

**Robust.
Resilient.
Responsible.**



**Annual Report
2018-19**

Inside this Report

Corporate Overview

Robust operations	02
About Aarti Industries Limited	04
Our presence	06
Our key differentiators	08
Our milestones	10
Key performance indicators	12
Our business segments	14
Our growth drivers	16
Resilient business model	18
Our Value-creation model	20
Message from the Chairman and MD's desk	22
Responsible growth	24
Sustainability	26
Corporate social responsibility	28
Board of Directors	34
35 years of Aarti Industries Limited	36
Ten-Year Consolidated Financial Highlights	38
Corporate Information	39

Statutory Reports

Management Discussion and Analysis	40
Directors' Report	52
Report on Corporate Governance	78
Business Responsibility Report	95

Financial Statements

Standalone Financial Statements:

Auditors' Report	101
Balance Sheet	110
Statement of Profit and Loss	111
Cash Flow Statement	112
Statement of Changes in Equity	113
Significant Accounting Policies	114

Consolidated Financial Statements:

Consolidated Auditors' Report	139
Consolidated Balance Sheet	146
Consolidated Statement of Profit and Loss	147
Consolidated Cash Flow Statement	148
Statement of Changes in Equity	149
Significant Accounting Policies	150
Notice	171
Annexure to the Notice	178
Proxy From	

FY 2018-19: On a Steady Growth Path

Revenue

₹ 4706 Crore
^ 24% Y-o-Y growth

Profit After Tax (PAT)

₹ 492 Crore
^ 48% Y-o-Y growth

EBITDA

₹ 967 Crore
^ 37% Y-o-Y growth

EBITDA margin

20.5%
^ 198 (bps) Y-o-Y growth

Chairman & MDs message

Page 22

During FY 2018-19, we have delivered another strong performance recording a significant milestone with consolidated revenue crossing ₹ 4,700 crore and strong profit growth driven by strong contribution across business segments and operating margin expansion.

Forward-looking statement

This Report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Robust. Resilient. Responsible.

At Aarti Industries Limited, we take pride in collaborating across our business as well as with our valued customers. Our philosophy of evolving into a 'Global Partner of Choice' is founded on the values of care, integrity and excellence. These values guide our operations and enable us to continuously strive to scale our performance, achieve operational excellence and enhance value for our stakeholders.

The three stepping stones to the Company's success are:

Robust operations

At Aarti Industries Limited (Aarti or Aarti Industries or AIL) our robust operations have made us the global partner of choice for over 400 global and 700 local customers. Through our integrated value chain, backward integration of intermediates and State-of-the-art global scale manufacturing facilities, we are well-positioned to leverage opportunities and maximise value for our customers, employees and shareholders.

Resilient business model

Our business model has been carefully curated, keeping in mind the volatile business environment. We ensure a steady flow of cash and efficient use of capital, coupled with prudent decision-making, to safeguard our business from any fluctuations in the market. Our well diversified business model has helped us sail through challenging market downturns.

Responsible growth

As we expand our portfolio, we are committed to being a responsible partner for all our stakeholders, including the communities we work in. We manage our effluents and by-products efficiently, use energy and resources efficiently, and source raw materials responsibly to optimise operations and minimise our environmental footprint.

On the back of the three 'Rs' – 'Robust. Resilient. Responsible' – Aarti Industries is, today, a leading intermediate manufacturers for end use application in agrochemicals, pharmaceuticals, polymers, pigments and other chemical end uses.



Robust operations



At Aarti Industries, we combine chemistry with engineering excellence to produce premium-quality products. We are growing consistently in our Speciality Chemicals and Pharmaceuticals business segments, in which we are the leading manufacturers. We have 15 manufacturing facilities located in proximity to the ports in western India, and supply our products to various markets such as Japan, China, Europe and North America. Further, our well-diversified product portfolio, with low dependence on individual products, has enabled us to de-risk our business.





Over the past few years, India has emerged as a cost-effective manufacturing destination with abundant availability of low-cost, skilled labour along with better environmental compliances, IP protection framework. To be able to cater to the growing demand for speciality chemicals and pharmaceuticals, we invested in an integrated value chain and backward integration with global scale capacities. Driven by this cost advantage, over the past three decades, we have emerged as a partner of choice for more than 400 global and 700 local customers across our sector. We possess world-class expertise in the development and manufacture of various chemicals. We have created highly integrated value chains and emerged as the preferred supplier to many leading chemical companies across the globe.

About Aarti Industries Limited

At a glance

The journey of Aarti Industries to become a global partner of choice began in 1984, with just two products and one manufacturing unit. Today, the Company is a leading Indian manufacturer of Speciality Chemicals and Pharmaceuticals with a global footprint. Chemicals manufactured by Aarti are used in the downstream manufacture of intermediates with applications in agrochemicals, pharmaceuticals, polymer additives, fuel additives, FMCG, dyes, printing inks, pigments and other speciality chemical applications. The Company enjoys global leadership in Benzene-based chemistry and

has diversified its operations across other derivative chains as well. It exports cost-effective and value-added products to over 60 countries.

Aarti continues to maintain the highest standards of safety in its functioning, adopt practices & processes for safer and responsible manufacturing operations to reduce the impact of its operations on the environment. Through these factors, the Company continues to create sustainable, long-term value for its stakeholders.

Key numbers



Products

200+



Global customers

400+



Domestic customers

700+



Manufacturing plants

15



USFDA-approved units

2



Employees

5,100+



Our vision

To emerge as a 'global partner of choice' to leading consumers of speciality chemicals and pharmaceutical intermediates



Our mission

Delighted Stakeholders



Our values

Care: Our commitment to care includes all our stakeholders – our employees, our customers, our suppliers, our community and our environment.

Integrity: We practice highest ethical and moral standards.

Excellence: We continuously raise the bar of our performance to delight our stakeholders.

An overview of our businesses

Our businesses are divided into two defined segments based upon the products manufactured:

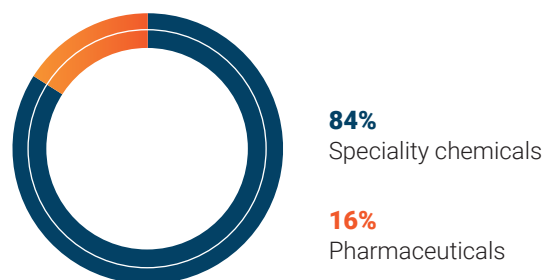
Speciality chemicals

Speciality chemicals is our biggest division and contributes to the majority to our revenues. Through the crude based feed-stock materials, primarily benzene and toluene and other variety of reactions, we have created highly integrated value chains.

Pharmaceuticals

We possess world-class expertise in the development and manufacture of a variety of intermediates for pharmaceuticals.

Revenue contribution (%)



End use applications of our products

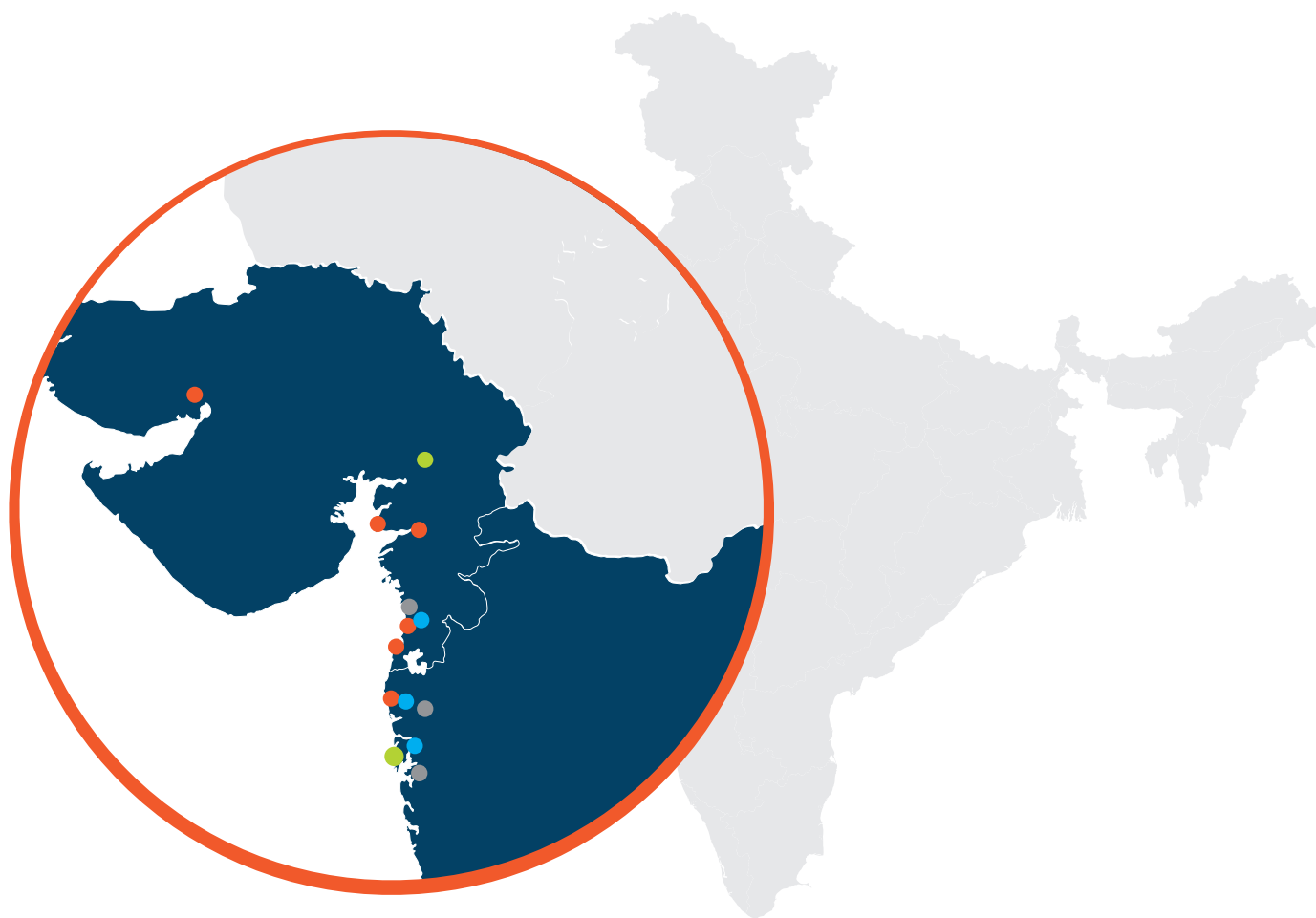
- > Agrochemicals
- > Polymer additives
- > Dyes, pigments, paints and printing Inks
- > Pharma Intermediates, APIs
- > Fuel additives
- > Beverages and Nutraceutical
- > Rubber chemicals, Resins, FMCG applications, etc.



Our presence

Our manufacturing facilities

Our manufacturing units are mostly located in close proximity to the large ports of western India. Our Head Office is located in Mumbai.



Head Office/ Corporate Office

● Mumbai

Satelite Office

● Baroda



Chemicals

● Vapi

● Jhagadia

● Dahej

● Kutch

● Tarapur



Pharmaceuticals

● Tarapur

● Dombivali

● Vapi



R&D centres

Chemicals

● Vapi

● Navi Mumbai
(upcoming site)

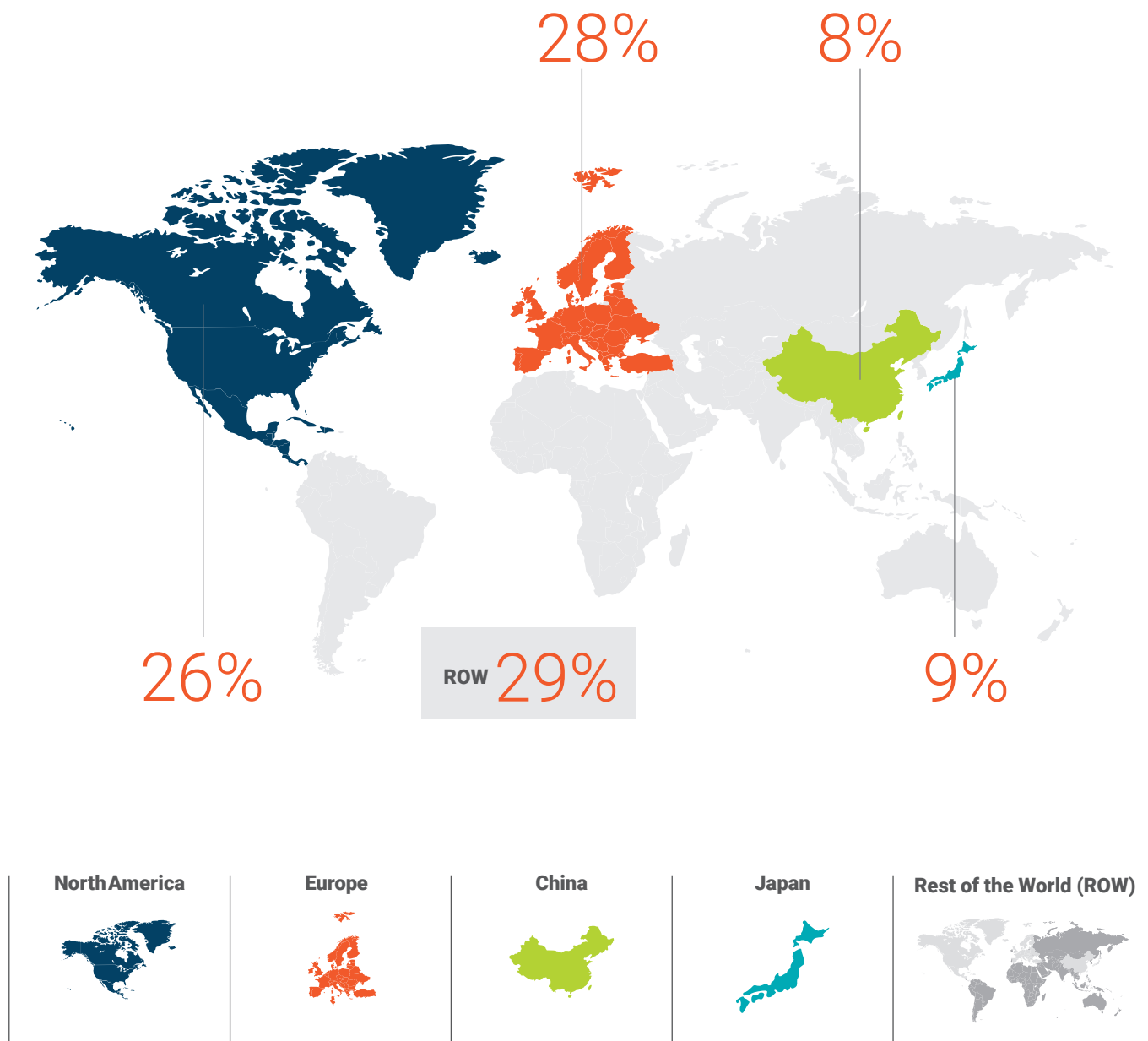
Pharma

● Vapi

● Dombivali

Our global footprint

We export our products to over 60 countries. Exports contribute 42% to our total revenues. We sell our products to four major regions.



Our key differentiators

What makes us unique

<p>What our peers do</p>	<p>></p> <p>Most of our peers focus on a few products.</p>	<p>Most companies focus on a fragmented standalone product mix.</p>	<p>Players in this industry mostly serve local markets with a concentrated customer base.</p>
<p>What we do</p>	<p>></p> <p>Our product mix comprises over 200 research-led & in-house developed products.</p>	<p>We have focused on the manufacture of integrated derivatives.</p>	<p>We have a global presence across 60+ countries and have customers across multiple continents.</p>
<p>How it benefits us</p>	<p>></p> <p>We have the capability of manufacturing a wide range of products across two distinct segments due to our technical expertise, integrated chain and our global scale facilities. This has led to the creation of high-entry barriers. Therefore, there are no close substitutes for several products that we offer.</p>	<p>A large part of our speciality chemicals segment comprises benzene derivatives. These products have a diverse end-user base and a variety of applications, making our products basket more diversified.</p>	<p>Our presence in both international and domestic markets has ensured that we are better placed to scale up our business and derive benefits from the economies of scale. The diversification of our customer base has also mitigated the risk of dependency on just one customer for the sale of our products.</p>

Some of Our Key Customers




















In order to stay ahead of competition, we have employed strategies different from our peers. Our 35 years of experience and our judicious decision-making, coupled with our unique business strategies, have given us an edge in the market.

Most companies are dependent on external suppliers for their resources.

Most chemical companies select to be present in large spaces marked by extensive competition.

Most chemical companies seek to work with small global companies as a market-entry strategy.

Our thoughtful approach has ensured seamless backward integration for precursor materials.

We have selected to be present in niche chemistry spaces with relatively low competition.

We have been engaged in multi-year relationships with a large number of leading global downstream customers.

Our manufacturing facilities, (including the API facilities) have benefited immensely from backward integration. This enables us to maintain leadership position in the markets, feed our internal consumption and also sell raw materials to the market to substitute their imports as well as be independent of any Chinese source of feedstock.

Our presence in niche product segments, along with being one of the few global businesses with backward and forward integration, has made us a strategic supplier to many leading global downstream customers. We constantly strive to develop innovative value-added products to continue capitalising on niche market opportunities.

Our diverse product portfolio of over 200 products has been serving almost all global majors in each specific end-use applications. Our efficient manufacturing practices, high-quality norms, timely delivery and better HSE from work & compliance to regulations have transformed us into a 'Global Partners of Choice' for majority of these large domestic and global customers.



Our Milestones

Journey so far

Since inception, we have been collaborating with customers and science to drive continuous growth. In our journey, we have implemented various growth strategies, specifically aimed towards achieving our objectives.

1984

- > Incorporated Aarti Organics Private Limited

Licensing of small-scale industries and focus on import substitution

1986

- > Commenced 1,200 TPA Unit for Nitro Chloro Benzenes (NCB) in Sarigram, Gujarat

1990

- > First large-scale organic plant in Vapi (4,500 TPA for NCB)

2001

- > Set up a large-scale hydrogenation and nitration unit at Jhagadia (Hydrogen gas via pipeline)

Consolidation, scale, cost competitiveness, exports

2005-08

- > Expanded NCB and sulphuric acid capacity
- > Setup a large scale speciality chemical unit at Kutch
- > Received USFDA approval for API unit at Tarapur



2010-11

- > Upgraded hydrogenation unit from batch to continuous
- > Custom Synthesis division at Vapi received USFDA approval
- > Commenced bulk shipment for global markets

2016

- > Commissioned Ethylation facility (Ethylene gas via pipeline) at Dahej SEZ
- > Expanded NCB capacity from 57 to 75 ktpa

2017

- > Commenced calcium chloride facility
- > Started operations at Co-Gen and solar power plants

2018

- > Commissioned Nitro Toluene plant
- > Signed 2 large multi-year contracts with global players, manufacturing facility being setup at Dahej SEZ

2019

- > Commissioned Nitro Toluene hydrogenation facility at Jhagadia
- > Signed Multi-year Contract with a Global Player

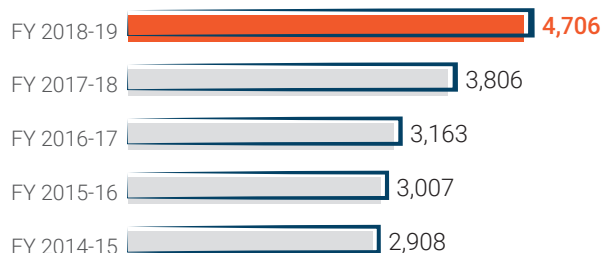
Productivity
with
sustainability



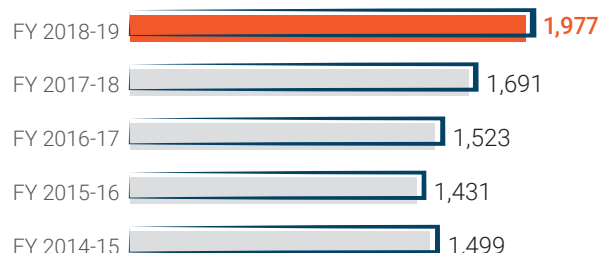
Key performance indicators

The year that was

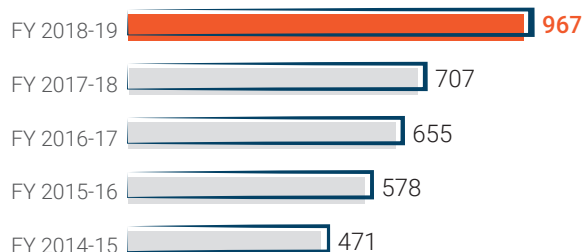
Revenue (₹ Crore)



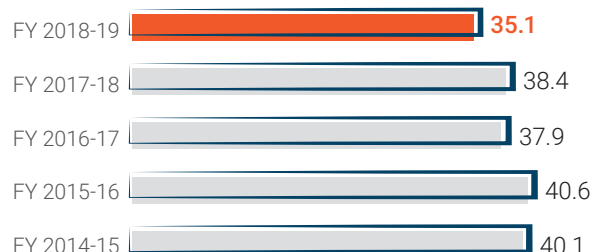
Exports (₹ Crore)



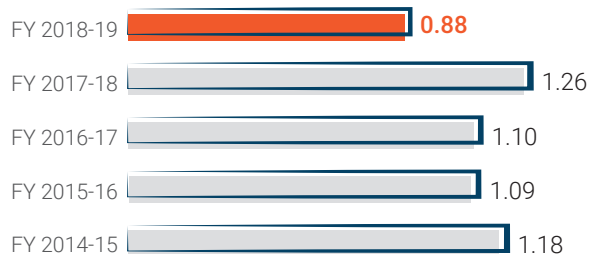
EBIDTA (₹ Crore)



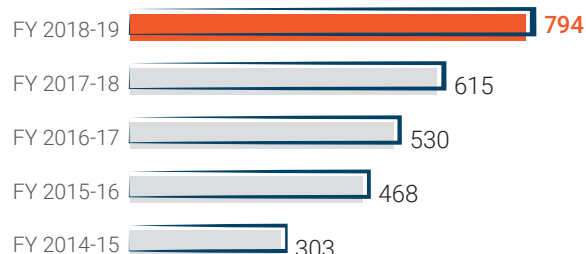
Working capital intensity (%)



Gross Debt / Equity Ratio

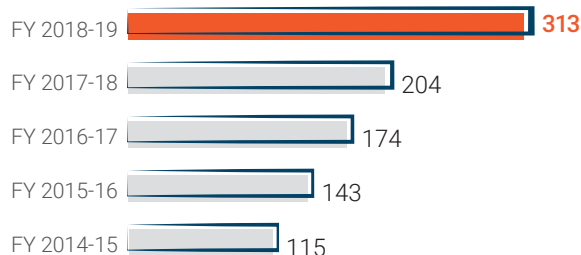


Capex spending (₹ Crore)

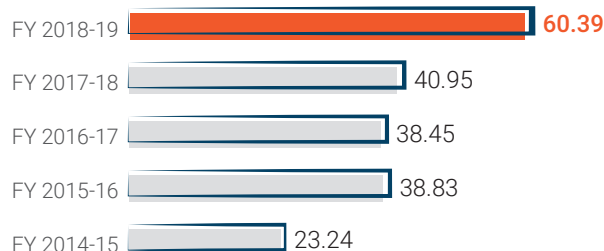


Book value per share

(₹)

**Earnings per share**

(₹)

**Note:**

Figures for FY 2015-16 onwards are in the compliance with the Ind AS.

The financials for FY 2018-19 are after adjusting for the impact of scheme of arrangement for demerger of Home & Personal Care undertaking into Aarti Surfactants Ltd and the manufacturing division of Nascent Chemicals Industries limited (step down subsidiary) into Aarti Industries Limited.

Key performance highlights of FY 2018-19

We witnessed a strong improvement in revenues and margins across speciality chemicals (84%) and pharmaceuticals (16%) segments

Our operating profit grew by 37% during the year

There was a steady demand of direct exports contributing to 42% of the revenue in the year under review

Market cap crosses \$ 1.7 bn

Raised QIP of ₹ 750 Crores for growth initiatives

Credit Ratings**CRISIL rating:**

Category	Rating
Bank loan facilities	
Long term rating	CRISIL AA-/ Positive
Short-term rating	CRISIL A1+
Debt instruments	
Non-Convertible Debentures	CRISIL AA-/ Positive
Commercial Paper	CRISIL A1+

India Ratings and Research (Ind-Ra) rating:

Category	Rating
Long term rating	IND AA-/ Stable
Short-term rating	IND AA-/Stable
Commercial paper	IND A1+

Our business segments

Businesses for a better future



Speciality chemicals

Key end usages

- > In agrochemicals such as pesticides, insecticides, herbicides, etc.
- > In polymers additives such as aircrafts, automobiles, bullet proof jackets,
- > In Dyes, Pigments, Paints, Printing Inks,
- > In pharmaceutical,
- > In fuel additives, rubber chemicals, Resins, FMCG, etc.

Operational review of FY 2018-19

- > The speciality chemicals industry continued to move from cost competitiveness to long-term supply, quality and higher Safety Health and Environment (SHE) compliance model
- > Revenues from this segment grew by 33% and reached ₹ 3,980 Crores
- > EBIT increased by 41% in the year under review to ₹820 Crs comparison to FY 2017-18
- > EBIT margins expanded by 110 bps in the year under review in comparison to FY 2017-18



Pharmaceuticals

Key end usages

- > Active Pharmaceutical Ingredients (APIs) and Intermediates for innovators and generic companies for applications such as anticancer, anti-asthma and anti-hypertensive drugs as well as oncology therapies
- > Xanthine derivatives for applications such as beverages, nutraceutical and other pharma applications

Quick facts

- > 2 USFDA approved facilities
- > 2 WHO GMP facilities
- > 9 patents (21 under assessment)
- > 30 USDMF
- > 18 CEP (2 under assessment)
- > 12 DMF (7 under assessment)

Operational review of FY 2018-19

- > Revenues from this segment grew by 30% and reached ₹726 Crore
- > EBIT increased by 42% in FY 2018-19 to ₹113 Crore over the previous fiscal
- > EBIT margins expanded by 140 bps in the year under review in comparison to FY 2017-18
- > Our sales volumes grew across markets and we focused on off-patented generics to be supplied in regulated markets



Our growth drivers

What makes us the global partner of choice

Our robust enablers

Since our inception about 3 decades ago to getting our first licence in 1990 and consolidating our businesses into one group post the de-licensing regime, we have come a long way. Our business segments are driven by six robust enablers:



Strong partnership

Our businesses are based on deep and mutually beneficial knowledge-based strategic partnerships aimed at serving our customers, as well as enhancing value for us.



Focus on sustainability

We take a holistic approach towards sustainability. We are committed to using energy and resources efficiently across our global operations and partnering across the value chain to reduce our collective environmental impact.



Value creation

Our manufacturing processes are niche and require detailed research and development. We believe our technological capabilities and thorough know-how enable us to develop customised, value-added products for our customers.



Enriching relationships

Our multiple products are required across multiple geographies by multiple customers. The high quality of our products, timely deliveries and compliance to regulations have enabled us to form enriching relationships with our consumers. Moreover, our ability to cater to the evolving demands of customers has made us the preferred manufacturer of chemicals and pharma products, among them.



Confident future

We believe in the coming years, our industry will grow by leaps and bounds. With the nation's low-cost manufacturing advantage and slowing operations of global competitors such as China, we are at the right place at the right time.



Solid strategy

We have been able to build our brand equity and establish ourselves as the preferred supplier of choice on the back of our prudent choices, solid strategy and efficient leadership.



Our strengths

Global player in benzene-based derivatives with integrated operations	Well diversified across multiple dimensions of products, customers, geographies and industries	Significant growth in the pharmaceutical segment
Strong return profile, despite significant capex	Strong focus on R&D and process innovation	Thrust on sustainability
Well placed to benefit from industry tailwinds	Global Scale Capacities	

Our growth strategies

Value chain expansion

- > Scale up capacities in existing products
- > Enter new markets and launch applications for existing products
- > Add new value-added products in existing value chain
- > Improve market position across isomers

Manufacturing outsourcing

- > Establish long-term contracts with customers
- > Leverage process expertise, raw material security and India advantage
- > Set up dedicated toll manufacturing facilities

Customer collaboration

- > Co-develop and scale up new products through customer partnerships
- > Engage in multi-product collaboration with customers to deepen relationships
- > Form strategic alliances

Pharma opportunity

- > Scale up capacities in existing products and related applications
- > Increase presence in the regulated markets
- > Develop and explore more opportunities for innovators for APIs and intermediates

New value chains

- > Extend process and chemistry expertise to enter new value chains (such as chlorotoluenes)
- > Add new reaction capabilities

Resilient business model



We are cognizant of the fact that in this volatile market, it is crucial to safeguard our business against external risks. Over the past few years, we have been working on our operational efficiencies and scale to prepare ourselves to be able to cater to the robust global demand for speciality chemicals and pharmaceuticals. Our business model has been developed on the back of judicious decision-making in light of the dynamic business environment.

We are now at a critical inflection point in our business. We ensure that we use capital efficiently and predict our cash flows to continue on the path of progress. As raw material prices depend on the prices of crude oil, we have deployed the pass-through mechanism in our business model. This mechanism helps us pass the variation in the raw material prices to the customers through a formula-based pricing model. We have also safeguarded our business against the fluctuations in raw material prices. Our planned expansions in the speciality

chemicals business, along with the transformation of our pharmaceuticals business, enabled by 'Partner of Choice' relationships have positioned us comfortably in the market.

Further, our diversified product portfolio and lack of dependence on a single customer has helped us de-risk our business. Our Top 10 customers form only 27% of our revenues and our industry-wise exposure is also optimally balanced.





Agrochemicals	25-30%
Polymer and additives	15-20%
Pharmaceuticals	25-30%
Dyes, pigments and printing inks	15-20%
Others	10-20%

■ Industry ■ Exposure

Our resilient business model efficiently leverages our R&D capabilities, manufacturing strength and scale and enables us in creating a strong value proposition for our global customers, thereby driving growth and creating value. The recently raised QIP would help to deleverage the Company while continuing on its growth trajectory

Business model

Creating value at every stage of growth



Inputs

Financial

We have invested in setting up our state-of-the-art R&D Centres to focus on the development of niche value-added products and process chemistries, and improve product quality and process yields of existing products and forward integration for downstream products.

Raw material based pricing model

We pass on the variation in raw material costs to our customers, thereby maintaining our EBITDA. We also employ various strategies to improve our yields and reduce costs to increase our savings.



Activities

By deploying the best cost-effective methods supported by eco-friendly and safe technologies, we deliver products across the Speciality Chemicals and Pharmaceuticals business segments

Our strategic focus areas

1

Enhance access to high-quality chemical and pharmaceutical products



Outcomes

Diversified portfolio

We have 200+ products across the two business segments. Our wide product range helps in penetrating new geographies and acquiring new customers.

Global partner of choice

We supply our products to 60+ countries and globally rank between the 1st and 4th positions for 75% of our portfolio.



Outputs

1,100+

Customers around the world

₹9.7 Crore

Invested in corporate social initiatives in the year under review

Underlying drivers

Our values



Care

We use our capitals and our competitive advantages to provide high quality and a diverse range of speciality chemicals and pharmaceutical products. Supporting us in our endeavour is our resilient business model that considers the contribution and participation of all our stakeholders to create responsible, sustainable value for them.

Relationships

We focus on combining our strength with scale to become a 'Global Partner of Choice'. By continuing to provide high-quality products, we have established long-term collaborations with our industry partners as well as our customers.

Manufacturing facilities

We have 15 plants manufacturing facilities, strategically located near the ports. 12 of our 15 manufacturing units are Zero Liquid Discharge (ZLD) units.

Aarti Management System

Our integrated management system plays an important role in realising our values and vision, while setting the standards, processes and targets for each major function in the organisation.

2 Achieve strategic advantage through our integrated value chain

3 Provide a safe, challenging and rewarding environment to our employees

4 Practice good corporate citizenship

5 Create sustainable economic value for all our stakeholders

Patient life

Through our products, we improve the health of patients and aid industries in uplifting the quality of life of their consumers.

People

We have created a dynamic work environment and also reward our employees for their performance, while also offering them growth opportunities.

Communities

Through the Aarti Foundation and the Dhanvallah Charitable Trust, we are contributing effectively for the improvement of the underprivileged sections of the society, while also minimising our carbon footprint.

697 kWh

Installed solar power generation capacity across units

85%+

Revenues from customers with relationship of over a decade

258 Crore +

Investments on sustainability initiatives over last 5 years



Integrity



Excellence

From the Chairman and MD's desk

Right chemistry for a brighter tomorrow



The planned expansion in various businesses and the transformation of the pharmaceutical business has set us up well for continuing to our growth in coming years.

Dear Shareholders,

I am pleased to present to you the 36th Annual Report of Aarti Industries Limited. At Aarti, we believe in transparency and therefore, consider it our responsibility to update our shareholders on the Company's performance. Our vision of growth is focused on both qualitative and quantitative aspects of business. We strive towards achieving excellence and enhancing value for us as well as our customers through our 3R strategy of 'Robust. Resilient. Responsible.'

This year embarks the 35th year of operations for us. We celebrated this milestone by holding celebrations across all our plant locations and felicitating employees who have been a constant part of this exciting journey.

FY 2018-19: A year of strong performance

FY 2018-19 was another good year for Aarti Industries. Our revenues grew by 24% from ₹3,806 Crore in FY 2017-18 to ₹4,706 Crore in FY 2018-19. There was a 37% growth in EBITDA and 48% increase in PAT. Speciality chemicals, our largest business, grew by 33% by expanding sales globally and acquiring new customers. Pharmaceutical sales grew by 31%. We believe that collaboration between our customers and science will drive the future growth of the Company.

We are present across various integrated product chains. We are a global player in benzene-based derivatives, with integrated operations across the benzene and toluene product chains. We are the only Indian manufacturers of Nitro Fluoro Aromatics, via Halex chemistry, and PDA. Towards the end of FY 2018-19, we commissioned the hydrogenation facility for Nitro Toluene. In addition to

benzene- and toluene-based derivatives, we also manufacture fuel additives, phthalates and export-grade calcium chloride granules (for oil exploration and de-icing). Our diversified customer base, best-in-class manufacturing capabilities, timely delivery and adherence to specifications, among others, have helped us to deliver consistent performance during the year under review and retain our place as the partner of choice to global chemical leaders.

During the year under review, we managed to procure one more multi-year contract from global majors. This supply contract for a new speciality chemical intermediate for a global chemical major will have total contract value of \$125 million over the period of 10 years. This product was co-developed by Aarti Industries with the customer over 4 years from lab to commercial scale. As you are aware in FY 2017-18, we had bagged two long-term contracts for 10 years and 20 years with a revenue visibility of ₹ 14,000 Crore over the contract terms.

We have a high level of geographic diversification, with presence in India, North America, Europe, Japan, China and the Rest of the World (ROW). Our geography de-risking has contributed to gross margin expansion, which is further reflected in improvement in our EBITDA margin. Our well-diversified product portfolio provides us the advantage of low dependence on individual products. We are suppliers to leading chemical companies across the globe. Unlike our peers, our largest consumer contributes less than 5% of our sales, which has helped us de-risk our business. In FY 2018-19, 85% revenue was from customers of over 5 years.

We believe we are well positioned to benefit from global tailwinds and to improve our chances on being able to capitalise on emerging opportunities in the global chemical industry.

We raised ₹750 Crore through a Qualified Institutional Placement (QIP). Proceeds from the subscription of the QIP issue will be used to fund our future growth initiatives including the acquisition of a new greenfield site in Gujarat.

R&D and innovation: The foundation of our success

At Aarti, we strategically invest in R&D to leverage the evolving market trends and innovate chemical solutions and pharmaceutical products that cater to specific customer needs. As a knowledge-driven company, we constantly strive to incorporate new practices and processes in our business to deliver quality products, on time, to our customers.

Aarti currently has three R&D centres – two in Vapi and one in Dombivli. Out of these, the one in Dombivli and one among the Vapi centres focus on R&D initiatives for pharmaceutical APIs, and the other located in Vapi focuses on chemicals. We are also setting up a 50,000 sq ft R&D and Innovation Complex at Navi Mumbai, which will house 250 scientists and engineers. The complex is expected to further enhance Aarti Industries' R&D capabilities, focus on development of newer and niche value-added products and process chemistries, improve product quality and process yields of existing products, and undertake forward integration for downstream products, which is expected to be coming onstream from FY 2019-20. The planned expansion in various businesses and the transformation of the pharmaceutical business has set us up well for the coming years.

Creating sustainable, responsible value for the society

Our products and processes reflect our dedication to sustainability across our businesses and locations. From sourcing raw materials responsibly to optimising operations, we deliver chemical and pharmaceutical solutions

that provide economic value while promoting a cleaner, healthier and more energy-efficient world.

We have substantially invested in Safety, Health and Environment (SHE) initiatives over the last 5 years. Our installed solar power generation capacity of 697 KW supports our manufacturing facilities at Kutch, Jhagadia and Vapi. At Aarti, we believe that as we grow, we need to support our communities and take them, along with us on our growth journey. We are, therefore, engaging in a wide range of initiatives related to rural education, water conservation, tribal welfare, agriculture, animal husbandry, health and hygiene, disaster relief and rehabilitation to make the world a better place.

A bright future on the horizon

At Aarti, we define our purpose as 'Right Chemistry for a Brighter Tomorrow' where 'Brighter Tomorrow' means products which are needed for society, i.e., products which help the society make its future bright and 'Right Chemistry' means the way in which we manufacture these products.

As I conclude this letter, I would like to thank all our stakeholders – customers, employees, partners, vendors, bankers, government, communities and most importantly you – our shareholders, who have been part of this exciting journey. As always, we are committed to deliver value to you and we appreciate your support.

Warm regards,

Rajendra V. Gogri
Chairman and Managing Director

Responsible growth



At Aarti Industries, we are committed to deliver growth which is responsible and sustainable. We place high priority on serving the best interests of the society to make a real difference to people and the world. Our commitment runs much deeper than simple philanthropy. Our CSR and sustainability initiatives are conceived around a deep understanding of the communities and the environment in which we operate.

As a chemical manufacturing company, we are aware of the impact of our manufacturing operations on the environment. Bearing this in mind, we have committed ourselves to four main aspects of sustainability: safety and health, environment, society and efficiency.

At Aarti, the security of our employees and a safe and healthy working environment are our top priorities. We work hard to ensure that all our employees return home safe to their families. We are continuously undertaking improvement projects for reducing energy consumption by increasing process efficiency and reducing energy losses during our production processes. We have also undertaken numerous initiatives such as process safety audits and inspections, installation of zero liquid discharge facilities and implementation of the 3R principles of Reduce – Recover – Reuse in our facilities.





AARTI

Aarti Industries is committed to empower individuals and families to improve their lives in a sustainable way. We are a responsible organisation and leave no stone unturned in ensuring that our activities do not harm the environment or the communities. Our business model helps generate jobs, impart skills and improve livelihoods in communities, thereby strengthening the local capacity for growth and progress.

On the back of our core values of Care, Integrity and Excellence, we aim to attain Growth with Sustainability for Sustainable Growth.

Sustainability

Creating chemistry for a sustainable future

At Aarti, sustainability forms the foundation of all our operations. We constantly strive to develop our processes and practices, and engage with allied partners to ensure our performance objectives are aligned with the basic principle of safeguarding our planet, and respecting the needs of its people and the environment.

We are continuously contributing to the development of a sustainable society through our efforts geared towards Environment, Social and Governance (ESG) issues. As a company, we are guided by the Aarti Management System (AMS). We have a sustainable procurement policy that is helping us in managing ESG risks in the supply chain. We have also scrutinised our major suppliers for ESG risks through due diligence.

We ensure that we deploy sustainable practices in all steps of manufacturing, without compromising on the quality of our products. We give prime importance to product safety, product reliability and productivity and ensure sustainability forms the backbone of these three areas.



Product safety

We are constantly innovating to incorporate safer process technologies and unit operations in our value chain. We have a process safety lab, thermal screening units and reaction calorimeters to identify any hazards in the manufacturing process and mitigate them at the earliest. The processes are reviewed and modified to reduce the requirement of water from time to time.



Product reliability

By following safe manufacturing processes while maintaining high quality, we ensure that our products are reliable. All our raw materials and intermediaries are obtained only from certified vendors, and product quality is tested at regular stages throughout the value chain, before it is delivered to the customer.



Productivity

We optimise the use of available resources and maximise output, thereby improving productivity and reducing energy consumption. We are undertaking continuous improvement projects to increase process efficiency and reduce energy losses during the product manufacturing process. We are focused on optimal utilisation of resources across the product lifecycle and make efforts to ensure that we conduct our manufacturing operations in a safe and environmentally responsible manner.

We have taken several important first steps towards building a cleaner and greener future. One such step is the adoption of 3Rs strategy of Reduce, Reuse and Recycle. Our focus remains on ensuring low carbon emissions, greenhouse gas mitigation and better environmental protection. We are working hard to increase the use of renewable energy in our processes. As of today, the combined capacity of green energy from our five solar units is 697 KWp with plans to increase this capacity further. We also operate four

co-generation power plants with a combined capacity of 19.25 MW.

Over the past year, we have constantly improved our recoveries, reduced hazardous waste generation, improved water, and energy consumption and adopted new technologies to optimally use available natural resources to improve our environmental footprint. We have laid down comprehensive guidelines on waste management for all our units, which cover hazardous as well as non-hazardous waste and

monitor the performance for each unit at regular intervals.

Zero Liquid Discharge

At Aarti, it is our constant endeavour to reduce waste water and produce clean water that is suitable for reuse. We have set up Effluent Treatment Plants at our facilities to ensure that there is no liquid discharge. In a bid to protect the environment and also make more manufacturing processes more efficient. Out of the 15 manufacturing units, 12 are Zero Liquid Discharge (ZLD) units.

We have laid down certain systems in place to regularly identify and assess any environmental risks:

Our Environment Management system ISO: 14001

The risk register is being maintained by all units as per the Risk Management Policy and major risks are being reviewed periodically at the corporate level

As the world is coming together to combat climate change, we, at Aarti, are also doing our bit to reduce the impact of climate change through adaption measures. We reuse and reclaim used water to conserve it

Hazard identification and risk assessment are also conducted as part of the safety management system to identify potential environmental hazards and risks

Environment incidents are being captured through an online module. Root-cause analysis is being done through the 5-why analysis and learnings are being shared with all units to avoid recurrence

As we continue on our journey to become the 'global partner of choice' to leader consumers of speciality chemicals and intermediates, we will continue to simultaneously strive for economic, social and environmental goals in a way that gives them equal priority



Corporate social responsibility

Committed to giving back

At Aarti Industries, we are committed to transparent and responsible corporate governance. Though it is a challenge to implement this philosophy across every step of our value chain, we continue to strive for economic, social and environmental goals with equal priority. We aspire to create enduring value, provide good working conditions, and protect the environment and conserve resources. We engage in these activities through the Aarti Foundation. We also interact with various NGOs and take their support to understand the issues faced by the communities and also disburse funds.

This way we, hope that our CSR initiatives will contribute to boosting our organisation's value in the long term.

Our CSR philosophy

Together for prosperity



Nearly 260 million people who are below the poverty line have to join mainstream of a good life.

Late Dr. APJ Abdul Kalam

Inspired by this overarching philosophy, we have segregated our CSR initiatives under seven major areas of development:

- > **Cluster and rural development**
- > **Education and skill development**
- > **Healthcare facilities**
- > **Women empowerment and livelihood opportunities**
- > **Disaster relief and rehabilitation**
- > **Water conservation and environment**
- > **Swatch Bharat**

Developmental initiatives FY 2018-19



Cluster and rural development

Large parts of rural areas in India comprise settlements that are relatively proximate to each other. Such areas are called 'clusters' and have tremendous potential for growth. Many such clusters are inhabited by nomadic tribes.

At Aarti, it is our endeavour to empower these tribes and make them part of the mainstream.

Nana Bhadiya Cluster

We have developed a Nana Bhadiya village, in Kutch district, with focus on Education, Skill Development, Water Conservation and Sanitation. On the education front, Tulsi Vidya Mandir is

imparting education to surrounding areas of Nana Bhadiya village for over a decade now. We have developed Mirik lake in the nearby village for the purpose of water conservation. In this year we have considered application of 43 villagers and constructed 13 house & updated 30 sanitation blocks. We have opened skill development centres at Nana Bhadiya, Mundra, Bidada, Ratanpar - Kutch (Gujarat).

Beed Cluster

In Beed, we have helped the local community during the draughts, by creating rainwater harvesting facilities, desilting and widening of the canals.

We have donated JCB to the local NGOs for this purpose. We are organizing stitching and craft classes for the local women's, which enables them to make handicraft and thus earn their livelihood.

Thus, through development of this clusters we are able to transform the lives of the weaker sections of the society.

We are also providing rehabilitation and interest-free loans to the nomadic community named 'Saraniya' belonging to Vadia village. Several houses were also built to provide shelter to families of the nomadic communities.



Education and skill development



Jagriti School for Blind Girls, Pune

Since past couple of years, we have been aiding the Jagriti School for Blind Girls in Pune, to provide them with skill development, training programmes and activities to make them self-reliant. This year, we are supporting the school by building hostel facilities and initiating various skill development initiatives for the girls.

Ratanpar School

This primary and secondary Gujarati medium boarding school is located in the desert village of Ratanpar, Khadir, Kutch and is solely run by the Aarti Foundation. It enrolls students from Classes 1-10. Currently, 212 students from more than 11 desert villages are studying at the school and are being provided with free education, stationary, uniforms and boarding facilities.

Zilla Parishad Schools, Boisar, District Palghar

Over the years, we have significantly contributed towards building various schools, memorials and seva ashrams in the states of Gujarat and Maharashtra. Salwad Zilla Parishad school, Kosbad Girl School and a Seva Ashram School in Boisar are among the recent constructions that were funded by the Aarti Foundation. We have also been instrumental in building a new school in Avadhani village in Palghar district of Maharashtra.

Scholarship and other activities

Both these initiatives focus on providing scholarships to students who want to pursue their education but do not have the resources to do so. We are aiding these students in choosing the right career goal and helping them achieve the educational qualifications they need to do so. Scholarships are being provided for various vocational courses and higher education.



Name of Institution	Place	Students benefited
Mahavir College of Nursing for tribal Girls	Vatrak - Sabarkantha	315
Shree Tulshi Vidhya Mandir	Nana Bhadiya, Mandvi, Kutch	553
Shree Ram-Krushna Dev Vidhya Sankul	Ratanpar (Khadir) - Kutch	212
Yusuf Meherally Centre - Salt Pan Schools	Bhachau/Gandhidham/Mundra/Mandvi - Kutch	342
Yusuf Meherally Centre - Fisherman Schools	Bhadreshwar/Mundra - Kutch	110
Yusuf Meherally Centre - Hostel	Bhadreshwar - Kutch	70
Vallabh Vidyalaya - Hindi/English School	Mundra - Kutch	780
Vichrta Samuday Samarthan Munch (VSSM) - Boys Hostel	Ahmedabad	197
Vichrta Samuday Samarthan Munch (VSSM) - Girls Hostel	Vadia - Banaskantha	74
Jan Seva & Charitable Trust - Girls Hostel	Sagbara - Narmada	70
Raincoat and sweater Distribution, Government Schools	Bhachau, Jhagadia, Vapi (Gujarat)	5167
Vidhya Sathi Project, Karuna Society and Jagriti School for Blind	Gujarat, Maharashtra and Madhya Pradesh	1243
Total		9133

Numbers of students benefited through our education and skill development initiative





Healthcare facilities



Several villages in India lack proper healthcare facilities. In case of an emergency, people are forced to travel miles to hospitals in the city, risking their lives. We, therefore, play a critical role in ensuring that state-of-the-art healthcare facilities are accessible to those who need it.

Haria Rotary Hospital – Vapi

We have been associated with Haria Rotary Hospital for a couple of years. Last year, we donated ₹8 Lakh for a cardiac ambulance for the hospital. During the year under review, the hospital was planning to upgrade their Ophthalmology department and needed a Swiss-made Phaco Emulsification machine. We extended financial assistance to the hospital to successfully install the machine.

Shrimant Fatehsinhrao Gaekwad Hospital, Vatrak

We are associated with Shrimant Fatehsinhrao Gaekwad Hospital, Vatrak since 2007. The hospital has 312 beds, a fully equipped ICU centre, an upgraded operation theatre and equipped with best-in-class surveillance of CCTV cameras. It also hosts a nursing school, imparting education to local tribal girls and is among the top 3 nursing schools in the region.



Subh Aarogyam

Subh Aarogyam is one of the first professional run companies in the home healthcare segment. The company was formed with a vision to provide end-to-end medical service at patients' doorsteps. We have contributed extensively to help Subh Aarogyam achieve its goal of establishing an old-age care centre at Matruvandana Trust and initiating a para-medical training certificate at the Trust.

JITO Hospital

We have aided several projects to provide multi-specialty healthcare facilities in the states of Gujarat, Maharashtra, Bihar and Madhya Pradesh. These services extend from small dispensaries to specialty hospitals. Once such project is JITO Educational and Medical Trust, which is being set up in Thane. The facility aims to come up with a full-fledged diagnostic centre, blood bank, dental department, nephrology centre, ENT department and physiotherapy. We have played an integral part in the construction of this upcoming multi-specialty hospital in Thane.



Women empowerment and livelihood opportunities

Women perform multiple roles each day and thus are truly the backbone of our society. But they have also been among the ignored fraction of the population, especially in the rural areas. To be able to restore their rightful place in the society and provide them with equal opportunities, we undertake dedicated women empowerment initiatives.

Vasundhara Social Welfare Society (VSWS)

VSWS provides education, accommodation and career guidance to tribal girls in the state of Madhya Pradesh. The girls are accommodated within a hostel and are provided with three nutritious meals per day, tuition and bedding. So far, 34 students have benefited from this initiative.

Karuna society

We have been working towards supporting the Nahar Community at Prabhat Pattan village, Betul district, Madhya Pradesh. The work here includes formation of an activity centre where more than 100 children are accommodated in two batches.

Stitching and craft classes

With the help of a local NGO, we conducted stitching and craft classes for local women in Pimpalner village in Beed district of Maharashtra, enabling them to create various handicrafts and earn their livelihood. Nearly 128 women from and surrounding areas of Pimpalner benefited from this programme.

The National Association of Disabled's Enterprise

We financially assisted a Vikhroli-based NGO, The National Association of Disabled's Enterprise. This NGO trains and employs disabled people to make products like umbrella and paper bags, thus helping them earn their livelihood.



Water conservation and environment

Climate change is taking place at an unprecedented rate, threatening the world with dire consequences. At Aarti, we are contributing our bit to the environment, in the hope that our efforts to conserve water and curb deforestation will act as a significant step towards helping slowing the effects of climate change.

Shivganga Samagra Gramvikas Parishad

Shivganga inspires people to volunteer in activities aimed at the conservation of environment and natural resources,

especially water. Joint efforts of tribal people from the villages and our organisation, along with the training programmes conducted by Shivganga, led to the building of 10 ponds and waterbodies in 2017, which has transformed the lives of thousands of people. We have successfully teamed up with various volunteers in building dams and in conducting afforestation drives. We have also donated 27lakhs towards Jal Kranti Trust for the cause of water conservation

Vapi horticulture

We have been at the forefront of developing and maintaining green spaces in Vapi with dedicated jogging and walking tracks, benches for senior citizens, water fountain and related amenities. We have also developed a garden in Vapi in the memory of Captain Prem Kumar Patil of 36 Rashtriya Rifles. He died after falling into a gorge during cross-border firing in Poonch in August 2015.



Disaster relief and rehabilitation

Floods and draughts cause severe damage to life and property. During such natural disasters, life comes to a standstill. At Aarti, we rushed to the rescue of those affected by such calamities and left no stone unturned in offering whatever help we could.

Flood relief

Under the 'Disaster Relief' umbrella, we provide all kinds of aid such as rehabilitation process, blankets, food and tents to those affected, across the country. During the Kerala floods last year, we provided help by teaming up with local NGOs such as Kutch Nav Nirman Abhiyan to provide food, clothing and utensils for those in need. Contribution was also made for reconstruction of houses that were damaged during the floods.

Cattle Diet & Fodder Centre, Abdasa & Lakhpur - Kutch (Gujarat)

We have started 29 cattle diet & fodder centres for 80 villages with local NGOs as this year drought affected in the Kutch district. A total of 47.75 lakhs were donated towards this

initiative. We are also associated with Akhil Bharatiya Krishi Goseva Sangh for establishing cattle feeding centres at various locations in the draught-hit regions of Malegaon.



Number of beneficiaries impacted through our initiatives

Sr. No.	Field of Work	Existing Impact on Lives	Upcoming Impact
1.	Education	26,398	29,038
2.	Health	3,66,825	7,33,650
3.	Environment	62,750	81,575
4.	Rural Development	4,215	6,322
5.	Disaster Relief	180,000	Out of human control
6.	Skill Development	5,720	17,160
Total	06 Field	6,45,908	8,67,745



Shri Chandrakant V. Gogri
Chairman Emeritus

Board of Directors



Shri Rajendra V. Gogri
Chairman & Managing Director



Shri Rashesh C. Gogri
Vice Chairman and MD



Shri Shantilal T. Shah
Vice Chairman



Shri Parimal H. Desai
Whole Time Director



Shri Manoj M. Chheda
Whole Time Director



Smt. Hetal Gogri Gala
Whole Time Director



Shri Renil R. Gogri
Whole Time Director



Shri Kirit R. Mehta
Whole Time Director



Shri Ramdas M. Gandhi
Independent Director



Shri K.V.S. Shyam Sunder
Independent Director



Shri P. A. Sethi
Independent Director



Shri Bhavesh R. Vora
Independent Director



**Padmashri Prof.
Ganapati D. Yadav**
Independent Director



Smt. Priti P. Savla
Independent Director



Dr. Vinay G. Nayak
Independent Director



Shri Lalitkumar S. Naik
Independent Director

35 years of Aarti Industries

Celebrating
35th
ANNIVERSARY
1984 2019
Aarti Industries Ltd
Global Partner of Choice



2019 is a milestone years for us, as we celebrate 35 years of providing customised products and services to customers across the chemicals industry. Our journey has indeed been one of constant learnings, evolution, growth and success. Our customer-centric approach has helped us form lasting relationships with our suppliers and vendors.





As we embark on the 36th year of operations, we remain committed to deliver export-grade, cost-effective and value-added speciality chemicals and intermediates, while continuing to practise the highest standards of ethics and morality

Ten-Year Consolidated Financial Highlights

(₹ in Crs)

Particulars	Financial Year Ended on									
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Income from Operations	4,706	3,806	3,163	3,007	2,908	2,632	2,096	1,673	1,453	1,277
EBIDTA	967	707	655	578	471	412	365	253	202	206
Interest	183	132	117	117	138	118	95	72	56	52
Depreciation	163	146	123	99	82	89	83	55	50	47
Profit before Tax	622	429	416	363	255	206	187	126	96	107
Share of Profit from Associates	NIL	NIL	NIL	NIL	14	11	2	14	15	14
Profit after Tax	492	333	316	257	206	162	134	103	81	82
Dividend %	100	20	NA	170	110	90	80	70	50	50
Payout	44	10	1	69	52	42	37	28	19	19
Per Share Dividend (in ₹)	5.00	1.00	NA	8.50	5.50	4.50	4.00	3.50	2.50	2.50
Equity Share	+43.33	****40.65	****41.06	***41.66	44.30	44.30	**44.30	*39.56	38.36	*38.36
Reserve & Surplus	2,587	1,538	1,321	1,096	972	826	712	551	467	416
Networth	2,715	1,655	1,426	1,189	1,016	871	756	590	509	454
Long term & Short term Borrowings	2,106	1,921	1,436	1,233	1,068	949	805	588	495	394
Gross Fixed Assets	3,362	3,101	2,655	2,081	1,685	1,477	1,237	855	780	727
Net Fixed Assets	2,147	1,998	1,697	1,246	967	826	674	443	412	407
Capital work-in-progress	795	436	270	313	193	117	69	54	18	9
Investments	33	47	47	41	139	117	95	94	76	54
Net Working Capital	2,039	1,272	1,004	950	893	848	798	646	556	433
Book Value Per Share (₹)	313.23	203.62	173.69	142.75	114.73	98.29	85.36	74.59	66.34	59.21
EPS (Basic & Diluted) (₹)	+60.39	****40.95	****38.45	***30.83	23.24	18.34	**15.17	*13.45	10.62	*10.73
EBIDTA/Income from Operations	20.5%	18.6%	20.7%	19.2%	16.2%	15.7%	17.4%	15.1%	13.9%	16.1%
Net Profit Margin %	10.5%	8.7%	10.0%	8.5%	7.1%	6.2%	6.4%	6.2%	5.6%	6.5%
Debt/Equity Ratio	0.88	1.26	1.10	1.09	1.18	1.20	1.12	1.06	0.97	0.87
RONW %	22.5%	21.6%	24.2%	23.3%	21.8%	20.0%	20.0%	18.8%	16.9%	19.9%

Figures for FY 2015-16 onwards are in the compliance with the Ind AS

* 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.

*** Based on reduction in equity Pursuant to Scheme of Amalgamation between Aarti Industries Limited and Gogri and Sons Investments Private Limited, Alchemie Leasing and Financing Private Limited, Anushakti Holdings Limited and Anushakti Chemicals and Drugs Limited

**** Based on reduction in equity Pursuant to Scheme of buy-back.

+Based on increased equity post QIP issue

The financials for FY 2018-19 are after adjusting for the impact of Scheme of Arrangement for demerger of Home & Personal Care undertaking into Aarti Surfactants Ltd and the manufacturing division of Nascent Chemicals Industries limited (step down subsidiary) into Aarti Industries Limited.

Corporate Information

Chairman Emeritus

Shri Chandrakant V. Gogri

Chairman & Managing Director

Shri Rajendra V. Gogri

Vice Chairman & Managing Director

Shri Rashesh C. Gogri

Vice Chairman

Shri Shantilal T. Shah

Independent Directors

Shri Ramdas M. Gandhi

Shri K.V.S. Shyam Sunder

Shri P. A. Sethi

Shri Bhavesh R. Vora

Padmashri Prof. Ganapati D. Yadav

Smt. Priti P. Savla

Shri Vinay G. Nayak

Shri Lalitkumar S. Naik

Whole-time Directors

Shri Parimal H. Desai

Shri Manoj M. Chheda

Smt. Hetal Gogri Gala

Shri Kirit R. Mehta

Shri Renil R. Gogri

Chief Financial Officer

Shri Chetan Gandhi

Company Secretary

Shri Raj Sarraf

Auditors

M/s. Kirtane & Pandit LLP,
Chartered Accountant

Registrar & Transfer Agent

M/S. Link Intime India Private Limited

C 101, 247 Park,

L. B. S. Marg, Vikhroli (West),

Mumbai, Maharashtra – 400 083.

Tel No: +91 22 49186000

Fax: +91 22 49186060

Bank / Financial Institution

Aditya Birla Finance Ltd.

Axis Bank Ltd.

Bank of Baroda

Citi Bank N.A.

DBS Bank Ltd.

HDFC Bank Ltd.

HSBC Ltd.

Kotak Mahindra Bank Ltd.

IDBI Bank Ltd.

IndusInd Bank Ltd.

Standard Chartered Bank

State Bank of India

SVC Bank Ltd.

Registered Office

Plot Nos. 801, 801/23, G.I.D.C.

Estate, Phase – III, Vapi, Dist. Valsad,

Gujarat – 396 195.

Corporate Office

71, Udyog Kshetra, 2nd Floor,

Mulund – Goregaon Link Road,

L.B.S. Marg, Mulund (West),

Mumbai, Maharashtra – 400 080.

Visit us at www.aarti-industries.com

Corporate Identity number

L24110GJ1984PLC007301

Management Discussion and Analysis

Economic Overview

Global Economy

Global growth remained strong at 3.8% in the first half of 2018 [Source: International Monetary Fund (IMF)]. The economy gained momentum on the back of manufacturing growth across geographies and improvement in trade conditions. However, as the year progressed, growth momentum moderated to 3.2 %. Multiple factors contributed to this slowdown, such as the escalating US-China trade tension, credit tightening in China, macroeconomic stress in Argentina and Turkey, interruptions in the German auto sector, and financial tightening and stabilisation of the monetary policy in larger advanced economies. The effects of this slowed growth are expected to spill over to the first half of 2019 as well.

Growth is expected to pick up in the second half of 2019, reaching 3.3%, stimulated by substantial monetary policy adjustments by major economies. Most major banks in the world such as the US Federal Reserve, the European Central Bank, the Bank of Japan and the Bank of England have made considerable accommodations to their policy stance. China has improved its fiscal and monetary stimulus to be able to cope with the effects of the negative trade tariffs. The trade tensions between the US and China are also expected to ease, giving rise to prospective trade agreements.

Outlook

Conditions seem to ease slightly post the US Federal Reserve, taking a more accommodative monetary policy stance, which led to markets becoming more optimistic about a US-China trade deal, but they remain more restrictive. Based on these circumstances, the growth for 2019 is projected to moderate to 3.3% and then return to 3.6% in 2020. For 2019, growth is expected to remain slow in the first half and then pick up gradually. An ongoing build-up of policy stimulus in China, improving global market sentiment and gradual stabilisation of factors that had put emerging economies under stress are expected to contribute to the pickup in growth in the latter half of 2019. Emerging markets and developing economies are expected to continue their growth momentum in 2020, while the growth in advanced economies is expected to gradually slow down with the waning effects of the US fiscal stimulus.

Global Growth (%)

Particulars	Actual	Projections	
	2018	2019	2020
World Output	3.6	3.3	3.6
Advanced Economies	2.2	1.8	1.7
US	2.9	2.3	1.9
Eurozone	1.8	1.3	1.5
Japan	0.8	1.0	0.5
UK	1.4	1.2	1.4

Particulars	Actual	Projections	
	2018	2019	2020
Other Advanced Economies*	2.6	2.2	2.5
Emerging Markets and Developing Economies	4.5	4.4	4.8
China	6.6	6.3	6.1

*Excludes the G7 (Canada, France, Germany, Italy, Japan, the UK and the US) and Euro area countries

Source: The IMF

Indian Economy

The Indian economic growth rate for FY 2018-19 recorded a five-year low at 6.8% [Source: The Central Statistics Office (CSO)]. Consumption and investment slowdown, external exposures arising out of rise in oil prices, trade wars between major global trading partners and monetary tightening in the US contributed to this slowdown. Despite these factors, India gained recognition as the world's fastest growing major economy.

In the last five years (FY 2014-15 to FY 2018-19), the average GDP growth rate has been at 7.7%. The macro-economic environment has improved significantly. Fiscal deficit has been brought down to 3.4% in the government's revised estimate of FY 2018-19. The Current Account Deficit (CAD), against a high of 5.6% six years ago, is around 2.5% of the GDP in FY 2018-19. India's exports are projected to touch an all-time high of \$330 billion in the current fiscal. India has also moved up by 23 places to rank 77 in the World Bank's Ease of Doing Business 2019 report. All these changes have taken place on the back of the recent structural reforms initiated by the Indian Government, such as a formalised tax structure, enhanced focus on infrastructure creation and the declining adverse (short-term) impact of demonetisation, all of which have strengthened the economy, catalysed domestic demand and improved growth prospects.

Annual GDP Growth Rate (%)

FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
8.2	7.1	6.7	6.8

Source: The Central Statistics Office (CSO)

Outlook

India is expected to retain its tag as the fastest growing nation in FY 2019-20. The government's policy measures to boost the investment climate and public consumption will help the country continue steadily upon its growth trajectory. Income support to farmers, hikes in the purchasing price of food grains and relief to taxpayers earning less than ₹5 lakhs are all expected to boost the household income of the rural population.

India also has an opportunity to strengthen its recent economic gains by initiating more integration in the global value chain. Factors such as a young working population, improving business

climate and renewed focus on export expansion would support this opportunity.

Global Industry Overview

Speciality Chemicals

Speciality chemicals are produced by a complex, interlinked industry and are sold based on their performance or function rather than their composition. These can either be single chemical entities or formulations whose composition directly influences the performance and processing of the consumer's product. In simple words, speciality chemicals are materials used on the basis of their performance or function.

Businesses operating in this sector require deep knowledge and the ability to bring about consistent innovations. The speciality chemicals industry is a mature sector and for decades, numerous industries have utilised speciality chemicals in manufacturing and finishing. Specific areas of usage include:

- Agriculture, requiring fertilizers and crop protection applications
- Electronics, needing agents to produce printed circuit boards and other components
- Housing, which relies on chemicals for construction materials, sealants, coatings, paints and plastics
- Consumer goods, such as perfumes, detergents, paper items and pharmaceuticals.

Based on end-usage, speciality chemicals can be divided into various sub-segments:

- Agro-chemicals
- Colourants
- Construction chemicals
- Flavours and Fragrances
- Paints and Coatings
- Personal care
- Polymer and additives
- Surfactants
- Textile chemicals
- Water treatment chemicals.

For many years, the markets for speciality chemicals were located mainly in the developed regions such as North America, Western Europe, and Japan. As this market is largely driven by innovation, thus both production and consumption were both concentrated in these highly developed regions. Eventually China began to rise as an economic powerhouse manufacturer and even the Middle Eastern region started seeking to expand its value into higher-value products. This trend further accelerated post the 2008-09 financial downturn and Middle Eastern and

Chinese enterprises aggressively expanded into value-added specialties, often with government backing.

Growth Drivers

- Certain segments for speciality chemicals, such as electronic chemicals and oil field chemicals, have favourable growth prospects due to high demand for their corresponding end-use industries.
- Rising disposable incomes and increased consumer spending are driving the growth of chemicals such as nutraceutical ingredients, cosmetic chemicals, and flavours and fragrances.
- Rapidly growing emerging markets offer new growth opportunities for chemical companies to grow and expand their market share by customising their product offerings.
- With the growing middle-class population in developing countries and rising industrialisation, the demand for improved crop quality drives the demand for cost efficient agro-chemicals

Outlook

The global demand for the speciality chemicals market is expected to grow at a Compounded Annual Growth Rate (CAGR) of 5.42% from 2015 to 2020. The Asia-Pacific region has become the world's largest market for speciality chemicals in value terms, closely followed by North America. With rising trade liberalisation, spread of process technology, lowering of economic barriers, rapidly growing Asian economy and rising standards of living, the manufacturing centre of the global speciality chemicals industry has been shifting towards Asia, where labour costs remain relatively low and economic growth is high.

There is also increasing focus on innovation, sustainability and competitiveness. Leading speciality chemicals businesses are clearly engaging in sustainability and green chemistry, such as improved raw material supply and reduced carbon footprint. They want to include sustainability as a part of their key messages to their stakeholders, be market leaders and use sustainability to differentiate themselves in their product design and marketing. The world's rapid consumption and depletion of natural resources is causing sustainability to become a major driver for successful business, while innovation is seen as the engine that determines progress in the sustainability area.

Pharmaceuticals

The global pharmaceutical market is growing at a fast pace. The factors that influence the size of the pharmaceutical market include disease prevalence, drug affordability, consumer attitudes and government policies. Some of the supply-side factors include:

- Prevalence of diseases that are related to the population size, age, genetic inheritance and behaviours such as poor sanitation practices and sedentary lifestyles, among others

- Price of drugs and income of the population
- Consumer attitudes such as willingness to use alternative therapies or general distrust of taking drugs
- Government policies that determine regulations, which could be a significant barrier to the launch of new treatments
- Availability of appropriate treatments during an epidemic, or drug discovery and development.

Stages of pharmaceutical value chain:

- Research and Development (R&D)
- Applying for patents and licences in markets of manufacture and sale
- Raw material procurement and sourcing
- Drug manufacture
- Distribution

R&D in pharmaceuticals sector is a time-consuming and capital-intensive process. It normally takes anywhere between 12-15 years for a new drug to enter market after patent application. It takes around 4 years to complete pre-clinical process, which includes checks for acute toxicity, pharmacology and chronic toxicity.

Post the pre-clinical development is complete, the clinical trials begin, which are conducted in three phases and can take up to five years to complete, followed by 3-5 years for completion of registration, price formulation and reimbursements to launch the new drug in the market.

Growth Drivers

- Growing ageing population
- Increasing awareness of pharmaceuticals to poor and middle-class families due to rising disposable incomes
- Increasing focus on rare and speciality diseases
- Innovations in advanced biologics, nucleic acid therapeutics, cell therapies and bioelectronics and implantable field

Outlook

The global pharmaceuticals market is expected to be worth \$1.57 trillion by 2023 according to a report titled 'Global Pharmaceuticals Industry Analysis and Trends 2023' by NAVADHI Market Research. North America is expected to retain its leading position in the world with an increase in its market share to 45.33% in 2023. Market share of Europe is expected to decline to 20.24% in 2023. The Asia-Pacific pharmaceuticals market is expected to retain its second position with a market share of 24.07%. Latin America and the Middle East and Africa (MEA) are expected to have market shares of 7.53% and 2.96%, respectively by 2023.

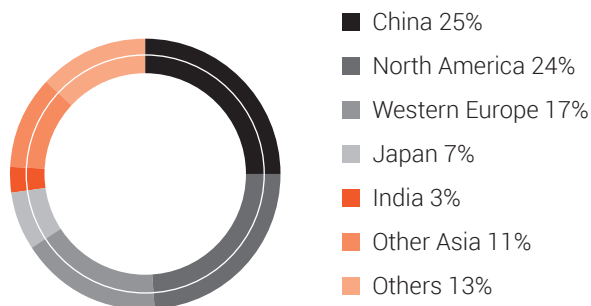
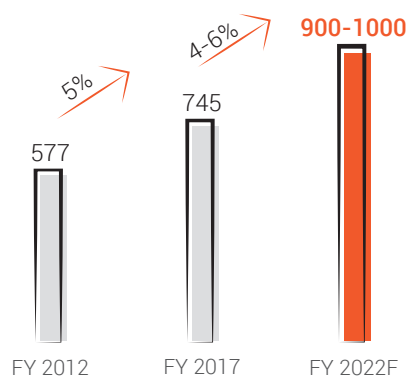
Indian Industry Review

Speciality Chemicals

This sector is a part of the Indian chemicals sector which comprises of basic chemicals, speciality chemicals and agrochemicals. Indian speciality chemicals have end-use in industries such as textile, automotive, personal care, construction chemicals and agrochemicals, as well as application-driven segments such as surfactants, paints, coatings and colourants. This segment began registering double-digit growth figures starting from FY 2012-13 supported by subdued oil prices and a strong domestic and export demand. Also, India's proximity to the Middle East, the world's source of petrochemicals feedstock, makes for economies of scale.

Global Speciality chemicals market size and region-wise share

US\$ billion



Besides, the nation has been a major beneficiary of better environmental compliance framework, stronger IP protection, an abundance of skilled manpower and a younger workforce. These have resulted in an increase in demand for Indian made chemicals for global composition. Further with a lower share of India in global markets, the extent of opportunities and potential it possess, magnifies.

Growth Drivers

- Increasing governmental focus on affordable housing, agriculture and expenditure on infrastructure development is spurring demand for performance-enhancing speciality chemicals.
- Low per capita consumption of chemicals in India indicates a latent demand potential of these products in the Indian market. Rapidly developing economy and rising incomes are expected to act as major growth drivers for this market.
- Implementation of strict environmental norms in China has muted the growth of the Chinese speciality chemicals industry and acted as a growth driver for the Indian market.
- Gradually rising domestic demand, along with steady feedstock availability at low prices and ability to comply with regulatory norms is expected to strengthen the operating profile of the sector.
- Low cost of manufacturing operations and skilled labour, along with the emergence of established players, bodes well for the sector.
- Improvement in the product mix, ease of exports, rapid investment in capacities and acceleration of investments in R&D are also providing a boost to the speciality chemicals sector in the nation.
- Under the Make in India programme, the Government of India has released a Draft National Chemical Policy, aimed at increasing the share of chemicals sector in the country's GDP and increasing competitiveness in the sector. Some of the measures include setting up of 'Speciality Chemicals Forum' to frame relevant consumer standards, approved upto 100 per cent FDI in the sector, reducing the list of reserved chemical items for production in the small scale sector, thereby assisting greater investments in technology upgradation and modernization, etc.

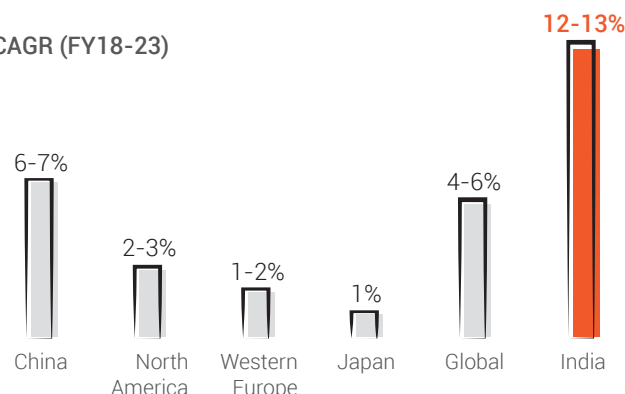
Outlook

The domestic speciality chemical sector is expected to grow by about 12-13% annually to almost double the market size in coming five years, driven by growth in end-user industries. The use of these chemicals in industries such as textile, automotive, personal care, construction chemicals and agrochemicals along with application-driven segments such as surfactants, paints, coatings and colourants are expected to experience high growth in the medium term. The profit margins for companies operating in this sector are expected to remain robust for the next couple of years due to favourable demand of speciality chemicals globally coupled with low manufacturing costs in India which will enhance profits margins. Diversified product portfolios of Indian speciality chemicals businesses are expected to be advantageous to enable these companies to cater to this demand.

Significant opportunity of growth for Indian speciality chemicals markets

Expected absolute growth over FY18-23	India	\$20-25 bn
	China	\$55-60 bn
	World	\$200-255 bn

CAGR (FY18-23)



Pharmaceuticals

India is among the leading global producers of cost-effective generic medicines and vaccines with exports across the globe, supplying 20% of the total global demand by volume. In 2017-18, India exported pharma products worth US\$ 17.27 billion. By 2020, the industry estimates the exports to grow by 30% to reach US\$ 20 billion. The US is the most lucrative generics market for India's pharma industry. It is valued at around \$60 billion and accounts for about 25% of India's total shipment. In 2017-18, India exported about US\$3.21 billion worth of generic drugs to the US, despite the tough regulatory environment in the country.

India's other important export destination include the United Kingdom (US\$383.3 million), South Africa (US\$ 367.35 million), Russia (US\$ 283.33 million) and Nigeria (US\$ 255.89 million).

The sector produces a range of bulk drugs that are equipped with medicinal properties that form the basic raw materials for formulations. Bulk drugs account for roughly one-fifth of the industry output, while formulations account for the remaining. India also has the expertise for Active Pharmaceutical Ingredients (APIs) and sees significant opportunities for value creation. Currently, Indian companies supply over 80% of the Anti Retro-viral (ARV) drugs used globally to combat Acquired Immuno Deficiency Syndrome (AIDS). Pharmaceutical hubs in India offer investment opportunities in the production of API or bulk drugs, biosimilars, vaccines, neutraceuticals, as well as food and drug testing and contract research.

The nation has established a domestic pharmaceutical industry with a network of 3,000 drug companies and 10,500 manufacturing facilities. Among these facilities, 1,400 units are World Health Organization (WHO) Good Manufacturing Practice (GMP) approved, 1,105 have Europe's Certificate of Suitability, more than 950 are compliant with the Therapeutic Goods Administration (TGA) guidelines and 584 sites are approved by the US Food and Drug Administration (USFDA).

Growth Drivers

- Low costs of production and increasing expenditure on R&D has led to increased demand for Indian pharmaceuticals domestically. Pharmaceutical exports reached \$17.15 billion in FY 2018-19.
- High economic growth, along with rising health insurance penetration is a major demand driver for the Indian pharmaceutical market.
- Governmental push such as India's 'Pharma Vision 2020' aims at making India a global leader in end-to-end drug manufacturing.
- Increasing investments in this sector by privates to aid R&D acquisitions are driving the sector's growth.

Outlook

Rising costs and regulatory pressures in many developed drug markets and China are forcing companies to reduce their internal R&D capacities and manufacturing, causing them to turn to Contract Manufacturing and Research Services (CRAMS), and outsourcing of research and clinical trials to countries in the emerging markets and developing economies. This strategy is enabling these multinationals to reduce costs, increase development capacity, and focus on their core profit making activities, such as drug discoveries and marketing, rather than on manufacturing.

This shifting strategy is expected to bode well for Indian drug manufacturers. India, with a large patient population and genetic pool, is fast emerging as a preferred destination for such multinationals seeking efficiencies of cost and time. The country's CRAM industry offers a significant cost-quality proposition, with potential savings of about 30-40% compared to western markets such as the US and Europe.

Company Overview

Established in 1984, we are a leading speciality chemicals company in the world, manufacturing Benzene-based derivatives. Our integrated operations and backward integration enable us to optimise costs. We have strong R&D capabilities with 3 dedicated R&D units and 15 plants located in western India with proximity to ports.

We are a well-diversified business with multiple products and customers across multiple locations and our products find applications across various end-use industries. With our robust manufacturing operations and focus on sustainability, we are well placed to benefit from all the upcoming industry opportunities and register profitable growth in the coming years.

Listing and shareholding pattern

Our shares were listed in the year 1992 and are currently traded actively on BSE Ltd. and National Stock Exchange of India Ltd. Our market capitalization as on 31st March 2019 was ₹ 12,789 Crores.

As on 31st March 2019, 49.36% of our shares were held by the promoters, 23.62% by the general public, 22.44% by institutional investors and 4.58% by others.

Business Review

Our business is segregated into two main segments- speciality chemicals and pharmaceuticals. Overview and key highlights for each of the sections for the year under review are as below:

Speciality chemicals

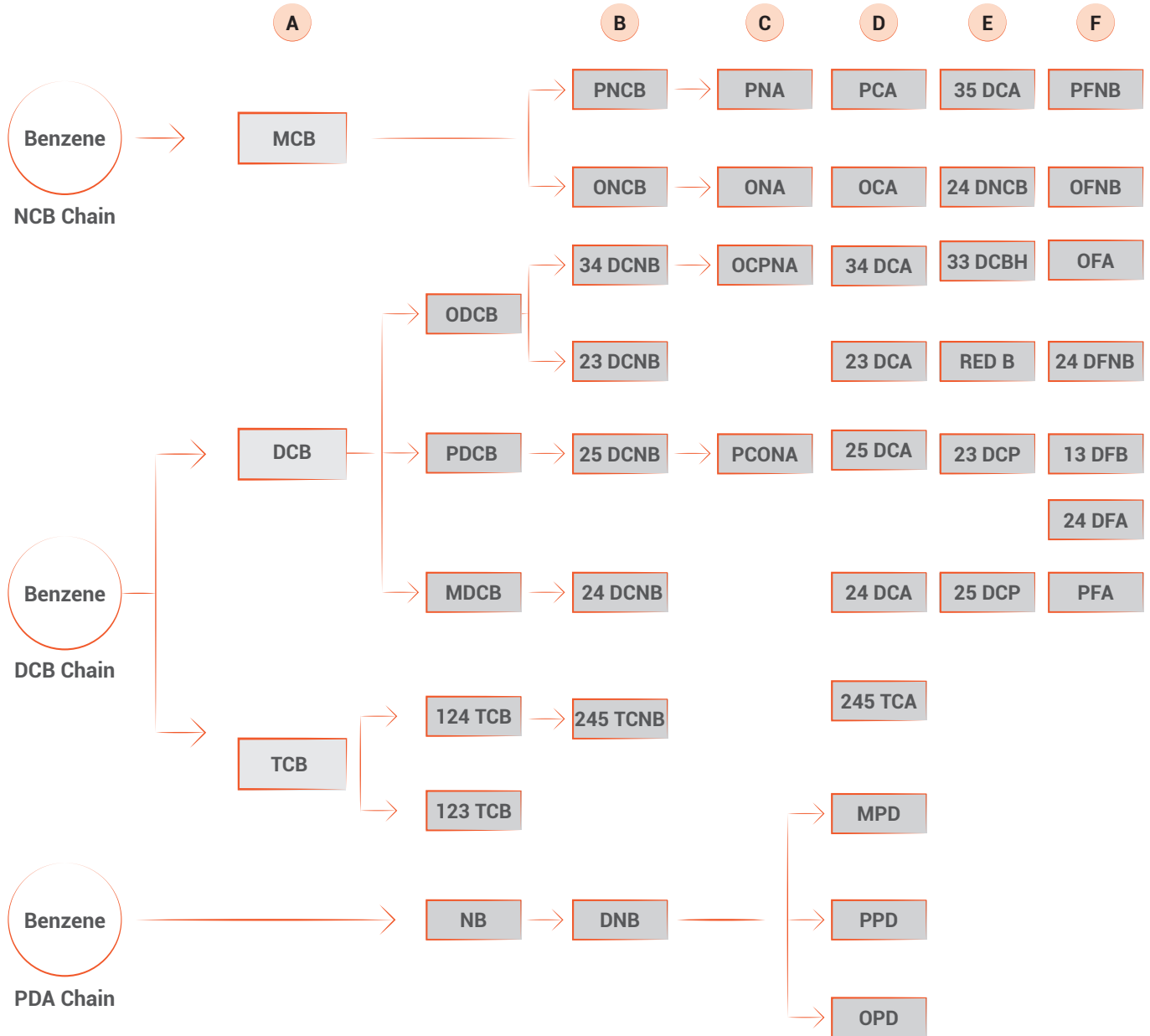
We enjoy global market leadership in the manufacture of speciality chemicals in benzene based derivatives on the back of our diverse and comprehensive product portfolio, integrated operations, product optimization, presence in the industry for about 35 years and ability to meet stringent specifications and customizations along with strong technical competencies, and research and development capabilities. Further, the operations are integrated across benzene, sulphur and toluene product chains, providing the ability to effectively use co-products and isomer balancing and generate value-added products.

Speciality Chemicals is the major revenue-generating segment of your Company contributing about 84% of sales in FY19. The products in our speciality chemicals segment have varied applications across the agrochemicals; pharmaceuticals; polymer additives; pigments; dyes, fuel additives etc. Our integrated operations helps to effectively use co-products and generate high value products in a highly cost efficient manner. The shift of company's share of revenues from base chemistries to high value added range of products will further lead to expansion in the EBIT margins for the company, at constant raw-material prices.

Value chains

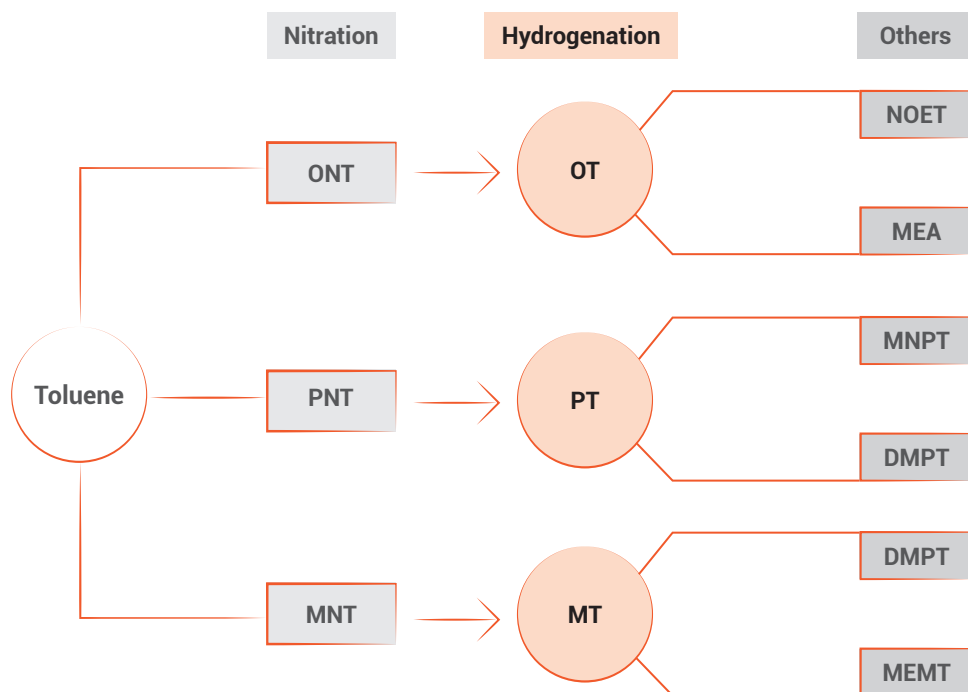
Aarti Industries is one of the leading global player in Benzene-based derivatives.

Benzene product chain

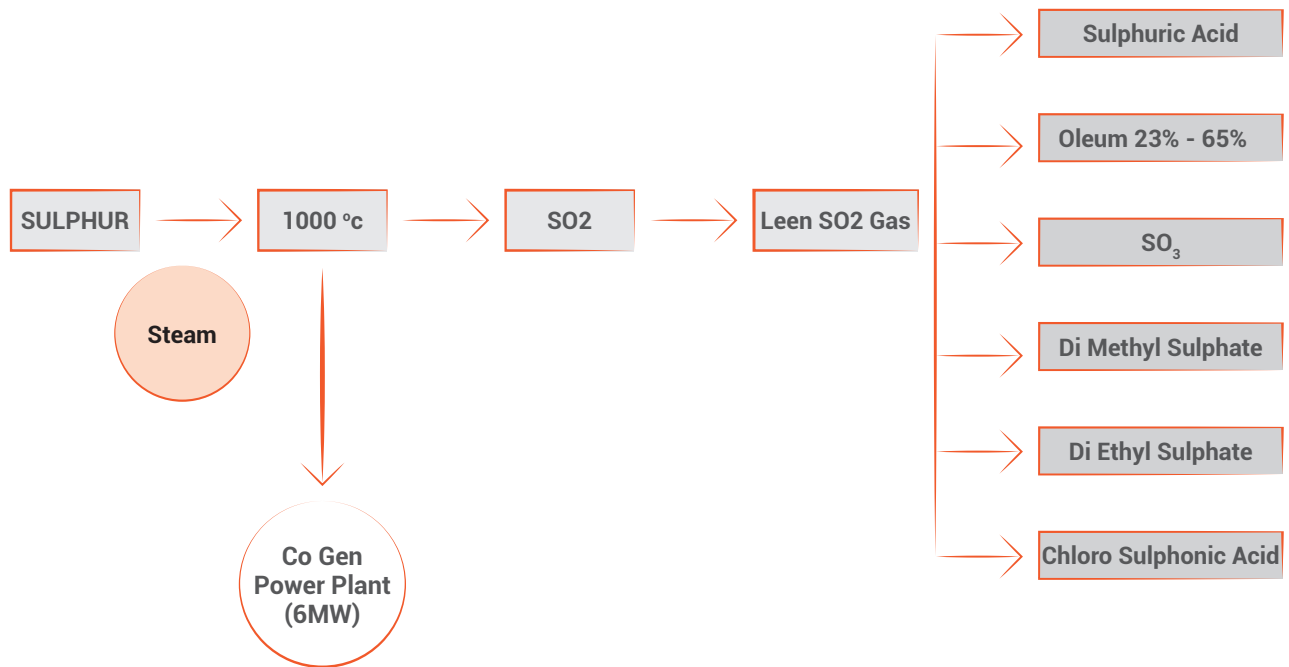


Toluene product chain

We commissioned our Nitro Toluene plant in September 2017 and the Hydrogenation of Nitro Toluene facility in the fourth quarter of the year under review:



Sulphuric acid product chain



Other speciality chemicals

- Single Super Phosphate (SSP)
- Export-grade Calcium Chloride Granules (for oil exploration and de-icing)
- Fuel additives
- Phthalates

Financial Performance – Speciality Chemicals

Speciality Chemicals	(₹ in Crore)			
	FY19	FY18	FY17	FY16
Sales	3,980	2,985	2,569	2,430
% of total sales	84%	78%	81%	81%
Export	1,625	1,409	1,294	1,223
% of segment sales	41%	47%	50%	50%
Segment EBIT	820	581	566	504
EBIT %	21%	19%	22%	21%

Pharmaceutical Segment

We have three active pharmaceutical ingredients (APIs) manufacturing plants, two of which are approved by the United States Food and Drug Administration (USFDA) and the rest being WHO / GMP certified. We also have, units dedicated to manufacturing Xanthine derivatives and has obtained star certifications such as "Star Kosher", "HACCP" and "GMP" certifications for these units. We have backward integrated intermediaries for most of the APIs that are manufactured. The products are exported to regulated markets globally including the USA, several countries in the European Union and Japan. We are also focusing on CRAMs activity for intermediates and working on several innovators on API intermediates opportunities. We have been consistently enhancing its market share and spread of product. This has resulted into a consistent increase in the Segmental EBIT.

Financial Performance – Pharmaceuticals Segment

Pharmaceuticals	(₹ in Crore)			
	FY19	FY18	FY17	FY16
Sales	726	556	426	426
% of total sales	16%	15%	14%	14%
Export	352	248	208	193
% of segment sales	49%	45%	49%	45%
Segment EBIT	113	79	48	39
EBIT %	16%	14%	11%	9%

Multi-year contracts

In FY 2017-18, we had entered into 2 long-term multi-year contracts with global majors, for supply of chemical intermediates. In the year under review, we entered into a 3rd long-term supply contract with a global player for a period of 10 years for a speciality chemical intermediate, which has already been co-jointly developed by the technical and R&D teams of both companies. Through this collaboration, we shall deliver high value and niche product that meets the strict quality requirement norms in a cost-efficient manner. The initial capital outlay for the contract is \$18 million and the aggregate revenue over the contract period is estimated to be \$125 million.

Capex Initiatives

We had been investing into various capex programmes/projects being undertaken by the company catering to long term growth opportunities at various of our sites. We expect some of the major projects such as our expansion of chlorobenzenes capabilities from 110,000 tpa to 175, 000 tpa, projects at Dahej for first long term contracts and the setting up of the 4th R&D centre to commissioned in FY 2019-20, while other ongoing projects such as speciality chemical intermediates block, expansion cum debottlenecking for Pharma units and the facility catering to the third long term contract is expected to be commissioned in FY 2020-21. During the year under review, your company also initiated the project for expanding its NCB capacities from 75,000 tpa to 108,000 tpa with an outlay of about ₹ 150 crs. We expect to commission this expanded capacity in FY 2020-21. With these current pipeline of projects, we expect to invest about ₹ 1000 to ₹ 1200 crores in FY 2019-20 and about ₹ 500 to ₹ 600 crores in FY 2020-21.

We are seeing all-round growth across both our segments, a trend that we expect will continue based on the strong demand. India's growing prominence in global supply chain and further recognition of Aarti's own position as a Global partner of choice for a large number of clients. We thus remain committed to driving growth and value creation.

Qualified institutional placement

Going by the global sectoral trends, we believe that we are at an extremely favourable position to capitalise on upcoming growth opportunities in the market. To be able to do so, we have raised ₹ 750 Crore through a Qualified Institutional Placement (QIP) in the year under review. This had resulted into an expansion of equity capital by around 6.6%. We had formulated a distinct three-pronged strategy for the capital raised from this QIP.

- **Investing in our growth:** Improving our ability to capitalise on emerging opportunities in the global chemical industry and also securing additional land parcels for future growth requirements.
- **Institutional participation:** Fostering broad-based participation of domestic and international institutional investors
- **Financial sustainability:** Maintaining financial leverage over long-term within the range of 0.7-1.0 debt equity ratio

Aarti Industries SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Extensive experience in the speciality chemicals and pharmaceuticals intermediates • Stronger sustainability and compliance framework with thrusts to continuously improving and adding on to it. • Export sales in more than 60 countries • Global scale manufacturing capability of over 200 products • Strategic location of manufacturing units with easy access to raw materials and utilities • Diversified business model • State-of-the-art R&D capabilities with focus on innovations and yield improvements • Raw material pass through price model for most of the products 	<p>Weakness</p> <ul style="list-style-type: none"> • Products are highly dependent on the availability of raw materials • Macro factors may expose various risks impacting the growth • Global nature of operations exposes the business to losses due to unfavourable currency movements
<p>Opportunities</p> <ul style="list-style-type: none"> • Significant opportunity for exports arising from geographic de-risking • Structural drivers in place for a robust domestic demand growth • Significant opportunities to ramp up capacities due to high product demand • Upcoming R&D plant focused on the manufacture of high value and niche speciality chemicals 	<p>Threats</p> <ul style="list-style-type: none"> • Presence of competition could limit market growth • Operations can get affected from implementation of stringent regulatory restrictions

Risk Management

Risk	Definition	Mitigation
Regulatory risks	Our operations in multiple global markets exposes us to risks of changes in regulations.	We are aware and fully compliant with the Safety, Health and Environment (SH&E) norms. We follow the highest standards of SH&E and have invested over ₹ 258 crores in the last five years towards compliance. We also stringently follow the 3R principle of reduce-reuse-recover across our sites. To maintain friendly relations with European nations, we have been complaint with REACH regulations since 2012.
Innovation risk	Our key to success and achieving sustainable growth in the speciality chemicals segment depends on our ability to innovate. This exposes us to the risk of redundancy and losing out to competition on account of poor R&D.	We are known to be a knowledge-driven company with three R&D centres –one for speciality chemicals and two for pharmaceutical APIs. Since innovation is at the heart of speciality chemicals, we constantly focus on strengthening our technical skillset around niche applications. We have always been an innovation-driven business and have bagged many awards for innovation in the field of chemical engineering. Our benchmark R&D programme comprises over 150 scientists and our innovation programme stems from the transfer of knowledge from strategic customer relationships. Strong R&D push helps innovate specialised products with unique features, generating high margins.
Forex risk	We deal with multiple currencies by virtue of our exposure to various geographies; and therefore, face the risk of unfavourable movement in any currency leading to financial losses.	Over 40% of our revenue is contributed through exports. Majority of global sales are dominated by the US Dollar, reducing the risk of cross-currency volatility. We also keep a close watch on Rupee movement and enter hedging contracts of maturities ranging from 3 months to 3 years to protect committed business.
Raw material risk	Unavailability of raw materials and fluctuation in raw material prices is a major threat to our business.	We have fostered long-standing relationships with our suppliers to ensure steady availability of raw materials at competitive prices. We follow a raw material-plus pricing mechanism for our various speciality chemicals, which reduces the risks of margin and top-line pressures in scenarios of rising input costs.

Human Resources

Being a part of an industry where customer servicing, and specific and timely deliveries is of prime importance, we believe our people are our most important asset. Our manufacturing operations also need specific skillsets and are dependent on the availability of skilled labour. As an organisation, we value our employees and ensure our people are satisfied with their workplace and have a safe and productive work environment to be able to deliver performance-oriented results, thereby enhancing the profits of our business and achieving organisational objectives.

The heart of the organisation lies in its people and the passion they dedicate, every day, in driving the Company forward. We believe that a strong and conducive work culture is vital to the efficient functioning of our operations. We, therefore, strive to provide our workforce an equal platform to perform and extract the best out of them. We believe our success is the outcome of excellence at the individual level. To facilitate individual growth, we foster a culture of nurturing and motivation at the organisation. We have a detailed Human Resource (HR) programme aimed at nurturing our employees, along with their families and the society.

Employee development initiatives

- **Leadership Development Programme:** We conduct intensive courses for our leadership teams, aimed at enhancing their proficiencies and enabling them to be effective human capital developers
- **GET Development Programme:** This is a rigorous six-month training programme for graduate engineers from various domains, targeted at enhancing their relevant technical knowledge.

- **Management Trainee Development Programme:** We have a structured programme for interns and trainees who come to our organisation for internships. The programme involves job rotation to give exposure to the trainee in various sub-functions, targeted to augment their abilities and job knowledge
- **Campus to Corporate:** This initiative is an orientation programme for graduate engineers and management trainees to familiarise them with the corporate culture, values and expectations.
- **Swayam ka Vikas:** This is a series of behavioural trainings for our operatives to guide them towards self-development.
- **Managerial Talent Hunt:** These are various cross-functional competitions held for unleashing the potential of the employees.

Initiatives for employee families

- Family day: Each year, we organise a family day for employees and their families in which the families visit our facilities and we organise events and competitions for them.
- Scholarship award for employees' children: We take active interest in our employees' children and encourage them to perform well at school by rewarding them with scholarships for their standard X and XII examinations.
- Safety week celebration: We hold several competitions during the year to promote the essence of safety within the families of the employees during the safety week.

Healthcare initiatives

- Executive health check-ups: We organise specialised medical check-ups for our employees at regular intervals.
- Yoga sessions: We encourage yoga workshops for the well-being of our employees throughout the year.
- Blood donation camps: We are one of the leading blood donation partners in the nation and encourage voluntary participation from our employees for the welfare of the community.
- Sports: To encourage team spirit and friendly competition among employees, Aarti Premier League is organized every year. Under this League, we hold cricket competitions across divisions and functions of our organisation.

Internal Controls and Adequacy

At Aarti Industries, we have clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of business operations. We maintain a proper and adequate system of internal controls, which provide for automatic checks and balances. Our resilience and focus is driven to a large extent by our strong internal control systems for financial reporting. We follow strict procedures to ensure high accuracy in recording and providing reliable financial and operational information, meeting statutory compliances.

Our internal team and Audit Committee closely oversee the business operations. They are responsible for the design, implementation and maintenance of adequate internal financial controls to ensure the orderly and efficient conduct of our business. The Committee also ensures adherence to Company policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information. Any deviations are prompted to the management. Various risk mitigation solutions are then determined to bring risk exposure levels in line with risk appetite. Timely and adequate measures are undertaken to ensure undisrupted functioning of the business

Cautionary Statement

We may, from time to time, make additional written and oral forward-looking statements, including statements contained in our Company's filings with Bombay Stock Exchange and National Stock Exchange, and our reports to shareholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on behalf of us. All information contained in this presentation has been prepared solely by us and we do not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this Annual Report or its contents or otherwise arising in connection therewith.

Director's Report

To
the Members of

AARTI INDUSTRIES LIMITED

Your Directors are pleased to present this Thirty Sixth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2019.

Financial Results

Particulars	(Figures in ₹ Crores)	
	STANDALONE	CONSOLIDATED
	2018-19	2017-18
Total Income from Operations (Gross)	4,548	3,699
EBIDTA	917	657
Depreciation & Amortization	151	136
Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional Items	766	521
Other Income/Exceptional Items	4	2
Profit/(Loss) before Finance Costs	770	523
Finance Costs	179	131
Profit/(Loss) before Tax	591	392
Total Tax Expenses	110	76
Non-controlling Interest	-	-
Net Profit/(Loss) after consolidation	481	316
Earnings Per Share (₹)	59	39
Book Value Per Share (₹)	295	186

Note:
During the year under review, the Company has proposed a Scheme of Arrangement for demerger of its Home & Personal Care undertaking into the Aarti Surfactants Limited and merger of manufacturing undertaking of its step down subsidiary Nascent Chemical Industries Limited into Aarti Industries Limited.

The said Scheme was approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench vide its order dated 10th June 2019 and this become effective from the appointed date of 1st April 2018.

The financials for FY 2018-19 are presented after incorporating the changes pursuant to the said Scheme and hence to this extent the figures are not comparable with that of previous years.

Financial Performance

Your Company reported Gross Total Income at ₹ 4,548 Crores for FY 2018-19 as against ₹ 3,699 Crores for FY 2017-18. Similarly the exports for the year were at ₹ 1,833 Crores for FY 2018-19 v/s ₹ 1,593 Crores for FY 2017-18.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 917 Crores in FY 2018-19 as compared to ₹ 657 Crores in FY 2017-18, registering a growth of 40%. Likewise Net Profit Before Tax rose by 51% to ₹ 591 Crores in FY 2018-19 as compared to ₹ 392 Crores in FY 2017-18.

Likewise, Net Profit after Tax & Deferred Tax also grew by 52% to ₹ 481 Crores in FY 2018-19 as compared to ₹ 316 Crores in Financial Year 2017-18.

Likewise the Consolidated Total income for FY 2018-19 was at ₹ 4,706 Crores as compared to ₹ 3,806 Crores for FY 2017-18

and exports for FY 2018-19 was ₹ 1,977 v/s ₹ 1,691 Crores for FY 2017-18.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 965 Crores in FY 2018-19 as compared to ₹ 699 Crores in FY 2017-18, registering a growth of 38%. Similarly, Net Profit after consolidation grew by 48% to ₹ 492 Crore in FY 2018-19 as compared to ₹ 333 Crores in FY 2017-18. Likewise, Consolidated EPS surged by about 46% at ₹ 60.39 for FY 2018-19, as compared to ₹ 40.95 for FY 2017-18.

Dividend

Your Company had declared and paid Interim Dividends of ₹ 4/- (@ 80%) per share (of ₹ 5/- each). Your Directors are pleased to recommend a Final Dividend of ₹ 7/- (@ 140%) per share (of ₹ 5/- each) for the FY 2018-19, aggregating to the Total Dividend of ₹ 11/- (@ 220%) per share (of ₹ 5/- each) for the

FY 2018-19. The total amount of Dividend pay-out for the year would be ₹ 93.50 Crores (Previous Year: ₹ 8.13 Crores).

Transfer to Reserves

Your Company has transferred ₹ 47 Crores to General Reserve (Previous Year: ₹ 32 Crores).

Share Capital

During the year, pursuant to the approval of the members of the Company, the Fund Raising Committee of the Board in its meeting held on March 23, 2019 approved the allotment of 53,68,647 Equity Shares of ₹ 5 at a premium of ₹ 1,392 through Qualified Institutional Placement. Pursuant to the allotment of Equity Shares, the paid-up equity share capital of the Company has increased from ₹ 40.65 Crores comprising of 8,13,00,000 Equity Shares to ₹ 43.33 Crores comprising of 8,66,68,647 Equity Shares.

Apart from the above, there were no changes in the Share Capital during the Financial Year under review. The paid-up share Capital of the Company as on March 31, 2019 stood to ₹ 43,33,43,235/-.

Corporate Social Responsibility

Our company through, Aarti Foundation & Dhanvallah Charitable Trust and various other NGOs has been doing work in following Segments:

- Cluster & Rural Development
- Education & Skill Development
- Childcare & Healthcare Facilities
- Women Empowerment & Livelihood Opportunities
- Disaster Relief & Rehabilitation
- Eradication of Hunger & Poverty
- Water Conservation & Environment
- Research & Development work for upliftment of Society

Rural Education, Water Conservation, Tribal Welfare, Agriculture, Animal Husbandry, Health and Hygiene, Disaster Relief and Rehabilitation, are the main areas of focus in the social welfare plans of our CSR Activities. Many of our Pilot projects had been appreciated by various NGO's and Other Corporate Houses who have also started adopting those models thereby multiplying the magnitude of the reach of these social activities for the benefit of the Society at large.

The detailed policy on Corporate Social Responsibility is available on the website of the Company on the weblink

http://www.aarti-industries.com/media/investors/corporate_governance/1494923336_Corporate_Social_Responsibility_CSR_Policy.pdf

A brief note on various CSR initiatives undertaken during the year is presented earlier at page no.58 of this Annual report.

CSR annual report is annexed as **Annexure-A** and forms an integral part of the Report.

Material developments in human resources / industrial relations front, including number of people employed.

The Company enjoyed excellent relationship with workers and staff during the year under review. The Company care for their people, Customers, suppliers, and community which reflects in company's policy, programs and development efforts. Your Company is committed to build and strengthen our human capital by defining policies that support their growth, goals, and help them achieve excellence. As on March 31, 2019 the Company had 5,280 permanent employees at its manufacturing plants and administrative office.

Remuneration and nomination policy

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

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

Personnel

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report.

In terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company for a copy of it.

Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report

There are no other material changes and commitment affecting the financial position of the company occurred between the end of the Financial Year to which this financial statements relate and the date of the report.

However, during the year under review there was a material change in the Share Capital pursuant to the Composite scheme of arrangement between Aarti Industries Limited, Arti Surfactants Limited and Nascent Chemical Industries Limited. The details of which are mentioned under the head Share Capital of this report.

Meetings

The Board met 8 times during the financial year. The details of the number of meetings of the Board held during the Financial Year 2018-19 forms part of the Corporate Governance Report. The Maximum Gap between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Risk Management

Risk Management Committee through its dynamic risk management framework continuously identifies, evaluates and takes appropriate measures to mitigate various elements of risks.

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. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

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

Management's Discussion and Analysis Report

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

Business Responsibility Reporting

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

Investor education and protection fund (IEPF)

Pursuant to the applicable provisions of the Companies act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the government of India, after the Completion of seven years. Further, according to the rules, the shares on which Dividend has not been paid or claimed by the Shareholders for seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority. Accordingly the Company has transferred the unclaimed and unpaid dividends of ₹ 23,67,763.25/- Further 31,906 corresponding shares were transferred as per the requirement of the IEPF Rules.

Directors' Responsibility Statement

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

- That in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 and of the profit and loss of the company for that period;
- 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;
- That Directors' have prepared the annual accounts on a going concern basis;
- The directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Related Party Transactions

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

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

The related party transactions policy is uploaded on the Company's website at the web-link given below :

http://www.aarti-industries.com/media/investors/corporate_governance/1496727334_Related_Party_Transaction_Policy.pdf

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

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

Statement on declaration given by independent directors under sub-section (6) of section 149.

All Independent Directors have given declarations in the prescribed format that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Corporate Governance

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

Consolidated Financial Statement

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

Annual Return

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

Deposits

The Company did not have any deposits at the beginning of the year under review. The Company has neither accepted nor renewed any deposits during the year under review.

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

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the financial statements.

Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a structured questionnaire was prepared after taking into consideration, various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

Subsidiary Companies

The Company has 6 (Six) direct subsidiaries, namely, Aarti Corporate Services Limited, Alchemie Europe Limited, Innovative Envirocare Jhagadia Limited, Ganesh Polychem Limited, Aarti USA Inc., Aarti Polychem Private Limited and 2 (Two) indirect subsidiaries namely Shanti Intermediates Private Limited, Nascent Chemical Industries Limited both hold through Aarti Corporate Services Limited.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report.

Further a statement containing salient features of the financial statement of our Subsidiaries in the prescribed format AOC-1 is included in the Report as **Annexure-C** and forms an integral part of this Report. The statement also provides the details of performance, financial position of each of the Subsidiaries.

Directors / Key Managerial Personnel (KMP)

Shri Renil R. Gogri (DIN: 01582147) and Smt. Hetal Gogri Gala (DIN: 00005499), Whole time Directors of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re appointment.

Shri Vinay Gopal Nayak (Din No: 02577389) was appointed as an additional Director in the category of Independent Director by the Board of Directors effective from December 18, 2018. The Brief resume regarding his appointment at the ensuing Annual General Meeting is given in the Notice convening Annual General Meeting.

Shri Lalitkumar Naik (Din No: 02943588) was appointed as an additional Director in the category of Independent Director by the Board of Directors effective from May 21, 2019. The Brief resume regarding his appointment at the ensuing Annual General Meeting is given in the Notice convening Annual General Meeting.

Present Term of Shri KVS Shyam Sunder (DIN: 00502621), Shri P.A. Sethi (DIN: 00004038) and Shri Bhavesh R. Vora (DIN: 00267604) Independent Directors of the Company will expire on September 23, 2019. Your Director proposes their candidature for re-appointment as Independent Directors.

Significant and material orders passed by the regulators or courts

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

Environmental, Safety and Health

Your Company is committed to ensure a sound Safety, Health and Environment (SHE) performance related to its activities, products and services. Your Company had been continuously taking various steps to develop and adopt Safer Process technologies and unit operations. Your Company 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 are done on a continuous basis.

Some of the initiatives in this regard as briefed below:

Introducing Aarti Management System: An in-house developed framework of 32 elements detailing procedures and processes catering to all Plant Related Activities - 3 elements namely MOC (to manage change), BBS (major root causes of incidents are due to behaviour) and Permit Systems catering to reduce SHE related risks had been launched and being implemented at various levels of operations. Other elements are being developed and reviewed and would be adopted in due course

Review Existing Process Safety Parameters: Structured & regular HAZOP meetings are being carried out as per scheduled HAZOP calendar to further strengthen process safety of existing processes. Also HIRA (Hazard Identification and Risk Assessment) for procedures and practices are being initiated for some of the units and would be gradually implemented across various units.

Maintenance element with purpose to achieve rated performance of assets throughout rated life is being launched. Standardisation of maintenance practices are under progress. Also the Plant Maintenance module (an IT enabled solution) are also being implemented with an objective to map and monitor all maintenance activities through the IT enabled system. This would help to have online reporting and tracking of various scheduled and unscheduled maintenance breakdown activities.

Systematic and well documented scale up procedure including risk assessment and process safety study at each stage of development from R&D to Pilot to Commercial Scale, to ensure inherently safe processes, has been developed.

With these and various other initiatives, your Company firmly places the SHE at the top of its goals and aims to provide a workplace which is safer and healthier for the society at large.

Whistle Blower Policy

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower policy has

been posted on the website of the Company and the web link thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1494923104_Whistle_Blower_Policy_Ammended.pdf

Material Subsidiary

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous Financial Year. A policy on material subsidiaries had been formulated and is available on the website of the Company and the web link thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1494923210_MATERIALITY_POLICY.pdf

Familiarisation programme for independent directors.

The Independent Directors of the Company were familiarised and the details of familiarisation programmes imparted to them are placed on the website of the Company and the web link thereto is http://aarti-industries.com/media/investors/corporate_governance/1518592706_Familiarisation_Programme_for_ID.pdf

Dividend Distribution Policy

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameter and circumstances that will be taken in to account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the company. A policy is available on the website of the Company and the web link thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1494923066_Dividend_Distribution_Policy.pdf

Statutory Auditors

M/s Kirtane & Pandit LLP. Chartered Accountants (Firm Registration No: 105215W/ W100057) shall continue to act as statutory Auditors of the Company.

Auditors' Report

There are no qualification, reservation or adverse remark or disclaimer made by the Auditor in their report.

Cost Auditors

The Cost Auditor Ms. Ketki D. Visariya (Fellowship No.16028), Cost Accountant, re-appointed by the Company under provisions of Section 148(5) read with Section 141 of the Companies Act, 2013 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 March 31, 2018 was September 27, 2018 and the Cost Audit Reports were filed by the Cost Auditor on September 28, 2018. The due date for filing the Cost

Audit Reports for the Financial Year ended March 31, 2019 is September 27, 2019.

The Company is seeking the ratification from the Shareholders for the Remuneration of Ms. Ketki D. Visariya, Cost Auditor of the Company for the Financial Year ending March 31, 2019 vide resolution no. 11 of the Notice of AGM.

Secretarial Auditor & Their Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co., Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure D** and forms an integral part of this Report.

Number of cases filed, if any, and their disposal under section 22 of the sexual harassment of women at work place (prevention, prohibition and redressal) act, 2013

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

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

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms a part of this in **Annexure-E**.

Compliance with Secretarial Standards on Board and General Meetings

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

Reporting of Frauds by Auditors

During the year under review, neither the Statutory Auditors, Secretarial Auditor nor the Cost Auditors has reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which needs to be mentioned in the Board's Report.

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 Shareholders, Government Authorities, Auditors, financial institutions, Customers, employees, suppliers, other business associates and various other stakeholders.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: July 08, 2019

CAUTIONARY STATEMENT

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

Annexure 'A'

Annual Report on Corporate Social Responsibility (CSR) Activities

- 1) A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web – link to the CSR policy and projects or programs and the Composition of CSR Committee:

Refer Corporate Responsibility Section of Director's Report & Management Discussion & Analysis. The CSR policy approved by the Board of Directors has been uploaded on the Company's website. The web link is http://aarti-industries.com/media/investors/corporate_governance/1494923336_Corporate_Social_Responsibility_CSR_Policy.pdf

- 2) CSR Committee:
The composition of the Corporate Social Responsibility Committee is given below:

Name of the Directors	Acting in the Committee as	Category
Shri Ramdas M. Gandhi	Chairman	Independent, Non-executive
Shri KVS Shyam Sunder	Member	Independent, Non-executive
Smt. Hetal Gogri Gala	Member	Executive
Shri Shantilal T. Shah	Member	Non-executive
Shri Kirit R. Mehta	Member	Executive

- 3) CSR Budget and details of activities for the FY 2018-19

Average net profit of the Company for the last three financial years (₹ In Cr.)	367.45
Prescribed CSR Expenditure (two percent of the amount as above) (₹ In Cr.)	7.35
Details of CSR Spent during the financial year	
Total amount to be spend for the financial year (₹ In Cr.)	9.73
Amount unspent, if any	Nil
Manner in which the amount spend during the financial year	Details given below

Annual Report on Corporate Social Responsibility (CSR) Activities

Sr. No.	Projects/Activities	Sector in which project is undertaken	Locations where project is undertaken (Local Area/District)	Amount Outlay (Budget) Project or Programs Wise (₹ in Crores)	Amount Spent on the project or programs. Sub-heads (₹ in Crores)	Cumulative Expenditure upto the reporting period (₹ in Crores)	Amount spent: Direct or through implementing agency*
1	A. Education & Vocational Training	Rural Development	At various locations in the States of Gujarat, Maharashtra, MP, Kerela, Karnataka, Bihar amongst other states	3.09	3.09	3.09	Direct & Indirect
	B. Healthcare			2.87	2.87	2.87	
	C. Women Empowerment			0.26	0.26	0.26	
	D. Water Conservation			0.84	0.84	0.84	
	E. Hygiene and Sanitation			0.00	0.00	0.00	
	F. Live Stock Development			0.92	0.92	0.92	
	G. Green Environment Project			0.95	0.95	0.95	
2	A. Relief & Rehabilitation	Rehabilitation of Disaster affected areas	In the state of Kerala	0.13	0.13	0.13	Direct & Indirect
3	A. Community Township and Livelihood Opportunities	Eradicating Poverty and Hunger	At various locations in the States of Gujarat and Maharashtra	0.67	0.67	0.67	Direct & Indirect
Total				9.73	9.73	9.73	-

Details of implementing agency:

1. Aarti Foundation 2. Dhanvallah Charitable Trust; 3. Divya Jeevan Sangh; 4. Sushil Trust; 5. Yusuf Meherally Centre; 6. Vichrta Samuday Samarthan Manch (VSSM); 7. Karunah Society for Development; 8. Gramin Vikas Samiti; 9. SVPKM'S NMIMS (Shri Vileparle Kelvani Mandal's Narsee Monjee Institute of Management Studies); 10. Shree Kutchi visa Oswal Jain Mahajan; 11. Navbharat Edu. Society; 12. Institute Of Chemical Technology (ICT); 13. Somaiya Vidhyavihar; 14. Shree Bharat Raichand Korshi V. O. Kelavani Fund; 15. Samast Mahajan; 16. Naam Foundation; 17. Pendharkar Navnath Kachru; 18. Vardhman Sanskar Dham; 19. B.Y.L. Nayar Charitable Hospital Mumbai; 20. Green Freedom Pvt. Ltd.; 21. Parakh Hospital & Research Centre; 22. Think Foundation; 23. Shri K. K. Shah Sabarkantha Arogya Mandal; 24. Gram Swarajya Samiti; 25. Shree K.V.O. Jain Mahajan Bhuj Jal Mandir; 26. Shree Siddhivinayak Sevakbavi Sansthan; 27. Swaminarayan Enterprises; 28. Vasundhara Social Welfare Society. 29. Andha Apang Pragati Society; 30. National Federation of Blind; 31. Child Help Foundation; 32. Tulsi Vidya Mandir; 33. Shri Samarth Educational & Research; 34. Sree Animish Bhagvan Tapo Yoga; 35. Swadhyay Mandal Pardi; 36. Swami Vivekanand Educational & Cul. Trust; 37. U. V. Patel College of Engineering; 38. Vyakti Vikas Kendra; 39. The West Aravalli Rural Development; 40. Bahubali Children Hospital; 41. Nandkarni Medical Foundation; 42. Jankalyan Medical Society; 43. Adivasi Samaj Devastan.

4. The CSR Committee Chairman confirms that the implementation and monitoring of CSR policy is in compliance with the CSR objectives and policy of your Company.

Ramdas. M. Gandhi
Independent Director
(Chairman CSR Committee)

Hetal Gogri Gala
Whole-time Director
(Member CSR Committee)

Place: Mumbai
Date: July 08, 2019

Annexure 'B'

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended March 31, 2019**

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

I. Registration and other details:

i) CIN	L24110GJ1984PLC007301
ii) Registration Date	28th September, 1984
iii) Name of the Company	AARTI INDUSTRIES LTD.
iv) Category / Sub-Category of the Company	Public Company Ltd. by Shares/ Non-Govt. Company
v) Address of the Registered office and contact details	Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396195 Telephone:- 0260-2400059, 2400366 Fax:- 0260-2401322 Email:- investorrelations@aarti-industries.com Website:- www.aarti-industries.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Tel : 022 - 4918 6000 Fax : 022 - 4918 6060 e-mail:- rnt.helpdesk@linkintime.co.in website:- www.linkintime.co.in

II. Principal Business Activities of the Company

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Company does not have any single product contributing 10% or more of the total turnover of the Company. Company business is divided into two segment viz. Speciality Chemicals, and Pharmaceuticals. For segmental revenue refer note no. 18.1 of Statement of Profit & Loss account.	-	-

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Aarti Corporate Services Ltd.	U67120MH1995PTC084963	Subsidiary	100%	2(87)
2	Innovative Envirocare Jhagada Ltd.	U24233MH2012PLC233058	Subsidiary	100%	2(87)
3	Aarti Polychem Pvt. Ltd.	U24304MH2017PTC295395	Subsidiary	100%	2(87)
4	Ganesh Polychem Ltd.	U24299MH2001PLC133900	Subsidiary	50.24%	2(87)
5	Alchemie (Europe) Ltd.	3061267	Subsidiary	88.89%	2(87)
6	Aarti USA Inc.	36-4806810	Subsidiary	100%	2(87)
7	Shanti Intermediate Pvt. Ltd. (through Aarti Corporate Services Ltd.)	U24231GJ1989PTC012373	Subsidiary	100%	2(87)
8	Nascent Chemical Industries Ltd. (through Aarti Corporate Services Ltd.)	U24100MH1966PLC013490	Subsidiary	50.49%	2(87)

IV. Share holding pattern (equity share capital breakup as percentage of total equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	35114743	0	35114743	43.19	33069652	0	33069652	38.16	-5.03
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	6278336	0	6278336	7.72	9579595	0	9579595	11.05	3.33
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	41393079	0	41393079	50.91	42649247	0	42649247	49.21	-1.70
(2) Foreign									
a) NRIs - Individuals	130737	0	130737	0.16	130737	0	130737	0.15	-0.01
b) Other - Individuals	0	0	0	0.00	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0	0.00
e) Any Other	0	0	0	0.00	0	0	0	0	0.00
Sub-total (A) (2):-	130737	0	130737	0.16	130737	0	130737	0.15	-0.01
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	41523816	0	41523816	51.07	42779984	0	42779984	49.36	-1.71
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	11133341	0	11133341	13.69	13007463	0	13007463	15.01	1.32
b) Banks / FI	14839	0	14839	0.02	42052	0	42052	0.05	0.03
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	76017	0	76017	0.09	0.09
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Portfolio-Corp.	2960279	0	2960279	3.64	6439379	0	6439379	7.43	3.79
i) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
j) Other (Specify) Alternate Investment Funds	370697	0	370697	0.46	667032	0	667032	0.77	0.31
Sub-total (B)(1):-	14479156	0	14479156	17.81	20231943	0	20231943	23.34	5.53
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	839200	0	839200	1.03	1415117	0	1415117	1.63	0.60
ii) Overseas	0	0	0	0.00	0	0	0.00	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7933152	1044276	8977428	11.04	8058291	848161	8906452	10.28	-0.76
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11794722	66972	11861694	14.59	11519431	44532	11563963	13.34	-1.25

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
(i) Non Resident Indians	563917	600	564517	0.69	583497	600	584097	0.67	-0.02
(ii) Trusts	111894	0	111894	0.14	59098	0	59098	0.07	-0.07
(iii) Foreign National	586	0	586	0.00	0	0	0	0.00	0.00
(iv) Unclaimed suspense Account	139220	0	139220	0.17	117720	0	117720	0.14	-0.03
(vi) Hindu Undivided Family	581645	0	581645	0.72	562508	0	562508	0.65	-0.07
(vii) Clearing Member	1964578	0	1964578	2.42	145651	0	145651	0.17	-2.25
(viii) IEPF	256266	0	256266	0.32	289819	0	289819	0.33	0.01
Sub-total (B)(2):-	24185180	1111848	25297028	31.12	22751132	893293	23644425	27.28	-3.84
Total Public Shareholding (B)=(B)(1)+ (B)(2)	38664336	1111848	39776184	48.93	42995370	893293	43888663	50.64	1.71
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	80188152	1111848	81300000	100.00	85775354	893293	86668647	100.00	-

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Aarnav Rashesh Gogri	71139	0.09	0.00	550000	0.63	0.00	0.54
2	Aashay Rashesh Gogri	550000	0.68	0.00	550000	0.63	0.00	-0.05
3	Arti Rajendra Gogri	2199277	2.71	0.00	1424256	1.64	0.00	-1.07
4	Bhanu Pradip Savla	130737	0.16	0.00	130737	0.15	0.00	-0.01
5	Bhavna Shah Lalka	942273	1.16	0.00	942273	1.09	0.00	-0.07
6	Chandrakant Vallabhaji Gogri	3943934	4.85	0.00	1888518	2.18	0.00	-2.67
7	Dhanvanti Vallabhaji Gogri	97656	0.12	0.00	89992	0.10	0.00	-0.02
8	Dilip Tejshi Dedhia	4488	0.01	0.00	3550	0.00	0.00	-0.01
9	Gunavanti Navin Shah	86642	0.11	0.00	86642	0.10	0.00	-0.01
10	Heena Bhatia	855860	1.05	0.00	22001	0.03	0.00	-1.02
11	Hetal Gogri Gala	2906221	3.57	0.00	2615548	3.02	0.00	-0.55
12	Indira Madan Dedhia	181150	0.22	0.00	179850	0.21	0.00	-0.01
13	Jaya Chandrakant Gogri	493294	0.61	0.00	3994494	4.61	0.00	4.00
14	Manisha Rashesh Gogri	550000	0.68	0.00	550000	0.63	0.00	-0.05
15	Mirik Rajendra Gogri	3514334	4.32	0.00	3501834	4.04	0.00	-0.28
16	Nehal Garewal	1031136	1.27	0.00	1031136	1.19	0.00	-0.08
17	Nikhil Parimal Desai	779210	0.96	0.00	781010	0.90	0.00	-0.06
18	Parimal Hasmukhlal Desai	309304	0.38	0.00	309304	0.36	0.00	-0.02
19	Pooja Renil Gogri	382	0.00	0.00	382	0.00	0.00	0.00
20	Prasadi Yogesh Banatwala	11225	0.01	0.00	6745	0.00	0.00	-0.01
21	Rajendra Vallabhaji Gogri	3009900	3.70	0.00	2474900	2.86	0.00	-0.84
22	Rajendra Vallabhaji Gogri (HUF)	308274	0.38	0.00	308274	0.36	0.00	-0.02
23	Rashesh Chandrakant Gogri	5334404	6.56	0.00	3834404	4.42	0.00	-2.14
24	Ratanben Premji Gogri	380000	0.47	0.00	377999	0.44	0.00	-0.03
25	Renil Rajendra Gogri	3429752	4.22	0.00	3429752	3.96	0.00	-0.26
26	Rinku Parimal Desai	1800	0.00	0.00	0	0.00	0.00.0	0.00
27	Sarla Shantilal Shah	1925886	2.37	0.00	1925886	2.22	0.00	-0.15

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
28	Shantilal Tejshi Shah	1715294	2.11	0.00	1708994	1.97	0.00	-0.14
29	Shantilal Tejshi Shah (HUF)	369141	0.45	0.00	369141	0.43	0.00	-0.02
30	Tarla Parimal Desai	112767	0.14	0.00	112767	0.13	0.00	-0.01
31	Alchemie Financial Services Limited	673006	0.83	0.00	673006	0.78	0.00	-0.05
32	Anushakti Enterprise Private Limited	2492500	3.07	0.00	2492500	2.88	0.00	-0.19
33	Alchemie Finserv Private Limited	264105	0.32	0.00	264105	0.30	0.00	-0.02
34	Gogri Finserv Private Limited	264105	0.32	0.00	264105	0.30	0.00	-0.02
35	Dilesh Roadlines Pvt Ltd	8318	0.01	0.00	8318	0.01	0.00	0.00
36	Nikhil Holdings Private Limited	371302	0.46	0.00	364302	0.42	0.00	-0.04
37	Safechem Enterprises Private Limited	1470000	1.81	0.00	1463000	1.69	0.00	-0.12
38	Valiant Organics Limited	235000	0.29	0.00	216400	0.25	0.00	-0.04
39	Labdhi Business Trust	500000	0.62	0.00	1700000	1.96	0.00	0.15
40	Heena Family Private Trust	0	0.00	0.00	833859	0.96	0.00	0.00
41	Tulip Family Trust	0	0.00	0.00	700000	0.81	0.00	0.81
42	Orchid Family Trust	0	0.00	0.00	600000	0.69	0.00	0.69
Total		41523816	51.07	0.00	42779984	49.36	0.00	-1.71

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

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Aarnav Rashesh Gogri	71139	0.09	04.07.2018	478,861	Gift Received	550000	0.63
2	Aashay Rashesh Gogri	550000	0.68	-	-	No Change	550000	0.63
3	Arti Rajendra Gogri	2199277	2.71	13.06.2018	-75,000	Gift Given	2124277	2.61
				11.01.2019	-21	Gift Given	2124256	2.61
				28.03.2019	-700,000	Gift Given	1424256	1.64
4	Bhanu Pradip Savla	130737	0.16	-	-	No Change	130737	0.15
5	Bhavna Shah Lalka	942273	1.16	-	-	No Change	942273	1.09
6	Chandrakant Vallabhaji Gogri	3943934	4.85	02.04.2018	-4500	Sale	3939434	4.84
				03.04.2018	-3,700	Sale	3935734	4.84
				04.04.2018	-2,000	Sale	3933734	4.84
				05.04.2018	-7,000	Sale	3926734	4.83
				09.04.2018	-500	Sale	3926234	4.83
				10.04.2018	-4,976	Sale	3921258	4.82
				11.04.2018	-5,000	Sale	3916258	4.82
				12.04.2018	-4,000	Sale	3912258	4.81
				13.04.2018	-1,321	Sale	3910937	4.81
				16.04.2018	-4,000	Sale	3906937	4.81
				17.04.2018	-3,500	Sale	3903437	4.80
				18.04.2018	-4,500	Sale	3898937	4.80
				23.04.2018	-4,000	Sale	3894937	4.79
				24.04.2018	-4,000	Sale	3890937	4.79
				25.04.2018	-1,000	Sale	3889937	4.78
				26.04.2018	-250	Sale	3889687	4.78
				27.04.2018	-2,500	Sale	3887187	4.78

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				30.04.2018	-4,500	Sale	3882687	4.78
				15.06.2018	-1,302	Sale	3881385	4.77
				18.06.2018	-1,600	Sale	3879785	4.77
				02.07.2018	-1,250	Sale	3878535	4.77
				04.07.2018	-478,861	Sale	3399674	4.18
				19.07.2018	-50	Sale	3399624	4.18
				20.07.2018	-500	Sale	3399124	4.18
				24.07.2018	-1,500	Sale	3397624	4.18
				25.07.2018	-296	Sale	3397328	4.18
				26.07.2018	-1,000	Sale	3396328	4.18
				27.07.2018	-1,250	Sale	3395078	4.18
				07.08.2018	-2,700	Sale	3392378	4.17
				08.08.2018	-3,926	Sale	3388452	4.17
				09.08.2018	-5,500	Sale	3382952	4.16
				17.08.2018	-500	Sale	3382452	4.16
				21.08.2018	-27	Sale	3382425	4.16
				30.08.2018	-2,250	Sale	3380175	4.16
				07.09.2018	-502	Sale	3379673	4.16
				11.09.2018	-500	Sale	3379173	4.16
				14.09.2018	-500	Sale	3378673	4.16
				17.09.2018	-2,500	Sale	3376173	4.15
				19.09.2018	-1,500	Sale	3374673	4.15
				21.09.2018	-1,000	Sale	3373673	4.15
				07.11.2018	-1,272	Sale	3372401	4.15
				09.11.2018	-1,597	Sale	3370804	4.15
				12.11.2018	-1,791	Sale	3369013	4.14
				13.11.2018	-500	Sale	3368513	4.14
				14.11.2018	-100,000	Sale	3268513	4.02
				14.11.2018	-20,000	Sale	3248513	4.00
				15.11.2018	-18,000	Sale	3230513	3.97
				16.11.2018	-7,810	Sale	3222703	3.96
				16.11.2018	-15,000	Sale	3207703	3.95
				12.12.2018	-2,019	Sale	3205684	3.94
				17.12.2018	-439	Sale	3205245	3.94
				19.12.2018	-7,500	Sale	3197745	3.93
				20.12.2018	-14,200	Sale	3183545	3.92
				21.12.2018	-5,100	Sale	3178445	3.91
				26.12.2018	-1,060	Sale	3177385	3.91
				27.12.2018	-807	Sale	3176578	3.91
				01.01.2019	-826	Sale	3175752	3.91
				02.01.2019	-500	Sale	3175252	3.91
				04.01.2019	-20,000	Sale	3155252	3.88
				07.01.2019	-4,000	Sale	3151252	3.88
				08.01.2019	-3,500	Sale	3147752	3.87
				10.01.2019	-10,000	Sale	3137752	3.86
				11.01.2019	-1,934	Sale	3135818	3.86
				14.01.2019	-6,300	Sale	3129518	3.85
				15.01.2019	-6,000	Sale	3123518	3.84

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				16.01.2019	-12,000	Sale	3111518	3.83
				21.01.2019	-10,000	Sale	3101518	3.81
				22.01.2019	-2,000	Sale	3099518	3.81
				26.03.2019	-6,500	Sale	3093018	3.57
				27.03.2019	-4,500	Sale	3088518	3.56
				28.03.2019	-1,200,000	Gift Given	1888482	2.18
				29.03.2019	-36	Sale	3088482	3.56
7	Dhanvanti vallabhaji Gogri	97656	0.12	03.12.2018	-7,268	Gift Given	90388	0.11
				10.12.2018	-608	Gift Given	89780	0.11
				11.12.2018	-252	Gift Given	89528	0.11
				13.12.2018	-72	Gift Given	89456	0.11
				21.12.2018	-1,144	Gift Given	88312	0.11
				28.12.2018	-72	Gift Given	88240	0.11
				31.12.2018	2,400	Gift Received	90640	0.11
				22.01.2019	-36	Gift Given	90604	0.11
				15.02.2019	-288	Gift Given	90316	0.11
				22.02.2019	-108	Gift Given	90208	0.11
				05.03.2019	-36	Gift Given	90172	0.11
				18.03.2019	-108	Gift Given	90064	0.11
				19.03.2019	-36	Gift Given	90028	0.11
				29.03.2019	-36	Gift Given	89992	0.10
8	Dilip Tejshi Dedhia	4488	0.01	14.11.2018	-288	Sale	4200	0.01
				25.03.2019	-650	Sale	3550	0.00
9	Gunavanti Navin Shah	86642	0.11	-	-	No Change	86642	0.10
10	Heena Bhatia	855860	1.05	12.07.2018	-833,859	Gift Given	22001	0.03
11	Heena Family Trust	-	0	12.07.2018	833,859	Gift Received	833859	1.03
12	Hetal Gogri Gala	2906221	3.57	28.03.2018	1709327	Inter-se Transfer	4615548	5.68
				28.03.2019	-2000000	Sale	2615548	3.02
13	Indira Madan Dedhia	181150	0.22	14.11.2018	-1,300	Gift Given	179850	0.22
14	Jaya Chandrakant Gogri	493294	0.61	09.04.2018	1,200	Gift Received	494494	0.61
				28.03.2019	2,000,000	Purchase	2494494	2.88
				29.03.2019	1,500,000	Purchase	3994494	4.61
15	Manisha Rashesh Gogri	550000	0.68	-	-	No Change	550000	0.63
16	Mirik Rajendra Gogri	3514334	4.32	30.04.2018	-12,500	Gift Given	3501834	4.31
17	Nehal Garewal	1031136	1.27	-	-	No Change	1031136	1.19
18	Nikhil Parimal Desai	779210	0.96	07.06.2018	1800	Gift Received	781010	0.96
19	Parimal Hasmukhlal Desai	309304	0.38	-	-	No Change	309304	0.36
20	Pooja Renil Gogri	382	0	-	-	No Change	382	0.00
21	Prasadi Yogesh Banatwala	11225	0.01	11.04.2018	-700	Sale	10525	0.01
				12.04.2018	-200	Sale	10325	0.01
				16.04.2018	-400	Sale	9925	0.01
				17.04.2018	-630	Sale	9295	0.01
				30.04.2018	-200	Sale	9095	0.01
				13.06.2018	-200	Sale	8895	0.01
				14.06.2018	-200	Sale	8695	0.01
				15.06.2018	-100	Sale	8595	0.01

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				26.07.2018	-200	Sale	8395	0.01
				09.08.2018	-100	Sale	8295	0.01
				17.08.2018	-200	Sale	8095	0.01
				23.10.2018	-100	Sale	7995	0.01
				24.10.2018	-50	Sale	7945	0.01
				25.10.2018	-100	Sale	7845	0.01
				15.11.2018	-400	Sale	7445	0.01
				04.01.2019	-100	Sale	7345	0.01
				08.01.2019	-300	Sale	7045	0.01
				10.01.2019	-300	Sale	6745	0.01
22	Rajendra Vallabhaji Gogri	3009900	3.7	28.03.2018	65000	Purchase	3074900	3.78
				28.03.2019	-600000	Gift Given	2474900	2.86
23	Rajendra Vallabhaji Gogri (HUF)	308274	0.38	-	-	No Change	308274	0.38
24	Rashesh Chandrakant Gogri	5334404	6.56	29.03.2019	-1,500,000	Gift Given	3834404	4.42
25	Ratanben Premji Gogri	380000	0.47	12.07.2018	-1,001	Sale	378999	0.47
				19.11.2018	-1,000	Sale	377999	0.46
26	Renil Rajendra Gogri	3429752	4.22	-	-	No Change	3429752	3.96
27	Rinku Parimal Desai	1800	0	07.06.2018	-1,800	Gift Given	0	0.00
28	Sarla Shantilal Shah	1925886	2.37	-	-	No Change	1925886	2.22
29	Shantilal Tejshi Shah	1715294	2.11	28.03.2019	-6300	Sale	1708994	1.97
30	Shantilal Tejshi Shah (HUF)	369141	0.45	-	-	No change	369141	0.43
31	Tarla Parimal Desai	112767	0.14	-	-	No Change	112767	0.13
32	Alchemie Financial Services Limited	673006	0.83	-	-	No Change	673006	0.78
33	Anushakti Enterprise Private Limited	2492500	3.07	-	-	No Change	2492500	2.88
34	Alchemie Finserv Private Limited	264105	0.32	-	-	No Change	264105	0.30
35	Gogri Finserv Private Limited	264105	0.32	-	-	No Change	264105	0.30
36	Dilesh Roadlines Pvt Ltd	8318	0.01	-	-	No Change	8318	0.01
37	Nikhil Holdings Private Limited	371302	0.46	04.12.2018	-7,000	Sale	364302	0.45
38	Safechem Enterprises Private Limited	1470000	1.81	25.09.2018	-7,000	Gift Given	1463000	1.80
39	Labdhi Business Trust	500000	0.62	28.03.2019	1,200,000	Gift Received	1700000	1.96
40	Valiant Organics Limited	235000	0.29	09.08.2018	-2,001	Sale	232999	0.29
				13.08.2018	-999	Sale	232000	0.29
				17.08.2018	-1,000	Sale	231000	0.28
				21.08.2018	-536	Sale	230464	0.28
				23.08.2018	-280	Sale	230184	0.28
				24.08.2018	-12	Sale	230172	0.28
				30.08.2018	-2,672	Sale	227500	0.28
				31.08.2018	-500	Sale	227000	0.28
				03.09.2018	-198	Sale	226802	0.28
				05.09.2018	-802	Sale	226000	0.28
				06.09.2018	-134	Sale	225866	0.28
				06.09.2018	-866	Sale	225000	0.28

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				07.09.2018	-300	Sale	224700	0.28
				07.09.2018	-895	Sale	223805	0.28
				11.09.2018	-136	Sale	223669	0.28
				11.09.2018	-752	Sale	222917	0.27
				12.09.2018	-917	Sale	222000	0.27
				14.09.2018	-200	Sale	221800	0.27
				17.09.2018	-1000	Sale	220800	0.27
				19.09.2018	-400	Sale	220400	0.27
				25.09.2018	-4000	Sale	216400	0.27
41	Tulip Family Trust	-	-	28.03.2019	700,000	Gift Received	700000	0.81
42	Orchid Family Trust	-	-	28.03.2019	600,000	Gift Received	600000	0.69

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

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	HDFC Trustee Company Limited	6530886	7.95	31.08.2018	18700	Purchase	6549586	8.06
				30.11.2018	20000	Purchase	6569586	8.08
				07.12.2018	56000	Purchase	6625586	8.15
				11.01.2019	82700	Purchase	6708286	8.25
				18.01.2019	11833	Purchase	6720119	8.27
				25.01.2019	5000	Purchase	6725119	8.27
				01.02.2019	18000	Purchase	6743119	8.29
				29.03.2019	393700	Purchase	7136819	8.23
2	DSP Blackrock	2097409	2.58	27.04.2018	-92704	Sale	2004705	2.31
				04.05.2018	-82643	Sale	1922062	2.22
				11.05.2018	-12983	Sale	1909079	2.2
				18.05.2018	-7043	Sale	1902036	2.19
				17.08.2018	-2770	Sale	1899266	2.19
				24.08.2018	-68226	Sale	1831040	2.11
				31.08.2018	-12983	Sale	1818057	2.10
				07.09.2018	-882	Sale	1817175	2.10
				19.10.2018	-57677	Sale	1759498	2.03
				26.10.2018	-92894	Sale	1666604	1.92
				02.11.2018	-18598	Sale	1648006	1.90
				01.02.2019	-112158	Sale	1535848	1.77
				08.02.2019	-54530	Sale	1481318	1.71
				15.02.2019	-26353	Sale	1454965	1.68
				22.02.2019	-25815	Sale	1429150	1.65
				29.03.2019	392107	Purchase	1821257	2.10
3	L and T Mutual Fund Trustee Ltd.	1857872	2.29	06.04.2018	30521	Purchase	1888393	2.18
				13.04.2018	16729	Purchase	1905122	2.20
				27.04.2018	41339	Purchase	1946461	2.25
				04.05.2018	5688	Purchase	1952149	2.25
				11.05.2018	715	Purchase	1952864	2.25
				18.05.2018	30509	Purchase	1983373	2.29
				25.05.2018	31008	Purchase	2014381	2.32

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				08.06.2018	159	Purchase	2014540	2.32
				22.06.2018	17163	Purchase	2031703	2.34
				13.07.2018	12028	Purchase	2043731	2.36
				27.07.2018	2000	Purchase	2045731	2.36
				10.08.2018	5233	Purchase	2050964	2.37
				24.08.2018	27895	Purchase	2078859	2.40
				21.09.2018	-135766	Sale	1943093	2.24
				05.10.2018	-15000	Sale	1928093	2.22
				12.10.2018	20092	Purchase	1948185	2.25
				02.11.2018	4394	Purchase	1952579	2.25
				09.11.2018	41798	Purchase	1994377	2.30
				16.11.2018	92027	Purchase	2086404	2.41
				23.11.2018	1364	Purchase	2087768	2.41
				30.11.2018	23000	Purchase	2110768	2.44
				11.01.2019	-93412	Sale	2017356	2.33
				18.01.2019	-31371	Sale	1985985	2.29
				01.02.2019	-15000	Sale	1970985	2.27
				22.02.2019	-199555	Sale	1771430	2.04
				01.03.2019	-12871	Sale	1758559	2.03
				08.03.2019	-40000	Sale	1718559	1.98
				22.03.2019	-120784	Sale	1597775	1.84
				29.03.2019	-184321	Sale	1413454	1.63
4	Tarla Kishorekumar Shah	835758	1.02	.	.	No Change	835758	0.96
5	Sundaram Mutual Fund A/C Sundaram MID Cap Fund#	-	-			Purchase	312840	0.36
				18.05.2018	21206	Purchase	334046	0.39
				25.05.2018	8174	Purchase	342220	0.39
				08.06.2018	11280	Purchase	353500	0.41
				22.06.2018	43	Purchase	353543	0.41
				03.08.2018	-94011	Sale	259532	0.30
				10.08.2018	-108737	Sale	150795	0.17
				17.08.2018	-37924	Sale	112871	0.13
				24.08.2018	-2076	Sale	110795	0.13
				07.12.2018	-13634	Sale	97161	0.11
				14.12.2018	-24616	Sale	72545	0.08
				01.03.2019	20826	Purchase	93371	0.11
				08.03.2019	50000	Purchase	143371	0.17
				15.03.2019	40000	Purchase	183371	0.21
				22.03.2019	84360	Purchase	267731	0.31
				29.03.2019	517780	Purchase	785511	0.91
6	Bhanumati Mohanlal Savla	605393	0.74	05.10.2018	9000	Purchase	614393	0.76
				08.02.2019	-2004	Sale	614393	0.76
				15.02.2019	4	Purchase	614397	0.76
				01.03.2019	2000	Purchase	616397	0.76
				29.03.2019	643800	Purchase	643800	0.74
7	Smallcap World Fund, INC.#	-	-					
8	Ranjanben Pradip Shah	586451	0.72	.	.	No Change	586451	0.68
9	Harsha Chandrakant Shah	540852	0.67	.	.	No Change	540852	0.62
10	Kavita Harakhchand Gogri	472777	0.58	10.08.2018	40297	Purchase	513074	0.63

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
11	Alpa Harakhchand Gogri*	462206	0.56	10.08.2018	40296	Purchase	502502	0.62
12	Anil L Shah*	395291	0.49	.	.	No Change	395291	0.46

* Ceased to be in the top 10 shareholders as on 31-03-2019. The same is reflected above since the shareholder was one of the top 10 shareholders as on 01-04-2018.

Not in the list of top 10 shareholders as on 01-04-2018. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31-03-2019.

No of Shares at the beginning of the Year - 81300000

No of shares at the end of the Year – 86668647

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Rajendra Vallabhaji Gogri	3009900	3.70	28.03.2018	65000	Purchase	3074900	3.78
				28.03.2019	-600000	Gift Given	2474900	2.86
2.	Rashesh C. Gogri	5334404	6.56	29.03.2019	-1,500,000	Gift Given	3834404	4.42
3.	Shantilal T. Shah	1715294	2.11	28.03.2019	-6300	Sale	1708994	1.97
4.	Parimal H. Desai	309304	0.38	-	-	No Change	309304	0.36
5.	Manoj M. Chheda	963963	1.19	06.04.2018	-17000	Sale	946963	1.16
				22.06.2018	-3000	Sale	943963	1.16
				23.11.2018	-2994	Sale	940969	1.16
				25.01.2019	-2256	Sale	938713	1.15
				08.02.2019	-2426	Sale	936287	1.15
6.	Kirit R. Mehta	34511	0.04	21.06.2018	-1000	Sale	33511	0.04
				16.11.2018	-150	Sale	33361	0.04
				21.11.2018	-150	Sale	33211	0.04
7.	Hetal Gogri Gala	2906221	3.57	28.03.2018	1709327	Inter-se Transfer	4615548	5.68
				28.03.2019	-2000000	Sale	2615548	3.02
8.	Renil R. Gogri	3429752	4.22	-	-	No Change	3429752	3.96
9.	Ramdas M. Gandhi	9532	0.01	-	-	No change	9532	0.01
10.	Laxmichand K. Jain	16550	0.02	-	-	No Change	16550	0.02
11.	K.V.S. Shyam Sunder	-	-	-	-	-	-	-
12.	P. A. Sethi	-	-	-	-	No Change	-	-
13.	Bhavesh R. Vora	-	-	-	-	No Change	-	-
14.	Ganapati D. Yadav	1200	0.00	-	-	No Change	1200	0.00
15.	Priti P. Savla	-	-	-	-	No Change	-	-
16.	Radheshyam S. Rohra	-	-	-	-	No Change	-	-
17.	Chetan B. Gandhi	130	0.00	-	-	No Change	130	0.00
18.	Raj Sarraf	-	-	05.10.2018	50	Purchase	50	0.00
19.	Vinay G. Nayak	-	-	-	-	No Change	-	-
20.	Lalitkumar Naik	-	-	-	-	No Change	-	-

No of Shares at the beginning of the Year - 81300000

No of shares at the end of the Year – 86668647

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	(₹ in Crore) Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	1,906.65	139.89	2,046.54
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	14.87	-	14.87
Total (i+ii+iii)	1,921.52	139.89	2,061.41
Change in Indebtedness during the financial year			
Addition	386.12	-	386.12
Reduction	-	70.66	70.66
Net Change	386.12	70.66	315.46
Indebtedness at the end of the financial year			
i) Principal Amount	2,296.48	69.23	2,365.71
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	11.16	-	11.16
Total (i+ii+iii)	2,307.64	69.23	2,376.87

VI. Remuneration of directors and key managerial personnel

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

Sr. No.	Particulars of Remuneration	Name of MD/WTM/ Manager							Total
		CMD	VC&MD	WTD	WTD	WTD	WTD	WTD	
		Rajendra V. Gogri	Rashesh C. Gogri	Parimal H. Desai	Manoj M. Chheda	Hetal Gogri Gala	Kirit R Mehta	Renil R. Gogri	
1	Gross salary								
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	65.56	65.56	56.64	56.64	56.64	39.64	47.64	388.32
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15.35	15.35	6.07	13.29	13.29	4.34	5.16	72.85
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-	-
4	Commission								
	- as % of profit	350.92	350.92	66.84	66.84	334.21	-	167.10	1336.83
	- others, specify...								
5	Others, please specify	-	-	-	-	-	-	-	-
	Total (A)	431.83	431.83	129.55	136.77	404.14	43.98	219.90	1798.00
	Ceiling as per the Act	10% of net profits of the Company							

B. Remuneration to other Directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration During the Financial Year 2018-19	Name of the Director									Total
		Ramdas M. Gandhi	L. K. Jain [#]	K.V.S. Shyam Sunder	P.A. Sethi	Bhavesh R. Vora	Ganapati D. Yadav	Priti P. Savla	R.S. Rohra*	Vinay G. Nayak [§]	
1	Independent Directors	1.32	1.98	3.24	3.12	2.20	0.88	3.08	1.32	0.22	17.38
	Fee for attending board / committee meetings										
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	1.32	1.98	3.24	3.12	2.2	0.88	3.08	1.32	0.22	17.36
2	Other Non-Executive Directors	Shantilal T. Shah	-	-	-	-	-	-	-	-	-
	Fee for attending board / committee meetings	2.68	-	-	-	-	-	-	-	-	2.68
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (2)	2.68	-	-	-	-	-	-	-	-	2.68
	Total Managerial Remuneration (B)=(1+2)										20.04
	Overall Ceiling as per the Act	1% of net profits of the Company									

ceased to be director effective from March 31, 2019.

* ceased to be director effective from September 28, 2018 due to demise.

§ Appointed as on December 18, 2018 by Board of Directors.

C. Remuneration to key managerial personnel other than md/ manager/ WTD

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary*	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45.78	26.85	72.63
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.04	-	1.04
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	46.82	26.85	73.67

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	--	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Annexure 'C'

FORM AOC-1
Salient Features of Financial Statements of Subsidiary / Associates / Joint Ventures as per Companies Act, 2013.**PART "A" : Subsidiaries**

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reverse & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	(Amt in Crs) % Of Shareholding
1	Aarti Corporate Services Ltd.	INR	2.02	21.43	23.46	0.01	18.30	1.34	1.24	0.10	1.14	-	100.00
2	Nascent Chemical Industries Ltd.	INR	0.60	0.62	1.67	0.45	-	15.46	-0.13	-	-0.13	-	50.49
3	Shanti Intermediates Pvt. Ltd.	INR	0.07	0.33	4.05	3.65	0.01	14.07	0.26	-0.02	0.28	-	100.00
4	Innovative Envirocare Jhagadia Ltd.	INR	0.35	-0.16	0.19	-	-	-	-0.10	-	-0.10	-	100.00
5	Ganesh Polychem Ltd.	INR	6.17	148.54	255.97	101.26	-	241.02	32.92	7.92	25.00	-	50.24
6	Aarti Polychem Pvt. Ltd.	INR	-	-	0.05	0.05	-	-	-	-	-	-	50.24
7	Alchemie (Europe) Ltd.	GBP	0.01	-	0.94	0.93	-	1.42	-	-	-	-	88.89
		INR	0.92	0.31	86.00	84.77	-	130.14	-0.60	-	-0.60	-	-
8	Aarti USA Inc.	USD	0.01	-0.03	0.21	0.23	0.06	0.27	-	-	-	-	100.00
		INR	0.66	-1.72	14.60	15.66	4.15	18.51	-0.16	0.01	-0.17	-	-

The Financial Statement of Alchemie (Europe) Limited and Aarti USA INC. Whose reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. As at 31st March, 2019 GBP 1 = INR 90.50 and USD 1 = INR 69.15.

Annexure 'D'

Form No. MR - 3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

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

To,
The Members,
Aarti Industries Limited
(CIN: L24110GJ1984PLC007301)
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not applicable to the Company during Audit Period**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during Audit Period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during Audit Period**);
- (vi) Other Laws applicable specifically to the Company identified and confirmed by the Company and relied upon by me are as under:
 - (a) Petroleum Act, 1934, Rules, 1976
 - (b) Drugs and Cosmetic Act, 1940 and Rules made thereunder

- (c) Fertilizer (Control) order 1985
- (d) The Explosive Act 1889 – Gas Cylinder Rules 1981
- (e) The Insecticides Act, 1968
- (f) Narcotic Drugs and Psychotropic Substances Act, 1985
- (g) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950
- (h) The Chemical weapon convention Act 2000, and the Rules made thereunder
- (i) Air (Prevention and Control of Pollution) Act 1981
- (j) Water (Prevention and Control of Pollution) Act 1974
- (k) The Noise (Regulation and Control) Rules 2000
- (l) Environment Protection Act, 1986 and other environmental laws
- (m) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- (n) Public Liability Insurance Act 1991
- (o) The States Shops and Establishments Act
- (p) Maternity Benefit Act, 1961 & Rules
- (q) Child Labour (P&R) Act, 1986 & Rules
- (r) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above, except that equity shares required to be transferred to Investor Education and Protection Fund Authority (IEPF) under relevant rules were transferred with some delays.

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

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

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

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

I further report that during the Audit Period under review, the Company has issued and allotted 53,68,647 equity shares of ₹ 5/- each at an issue price of ₹ 1397/- per share aggregating to approx. ₹ 750 crore on 23.03.2019 to Qualified Institutional Buyers; and except this, in my view, there were no other specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

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

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

CS Sunil M. Dedhia
Proprietor

FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: July 8, 2019

Appendix

To The Members,
Aarti Industries Limited
(CIN: L24110GJ1984PLC007301)
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

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

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

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

CS Sunil M. Dedhia

Proprietor

FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: July 8, 2019

Annexure 'E'

Details of conservation of energy, technology absorption, and foreign exchange earnings and outgo

(A) Conservation for Energy

• The Steps Taken or Impact on Conservation of Energy;

The energy efficiency project at Zone 1 has resulted in saving of more than 6 Billion KWh per year which is equivalent to saving of INR 5.3 Crore. During 2018-19 the Company undertook nearly 125 energy efficiency related projects. Total investment in these projects was INR 3.4 Crore, whereas saving potential is more than INR 5 Crore.

The Company has been operating various captive Coal based Power plants, and Solar power plant. The synchronizing of power between the captive power plant and state power grid has resulted in significant savings in the consumption of natural resources/fuel and also reduces the cost of Energy substantially.

The company is purchasing excess steam available at neighbouring sister company thereby saving the consumption of natural resources by optimizing its utilization.

The company has commissioned SAC plant which runs on recovered steam for recovery of waste acids, thereby saving substantially on the energy required to produce the same amount of product.

The company has successfully completed the project of a generation of low-pressure steam from the waste heat available at the column overhead condenser thereby reducing consumption of natural resources.

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

The company is upgrading its technology thereby converting its batch nitration to continuous nitration, which shall result in reduction in energy consumption.

Further, the company has raised proposal for VAM installation on recovered steam thereby saving in additional used of energy.

The company has few projects in design stage that will enable them to debottleneck certain equipment and enhance productivity thereby saving in additional energy required to manufacture them.

• The Capital Investment on Environment & Greenfield Projects.

Your Company has invested about ₹ 58.15 Crores during FY 18-19 into Environment & Greenfield Projects.

(B) Technology absorption, adaptation and innovation Efforts 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.
- Efforts are made to recover products from the effluents and reducing impurities in by products.

Benefits derived as a result of above efforts:

- Lower project costs for expansion
- Reduction of carbon emissions, waste and effluents
- Value addition
- Exports of higher value-added products resulting in increased foreign exchange earnings.
- Enhancing sustainability

Information regarding technology imported during the last 3 years: NIL

Expenditure incurred on research and development:

	2018-19	(₹ In crores) 2017-18
Revenue	21.87	14.74
Capital	18.65	33.18
Total	40.52	47.92

(C) Total foreign exchange earnings and outgo

The Foreign Exchange Earnings and outgo were ₹ 1832.74 Crores and ₹ 645.99 Crores respectively (previous year ₹ 1592.72 Crores and ₹ 630.53 Crores respectively).

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: July 8, 2019

Report on Corporate Governance

(1) Company's Philosophy on Code of Governance:

Guided by its core values; Care, Integrity and Excellence, your Company is committed to the adoption and adherence to Corporate Governance Practices that ensure; adequate transparency to take informed decision and building Trust for impactful collaboration.

These Governance Practices help enhancement of long-term shareholders value and interest of other Stakeholders and also help to align with our strategy 'Growth with sustainability for a sustainable growth'. The Company is committed to maintain high standards of Corporate Governance to achieve business excellence and strengthen the confidence of all stakeholders.

The Board fully appreciates the need of increased awareness for responsibility, transparency and professionalism in management of the Organisation. Our Board believes that Corporate Governance is not an end, it is just beginning towards growth of Company for long term prosperity. Continuous efforts taken towards strong governance practice have rewarded the Company in the sphere of stakeholders' confidence, valuation, market capitalization and high credit rating.

(2) Board of Directors

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

- i. The Board is constituted with appropriate combination of Executive Directors, Non-Executive Directors and Independent Directors, as per prevailing regulatory requirements. The Board as on March 31, 2019 consisted of 16 (Sixteen) members of whom 7 (Seven) are Executive, 1 (One) is Non-Executive and 8 (Eight) are Independent Director

Name of Directors	Category	Number Total Directorship*	Directorship held in other listed entity	Number. of Committee Membership in other Companies**(excluding Aarti Industries Limited)		Number of Board Meetings Attended	Attendance at last AGM held on September 21, 2018
				Chairman	Member		
Shri Rajendra V. Gogri	Promoter, Chairman and Managing Director	4	Non-Executive Director in Aarti Drugs Limited	1	None	8	Yes
Shri Rashesh C. Gogri	Vice-chairman and Managing Director	5	Executive Managing Director in Aarti Drugs Limited	None	2	8	Yes
Shri Shantilal T. Shah	Promoter, Vice-chairman and Non-executive	4	-	None	None	8	Yes
Shri Parimal H. Desai	Promoter, and Executive	2	-	None	None	7	Yes
Shri Manoj M. Chheda	Executive	2	-	None	None	5	Yes
Smt. Hetal Gogri Gala	Executive	2	-	None	None	7	Yes
Shri Kirit R. Mehta	Executive	3	-	None	None	2	No
Shri Renil R. Gogri	Executive	2	-	None	None	7	Yes
Shri Ramdas M. Gandhi	Independent Non-executive	3	Independent Director In Aarti Drugs Limited Independent Director in Vinyl Chemicals (India) Limited	2	1	3	Yes
Shri Laxmichand K. Jain [#]	Independent Non-executive	None	-	None	None	6	No
Shri P. A. Sethi	Independent Non-executive	1	-	None	None	8	Yes
Shri K.V.S. Shyam Sunder	Independent Non-executive	2	Independent Director in Ladderup Finance Limited	2	None	8	Yes
Shri Bhavesh R. Vora	Independent Non-executive	3	Independent Director in Aarti Drugs Limited	None	2	6	Yes
Prof. Ganapati D. Yadav	Independent Non-executive	1	-	None	None	3	N.A

Name of Directors	Category	Number Total Directorship*	Directorship held in other listed entity	Number. of Committee Membership in other Companies** (excluding Aarti Industries Limited)		Number of Board Meetings Attended	Attendance at last AGM held on September 21, 2018
				Chairman	Member		
Smt. Priti P. Savla	Independent Non-executive	2	Independent Director in Aarti Drugs Limited	None	None	8	No
Shri Radheshyam S. Rohra ^{\$}	Independent Non-executive	None	-	None	None	5	Yes
Shri Vinay Gopal Nayak ^{\$\$}	Independent Non-executive	1	-	None	None	1	N.A.

* This excludes Directorships held in Private Limited, Overseas Companies and Companies incorporated under Section 8 of the Companies Act, 2013.

** Includes Audit Committee and the Stakeholders' Relationship Committee only.

ceased to be director effective from March 31, 2019.

\$ ceased to be director effective from September 28, 2018 due to demise.

\$\$ Appointed as on December 18, 2018 by Board of Directors.

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

ii. Appointment/ Re-appointment during the year:

• Independent Directors:-

Terms and conditions of appointment/re-appointment of independent directors have been disclosed at the Company's website

- Prof Ganapati Yadav and Smt Priti P Savla have been re-appointed as an Independent Directors for a period of five years with effect from September 21, 2018.
- Dr. Vinay Gopal Nayak was appointed as an Additional Director in the category of Independent Director with effect from December 18, 2018.

(b) Board Meetings

During the year 2018-19, 8 (Eight) Board Meetings were held on April 07, 2018; May 11, 2018, June 28, 2018, August 4, 2018, August 16, 2018, November 1, 2018, December 18, 2018 and February 3, 2019

(c) Disclosure of Relationships between the Directors inter-se

- Shri Rashesh C. Gogri is brother of Smt. Hetal Gogri Gala
- Shri Rajendra V. Gogri is father of Shri Renil R. Gogri

(d) Shares held by Non-Executive Directors in the Company as on March 31, 2019

Name	Number of Shares held	% of Total Shareholding
Shri Shantilal T. Shah	1708994	1.97
Shri Ramdas M. Gandhi	9532	0.01
#Shri Laxmichand K. Jain	16550	0.02
Prof. Ganapati D. Yadav	1200	0.00

ceased to be director effective from March 31, 2019.

(e) Code of Conduct:

The Code of Conduct laid down by the Board is applicable to all the Directors and Senior Management of the Company. The Code is posted on the Company's website on the web-link; http://www.aarti-industries.com./media/investors/corporate_governance/1523527263_Code_of_Conduct_Aarti_IndustriesVery_final.pdf. All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2019. A declaration to this effect, duly signed by the Managing Director (CEO) is annexed hereto, also declaration with regards to compliance with the Code of Conduct have been received from all the Board Members and Senior Management Personnel.

(f) Directors Competence/ Skills/Expertise Chart

The Board comprises qualified personnel who have the key skills, competencies and expertise required for the Board members' effective contribution to the Board & its Committees and also for the Board to function effectively. Following is the chart / matrix setting out the requisite skills/competencies/expertise of the Board of Directors of the Company:

The skills and attributes of the Company can be broadly presented as follows:

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

(g) Independent Directors

Separate Meeting of Independent Directors

During the year under review, the Independent Directors met on May 10, 2018 inter-alia:

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

(h) Criteria for Appointment of Independent Directors

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

The Independent Directors have confirmed that they meet the criteria of Independence laid down under the

Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

(i) Confirmation by the Board on fulfillment of Independence of the Independent Directors

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

(j) Confirmation by Resigning Director

Shri L.K.Jain (aged 78 years), the Independent Director of the Company resigned from the Board due to increased travelling and other commitments. The Board had taken on record his long association and contribution to the Company. Shri L. K. Jain expressed his gratitude to fellow Board members, Company and employees and stated that there no other material reason for his resignation other than the one mentioned in his resignation letter.

(k) Familiarization Programme

Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements. Details of familiarization programmes imparted to independent Directors are disclosed on the Company's website www.aarti-industries.com and the weblink thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1523528936_Familiarisation_Programmes_for_Independent_Dir_W8F2pK3.pdf

(l) Certificate from Company Secretary in Practice

Certificate as required under Part C of Schedule V of SEBI (Listing Obligations and Disclosure requirement) Regulation, 2015, received from CS Sunil M. Dedhia proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries, that none of Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the company by Securities and Exchange Board of India /Ministry of corporate Affairs or any such statutory authority was placed before the Board of Directors at their Meeting held on May 21, 2019

(3) AUDIT COMMITTEE:

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with regulation 18 of Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015.

(a) Terms of Reference:

- oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- ii. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
 - iii. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - iv. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions;
 - modified opinion(s) in the draft audit report;
 - v. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - vi. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 - vii. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - viii. approval or any subsequent modification of transactions of the company with related parties;
 - ix. scrutiny of inter-corporate loans and investments;
 - x. valuation of undertakings or assets of the Company, wherever it is necessary
 - xi. evaluation of internal financial controls and risk management systems;
 - xii. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - xiii. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - xiv. discussion with internal auditors of any significant findings and follow up there on;
 - xv. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - xvi. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - xvii. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders shareholders (in case of non-payment of declared dividends) and creditors;
 - xviii. to review the functioning of the whistle blower mechanism;
 - xix. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc of the candidate;
 - xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee;
 - xxi. Reviewing the utilization of loans and/or advances from investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.
- Mandatorily review the following information:
- i. management discussion and analysis of financial conditions and results of operations;

- ii. statement of significant related party transactions (as defined by the audit committee) submitted by the management
- iii. management letters/letters of internal control weaknesses issued by the statutory auditors
- iv. internal audit reports relating to internal control weaknesses; and
- v. the appointed, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- vi. Statement of deviations
 - quarterly statements of deviation(s) including report of monitoring agency, if applicable submitted to the stock exchange(s) in terms of Regulation 32 (1).
 - annual statements of funds utilized for purposes other than those stated in the offer/document/prospectus/notice in terms of Regulation 32(7)

(b) Composition and meeting of Audit Committee in FY 2018-19

Members	Category	Date	10-May-18	28-Jun-18	03-Aug-18	01-Nov-18	31-Jan-19
		Venue	Mumbai	Mumbai	Mumbai	Mumbai	Mumbai
		Timing	12:30	12:30	14:00	11:00	14:00
Shri KVS Shyam Sunder@ (Chairman w.e.f, August 16, 2018)	Independent	5	√	√	√	√	√
Shri P. A. Sethi	Independent	5	√	√	√	√	√
Shri Ramdas M. Gandhi	Independent	3	-	√	√	√	-
Shri Bhavesh R. Vora	Independent	4	-	√	√	√	√
Smt. Priti P. Savla	Independent	5	√	√	√	√	√
Shri Laxmichand K. Jain*	Independent	3	√	-	√	√	-
Shri Rajendra V. Gogri	Executive Director	5	√	√	√	√	√
Shri Rashesh C. Gogri	Executive Director	5	√	√	√	√	√
Shri Parimal H. Desai	Executive Director	3	-	√	√	√	-

* ceased to be director effective from March 31, 2019.

@ Appointed Chairman w.e.f. August 16, 2018 in place of Shri Ramdas M Gandhi.

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

All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise. The Chairperson of the Audit Committee attended the 35th Annual General Meeting held on September 21, 2018.

(4) Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration of Committee ("NRC") has been Constituted in line with the provisions of section 178 of the Companies Act, 2013 read with the Regulation 19 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

(a) Terms of Reference

The terms of reference of the committee shall, inter-alia include the following:

- i. formulation of the criteria for determining qualifications, positive attributes and independent of a director and recommend to the Board of Directors a policy relating to remuneration of the Directors, key managerial personnel and other employees.
- ii. formulation of criteria for evaluation of performance of independence directors and the Board of Directors;
- iii. devising a policy on diversity of the Board.

- iv. identifying persons who are qualified to become directors and who maybe appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- v. whether to extend or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors
- vi. recommend to the Board, all remuneration in whatever form, payable to senior management.

(b) Composition of NRC and its meeting in 2018-19

The Composition of the Nomination and Remuneration Committee and its meeting held in 2018-19 are given below:

Members	Category	Date	10-May-18
		Venue	Mumbai
		Timing	15:30
Shri Ramdas M. Gandhi (Chairman)	Independent	-	-
Shri P. A. Sethi	Independent	1	√
Shri K.V.S. Shyam Sunder	Independent	1	√
Shri Rajendra V. Gogri	Executive Director	1	√

(c) Performance evaluation criteria for Independent Directors

The criteria for performance evaluation includes areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors is carried out by the Board of Directors without presence of the Director being evaluated.

(5) Managerial Remuneration

(a) Policy on Nomination and Remuneration

Criteria and Qualification for Nomination & Appointment

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

Policy on Remuneration

The Company's Remuneration policy considers human resources as its invaluable assets, to pay equitable remuneration to all directors, key managerial personnel and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company.

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

Whole-time Directors

The Company remunerates its Whole-time Director's by way of salary, perquisites and allowances and variable commission based on performance of the Company. Remuneration is paid within the limits recommended by the Nomination & Remuneration Committee and the Board and as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder. The remuneration paid to the Whole-time Director is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance.

Non-executive Directors

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

Key Managerial Personnel and other senior employees

The remuneration of KMP and other employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry and its peer group.

(b) Details of Remuneration to Directors

Non-executive Directors were paid sitting fees at the rate of ₹ 22,000/- for each of the meeting of the Board or Audit Committee thereof attended by them. Also Non-Executive Directors are paid sitting fees at the rate of ₹ 4000/- each for the meetings of other committee(s) attended by them.

Name of Director(s)	Salary and other Perquisites	Commission	Sitting Fees	(₹ in Lakhs)
				Total Remuneration
Shri Rajendra V. Gogri	80.91	350.92	-	431.83
Shri Rashesh C. Gogri	80.91	350.92	-	431.83
Shri Parimal H. Desai	62.71	66.84	-	129.55
Shri Manoj M. Chheda	69.93	66.84	-	136.77
Shri Kirit R. Mehta	43.98	-	-	43.98
Smt. Hetal Gogri Gala	69.93	334.21	-	404.13
Shri Renil R. Gogri	52.80	167.10	-	219.90
Shri Shantilal T. Shah	-	-	2.68	2.68
Shri Ramdas M. Gandhi	-	-	1.32	1.32
Shri Laxmichand K. Jain#	-	-	1.98	1.98
Shri P. A. Sethi	-	-	3.12	3.12
Shri K.V.S. Shyam Sunder	-	-	3.24	3.24
Shri Bhavesh R. Vora	-	-	2.20	2.20
Prof. Ganapati D. Yadav	-	-	0.88	0.88
Smt. Priti P. Savla	-	-	3.08	3.08
Shri Radheshyam S. Rohra\$\$	-	-	1.32	1.32
Shri Vinay G Nayak\$	-	-	0.22	0.22
Total	461.17	1336.83	20.04	1818.04

ceased to be director effective from March 31, 2019.

\$\$ ceased to be director effective from September 28, 2018 due to demise.

\$ Appointed as on December 18, 2018 by Board of Directors.

Notes:

The above figures do not include contribution to Group Gratuity Fund, Group Medclaim & Group Personal Accident.

(6) Stakeholders' Relationship Committee:

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, Stakeholders Relationship Committee (hereinafter referred as SRC) of the Board has been constituted to especially look into the mechanism of redressal of grievances of shareholders.

(a) Terms of Reference

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

(b) Composition of Stakeholder Relationship Committee

The composition of the Stakeholders' Relationship Committee and its meeting held in 2018-19 are given below:

Members	Category	During the year 2018-19	
		Meetings held (16)	Meetings attended
Shri Shantilal T. Shah (Chairman)	Non-executive	2018 (12): 7-Apr, 2-Jul,	16
Shri Rajendra V. Gogri	Executive Director	30-Jul, 13-Aug, 24-Aug, 11-Sep,	16
Shri Rashesh C. Gogri	Executive Director	17-Sep, 24-Sep, 1-Oct, 15-Oct,	15
Shri Manoj M. Chheda	Executive Director	26-Nov, 3-Dec. 2019 (4):	16
Smt. Hetal Gogri Gala (w.e.f. Aug 4, 2018)	Executive Director	21-Jan, 28-Jan, 18-Feb, 11-Mar.	10
Shri KVS Shyam Sunder (w.e.f. Feb 3, 2019)	Independent		2

Shri Raj Sarraf, Company Secretary also act as the Compliance officer of the Company.

(c) Shareholders' Complaint

During the year, 5 (Five) Complaints were received through SCORE portal of SEBI. All the Complaints were resolved to the satisfaction of the Shareholders as on the date of this report. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2019.

(7) Corporate Social Responsibility

Pursuant to provisions of Section 135 of the Companies Act, 2013, 'Corporate Social Responsibility Committee' (hereinafter referred as CSR Committee) of the Board has been constituted:

(a) Terms of Reference:

The terms of reference of CSR committee includes the following:

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

(b) Composition of CSR Committee

The Composition of the Corporate Social Responsibility Committee and its meeting held in 2018-19 are given below:

Members	Category	Date	08-Jun-18
		Venue	Mumbai
		Timing	12:00
Shri Ramdas M. Gandhi (Chairman)	Independent	-	-
Smt. Hetal Gogri Gala	Executive Director	1	√
Shri Kirit R. Mehta	Executive Director	-	-
Shri Shantilal T. Shah (From May 11, 2018)	Non-executive	1	√
Shri K.V.S. Shyam Sunder (From May 11, 2018)	Independent	1	√

(8) General Body Meetings:

(i) Details of Last three Annual General Meetings are as under;

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2015-2016 (33rd AGM)	Friday, September 30, 2016, 11:00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat.	<ul style="list-style-type: none"> Special Resolution under Section 42 and 71 of Companies Act, 2013 to consent for issuing Secured/Unsecured Redeemable Non-Convertible Debentures on private placement basis, aggregating upto ₹ 300 Crores.
2016-2017 (34th AGM)	Wednesday, September 27, 2017, 11:00 a.m.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat.	<ul style="list-style-type: none"> Special Resolution under Section 149 of Companies Act, 2013 to appoint Shri Ramdas M. Gandhi as an Independent Director for the period of 5 (five) years. Special Resolution under Section 149 of Companies Act, 2013 to appoint Shri Laxmichand K. Jain as an Independent Director for the period of 5 (five) years. Special Resolution under Section 42 and 71 of Companies Act, 2013 to consent for issuing Secured/Unsecured Redeemable Non-Convertible Debentures on private placement basis, aggregating upto ₹ 300 Crores.
2017-18 (35th AGM)	Friday, September 21, 2018, 11:00 a.m.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat.	<ul style="list-style-type: none"> Special Resolution under Section 149 of Companies Act, 2013 to appoint Shri Ganpati D Yadav as an Independent Director for the period of 5 (five) years. Special Resolution under Section 149 of Companies Act, 2013 to appoint Shri Priti P. Savla as an Independent Director for the period of 5 (five) years. Special resolution under Section 180 of Companies Act, 2013 to set the borrowing limit to ₹ 3, 500 Crore. Special Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to re-appoint Shri Shantilal Shah, aged 79 years liable to retire by rotation. Special Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to continue appointment of Shri Ramdas Gandhi, aged 85 years. Special Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to continue appointment of Shri KVS Shyam Sunder, aged 76 years.

(ii) During the year under review 1 special resolution has been passed through the exercise of Postal Ballot and the details of same are given below:

Date of Postal Ballot Notice:	December 11, 2018
Voting Period:	December 16, 2018 – January 14, 2019
Date of declaration of result	January 15, 2019
Date of passing of resolution	January 14, 2019

A summary of the voting pattern is as follows:

Resolution	Votes cast in favour (%)	Votes cast against (%)
Issue of Securities by way of QIP	99.99	0.01

CS Sunil Dedhia, Proprietor of Sunil M. Dedhia & Co. Dedhia & Associates, Practicing Company Secretaries was appointed as the Scrutinizer for carrying Postal Ballot process in a fair and transparent manner.

- (iii) No Special Resolution is proposed to be conducted through Postal Ballot at the forthcoming AGM.
- (iv) Procedure for Postal Ballot

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of Central Depository Services (India) Ltd ("CDSL") for the purpose of providing e-voting facility to all its members. The members had an option to vote either by postal ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members/ list of beneficiaries as on cut – off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with the depository participants/Company's Registrar & Share Transfer Agents. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut – off date. Members desiring to vote through postal ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Chairman of the Company. The results were displayed on the website of the Company (<https://www.aarti-industries.com/>), besides being communicated to the Stock Exchanges.

(9) Means of Communication

Quarterly and annual financial results are published in Financial Express (English) edition and (Gujarati) edition published from Ahmedabad.

These results and official news releases are also available on the website of the Company (www.aarti-industries.com). All data required to be filed electronically or otherwise

pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely, National Stock Exchange (www.nseindia.com) and BSE Ltd. (www.bseindia.com) and available on their websites as well.

Detailed presentations are made to institutional investors and financial analysts on the Company's audited quarterly as well as audited annual financial results. These presentations/Con-call transcript are also uploaded on the Company's website (www.aarti-industries.com).

(10) General Shareholders Information

- (i) The Day, date, time and venue of the 36th Annual General Meeting:

Day	Date	Time	Venue
Monday	16 September 2019	11:00 A.M.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi 396195, Dist. Valsad, Gujarat.

(ii) Tentative Financial Calendar:

Financial Year	April 1, 2019 to March 31, 2020
Adoption of Quarterly Results for the quarter ending :	
June, 2019	1st/2nd week of August, 2019
September, 2019	1st/2nd week of November, 2019
December, 2019	1st/2nd week of February, 2020
March, 2020	1st/2nd/3rd week of May, 2020

(iii) Record Date

August 28, 2019

(iv) Date of Payment of Dividend

on or before; September 30, 2019

(v) Listing on Stock Exchanges:

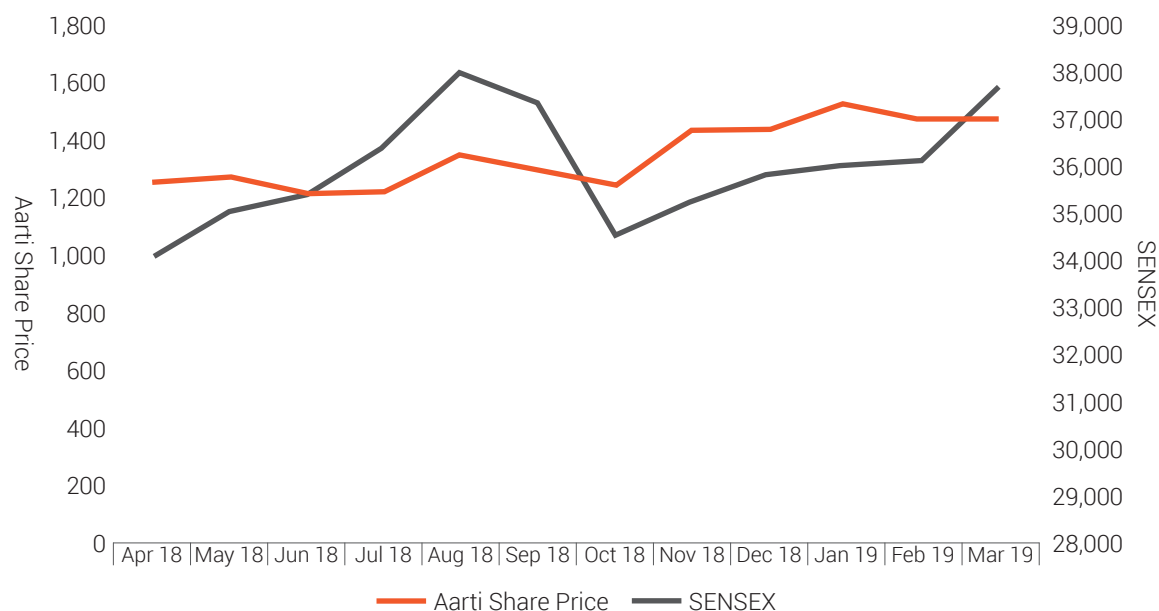
Stock Exchange	Stock Code/Symbol
National Stock Exchange of India Limited	AARTIIND
Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	
BSE Ltd.	524208
Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001	

(vi) Listing Fees and Annual Custodian Fee:

The Company has paid the Annual Listing Fees to the Stock Exchange and Annual Custodian fee to National Securities Depositories Limited and CDSL for the year 2019-20

(vii) Market Price Data: High Low during each month in last financial year.

Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2018	1358.95	1137.80	85,345	1360.00	1141.55	1,173,008
May 2018	1350.00	1196.05	58,454	1354.05	1196.10	578,027
June 2018	1299.90	1090.00	108,106	1300.00	1150.00	606,610
July 2018	1278.00	1180.05	219,967	1279.45	1182.00	420,485
August 2018	1434.95	1225.10	142,027	1445.00	1215.00	927,545
September 2018	1375.00	1170.00	172,315	1384.95	1100.00	411,025
October 2018	1322.40	1106.10	46,789	1325.00	1104.85	809,147
November 2018	1519.00	1298.45	246,445	1519.95	1312.70	1,273,258
December 2018	1480.00	1353.65	72,934	1475.00	1350.55	1,047,000
January 2019	1657.90	1421.50	208,915	1659.50	1422.00	1,508,824
February 2019	1791.50	1301.55	167,386	1807.85	1300.00	3,227,032
March 2019	1596.00	1394.00	199,325	1604.00	1398.25	2,938,528

(viii) Performance in comparison to broad based indices BSE SENSEX:


(ix) Registrar and Transfer Agent

M/s. Link Intime India Private Limited
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Tel No: +91 22 49186000
Fax: +91 22 49186060
e-mail: rnt.helpdesk@linkintime.co.in
ebsite: www.linkintime.co.in

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

(x) Debt Securities – Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai-400 001
Ph:- +91 (22) 4080 7001
Fax: +91 (22) 6631 7776
e-mail: itsl@idbitrustee.com
Website: <http://www.idbitrustee.com>

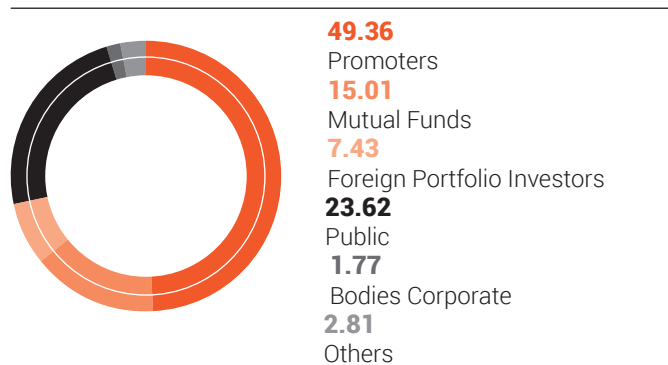
(xi) Share Transfer System:

The Stakeholders' Relationship Committee comprising of Shri Shantilal T. Shah, Shri Rajendra V. Gogri, Shri Rashesh C. Gogri, Shri Manoj Chheda, Smt. Hetal Gorgri

Gala and Shri KVS Shyam Sunder meets for approval of the transfer, dematerialisation, etc. Reports on Share Transfer/Transmission are placed before the Board from time to time.

(xii) Shareholding Pattern as on March 31, 2019

Category	No. of Shares	%
Promoters	42779984	49.36
Mutual Funds	13007463	15.01
Foreign Portfolio Investor	6439379	7.43
Public	20470415	23.62
Bodies Corporate	1532837	1.77
Others	2438569	2.81
Total	86668647	100.00

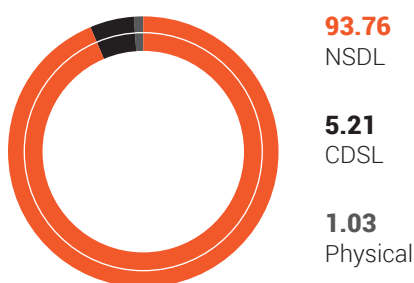
**(xiii) Distribution of Shareholding as on March 31, 2019**

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-500	29094	85.2646	2208434	2.5481
501-1000	2176	6.3771	1568829	1.8101
1001-2000	1627	4.7682	2156120	2.4878
2001-3000	320	0.9378	806683	0.9308
3001-4000	151	0.4425	533948	0.6161
4001-5000	112	0.3282	517915	0.5976
5001-10000	223	0.6535	1608796	1.8563
Above 10000	419	1.2279	77267922	89.1533
Total	34122	100.00	86668647	100.00

(xiv) Dematerialization of shares and liquidity

98.97% of the Paid-up Capital is held in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2019 under ISIN No: INE769A01020.

	NSDL	CDSL	Physical	Total
Shares (nos)	81263404	4511950	893293	86668647
Shares (%)	93.76	5.21	1.03	100.00



(xv) Liquidity of Shares:

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

(xvi) ADRs/GDRs/Warrants

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

(xvii) Commodity price risk or foreign exchange risk AND hedging activities

During the year 2018-19, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 34 to the Annual Accounts.

(xviii) Plant Locations

- Plot Nos. 801, 801/15 to 19, 21, 22 & 23, 802, 803, 804/1-2-3, 806 & 807, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 902 & 923, 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.
- Plot Nos. 758/1-2-3, 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. 126, 134, 135 & 136, 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, and E-59 MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. K - 17/18/19, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. L - 4, L - 5, L - 8 & L - 9/1 and L - 10, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. K - 65, K - 67, MIDC, Tarapur, Dist. Thane, Maharashtra.
- Plot No. D - 54, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra
- Plot No. Z/103/H, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.

Upcoming plants

- Diamond, Plot No. Z/103/C, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.
- Saffron, Diamond, Plot No. Z/111/B, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.

(xix) Address for correspondence

- Corporate and Head office: 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai-400 080
- Registered office: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat.

(xx) List of all credit rating

There was no credit revision in the credit ratings during the year under review. Following is the summary of credit ratings obtained by the Company:

Facilities	CRISIL Rating	Facilities	India Ratings and Research Rating
Long Term Rating	AA-/Stable	Term Loan	IND AA-/Stable
Short Term Rating	Crisil A1+	Working Capital Facilities	IND AA-/Stable

(xxi) R & D Centers

- Plot No. 801, GIDC Estate, Phase III, Vapi- 396 195, Valsad Gujarat
- Plot No. D-54, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.
- Plot No. 22/C/1, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.

- Plot No. A-94/1, MIDC, TTC Industrial Area, Trans, Village Limits of Khairane Taluka, Navi Mumbai 400 709 (upcoming R&D center)

(xxii) Compliance Officer

Shri Raj Sarraf
Company Secretary
71 Udyog Kshetra, 2nd Floor,
Mulund-Goregaon Link Road,
L.B.S. Marg, Mulund (West),
Mumbai-400 080.

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

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

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on April 1, 2018.	197	139220	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	8	4450	4	2550
Number of shareholders to whom shares were transferred from the suspense account during the year.	8	4450	4	2550
Shares Transferred to IEPF A/c	22	14500		
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	140	117720	--	--

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2019 shall remain frozen till rightful owner of such shares claim the shares.

(xxiv) CEO/CFO Certification

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates are duly signed by Shri Rajendra V. Gogri, CEO and Shri Chetan B. Gandhi, CFO were placed at the Meeting of the Board of Directors held on July 8, 2019.

- (ii) There was No Non-Compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI), or any statutory authority on any matter related to the capital markets during the last three years.

(11) DISCLOSURES

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

As required under Regulation 23(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on dealing with related party transactions. The said policy is also available on the website of the Company. The weblink thereto is

http://www.aarti-industries.com/media/investors/corporate_governance/1496727334_Related_Party_Transaction_Policy.pdf

- (iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013, Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's code of conduct. The same has been put up on the website of the Company on following weblink : http://www.aarti-industries.com/media/investors/corporate_governance/1494923104_Whistle_Blower_Policy_Ammended.pdf

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

- (iv) The Company has complied with all the mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (v) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted on the website of the Company on the following web link; http://www.aarti-industries.com/media/investors/corporate_governance/1494923294_Policy_for_determining_Material_Subsidiary17.6.16.pdf
- (vi) Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) The Company has received an amount of ₹ 749.99 Crores by way of issuance of 53,68,647 shares of ₹ 5 at a premium of ₹ 1392 each. The Company as on March 31, 2019 has utilized an amount of ₹ 10.60 Crores (including GST)
- (vii) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is part
- (viii) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013
- | | |
|--|-----|
| number of complaints filed during the financial year | NIL |
| number of complaints disposed of during the financial year | NIL |
| number of complaints pending as on end of the financial year | NIL |
- (ix) The Company has complied with all the mandatory requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (x) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a code of Conduct to regulate, monitor and report trading by Insiders.

Particulars	(In crores) Amount
Audit Fees	0.34
Certification Charges	0.06
Out of pocket expenses	0.01
Total	0.41

(12) Discretionary Requirements

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

Sr. No.	Particulars	Remarks
1.	Non-executive Chairman's Office	The Company does not have Non-executive Chairman.
2.	Shareholders' Rights	As the quarterly and half-yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	The Company's financial statement for the year 2018-19 is unmodified.
4.	Separate posts of Chairman and CEO	The Company does not have separate post of Chairman and MD/CEO.
5.	Reporting of Internal Auditor	The Internal Auditor reports to Chairman & Managing Director and has direct access to the Audit Committee.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: May 21, 2019

CEO's Certification

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

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: May 21, 2019

Auditor's Certificate on Corporate Governance

To
The Members of
Aarti Industries Limited

Dear Sir,

Background:

We, Kirtane & Pandit LLP, Chartered Accountants, are the Statutory Auditors of Aarti Industries Limited ("AIL" or "the Company") having its registered office at plot nos. 801,801/23, GIDC Estate, Phase III, Vapi, District Valsad, Gujarat - 396 195. This certificate is being issued to Aarti Industries Limited (The Company) as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations.

Management Responsibility:

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

Auditor's Responsibility:

We have examined (a) the minutes of the meetings of the board of directors of the Company (the "Board") and of committees of the Board, the annual general and extra-ordinary general meetings of the shareholders of the Company; (b) declarations made by the Board under relevant statutory / regulatory requirements; (c) relevant statutory registers maintained by the Company; and (d) such other documents and records of the Company as we deemed necessary, in connection with ascertaining compliance with the conditions of corporate governance by the Company, as prescribed under the, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations").

We have conducted our examination in accordance with the Guidance Note on Reports and Certificates for special purposes issued by the Institute of Chartered Accountants of India. The guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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

Opinion:

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

Restriction on use:

The Certificate is issued to the company solely for their consideration and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Disclaimer:

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.

Yours faithfully,

For M/s Kirtane & Pandit LLP,

Chartered Accountants

Firm Registration No:- 105215W/W100057

Place: Mumbai

Date: 21st May, 2019

Milind Bhawe

Partner

Membership No.: 047973

UDIN: 19047973AAAADQ3719

Business Responsibility Report

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L24110GJ1984PLC007301
2	Name of the Company	Aarti Industries Limited
3	Registered address	Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396195
4	Website	www.aarti-industries.com
5	E-mail id	investorrelations@aarti-industries.com
6	Financial Year reported	April 1, 2018 to March 31, 2019
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical 201 Pharma 210
8	List three key products/services that the Company manufactures / provides (as in balance sheet)	Para dichloro benzene Ortho nitro aniline Para nitro chloro benzene
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	15 Manufacturing Facilities
10	Markets served by the Company – Local / State / National /International	All: Local, State, National and International (mainly America, Europe, China & Japan).

Section B: Financial Details of the Company

1	Paid up Capital (INR)	As on March 31, 2019 the paid up capital of the Company stood at ₹ 43.33 crores consisting of 8,66,68,647 nos. of Equity Shares of ₹ 5 each.
2	Total Turnover (INR)	As on March 31, 2019; The Turnover of the Company is ₹ 4,548 crores
3	Total profit after taxes (INR)	As on March 31, 2019; The Net Profit of the Company is ₹ 481 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Pl. refer. Summary of CSR spending on page no. 58
5	List of activities in which expenditure in 4 above has been incurred:-	Pl. refer. Project wise summary under CSR Report on page no. 58

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	The Company has 8 subsidiary companies as on March 31, 2019: <ul style="list-style-type: none"> ● Aarti Corporate Services Limited ● Aarti Polychem Private Limited ● Ganesh Polychem Limited ● Innovative Envirocare Jhagadia Limited ● Alchemie (Europe) Limited ● Aarti USA Inc. ● Shanti Intermediates Private Limited ● Nascent Chemical Industries Limited
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
3	Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No.

Section D: BR Information

1. Details of the Director and BR responsible for implementation of the BR policy / policies

1	DIN Number	00005499	01582147
2	Name	Smt. Hetal Gogri Gala	Shri Renil Rajendra Gogri
3	Designation	Whole Time Director	Whole Time Director
4	Telephone No.	+91 22 6797 6666	+91 22 6797 6666
5	E-mail id	hetal@aarti-industries.com	renil@aarti-industries.com

Section D: BR information

2. Principle-wise (as per Non-Voluntary Guidelines) BR Policy/policies

Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policies / Guidelines on >>	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
1	Do you have a policy/ policies for...								
2	Has the policy being formulated in consultation with the relevant stakeholders?								
3	Does the policy conform to any national / international standards? If yes, specify?								
4	Has the policy being approved by the Board? if yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?								
5	Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?								
6	Indicate the link for the policy to be viewed online?								

Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policies / Guidelines on > >	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.								
8 Does the company have in-house structure to implement the policy/ policies?									
9 Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?									
10 Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	In addition to the Statutory Audits, Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.								

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

The Core Values, which govern working of the Company, are Care, Excellence and Integrity. The Company nurture - a culture of high integrity and is proud that its employees demonstrate behavior that is honest and transparent. The Company has adopted the Code of Conduct ('CoC' or 'Code') with the aim to follow and maintain the highest ethical and moral standards, in compliance with the applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage / gains.

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

The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by:

- Well-structured internal control systems for regular assessment of effectiveness of company's code of conduct, its understanding and adherence.
- A robust governance structure that evaluates and monitors Compliance to the Code.

An effective vigil mechanism/whistle blower policy is in place to report to the management, instances on unethical behavior and any violation of the Company's Code of Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment. No complaint was received in 2018-19.

Principle 2: Sustainability
Business should provide goods and services in a manner which is Safe and Sustainable

Defining the purpose 'Right Chemistry for Brighter Tomorrow' the Company deals in goods, services and processes that are safe and contribute to sustainability throughout their lifecycle. Over the years we have constantly improved our recoveries and reduced hazardous waste generation, improved on water conservation and energy consumption. We have also adopted new technologies to optimally use available natural resources to improve our environment footprint.

The Company practices the motto of 'safety first' for employees and our stakeholders in all our operations. In doing so, the Company maintains detailed, up-to-date programs covering Safety, Health, Environment, Fire, Security, Compliance, Hazards communication, and Emergency Preparedness etc. Company has embarked on an initiative "BE-SAFE: By employees, sustainability assurance for employees" at all the manufacturing locations The Company is actively committed to the continuous improvement in the standards of Safety and Health at the workplace through harmonization of the systems across the manufacturing locations which are guided through systemic structured frame work of our own Aarti Management system (AMS).

It is very important for the Company to combine economic success with acting sustainably and responsibly towards its customers and suppliers as well as the environment and its employees. During the product development process, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable, there are systems in place that help identify risks and plans to mitigate each risk. Major manufacturing locations have been accredited with OHSAS-18001, ISO-9001 & 14001.

The Company partners with the customer at the product development stage itself, discussions focus around quality, packaging, H&S, and environmental parameters like resource

efficiencies. Improvement in product quality reduces waste generation at the customer's end, at each stage samples are tested at the customer's end, this helps to minimize negative impacts and improve quality.

- **Product labelling**

The Company endeavors to provide customers with appropriate labeling and signage. The Company discloses all required information truthfully and factually including the risks to the individual. Where required, the Company also educates their customers on the safe and responsible usage of their products including guidelines for product handling, storing at customers end, the same is visibly placed on all product packaging.

- **Sustainable sourcing**

The company believes in and follows a Responsible Sourcing Policy with utmost focus on environmental and social aspects. Identification of a supplier is always on the basis of its long term capabilities, technological competencies, growth plan and commercial competitiveness.

The Company ensures the sustainability of resources by reducing, reusing, recycling and managing waste. It has embraced the "3-R" (Reduce, Reuse and Recycle) philosophy for all types of wastes leading to minimization of air emissions, liquid effluents, solid wastes, in line with legal requirements and industry best practice.

Principle 3: Welfare of Employees

Businesses should promote the well-being of all employees

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

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

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

Principle 4: Stakeholders' Engagement

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

The Company deals with all those it comes in contact with fairness and integrity. The Company acknowledges its responsibility towards its stakeholders and is committed to

engaging with all concerned stakeholders who are directly or indirectly affected by the business processes and decisions. The Company endeavours to understand their concerns, defines purpose and scope of engagement, commits to engaging with them and resolves differences with stakeholders in a just, fair and equitable manner

The Company acknowledges and assume responsibility by being transparent about the impact of its policies, decisions, product & services and associated operations on the stakeholders.

Principle 5: Human Rights

Businesses should respect and promote human rights

Respect for human rights is an integral part of our corporate responsibility. The Company respects the dignity and individual rights of every employee and colleague as well as third parties with whom it does business.

The Company ensures that human rights enshrined in the Constitution of India and the International Bill on Human rights is not violated across its operations. The Company ensures that all individuals impacted by the business have access to grievance mechanisms, no such complaints were received in the period under review.

Principle 6: Environment, Health and Safety

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

We envisage our company to create a progressive legacy for our only silent stakeholder – Environment. Our endeavours for this reporting period revolved around creating a culture of care for nature's assets and necessary technological interventions to go green & sustain. The way forward is predicted by our strategic decisions towards a positive footprint aligned with our investments for various environmental initiatives.

Our Health, Safety and Environment policy covers all our operations, projects and personnel associated with company. Our procurement policy, encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers'.

Most of our operations are in a state of Gujarat, India which is water scarce region and we see a climate change as a material concern for our business and stakeholders. Our focus is on both climate mitigation and adaption measures. The Company has undertaken several water conservation measures for reduction in fresh water intake. These include continual improvement in specific water consumption; adoption of best practices to achieve zero discharge in the Company's operating units.

As a responsible corporate entity, the Company measures its carbon footprint and constantly focuses on reducing the same. We continuously monitor our Greenhouse Gas emission intensity for reduction and endeavour to minimize our carbon footprint. We have also initiated the process of reporting our

sustainability performance as per the GRI Standards in our Sustainability report.

Environmental risks are regularly identified and assessed through structured on-line compliance management system (CMS). The risk register is being maintained by all units as per Risk Management policy and major risks are being reviewed periodically at the corporate level. Hazard Identification and Risk assessment are also conducted as part of a safety management system to identify potential environmental hazards and risks.

Environment incidents are being captured through an online module. Root cause analysis is being done through why-why analysis and leanings are being shared to all units to avoid the re occurrence.

We are well within the prescribed limits by the relevant pollution control authorities. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment. Regular monitoring is carried out of significant air emission parameters, such as Particulate Matter, Nitrogen Oxide and Sulphur Dioxide to ensure compliance with regulatory requirement.

All wastes are being stored at earmarked places and timely disposed through the approved registered recyclers as per the Hazardous Waste rules. The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit is carried out on a regular basis. The Company has measures across units to ensure waste minimization, segregation at source and recycling.

Principle 7: Policy Advocacy

The Company is a member of various trade chambers and associations which provide a platform to get actively involved in trade promotion, technology up-gradation, quality enhancement and collection and dissemination of information pertaining to regulatory reforms, its impact, industry's growth and development.

The membership aspires to identify opportunities to bolster domestic manufacturing, fostering innovation, enhancing skill development, protecting intellectual property and building best in class manufacturing infrastructure in the country.

The Company utilizes the following trade and industry chambers and associations to undertake policy advocacy.

- Bharuch District Manufacturers Association, Gujarat India
- Bombay Chamber of Commerce
- CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council

- Confederation of Indian Industry (CII)
- Dahej Fire Safety Committee, Gujarat India
- Dahej Industrial Association, Gujarat India
- Federation of Indian Chambers of commerce and Industry (FICCI)
- Federation of Indian Export Organisation
- Indian Chemical Council
- Indian Institute of Chemical Engineering (IICChE)
- Indian Merchants Chamber (IMC)
- Kutch Industrial Association
- Rotary Club of Dahej, Gujarat India
- Tarapur Industrial Manufacturers Association (TIMA), Maharashtra India
- United Nation Global Compact Network of India
- Vapi Emergency Control Centre, Gujarat India
- Vapi Industrial Association

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

Principle 8: Inclusive Growth and Equitable Development

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

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

Principle 9: Customer Centricity

The Company's sustainable manner of conducting business is based on fairness, mutual respect, and integrity. Taking into account ecological and social criteria along the entire value chain and reducing the consumption of resources are firmly anchored in the Company's corporate management principles.

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

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

The Research and development team focus on developing the processes and products that have minimal impact on the environment, and enhancing safety during manufacturing and add more value to our customers by improving its performance. The core of these developments is a commitment

to sustainability by designing process with high product yields, low effluent, lower waste and technology development resulting in a reduction in overall carbon footprint. The approaches are thoughtfully created by conducting process safety studies and strengthening the fundamentals of chemistry to deliver efficient products.

The Company strives to always deliver the highest-possible quality to its customers while maintaining cost efficiency and reliability of supply. Modern quality management techniques and integrated planning across the entire supply chain ensure that all of these requirements are being met. Commitment to quality and our innovative strength, coupled with sophisticated technological expertise and an in-depth understanding of systems, are our key factors for success.

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director

Place: Mumbai
Date: July 8, 2019

Independent Auditor's Report

**To the Members of
Aarti Industries Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Aarti Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to the Key Audit Matters to be communicated in the Report.

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
1	<p>Accuracy, Completeness and disclosure with reference to IND AS-16 of Property, Plant and Equipments (Including CapEx)</p> <p>Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and multiple IT systems used for maintaining Fixed Asset Register (FAR), tracking and monitoring CapEx requires more attention to ensure reasonable accurateness and completeness of financial reporting in respect of Property, Plant and Equipments.</p> <p>Further, technical complexities requires management to assess and make estimates/judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results</p> <p>Refer note 1 to financial statements</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> a) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16. b) We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. c) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment d) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.

- 2 Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2
- Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations. Further due to continuous nature of plant operations and the raw materials which are basically chemicals, management has to exercise its judgment in assessing stage of the product and its valuation.
- Refer note 4 to financial statements

- e) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013.
- f) We have carried out physical verification on sample basis in respect of Property, Plant and Equipment.
- g) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- a) We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2.
- b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.
- c) We have carried out substantive audit procedures level to verify the allocation of overheads to Inventory.
- d) We have carried out physical verification of Inventory on test check basis.
- e) We have verified consistency in respect of valuation process and methodology followed

- 3 Accuracy, Completeness and disclosure pertaining to the effect of composite scheme of arrangement with reference to Ind AS 103
- The composite scheme of arrangement in respect of demerger of Home and Personal Care (HPC) undertaking from Aarti Industries Limited to Aarti Surfactants Limited and demerger of manufacturing undertaking of Nascent Chemical Industries Limited, step down subsidiary of Aarti Industries Limited, being transferred to Aarti Industries Limited was approved by honourable National Company Law Tribunal, Ahmedabad Bench vide its order dated June 10, 2019. The said scheme comes into effect from April 1, 2018.
- To give effect to the said scheme the ensuring accurate and complete identification of assets, liabilities and operating results of undertaking being transferred and of the undertaking being merged in the books of the company was utmost important for the true and fair presentation of financial statements along with appropriate disclosure notes.

Our audit approach consisted reviewing the composite scheme of arrangement followed by applying appropriate substantive tests as summarised below:

- a) In respect of HPC undertaking being transferred to Aarti Surfactants Limited, the assets, liabilities and operating revenues and expenses pertaining to said undertaking identified by the management were verified with the books of account
- b) Consistency in respect of allocation of general and administrative expenses to the HPC undertaking were checked
- c) Adjustments in the financial statement for carving out assets, liabilities, operating revenues and expenses (including allocated general and administrative expenses) were verified
- d) Audit of Nascent Chemical Industries Limited has been conducted by other independent professional firm. We have reviewed audited financial statements together with disclosure notes of Nascent Chemical Industries

Audit Matters

Auditor's Response
Audit Approach and Principal Audit Procedures

	<p>Limited and the audit report issued by its auditor before giving effect to carving out of its manufacturing undertaking pursuant to the composite scheme of arrangement.</p> <p>e) We have obtained and reviewed audited segment financials for the manufacturing undertaking of Nascent Chemical Industries Limited and audited financials of Nascent Chemical Industries Limited after carving out its manufacturing undertaking pursuant to the said scheme</p> <p>f) Adjustments for incorporating the manufacturing undertaking of Nascent Chemical Industries Limited in the financial statements were verified</p> <p>g) Disclosures in financial statement after giving effect to the said scheme were reviewed for appropriateness in terms of Ind As 103</p>
<p>4 Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts</p> <p>The contracts entered into covers a span of 10 to 20 years. Estimated exports which will happen over the period of contract at a later stage requires management to exercise its judgment. Based on the judgment and the carrying value of the advances received, its fair presentation is critical</p> <p>Refer note 13 to financial statements</p>	<p>The Company has entered into long term contracts for exports of materials. Under these contracts the Company has received advances to expedite establishment of production facilities.</p> <p>Our audit approach consisted substantive testing as follows:</p> <p>a) We have reviewed the terms of contracts entered into by the Company</p> <p>d) The classification, presentation of the said advances received under these contracts was tested</p> <p>c) The fairness of value reflected in financial statement was verified and tested</p> <p>d) Disclosure notes pertaining to said advances in financial statement was reviewed</p>

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report with its annexures, but does not include Standalone Financial Statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The composite scheme of arrangement in respect of demerger of Home and Personal Care undertaking from Aarti Industries Limited to Aarti Surfactants Limited and demerger of manufacturing undertaking of Nascent Chemical Industries Limited, step down subsidiary of Aarti Industries Limited, being transferred to Aarti Industries Limited was approved by honourable National Company Law Tribunal, Ahmedabad Bench vide its order dated June 10, 2019. The said scheme comes into effect from April 1, 2018. The financial statements have been drawn giving effect to the composite scheme of arrangement.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 25 to the Standalone Financial Statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No. 105215W/W100057

Milind Bhawe
Partner
M. No. 047973
UDIN: 19047973AAAAEA8784

Place: Mumbai
Date: July 8, 2019

Annexure A to the Auditor's Report

March 31, 2019

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

We have audited the internal financial controls over financial reporting of Aarti Industries Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No. 105215W/W100057

Milind Bhawe
Partner
M. No. 047973
UDIN: 19047973AAAAEA8784

Place: Mumbai
Date: July 8, 2019

Annexure A to the Auditor's Report

March 31, 2019

Annexure B referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Aarti Industries Limited on the accounts of the company for the year ended March 31, 2019.

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has been conducted physical verification of the inventories at reasonable intervals, except inventories lying at the third parties; confirmation of such stock has been obtained. No major discrepancies were found in the physical verification. All minor discrepancies have been properly dealt with in books of accounts.
- (iii) According to the information and explanation given to us the Company has granted unsecured loans, to its subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013,
 - a) In our opinion, the terms and conditions of the granted loans are not prejudicial to the company's interest;
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited on account of any disputes.
- b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts are regular;
- (iv) In our opinion and according to the information and explanations given to us in respect of loans, investments, guarantees and security, provisions of Section 185 and section 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) The company has maintained cost records under sub-Section (1) of Section 148 of the Act. We have not carried out any detailed examination of such records.
- (vii) According to the information and explanations given to us and based on the records of the company examined by us,
 - (a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Custom Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;

According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Custom Duty and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they become payable.

Nature of Tax /Duty	Amount ₹ Crores	Period	Forum where dispute is pending
Central Excise, Customs Duty, Service Tax, Interest & Penalty	36.79 42.72	FY 2001-02 to 2016-17	Commissionerate Appellate Authorities and Tribunals
Income Tax, interest & penalty	5.52 0.37	FY 2008-09 to FY 2015-16	Commissionerate Appellate Authorities and Tribunals

- (viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion, and according to the information and explanations given to us, the Company does not raise money by way of initial public offer or further public offer and term loans, other than for what it was purposes.
- (x) During the course of audit, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the year. .
- (xi) In our opinion, the company has been paid or payable managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act. . If not, state the amount involved and steps taken by the Company for securing refund for the same.
- (xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.
- (xiii) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliances with the section 177 & 188 of

the Companies Act, 2013 and details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment and private placement of shares during the year. The Company has complied with the requirement of Section 42 of the Act and amount raised have been used for the purposes for which the funds were raised other than temporary deployment pending application of proceeds.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No. 105215W/W100057

Milind Bhawe
Partner
M. No. 047973
UDIN: 19047973AAAAEA8784

Place: Mumbai
Date: July 8, 2019

Balance Sheet

as at 31st March, 2019

Particulars	Note No.	(₹ in Crs)	
		As at 31st March, 2019	As at 31st March, 2018
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	1,978.57	1,842.98
Capital Work-in-Progress	1	794.57	431.18
Intangible Assets	1	0.90	1.30
Financial Assets			
Investments	2	33.36	55.90
Other Non-Current Assets	3	296.97	217.01
Total Non-Current Assets		3,104.37	2,548.37
Current Assets			
Inventories	4	700.91	686.75
Financial Assets			
Trade Receivables	5	806.05	703.23
Cash and Cash Equivalents	6	797.08	23.93
Others Current Financial Assets	7	185.73	194.76
Other Current Assets	8	33.73	24.46
Total Current Assets		2,523.50	1,633.13
Total Assets		5,627.87	4,181.50
Equity and Liabilities			
Equity			
Equity Share Capital	9	43.33	40.65
Equity Share Capital pending allotment upon scheme of Arrangement	10	0.22	NIL
Other Equity	11	2,517.08	1,474.52
Total Equity		2,560.63	1,515.17
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	807.76	897.43
Other Non Current Liabilities	13	203.24	64.00
Deferred Tax Liabilities (Net)	14	170.98	159.36
Total Non-Current Liabilities		1,181.98	1,120.79
Current Liabilities			
Financial Liabilities			
Borrowings	15	1,262.50	986.83
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		265.47	346.60
Other Current Liabilities	16	319.40	184.62
Provisions	17	37.89	27.49
Total Current Liabilities		1,885.26	1,545.54
Total Liabilities		3,067.24	2,666.33
Total Equity and Liabilities		5,627.87	4,181.50
Significant Accounting Policies See accompanying Notes to the Financial Statements	1-39		

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Statement of Profit and Loss

for the year ended 31st March, 2019

Particulars	Note No.	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Revenue			
Revenue from Operations	18	4,547.82	3,699.31
Other Income	19	4.53	2.13
Total Revenue		4,552.35	3,701.44
Expenses			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	2,538.52	2,115.79
Purchases of Stock-in-Trade		143.13	102.90
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	(47.54)	(69.74)
Employee Benefits Expense	22	230.71	176.80
Finance Costs	23	179.15	130.74
Depreciation and Amortisation Expenses	1	151.03	135.77
Other Expenses	24	766.30	716.83
Total Expenses		3,961.30	3,309.09
Profit Before Tax		591.05	392.35
Tax Expenses			
Current Year Tax		129.16	79.00
MAT Credit Entitlement		(37.40)	(20.50)
Deferred Tax		18.01	17.41
Total Tax Expenses		109.77	75.91
Profit After Tax		481.28	316.44
Other Comprehensive Income			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of Various Qualifying Items		0.93	(3.09)
Total Comprehensive Income for the Year		482.21	313.35
Earnings Per Equity Share (EPS) (in ₹)	25		
Basic/Diluted		59.10	38.92
Significant Accounting Policies See accompanying Notes to the Financial Statements	1-39		

As per our attached report of even date

For **Kirtane & Pandit LLP**

Chartered Accountants

FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhave

Partner

M.No.047973

Rajendra V. Gogri

Chairman and
Managing Director

DIN: 00061003

Rashesh C. Gogri

Vice Chairman and
Managing Director

DIN:00066291

Shantilal T. Shah

Vice Chairman

DIN:00004850

Place: Mumbai

Date: July 8, 2019

Chetan Gandhi

Chief Financial Officer

Raj Sarraf

Company Secretary

Cash Flow Statement

for the year ended 31st March, 2019

		(₹ in Crs)	
Sr. No.	Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
A.	Cash Flow from Operating Activities:		
	Net Profit before Tax and Exceptional/Extraordinary Items	591.05	392.35
	Adjustments for:		
	Finance Costs	179.15	130.74
	Depreciation and Amortization Expenses	151.03	135.77
	Loss on Sale of Assets/Investment	NIL	0.39
		921.23	659.25
	Profit on Sale of Assets/Investment	(1.67)	(0.39)
	Dividend Income	(2.48)	(1.27)
	Lease Rent Income	(0.07)	(0.26)
	Operating Profit before Working Capital Changes	917.01	657.33
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(159.44)	(162.64)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	124.24	52.91
	(Increase)/Decrease in Inventories	(64.00)	(140.16)
	Cash Generated from Operations	817.81	407.44
	Direct Taxes Paid	(117.48)	(95.39)
	Net Cash Flow from Operating Activities (A)	700.33	312.05
B.	Cash Flow from Investing Activities:		
	Addition to Property, Plant & Equipment/Capital WIP	(771.06)	(578.57)
	Sale/Written off of Property, Plant & Equipment	2.58	0.45
	(Increase)/Decrease in Other Investments	(2.05)	0.50
	(Increase)/Decrease in Investments in Subsidiary Companies	0.13	2.50
	Dividend Income from Other Investments	0.00	0.06
	Dividend Income from Subsidiary Companies	2.48	1.21
	Lease Rent Income	0.07	0.26
	Net Cash Flow from Investing Activities (B)	(767.85)	(573.59)
C.	Cash Flow from Financing Activities:		
	Proceeds of Long-Term Borrowings	211.39	468.53
	Repayment of Long-Term Borrowings	(167.88)	(131.80)
	Proceeds/(Repayment) of Other Borrowings	275.67	164.50
	Finance Costs	(179.15)	(130.74)
	Increase in Equity by QIP (Net of Expenses)	741.40	NIL
	Reduction in Equity due to Buy-back	NIL	(98.45)
	Dividend Paid	(42.45)	(8.21)
	Net Cash Flow from Financing Activities (C)	838.98	263.83
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	771.46	2.29
	Cash and Cash Equivalents (Opening Balance)	23.93	21.64
	Cash and Cash Equivalents (Opening Balance of Demerged Co.s)	1.69	NIL
	Cash and Cash Equivalents (Closing Balance)	797.08	23.93

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 attached report of even date

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

For and on behalf of the Board

Milind Bhawe
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2019

A. Equity Share Capital

(₹ in Crs)

As at 1st April, 2017	41.06
Changes in equity share capital during the year 2017-18	(0.41)
As at 31st March, 2018	40.65
Changes in equity share capital during the year 2018-19	2.68
As at 31st March, 2019	43.33

B. Other Equity

(₹ in Crs)

Particulars	Other Equity							Other Comprehensive Income	Total Other Equity
	Reserves and Surplus								
	Capital Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Retained Earnings		
As at 1st April, 2017	9.57	1.15	90.00	NIL	125.68	1.85	1,011.47	29.31	1,269.03
Upon Buy-back of Shares	-	0.41	-	-	(98.44)	-	-	-	(98.03)
Dividend Paid	-	-	-	-	-	-	(8.21)	-	(8.21)
Tax on Dividend	-	-	-	-	-	-	(1.67)	-	(1.67)
Transfer to Other Reserves from Retained Earnings	-	-	30.00	-	32.00	-	(62.00)	-	NIL
Other Adjustments	-	-	-	-	-	-	0.06	-	0.06
Profit for the Period	-	-	-	-	-	-	316.44	-	316.44
Other Comprehensive Income	-	-	-	-	-	-	-	(3.09)	(3.09)
Balance as at 31st March, 2018	9.57	1.56	120.00	NIL	59.24	1.85	1,256.09	26.21	1,474.52
Persuant to the Scheme of Arrangement	0.13	-	-	-	2.96	-	(106.30)	(24.50)	(127.71)
QIP Allotment (Net of Expenses)	-	-	-	738.72	-	-	-	-	738.72
Dividend Paid	-	-	-	-	-	-	(42.45)	-	(42.45)
Tax on Dividend	-	-	-	-	-	-	(8.22)	-	(8.22)
Transfer to Other Reserves from Retained Earnings	-	-	-	-	47.00	-	(47.00)	-	NIL
Profit for the Period	-	-	-	-	-	-	481.28	-	481.28
Other Comprehensive Income	-	-	-	-	-	-	-	0.93	0.93
Balance as at 31st March, 2019	9.70	1.56	120.00	738.72	109.20	1.85	1,533.40	2.65	2,517.08

As per our attached report of even date

For **Kirtane & Pandit LLP**

Chartered Accountants

FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe

Partner

M.No.047973

Rajendra V. Gogri

Chairman and Managing Director

DIN: 00061003

Rashesh C. Gogri

Vice Chairman and Managing Director

DIN:00066291

Shantilal T. Shah

Vice Chairman

DIN:00004850

Place: Mumbai

Date: July 8, 2019

Chetan Gandhi

Chief Financial Officer

Raj Sarraf

Company Secretary

Corporate Information and Significant Accounting Policies

Corporate Information

Aarti Industries Limited ("The Company") is listed entity incorporated in India. The registered office of the Company is located at Plot No. 801,801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad Gujarat 396 195 India.

The Company is engaged in manufacturing and dealing in Speciality Chemicals and Pharmaceuticals.

Explanatory Note on the Composite Scheme of Arrangement

The Company had filed the Composite Scheme of Arrangement (Scheme) with NCLT, Ahmedabad, with respect to the demerger of its Home & Personal Care Undertaking into Aarti Surfactant Limited and merger of manufacturing undertaking of its step down subsidiary Nascent Chemicals Industries Limited into itself. The said Scheme was approved by NCLT Ahmedabad vide its order dated 10th June, 2019. The Scheme had become effective from 1st April 2018 (Appointed Date). The financials of the Company for FY 2018-19 have been drawn after giving the effect of the Scheme. Hence to this extent, the financials for FY 2018-19 is not comparable with that of FY 2017-18.

Accounting of Home and Personal Care Undertaking of Aarti Industries Limited (Outgoing Business):

Pursuant to the Scheme, the net assets of ₹ 136.36 Crs. as of the Appointed date, in respect of the Outgoing Businesses had been transferred to Aarti Surfactants Limited at book value as per the terms of the Scheme. The free reserves of the Company have been proportionately debited to this extent.

Accounting for Merger of Manufacturing undertaking of Step down Subsidiary Nascent Chemical Industries limited (Incoming Business):

Pursuant to the Scheme, the Net Assets of ₹ 11.12 Crs. as of the Appointed date, in respect of the Incoming Business has been merged into Aarti Industries Limited. The Company had followed the Pooling of Interest method specified under Ind AS 103 for accounting of Business combinations and as a result,

- The Assets and liabilities of incoming businesses are reflected at their respective carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
- The Excess of the Net Assets over the face Value of Equity Shares to be allotted in accordance with the Scheme has been appropriately dealt to the Reserves and Surpluses of the Company.

Significant Accounting Policies

(a) Basis of Preparation and Presentation:

These Financial Statement of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended on time to time.

(b) Revenue Recognition:

Ind AS 115 is effective from 1st April 2018 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Revenue from contract with customer

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

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

- (iii) Dividend income: Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.
- (iv) Export benefits: Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- (v) Subsidy received: Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(c) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) 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) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

(3) Depreciation/Amortization

(A) Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on an independent technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Particulars	Depreciation/Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19-31 years
(iii) Residential Quarters	Over a period of 30 years
(iv) Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 years
(vii) Furniture and Fixtures	Over a period of 10 years
(viii) Vehicles	Over a period of 7 years

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

- (4) 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) 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 Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(e) Investments:

- (i) Investments in subsidiaries and associates are measured at cost.
- (ii) Other investments are measured at fair value through Other Comprehensive Income.

(f) 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.

(g) Retirement Benefits:

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

(h) 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 appropriately dealt in the financial statements in accordance with the applicable accounting standards.

(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) Income Taxes:

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

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

Current income tax:

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

Deferred tax :

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that

it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Minimum Alternate Tax (MAT) :

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

(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.

(n) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

1. Property, Plant and Equipment:

F.Y. 2018-19		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2018	Addition/ Deduction on account of Scheme of Arrangement	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2019	Balance as at 1st April, 2018	Addition/ Deduction on account of Scheme of Arrangement	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2019	Balance as at 31st March, 2018
(i) Tangible Assets											
Free hold Land	3.57	-	-	-	3.57	0.26	-	-	-	3.31	3.31
Lease Hold Land	132.54	(1.43)	13.11	-	144.22	5.48	(0.36)	1.70	-	137.40	127.06
Buildings	256.55	(7.45)	38.19	0.31	286.98	64.06	(3.00)	13.91	0.01	212.02	192.49
Plant and Equipment	2,339.44	(134.60)	316.93	0.90	2,520.87	886.35	(32.68)	126.69	0.29	1,540.81	1,453.10
R & D Assets	66.51	-	18.65	-	85.16	14.88	-	3.84	-	66.44	51.63
Furniture and Fixtures	30.31	(0.70)	4.04	-	33.65	20.09	(0.52)	2.97	-	11.11	10.22
Vehicles	20.14	(0.59)	3.90	-	23.45	14.97	(0.52)	1.52	-	7.48	5.17
Total (i)	2,849.06	(144.77)	394.82	1.21	3,097.90	1,006.09	(37.08)	150.63	0.30	1,978.57	1,842.98
(ii) Intangible Assets											
Process Development	21.96	-	-	-	21.96	20.66	-	0.40	-	0.90	1.30
Technical Knowhow	0.08	-	-	-	0.08	0.08	-	-	-	NIL	NIL
Goodwill	6.16	-	-	-	6.16	6.16	-	-	-	NIL	NIL
Computer Software	0.38	-	-	-	0.38	0.38	-	-	-	NIL	NIL
Copyrights and Patents	9.65	-	-	-	9.65	9.65	-	-	-	NIL	NIL
Total (ii)	38.23	NIL	NIL	NIL	38.23	36.93	NIL	0.40	NIL	0.90	1.30
Total (i+ii)	2,887.29	(144.77)	394.82	1.21	3,136.13	1,043.02	(37.08)	151.03	0.30	1,979.47	1,844.28
(iii) Capital Work-in-Progress										794.57	431.18

F.Y. 2017-18 Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 1st April, 2017	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2018	Balance as at 1st April, 2017	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2018
(i) Tangible Assets								
Free hold Land	3.57	-	-	3.57	0.26	-	-	3.31
Lease Hold Land	99.27	33.27	-	132.54	3.28	2.20	-	127.06
Buildings	212.65	43.90	-	256.55	51.94	12.12	-	192.49
Plant and Equipment	2,043.86	296.61	1.03	2,339.44	772.11	114.61	0.37	1,453.10
R & D Assets	33.32	33.19	-	66.51	11.91	2.97	-	51.63
Furniture and Fixtures	24.98	5.33	-	30.31	17.73	2.36	-	10.22
Vehicles	18.57	1.89	0.32	20.14	14.12	1.12	0.27	5.17
Total (i)	2,436.22	414.19	1.35	2,849.06	871.35	135.38	0.64	1,842.98
(ii) Intangible Assets								
Process Development	21.96	-	-	21.96	20.26	0.40	-	1.30
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	NIL
Goodwill	6.16	-	-	6.16	6.16	-	-	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	NIL
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	NIL
Total (ii)	38.23	NIL	NIL	38.23	36.53	0.40	NIL	1.30
TOTAL (i+ii)	2,474.45	414.19	1.35	2,887.29	907.88	135.78	0.64	1,844.28
(iii) Capital Work-in-Progress								
								431.18
								266.79

2. Non-Current Investments:

Name of the Company	No. of Shares/ Units	As at 31st March, 2019	(₹ in Crs)	
			No. of Shares/ Units	As at 31st March, 2018
Trade Investments - (Quoted) in Equity Shares				
Aarti Drugs Limited*	NIL	NIL	491,790	24.88
		NIL		24.88
Investments - (Unquoted) in Equity Shares of Subsidiary Companies				
Aarti Corporate Services Limited	2,024,680	1.73	2,024,680	1.73
Alchemie (Europe) Limited	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	350,000	0.35	350,000	0.35
Aarti USA Inc.	10,000,000	0.66	10,000,000	0.66
Aarti Polychem Private Limited	1,500	0.00	1,500	0.00
Ganesh Polychem Limited	3,098,257	12.61	3,098,257	12.61
		15.89		15.89
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	2.19	464,550	1.77
U.K.I.P. Co-Op. Society Limited	80	0.00	35	0.00
Perfect Enviro Control Systems Limited	36,800	0.02	36,800	0.02
Aarti Ventures Limited	190,000	0.16	190,000	0.16
Tarapur Environment Protection Society	32,489	0.62	21,751	0.62
Derma Touch Inc.	125,000	3.38	125,000	1.34
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		6.52		4.06
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.80
		3.67		3.80
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		7.27
Total		33.36		55.90

*Transferred to Aarti Surfactants Limited pursuant to the Scheme of Arrangement.

3. Other Non-Current Assets:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Capital Advances	109.45	52.06
Other Deposits	36.27	31.20
Advance Tax and Tax Deducted at Source (Net of Provisions)	151.25	133.75
Total	296.97	217.01

4. Inventories:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Raw Materials and Components (incl In-transit stock)	216.16	238.32
Work-in-progress	207.73	191.18
Finished Goods (incl In-transit stock)	220.59	204.68
Stock-in-trade	1.25	1.11
Stores and spares	40.02	19.16
Fuel (incl In-transit stock)	11.32	28.64
Packing Materials	3.84	3.66
Total	700.91	686.75

4.1 In-Transit Inventories:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Raw Materials	32.75	41.26
Finished Goods	27.62	45.13
Fuel	3.46	22.51
Total	63.83	108.90

5. Trade Receivables:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Unsecured and considered good	806.05	703.23
Total	806.05	703.23

6. Cash and Cash Equivalents:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	0.40	0.48
Bank balance in Current Accounts	78.42	17.00
Bank balance in Deposit Accounts*	495.99	4.46
Cash Equivalants investment in highly Liquid Funds*	220.22	NIL
Earmarked Balances (Unpaid Dividend Accounts)	2.05	1.99
Total	797.08	23.93

*The above figures include the monies received from QIP, temporarily parked in bank deposits and highly liquid funds.

7. Other Current Financial Assets:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Balances with Customs, Port Trust, Central Excise, Sales Tax & Goods & Services Tax Authorities	84.22	185.60
Loans & Advances:		
(i) Employees	7.31	7.14
(ii) Others*	71.99	1.97
(iii) Related Parties	22.21	0.05
Total	185.73	194.76

*The above figures include the net amount receivables from Aarti Surfactants Limited, created on account of transferred the total assets & liabilities as per the scheme of arrangement.

8. Other Current Assets:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Others Receivables	4.38	0.45
Prepaid Expenses	12.99	12.23
Subsidy Receivable	12.59	7.99
Insurance Claim Receivable	3.78	3.79
Total	33.73	24.46

9. Equity Share Capital:

Particulars	(₹ in Crs)			
	No. of Shares	As at 31st March, 2019	No. of Shares	As at 31st March, 2018
Authorised Share Capital				
Equity Shares of ₹ 5/- each	230,150,320	115.08	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	86,668,647	43.33	81,300,000	40.65
Total		43.33		40.65

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2019:

Particulars	No. of Shares outstanding	
	As at 31st March, 2019	As at 31st March, 2018
Equity Shares at the beginning of the year	81,300,000	82,120,383
Add: Shares issued during the year	5,368,647	NIL
Less: Shares buy-back during the year	NIL	820,383
Equity Shares at the end of the year	86,668,647	81,300,000

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Ltd.	7,136,819	8.23	6,530,886	8.03
Rashesh Chandrakant Gogri	3,834,404	4.42	5,334,404	6.56

9.3 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
No. of Equity Shares outstanding	86,668,647	81,300,000	82,120,383	83,320,383	88,591,687

(Refer Note No. 9.4)

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

- [a] During the year 2018-19, 53,68,647 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 1,397.00 per Equity Share (including ₹ 1,392.00 towards share premium) to qualified institutional buyers.
- [b] During the year 2017-18, 820,383 Shares were brought back at a premium of ₹ 1,195/-.
- [c] During the year 2016-17, 1,200,000 Shares were brought back at a premium of ₹ 795/-.
- [d] During the year 2015-16, 5,271,304 Shares of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagamation of Anushakti Chemicals & Drugs Limited, Anushakti Holdings Limited, Gogri and Sons Investments Private Limited and Alchemie Leasing & Financing Private Limited into the Company.

10. Equity Share Capital Pending Allotment Upon Scheme of Arrangement:

Particulars	As at 31st March, 2019	(₹ in Crs) As at 31st March, 2018
448,590 Shares are to be issued and allotted to the shareholders of Nascent Chemical Industries Limited pursuant to the terms of the Scheme of Arrangement approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench.	0.22	NIL
Total	0.22	NIL

11. Other Equity

Particulars	As at 31st March, 2019	(₹ in Crs) As at 31st March, 2018
a. Capital Reserves		
Opening Balance	9.57	9.57
Addition:		
Persuant to the Scheme of Arrangement	0.13	NIL
Deduction	NIL	NIL
Closing Balance	9.70	9.57
b. Capital Redemption Reserve		
Opening Balance	1.56	1.15
Addition: upon Buy-back of Shares	NIL	0.41
Deduction	NIL	NIL
Closing Balance	1.56	1.56
c. Securities Premium Account		
Opening Balance	NIL	NIL
Addition: QIP Allotment	747.32	NIL
Deduction: QIP Expenses	8.60	NIL
Closing Balance	738.72	NIL
d. Debenture Redemption Reserve		
Opening Balance	120.00	90.00
Addition: Transferred from Profit & Loss Account	NIL	30.00
Deduction	NIL	NIL
Closing Balance	120.00	120.00
e. General Reserve		
Opening Balance	59.24	125.68
Addition:		
Transferred from Profit & Loss Account	47.00	32.00

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Pursuant to the Scheme of Arrangement	2.96	NIL
Deduction:		
upon Buy-back of Shares	NIL	98.44
Closing Balance	109.20	59.24
f. Profit and Loss Account		
Opening balance	1,256.09	1,011.47
Addition:		
Net Profit/(Loss) for the year	481.28	316.44
Deduction:		
Final Dividend paid on Equity Share for the previous year	8.13	8.21
Interim Dividend paid on Equity Share for the year	34.32	NIL
Tax on Dividend	8.22	1.67
Other Adjustments	NIL	(0.06)
Pursuant to the Scheme of Arrangement	106.30	NIL
Transferred to General Reserve	47.00	32.00
Transferred to Debenture Redemption Reserve	NIL	30.00
Closing Balance	1,533.40	1,256.09
g. Other Reserves		
Forfeiture Reserve	1.85	1.85
Closing Balance	1.85	1.85
h. Other Comprehensive Income		
Opening Balance	26.21	29.31
Pursuant to the Scheme of Arrangement	(24.50)	NIL
OCI for the year	0.93	(3.09)
Closing Balance	2.65	26.21
Total	2,517.08	1,474.52

12. Non-Current Borrowings:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	
	Non-Current	Current
Secured		
(a) Non Convertible Debentures (NCDs) (Refer Note No. 12.1 a)	80.00	40.00
(b) ECB/Term loans from Banks/Financial Institutions (Refer Note No. 12.1 b)	725.20	254.56
(c) Vehicle Loans from Banks/Financial Institutions (Refer Note No. 12.1 c)	2.55	0.89
Total	807.76	295.45
	897.43	162.27

- 12.1 a)** Secured, Redeemable, STRPPS NCDs bearing coupon rate of 11.75% p.a. Debentures of ₹ 200.00 Crs are secured by way of First Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movable fixed assets, both present and future, wherever situated, excluding those charged exclusively to other Term Lenders. The NCDs are issued in the year 2014-15 and are redeemable in five equal installments commencing from the end of the 3rd year from the date of allotment of these Debentures.

- b) Out of the total ECB/Term Loans from Banks/Financial Institutions of ₹ 979.76 Crs
- i) Outstanding Term Loans/ECBs to the extent of ₹ 40.00 Crs are 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, 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) wherever situated, excluding those charged exclusively to other Term Lenders.
- ii) Outstanding Term Loans/ECBs to the extent of ₹ 939.76 Crs are 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.
- c) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

12.2 Repayment Terms

Particulars	Repayment Tenor			
	(₹ in Crs)			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
NCDs/ECB/Term Loans from Banks/Financial Institutions	246.31	269.37	190.73	98.78
Vehicle Loans from Banks/Financial Institutions	0.95	0.83	0.50	0.27

13. Other Non Current Liabilities:

Particulars	As at	
	(₹ in Crs)	
	31st March, 2019	As at 31st March, 2018
Long Term Advance for Exports Received From Customer (Refer Note No. 13.1)	203.24	64.00
Total	203.24	64.00

13.1 The Company has received advances of ₹ 203.24 Crs. (previous year ₹ 64 Crs.) for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee to the extent of ₹ 138.30 Crs. (previous year NIL) in favour of the customer.

14. Deferred Tax Liabilities (Net):

Particulars	As at	
	(₹ in Crs)	
	31st March, 2019	As at 31st March, 2018
Deferred Tax Liabilities	159.36	141.96
Persuant to the Scheme of Arrangement	(6.74)	NIL
Difference between net book value of depreciable capital assets as per books vis - a - vis written down value as per Tax Laws	21.00	19.39
Deferred Tax Assets		
Items allowed for tax purpose on payment	(2.64)	(1.98)
Deferred Tax Liabilities (Net)	170.98	159.36

15. Short-Term Borrowings:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Secured		
Working Capital Loan From Banks (Refer Note No. 15.1)	1,193.27	846.94
	1,193.27	846.94
Unsecured		
From Banks	69.23	139.89
	69.23	139.89
Total	1,262.50	986.83

15.1 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 NCDs/ECB/Other Term Lenders.

16. Other Current Liabilities:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Current maturities of Long-Term Debt (Refer Note No. 12)	294.56	161.91
Current maturities of Vehicle Loan (Refer Note No. 12)	0.89	0.36
Interest accrued but not due on borrowings	11.16	14.87
Unpaid Dividends	2.05	1.99
Deposits	0.11	0.07
Sales Tax Deferred Liability	0.15	0.15
Other Current Liabilities & Taxes	10.48	5.27
Total	319.40	184.62

17. Short-Term Provisions:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Provision for		
Employees' Benefits	37.89	27.49
Total	37.89	27.49

18. Revenue From Operations: (Refer Note No. 18.1)

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Sale of Products	4,506.40	3,651.62
Sale of Services	NIL	5.56
Other Operating Revenues (Refer Note No. 18.2)	41.42	42.13
Gross Revenue from Operations	4,547.82	3,699.31

18.1. Gross Sales & Operating Revenues:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Local Sales:		
Speciality Chemicals	2,341.20	1,567.25
Pharmaceuticals	373.88	308.57
Home & Personal Care Chemicals	NIL	230.77
Total (A)	2,715.08	2,106.59
Export Sales:		
Speciality Chemicals	1,480.81	1,311.49
Pharmaceuticals	351.93	247.65
Home & Personal Care Chemicals	NIL	33.58
Total (B)	1,832.74	1,592.72
Total (A+B)	4,547.82	3,699.31

18.2. Other Operating Revenues:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Fertilizers Subsidy Received	15.41	17.82
Export Benefits/Incentives Received	18.84	17.60
Scrap Sales	7.16	6.17
Vat Refund Received	NIL	0.54
Total	41.42	42.13

19. Other Income:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Dividend Income	2.48	1.26
Profit on Sale of Assets/Investment	1.67	0.39
Lease Rent Income	0.07	0.26
Other Income	0.31	0.22
Total	4.53	2.13

20. Cost of Materials Consumed:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Consumption of Raw Materials	2,267.06	1,867.82
Consumption of Packing Materials	38.98	37.95
Consumption of Fuel	154.31	142.82
Consumption of Stores & Spares	78.17	67.20
Total	2,538.52	2,115.79

21. Change In Inventory:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Opening Stock		
Finished Goods	205.79	170.33
Work-in-Progress	191.18	156.90
Less: HPC Segment Opening Stock	(14.95)	NIL
Total (A)	382.02	327.23
Closing Stock		
Finished Goods	221.84	205.79
Work-in-Progress	207.73	191.18
Total (B)	429.57	396.97
Total (A-B)	(47.54)	(69.74)

22. Employee Benefits:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Salaries, Wages & Bonus	203.32	159.21
Contribution to PF and other Funds	11.08	9.68
Workmen & Staff Welfare Expenses	16.31	7.91
Total	230.71	176.80

23. Finance Cost:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Interest on NCD's	15.09	19.77
Other Interest Expenses	156.82	104.24
Other Borrowing Costs	7.24	6.73
Total	179.15	130.74

24. Other Expenses:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Manufacturing Expenses:		
Freight, Cartage & Transport	107.58	103.78
Power	102.82	109.10
Water Charges	10.57	9.68
Processing Charges	50.75	40.51
Other Manufacturing Expenses	104.48	118.01
Repairs & Maintenance	89.91	72.00
Insurance Charges	3.56	2.80
Research & Development Expenses	21.87	14.74
Factory Administrative Expenses	35.57	27.43
Total (A)	527.11	498.05
Office Administrative Expenses:		
Rent, Rates and Taxes	2.10	2.01
Travelling and Conveyance	6.28	4.87
Auditor's Remuneration (Refer Note No. 24.1)	0.33	0.22
Legal & Professional Charges	13.19	13.89
Postage, Telegraph & Telephone	0.79	0.78
Printing & Stationery Expenses	0.84	0.87
Other Administrative Expenses	10.25	9.52
Total (B)	33.79	32.16
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	5.78	5.21
Export Freight Expenses	67.09	59.30
Freight and Forwarding Expenses	94.23	90.74
Commission	8.57	7.98
Export Insurance Charges	2.36	2.00
Sample Testing & Analysis Charges	1.39	1.15
Lease Rent Paid	10.83	11.36
Provision for Doubtful Debts	2.11	1.00
Bad Debts Written Off	2.89	NIL
Sundry Balance Written Off/(Back)	0.23	0.79
Total (C)	195.48	179.53
Non-Operating Expenses:		
Donations and CSR Expenses	9.91	6.69
Loss on Sale of Assets	NIL	0.39
Total (D)	9.91	7.08
Total (A+B+C+D)	766.30	716.83

24.1. Auditor's Remuneration:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Audit Fees	0.26	0.17
Certification Charges	0.06	0.03
Out of Pocket Expenses	0.01	0.01
Total	0.33	0.22

25. Earning Per Share (EPS):

Particulars		(₹ in Crs)	
		For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Net Profit available for Equity Shareholders	(₹ in Crs)	481.28	316.44
No. of Equity Shares	(Nos.)	86,668,647	81,300,000
Basic & Diluted EPS	(₹)	59.10	38.92
Nominal Value of Equity Share	(₹)	5.00	5.00

25.1 Basic earnings per share has been computed by dividing the profit/loss for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share has been computed using weighted average number of shares dilutive potential shares, except where the results would be anti-dilutive.

26. Contingent Liabilities And Commitments: (to the extent not provided for)

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	75.23	89.49
(b) Letters of Credit, Bank Guarantees & Bills Discounted	113.00	67.82
	188.23	157.31
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	218.49	43.14
	218.49	43.14
Total	406.72	200.45

27. 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, 2019. 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.

28. Interest received of ₹ 9.87 Crs (Tax Deducted at Source ₹ 0.51 Crs) [previous year ₹ 7.08 Crs (Tax Deducted at Source ₹ 0.36 Crs.)] is netted off against interest paid on Working Capital.

29. 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.

30. Research & Development Activities:

Expenditure	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Revenue Expenditure	21.87	14.74
Capital Expenditure:		
Land & Building	12.45	22.03
Plant & Equipment	5.73	11.04
Furniture and Fixtures	0.47	0.11
Total Capital Expenditure	18.65	33.18

31. Segment Reporting:

		(₹ in Crs)	
Sr. No.	Particulars	Financial Year 2018-19	Financial Year 2017-18
(A) Primary Segments: Business Segments			
1	Segment Revenue:		
a)	Speciality Chemicals	3,822.01	2,878.74
b)	Pharmaceuticals	725.81	556.22
c)	Home & Personal Care Chemicals	NIL	264.35
	Total	4,547.82	3,699.31
2	Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
a)	Speciality Chemicals	776.28	537.07
b)	Pharmaceuticals	112.68	79.20
c)	Home & Personal Care Chemicals	NIL	2.75
	Total (A)	888.96	619.02
	Less: Interest	179.15	130.74
	Other Unallocable Expenditure (Net)	118.76	95.93
	Total (B)	297.91	226.67
	Total Profit before Tax (A-B)	591.05	392.35
3	Segment Assets:		
a)	Speciality Chemicals	3,545.04	2,802.00
b)	Pharmaceuticals	940.71	808.23
c)	Home & Personal Care Chemicals	NIL	229.10
d)	Unallocated Capital	315.04	278.18
	Total	4,800.79	4,117.51
	Segment Liabilities:		
a)	Speciality Chemicals	700.71	426.47
b)	Pharmaceuticals	95.30	75.48
c)	Home & Personal Care Chemicals	NIL	56.75
d)	Unallocated Capital	170.98	159.36
	Total	966.99	718.06
(B) Secondary Segments: Geographical Segments			
a)	India	2,715.08	2,106.59
b)	Out of India	1,832.74	1,592.72
	Total	4,547.82	3,699.31

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

32. Related Party Disclosure Under Accounting Standard (Ind As: 24):**I Following are the Subsidiaries of the Company**

1. Aarti Corporate Services Limited
2. Shanti Intermediates Private Limited (Through it holding Company: Aarti Corporate Services Limited)
3. Nascent Chemical Industries Limited (Through it holding Company: Aarti Corporate Services Limited)
4. Innovative Envirocare Jhagadia Limited
5. Ganesh Polychem Limited
6. Alchemie (Europe) Limited
7. Aarti USA Inc.
8. Aarti Polychem Private Limited

II Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Chemicals Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private Limited

III Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel

1. Shri Rajendra V. Gogri	Director
2. Shri Rashesh C. Gogri	Director
3. Shri Shantilal T. Shah	Director
4. Shri Parimal H. Desai	Director
5. Shri Manoj M. Chheda	Director
6. Shri Kirit R. Mehta	Director
7. Smt. Hetal Gogri Gala	Director
8. Shri Renil R. Gogri	Director
9. Shri Chetan Gandhi	Chief Financial Officer
10. Shri Raj Sarraf	Company Secretary

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.

Sr. No.	Description of Transaction	Year	(₹ in Crs)	
			Subsidiary Companies [I]	Other related Enterprises Firms [II]
1	Sales of Finished Goods/Sales Income	CY	222.80	39.65
		PY	169.82	30.96
2	Purchases of Raw Materials/Finished Goods	CY	33.05	14.97
		PY	21.38	11.31
3	Other Manufacturing Expenses	CY	5.59	4.15
		PY	27.25	2.81
4	Rent paid	CY	-	0.12
		PY	-	0.14
5	Rent Income	CY	-	-
		PY	-	0.02
6	Sale of Investment(Convertible Debenture)	CY	-	-
		PY	2.50	-
7	Sale of Fixed Assets	CY	-	-
		PY	0.07	-
8	Purchase of Fixed Assets	CY	0.09	11.10
		PY	0.67	-
9	Interest Income on the Inter-Corporate Deposits placed/unsecured loans/NCDs	CY	2.40	-
		PY	0.13	-
10	Dividend Income	CY	2.48	-
		PY	1.21	0.05
11	Inter-corporate Deposit given/(Received back) during the year	CY	20.00	-
		PY	-	-
12	Outstanding items pertaining to the related parties at the balance sheet date - -Receivable/(Payable)	CY	129.77	6.43
		PY	110.91	13.01

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

Particulars	(₹ in Crs)	
	Financial Year 2018-19	Financial Year 2017-18
a. Remuneration including perquisites #	6.19	5.26
b. Commission to Directors	14.73	10.17
c. Sitting Fees	0.03	0.02
d. Rent paid	1.12	1.05
e. Travelling Expenses	0.76	0.61
f. Telephone Expenses	0.05	0.06
Total	22.88	17.17

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

Value of Perquisites includes non Cash Perquisites of ₹ 0.02 Crs (previous year ₹ 0.02 Crs).

33. Employee Benefits:

Defined Benefit Plan

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

Particulars	(₹ in Crs)	
	Gratuity (funded) 2018-19	Gratuity (funded) 2017-18
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	16.35	14.20
Current Service Cost	2.03	1.62
Interest Cost	1.29	1.07
Actuarial(gain)/ loss	0.27	0.37
Benefits Paid	(1.27)	(0.91)
Defined Benefit Obligation at year end	18.65	16.35
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	13.78	12.20
Expected return of plan assets	1.09	0.92
Assets Transferred In/Acquisitions	0.01	0.01
Actuarial(gain)/loss	0.06	0.01
Employer Contribution	3.77	1.55
Benefits Paid	(1.27)	(0.91)
Fair value of plan assets at year end	17.44	13.78
Actual return on plan assets	1.14	0.94
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	17.44	13.78
Present value of obligation	18.65	16.35
Amount Recognized in Balance Sheet	1.21	2.57
d. Expenses recognized during the year		
Current Service Cost	2.03	1.62
Interest Cost	1.29	1.07
Expected return on plan assets	(1.09)	(0.92)
Actuarial(gain)/ loss	0.22	(0.93)
Net Cost	2.44	0.84
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.)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	7.78%	7.87%
Expected rate of return on plan assets (per annum)	7.78%	7.87%
Rate of escalation in Salary (per annum)	5.00%	5.00%

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

Leave Encashment:

Leave Encashment liability amounting to ₹ 8.83 Crs (previous year ₹ 6.59 Crs) has been provided in the Books of Accounts.

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, 2019 the Company has hedged in aggregate an amount of ₹ 533.38 Crs (previous year ₹ 1,073.80 Crs) in respect of its short term and long term supply contracts. The annual value of its trade related operations (Exports & Imports) aggregates to ₹ 2,561.36 Crs (previous year ₹ 2,171.92 Crs).

The Company had hedged its currency risks to the tune of ₹ 342.85 Crs (previous year ₹ 136.85 Crs), 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 ₹ 289.74 Crs (previous year ₹ 284.73 Crs) into a fixed rate loan through an interest rate swap.

- (B) Net foreign exchange loss arriving out of export and import activities of the Company of ₹ 33.95 Crs (previous year gain of ₹ 23.69 Crs) is included in Profit & Loss Account.

Company had entered into forward contracts to hedge its medium and long term exports contracts. Mark to Market loss on such contracts to the tune of ₹ 44.46 Crs (including gain of ₹ 1.17 Crs for contracts of more than one year) is recognised in the Profit & Loss Account. Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of ₹ 8.01 Crs as at 31st March, 2019 and have recognised the same in the Profit & Loss Account.

35. Additional Information Pursuant to the Provisions of Part II of Schedule III to the Companies Act, 2013.

Particulars	(₹ in Crs)	
	Financial Year 2018-19	Financial Year 2017-18
(A) Details of Raw Material Consumption :		
Benzene	429.92	446.92
Concentrated Nitric Acid (C.N.A.)	97.43	107.10
Aniline	239.55	174.11
Alpha Olifine (AO)	NIL	56.10
Sulphur	75.36	55.85
Phthalic Anhydride	63.09	53.98
Others	839.07	666.23
Total	1,744.42	1,560.29
(B) Sales of Products :		
Speciality Chemicals	3,822.01	2,878.74
Pharmaceuticals	725.81	556.22
Home & Personal Care Chemicals	NIL	264.35
Total	4,547.82	3,699.31
(C) Details of Trading Purchases:		
Para Nitro Aniline	57.75	10.49
Ortho Anisidine	30.54	30.12
Others	54.84	62.29
Total	143.13	102.90
(D) Value and percentage of Raw Materials and Stores and Spares consumed:		
Raw Materials:		
Indigenous	1,274.40	1,105.90
	73.06%	70.88%
Imported	470.02	454.38
	26.94%	29.12%
Total	1,744.42	1,560.28
	100.00%	100.00%
Stores and Spares:		
Indigenous	77.39	65.80

Particulars	(₹ in Crs)	
	Financial Year 2018-19	Financial Year 2017-18
	99.00%	97.92%
Imported	0.78	1.40
	1.00%	2.08%
Total	78.17	67.20
	100.00%	100.00%
Fuel:		
Indigenous	108.90	87.48
	70.57%	61.25%
Imported	45.41	55.34
	29.43%	38.75%
Total	154.31	142.82
	100.00%	100.00%
(E) C.I.F. Value of Imports:		
Capital Goods	62.91	58.64
Raw Materials	470.02	459.77
Stores and Spares	0.78	1.40
Fuel	45.41	59.38
(F) Expenditure in Foreign Currency:		
Commission on Export Sales	5.25	5.13
Import of Goods for Resale	2.72	3.48
Other Expenses	58.90	42.73
(G) Earnings in Foreign Currency:		
F.O.B. Value of Export Sales	1,740.57	1,502.85

36. Fair Value Measurements: Financial instruments by category

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	31.61	-	-	29.07	-	-
Trade Receivables	806.05	-	-	703.23	-	-
Cash and Cash Equivalents	797.08	-	-	23.93	-	-
Other Financial Assets	365.17	-	-	302.48	-	-
At FVTOCI						
Investments	1.75	-	1.75	26.83	24.88	1.95
Financial Liabilities						
At Amortised Cost						
Borrowings	2,070.26	-	-	1,884.27	-	-
Trade Payables	265.47	-	-	346.60	-	-
Other Non Current Liabilities	203.24	-	-	64.00	-	-
Other Current Financial Liabilities	357.29	-	-	212.11	-	-

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

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

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

37. Capital Management:

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

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

Particulars	(₹ in Crs)	
	31st March 2019	31st March 2018
Gross Debts	2,365.71	2,046.54
Less: Cash and Marketable Securities	(797.08)	(48.81)
Net Debt (A)	1,568.63	1,997.73
Total Equity (B)	2,560.64	1,515.16
Net Gearing ratio (A/B)	0.61	1.32

Dividends

Particulars	(₹ in Crs)	
	31st March 2019	31st March 2018
(i) Equity shares		
Final dividend for the year ended 31st March 2018 of ₹ 1 per fully paid share & Interim Dividend for 2018-19 @ ₹ 4.00 per Share paid during the year 2018-19	44.25	8.21
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 7 (31st March 2018 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	60.98	8.13

38. Financial Risk Management:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2019

Maturities of non-derivative financial liabilities

(₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	265.47	-	-	265.47
Other financial liabilities	1,619.79	1,011.00	-	2,630.79
Total	1,885.26	1,011.00	-	2,896.26

As at 31st March 2018

Maturities of non-derivative financial liabilities

(₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	346.60	-	-	346.60
Other financial liabilities	1,198.95	923.76	37.67	2,160.38
Total	1,545.55	923.76	37.67	2,506.98

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

39. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our attached report of even date

For **Kirtane & Pandit LLP**

Chartered Accountants

FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe

Partner

M.No.047973

Rajendra V. Gogri

Chairman and

Managing Director

DIN: 00061003

Rashesh C. Gogri

Vice Chairman and

Managing Director

DIN:00066291

Shantilal T. Shah

Vice Chairman

DIN:00004850

Place: Mumbai

Date: July 8, 2019

Chetan Gandhi

Chief Financial Officer

Raj Sarraf

Company Secretary

Independent Auditor's Report

**To the Members of
Aarti Industries Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Aarti Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2019, of consolidated profit/loss, (consolidated changes in equity) and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in the Report:

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
1	<p>Accuracy, Completeness and disclosure with reference to IND AS-16 of Property, Plant and Equipments (Including CapEx)</p> <p>Peculiarity and technical complexities of Property, Plant and Equipments used in the operations and multiple IT systems used for maintaining Fixed Asset Register (FAR), tracking and monitoring CapEx requires more attention to ensure reasonable accurateness and completeness of financial reporting in respect of Property, Plant and Equipments.</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows:</p> <p>a) We assessed Group's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16.</p> <p>b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment</p>

<p>Further, technical complexities requires management to assess and make estimates/judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results</p> <p>Refer note 1 to financial statements</p>	<p>c) We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.</p> <p>d) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013.</p> <p>e) We have carried out physical verification on sample basis in respect of Property, Plant and Equipment.</p> <p>f) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23</p>
<p>2 Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2</p> <p>Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations. Further due to continuous nature of plant operations and the raw materials which are basically chemicals, management has to exercise its judgment in assessing stage of the product and its valuation.</p> <p>Refer note 4 to financial statements</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls. We have reviewed audited financial statements of components. Summary of substantive tests applied are as follows:</p> <p>a) We assessed the Group's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2.</p> <p>b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</p> <p>c) We have carried out substantive audit procedures to verify the allocation of overheads to Inventory.</p> <p>d) We have carried out physical verification of Inventory on test check basis.</p> <p>e) We have verified consistency in respect of valuation process and methodology followed</p>
<p>3 Accuracy, Completeness and disclosure pertaining to the effect of composite scheme of arrangement with reference to Ind AS 103</p> <p>The composite scheme of arrangement in respect of demerger of Home and Personal Care (HPC) undertaking from Aarti Industries Limited to Aarti Surfactants Limited and demerger of manufacturing undertaking of Nascent Chemical Industries Limited, step down subsidiary of Aarti Industries Limited, being transferred to Aarti Industries Limited was approved by honourable National Company Law Tribunal, Ahmedabad Bench vide its order dated June 10, 2019. The said scheme comes into effect from April 1, 2018.</p>	<p>Our audit approach consisted reviewing the composite scheme of arrangement followed by applying appropriate substantive tests as summarised below:</p> <p>a) In respect of HPC undertaking being transferred to Aarti Surfactants Limited, the assets, liabilities and operating revenues and expenses pertaining to said undertaking identified by the management were verified with the books of account</p> <p>b) Consistency in respect of allocation of general and administrative expenses to the HPC undertaking were checked</p> <p>c) Adjustments in the financial statement for carving out assets, liabilities, operating revenues and expenses (including allocated general and administrative expenses) were verified</p>

# Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
<p>To give effect to the said scheme, ensuring accurate and complete identification of assets, liabilities and operating results of undertaking being transferred and of the undertaking being merged in the books of the company was utmost important for the true and fair presentation of financial statements along with appropriate disclosure notes.</p>	<p>d) Audit of Nascent Chemical Industries Limited has been conducted by other independent professional firm. We have reviewed audited financial statements together with disclosure notes of Nascent Chemical Industries Limited and the audit report issued by its auditor before giving effect to carving out of its manufacturing undertaking pursuant to the composite scheme of arrangement.</p> <p>e) We have obtained and reviewed audited segment financials for the manufacturing undertaking of Nascent Chemical Industries Limited and audited financials of Nascent Chemical Industries Limited after carving out its manufacturing undertaking pursuant to the said scheme</p> <p>f) Adjustments for incorporating the manufacturing undertaking of Nascent Chemical Industries Limited in the financial statements were verified</p> <p>g) Disclosures in financial statement after giving effect to the said scheme were reviewed for appropriateness in terms of Ind As 103</p>
<p>4 Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts</p> <p>The contracts entered into covers a span of 10 to 20 years. Estimated exports which will happen over the period of contract at a later stage requires management to exercise its judgment. Based on the judgment and the carrying value of the advances received, its fair presentation is critical.</p> <p>Refer note 13 to financial statements</p>	<p>The Company has entered into long term contracts for exports of materials. Under these contracts the Company has received advances to expedite establishment of production facilities.</p> <p>Our audit approach consisted substantive testing as follows:</p> <p>a) We have reviewed the terms of contracts entered into by the Company</p> <p>b) The classification, presentation of the said advances received under these contracts was tested</p> <p>c) The fairness of value reflected in financial statement was verified and tested</p> <p>c) Disclosure notes pertaining to said advances in financial statement was reviewed</p>

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

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

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

Other Matters

- (a) The composite scheme of arrangement in respect of demerger of Home and Personal Care undertaking from Aarti Industries Limited to Aarti Surfactants Limited and demerger of manufacturing undertaking of Nascent Chemical Industries Limited, step down subsidiary of Aarti Industries Limited, being transferred to Aarti Industries Limited was approved by honourable National Company Law Tribunal, Ahmedabad Bench vide its order dated June 10, 2019. The said scheme comes into effect from April 1, 2018. The consolidated financial statements have been drawn giving effect to the composite scheme of arrangement.
- (b) We did not audit the financial statements / financial information of 8 subsidiaries, and, whose financial statements / financial information reflect total assets of ₹ 229.65 crores as at March 31, 2019, total revenues of ₹ 157.70 crores and net cash flows amounting to ₹ 0.67 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated

Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 25 to the Consolidated Financial Statements.
 - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **Kirtane & Pandit LLP,**
Chartered Accountants
Firm's Registration No. 105215W/W100057

Milind Bhawe
Partner
M. No. 047973
UDIN: 19047973AAAAEA8784

Place: Mumbai
Date: July 8, 2019

Annexure A to the Auditor's Report

March 31, 2019

Report on the Internal Financial Controls Over Financial Reporting Under Clause Financial Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("The Act")

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group"), its associates and jointly controlled entities incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of

internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's, its associates' and jointly controlled entities', incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters

paragraph, the Holding Company and its subsidiary, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates

to consolidated/ standalone financial statements of eight subsidiaries, of which six are incorporated in India and two are incorporated outside India, is based on the corresponding reports of the auditors of such companies.

For **Kirtane & Pandit LLP**,
Chartered Accountants
Firm's Registration No. 105215W/W100057

Milind Bhawe
Partner
M. No. 047973
UDIN: 19047973AAAAEA8784

Place: Mumbai
Date: July 8, 2019

Consolidated Balance Sheet

as at 31st March, 2019

Particulars	Note No.	(₹ in Crs)	
		As at 31st March, 2019	As at 31st March, 2018
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	2,145.35	1,996.17
Capital Work-in-Progress	1	794.57	436.23
Goodwill	1	0.42	0.42
Other Intangible Assets	1	0.90	1.30
Financial Assets			
Investments	2	33.16	47.22
Other Non-Current Assets	3	306.43	225.18
Total Non-Current Assets		3,280.83	2,706.52
Current Assets			
Inventories	4	771.79	747.30
Financial Assets:			
Trade Receivables	5	776.04	654.75
Cash and Cash Equivalents	6	804.20	32.10
Others Current Financial Assets	7	190.66	224.80
Other Current Assets	8	34.42	25.99
Total Current Assets		2,577.11	1,684.94
Total Assets		5,857.94	4,391.46
Equity and Liabilities			
Equity			
Equity Share Capital	9	43.33	40.65
Equity Share Capital pending allotment upon scheme of Arrangement	10	0.22	NIL
Other Equity	11	2,587.22	1,537.78
Non Controlling Interest		83.95	77.02
Total Equity		2,714.72	1,655.45
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	814.80	908.27
Other Non-Current Liabilities	13	203.24	64.00
Deferred Tax Liabilities (Net)	14	193.01	177.41
Total Non-Current Liabilities		1,211.05	1,149.68
Current Liabilities			
Financial Liabilities			
Borrowings	15	1,290.83	1,012.48
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		279.28	357.49
Other Current Liabilities	16	319.64	185.32
Provisions	17	42.42	31.04
Total Current Liabilities		1,932.17	1,586.33
Total Liabilities		3,143.22	2,736.01
Total Equity and Liabilities		5,857.94	4,391.46
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2019

Particulars	Note No.	(₹ in Crs)	
		For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Revenue			
Revenue from Operations	18	4,705.51	3,806.06
Other Income	19	2.10	7.77
Total Revenue		4,707.61	3,813.83
Expenses			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	2,570.51	2,169.96
Purchases of Stock-in-Trade		183.47	117.46
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	(59.40)	(105.89)
Employee Benefits Expense	22	242.82	190.14
Finance Costs	23	182.54	131.65
Depreciation and Amortisation Expenses	1	162.68	146.23
Other Expenses	24	803.02	735.27
Total Expenses		4,085.64	3,384.82
Profit Before Tax		621.97	429.01
Tax Expenses			
Current Year Tax		136.65	87.81
Earlier Year Tax		(2.05)	0.01
MAT Credit Entitlement		(38.79)	(26.91)
Deferred Tax		21.99	21.97
Total Tax Expenses		117.80	82.88
Profit After Tax Before Non Controlling Interest and Share of Profit/(Loss) of Associates		504.17	346.13
Profit attributable to Non Controlling Interest		(12.44)	(13.17)
Share of Profit/(Loss) of Associates		NIL	NIL
Profit/(Loss) for the period		491.73	332.96
Other Comprehensive Income			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifying Items		5.26	(2.94)
Total Comprehensive Income for the year		496.99	330.02
Earnings Per Equity Share (EPS) (in ₹)	25		
Basic/Diluted		60.39	40.95
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2019

		(₹ in Crs)	
Sr. No.	Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
A.	Cash Flow from Operating Activities:		
	Net Profit before Tax and Exceptional/Extraordinary Items	621.97	429.01
	Adjustments for:		
	Finance Costs	182.54	131.65
	Depreciation and Amortisation Expenses	162.68	146.23
	Consolidated Adjustments	0.67	(3.26)
	Loss on Sale of Assets/Investments	NIL	0.39
		967.86	704.02
	Profit on Sale of Assets/Investments	(1.69)	(6.67)
	Dividend Income from other Investments	(0.01)	(0.06)
	Lease Rent income	(0.07)	(0.26)
	Operating Profit before Working Capital Changes	966.09	697.03
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(153.61)	(145.57)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	128.79	58.14
	(Increase)/Decrease in Inventories	(74.33)	(175.88)
	Cash Generated from Operations	866.94	433.72
	Direct Taxes Paid	(130.74)	(98.82)
	Net Cash Flow from Operating Activities (A)	736.20	334.90
B.	Cash Flow from Investing Activities:		
	Addition to Property, Plant & Equipment/Capital WIP	(793.61)	(614.78)
	Sale/Written off of Property, Plant & Equipment	2.60	0.73
	(Increase)/Decrease in Other Investments	(6.07)	3.35
	Dividend Income from Other Investments	0.01	0.06
	Lease Rent Income	0.07	0.26
	Net Cash Flow from Investing Activities (B)	(797.00)	(610.38)
C.	Cash Flow from Financing Activities:		
	Proceeds of Long-Term Borrowings	241.65	468.53
	Repayment of Long-Term Borrowings	(201.94)	(122.55)
	Proceeds/(Repayment) of Other Borrowings	278.35	173.19
	Increase in Equity through QIP Allotment (Net of Expenses)	741.40	NIL
	Reduction in Equity Share Capital due to Buy-back	NIL	(98.45)
	Finance Costs	(182.54)	(131.65)
	Dividend Paid	(43.99)	(10.00)
	Net Cash Flow from Financing Activities (C)	832.93	279.07
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	772.13	3.59
	Cash and Cash Equivalents (Opening Balance)	32.09	28.50
	Cash and Cash Equivalents (Opening Balance of Demerged Co.)	(0.02)	NIL
	Cash and Cash Equivalents (Closing Balance)	804.20	32.09

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 attached report of even date

For **Kirtane & Pandit LLP**

Chartered Accountants

FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe

Partner

M.No.047973

Rajendra V. Gogri

Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri

Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah

Vice Chairman
DIN:00004850

Place: Mumbai

Date: July 8, 2019

Chetan Gandhi

Chief Financial Officer

Raj Sarraf

Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2019

A. Equity Share Capital

	(₹ in Crs)
As at 1st April, 2017	41.06
Changes in equity share capital during the year 2017-18	(0.41)
As at 31st March, 2018	40.65
Changes in equity share capital during the year 2018-19	2.68
As at 31st March, 2019	43.33

B. Other Equity

	Other Equity										(₹ in Crs)
Particulars	Reserves and Surplus									Other Comprehensive Income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
Balance as at 1st April, 2017	13.76	1.87	1.37	90.00	130.97	1.85	0.53	2.02	1,050.42	28.61	1,321.41
Upon Buy-back of Shares	-	0.41	-	-	(98.44)	-	-	-	-	-	(98.03)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	34.01	-	-	1.44	(65.44)	-	NIL
Dividend Paid	-	-	-	-	-	-	-	-	(13.03)	-	(13.03)
Tax on Dividend	-	-	-	-	-	-	-	-	(2.40)	-	(2.40)
Intergroup Dividend	-	-	-	-	-	-	-	-	3.03	-	3.03
Other Adjustment	-	-	-	-	-	-	(0.01)	-	0.06	-	0.05
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(3.28)	-	(3.28)
Profit for the Period	-	-	-	-	-	-	-	-	332.96	-	332.96
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(2.94)	(2.94)
As at 31st March, 2018	13.76	2.28	1.37	120.00	66.54	1.85	0.52	3.46	1,302.32	25.68	1,537.78
Transfer to Other Reserves from Retained Earnings	-	-	-	-	49.50	-	-	0.24	(49.74)	-	NIL
Persuant to the Scheme of Arrangement	0.13	-	-	-	2.96	-	-	-	(111.91)	(24.50)	(133.32)
Dividend Paid	-	-	-	-	-	-	-	-	(47.38)	-	(47.38)
Tax on Dividend	-	-	-	-	-	-	-	-	(9.23)	-	(9.23)
Intergroup Dividend	-	-	-	-	-	-	-	-	3.39	-	3.39
Upon QIP Proceeds (net of Expenses)	-	-	738.72	-	-	-	-	-	-	-	738.72
Other Adjustment	-	-	-	-	-	-	(0.01)	-	-	-	(0.01)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	0.67	-	0.67
Profit for the Period	-	-	-	-	-	-	-	-	491.73	-	491.73
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	4.87	4.87
Balance as at 31st March, 2019	13.89	2.28	740.09	120.00	119.00	1.85	0.51	3.70	1,579.85	6.05	2,587.22

As per our attached report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe
Partner
M.No.047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN:00066291

Shantilal T. Shah
Vice Chairman
DIN:00004850

Place: Mumbai
Date: July 8, 2019

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Corporate Information and Significant Accounting Policies

Corporate Information

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Holding Company") and subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2019.

The principal activities of the Group, and its subsidiaries consists of manufacturing and dealing in Speciality Chemicals, Pharmaceuticals and Home & Personal Care intermediates.

Explanatory Note on the Composite Scheme of Arrangement

The Company had filed the Composite Scheme of Arrangement (Scheme) with NCLT, Ahmedabad Bench, with respect to the demerger of its Home & Personal Care Undertaking into Aarti Surfactant Limited and merger of manufacturing undertaking of its step down subsidiary Nascent Chemicals Industries Limited into itself. The said Scheme was approved by NCLT Ahmedabad vide its order dated 10th June, 2019. The Scheme had become effective from 1st April 2018 (Appointed Date). The financials of the Company for FY 2018-19 have been drawn after giving the effect of the Scheme. Hence to this extent, the financials for FY 2018-19 is not comparable with that of FY 2017-18.

Accounting of Home and Personal Care Undertaking of Aarti Industries Limited (Outgoing Business):

Pursuant to the Scheme, the net assets of ₹ 136.36 Crs. as of the Appointed date, in respect of the Outgoing Businesses had been transferred to Aarti Surfactants limited at Book Value and As Per the terms of the Scheme The Free Reserves of the Company has been proportionately debited to this extent.

Accounting for Merger of Manufacturing undertaking of Step down Subsidiary Nascent Chemical Industries limited (Incoming Business):

Pursuant to the Scheme of Arrangement, Net Assets of ₹ 11.12 Crs. as of the Appointed date, in respect of the Incoming Business has been merged into Aarti Industries limited. The Company had followed the Pooling of Interest method specified under Ind AS 103 for accounting of Business combinations and as a result,

- The Assets and liabilities of incoming businesses are reflected at their respective carrying amounts.

- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

- The Excess of the Net Assets over the face Value of Equity Shares to be allotted in accordance with the Scheme has been credited to the applicable reserves and surpluses.

Significant Accounting Policies

(a) Background:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:		
(i) Aarti Corporate Services Limited	India	100.00%
(ii) Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited)	India	50.49%
(iii) Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
(iv) Innovative Envirocare Jhagadia Limited	India	100.00%
(v) Ganesh Polychem Limited	India	50.24%
(vi) Aarti Polychem Private Limited	India	100.00%
Foreign Subsidiary:		
(vii) Alchemie (Europe) Limited	United Kingdom	88.89%
(viii) Aarti USA Inc.	USA	100.00%

(b) Basis of Preparation and Presentation:

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.

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

(c) Principles of Consolidation :

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements.

- (ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March, 2019.
- (iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except PPE) and liabilities are converted at the rates, prevailing at the end of the year. In case of PPE, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.
- (iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.
- (v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.
- (vi) As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.
- (vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard (Ind AS) 28 "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

(d) Revenue Recognition:

Ind AS 115 is effective from 1st April 2018 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Revenue from contract with customer

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

- (i) Sale of goods: Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.
- (ii) Interest Income: Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (iii) Dividend income: Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.
- (iv) Export benefits: Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

- (v) Subsidy received: Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(e) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) 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) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

(3) Depreciation/Amortization

(A) Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on an independent technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Particulars	Depreciation/Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19-31 years
(iii) Residential Quarters	Over a period of 30 years
(iv) Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 years
(vii) Furniture and Fixtures	Over a period of 10 years
(viii) Vehicles	Over a period of 7 years

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

- (4) 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.

(f) 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 Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(g) Investments:

- (i) Investments in subsidiaries and associates are measured at cost
(ii) Other investments are measured at fair value through Other Comprehensive Income.

(h) 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.

(i) Retirement Benefits:

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

(j) 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 appropriately dealt in the financial statements in accordance with the applicable accounting standards.

(k) Operating Lease:

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

(l) Deferred Revenue Expenditure:

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

(m) Income Taxes:

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

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

Current income tax:

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

Deferred tax :

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

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

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

Minimum Alternate Tax (MAT) :

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

(n) 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.

(o) 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.

(p) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

1. Property, Plant and Equipment:

F.Y. 2018-19	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
Particulars	Balance as at 1st April, 2018	Addition/ Deduction pursuant to the scheme of Arrangement	Additions/ Disposals	Deduction/ Adjustment	Balance as at 31st March, 2019	Balance as at 1st April, 2018	Addition/ Deduction pursuant to the scheme of Arrangement	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31st March, 2019	Balance as at 31st March, 2018
(i) Tangible Assets											
Free hold Land	3.68	-	-	-	3.68	0.26	-	-	-	0.26	3.42
Lease Hold Land	148.82	(1.98)	13.11	-	159.95	6.27	(0.36)	1.84	-	7.75	142.55
Residential Flat	0.00	-	-	-	0.00	0.00	-	-	-	0.00	0.00
Buildings	265.23	(9.82)	39.05	0.31	294.15	66.08	(3.93)	14.14	0.01	76.28	199.15
Plant and Equipment	2,518.13	(146.65)	343.22	0.93	2,713.77	937.71	(44.37)	137.12	0.32	1,030.14	1,683.63
R & D Assets	66.50	-	18.65	-	85.15	14.88	-	3.84	-	18.72	66.43
Furniture and Fixtures	31.37	(1.03)	4.28	-	34.62	20.91	(0.85)	3.19	-	23.25	10.46
Vehicles	26.15	(0.59)	4.11	-	29.67	17.59	(0.52)	2.16	-	19.23	8.56
Total (i)	3,059.88	(160.07)	422.42	1.24	3,320.99	1,063.70	(50.03)	162.29	0.33	1,175.63	2,145.35
(ii) Intangible Assets											
Process Development	21.96	-	-	-	21.96	20.66	-	0.40	-	21.06	0.90
Technical Knowhow	1.38	-	-	-	1.38	1.38	-	-	-	1.38	NIL
Goodwill	6.19	-	-	-	6.19	6.19	-	-	-	6.19	NIL
Computer Software	0.38	-	-	-	0.38	0.38	-	-	-	0.38	NIL
Copyrights and Patents	9.66	-	-	-	9.66	9.66	-	-	-	9.66	NIL
Goodwill on Consolidation	1.24	-	-	-	1.24	0.82	-	-	-	0.82	0.42
Total (ii)	40.81	NIL	NIL	NIL	40.81	39.09	NIL	0.40	NIL	39.49	1.32
TOTAL (i+ii)	3,100.69	(160.07)	422.42	1.24	3,361.80	1,102.79	(50.03)	162.69	0.33	1,215.12	2,146.67
(iii) Capital Work-in-Progress											436.23
											794.57

FY. 2017-18		GROSSBLOCK			ACCUMULATEDDEPRECIATION			NETBLOCK		(₹ in Crs)
Particulars	Balance as at 1st April, 2017	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2018	Balance as at 1st April, 2017	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2018	Balance as at 31st March, 2017	
(i) Tangible Assets										
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42	3.42
Lease Hold Land	115.55	33.27	-	148.82	3.92	2.35	-	6.27	142.55	111.63
Residential Flat	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
Buildings	220.97	44.27	0.01	265.23	53.69	12.39	-	66.08	199.15	167.28
Plant and Equipment	2,189.43	329.73	1.03	2,518.13	814.29	123.79	0.37	937.71	1,580.42	1,375.14
R & D Assets	33.32	33.18	-	66.50	11.91	2.97	-	14.88	51.62	21.41
Furniture and Fixtures	25.85	5.53	0.01	31.37	18.37	2.55	0.01	20.91	10.46	7.48
Vehicles	25.00	2.09	0.94	26.15	16.46	1.78	0.65	17.59	8.56	8.54
Total (i)	2,613.80	448.07	1.99	3,059.88	918.90	145.83	1.03	1,063.70	1,996.17	1,694.90
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	20.26	0.40	-	20.66	1.30	1.70
Technical Knowhow	1.38	-	-	1.38	1.38	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	6.19	6.19	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	9.66	9.66	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	1.24	0.82	-	-	0.82	0.42	0.42
Total (ii)	40.81	NIL	NIL	40.81	38.69	0.40	NIL	39.09	1.72	2.12
TOTAL (i+ii)	2,654.61	448.07	1.99	3,100.69	957.59	146.23	1.03	1,102.79	1,997.89	1,697.02
(iii) Capital Work-in-Progress									436.23	269.52

2. Non-Current Investments:

Name of the Company	No. of Shares/ Units	As at 31st March, 2019	(₹ in Crs)	
			No. of Shares/ Units	As at 31st March, 2018
Trade Investments - (Quoted) in Equity Shares				
Aarti Drugs Limited*	NIL	NIL	491,790	24.88
		NIL		24.88
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	2.19	464,550	1.77
U.K.I.P. Co-Op. Society Limited	80	0.00	35	0.00
Aarti Ventures Limited	190,000	0.16	190,000	0.16
Tarapur Environment Protection Society	32,489	0.62	21,752	0.62
Derma Touch Inc.	125,000	7.53	125,000	1.34
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	858	0.01	858	0.13
Bewakoof Brands Private Limited	4,033	2.17	4,033	0.88
Amarjyot Chemicals Limited	56,258	4.25	56,258	1.10
Polygamma Industries Private Limited	533,358	4.54	533,358	4.54
Numbermask Digital Private Limited	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	28,796	0.00	28,796	0.02
Aarti Biotech Limited	421,700	0.11	421,700	0.11
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	380,640	0.20	380,640	0.18
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		21.96		11.01
Investments - (Unquoted) Convertible Pref. Shares				
Deltecs Infotech Private Limited	750,000	0.26	750,000	0.26
		0.26		0.26
Investments - (Unquoted) in Warrant Certificate				
Deltecs Infotech Private Limited	93	0.00	93	0.00
		0.00		0.00
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.80
		3.67		3.80
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		7.27
Total		33.16		47.22

*Transferred to Aarti Surfactants Ltd. pursuant to the Scheme of Arrangement.

3. Other Non-Current Assets:

Particulars	As at 31st March, 2019	(₹ in Crs)	
		As at 31st March, 2018	
Capital Advances	109.58		59.06
Other Deposits	37.07		32.04
Advance Tax and Tax Deducted at Source (Net of Provisions)	159.78		134.08
Total	306.43		225.18

4. Inventories:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw Materials and Components	220.46	242.85
Work-in-progress	214.07	203.00
Finished Goods	280.28	206.44
Stock-in-trade	1.25	41.71
Stores and spares	40.21	19.43
Fuel	11.40	29.77
Packing Materials	4.11	4.09
Total	771.79	747.30

5. Trade Receivables:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured and considered good	776.04	654.75
Total	776.04	654.75

6. Cash and Cash Equivalents:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	0.45	0.54
Bank balance in Current Accounts	85.09	25.11
Bank balance in Deposit Accounts*	496.39	4.46
Cash Equivalants investment in highly Liquid Funds*	220.22	NIL
Earmarked Balances (Unpaid Dividend Accounts)	2.05	1.99
Total	804.20	32.10

*The above figures include the monies received from QIP, temporarily parked in bank deposits and highly liquid funds.

7. Other Current Financial Assets:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	107.67	209.15
Loans Given to		
Employees	7.69	7.68
Others*	75.30	7.97
Total	190.66	224.80

*The above figures include the net amount receivables from Aarti Surfactants Limited, created on account of transferred the total assets & liabilities as per the scheme of arrangement.

8. Other Current Assets:

(₹ in Crs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Others Receivables	4.63	1.95
Prepaid Expenses	13.42	12.27
Subsidy Receivable	12.59	7.99
Insurance Claim Receivable	3.78	3.78
Total	34.42	25.99

9. Equity Share Capital:

Particulars	No. of Shares	As at 31st March, 2019	(₹ in Crs)	
			No. of Shares	As at 31st March, 2018
Authorised Share Capital				
Equity Shares of ₹ 5/- each	230,150,320	115.08	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	86,668,647	43.33	81,300,000	40.65
Total		43.33		40.65

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2019:

Particulars	No. of Shares outstanding	
	As at 31st March, 2019	As at 31st March, 2018
Equity Shares at the beginning of the year	81,300,000	82,120,383
Add: Shares issued during the year	5,368,647	NIL
Less: Shares buy-back during the year	NIL	820,383
Equity Shares at the end of the year	86,668,647	81,300,000

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	7,136,819	8.23	6,530,886	8.03
Rashesh Chandrakant Gogri	3,834,404	4.42	5,334,404	6.56

9.3 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
No. of Equity Shares outstanding	86,668,647	81,300,000	82,120,383	83,320,383	88,591,687

(Refer Note No. 9.4)

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

- During the year 2018-19, 53,68,647 shares were issued through Qualified Institutions Placement (QIP) at the issued price of ₹ 1397/- per equity share (including ₹ 1,392/- towards share premium) to Qualified Institutional Buyers
- During the year 2017-18, 820,383 shares were brought back at a premium of ₹ 1,195/-.
- During the year 2016-17, 1,200,000 shares were brought back at a premium of ₹ 795/-.
- During the year 2015-16, 5,271,304 share of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagamation of Anushakti Chemicals & Drugs Limited, Anushakti Holdings Limited, Gogri and Sons Investments Private Limited, and Alchemie Leasing & Financing Private Limited into the Company.

10. Equity Share Capital Pending Allotment Upon Scheme of Arrangement:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
448,590 Shares are to be issued and allotted to the shareholders of Nascent Chemical Industries Limited pursuant to the terms of the Scheme of Arrangement approved by the Honorable National Company Law Tribunal (NCLT), Ahmedabad Bench.	0.22	NIL
Total	0.22	NIL

11. Other Equity:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
a. Capital Reserves		
Opening Balance	13.76	13.76
Addition:		
Persuant to the Scheme of Arrangement	0.13	NIL
Deduction:	NIL	NIL
Closing Balance	13.89	13.76
b. Capital Redemption Reserve		
Opening Balance	2.28	1.87
Addition:		
Upon Buy-back of Shares	NIL	0.41
Deduction	NIL	NIL
Closing Balance	2.28	2.28
c. Securities Premium Account		
Opening Balance	1.37	1.37
Addition: Upon QIP Allotment	747.32	NIL
Deduction: Upon QIP Expenses	8.60	NIL
Closing Balance	740.09	1.37
d. Debenture Redemption Reserve		
Opening Balance	120.00	90.00
Addition: Transferred from Profit & Loss Account	NIL	30.00
Deduction	NIL	NIL
Closing Balance	120.00	120.00
e. RBI Reserve U/s 45 (IC)		
Opening Balance	3.46	2.02
Addition: Transferred from Profit & Loss Account	0.24	1.44
Deduction:	NIL	NIL
Closing Balance	3.70	3.46
f. General Reserve		
Opening Balance	66.54	130.97
Addition:		
Persuant to the Scheme of Arrangement	2.96	NIL
Transferred from Profit & Loss Account	49.50	34.01
Deduction: Upon Buy-back of Shares	NIL	98.44
Closing Balance	119.00	66.54
g. Profit and Loss Account		
Opening balance	1,302.32	1,050.42
Addition:		
Net Profit/(Loss) for the year	491.73	332.96
Deduction:		
Dividend Paid on Equity Shares	47.38	13.03
Tax on Dividend	9.23	2.40
Other Adjustments	NIL	(0.06)
Persuant to the Scheme of Arrangement	111.91	NIL
Foreign Exchange Difference on Translation	(0.67)	3.28
Intergroup Dividend	(3.39)	(3.03)
Transferred to Reserves	49.74	65.44
Closing Balance	1,579.85	1,302.32

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
h. Other Reserves		
Revaluation Reserve	0.51	0.52
Forfeiture Reserve	1.85	1.85
Closing Balance	2.36	2.37
i. Other Comprehensive Income		
Opening Balance	25.68	28.62
Pursuant to the Scheme of Arrangement	(24.50)	NIL
OCI for the year	4.87	(2.94)
Closing Balance	6.05	25.68
Total	2,587.22	1,537.78

12. Non-Current Borrowings:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	80.45	40.00	120.45	40.00
(b) ECB/Term loans from Banks/Financial Institutions	731.77	254.56	787.18	121.91
(c) Vehicle Loans from Banks/Financial Institutions	2.58	0.89	0.64	0.36
Total	814.80	295.45	908.27	162.27

13. Other Non Current Liabilities:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Long Term Advance for Exports Received From Customer	203.24	64.00
Total	203.24	64.00

The Company has received advances of ₹ 203.24 Crs. (previous year ₹ 64.00 Crs.) for export commitments under the long term contracts (contracts with period more than five year) executed by the company with its customers. The advances shall be adjusted against the export sales/supplies over a period of time, as per the terms of these contracts. Further, as per the terms of said contracts, the Company has issued a Bank Guarantee to the extent of ₹ 138.30 Crs. (previous year NIL) in favour of the customer.

14. Deferred Tax Liabilities (Net):

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Liabilities	177.41	155.44
Pursuant to the Scheme of Arrangement	(7.12)	NIL
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	24.92	24.06
Deferred Tax Assets		
Items allowed for tax purpose on payment	(2.20)	(2.09)
Deferred Tax Liabilities (Net)	193.01	177.41

15. Short-Term Borrowings:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Secured		
Working Capital Loan From Banks	1,220.29	871.28
	1,220.29	871.28
Unsecured		
From Banks	69.23	139.89
From Other	1.31	1.31
	70.54	141.20
Total	1,290.83	1,012.48

16. Other Current Liabilities:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Current maturities of Long-Term Debt	294.56	161.91
Current maturities of Vehicle Loan	0.89	0.36
Interest accrued but not due on borrowings	11.31	15.15
Unpaid Dividends	2.05	1.99
Deposits	0.11	0.07
Sales Tax Deferred Liability	0.15	0.15
Other Current Liabilities & Taxes	10.57	5.69
Total	319.64	185.32

17. Short-Term Provisions:

Particulars	(₹ in Crs)	
	As at 31st March, 2019	As at 31st March, 2018
Employees' Benefits	41.31	30.56
Others	1.11	0.48
Total	42.42	31.04

18. Revenue From Operations:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Sale of Products	4,659.49	3,753.77
Sale of Services	NIL	5.56
Other Operating Revenues (Refer Note No. 18.1)	46.02	46.73
Gross Revenue from Operations	4,705.51	3,806.06

18.1 Other Operating Revenues:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Fertilizers Subsidy Received	15.41	17.82
Export Benefits/Incentives	18.84	17.60
Scrap Sales	7.76	6.71
Other Operating Income	4.01	4.06
Vat Refund Received	NIL	0.54
Total	46.02	46.73

19. Other Income:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Dividend Income	0.01	0.06
Profit on Sale of Assets/Investment	1.69	6.67
Lease Rent Income	0.07	0.26
Other Income	0.33	0.78
Total	2.10	7.77

20. Cost of Materials Consumed:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Consumption of Raw Materials	2,261.51	1,889.09
Consumption of Packing Materials	41.50	40.39
Consumption of Fuel	187.22	171.04
Consumption of Stores & Spares	80.28	69.43
Total	2,570.51	2,169.96

21. Change In Inventory:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Opening Stock		
Finished Goods	248.15	182.89
Work-in-Progress	203.00	162.37
Less: HPC Segment Opening Stock	(14.95)	NIL
Total (A)	436.20	345.26
Closing Stock		
Finished Goods	281.53	248.15
Work-in-Progress	214.07	203.00
Total (B)	495.60	451.15
Total (A-B)	(59.40)	(105.89)

22. Employee Benefits:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Salaries, Wages & Bonus	214.11	171.36
Contribution to PF and other Funds	11.78	10.35
Workmen & Staff Welfare Expenses	16.93	8.43
Total	242.82	190.14

23. Finance Cost:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Interest on NCD's	15.09	19.77
Other Interest Expenses	159.81	104.80
Other Borrowing Costs	7.64	7.08
Total	182.54	131.65

24. Other Expenses:

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Manufacturing Expenses:		
Freight, Cartage & Transport	108.14	104.52
Power	102.84	109.12
Water Charges	11.82	10.60
Processing Charges	45.40	35.04
Other Manufacturing Expenses	116.08	115.89
Repairs & Maintenance	98.92	78.33
Insurance Charges	3.79	3.00
Research & Development Expenses	21.87	15.07
Factory Administrative Expenses	36.02	28.21
Total (A)	544.88	499.78
Office Administrative Expenses:		
Rent, Rates and Taxes	2.18	2.07
Travelling and Conveyance	7.07	5.58
Auditor's Remuneration (Refer Note No. 24.1)	0.41	0.31
Legal & Professional Charges	13.62	14.43
Postage, Telegraph & Telephone	0.87	0.87
Printing & Stationery Expenses	0.95	0.99
Other Administrative Expenses	10.77	10.43
Total (B)	35.87	34.69
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	5.83	5.36
Export Freight Expenses	67.51	59.61
Freight and Forwarding Expenses	109.40	102.53
Commission	8.68	8.03
Export Insurance Charges	2.36	2.00
Sample Testing & Analysis Charges	1.39	1.15
Lease Rent Paid	10.83	11.36
Provision for Doubtful Debts	2.11	1.00
Other Expenses	0.10	0.12
Bad Debts Written Off	2.89	NIL
Sales Tax & Other Dues Paid	NIL	0.43
Sundry Balance Written Off/(Back)	0.55	0.79
Total (C)	211.65	192.39
Non-Operating Expenses:		
Donations and CSR Expenses	10.62	8.02
Loss on Sale of Assets/Investment	NIL	0.39
Total (D)	10.62	8.41
TOTAL (A+B+C+D)	803.02	735.27

24.1. Auditor's Remuneration:

Particulars	For the Year Ended 31st March, 2019	(₹ in Crs) For the Year Ended 31st March, 2018
Audit Fees	0.34	0.27
Certification Charges	0.06	0.03
Out of Pocket Expenses	0.01	0.01
Total	0.41	0.31

25. Earning Per Share (EPS):

Particulars		For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Net Profit after Tax	(₹ in Crs)	504.17	346.13
Profit attributable to Non Controlling Interest	(₹ in Crs)	(12.44)	(13.17)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs)	491.73	332.96
No. of Equity Shares	(Nos.)	86,668,647	81,300,000
Basic & Diluted EPS	(₹)	60.39	40.95
Nominal Value of Equity Share	(₹)	5.00	5.00

25.1. Basic earnings per share has been computed by dividing the profit/loss for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share has been computed using weighted average number of shares dilutive potential shares, except where the results would be anti-dilutive.

26. Contingent Liabilities And Commitments: (to the extent not provided for)

Particulars	As at 31st March, 2019	(₹ in Crs) As at 31st March, 2018
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	75.23	89.76
(b) Letters of Credit, Bank Guarantees & Bills Discounted	113.00	69.89
	188.23	159.65
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	218.49	43.16
	218.49	43.16
Total	406.72	202.81

27. Related Party Disclosure Under Accounting Standard (Ind AS: 24):

I Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private Limited

II Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

1.	Shri Rajendra V. Gogri	Director
2.	Shri Rashesh C. Gogri	Director
3.	Shri Shantilal T. Shah	Director
4.	Shri Parimal H. Desai	Director
5.	Shri Manoj M. Chheda	Director
6.	Shri Kirit R. Mehta	Director
7.	Smt. Hetal Gogri Gala	Director
8.	Shri Renil R. Gogri	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Shri Raj Sarraf	Company Secretary

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 above.

Sr. No.	Description of Transaction	Year	(₹ in Crs)
			Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	CY	39.65
		PY	30.96
2	Purchases of Raw Materials/Finished Goods	CY	14.97
		PY	11.31
3	Other Manufacturing Expenses	CY	4.15
		PY	2.81
4	Rent paid	CY	0.12
		PY	0.14
5	Other Income	CY	-
		PY	0.02
6	Purchase of Fixed Assets	CY	11.10
		PY	-
7	Dividend Income	CY	-
		PY	0.05
8	Outstanding items pertaining to the related parties at the balance - - sheet date Receivable/(Payable)	CY	6.43
		PY	13.01

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

Particulars	(₹ in Crs)	
	Financial Year 2018-19	Financial Year 2017-18
a. Remuneration including perquisites #	10.76	9.91
b. Commission to Directors	14.73	10.17
c. Sitting Fees	0.03	0.02
d. Rent paid	1.12	1.05
e. Travelling Expenses	0.76	0.61
f. Telephone Expenses	0.05	0.06
Total	27.45	21.82

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

Value of Perquisites includes non Cash Perquisites of ₹ 0.02 Crs (previous year ₹ 0.02 Crs).

28. Segment Reporting:

Sr. No.	Particulars	Financial Year 2018-19	(₹ in Crs) Financial Year 2017-18
(A) Primary Segments: Business Segments			
1	Segment Revenue:		
	a) Speciality Chemicals	3,979.70	2,985.49
	b) Pharmaceuticals	725.81	556.22
	c) Home & Personal Care Chemicals	NIL	264.35
	Total	4,705.51	3,806.06
2	Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	819.57	581.07
	b) Pharmaceuticals	112.68	79.20
	c) Home & Personal Care Chemicals	NIL	2.75
	Total (A)	932.25	663.02
	Less: Interest	182.54	131.65
	Other Unallocable Expenditure (Net)	127.74	102.36
	Total (B)	310.28	234.01
	Total Profit before Tax (A-B)	621.97	429.01
3	Segment Assets:		
	a) Speciality Chemicals	3,759.66	3,012.31
	b) Pharmaceuticals	940.71	808.23
	c) Home & Personal Care Chemicals	NIL	229.10
	d) Unallocated Capital	323.37	227.82
	Total	5,023.74	4,277.46
	Segment Liabilities:		
	a) Speciality Chemicals	719.29	441.62
	b) Pharmaceuticals	95.30	75.48
	c) Home & Personal Care Chemicals	NIL	56.75
	d) Unallocated Capital	193.01	177.41
	Total	1,007.60	751.26
(B) Secondary Segments: Geographical Segments			
	a) India	2,728.63	2,115.08
	b) Out of India	1,976.88	1,690.98
	Total	4,705.51	3,806.06

Note:

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

29. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Name of Enterprise	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(₹ in Crs)	As % of Consolidated Profit or Loss	(₹ in Crs)
Parent				
Aarti Industries Limited	94.32%	2,560.63	97.87%	481.28
Subsidiaries				
Alchemie (Europe) Limited	0.05%	1.23	-0.12%	(0.60)
Aarti USA Inc.	-0.04%	(1.06)	-0.03%	(0.17)
Aarti Corporate Services Limited	0.71%	19.16	0.23%	1.13
Ganesh Polychem Limited	5.70%	154.71	5.08%	24.99
Innovative Envirocare Jhagadia Limited	0.01%	0.18	-0.02%	(0.10)
Nascent Chemical Industries Limited	0.04%	1.22	-0.03%	(0.13)
Shanti Intermediates Private Limited	0.01%	0.40	0.06%	0.29
Aarti Polychem Private Limited	0.00%	0.00	0.00%	0.00
Non Controlling Interest in all Subsidiaries	-3.09%	(83.95)	-2.53%	(12.44)
Inter Company Elimination & Consolidation Adjustment	2.29%	62.20	-0.51%	(2.52)
Total	100.00%	2714.72	100.00%	491.73

30. Fair Value Measurements: Financial instruments by category

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	24.07	-	-	17.99	-	-
Trade Receivables	776.04	-	-	654.75	-	-
Cash and Cash Equivalents	804.20	-	-	32.09	-	-
Other Financial Assets	371.73	-	-	341.88	-	-
At FVTOCI						
Investments	9.09	-	9.09	29.23	24.88	4.35
Financial Liabilities						
At Amortised Cost						
Borrowings	2,105.63	-	-	1,920.75	-	-
Trade Payables	279.28	-	-	357.49	-	-
Other Non-current Liabilities	203.24	-	-	64.00	-	-
Other Current Financial Liabilities	362.06	-	-	216.36	-	-

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

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

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

31. Capital Management:

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

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

Particulars	31st March 2019	31st March 2018
Gross Debts	2,401.08	2,083.02
Less: Cash and Marketable Securities	(804.20)	(56.97)
Net Debt (A)	1,596.88	2,026.05
Total Equity (B)	2,714.72	1,655.42
Net Gearing ratio (A/B)	0.59	1.22

Dividends

Particulars	31st March 2019	31st March 2018
(i) Equity shares		
Final dividend for the year ended 31st March 2018 of ₹ 1 per fully paid share & Interim Dividend for 2018-19 @ ₹ 4.00 per share paid	44.25	8.21
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 7 (31st March 2018 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	60.98	8.13

32. Financial Risk Management:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to ALL.

Credit risk management

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2019

Maturities of non-derivative financial liabilities

(₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	279.28	-	-	279.28
Other financial liabilities	1,652.89	1,018.04	-	2,670.93
Total	1,932.17	1,018.04	-	2,950.21

As at 31st March 2018

Maturities of non-derivative financial liabilities

(₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	357.49	-	-	357.49
Other financial liabilities	1,228.84	934.60	37.67	2,201.11
Total	1,586.33	934.60	37.67	2,558.60

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

33. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our attached report of even date

For **Kirtane & Pandit LLP**

Chartered Accountants

FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe

Partner

M.No.047973

Rajendra V. Gogri

Chairman and

Managing Director

DIN: 00061003

Rashesh C. Gogri

Vice Chairman and

Managing Director

DIN:00066291

Shantilal T. Shah

Vice Chairman

DIN:00004850

Place: Mumbai

Date: July 8, 2019

Chetan Gandhi

Chief Financial Officer

Raj Sarraf

Company Secretary



CIN: L24110GJ1984PLC007301

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

Website: - www.aarti-industries.com, Email: - investorrelations@aarti-industries.com

Telephone: - 0260-2400059, 2400366, Fax: - 0260-2401322

Notice of Annual General Meeting

Notice is hereby given that the Thirty Sixth Annual General Meeting of the Members of **AARTI INDUSTRIES LIMITED** will be held at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat, on Monday, the 16th day of September, 2019, at 11:00 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) The audited Financial Statements for the financial year ended March 31, 2019, the Reports of the Directors' and Auditors thereon; and
 - (b) The audited Consolidated Financial Statements for the financial year ended March 31, 2019.
2. To declare final dividend for the financial year ended March 31, 2019.
3. To appoint a Director in place of Shri Renil R. Gogri (DIN: 01582147), who is liable to retire by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Smt. Hetal Gogri Gala (DIN: 00005499), who is liable to retire by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, recommendation of nomination and remuneration committee of the Board, and subject to other approvals, if any, the consent of the Company be and is hereby given on to revise the terms of appointment of executive directors as shown hereunder with effect from April 1, 2019.

Name of Directors	per annum (₹ in lakhs)			
	Basic	HRA	Bonus	Total
Shri Rajendra V. Gogri (CMD)	64.30	6.45	5.25	76.00
Shri Rashesh C. Gogri (VC & MD)	64.30	6.45	5.25	76.00
Shri Parimal H. Desai (WTD)	55.37	5.52	4.61	65.50
Shri Manoj M. Chheda (WTD)	55.37	5.52	4.61	65.50
Smt. Hetal Gogri Gala (WTD)	55.37	5.52	4.61	65.50
Shri Kirit R. Mehta (WTD)	39.00	3.90	3.10	46.00
Shri Renil R. Gogri (WTD)	46.64	4.67	3.89	55.20

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

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

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 Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and rules made thereunder, for the time being in force), in accordance with the recommendation of Nomination and Remuneration Committee, Dr. Vinay Gopal Nayak (DIN: 02577389), who was appointed as an Additional Director in the category of Independent Director and who holds office until the date of this Annual General Meeting, be and is hereby appointed as an Independent Director to hold office for a period of (5) five years with effect from December 18, 2018.

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

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 Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and rules made thereunder, for the time being in force), in accordance with the recommendation of Nomination and Remuneration Committee, Shri Lalitkumar S. Naik (DIN: 02943588), who was appointed as an Additional Director in the category of Independent Director and who holds office until the date of this Annual General Meeting, be and is hereby appointed as an Independent Director to hold office for a period of (5) five years with effect from May 21, 2019.

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

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

RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and rules made thereunder, for the time being in force), and in accordance with the recommendation of Nomination and Remuneration Committee, Shri. P.A. Sethi (DIN: 00004038), Independent Director of the Company, who shall be completing his first term of five years on September 23, 2019 as an Independent Director of the Company, be and is hereby re-appointed as such to hold office for a further period of (5) five years with effect from September 24, 2019.

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

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

RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the

Act and 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and rules made thereunder, for the time being in force), and in accordance with the recommendation of Nomination and Remuneration Committee, Shri. KVS Shyam Sunder (DIN: 00502621), who shall be completing his first term of five years on September 23, 2019 as an Independent Director of the Company, be and is hereby re-appointed as such to hold office for a period of (5) five years with effect from September 24, 2019.

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

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

RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and rules made thereunder, for the time being in force), and in accordance with the recommendation of Nomination and Remuneration Committee, Shri Bhavesh Rasiklal Vora (DIN:00267604), who shall be completing his first term as on September 23, 2019 as an Independent Director of the Company, be and is hereby re-appointed as such to hold office for a period of (5) five years with effect from September 24, 2019.

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

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 Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Ketki D. Visariya, Cost Accountant (Membership Number 16028), being the Cost Auditor appointed by the Board of Directors of the Company to conduct audit of the cost records and related books maintained by the Company in respect of Organic

and Inorganic Chemicals, Bulk Drugs and Fertilizers for Financial Year 2019-20 on a remuneration of ₹ 5,00,000/- (Rupees Five Lakh only) per annum plus Tax as applicable, and reimbursement of out of pocket expenses incurred by her in connection with aforesaid Audit be and is hereby ratified and confirmed.

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

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 Section 63 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, Foreign Exchange and Management Act, 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions contained in the Articles of Association and subject to such other approvals, consents, permissions as may be necessary, consent of the members be and is hereby granted to capitalize the sum of ₹ 43,55,86,185 (Rupees Forty Three Crore Fifty Five Lakh Eighty Six Thousand One Hundred and Eighty Five) out of the share premium account of the Company for the purpose of issuance of bonus shares to the shareholders of the Company, whose names appear in the Register of Members maintained by the Company/ List of Beneficial Owners of the Depository as on the record date in proportion of 1:1 i.e 1 (One) equity share of nominal value ₹ 5/- (Rupees Five) each for every 1 (One) equity share(s) of nominal value of ₹ 5/- (Rupees Five) each.

RESOLVED FURTHER THAT all such new Equity shares as and when issued shall be issued subject to the provisions of Memorandum and Articles of Association of the Company and shall rank pari passu and carry same rights with the existing equity shares of the Company in all respect.

RESOLVED FURTHER THAT the allotment of new Equity shares to the extent that they relate to non-resident members of the Company, shall be subject to the approval, if any, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999, as may be deemed necessary.

RESOLVED FURTHER THAT in case of members who hold shares in dematerialisation form, the equity shares shall be credited to the respective beneficiary accounts of the

members with their Respective Depository Participant(s) and in case the members who hold equity shares in physical form, the share certificate(s) in respect of the equity shares shall be despatched, within such times as prescribed by law and the relevant authorities.

RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to take necessary steps for listing of the Equity Shares so allotted at the Stock Exchanges where the securities of the Company is listed as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable Laws, Rules and Regulations.

RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things whatsoever, including settling any questions, doubts or difficulties that may arise with regard to or in relation to the issue or allotment of the bonus shares and to accept on behalf of the Company, any conditions, modifications, alterations, changes, variations in this regard as prescribed by the statutory authority(ies) and which the Board in its discretion thinks fit and proper.

RESOLVED FURTHER THAT the Board of Directors be and is hereby further authorized to delegate all or any of the powers conferred by this resolution on it, to any committee or sub-committee of Directors or any other Director(s) or Officer(s) of the Company to give effect to the foregoing resolutions, with the power to such committee/ sub-committee of the Board to further delegate all or any of its powers/ duties to any of its members.

By order of the Board

Registered Office:

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

Place: Mumbai
Date: August 13, 2019

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

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 of proxy, duly completed, should be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting. No proxy form shall be considered as valid if received after September 14, 2019 at 11:00 a.m.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at item nos. 5 to 12 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 Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid within statutory time limit of 30 days, as under:
 - a. To all beneficial owners in respect of shares held in dematerialised form as per the data made available by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business hours on August 28, 2019.
 - b. To all Members in respect of shares held in Physical Form as per the Register of Members of the Company on the close of business hours on August 28, 2019.
 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 Annual General Meeting.
 6. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited (RTA), immediately of any change in their address and bank details. Members holding shares in dematerialised form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.
 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 Final Dividend, for the year 2010-11 and Interim Dividend for the year 2011-12 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.
 10. The Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 35th Annual General Meeting (AGM) held on September 21, 2018, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aarti-industries.com.

The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) edition and (Gujarati) edition published from Ahmedabad for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to Demat Account of IEPF Authority on its website at www.aarti-industries.com under "Investors Section".
 11. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. With the proposed change coming into effect from April 1, 2019, Equity Shares of the Company shall be eligible for transfer only in Dematerialized form. Therefore, the Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
 12. 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 M/s. Link Intime India Private Limited

sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aarti-industries.com.

13. The Copies of the Annual Report 2018-19 is being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participants(s) for communication purposes. A member interested in receiving a physical copy may write to the Company in this regard. For members who have not registered their email addresses, physical copy of the Annual Report 2018-19 is being sent by the permitted mode.

14. Members/Proxies are advised to bring the duly filled Attendance Slip in the format as enclosed herewith to attend the meeting.

15. Voting Options

(1) Voting through Electronic Means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide a facility to Members to exercise their right to vote by electronic means.

The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

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

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

Details on Step 1 is mentioned below:

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

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

5. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for

NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

(2) Voting at Annual General Meeting

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

OTHER INSTRUCTIONS

- I. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Monday, September 9, 2019 are entitled to vote on the Resolutions, set forth in this Notice.
- II. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of Monday, September 9, 2019.
- III. A member may participate in the meeting even after exercising his right to vote through remote e-voting.
- IV. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date Monday, September 9,

2019 only shall be entitled to avail the facility of remote e-voting or voting at the meeting through ballot papers.

- V. CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- VI. The Scrutiniser shall, immediately after the conclusion of voting at Annual General Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 48 hours of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.
- VII. The results along with the Scrutinisers Report shall be placed on the website of the Company and that of National Securities Depository Limited and shall be communicated to BSE Limited and National Stock Exchange of India Limited.
- VIII. The Ministry of Corporate Affairs have vide its notification dated June 14, 2018 notified Companies (Significant Beneficial Owner) Rules, 2018 and vide its notification dated February 08, 2019 notified the Companies

(Significant Beneficial Owners) Amendment Rules, 2019. Pursuant to the said notification, when an individual becomes a significant beneficial owner, or where his significant beneficial ownership undergoes any change, he/she shall file a declaration in Form BEN-1 to the Company, within thirty days of acquiring such significant beneficial ownership or any change therein. For further more clarification, shareholders are advised to refer the rules at http://www.mca.gov.in/Ministry/pdf/CompaniesSignificantBeneficial1306_14062018.pdf and http://www.mca.gov.in/Ministry/pdf/CompaniesOwnersAmendmentRules_08020219.pdf

By order of the Board

Registered Office:

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

Place: Mumbai
Date: August 13, 2019

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Annexure to the Notice

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

ITEM NO.5

The Nomination and Remuneration Committee of the Board in its meeting held on May 20, 2019, has evaluated performance of the executive Director and in accordance with Company's performance and Industry norms, recommended revision in the remuneration as stated in the table below;

Name of Directors	per annum (₹ in lakhs)			
	Basic	HRA	Bonus	Total
Shri Rajendra V. Gogri (CMD)	64.30	6.45	5.25	76.00
Shri Rashesh C. Gogri (VC & MD)	64.30	6.45	5.25	76.00
Shri Parimal H. Desai (WTD)	55.37	5.52	4.61	65.50
Shri Manoj M. Chheda (WTD)	55.37	5.52	4.61	65.50
Smt. Hetal Gogri Gala (WTD)	55.37	5.52	4.61	65.50
Shri Kirit R. Mehta (WTD)	39.00	3.90	3.10	46.00
Shri Renil R. Gogri (WTD)	46.64	4.67	3.89	55.20

In line with the regulatory requirements, subject to approval of the members, revised remuneration shall be effective from April 1, 2019, while other terms & conditions of the principal agreement with them shall remain unchanged.

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

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

ITEM NO.6

Dr. Vinay Gopal Nayak is pharmaceutical professional with technical background and has an overall experience of 32 years. He is specialized in the areas of Manufacturing, Quality, R&D, Compliance and Regulatory Affairs both for Active Pharmaceutical Ingredients (API) and formulation manufacturing. He has been appointed as an Additional Director (Independent Director) of the Company with effect from December 18, 2018. Pursuant to the provisions of Section 161 of the Companies Act, 2013. Dr. Vinay Gopal Nayak holds office of Director upto the date of this Annual General Meeting. His continued association with the Company as a Director would be of a great advantage. The Nomination and Remuneration Committee has recommended his appointment. Pursuant to Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and any SEBI order he has not been debarred from holding office of Directors. 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 Director 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 he fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the management.

Copy of the letter for appointment proposed to be issued to Dr. Vinay Gopal Nayak as an Independent Director setting out the terms and conditions thereof is 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. to 1:00 p.m., up to the date of the Annual General Meeting.

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

None of the Directors other than Dr. Vinay Gopal Nayak and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Dr. Vinay Gopal Nayak may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

ITEM NO. 7

Shri Lalitkumar S. Naik is a B.Tech-Chemical Engineer from IIT Kanpur having more than 25 years of rich experience in the field of Chemicals building materials and nutrition with leadership position across many Companies. He has been appointed as an Additional Director (Independent Director) of the Company with effect from May 21, 2019. Pursuant to the provisions of Section 161 of the Companies Act, 2013. Shri Lalitkumar S. Naik hold office of Director upto the date of this Annual General Meeting. The Nomination and Remuneration Committee has recommended his appointment. Pursuant to Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any SEBI order he has not been debarred from holding office of Director. Further, in terms of Section 149, 152 read with Schedule IV of the Companies Act, 2013 and Regulation 16 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement), Regulations, 2015 the Board of Directors has reviewed the declaration made by him 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 he fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the management.

Copy of the letter for appointment proposed to be issued to Shri Lalitkumar S. Naik as an Independent Director setting out the terms and conditions thereof is 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. to 1:00 p.m., up to the date of the Annual General Meeting.

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

None of the Directors other than Shri Lalitkumar S. Naik, and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Shri Lalitkumar S. Naik may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

ITEM NOS. 8 to 10

Shri P. A. Sethi is a Bachelor of Commerce and Certified Associate of Indian Institute of Bankers. His first term as an Independent Director shall be completing on September 23, 2019. The Nomination and Remuneration Committee of the Company based upon the performance evaluation, and contribution to the Company, has recommended his appointment for the second term of 5 (five) years as an Independent Director of the Company from September 24, 2019.

Shri KVS Shyam Sunder is a Chartered Accountant and avid Banker with an experience of four decades His first term as an Independent Director shall be completing on September 23, 2019. The Nomination and Remuneration Committee of the Company based upon the performance evaluation and contribution to the Company, has recommended his appointment for the second term of 5 (five) years as an Independent Director of the Company from September 24, 2019.

Shri Bhavesh R. Vora is a Practicing Chartered Accountant with more than 27 years of experience in the field of Stock Brokers Audits, Compliances, Derivatives, Futures & Options, Accounting Standards and Internal & Management Audit areas. His first term as an Independent Director shall be completing on September 23, 2019. The Nomination and Remuneration Committee of the Company based upon the performance evaluation and contribution to the Company, has recommended his appointment for the second term of 5 (five) years as an Independent Director of the Company from September 24, 2019.

The Company has received from the said Directors, declarations to the effect that they meet criteria of independence as provided in Section 149(6) of the said Act. Further, in terms of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by the said Directors in respect of meeting the criteria of independence as provided in Section 149(6) of the said Act and the Board is of opinion that they fulfil the relevant conditions specified in the said Act and the Rules made thereunder and are independent of the management. Pursuant to Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any SEBI order, they have not been debarred from holding office of Director.

The Board has taken into consideration the results of the performance evaluation of the Directors before recommending their re-appointment to the members of the Company for approval at the forthcoming Annual General Meeting. The Board considers that continued association of the said Independent Directors would be of immense benefit to the Company in view of their qualification, expertise and experience in their respective fields. Therefore, it is desirable to continue to avail services of each one of them as Independent Director.

Shri KVS Shyam Sunder has attained age of 75 years and Shri P. A. Sethi shall attain the age of 75 years during the second term. The Board of Directors of the Company also recommend to pass this resolutions as a Special Resolution for continuing even after attaining the age of 75 years. Considering the performance of the Directors in the first term and their vast experience and expertise in different domain has led to the well-balanced board composition. In view of the same the approval of members by way of special resolution is also sought to allow Independent Director to occupy the position even after attaining age of 75 years.

Copies of the draft letters for appointment proposed to be issued to Shri P. A. Sethi, Shri KVS Shyam Sunder and Shri Bhavesh R. Vora respectively 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. to 1:00 p.m., up to the date of the Annual General Meeting.

Shri P. A. Sethi, Shri. KVS Shyam Sunder and Shri. Bhavesh R. Vora are interested in the resolution pertaining to their respective appointment as an Independent Director. The relatives of Shri P. A. Sethi, Shri. KVS Shyam Sunder and Shri. Bhavesh R. Vora may be deemed to be interested in the said resolutions, to the extent of their respective shareholding, if any, in the Company.

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

ITEM NO.11

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor to audit the Cost records for the financial year 2019-20 was recommended by the Audit Committee to the Board. The Board thereby re-appointed Smt. Ketki Damji Visariya (Membership Number 16028) Cost Accountant, as Cost Auditor at the Board Meeting held on May 21, 2019 at a remuneration of ₹ 5,00,000/- plus taxes as applicable.

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

consideration of the Shareholders. Your Directors recommend the said resolution for your approval. None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

ITEM NO.12

The Board in its meeting held on August 13, 2019, subject to the consent of the members of the Company approved and recommended issue of Bonus Equity of Shares of ₹ 5/- each credited fully paid up to eligible members of the Company in the proportion of 1:1 i.e. 1 new fully paid-up equity share of ₹ 5/- (Rupees Five only) each for every 1 (One) existing fully paid-up equity share of ₹ 5/- (Rupees Five only) each by capitalising a sum of ₹ 43,55,86,185/- (Rupees Forty Three Crore Fifty Five Lakh Eighty Six Thousand One Hundred and Eighty Five) out of the share premium account of the Company. The issue of Bonus Shares by way of share premium account reserves, is authorised by the Company's Articles of Association of the Company and shall be made in line with the provisions of Section 63 of the Companies Act, 2013 and other applicable

regulations and subject to such approvals, if required from any statutory authorities.

In view of the above the Board Recommends the Resolution set forth in item no. 12 of the accompanying Notice, for the approval of the Shareholders of the Company by way of Ordinary Resolution.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolutions set forth in Item No. 12 of this Notice except to the extent of their shareholding held by them in the Company.

By order of the Board

Registered Office:

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

Place: Mumbai
Date: August 13, 2019

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

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

Particulars	Shri. Renil R. Gogri	Smt. Hetal Gogri Gala
Date of birth and age	April 14,1987 (31 years)	July 10,1975 (43 years)
Appointed on	August 16, 2012	November 1, 2001
Qualifications	B.E. (IIT Mumbai)	B.E (Electronic) and MEP degree from IIM Ahmedabad
Experience and expertise in specific functional areas	He has been appointed as a Whole-Time Director of the company from August 16, 2012. He handles the portfolios of systems developments/ improvements in operations, adoption of IT advancement into operation and project execution and other production related activities of the Company.	Smt. Hetal Gogri Gala, an Electronics and MEP from IIM Ahmedabad has been whole-time Director of the company since November 1, 2001. She has a rich and vast experience in the portfolio of Purchase,. Supply Chain Management, HR & admin and presently handles the same. She also manages Strategic Business unit of the Company
Disclosure of Relationships between Director Inter-se	Shri. Renil R. Gogri is son of Shri. Rajendra V. Gogri, Chairman and Managing Director of the Company.	Smt. Hetal Gogri Gala is the sister of Shri. Rashesh Gogri, Vice Chairman and Managing Director of the company.
Directorships held in other (excluding foreign) Companies	Alchemie Finserv Private Limited. Safechem Enterprises Private Limited. Aarti Polychem Private Limited. Alchemie Dyechem Private Limited. Crystal Millennium Realtors Private Limited. Dhaval Realtors India Private Limited. Spark Academy Private Limited.	Aarti Industries Ltd. Anushakti Enterprise Private Limited. Alchemie Dye Chem Private Limited. Gogri Finserv Private Limited. Aarti Vikas & Seva Mission Alabhya Trusteeship Private Limited. Saswat Trusteeship Private Limited. Alchemie Financial Services Limited. Vahal Welfare Foundation Crystal Millennium Realtors Private Limited
Memberships / Chairmanships of committees across public companies	Aarti Industries Ltd. Risk Management Committee : Member Finance and Investment Committee : Member	Aarti Industries Ltd. Finance and Investment Committee : Member Stakeholders Relationship Committee : Member Risk Management Committee : Member Corporate Social responsibility Committee : Member
No. of shares held in the Company	3429752	2615548

Particulars	Dr. Vinay G. Nayak	Shri Lalitkumar S. Naik
Date of birth and age	December 12, 1956 (62 years)	October 18, 1961 (57 years)
Appointed on	December 18, 2018	May 21, 2019
Qualifications	Pharmacist	B.Tech - Chemical Engineer IIT, Kanpur and PGDMIIM, Ahmedabad
Experience and expertise in specific functional areas	Dr. Vinay G. Nayak, a pharmaceutical professional with technical background has worked with Organisations such as Cipla, Lupin, Watson, Marksans, Alembic & Emcure pharmaceuticals for the past 32 years. He is specialised in the areas of Manufacturing, Quality, R&D, compliance and Regulatory Affairs both for API and formulation manufacturing.	Shri Lalitkumar S. Naik More than 25 years of rich experience in the field of chemicals/ building materials and nutrition with leadership positions across many such as Companies Welspun, Aditya Birla Nuvo, Pacific Construction, Bpb Asia, Bpb India Gypsum, Basf India, Dow Chemicals India, Godrej Soaps. He Is Currently Chief Executive Officer of Noveltech Feeds Pvt. Ltd.
Disclosure of Relationships between Director Inter-se	NIL	NIL
Directorships held in other (excluding foreign) Companies	NIL	NIL
Memberships / Chairmanships of committees across public companies	NIL	NIL
No. of shares held in the Company	NIL	NIL

Particulars	Shri P.A. Sethi	Shri KVS Shyam Sunder	Shri Bhavesh R. Vora
Date of birth and age	October 19, 1944 (74 years)	July 29, 1942 (76 years)	September 13, 1967 (51 years)
Appointed on	September 23, 2008	September 23, 2008	September 23, 2008
Qualifications	B.Com, CAIIB	B.Com, ACA	B.Com, ACA
Experience and expertise in specific functional areas	He holds a bachelor degree in commerce from Vikram University, Ujjain and a degree of post graduate diploma in Costing and Management Accounting from Indore University.	He is a Chartered Accountant and avid banker with an experience of four decades.	He is a Chartered Accountant with more than 27 years of experience in the field of Stock Brokers Audits, Compliances, Derivatives, Futures & Options, Accounting Standards and Internal & Management Audit areas.
Disclosure of Relationships between Director Inter-se	NIL	NIL	NIL
Directorships held in other (excluding foreign) Companies	Pro-G Agro Private Limited	Ladderup Finance Limited. Ladderup Corporate Advisory Private Limited. Ladderup Wealth Management Private Limited. Water Proof Corporation Pvt. Ltd. Godland Enterprises Private Limited	Aarti Drugs Limited. Pinnacle Life Science Private Limited.
Memberships / Chairmanships of committees across public companies	Aarti Industries Ltd.: Audit committee: Member Nomination and Remuneration Committee: Member	Aarti Industries Ltd. Audit Committee: Chairman Nomination and Remuneration Committee: Member Corporate Social Responsibility Committee: Member Stakeholders Relationship Committee: Member Ladderup Finance Ltd. Audit Committee: Chairman Stakeholders Relationship Committee: Chairman Nomination and Remuneration Committee: Chairman Corporate Social Responsibility Committee: Member Risk Management Committee: Member Prevention of Sexual Harassment Committee: Member	Aarti Industries Ltd. Audit Committee: Member Aarti Drugs Ltd. Audit Committee: Member Stakeholders Relationship Committee: Member Nomination and Remuneration Committee: Chairman
No. of shares held in the Company	NIL	NIL	NIL

Route Map to the Venue of Annual General Meeting



Landmark: Vapi Railway Station



AARTI
INDUSTRIES

Aarti Industries Limited

CIN: L24110GJ1984PLC007301

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

36th Annual General Meeting - Monday, September 16, 2019

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 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: or failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on the Monday, September 16, 2019 at 11:00 a.m. at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below



Sr. No.	Resolution	Optional*	
		For	Against
Ordinary Business			
1.	Adoption of Financial Statements for the year ended March 31, 2019.		
2.	Declare final dividend for the financial year ended March 31, 2019.		
3.	Re-appointment of Shri Renil R. Gogri, who retires by rotation and being eligible, seeks reappointment.		
4.	Re-appointment of Smt. Hetal Gogri Gala, who retires by rotation and being eligible, seeks reappointment.		
Special Business			
5.	Variation in the terms of remuneration payable to Executive Directors.		
6.	Appointment of Dr. Vinay Gopal Nayak as an Independent Director for a period of 5 (Five) years.		
7.	Appointment of Shri Lalitkumar S. Naik as an Independent Director for a period of 5 (Five) years.		
8.	Re-appointment of Shri P.A. Sethi as an Independent Director for a period of 5 (Five) years.		
9.	Re-appointment of Shri KVS Shyam Sunder as an Independent Director for a period of 5 (Five) years.		
10.	Re-appointment of Shri Bhavesh Rasiklal Vora as an Independent Director for a period of 5 (Five) years.		
11.	Ratification of the remuneration to be paid to Cost Auditor.		
12.	Issuance of Bonus Shares.		

Signed this: day of 2019

Affix ₹ 1/-
Revenue
Stamp

Signature of Proxy holder(s): Signature of shareholder:

Notes :-

1. 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.
 2. 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.



Aarti Industries Limited

CIN: L24110GJ1984PLC007301

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

Attendance Slip

36th Annual General Meeting - Monday, September 16, 2019

Shareholder Name:

Sr. No:

Address:

Folio No./Client ID, DP:

No. of Shares:

I/we hereby record my/our presence at the 36th Annual General Meeting of the Company at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat on Monday, September 16, 2019 at 11:00 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.



Aarti Industries Limited

CIN: L24110GJ1984PLC007301

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

Electronic Voting Particulars

Even (E-Voting Event Number)	User ID	Password / Pin
111443		

Note: Please read instructions given at Note no. 15 of the Notice of the 36th Annual General Meeting carefully before voting electronically.

Notes

[illegible]

Notes

[illegible]



BSE - 524208
NSE - AARTIIND
CIN - L24110GJ1984PLC007301

Registered Office:

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

Website: www.aarti-industries.com

Corporate Office:

71, 2nd Floor, Udyog Kshetra,
Mulund-Goregaon Link Road, Salpa
Devi Pada, Mulund West, Mumbai -
400 080, Maharashtra