36,082.78
	Profit on Sale of Investments	(695.37)	(13.32)
	Profit on Sale of Assets	(216.33)	(57.93)
	Dividend Received	(53.32)	(119.21)
	Lease Rent Received	(30.05)	(36.32)
	Operating Profit before Working Capital Changes	39,608.91	35,856.00
	Adjustments for :		
	(Increase)/Decrease in Trade and Other Receivables	(11,023.89)	3,831.18
	Increase/Decrease in Trade Payables and other Current Liabilities	19,901.30	(3,888.98)
	(Increase)/Decrease in Inventories	(14,120.90)	(8,280.16)
	Cash Generated from Operations	34,365.42	27,518.04
	Direct Taxes Paid	(5,140.87)	(5,844.38)
	Net Cash Flow from Operating Activities (A)	29,224.55	21,673.66
B.	Cash Flow from Investing Activities :		
	Addition to Fixed Assets/Capital WIP	(26,793.20)	(22,678.64)
	Sale/Written Off of Fixed Assets	287.01	321.08
	(Increase)/Decrease in Other Investments	501.08	44.28
	(Increase)/Decrease in Associate Investments	(1,138.80)	NIL
	(Increase)/Decrease in Subsidiary Investments	(32.35)	237.51
	Dividend Received	53.32	119.21
	Lease Rent Received	30.05	36.32
	Net Cash Flow from Investing Activities (B)	(27,092.89)	(21,920.24)
C.	Cash Flow from Financing Activities :		
	Proceeds of Long Term Borrowings	18,786.74	2,715.00
	Repayment of Long Term Borrowings	(4,958.00)	(3,111.71)
	Proceeds/(Repayment) of Other Borrowings	82.92	13,533.13
	Interest and Finance Charges Paid	(11,753.35)	(9,499.80)
	Dividend Paid	(4,025.61)	(3,362.60)
	Net Cash Flow from Financing Activities (C)	(1,867.30)	274.02
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	264.36	27.44
	Cash and Cash Equivalents (Opening Balance)	971.06	880.56
	Cash and Cash Equivalents (Addition Pursuant to Scheme of Arrangement)	NIL	63.06
	Cash and Cash Equivalents (Closing Balance)	1,235.42	971.06

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

Sd/-
(TEJAS J. PARIKH)
PARTNER

FOR AND ON BEHALF OF THE BOARD

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

PLACE: Mumbai
DATE: 30th May, 2014



Statement Pursuant to Section 212 of the Companies Act, 1956.

Name of the Company	Aarti Corporate Services Ltd.	Alchemie (Europe) Ltd.	Innovative Envirocare Jhagadia Ltd.	Shanti Intermediates Pvt. Ltd. (Subsidiary of Aarti Corporate Services Ltd.)	Nascent Chemical Industries Ltd. (Subsidiary of Aarti Corporate Services Ltd.)
The financial year of the Subsidiary Companies ended on	31 st March, 2014	30 th November, 2013	31 st March, 2014	31 st March, 2014	31 st March, 2014
Date from which they become Subsidiary Companies	24 th February, 1995	3 rd January, 2014	1 st April, 2013	14 th June, 2006	26 th March, 2013
a) Number of shares held by Aarti Industries Ltd. with its nominees in the Subsidiaries at the end of the financial year of the Subsidiary Companies	20,24,680 Equity Shares of the face value of ₹ 10/- each fully paid-up.	80,000 Equity Shares of face value of 1 Pound each fully paid-up	3,50,000 Equity Shares of the face value of ₹ 10/- each fully paid-up.	5,550 Equity Shares of the face value of ₹ 100/- each fully paid-up through Aarti Corporate Services Ltd.	3,02,920 Equity Shares of face value of ₹ 10/- fully paid-up through Aarti Corporate Services Ltd.
b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies	100%	88.89%	100%	82.04%	50.49%
The net aggregate amount of the Subsidiary Companies Profit/Loss so far as it concerns the Members of the Holding Company.					
a) Not dealt with in the Holding Company's accounts					
i) For the financial year ended 31 st March, 2014	₹ 12,249,717	N.A.	Nil	₹ 174,537	₹ 15,704,242
On 30 th November, 2013	N.A.	N.A.	N.A.	N.A.	N.A.
ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	₹ 1,740,108	N.A.	N.A.	₹ 851,263	₹ 10,036,121
b) Dealt within Holding Company's accounts:					
i) For the financial year ended 31 st March, 2014.	Nil	Nil	Nil	Nil	Nil
ii) For the financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	Nil	Nil	Nil	Nil	Nil
Material changes during the last date of the financial year of the Subsidiary Companies and the last date of financial year of the Holding Company.	N.A.	N.A.	N.A.	N.A.	N.A.

For and on behalf of the Board

Sd/-
RAJENDRA V. GOGRI
 CHAIRMAN AND
 MANAGING DIRECTOR

Sd/-
RASHESH C. GOGRI
 VICE-CHAIRMAN AND
 MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
 VICE-CHAIRMAN

Place: Mumbai
 Date: 30th May, 2014

Sd/-
CHETAN GANDHI
 CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
 COMPANY SECRETARY



Independent Auditors' Report

To the Board of Directors of AARTI INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **AARTI INDUSTRIES LIMITED** ("the Company") and its subsidiaries and associates which comprise the Consolidated Balance Sheet as at 31st March, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of Aarti Industries Limited and its subsidiaries and associates in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, on the consideration of the separate audit reports on individual audited financial statements of Aarti Industries Limited and its subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Consolidated Balance Sheet, of the state of affairs of Aarti Industries Limited and its subsidiaries and associates as at 31st March, 2014;
- In the case of the Statement of Profit and Loss, of the profit of Aarti Industries Limited and its subsidiaries and associates for the year then ended.
- In the case of the Cash Flow Statement, of the cash flows of Aarti Industries Limited and its subsidiaries and associates for the year then ended.

Other Matters

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹ 3,223.31 Lakhs as at 31st March, 2014 and total revenues of ₹ 1,786.80 Lakhs for the year then ended and of associates which reflect the share of profits(net) for the year then ended of ₹ 961.11 Lakhs. The financial statements of foreign subsidiary company, having total assets of ₹ 4,951.84 Lakhs has been considered in the Consolidated Financial Statements on the basis of their audited financial statements for their financial year ended 30th November, 2013. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries and associates, is based solely on the report of the other auditors.

Our opinion is not qualified in respect of other matters.

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

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

Place: Mumbai
Date: 30th May, 2014

**Consolidated Balance Sheet as at 31st March, 2014**

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	4,429.58	3,956.00
(b) Share Capital pending allotment upon Scheme of Arrangement	1-A	NIL	473.58
(c) Reserves and Surplus	2	82,646.35	71,195.95
Minority Interest		426.11	425.50
		87,502.04	76,051.03
Non-Current Liabilities			
(a) Long-Term Borrowings	3	25,525.09	11,726.77
(b) Deferred Tax Liabilities (Net)	4	8,466.34	7,089.60
(c) Other Long-Term Liabilities	5	731.97	20.37
(d) Long-Term Provisions	6	26,057.06	22,053.27
		60,780.46	40,890.01
Current Liabilities			
(a) Short-Term Borrowings	7	68,683.76	68,726.79
(b) Trade Payables		36,895.63	22,708.14
(c) Other Current Liabilities	8	10,161.28	6,451.04
(d) Short-Term Provisions	9	2,989.92	2,771.57
		118,730.59	100,657.54
TOTAL		267,013.09	217,598.58
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	82,614.92	67,352.72
(ii) Intangible Assets	10	8.55	12.74
(iii) Capital Work-in-Progress	10	11,744.47	6,868.75
(b) Non-Current Investments	11	11,723.54	9,542.04
(c) Long-Term Loans and Advances	12	38,437.78	31,862.82
		144,529.26	115,639.07
Current Assets			
(a) Inventories	13	60,612.37	46,215.27
(b) Trade Receivables	14	44,319.76	42,900.51
(c) Cash and Cash Equivalents	15	1,485.30	1,242.14
(d) Short-Term Loans and Advances	16	13,108.30	9,056.71
(e) Other Current Assets	17	2,958.10	2,544.88
		122,483.83	101,959.51
TOTAL		267,013.09	217,598.58
Summary of Significant Accounting Policies and other Explanatory Information			
	25-30		

As per our report of even date
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
RASHESH C. GOGRI
VICE CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 30th May, 2014

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY

**Consolidated Statement of Profit and Loss for the year ended 31st March, 2014**

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Revenue from Operations	18	263,249.04	209,624.89
Other Income	19	1,096.96	375.58
Total Revenue		264,346.00	210,000.47
EXPENSES:			
Cost of materials consumed (Incl. Packing, Fuel, Stores & Spares)	20	162,979.56	126,120.09
Purchases of Stock-in-Trade		11,685.89	9,311.78
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(6,205.15)	(7,106.89)
Employee Benefits Expense	22	7,876.01	6,537.53
Finance Costs	23	11,783.68	9,536.51
Depreciation and Amortization Expense		8,851.80	8,284.26
Other Expenses	24	46,764.73	38,641.09
Total Expenses		243,736.52	191,324.37
PROFIT BEFORE TAX		20,609.48	18,676.10
TAX EXPENSE:			
(1) Current Tax		4,024.58	4,617.95
(2) Deferred Tax		1,376.74	752.47
(3) Short/(Excess) provisions of earlier years		1.26	5.37
Profit after Tax before Minority Interest and Share of Profit of Associates		15,206.90	13,300.31
Less: Profit attributable to Minority Interest		50.80	100.28
Add: Share of Profit / (Loss) of Associates		1,087.63	241.33
PROFIT/(LOSS) FOR THE PERIOD		16,243.73	13,441.36
Earnings Per Equity Share (EPS)			
Basic/Diluted (in ₹)	29	18.34	15.17
Summary of Significant Accounting Policies and other Explanatory Information	25-30		

As per our report of even date
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
RASHESH C. GOGRI
VICE CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 30th May, 2014

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY



Significant Accounting Policies

1. Background

Consolidated Financial Statements include the Accounts of the Parent Company, Aarti Industries Limited and the following Subsidiary Companies:

	<u>Name of the Subsidiary</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership Interest (%)</u>
	Indian Subsidiary		
(a)	Aarti Corporate Services Limited	India	100%
(b)	Nascent Chemical Industries Limited (Through its Holding Company: Aarti Corporate Services Limited)	India	50.49%
(c)	Shanti Intermediates Private Limited (Through its Holding Company: Aarti Corporate Services Limited)	India	82.04%
(d)	Anushakti Specialties Limited Liability Partnership (LLP)	India	100%
(e)	Innovative Envirocare Jhagadia Limited	India	100%
	Foreign Subsidiary		
(f)	Alchemie (Europe) Limited	United Kingdom	88.89%

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

3. Principles of Consolidation

- These Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and the Indian Subsidiary Companies drawn up to the same reporting date and for the Foreign Subsidiary Company Alchemie (Europe) Limited the Financial Statements are drawn up to 30th November, 2013.
- The financial statements of the Foreign Subsidiary, whose accounting period ended on 30th November, 2013, have been considered for the consolidation.
- The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by line basis by adding together like items of Assets, Liabilities, Incomes and Expenses. All intra group transactions, unrealized inter-company profits and balances have been suitably eliminated in the course of consolidation.
- The Financial Statements of the Parent Company and its Subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- The excess of the share of the Parent Company in the Net Assets over the carrying costs to the Parent Company of its investments in each of the Subsidiaries is recognized in the Consolidated Financial Statements as Capital Reserve and in the converse case it is recognized as Goodwill.
- In case of Associates, where the Parent Company directly or indirectly through Subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard 23 (AS-23) "Accounting for Investment in Associates in Consolidated Financial Statements".
- Net loss attributable to the minority interest borne by the Parent Company in previous years, is recouped. The Consolidated Financial Statements include the share of Profits/Losses of the Associate Companies. These profits/Losses have been accounted as per "Equity Method", as per which the Share of Profits or Losses of each of the Associate Companies has been added to the carrying cost of Investment.

4. Research and Development

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Fixed Assets and Depreciation is provided on the same basis as for other Fixed Assets.



5. Revenue Recognition

- (i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc. as considered appropriate. Revenue from conversion, sale of scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest, Insurance Claims and Subsidy from Department of Fertilizers is recognized on the time proportion method.

6. Fixed Assets

The Fixed Assets of the Parent Company and other Subsidiaries are stated at cost of acquisition (net of CENVAT/VAT) inclusive of all expenditure of capital nature such as, inward freight, duties and taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

7. Depreciation

- a. Depreciation is provided on tangible fixed assets (with the exception of land) at the rates adopted in the accounts of the Parent and respective Subsidiaries on straight-line Method, except as stated in item b.
- b. In respect of asset installed by the Parent Company in one plant taken on Operating Lease, depreciation is provided on Reducing Balance Method at the Rate prescribed under Schedule XIV of the Companies Act, 1956.
- c. Leasehold Land is amortized over the period of Lease in case of the Parent Company. Product/Process Development expenses are amortized over the estimated useful life of the product in case of Parent Company.

8. Investments

- (i) Current Investments if any are stated at lower of cost and Fair Market Value.
- (ii) Long-Term Investments are stated at cost less provision for permanent diminution in value if any, of investments.

9. Inventories

Inventories have been valued on the following basis:

<i><u>Nature of Goods</u></i>	<i><u>Method of Valuation</u></i>
(a) Raw Materials, packing materials, stores and spares	– At cost on weighted average basis
(b) Work in process	– At cost plus appropriate allocation of overheads
(c) Finished Goods	– At cost plus appropriate allocation of overheads or net realizable value, whichever is lower

10. Deferred Revenue Expenditure

Deferred Revenue Expenditure is amortized over the period of agreement on pro-rata basis.

11. Borrowing Costs

Interest on Term Loans directly related to the acquisition, construction or erection of Fixed Assets is capitalized.

12. Taxation

- (a) Current Income Tax is the aggregate of the tax expenses appearing in the financial statements of individual companies in accordance with the applicable tax regulations.
- (b) Deferred Tax is recognized on timing differences in the case of the individual Companies and is disclosed in the aggregate in the consolidated financial statements.

13. Current Assets and Loans and Advances

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



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

1. SHARE CAPITAL:

Authorised

12,50,00,000 Equity Shares of ₹ 5/- each

Issued, Subscribed & Paid up

8,85,91,687 (previous year 7,91,20,073) Equity Shares of ₹ 5/- each fully paid up

TOTAL

As at 31 st March, 2014	As at 31 st March, 2013
6,250.00	6,250.00
4,429.58	3,956.00
4,429.58	3,956.00

1.1 Reconciliation of the number of shares outstanding as on 31st March, 2014:

Particulars	No. of Shares outstanding	
	As at 31 st March, 2014	As at 31 st March, 2013
Equity shares at the beginning of the year	79,120,073	79,120,073
Add: Shares Issued during the year	9,471,614	Nil
Less: Shares buy back during the year	Nil	Nil
Equity shares at the end of the year	88,591,687	79,120,073

1.2 Details of shareholders holding more than 5% shares:

Name of Shareholder	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares held	% held	No. of Shares held	% held
Anushakti Holdings Ltd.	7,022,301	7.93	6,198,600	7.83
HDFC Trustee Company Ltd. – HDFC Prudence Fund	6,181,510	6.98	6,132,810	7.75
Gogri and Sons Investments Pvt. Ltd.	5,833,773	6.59	4,844,613	6.12
Alchemie Leasing & Financing Pvt. Ltd.	5,184,098	5.85	4,341,655	5.49

1.3 The details of Equity shares outstanding during last 5 Years:

Particulars	Financial Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
No. of Equity Shares outstanding: (Refer Note No. 1.4)	88,591,687	79,120,073	79,120,073	76,720,073	76,720,073

1.4 Note on issued, Subscribed and Paid up Equity Share Capital:

- [a] 8,43,649 (previous year 8,43,649) were issued to Shareholders of Surfactant Specialities Ltd. pursuant to its Merger with the Company.
- [b] 42,000 (previous year 42,000) were issued to Shareholders of Avinash Drugs Ltd. pursuant to its Merger with the Company.
- [c] 30,25,000 (previous year 30,25,000) were issued towards Preferential allotment at a premium of ₹ 30.65 paise to Warrantholders.
- [d] 24,00,000 (previous year 24,00,000) have been issued towards Preferential allotment at a premium of ₹ 53/- to Warrantholders.
- [e] 94,71,614 (previous year Nil) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd pursuant to its Scheme of Arrangement with the Company.

1.A SHARE CAPITAL PENDING ALLOTMENT UPON SCHEME OF ARRANGEMENT :

(₹ in Lakhs)

94,71,614 Shares are to be issued and allotted to the shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to the terms of the Scheme of Arrangement approved by the Honorable High Courts at Ahmedabad and Bombay vide their order dated 8th March, 2013 & 8th February, 2013 respectively.

TOTAL

As at 31 st March, 2014	As at 31 st March, 2013
NIL	473.58
NIL	473.58

Notes on Consolidated Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

2. RESERVE AND SURPLUS:

a. Capital Reserves

Opening Balance	6,921.71	2.08
Addition pursuant to the Scheme of Arrangement	NIL	6,919.63
Deduction	NIL	NIL
Closing Balance	6,921.71	6,921.71

b. Capital Redemption Reserve

Opening Balance	55.33	55.33
Addition	NIL	NIL
Deduction	NIL	NIL
Closing Balance	55.33	55.33

c. Securities Premium Account

Opening Balance	2,199.16	2,199.16
Addition : On issue of Shares (upon conversion of warrants)	NIL	NIL
Deduction	NIL	NIL
Closing Balance	2,199.16	2,199.16

d. Capital Reserve on Consolidation

Opening Balance	445.08	417.25
Addition – Adjustment on Consolidation	17.85	27.83
Deduction – Adjustment on Consolidation	NIL	NIL
Closing Balance	462.93	445.08

e. RBI Reserve U/S 45(IC)

Opening Balance	32.62	28.97
Addition	25.72	3.65
Deduction	NIL	NIL
Closing Balance	58.34	32.62

f. General Reserve

Opening Balance	10,724.32	9,409.32
Addition	1,490.00	1,315.00
Deduction	NIL	NIL
Closing Balance	12,214.32	10,724.32

g. Profit and Loss Account

Opening Balance	49,504.79	41,630.35
Addition :		
Net Profit/(Net Loss) for the current year	16,243.73	13,441.36
Deduction :		
Proposed Dividend	1,448.88	1,296.00
1 st Interim Dividend	1,610.35	1,328.88
2 nd Interim Dividend	1,107.40	1,107.40
Tax on Dividend	706.72	397.24
Transfer to Reserves	1,515.72	1,318.65
Adjustment on Consolidation	(35.24)	118.75
Foreign Exchange Difference on Translation	63.95	NIL
Additions :		
Intergroup Dividend	90.88	NIL
Closing Balance	59,421.62	49,504.79

h. Other Reserves

State Investment Subsidy	51.82	51.82
Amalgamation Reserve	1,076.55	1,076.55
Forfeiture Reserve	184.57	184.57
Closing Balance	1,312.94	1,312.94
TOTAL	82,646.35	71,195.95



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

3. LONG-TERM BORROWINGS:

(₹ in Lakhs)

Description	As at 31 st March, 2014		As at 31 st March, 2013	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term Loans from Banks/Financial Institutions	25,443.46	9,500.73	11,579.93	4,307.84
(b) Vehicle Loans from Banks/Financial Institutions	81.63	97.32	103.94	87.72
Unsecured				
(a) Deposits	NIL	86.10	42.90	44.50
TOTAL	25,525.09	9,684.15	11,726.77	4,440.06

(₹ in Lakhs)

4. DEFERRED TAX LIABILITIES (NET):

Deferred Tax Liabilities

Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per Tax Laws

Deferred Tax Assets

Items allowed for tax purpose on payment

Deferred Tax Liabilities (Net)

5. OTHER LONG-TERM LIABILITIES:

Unsecured Loan from Others

TOTAL

6. LONG-TERM PROVISIONS:

Provision for Tax

Provision for Gratuity

TOTAL

7. SHORT-TERM BORROWINGS:

Secured

(I) Working capital Loan from Banks

Unsecured

(I) From Banks

(II) From Others

TOTAL

8. OTHER CURRENT LIABILITIES:

(a) Current Maturities of Long-Term Debt (Refer Note No. 3)

(b) Current Maturities of Vehicle Loan (Refer Note No. 3)

(c) Current Maturities of Deposit (Refer Note No. 3)

(d) Interest accrued but not due on borrowings

(e) Unpaid dividends

(f) Deposits

(g) Sales tax deferred liability

(h) Other Liabilities and taxes

TOTAL

9. SHORT-TERM PROVISIONS:

Provisions for

Employees' Benefits

Proposed Dividend & Tax thereon

TOTAL

As at 31 st March, 2014	As at 31 st March, 2013
7,089.60	6,320.92
1,580.61	1,009.48
(203.87)	(240.80)
8,466.34	7,089.60
731.97	20.37
731.97	20.37
26,052.28	22,048.17
4.78	5.10
26,057.06	22,053.27
67,004.05	58,740.09
67,004.05	58,740.09
1,579.71	9,473.45
100.00	513.25
1,679.71	9,986.70
68,683.76	68,726.79
9,500.73	4,307.84
97.32	87.72
86.10	44.50
12.00	39.43
172.89	151.06
18.65	18.65
51.88	136.62
221.71	1,665.22
10,161.28	6,451.04
1,356.33	1,091.95
1,633.59	1,679.62
2,989.92	2,771.57

Notes on Consolidated Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

Particulars	GROSS BLOCK						ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 1 st April, 2013	Addition on account of Scheme of Arrangement	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31 st March, 2014	Balance as at 1 st April, 2013	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31 st March, 2014	Balance as at 31 st March, 2013	Balance as at 31 st March, 2014
(i) Tangible Assets											
Free hold Land	368.25	NIL	NIL	NIL	368.25	25.75	NIL	NIL	25.75	342.50	342.50
Lease hold Land	2,340.75	NIL	1,601.79	23.20	3,919.34	206.64	28.36	NIL	235.00	2,134.11	2,134.11
Residential Flat	0.49	NIL	NIL	NIL	0.49	0.19	0.01	NIL	0.20	0.30	0.30
Buildings	8,587.28	NIL	1,782.24	60.80	10,308.72	2,598.39	476.45	48.25	3,026.59	5,988.89	5,988.89
Plant and Equipment	105,772.15	NIL	20,459.92	102.76	126,129.31	47,791.40	8,069.86	38.25	55,823.01	57,980.75	57,980.75
Furniture and Fixtures	1,446.76	NIL	241.82	NIL	1,688.58	1,147.95	129.53	NIL	1,277.48	298.81	298.81
Vehicles	1,458.03	NIL	124.90	NIL	1,582.93	850.67	144.00	NIL	994.67	607.36	607.36
TOTAL (i)	119,973.71	NIL	24,210.67	186.76	143,997.62	52,620.99	8,848.21	86.50	61,382.70	82,614.92	67,352.72
(ii) Intangible Assets											
Process Development	1,996.38	NIL	NIL	NIL	1,996.38	1,996.38	NIL	NIL	1,996.38	NIL	NIL
Technical Knowhow	7.57	NIL	NIL	NIL	7.57	7.57	NIL	NIL	7.57	NIL	NIL
Goodwill	615.92	NIL	NIL	NIL	615.92	615.92	NIL	NIL	615.92	NIL	NIL
Computer Software	38.40	NIL	NIL	NIL	38.40	25.66	4.19	NIL	29.85	8.55	12.74
Copyrights and Patents	965.50	NIL	NIL	NIL	965.50	965.50	NIL	NIL	965.50	NIL	NIL
Goodwill on consolidation	81.84	NIL	NIL	NIL	81.84	81.84	NIL	NIL	81.84	NIL	NIL
TOTAL (ii)	3,705.61	NIL	NIL	NIL	3,705.61	3,692.87	4.19	NIL	3,697.06	8.55	12.74
GROSS TOTAL (i + ii)	123,679.32	NIL	24,210.67	186.76	147,703.23	56,313.86	8,852.40	86.50	65,079.76	82,623.47	67,365.46
Previous Year	85,485.05	16,205.65	22,352.27	363.65	123,679.32	41,144.68	8,284.26	(5.62)	56,313.86	67,365.46	
(iii) Capital Work-in-Progress:											
											6,868.75

10.1 Gross Block of Plant & Machinery includes assets given on Lease with Gross Block ₹ 115.22 Lakhs as on 31st March, 2014 (previous year ₹ 163.95 Lakhs).

10.2 Additions to Gross Block includes an amount of ₹ 1,272.04 Lakhs (previous year ₹ 807.99 Lakhs) being the net foreign exchange loss, arising on account of restatement and repayment of Long-term Foreign Currency Loans during the year.

10.3 Current year depreciation includes ₹ 116.71 Lakhs (previous year ₹ 97.47 Lakhs) on Assets deployed for Research & Development.

10.4 Depreciation for Anushakti Speciality LLP of ₹ 0.57 Lakhs has been considered under its Capital Work in Progress, as it has not commenced its operation.



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

11. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

A. Name of the Company	Number of Units / Shares (All fully paid up)				As at 31 st March 2014 at cost	As at 31 st March 2013 at cost
	Opening Balance	Acquisitions	Disposals	Closing Balance		
Trade Investments – (Quoted) in Equity Shares						
Aarti Drugs Ltd.	651,059	NIL	401,000	250,059	40.01	104.17
Bank of India	285	NIL	NIL	285	1.70	1.70
Glenmark Pharmaceuticals Ltd.	400	NIL	NIL	400	1.34	1.34
TOTAL					43.05	107.21
Investments – (Unquoted) in Equity Shares						
Aarti Biotech Ltd.	421,700	NIL	NIL	421,700	5.11	5.11
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	NIL	NIL	1,020	0.51	0.51
U.K.I.P. Co-op. Soc. Ltd.	35	NIL	NIL	35	0.02	0.02
Damanganga Saha Khand Udyog Mandali Ltd.	61	NIL	NIL	61	1.22	1.22
Perfect Enviro Control Systems Ltd.	380,640	NIL	NIL	380,640	17.65	17.65
Narmada Clean Tech Ltd.	102,230	NIL	NIL	102,230	13.26	13.26
Dispo Dyechem Ltd.	240,005	NIL	NIL	240,005	21.28	21.28
Dilesh Roadlines Pvt. Ltd.	494,000	*1,976,000	**456,950	2,013,050	3.71	49.40
Aarti Intermediate Ltd.	22,125	NIL	NIL	22,125	0.22	0.22
Amrey Trading Pvt. Ltd.	5,000	NIL	NIL	5,000	0.50	0.50
Aarti Ventures Ltd.	NIL	190,000	NIL	190,000	19.00	NIL
Indusken Pharmaceuticals Pvt. Ltd.	200,000	NIL	NIL	200,000	20.00	20.00
SBPP Bank Ltd.	783	NIL	NIL	783	0.78	0.78
Deltecs Infotech Pvt. Ltd.	858	NIL	NIL	858	0.03	0.03
Bewakoof Brands Pvt. Ltd.	4,033	NIL	NIL	4,033	57.00	57.00
Draagon Drugs Pvt Ltd	NIL	64,500	NIL	64,500	65.50	NIL
Polygamma Industries Pvt. Ltd.	NIL	67,834	NIL	67,834	6.78	NIL
Trans Retail Ventures Pvt. Ltd.	NIL	6,566	NIL	6,566	0.66	NIL
Gujarat State Financial Corporation	300	NIL	NIL	300	0.06	0.06
					233.29	187.04
Investments – (Unquoted) in Limited Liability Partnership						
Aarti Udyog Limited Liability Partnership	N.A	N.A	N.A	N.A	380.00	380.00
					380.00	380.00
TOTAL (A)					656.34	674.25

* Bonus Shares allotted.

** Given back under Buy Back Schemes of Dilesh Roadlines Pvt. Ltd.



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

B. Investments in Associate Companies (Unquoted) in Equity Shares

(₹ in Lakhs)

Name of the Company	Numbers	a	b	Adjustment on Consolidation	Share of Profit/(Loss)	Adjustment on Consolidation	c	(a + b + c)	
		Original Investment As on 1 st April, 2013	Addition During the year				Additions to cost as on 31 st March, 2014	As at 31 st March 2014 at cost	As at 31 st March 2013 at cost
Ganesh Polychem Ltd.	3,068,257	77.06	1,138.80	NIL	814.77	NIL	2,518.33	3,734.19	1,780.62
Anushakti Holdings Ltd.	8,846,490	290.50	NIL	NIL	146.34	NIL	1,993.36	2,283.86	2,137.52
Anushakti Chemicals & Drugs Ltd.	15,529,136	751.21	NIL	NIL	126.52	NIL	4,297.94	5,049.15	4,922.63
Alchemie (Europe) Ltd.	80,000	25.54	28.84	(54.39)	NIL	1.49	NIL	NIL	27.02
Total (B)								11,067.20	8,867.79
GRAND TOTAL (A + B)								11,723.54	9,542.04

Aggregate Market Value of Quoted Investments: (₹ in Lakhs)

As on 31.03.2014 **661.57**

As on 31.03.2013 935.35

12. LONG-TERM LOANS AND ADVANCES

	As at 31 st March, 2014	As at 31 st March, 2013
a. Capital Advances	3,444.11	1,244.96
b. Other Deposits	1,609.22	1,265.43
c. Other loans and advances		
Loans & Advances (Employees)	755.22	745.06
Loans & Advances (Others)	2,300.25	2,997.22
Share Application Money Given	370.86	226.44
Advance Tax and Tax Deducted at Source	29,958.12	25,383.71
TOTAL	38,437.78	31,862.82

13. INVENTORIES:

a. Raw Materials and Components	21,970.88	14,370.97
b. Work-in-progress Finished Goods	19,277.36	15,010.57
c. Finished Goods	16,747.69	14,612.59
d. Stock-in-trade	1,119.70	1,038.73
e. Stores and spares	492.29	531.85
f. Fuel	651.66	360.13
g. Packing Materials	352.79	290.43
TOTAL	60,612.37	46,215.27



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

	(₹ in Lakhs)	
	As at 31 st March, 2014	As at 31 st March, 2013
14. TRADE RECEIVABLES:		
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	41,824.11	39,851.54
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	2,495.65	3,048.97
TOTAL	44,319.76	42,900.51
15. CASH AND CASH EQUIVALENTS:		
Cash on hand	176.56	216.24
Bank balance in Current Accounts	468.25	633.68
Bank deposits kept as Margin Money	667.59	241.16
Earmarked Balances (Unpaid Dividend Accounts)	172.90	151.06
TOTAL	1,485.30	1,242.14
16. SHORT-TERM LOANS AND ADVANCES:		
(a) Advance to Related Party (Refer Note No. 26)	NIL	340.35
(b) Others – Balances with Custom, Port Trust, Excise & VAT Authorities	13,078.25	8,672.55
Loans Given to Others	30.05	43.81
TOTAL	13,108.30	9,056.71
17. OTHER CURRENT ASSETS:		
Others Receivables	3.16	4.03
Prepaid Insurance/Expenses	172.12	249.12
Subsidy Receivable	2,295.35	1,739.08
Gratuity Receivable	35.78	15.43
Insurance Claim Receivable	451.69	537.22
TOTAL	2,958.10	2,544.88



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
18. REVENUE FROM OPERATIONS:		
Sale of Products	278,507.10	223,093.75
Sale of Services	391.47	437.71
Other Operating Revenues (Refer Note No. 18.1)	3,409.35	3,860.58
GROSS REVENUE FROM OPERATIONS	282,307.92	227,392.04
Less: Excise Duty/Vat	19,058.88	17,767.15
Net revenue from operations	263,249.04	209,624.89
18.1 OTHER OPERATING REVENUES:		
Export Benefits	598.85	748.97
Fertilizers Subsidy Received	2,245.54	2,397.33
SHIS Scheme Income	171.70	NIL
Insurance Claim Received	2.07	248.59
Scrap Sales	391.19	465.69
TOTAL	3,409.35	3,860.58
19. OTHER INCOME:		
Dividend Received	55.82	63.49
Profit on Sale of Assets	215.38	52.49
Profit on Sale of Investments	737.55	1.68
Lease Rent Income	30.20	36.32
Interest Income	31.37	1.84
Other Income	26.64	219.76
TOTAL	1,096.96	375.58
20. COST OF MATERIALS CONSUMED:		
Consumption of Raw Materials	144,853.13	109,985.43
Consumption of Packing Materials	4,160.11	3,180.51
Consumption of Fuel	9,139.56	9,193.57
Consumption of Stores & Spares	4,826.76	3,760.58
TOTAL	162,979.56	126,120.09



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

21. CHANGE IN INVENTORY:

Opening Stock

Finished Goods	15,650.43	11,346.00
Work-in-Process	15,010.57	12,208.11

TOTAL (A)

30,661.00	23,554.11
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Closing Stock

Finished Goods	17,588.78	15,650.43
Work-in-Process	19,277.37	15,010.57

TOTAL (B)

36,866.15	30,661.00
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TOTAL (A-B)

(6,205.15)	(7,106.89)
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22. EMPLOYEE BENEFITS:

Salaries, Wages & Bonus	7,195.34	5,947.06
Contribution to PF and other Funds	266.59	208.35
Workmen & Staff Welfare Expenses	414.08	382.12
TOTAL	7,876.01	6,537.53

22.1 DIRECTORS' REMUNERATION:

Salary*	406.69	263.67
House Rent Allowance	19.81	18.04
Contribution to PF	23.65	18.19
Value of Perquisites	1.05	0.70
Ex-Gratia/Super Annuation Fund	31.58	31.58
Keyman Insurance Assigned	NIL	188.79
Commission	396.92	379.05
TOTAL	879.70	900.02

* Directors remuneration includes salary of ₹ 226.20 Lakhs (previous year ₹ 103.20 Lakhs) for Subsidiary Company.

23. FINANCE COST:

Interest Expenses	10,586.54	8,752.52
Other Borrowing Costs	1,197.14	783.99
TOTAL	11,783.68	9,536.51

Notes on Consolidated Financial Statements for the year ended 31st March, 2014

(₹ in Lakhs)

24. OTHER EXPENSES:**Manufacturing Expenses:**

Freight, Cartage & Transport	7,145.15	6,244.94
Power	6,964.39	5,648.05
Water Charges	598.48	566.23
Processing Charges	1,547.79	941.26
Other Manufacturing Expenses	5,207.23	4,975.68
Repairs & Maintenance	3,708.09	3,061.98
Insurance Charges	301.30	269.13
Research & Development Expenses	926.76	777.96
Factory Administrative Expenses	1,816.58	1,259.63
TOTAL (A)	28,215.77	23,744.86

Office Administrative Expenses:

Rent, Rates and Taxes	207.25	157.09
Travelling and Conveyance	393.29	317.64
Auditor's Remuneration (Refer Note No. 24.1)	15.86	16.09
Legal & Professional Charges	233.63	213.57
Postage, Telegraph & Telephone	71.22	64.58
Printing & Stationery Expenses	56.47	43.53
Other Administrative Expenses	950.84	629.13
TOTAL (B)	1,928.56	1,441.63

Selling & Distribution Expenses:

Advertisement & Sales Promotion	427.31	352.20
Export Freight Expenses	6,096.49	5,437.94
Freight and Forwarding Expenses	6,849.98	5,107.47
Commission	1,012.53	820.15
Export Insurance Charges	201.06	110.08
Sample Testing & Analysis Charges	69.88	46.62
Bad Debts Written Off	85.31	0.06
Discount Given	1,385.71	1,023.45
Sundry Balance Written Off/(Back)	60.14	175.56
TOTAL (C)	16,188.41	13,073.53

Non-Operating Expenses:

Donation	416.66	377.20
Loss on Sale of Assets/Investment	15.33	3.87
TOTAL (D)	431.99	381.07
TOTAL (A+B+C+D)	46,764.73	38,641.09

24.1 AUDITOR'S REMUNERATION:

Audit Fees	12.81	12.23
Certification Charges	2.24	2.22
Other Matters Charges	NIL	0.14
Service Tax Charges	0.16	1.12
Out of Pocket Expenses	0.65	0.38
TOTAL	15.86	16.09

Auditor's Remuneration includes ₹ 1.21 Lakhs (previous year ₹ 1.03 Lakhs) for Subsidiary Company.



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

25. CONTINGENT LIABILITIES AND COMMITMENTS: (to the extent not provided for)

Sr. Particulars No.	As at 31 st March, 2014	As at 31 st March, 2013
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	3,908.53	3,870.11
(b) Letters of Credit, Bank Guarantees & Bills Discounted	7,539.89	8,052.43
	<u>11,448.42</u>	<u>11,922.54</u>
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,108.28	3,697.63
	<u>1,108.28</u>	<u>3,697.63</u>
TOTAL	<u>12,556.70</u>	<u>15,620.17</u>

26. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (AS: 18):

I. Following are the Associates of the Company as defined in para 3(b) of the Accounting Standard - 18.

1. Ganesh Polychem Ltd.
2. Anushakti Chemicals and Drugs Ltd.
3. Anushakti Holdings Ltd.

II. Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence as defined in para 3(e) of the Accounting Standard - 18.

1. Alchemie Pharma Chem Ltd.
2. Alchemie Industries
3. Gogri and Sons Investments Pvt. Ltd.
4. Alchemie Leasing and Financing Pvt. Ltd.
5. Alchemie Laboratories
6. Aarti Drugs Ltd.
7. Alchemie Dye Chem Pvt. Ltd.

III. Following are the individuals who with their relatives as defined in para 3(c) and 3(d) of the Accounting Standard - 18 own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

Sr.No.	Name	Status
1.	Shri Rajendra V. Gogri	Director
2.	Smt. Hetal Gogri Gala	Director
3.	Shri Rashesh C. Gogri	Director
4.	Shri Shantilal T. Shah	Director
5.	Shri Parimal H. Desai	Director
6.	Shri Kirit R. Mehta	Director
7.	Shri Manoj M. Chheda	Director
8.	Shri Renil R. Gogri	Director



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

The following transactions were carried out during the year with the related parties in the ordinary course of business:

(A) Details relating to parties referred to in items I and II above.

(₹ in Lakhs)

Sr. No.	Description of Transaction	Year	Associates	Other related Enterprises Firms
			[I]	[II]
1.	Sales of Finished Goods	CY	4,143.94	2,048.88
		PY	10,032.79	2,270.11
2.	Purchases of Raw Materials/Finished Goods	CY	625.47	63.05
		PY	292.46	48.60
3.	Other Manufacturing Expenses	CY	—	663.20
		PY	—	659.68
4.	Rent paid	CY	—	51.00
		PY	—	51.00
5.	Other Income	CY	—	3.00
		PY	—	3.00
6.	Purchase of Investment	CY	1,138.80	—
		PY	—	—
7.	Sale of Fixed Assets	CY	—	100.00
		PY	—	—
8.	Inter-corporate Deposits taken/(Repaid) during the year	CY	650.00	26.00
		PY	—	—
9.	Inter-corporate Deposits given/(Received back) during the year	CY	(336.40)	(26.00)
		PY	(150.00)	—
10.	Interest Expense on the Inter-corporate Deposits taken	CY	10.62	0.38
		PY	—	23.32
11.	Interest Income on the Inter-corporate Deposits placed/unsecured loans	CY	—	2.23
		PY	60.00	—
12.	Dividend Received	CY	0.31	53.26
		PY	—	58.60
13.	Profit/(Loss) on Sale of Assets	CY	—	78.51
		PY	—	—
14.	Outstanding items pertaining to the related parties at the balance sheet date – Receivable/(Payable)	CY	(551.64)	271.00
		PY	5,659.49	1,072.11

(B) Details relating to persons referred to in item III above*

- Directors' Remuneration including perquisites[#]
- Commission to Directors
- Sitting Fees
- Rent paid
- Travelling Expenses
- Telephone Expenses

TOTAL

31-03.2014	31-03-2013
481.57	519.96
396.92	382.55
2.60	3.08
83.15	81.69
106.61	86.64
3.84	5.53
1,074.69	1,079.45

* Excluding the payments made to Independent Directors & Relative of Directors as per Accounting Standard interpretation 21 issued by the Institute of Chartered Accountants of India.

Value of Perquisites includes non Cash Perquisites of ₹ 1.94 Lakhs (previous year ₹ 1.73 Lakhs).



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

27. TREATMENT OF ASSOCIATES IN CONSOLIDATION:

The Share of Profit in respect of Investment in Associate Companies include the figure which are considered as per audited financial statements for the year ended 31st March, 2014 as per details given below:

(₹ in Lakhs)

Sr. No.	Name of Associates	Ownership Interest %	Opening Original Investment as on 01.04.13	Additional Investment during the year	Deduction	Adjustment on Consolidation	Total Original Investment as on 31.03.14	Carrying cost of Investment as on 01.04.13	Adjustment on Consolidation	Share of Profit/ (loss) of the year	Carrying cost of Investment as on 31.03.14
1	Ganesh Polychem Limited	50.00	77.06	1,138.80	NIL	NIL	1,215.86	1,703.56	NIL	814.77	3,734.19
2	Anushakti Holding Limited	48.99	290.51	NIL	NIL	NIL	290.51	1,847.02	NIL	146.34	2,283.86
3	Anushakti Chemicals & Drugs Limited	49.59	751.21	NIL	NIL	NIL	751.21	4,171.42	NIL	126.52	5,049.15
4	Alchemie (Europe) Limited (Reporting date 30 th November, 2013)	88.89	25.54	28.85	NIL	(54.39)	NIL	NIL	NIL	NIL	NIL
	TOTAL		1,144.32	1,167.65	NIL	(54.39)	2,257.58	7,722.00	NIL	1,087.63	11,067.20



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

28. CONSOLIDATED SEGMENT REPORTING:

(₹ in Lakhs)

Sr. No.	Particulars	Financial Year	
		2013-2014	2012-2013
(A) Primary Segments: Business Segments			
1 Segment Revenue:			
a) Speciality Chemicals		221,667	175,779
b) Pharmaceuticals		24,898	18,684
c) Home & Personal Care Chemicals		16,684	15,162
TOTAL		263,249	209,625
2 Segment Results Profit/(Loss):			
Before Tax and Interest from each Segment			
a) Speciality Chemicals		33,262	31,895
b) Pharmaceuticals		2,975	945
c) Home & Personal Care Chemicals		411	503
TOTAL	(A)	36,648	33,343
Less: Interest		11,784	9,537
Other Unallocable Expenditure (Net)		4,255	5,130
TOTAL	(B)	16,039	14,667
TOTAL PROFIT BEFORE TAX	(A-B)	20,609	18,676
3 Capital Employed:			
a) Speciality Chemicals		141,440	132,055
b) Pharmaceuticals		37,720	24,340
c) Home & Personal Care Chemicals		8,747	4,235
d) Unallocated Capital		12,686	10,392
TOTAL		200,593	171,022
(B) Secondary Segments: Geographical Segments			
a) India		135,119	103,664
b) Out of India		128,130	105,961
TOTAL		263,249	209,625

Note:

The Company is a multi-product and multi-faceted one. The performance were earlier classified into four segments viz, Performance Chemicals, Agri Intermediates & Fertilizers, Pharmaceuticals and Home & Personal Care Chemicals based on the end-use/applications.

In case of Performance Chemicals Segment and Agri Intermediates & Fertilizers Segment, a majority of manufacturing facilities are common and interlinked. As a result the segmental performance for these two segments would fluctuate based on the product mix adopted at each reporting period.

Thus for better interpretation of the operations resulting on account of these interchangeable facilities, it is decided to merge these two segment into a single reportable segment under the name of "Speciality Chemicals". Hence the performance of the Company shall be reclassified into three segments viz, Speciality Chemicals, Pharmaceuticals and Home & Personal Care Chemicals. This also facilitates the disclosure of Capital Employed for each segment, which earlier was not possible on account of common manufacturing facilities. This change does not have any financial impact.



Notes on Consolidated Financial Statements for the year ended 31st March, 2014

29. EARNING PER SHARE (EPS):

Particulars		Financial Year 2013-14	Financial Year 2012-13
Net Profit after Deferred Tax	(₹ in Lakhs)	15,206.90	13,300.31
Less : Minority Interest	(₹ in Lakhs)	50.80	100.28
Add: Share of Profit from Associates	(₹ in Lakhs)	1,087.63	241.33
Net Profit available for Equity Shareholders (A)	(₹ in Lakhs)	16,243.73	13,441.36
No. of Equity Shares (B)	(Nos.)	8,85,91,687	8,85,91,687
Basic & Diluted EPS (A/B)	(₹)	18.34	15.17
Nominal Value of Equity Share	(₹)	5.00	5.00

30. The figures of the previous years have been regrouped and rearranged whenever necessary.

As per our report of even date
For **PAARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
RASHESH C. GOGRI
VICE CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 30th May, 2014

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY

Consolidated Cash Flow Financial Statement for the year ended 31st March, 2014

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
A. Cash flow from operating activities :		
Net profit before tax and Extraordinary Items	20,609.46	18,676.09
Adjustments for:		
Interest and finance charges paid	11,783.67	9,536.47
Depreciation	8,851.80	8,284.25
Consolidated adjustments	(61.67)	NIL
Loss on sale of investment	NIL	12.14
Loss on sale of assets	15.33	9.83
	41,198.59	36,518.79
Profit on sale of investment	(737.55)	(16.82)
Profit on sale of assets	(215.38)	(58.96)
Dividend received from other investments	(55.82)	(63.49)
Lease rent received	(30.20)	(36.32)
Operating profit before Working Capital Changes	40,159.64	36,343.20
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(7,884.59)	5,562.35
Increase/(Decrease) in Trade Payables and Other Current Liabilities	18,879.82	(4,648.22)
(Increase)/Decrease in Inventories	(14,397.10)	(8,282.26)
Cash generated from operations	36,757.77	28,975.07
Direct taxes paid	(5,257.23)	(5,999.38)
Net Cash From Operating Activities (A)	31,500.54	22,975.69
B. Cash Flow From Investing Activities:		
Addition to Fixed Assets/CWIP	(29,086.40)	(23,476.49)
Sale/W.Off of Fixed Assets	300.32	337.15
(Increase)/Decrease in Other Investments	755.46	97.04
(Increase)/Decrease in Associate Investments	(1,138.80)	NIL
Dividend Received From Other Investments	55.82	63.49
Lease Rent Received	30.20	36.32
Net Cash From Investing Activities (B)	(29,083.40)	(22,942.49)
C. Cash Flow From Financing Activities:		
Proceeds from Long Term Borrowings	18,756.32	2,719.84
Repayment of Long Term Borrowings	(4,958.00)	(3,204.65)
Proceeds/(Repayments) of Other Borrowings	(43.02)	13,533.13
Interest and Finance Charges Paid	(11,783.67)	(9,536.47)
Dividend Paid	(4,145.61)	(3,422.02)
Net Cash From Financing Activities (C)	(2,173.98)	89.83
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	243.16	123.02
Cash and Cash Equivalents (Opening Balance)	1,242.14	1,056.08
Add: Pursuant to the Scheme of Arrangement	NIL	63.04
Cash and Cash Equivalents (Closing Balance)	1,485.30	1,242.14

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.

(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **PARIKH JOSHI & KOTHARE**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

PLACE: Mumbai
DATE: 30th May, 2014



DETAILS OF SUBSIDIARY COMPANIES

Statement Pursuant to exemption granted under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies as at 31st March, 2014.

(₹ in Lakhs)

Name of the Subsidiary Company	Aarti Corporate Services Limited	Alchemie (Europe) Limited	Innovative Envirocare Jhagadia Limited	Shanti Intermediates Private Limited (Subsidiary of Aarti Corporate Services Limited)	Nascent Chemical Industries Limited (Subsidiary of Aarti Corporate Services Limited)
The financial year/period of Subsidiary ended on	31 st March, 2014	30 th November, 2013	31 st March, 2014	31 st March, 2014	31 st March, 2014
Reporting Currency	INR	GBP#	INR	INR	INR
Capital	202.47	91.85	3.50	6.77	60.00
Reserves	361.66	(72.86)	NIL	73.71	558.79
Total Liabilities	435.40	4932.85	0.10	366.04	674.56
Total Assets (Non-Current Assets + Current Assets)	561.87	4951.84	3.60	445.74	1293.30
Investment	437.66	NIL	NIL	0.78	0.06
Total Income	149.73	8982.68	NIL	797.09	989.71
Profit/(Loss) Before Tax	139.60	57.23	NIL	3.87	469.77
Provisions for Tax	17.10	0.23	NIL	1.74	158.73
Profit/(Loss) After Tax	122.50	57.00	NIL	2.13	311.04
Proposed Dividend and Tax thereon	NIL	NIL	NIL	NIL	139.46

The financial statements of Alchemie (Europe) Limited whose reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per applicable Accounting Standard.

Exchange Rate as on 30th November, 2013 – 1GBP = ₹ 102.06

For and on behalf of the Board

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
RASHESH C. GOGRI
VICE-CHAIRMAN AND
MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE-CHAIRMAN

Place: Mumbai
Date: 30th May, 2014

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY



CSR INITIATIVES



Fodder Distribution



School for Fishermen Children



School for Salt Pan Workers Children



Blood Donation Camp



Vocational Training for Girls



Green Plantation



PHOTO GALLERY



Hydrogen Gas Generation Plant



Oath Ceremony during launch of Behaviour Based Safety



Section of USFDA approved Pharma Unit



Vapi Plant Automation Control Room



Multiple Effect Evaporator



Training Session

Our Valued Customers

Speciality Chemicals



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED



United Phosphorus Ltd



The Chemical Company



Enriching lives through innovation



ENGINEERING POLYMERS



touching lives...



New way. New value



A Huber + Bilakhai Company



Innovation by Chemistry



Human Chemistry. Human Solutions



a member of the DIC group

Pharmaceuticals



TEVA PHARMACEUTICALS



DR. REDDY'S



SANDOZ



RANBAXY
LABORATORIES LIMITED



Caring for life

Home & Personal Care Chemicals



Hindustan Unilever Limited



BETTER PRODUCTS. CLEANER WORLD





Aarti Industries Ltd.

CIN: L24110GJ1984PLC007301

Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat.

ATTENDANCE SLIP

31ST ANNUAL GENERAL MEETING – WEDNESDAY, 24TH SEPTEMBER, 2014

Registered Folio No.

DP ID No. :

Client ID No. :

Number of shares held:

I/we hereby record my/our presence at the 31st Annual General Meeting of the Company at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat on Wednesday, 24th September, 2014 at 10.30 a.m.

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Note: Please fill up the attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]



Aarti Industries Ltd.

CIN: L24110GJ1984PLC007301

Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat.

31ST ANNUAL GENERAL MEETING – WEDNESDAY, 24TH SEPTEMBER, 2014

Name of the Member(s):

Registered address:

E-mail Id:

Folio No./Client Id:

DP ID:

I/We, being the member(s) of shares of the above named company, hereby appoint:

1. Name: Address:

E-mail Id: Signature:or failing him/her;

2. Name: Address:

E-mail Id: Signature:or failing him/her;

3. Name: Address:

E-mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on the Wednesday, 24th September, 2014 at 10.30 a.m. at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Optional*	
		For	Against
Ordinary Business			
1	Adoption of Financial Statements for the year ended 31 st March, 2014.		
2	Declaration of a final dividend for the year ended 31 st March, 2014.		
3	Re-appointment of Shri Manoj M. Chheda, who retires by rotation and being eligible, seeks reappointment.		
4	Re-appointment of Shri Kirit R. Mehta, who retires by rotation and being eligible, seeks reappointment.		
5	To appoint Auditors and to fix their remuneration.		
Special Business			
6	Approval of Variation in terms of Remuneration payable to MD/WTDS.		
7	Appointment of Shri Bhavesh R. Vora, as an Independent Director for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24 th September, 2014.		
8	Appointment of Shri P. A. Sethi, as an Independent Director for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24 th September, 2014.		
9	Appointment of Shri K. V. S. Shyam Sunder, as an Independent Director for a period of 5 (five) years with effect from date of this Annual General Meeting i.e. 24 th September, 2014.		
10	Appointment of Shri Ramdas M. Gandhi, as an Independent Director for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24 th September, 2014.		
11	Appointment of Shri Vijay H. Patil, as an Independent Director for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24 th September, 2014.		
12	Appointment of Shri Laxmichand K. Jain, as an Independent Director for a period of 3 (three) years with effect from date of this Annual General Meeting i.e. 24 th September, 2014		
13	Ratification of the appointment and Remuneration of the Cost Auditor.		
14	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 to consent for borrowing funds upto ₹ 2,000 crore.		
15	Special Resolution to approve and ratify the issue of Non-Convertible Debentures on private placement.		
16	Special Resolution to adopt new Articles of Association of the Company.		

Signed this day of 2014

Signature of shareholder

Signature of Proxy holder(s)

Affix
Re. 1/-
Revenue
Stamp

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
 - A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
- * It is optional to put a '√' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



Registered Folio no. /DP ID no./Client ID no.:	Number of shares held:
--	------------------------

Dear member,

Subject: Instructions for e-voting

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the member to cast their votes electronically on all resolution set forth in the Notice convening the 31st Annual General Meeting to be held on Wednesday, 24th day of September, 2014. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e- voting facility.

The e-voting facility is available at the link **<https://www.evoting.nsdl.com>**

The electronic voting particulars are set out below:

EVEN (e-voting event number)	User ID	Password

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
September 17, 2014 at 9.00 a.m.	September 19, 2014 at 6.00 p.m.

Please read the instruction printed below before exercising your vote.

These details and instructions forms an integral part of the Notice for the Annual General Meeting to be held on 24th September, 2014.

Steps for e-voting

1. Open the internet browser and type the following URL: **<https://www.evoting.nsdl.com>**:
2. Click on **Shareholder – Login**
3. If you are already registered with NSDL for e-voting, then you can use your existing User ID and password for Login.
4. If you are logging for the first time, please enter the User ID and Password provided in this documents.
5. The **Password Change Menu** will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of the two. Please take utmost care to keep your Password confidential.
6. Once the e-Voting home page opens, click on **e-voting > Active voting cycles**.
7. Select the **EVEN (E-Voting Event Number)** of Aarti Industries Limited (the number is provided in this document). Once you enter the number, the **Cast Vote** page will open. Now you are ready for e-voting.
8. Cast your vote by selecting your favoured option and **click submit**. Also click **Confirm** when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified.
9. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to **investorrelations@aartigroup.com** with a copy marked to **e-voting@nsdl.co.in**.
10. In case of any queries, please refer to the **Frequently Asked Questions (FAQs)** for members and the **e-voting user manual** for members available in the 'Downloads' section of **<https://www.evoting.nsdl.com>**. You can also contact NSDL via e-mail at **e-voting@nsdl.co.in**.

General instructions

- a. The e-voting period commences on 17th September, 2014 (9.00 a.m.) and ends on 19th September, 2014 (6.00 p.m.). During this period, shareholders of the Company holding shares either in physical form or dematerialized form, as on the cut-off date (record date) of 8th August, 2014, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. Since the Company is required to provide member the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date (record date) of 8th August, 2014 and not casting their vote electronically, may only cast their vote at the Annual General meeting.
- c. Shri Sunil M. Dedhia, Practicing Company Secretary (Membership No. FCS 2031), has been appointed as the scrutinizer to scrutinize the e-voting process in the fair and transparent manner.
- d. The scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in employment of the Company and make a scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- e. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 8th August, 2014.
- f. The results declared along with the scrutinizers Report shall be placed on the Company's website www.aartigroup.com and on the website of NSDL within two days of passing of the resolution at the 31st Annual General Meeting of the Company on 24th September, 2014 and communicated to BSE Ltd., National Stock Exchange of India Ltd.

All documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013 will be available for inspection at the Registered office of the Company during 11.00 a.m. to 1.00 p.m. on all the working days up to the date of declaration of the result of the 31st Annual General Meeting of the Company.

Registered Office:
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi-396195,
Dist. Valsad, Gujarat.

Place: Mumbai
Date: 11th August, 2014

By order of the Board

Sd/-
MONA PATEL
Company Secretary



Aarti Industries Ltd.

Regd. Off. : Plot Nos. 801, 801/23, GIDC Estate,
Phase III, Vapi-396 195, Dist. Valsad, Gujarat.
www.aartigroup.com