



Innovation and Sustainability-

Our Formula for Growth



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Our Formula for Growth



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Stepping Up,
Growing Stronger



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Adopting Another
Dimension of
Innovation



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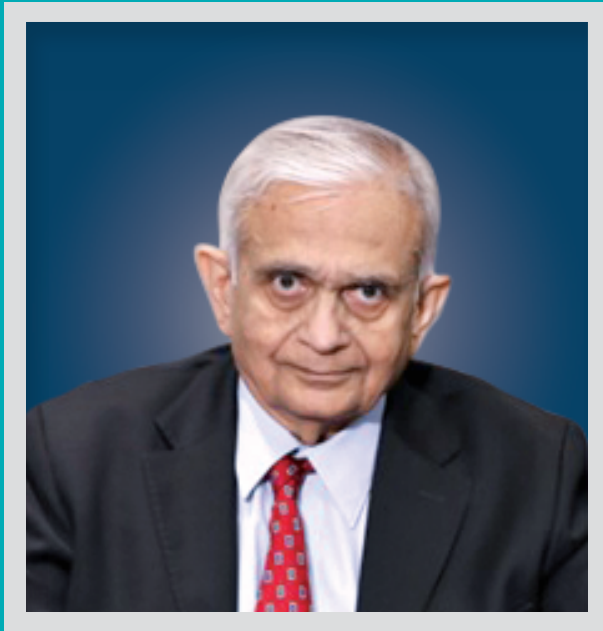
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In loving memory of the Co-founder of
Aarti Industries who guided and inspired us

Shri Shantilal T. Shah

Vice Chairman of Aarti Industries Limited
(28th December 1938 to 27th October 2019)



Shri Shantilal Shah was an eminent intellectual and a great soul of unmatched courage. He was an idealistic leader with a strong will and unfailing kindness. He has been the key pillar of Aarti Industries right from its inception. He strongly believed in empowering young minds and encouraged their views and participation in shaping the Company's direction, strategies and tactics.

Shri Shantilal Shah embedded the value of Integrity in the very core of Aarti Industries as well as into the mind of every employee over the past three decades. He will always be with us in spirit and will continue to shine through his teachings and through the company he nurtured with unwavering commitment and determination.

His pride for Aarti Industries and his people is best expressed in his own words,
"Nothing is impossible to a winning heart. We can achieve great heights when we work with our whole mind, body and soul."

Innovation and Sustainability — Our Formula for Growth

Every organisation that aspires to remain competitive in the rapidly changing market needs to have a set strategy for growth.

Innovation
+
Sustainability
= Growth

For us, at Aarti Industries, this formula is:

We have embarked on a quest to discover the newest and most efficient developments in the chemical industry and make breakthroughs. Using the combined strengths of the two elements of Innovation and Sustainability, we have been providing customised chemical and API solutions and services that have propelled our growth.



We are a company driven by our passion to always learn something new, combine it with our technological know-how and experience, and develop products that will go a long way in serving the needs of the Indian and global chemical industry. Our passion for innovation goes way back and we are now reigniting that passion by gaining a better understanding of our customers' needs and accelerating innovation to efficiently meet their demands. We have four R&D centres – one in Navi Mumbai, two in Vapi and one in Dombivli – which focus on innovating new speciality chemicals and pharmaceutical applications. Moreover, our latest addition is the R&D centre in Navi Mumbai, capable of housing about 250 skilled scientists and engineers who are passionate about the industry. These R&D centres, together, help us enhance our capabilities; focus on niche, value-added products and processes; improve product quality and process yields of existing products; and undertake forward integration of downstream products.

Along with innovation, our commitment to sustainability has also been responsible for driving our success. Our pragmatic approach to business sustainability and our determination to generate value for the society have set us apart from our peers. Through our in-house developed Aarti Management System (AMS), we have been realising our sustainability goals and paving way for a better planet. We have set ambitious targets of reducing our energy and water consumption, preventing health hazards due to exposure to chemicals, dust and on-site accidents. As a member of communities in India, we understand the significant role we must play in the society. We focus on improving education, healthcare, water conservation and the livelihood of women, among other areas, in the communities where we operate. We view this as a great responsibility and an even greater opportunity to make the world a better place. Sustainability continues to be our key value driver and adds purpose and meaning to what we do.

We believe in creating responsible chemistry through our innovation excellence and holistic approach and perseverance towards sustainability. As we progress on our growth journey, we will follow our core formula of Innovation + Sustainability to achieve greater heights of success.

Highlights FY 2019-20

₹4,621 crores

Revenue

₹986 crores

EBITDA

₹536 crores

Profit After Tax (PAT)

21.3%

EBITDA margin

About Aarti Industries Limited

Chemistry Done Right

At Aarti Industries Limited (Aarti Industries), we are passionate about formulating the perfect chemical composition to cater to the needs of a wide range of industries. Our process chemistry and engineering competencies, have made us one among India's leading manufacturers of speciality chemicals and pharmaceuticals today.

We started from 1984 with just two products and one manufacturing unit. Today, our myriad products are used not only in India but are also exported to 60+ countries world over. This is possible due to the dedication of our committed and loyal employees who leave no stone unturned in delivering high-performance products and services to our customers.

The products we supply are used in downstream manufacturing with applications across a wide range of industries. We are the global leaders in benzene-based chemistry and have also diversified our operations across other derivative chains.

Since inception, we have maintained our unwavering focus on four major areas: technical know-how, Research and Development (R&D), customer centricity and sustainability. This has

made us the Global Partner of Choice for market leaders and others in the chemical industry.

While we stay committed to delivering high-quality intermediates to the world, we remain cognisant of our responsibilities towards the society. Our social initiatives are directed towards impacting rural education, water conservation, tribal welfare, agriculture, animal husbandry, health and hygiene, disaster relief and rehabilitation. We undertake these activities not only because it is the right thing to do, but also because we believe in delivering shared value for everyone.

In everything we do, it is our constant endeavour to grow progressively and scale new heights of success, while creating long-term sustainable value for all our stakeholders.

Strengths

200+

Products

700+

Indian customers

400+

Global customers

17

Manufacturing plants

2

USFDA approved units

5,200+

Employees

Core markets



Agrochemicals



Pharmaceuticals



Polymers and
additives



Fuel additives



FMCG



Dyes and
pigments



Printing inks



Other speciality
chemicals

Vision

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

Mission

Delighted stakeholders



Values

Care

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

Integrity

We practice the highest ethical and moral standards.

Excellence

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

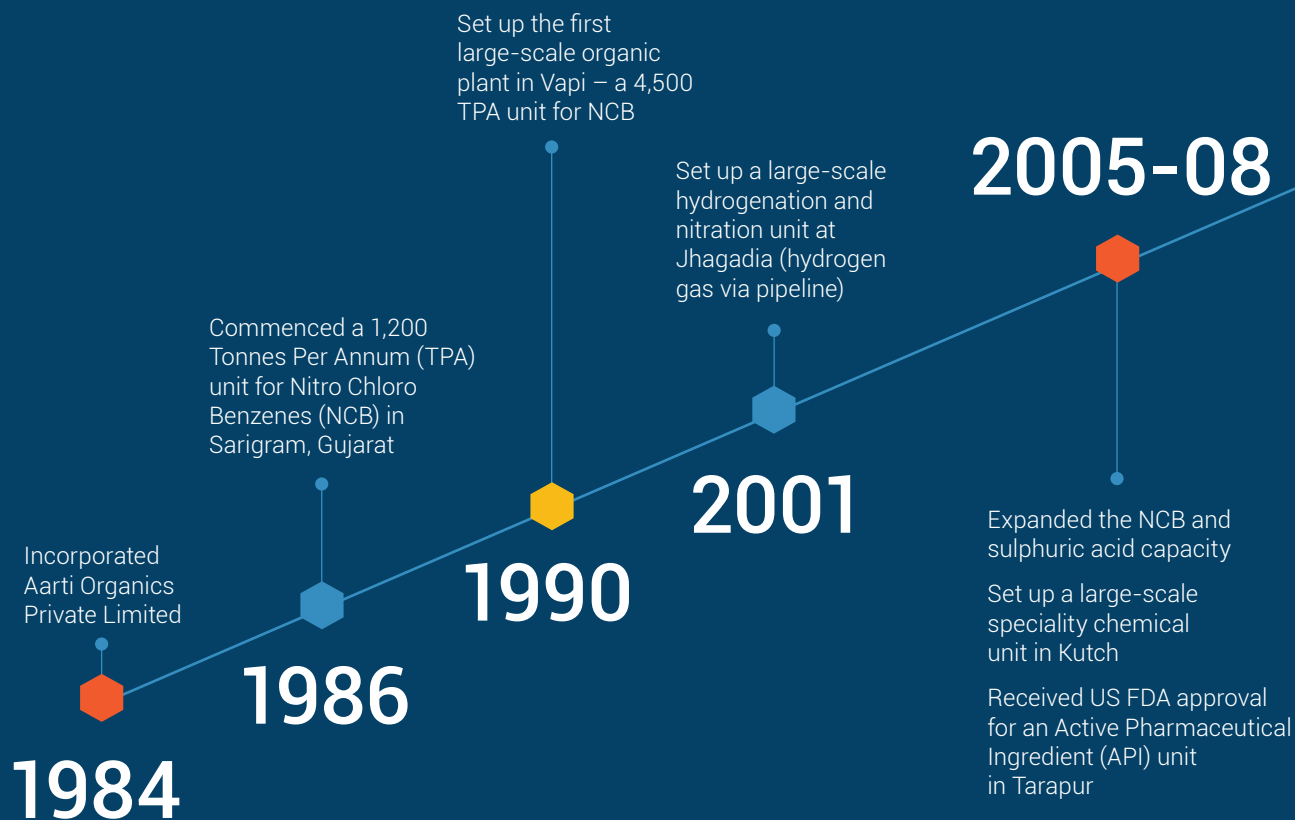


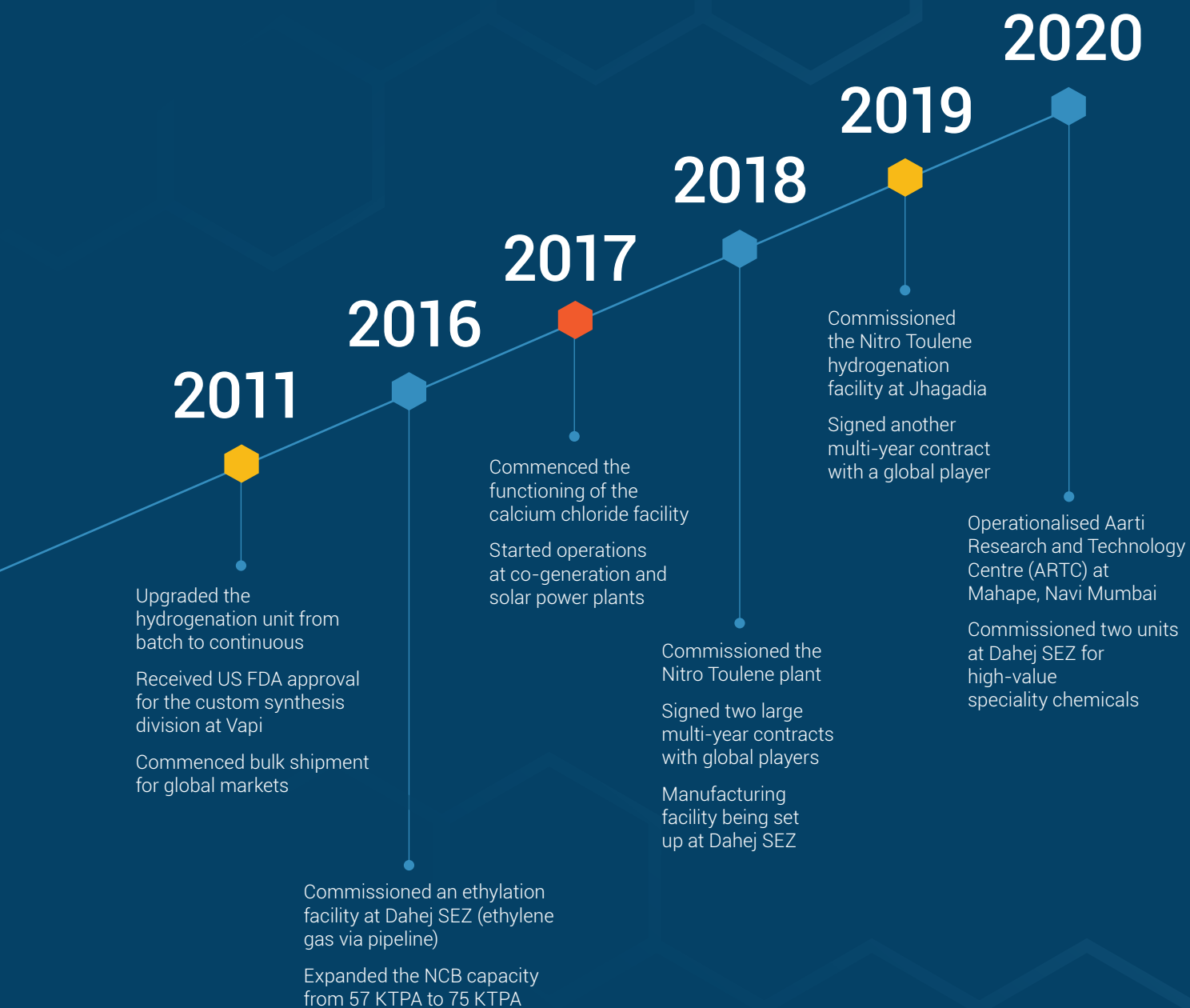
Journey

On the Road to Responsible Chemistry

Since inception, we have been resilient to challenges and have focused on staying ahead of competition. We started off small, in 1984, with aspirations and the commitment to create sustainable stakeholder value. Today, we have grown into a globally leading benzene-based speciality chemical and pharmaceuticals company.

Our journey until now has been one of prudence and determination. And we will continue to grow from strength to strength on the back of our world-class expertise, passion for excellence and contribution towards the society.





Businesses

Creating Solutions Today, for Tomorrow

At Aarti Industries, we leverage our expertise, experience and R&D capabilities to develop ingenious solutions that cater to the diverse needs of the chemical industry. We have a clear view of what our customers will need and expect in the future. We are, thus, using all our resources and know-how to ensure our products continue creating value in the future as well.

We primarily operate two business segments – Speciality Chemicals and Pharmaceuticals.

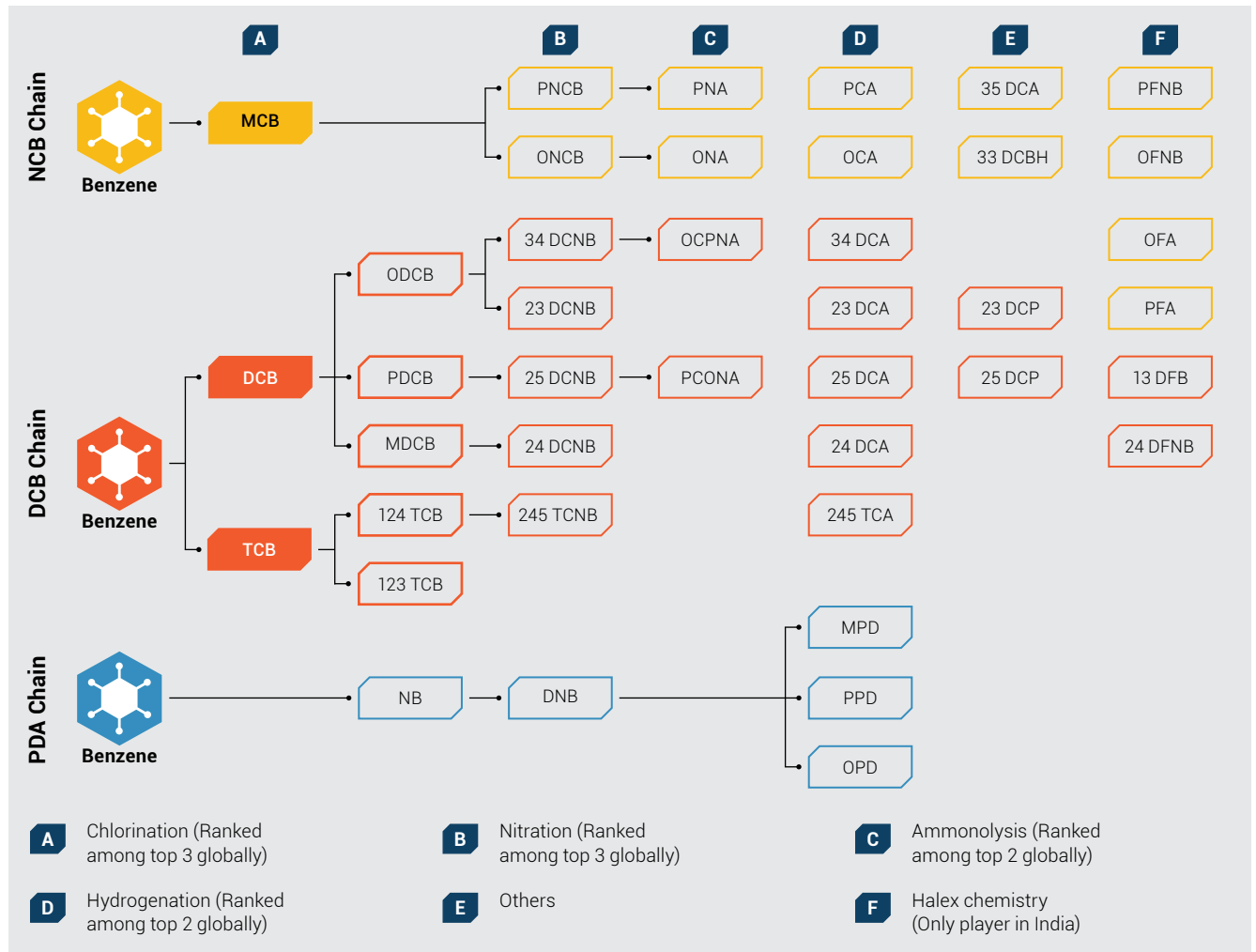
Speciality Chemicals

The business is the cornerstone of Aarti Industries and contributes to ~84% of our revenues. We use feedstock materials such as benzene, toluene, nitric acid, chlorine, methanol, aniline sulphur, etc., along with a wide range of reactions to create highly integrated value chains.

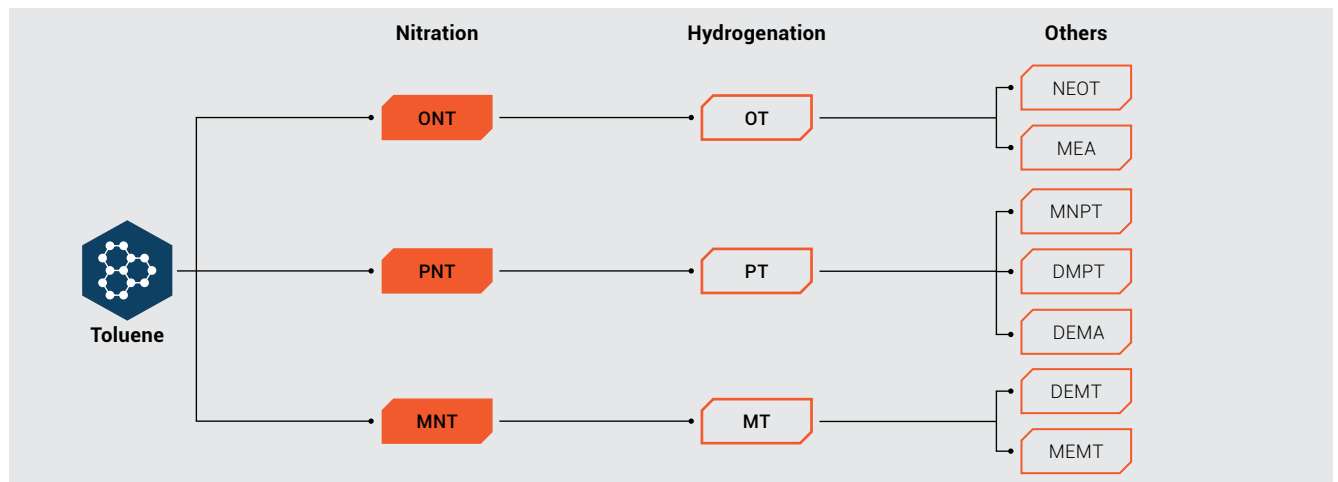


Product Profile

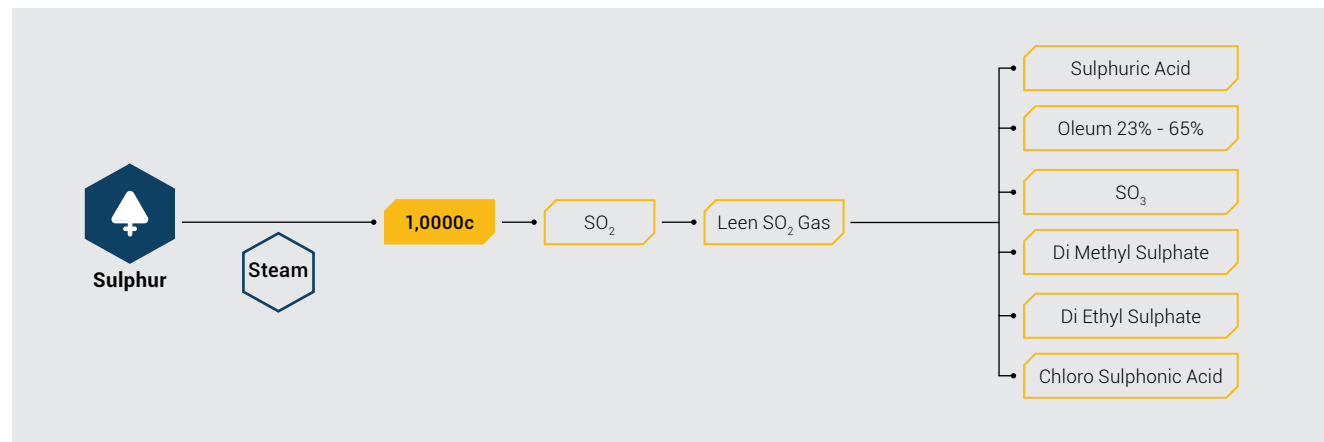
Benzene Value Chain



Toluene Value Chain



Sulphuric Acid Value Chain



Other Speciality Chemicals

- Single Super Phosphate (SSP)
- Export-grade calcium chloride granules (for oil exploration and de-icing)
- Fuel additives
- Phthalates



End Usage

- Agrochemicals for pesticides, insecticides, herbicides, etc.
- Polymers and additives for aircrafts, automobiles, bullet-proof jackets, electronics, etc.
- Dyes, pigments, paints and printing inks
- Pharmaceutical products
- Fuel additives, rubber chemicals, resins, etc.
- In FMCG products



Competitive Advantage

- Strong leadership position in key products and processes
- Integrated operations across the product chains of benzene and toluene
- Ability to effectively use co-products and generate value added products
- Multi-product, multi-customer, multi-geography and multi-end-user industry



Business Highlights FY 2019-20

- Operationalised Aarti Research and Technology Centre (ARTC) at Mahape, Navi Mumbai
- Commissioned two units at Dahej SEZ for high-value speciality chemicals

Pharmaceuticals

We use our world-class expertise and modern manufacturing infrastructure to develop APIs, intermediates and xanthine derivatives for the pharmaceutical and food/beverages industry. We have our own backward integrated intermediaries for most of the APIs that are manufactured. Our products are exported to regulated markets across the globe, including the US, and several countries in the European Union and Japan.

We have established a Custom Synthesis division to manufacture pharmaceutical intermediates to meet the requirements of various Indian and international customers. Our pharmaceutical products are well recognised and trusted all over the world.

Our pharmaceutical product basket can be segregated into three primary verticals:

1. APIs

What is an API?

An Active Pharmaceutical Ingredient (API) refers to the active ingredient contained in a medicine. For example, an active ingredient that is added to a painkiller to relieve pain is an API. Only a small amount of the active ingredient has the required effect, so only a tiny part of the active ingredient is contained in a medicine.



Anti-hypertensive

- Ramipril
- Quinapril
- Benazepril
- Perindopril Tert-butylamine
- Perindopril Arginine
- Ranolazine



Anti-asthmatic

- Budesonide
- Bambuterol
- R-Salbutamol Sulphate
- Levalbuterol
- Salmeterol Xinafoate
- Ipratropium Bromide
- Ciclesonide
- Fluticasone Propionate
- Fluticasone Furoate
- Mometasone Furoate Monohydrate
- Formoterol Fumarate
- Motelukast Sodium



Anti-cancer

- Bicalutamide
- Ifosfamide
- Ifosfamide Sterile
- Cyclophosphamide
- Cyclophosphamide Sterile
- Mesna
- Mercaptopurine
- Azathioprine



Anti-thalassaemic

- Deferiprone
- Deferasirox



Central Nervous System (CNS) Agents

- Venlafaxine
- Quetiapine Fumarate
- Bupropion



Skin Care

- Mometasone Furoate
- Desonide
- Adapalene



Decongestant

- Phenylephrine



Analgesic

- Diflusal



Ophthalmologic

- Loteprednol Etabonate
- Olopatadine



Calcimimetic

- Cinacalcet

2. Intermediates

What is an intermediate?

A pharmaceutical intermediate is a chemical compound that forms the building block of the API. Every reaction in the production process of an API consists of different pharmaceutical intermediates. They are used in the production of bulk drugs and also for research and development purpose by various pharma and biopharma companies.



We manufacture intermediates of the following APIs:

- | | | |
|-----------------|-----------------|------------------|
| • Abemaciclib | • Fluoxetine | • Perindopril |
| • Acalabrutinib | • Fumarate | • Quetiapine |
| • Afatinib | • Hydrochloride | • Quinapril |
| • Apalutamide | • Ibrutinib | • Ramipril |
| • Apixaban | • Idelalisib | • Ranolazine |
| • Bazedoxifene | • Ivabradine | • Ribociclib |
| • Bosutinib | • Lacosamide | • Rotigotine |
| • Canagliflozin | • Lumacaftor | • Teneligliptin |
| • Duloxetine | • Montelukast | • Ter-Butylamine |
| • Eluxadoline | • Moxifloxacin | • Tofacitinib |
| • Enzalutamide | • Neratinib | • Vardenafil |
| • Epagliflozin | • Osimertinib | • Venetoclax |
| • Ertugliflozin | • Palbociclik/ | • Venlafaxine |

3. Xanthine Derivatives

What are Xanthine Derivatives?

Xanthine derivatives are synthetic compounds that resemble natural occurring xanthines such as caffeine, theobromine, etc. Xanthines are commonly used for their effects as mild stimulants and as bronchodilates, notably in the treatment of asthma or influenza symptoms. Xanthines also act to increase the alertness in the central nervous system and stimulate responses. Hence, these are also commonly used in various beverages and energy drinks



We manufacture the following xanthine derivatives:

- Caffeine Anhydrous
- Theophylline
- Aminophylline
- Acephylline Piperazine
- Theobromine

**End Usage**

- APIs and intermediates for innovators and generic companies for varied applications such as anti-cancer, anti-asthma, anti-hypertensive drugs, oncology therapies, etc.
- Xanthine derivatives for applications such as in beverages, and for nutraceutical and other pharma applications

**Services**

Our Contract Research and Manufacturing Services (CRAMS) is one of the leading cost-competitive and quality manufacturing hubs for many global pharma companies. It consists mainly of two activities:

Contract Research Opportunities (CROs)

- Advanced intermediates for APIs
- Process development
- Validation batches for intermediates
- Commercial production
- Contract manufacturing services in dedicated anti-cancer block for Phase-1 to final drug substance and regulatory support and quality assurance
- European Union Goods Manufacturing Practice (GMP) documentation

Contract Manufacturing Opportunities (CMOs)

- Advanced intermediates for Phase-0 to Phase-III molecules
- Development of raw materials and advanced intermediates for innovators and generic API companies
- Process development and optimisation
- Analytical method development
- Various generic APIs and intermediates

**Competitive Advantage**

- Two USFDA approved facilities
- Three WHO GMP facilities
- Nine patents (21 under assessment)
- 30 US Drug Master Files (DMFs)
- 18 Certificates of Suitability (CEPs) (two under assessment)
- 12 DMFs (seven under assessment)

**Business Highlights FY 2019-20**

- During FY 2019-20, the USFDA units were inspected and concluded satisfactorily
- EBIT margins have seen significant expansion based on higher contribution from regulated markets and value-added products

Serving leading Brands

Global Partner of Choice

We have evolved from a local player in manufacturing intermediates to an organisation marching tenaciously towards our goal of emerging as the global partner of choice for our customers in the chemical industry. Our core values of Care, Integrity and Excellence form the foundation of this endeavour.

Across our two business segments – Speciality Chemicals and Pharmaceuticals – there are several distinctive factors that contribute towards our vision of leading the global chemicals space:

 Speciality Chemicals	 Pharmaceuticals
<ul style="list-style-type: none"> • Backward integration • Cost-efficient operations • Isomer (co-product) balance • Effluent management • By-product management • Handling hazardous materials • Robust and sustainable operations 	<ul style="list-style-type: none"> • US Food and Drug Administration (FDA) and EU GMP (European Union Goods Manufacturing Practice) accreditation • Backward integration • Dedicated and fully-integrated, world-class manufacturing facilities for xanthine derivatives • Intellectual Property Rights (IPR) support for global markets • Customised process development, scale-up and exclusive manufacturing

Our Esteemed Customers Across Industries

Pigments, Paints, Printing Inks and Dyes



Polymers and Additives



Agro Intermediates and Fertilisers



Pharmaceuticals



Others



Presence

Expanding Globally

In our 17 state-of-the-art manufacturing facilities located in India, we produce high-quality speciality chemicals and pharmaceutical products, which are then exported to over 60 countries across the globe.

With our fully equipped modern manufacturing sites, we aspire to make Aarti Industries a name that is recognised as the most trusted one in the global chemical industry.

Our Facilities



Head Office/ Corporate Office

● Mumbai

Project and Engineering Office

● Baroda



Chemicals

- Vapi ● Kutch
- Jhagadia ● Tarapur
- Dahej



Pharmaceuticals

- Tarapur ● Vapi
- Dombivali



R&D Centres

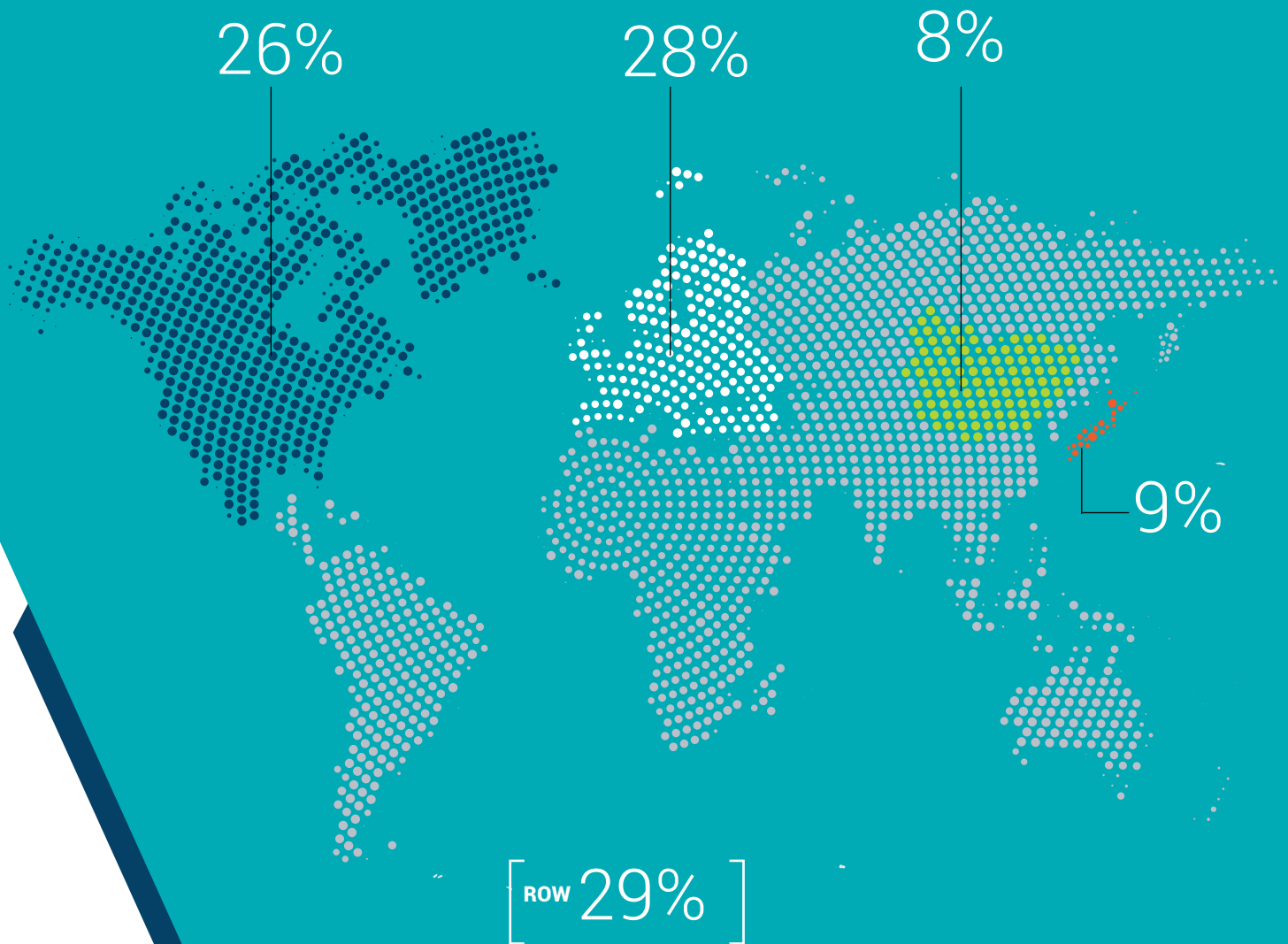
Chemicals

- Vapi
- Navi Mumbai

Pharmaceuticals

- Vapi
- Dombivali

Export Presence



Export Revenue Share by Region

North America



Europe



China



Japan



Rest of the World (ROW)



Key Performance Indicators

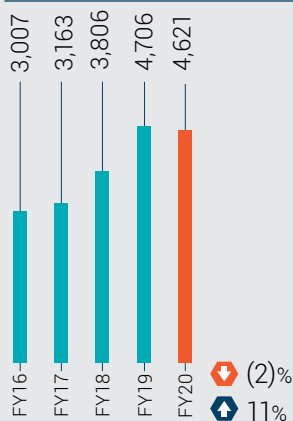
Progressing with Determination

At Aarti, we have been striving towards expanding our high-profitability portfolio and value-added businesses to deliver measurable outcomes. With our perseverance and determination, we have been delivering strong performance year after year.

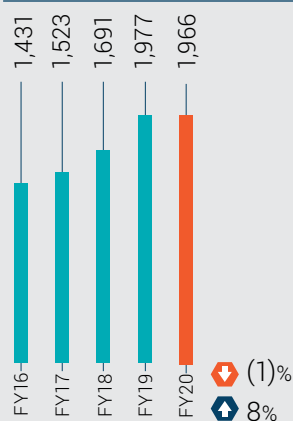
In FY 2019-20, we continued to maintain a steady performance through our focused, competitive and sustainable product portfolio and future-ready applications and services.

Profit and Loss Metrics

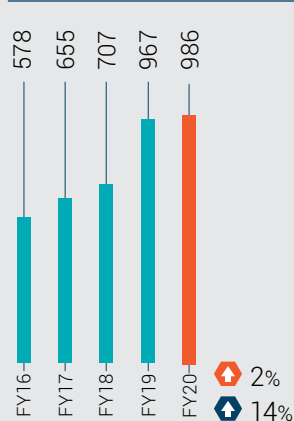
Gross Turnover (₹ in crores)



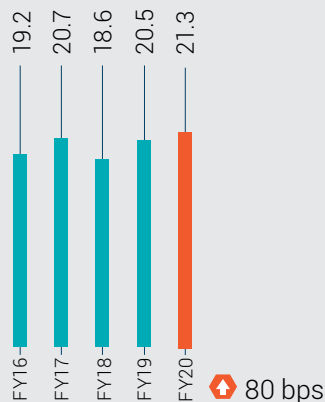
Revenue from Exports (₹ in crores)



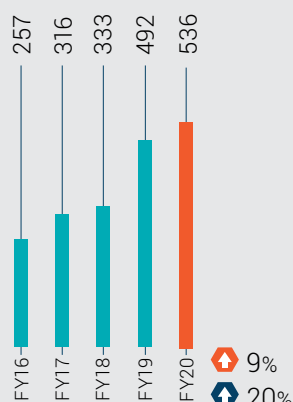
Operating EBITDA (₹ in crores)



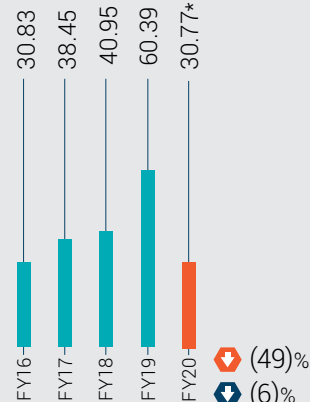
Operating EBITDA Margin (%)



Profit After Tax (₹ in crores)



Earnings Per Share (₹)

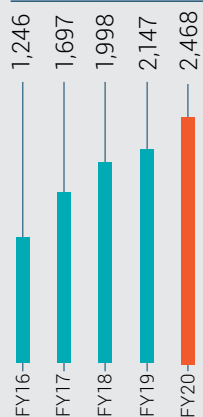


↑ y-o-y growth ↑ 5-year CAGR

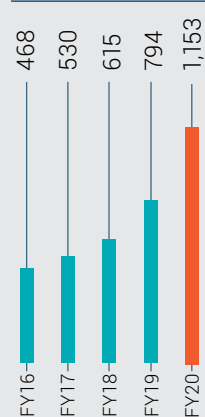
*Based on increased equity post bonus shares issued in the ratio of 1:1 equity share

Balance Sheet Metrics

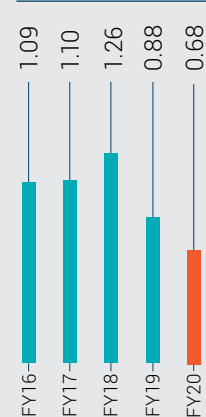
Net Fixed Assets (₹ in crores)



Capex Spending (₹ in crores)

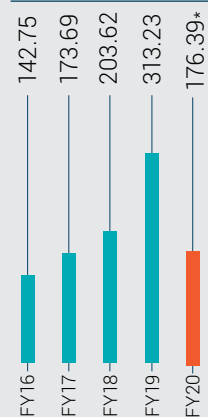


Debt to Equity Ratio

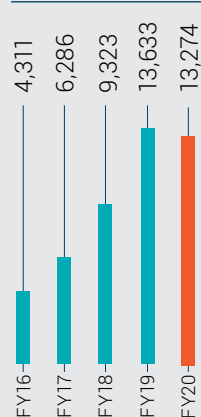


Shareholder Metrics

Book Value Per Share (₹)



Market Capitalisation (₹ in crores)



*FY20 figures are post bonus



Credit Ratings

Category	CRISIL Rating	India Ratings and Research (Ind-Ra) Rating
Bank Loan Facilities		
Long-term rating	CRISIL AA- / Positive	IND AA/ Stable
Short-term rating	CRISIL A1+	IND AA/ Stable
Debt Instruments		
Non-convertible debentures	CRISIL AA- / Positive	Not Applicable
Commercial paper	CRISIL A1+	IND A1+

Note from the Chairman & MD

Stepping Up, Growing Stronger



“

Aarti Industries, with its integrated value chain and diversified product mix, strong technical capabilities, robust track record and cost-efficient operations forms an ideal fit for entities looking for alternate supplier independent of China. Our teams are working with various existing and prospective Indian and global players on multiple such opportunities.

”

Dear Shareholders,

My warm greetings to all of you!

These are unprecedented times and the COVID-19 pandemic is impacting everyone around the world and every aspect of our daily lives. Hope all of you and your families are safe and in the best of health.

As a manufacturer and supplier of speciality chemicals and pharmaceuticals, Aarti Industries forms a crucial part of the essential services segment. I want to extend my deepest gratitude to each and every member of the Aarti Industries family for ensuring we keep our operations running and doing all that we can to respond effectively to the COVID-19 pandemic. We are determined to work as a team across the industry to harness our know-how, experience and expertise to combat this evolving crisis.

Despite the challenges, we remain committed to invest in technology and innovation to create new chemistry and unearth novel solutions that will contribute to long-term sustainable value creation for all our stakeholders.

Exhibiting Resilience

In FY 2019-20, our business was impacted by global economic weakness in few end-user segments, slow demand in some large usage verticals, sharp volatility in the prices of key raw materials and currencies and finally, the COVID-19 pandemic. However, I am pleased to inform you that despite such exceptional business conditions, our PAT was up 9% to ₹536 crores, though our revenues were marginally lower by 2%. However, our resolve remains firm and, we continue to march tenaciously towards our vision of becoming 'the global partner of choice' for many more major consumers of speciality chemicals.

Our Speciality Chemicals business witnessed higher margins on account

of the increasing share of value-added and high-margin products, from ~70% of revenues in FY 2018-19 to about 75% this fiscal. Our operating profit grew marginally by 2% to ₹977 crores, and EBIT margin expanded by 80 basis points to 21.1%. However, the raw material prices that are contractually passed on to customers weakened, resulting in 3% decline in revenues. Also, the shortage of nitric acid, which is used largely in the manufacture of speciality chemicals, impacted our operations and performance.

In the pharma business, revenues increased by 4% while margins expanded by 250 basis points. EBIT margins saw significant expansion based on higher contribution from regulated markets and value-added products. Expanding business volumes across markets and operating leverages have helped the segment to sustain the growth momentum.

Seizing opportunities

China, which accounts for about 20% of global speciality chemicals revenues, has tightened environmental standards, resulting in the closure or shifting of capacities in about 50 chemical manufacturing clusters. The increased labour costs and the COVID-19 pandemic have aggravated the situation further as companies seek to reduce their dependence on China and source alternative suppliers.

Aarti Industries, with its integrated value chain and diversified product mix, strong technical capabilities, robust track record and cost-efficient operations, forms an ideal fit for entities looking for alternate supplier independent of China. Our teams are working with various existing and prospective Indian and global players on multiple such opportunities.

Advancing on Innovation

Aarti Industries is a knowledge-driven organisation, where we strive towards

Despite the challenges, we remain committed to invest in technology and innovation to create new chemistry and unearth novel solutions that will contribute to long-term sustainable value creation for all our stakeholders.

For us, protecting our planet and preserving resources is not only about managing business risks. It is about helping ensure there is enough for everyone who needs them – today and tomorrow.

converting today's knowledge into tomorrow's chemistry. We are therefore continuously pushing the boundaries of innovation. At the beginning of the year, we had three fully functional, state-of-the-art R&D centres – two located in Dombivali and Vapi for pharmaceuticals and another in Vapi for speciality chemicals. These R&D centres have the latest laboratory reactors equipped to carry out various functions such as, photochemistry and high-pressure reactions; distillation; and process optimisation.

We recently operationalised a 50,000 sq ft R&D and innovation complex – the Aarti Research and Technology Centre (ARTC) – in Navi Mumbai. Equipped with modern equipment and avant-garde laboratories focusing on developing strategic technologies, the ARTC will comprise about 250 skilled scientists who will work towards crafting the future of the speciality chemicals industry.

Creating a Sustainable Tomorrow

Sustainability is an integral part of our success strategy. Over the last 36 years, our focused approach to sustainability has helped us lead by example in the speciality chemicals and pharma industries. Our purpose is 'Right Chemistry for a Brighter Tomorrow' and we strive to live our purpose every day by developing products for a better society. Enabling us to execute our sustainability strategy effectively is the Aarti Management System (AMS), an integrated management system that attends to the needs of all stakeholders effectively. The AMS primarily focuses on safety, environment and communities.

Safety

We have formulated a comprehensive Safety, Health and Environment (SHE) Policy in accordance with our core values of Care, Integrity and Excellence.

Ensuring a safe working environment is a mandate at Aarti Industries. Therefore, one of our key priorities is to bring about a transformational change in our people's behaviour towards workplace safety from being 'reactive' to 'proactive'. To achieve this, we have adopted a shared responsibility approach, with increased engagements at all levels of the workforce towards strengthening the safety culture at Aarti Industries. In April 2019, we started a company-wide safety initiative called 'BE SAFE', a model synchronised and formalised to enhance and inculcate the safety culture among every member of the Aarti Industries family. The objective of BE SAFE is to provide assurance and persistent thrust on the various initiatives and safe practices on complete health check-ups of all facilities.

Environment

We have been a steward of the environment and our approach to environmental preservation evolves with advancements in science, technology and best practices. We continue our efforts to reduce our carbon and water footprint, and waste, and innovate to address the challenges posed by climate change. Our 50 KLD sewage recycling plant in Kutch, Gujarat used the Soil Biotechnology (SBT) for wastewater treatment. Moreover, 14 of our 17 manufacturing sites achieved the Zero Liquid Discharge (ZLD) status.

For us, protecting our planet and preserving resources is not only about managing business risks. It is about helping ensure there is enough for everyone who needs them – today and tomorrow.

Communities

It is our endeavour to deliver sustainable outcomes for communities by building meaningful relationships and mutual trust. Whether it be a

long-term commitment or an urgently needed response, we strive to achieve lasting improvement for society. Over the years, Aarti Industries has focused on impacting:

- Cluster and rural development
- Children and healthcare facilities
- Disaster relief and rehabilitation
- R&D for upliftment of society
- Education and skill development
- Women empowerment and livelihood opportunities
- Water conservation and environment

We liaise with local partners and NGOs to assess needs and take possible action. This year, we provided scholarships to students to pursue higher education. We are also funding various schools to set up new infrastructure to facilitate better education for students. In the field of healthcare, we provided counselling to ~6,20,000 mothers on breastfeeding practices. Additionally, we also set up blood donation camps and donated mobile dental vans to the villages of Dahej and Jhagadia in Bharuch, Gujarat. We are also focusing on strengthening rural livelihoods by helping the nomadic and de-notified tribes attain identity and live a dignified life. Through our initiatives, we managed to bring smiles to the faces of over 3,86,000 people this year. To assist in the war against COVID-19, we donated 150 oxygen cylinders to a COVID care facility in South Mumbai.

Empowering Our People to Create Responsible Chemistry

The people of Aarti Industries come to work each day with focus, passion, energy and creativity to make truly differentiated contributions to the world of chemicals and pharma. We set high standards and expectations for and from our people across all areas of operations.

Amidst the COVID-19 pandemic and the lockdown, many companies faced the challenge of hiring and onboarding new recruits at a time when physical attendance at the office was not possible. At Aarti Industries, we enrolled several new recruits through the process of virtual joining / e-joining. For close to 500+ employees working in isolation from their homes, we initiated a range of learning and development and engagement activities to keep their morale and motivation high.

With our continuous focus on nurturing young talent and providing them the guidance to become future leaders, we have onboarded over 140+ fresh engineering graduates. Our philosophy is to provide the right set of training to young minds who can be the drivers of India's future.

Ready for the Bright Future Ahead

Aarti Industries has a clear strategic focus to become a reference in speciality chemicals and pharmaceuticals world over. Our long-term ambition is to further embrace open innovation and create a fit-for-purpose and sustainable organisation.

We will continue to expand our manufacturing base; launch new products; and invest in R&D, product and process development. We are also geared up to benefit from the trend of global supply chains favourably looking at strong Indian chemical companies to establish long-term strategic supply arrangements.

As I conclude, I would like to thank all the employees of Aarti Industries for their tireless commitment to continue manufacturing chemical and pharma products during these difficult times. I also extend my heartfelt gratitude to all our stakeholders for the trust and cooperation you have placed in us and your affinity with the Company. We will continue creating long-term sustainable value for all our stakeholders.

Sincerely,

Rajendra V. Gogri

Awards and Recognitions

Standing Apart from the Crowd

Our hard work in the niche areas of speciality chemicals and pharmaceuticals has won us several reputed awards and accolades from the industry. They represent our innovative and dynamic nature, while also aspiring us to achieve more.

The awards and recognitions we won in FY 2019-20 have not only boosted our reputation and morale, but have also helped us stand a class apart.

Shri Chandrakant V. Gogri,
Chairman Emeritus, was awarded the
**I.C.C. D. M. Trivedi Lifetime
Achievement Award**
for contribution to the Indian
chemical industry



Shri Rajendra Gogri,

Chairman and Managing
Director, was awarded
**the Indian Institute of Chemical Engineers
Lala Shriram National Award** for leadership
in the chemical industry.

He was also recognised with **Hurun
Most Respected Entrepreneur
of the Year – India,**







Adopting Another Dimension of Innovation

At Aarti Industries, our passion for chemicals and innovation goes way back. It is our constant endeavour to use advanced technologies and accelerate innovation in the dynamic world of chemicals and pharmaceuticals. We aspire to embrace open innovation and convert to promising potential into exciting reality. We are already on our journey of shaping the future of the speciality chemicals and pharmaceuticals industries and have reached another milestone by launching the new research and technology centre in Navi Mumbai.

As a global partner of choice for some of the largest speciality chemicals manufacturers in the world, we have a clear view of our customers' needs and expectations. We set up the Aarti Research and Technology Centre (ARTC), which will be an addition to our existing pipeline of R&D centres in Vapi and Dombivali. The ARTC will enable us to continue making optimal use of our knowledge, know-how, expertise and resources to fuel further growth opportunities and play a pivotal role in cementing our presence in the global chemical industry. Equipped with modern machinery and dedicated laboratories to focus on developing strategic technologies, ARTC will facilitate further enhancement of our product portfolio and improve our manufacturing process, thus helping us make the most of the rising sea of opportunities.



400+
R&D scientists



Business Model

Driving Growth, Creating Value

Inputs

Stable finance to grow our operations

₹3,073 crores
Net worth

₹1,153 crores
Capital expenditure

₹2,094 crores
Gross debt

Production base in India for capturing global market growth

17
Manufacturing units

4
R&D facilities

Latest
Laboratory reactors

400+
R&D scientists

Diverse and skilled workforce

5,200+
Employees

Cordial relationships with the local communities

₹10 crores
CSR spend

Businesses and Focus Areas

Businesses



Speciality Chemicals



Pharmaceuticals

Industries we are present in (% exposure)

25-30%
Agrochemicals

25-30%
Pharmaceuticals

15-20%
Polymers and additives

15-20%
Dyes, pigments and printing inks

10-20%
FMCG, fuel additives and others



Based on a clear vision, mission and strong corporate values, we have set up an asset-light business model to achieve our ambitious corporate objectives and financial targets. Our business model helps us meet the evolving needs of our customers and create long-term value for all our stakeholders by transforming various resources into innovative, sustainable solutions.

Outputs

End use of speciality chemicals

- Agrochemicals for pesticides, insecticides, herbicides, etc.
- Polymers and additives for aircrafts, automobiles, bullet proof jackets, electronics etc.
- Dyes, pigments, paints and printing inks
- Pharmaceutical products
- Fuel additives, rubber chemicals, resins, etc.
- FMCG products

End use of pharmaceuticals

- Anti-cancer, anti-asthma, anti-hypertensive drugs, cortico steroids, oncology therapies, etc.
- Beverages, nutraceutical and other pharma applications

Outcomes

₹4,621 crores
Revenue

₹536 crores
PAT

₹986 crores
EBITDA

₹30.77
EPS

- New and niche value-added products
- Improved product quality and process yields of existing products
- Forward integration of downstream products
- 1,100+ customers globally
- The Global Partner of Choice for over 150 global and 500 local customers across the chemicals industry

0.25
LTIFR

3,86,000+
Lives impacted

531,626 m³
Water recycled

45,119 MT
Waste disposed of responsibly




Growth Strategy

Building a Future on Solid Foundation

At Aarti Industries, we are constantly reigniting our passion of developing innovative and sustainable solutions for our customers while driving operational synergies. We are also focusing on building our existing position by leveraging our brand name, market leadership, customer intimacy and innovation capabilities.

Our six-pronged growth strategy has been helping us enhance the quality of management and business to provide niche products and long-term sustainable value to our customers and society.

Our Growth Strategy

 Value Chain Expansion <ul style="list-style-type: none"> • Scale up of capacities in existing products • New markets and applications for existing products • New value-added products in existing value chains • Improved market position across isomers 	 Customer Collaboration <ul style="list-style-type: none"> • Co-development and scale up of new products through customer partnerships • Multi-product collaboration with customers to deepen relationships • Contract research opportunities 	 New Value Chains <ul style="list-style-type: none"> • Extension of process and chemistry expertise to enter new value chains (such as chlorotoluenes) • Addition of new reaction capabilities
 Manufacturing Outsourcing <ul style="list-style-type: none"> • Long-term contract with customers leveraging process expertise, raw material security and India advantage • Setting up dedicated toll manufacturing facilities 	 Opportunities in Pharmaceuticals <ul style="list-style-type: none"> • Scale up of capacities in existing products and related applications • Increase presence in the regulated markets • Develop and explore more opportunities for innovators for APIs and intermediates 	 High Growth Sector <ul style="list-style-type: none"> • Focus on high growth sectors and emerging mega trends

Our Foundation

In today's competitive market, we understand the importance of having the right organisational capabilities to compete. Since inception, we have focused on developing the right capabilities to execute on strategy, maximise efficiency, and create a competitive advantage. We have ushered our business from an idea to generate a long-term value and profits by identifying the right opportunities, improving on our weaknesses, overcoming challenges and mitigating risks. Through our journey of 36 years, we have stayed focused on our growth strategy by leveraging our strengths to accelerate growth and profitability.

Our Key Strengths

Global player in benzene-based derivatives with integrated operations

- Leadership position in key products and processes
- Integrated operations across the product chains of benzene and toluene
- Ability to effectively use co-products and generate value-added products

Well diversified across multiple operations

- Low dependence on individual products
- Significant de-risking
- Multi-product, multi-customer, multi-geography and multi-end-user industry

Significant growth with diversification across products and geographies for the pharma sector

- Rapidly growing pharma segment
- Strong growth expected APIs and intermediated produced in India

Strong return profile despite significant capex

- Expanded capacities and diversified into new products while maintaining return profile
- Ramping up new capacities to provide operating leverage

Well positioned to benefit from industry tailwinds across the globe

- Significant opportunity for exports with respect to customers looking to de-risk from China
- Structural drivers in place for robust domestic demand growth

Strong focus on R&D and process innovation

- Focus on downstream products through processes such as high-value chlorination, hydrogenation, ethylation and ammonolysis
- Equipped with world-class technology, processes and commercial innovation

Strong focus on sustainability

- Process safety audits and inspections by experts
- Distributed control system and process automation
- State-of-the-art technology for hydrogenation
- Solar power generation capacity installed across various units

Skilled and responsible workforce

- HR information system
- Effective executive development initiatives
- Employee wellness initiatives

Strong partnerships

- Knowledge-based, strategic partnerships/collaborations
- Ability to serve customers better and enhance value for the Company

Enriching relationships

- High product quality, timely deliverables and compliance to regulations
- Ability to cater to customers' evolving demands

Solid strategy

- Ability to build brand equity
- Focus on prudent choices and efficient leadership

Driving Inclusive Growth through Sustainable Chemistry

At Aarti Industries, we strongly believe that sustainability and business must go hand in hand. For us, sustainability is more than just countering risks. It is a path of generating inclusive growth, while reducing our ecological footprint along the value chain. Sustainability, therefore, underpins our core principles and is our driver for growth, innovation and productivity.

Since inception, we have strived to provide responsible solutions to our customers. And we are doing this in a manner that balances the short- and long-term interests of our stakeholders and the business, and that integrates economic, environmental and social considerations into decision making. Our sustainability agenda is integrated across our business at four levels:

Environment

We are determined to operate responsibly to protect the environment. We, therefore, carefully consider the potential impact of our activities on the local environment and have set stringent environmental standards, which meet regulatory requirements, and often exceed them. We focus on managing energy consumption, emission and conservation; investing in water-saving technologies; using recycled water; disposing waste responsibly; and optimising our processes to achieve efficiency in raw material consumption.

→ Know more about our approach to protect the environment on **page 34**

People

Our success is fundamentally based on the knowledge, passion and commitment of our employees. They are essential to the successful delivery of our strategy and to sustain business performance over the long term. We foster a culture based on the values of leadership, integrity, flexibility and efficiency and offer our employees a wide range of individual development opportunities. Moreover, our diversity and inclusion approach focuses on hiring, developing and retaining the best talent.

→ Know more about our skilled workforce and our initiatives to motivate them on **page 36**



Health and Safety

We prioritise the health and safety of our employees and undertake several initiatives to promote employee health and quality of life. We ensure a safe and healthy workplace and provide our employees with the benefits, resources and flexibility to maintain and improve their wellness. We maintain adequate standards of occupational health, safety and well-being to ensure seamless manufacturing operations, protect our employees and meet all the legal requirements. We have formulated a comprehensive Safety, Health and Environment Policy in accordance with our core values of Care, Integrity and Excellence.

➔ Read more about the Policy on **page 38**

Communities

Our aim is to create shared value and help communities thrive. Wherever we work, we create more than just jobs – we support communities by helping children and families thrive, promoting education and economic opportunity, and enabling people to come together through community programmes and events that foster inclusion. We undertake our philanthropy efforts through Aarti Foundation and the Dhanvallah Charitable Trust. We also partner with various NGOs to understand the issues faced by the local communities and make monetary contributions to help NGOs ease their issues. While donations are one way to support our communities, we also make a difference by volunteering. Our employees often come together to provide hands-on support to the community non-profits, thus reaching out and giving back to the society.

➔ Know more about our community support initiatives on **page 40**

Environment

Making an impact by reducing our impact

Providing the world with the necessary speciality chemicals and pharmaceuticals is our business, so is protecting and preserving the environment for future generations. A resilient and healthy planet is critical for the materials we rely on to make our products. As our business operations expand, so do the initiatives we undertake to protect the planet.

We are cognisant of the impact of our operations on the environment and continuously strive to efficiently manage energy, water, waste and effluents and reduce emissions. Using modern technology and our innovation capabilities, we not only enhance our efficiency and productivity, but also minimise the impact of our operations. We are vigilant about the structural integrity of our plants and facilities. We focus on minimising our energy and freshwater usage and maximising wastewater reuse across our operations. We are undertaking several steps to protect the environment and are determined to help the world move towards a lower-carbon future.

Responsible Waste Management

We are on a tenacious journey to attain 'zero waste to landfill'. The sludge from our Effluent Treatment Plants (ETPs) is sent to the Treatment, Storage and Disposal Facility (TSDF) authorised by the State Pollution Control Board, where it is disposed of responsibly. Further, waste such as boiler coal ash and incineration ash is sent to authorised recyclers and are later used in the cement and brick manufacturing industries. Moreover, the co-products or by-products produced in various processes, such as isomers, are purified by employing cutting-edge technologies

45,119 MT

Total waste disposed of responsibly in FY 2019-20

Efficient Water Consumption

Responsible water usage is the cornerstone of our commitment to sustainable development. Over 80% of our manufacturing sites are Zero Liquid Discharge (ZLD). All the wastewater is treated in-house and reused in our manufacturing processes. Our remaining manufacturing sites will be complying with the ZLD norms soon. All effluents generated during our manufacturing processes are treated in dedicated ETPs. We do not rely on any freshwater source for our operations; instead, we use the water supplied by the municipality. Wastewater discharged outside the plant premises is tested as per the legal requirement.

531,626 m³

Water recycled in FY 2019-20 across the Speciality Chemicals division

Optimal Energy Consumption

The energy needs of our production operations depend on the processes and the depth of our value chain. Our raw material extraction activities as well as the production of innovative APIs are energy-intensive. Therefore, energy management is of paramount importance to us. We invest in energy-efficient technologies and our skilled R&D team is striving to identify new ways of using renewable energy in our operations. Our Energy Management Cell at Vapi identifies and implements different energy conservation measures. We hope to expand this model to other locations soon.

23 tCO₂e

Per million INR of gross revenue generated



Using Modern Technology to Ensure a Sustainable Business

Aarti Industries is the first company in India to have adopted state-of-the-art technology to extract concentrated spent sulfuric acid from the nitration process and recycle it back into the process. This reduces the need for usage of fresh sulfuric acid. In the next couple of years, we plan to set up spent acid concentration plants for all our nitration processes, thus minimising resource use and ensuring a sustainable business.

Reduced GHG Emissions

Usage of fossil fuels and consumption of grid electricity are the primary contributors to Greenhouse Gas (GHG) emissions at our manufacturing divisions. All emission factors for direct energy, which include emissions from diesel and coal consumption, have been used as per the 2006 IPCC guidelines for National GHG Inventories (2006). Over time, we have set up co-generation power plants and solar power units to augment part of our power requirements, which helps us reduce our burden on the environment.

6

Co-generation power plants

697 KW

Solar power plant

Sustainability Council

We have set up a Sustainability Council, the highest decision-making body led by the Chairman, with representatives from the Board, top leadership and senior management from all the manufacturing sites. The Council deliberates on sustainability-related issues and meets once a month to review the Company's sustainability performance and discuss challenges and opportunities.

Making Our Manufacturing Sites Environment Friendly

All our operating processes and manufacturing facilities reflect our strong commitment to environmental protection. We are constantly on the lookout for energy-efficient systems and systems that sustain air and water quality or reduce or eliminate waste. We have undertaken several initiatives at our manufacturing sites to ensure a sustainable business:

- Adopted new catalyst developments to reduce the process residues, by-products and waste products
- Adopted new technologies to reduce the cooling tower blow-downs, thus reducing the loads on the multiple effect evaporator
- Reduced wash water in process washings by adopting new technologies such as rotating disc washers in place of conventional reactors
- Produced nitrosyl sulfuric acid from the denitrochlorination process
- Produced pure potassium chloride from the mother liquor generated from the Halex reaction
- Produced calcium chloride granules from hydrochloric acid
- Produced single super phosphate from spent sulfuric acid
- Purified the aluminium hydroxide to pure grade from the ethylation process waste and sold it as a water treatment chemical
- Adopted cleaner technologies for the hydrogenation process to reduce process residues
- Set up a 50 KLD sewage recycling plant at Kutch, Gujarat; the plant uses Soil Biotechnology (SBT), a terrestrial system for wastewater treatment based on the principle of trickling filter
- In 2020, we achieved ZLD status for two additional divisions, making 14 out of 17 manufacturing sites ZLD





People

Empowering Our Passionate Workforce

At Aarti Industries, we believe that the best ideas come from employees who bring diverse experiences to the Company. We, therefore, provide them a happy and compelling workplace that encourages imagination and develops, supports and motivates them. Our passionate employees are our partners in making our purpose a reality. Their spirit of togetherness and positivity enables us to develop high-quality products and be the global partner of choice to some of the biggest names in the chemical industry.

Our Human Resource (HR) policies and practices are devised to nurture an inspiring and enabling workplace with an open and respectful culture. We strive to maintain the highest ethical and moral standards. We also undertake multiple employee engagement initiatives to create an inclusive workplace that energises our people and makes Aarti Industries an employer of choice across our operations. We are undertaking several steps to protect the environment and are determined to help the world move towards a lower-carbon future.

1,22,829

Man-hours of training in FY 2019-20
(77% higher than the previous year)

28.1

Average training hour per employee
(6% higher than the previous year)

in adopting the best practices of corporate governance, guided by the principles of integrity, transparency and accountability.

We are an equal opportunity employer and do not unfairly discriminate on any ground, including race, caste, religion, colour, gender, etc. Our decisions pertaining to recruiting and promoting our people is based solely on performance, merit, competence and potential.

Skilling Employees through Regular Training Programmes

We offer wide-ranging training opportunities to our employees. Our training and development programmes are meticulously designed by the Aarti Talent Management System. Further, we have set up a Learning and Development (L&D) policy that comprises five stages – analyse, design, train, evaluate and reinforce. The policy mandates all employees to undergo eight hours of training.

- The training is divided into three parts:
- 70% on-the-job training
- 20% coaching, mentoring, feedback and networking
- 10% formal classroom training

Managing and Rewarding Performance

At Aarti Industries, we enact uniform standards to ensure that employees are fairly compensated. We attach great importance to equal pay for men and women, and establish transparent communication with our employees about the overall structure of their compensation. Their compensation is based strictly on personal and professional abilities and the level of responsibility assigned to them, which are measured through a structured performance management system. During FY 2019-20, we adopted a web-based performance management system that expedites the process, reduces any chances of manual error and also saves paper.

Fostering a Fair and Transparent Corporate Culture

We aim to develop a culture that is based on fairness and respect. This includes following Aarti Industries' Code of Conduct and protecting employees from discrimination, harassment and retaliation. We believe

Employee Engagement Initiatives

Strong employee engagement is critical to maintaining strong business performance during times of change. To further fuel the passion and commitment of our people, we undertake several employee engagement initiatives.

<p>1 Aarti's Got Talent</p> <ul style="list-style-type: none"> Led by the Central Employee Experience Team Engaged and motivated employees during the COVID-19 pandemic Acted as a platform for employees to share their hobbies with the entire organisation Themes under the initiative included photography, poetry, painting and writing blogs 	<p>2 Aayam - Expanding Horizons</p> <ul style="list-style-type: none"> Transforms and realises Empowers employees to engage in meaningful conversations with peers 	<p>3 Arjan - Rewards and Recognition Programme</p> <ul style="list-style-type: none"> Promotes on-the-spot recognition of individuals and teams through appreciation and token rewards Provides an online recognition framework in the form of rewards to reinforce success Positively reinforces and acknowledges the desired values, behaviour and results in the workplace Acts as a mechanism for employee engagement and appreciates their exceptional contributions 	<p>4 Gratitude Journal</p> <ul style="list-style-type: none"> A journal for employees to record and reflect on things they are grateful for Comprises four aspects: <ul style="list-style-type: none"> A record of daily gratitude People I am grateful for, for the good things that happened to me in the last seven days What did I learn today An act of kindness
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Supporting Our Employees During the Pandemic

While many companies had to take tough decisions of letting their employees go during the pandemic, at Aarti Industries, we ensured all employees kept their jobs and also virtually hired and onboarded new recruits.

We encouraged most of our employees to work from the comfort of their homes and initiated a range of activities for close to 500+ employees to keep their morale and motivation high. In April, we hired professional coaches who conducted 16 sessions for our people on pertinent topics and issues such as taking care of oneself physically and mentally. The senior leadership also participated in these sessions. Moreover, the leadership has been in constant touch with the employees throughout the period and have been extending all the necessary support to the employees.

We have arranged buses to pick up the 8,000-odd contract labourers who primarily work in operations, maintenance and project-based jobs from their homes every day. We are also providing free meals to the workers in our manufacturing facilities.

Across our office, plants and R&D centres, we have listed out some safety norms for every member of Aarti Industries to follow.



Health and Safety

Caring for Those Who Drive Us

At Aarti Industries, we never compromise on safety. Our global safety and security strategy serves to protect our people and uphold their health and wellness through training, resources and responsible management across our facilities. Our approach to safety includes identifying possible risks, implementing measures to prevent potential incidents and educating employees and contractors about unsafe behaviour.

We promote a safety-first mentality among our employees to reach our goal of zero workplace injuries and illnesses. All our employees must meet our safety standards and requirements. To enable this, we have undertaken various training programmes covering safety, health, hazards communication and emergency preparedness. We have also formulated a comprehensive Safety, Health and Environment (SHE) Policy in accordance with our core values of Care, Integrity and Excellence.

Prioritising Safety

We have undertaken the following initiatives to provide a safe and healthy work environment for our employees:

- Regular monitoring of our plants and facilities using a checklist system and taking the support of our shop floor employees
- Mandatory 2-day safety induction training and trade tests for all new employees
- Classroom and on-the-job trainings for all employees
- Safe transportation of chemicals
- Various safe assessments such as Hazard Identification and Risk Assessment (HIRA), Hazardous Area Classification (HAC) and Hazard and Operability Study (HAZOP) at our plants
- Mandatory safety training on behaviour-based safety, first-aid application, safety inspection procedures and defensive driving to all employees
- Periodic mock drills to strengthen our emergency preparedness

BE SAFE – Our Flagship Safety Initiative

We launched By Employees Sustainability Assurance for Employees (BE SAFE), a mega initiative in April 2019 to assure the management regarding the complete health check of the plants. We intend to ingrain safety as a cultural attribute in our organisation and foster a culture of zero harm among our employees.

Our Achievements through BE SAFE

Employee engagement and motivation

Knowledge and proficiency enhancement

Strengthening of the work place safety

Teamwork and collaborative engagement

0.25

LTIFR in FY 2019-20 compared to 1.10 in FY 2018-19

Promoting Health and Well-being

To ensure good health and well-being among our employees, we focus on health improvements in the daily work environment and also help balance employees' professional and personal lives. We are working towards providing our people with access to regular medical check-ups, rehabilitation and on-site medical care. We have launched two wellness programmes for our employees this year:

Nirvana – Employee Wellness Programme

Nirvana is the Sanskrit word for 'the highest state of happiness'. Through our wellness programme, we help our employees focus on physical and mental well-being through five dimensions - the physical wellness, financial wellness, emotional and mental wellness, social wellness and occupational wellness. The programme aims at bringing about holistic development and a healthy lifestyle among our employees. We have dedicated Nirvana Champions who are torchbearers of the programme and ensure employee participation in all activities of the programme. They plan a health and wellness related theme each month and conduct onsite activities, and support and guide employees in need.



Anahata – Employee Assistance Programme

We launched Anahata on 2nd January 2020 for employees' emotional and mental well-being. Anahata is part of our Nirvana programme. For the launch, our Employee Experience Team and a certified senior counsellor travelled to Vapi, Tarapur, Jhagadia, Kutch, Dahej, Baroda and Mumbai to conduct workshops for our people. Through Anahata, we offer the following services to our employees:

- Online, telephonic and face-to-face counselling
- Wellness coaching
- Legal and financial information
- Self-help library, health risk assessment tools and discussions with the counsellor



Communities

Continuing Our Legacy of Giving Back to the Society

At Aarti Industries, we strongly believe that our behaviour is what defines us. Since inception, we have taken responsibility for our actions and strived to fulfil our role as a responsible corporate citizen. Our passion for developing unique solutions for the speciality chemicals and pharmaceutical industries also extends to undertaking life-changing community initiatives in the areas where we operate.

Through the Aarti Foundation, we undertake a wide range of programmes and initiatives to make a difference to the local communities. We also partner with various NGOs to understand the issues faced by the communities and for disbursement of funds.

Our CSR philosophy stems from the belief of Late Dr. A. P. J. Abdul Kalam – “Nearly 260 million people who are below the poverty line have to join mainstream for a good life.” We have been tenaciously marching towards this goal by pioneering several community-based programmes across the following areas:

- Cluster and rural development
- Education and skill development
- Childcare and healthcare facilities
- Women empowerment and livelihood opportunities
- Disaster relief and rehabilitation
- Water conservation and environment
- R&D for the upliftment of society

₹10 crores

CSR spend in FY 2019-20

3,86,000+

Lives benefitted till date

1

Educating the Future of India

It is said that education for a child begins at home. However, many children come from financially strained backgrounds and are forced to work at a very young age, thus being deprived from even the most basic education. At Aarti Industries, we believe every child has the right to education and want to ensure education access to maximum number of children. Through our educational initiatives, scholarship grants and infrastructure development in schools, we educate the future of India, with a focus on learning outcomes and retention.

**Run more than 7
schools with ~2,500
students enrolled**

**Provided scholarships to
381 students to pursue
higher education**

**Fund various schools
and educational
institutions to set up
new infrastructure and
improve the existing one**



Vidya Sarthi Initiative

One of our initiatives towards increasing education opportunities to children from economically weak background is the Vidya Sarthi Initiative. The project was first implemented in Kutch to improve the soft skills of students in primary schools. The initiative's success motivated us to further implement it in the schools in Dahej and Jhagadia with help from Gram Vikas Trust.

Impact of the Initiative

Location	No. of Schools	No. of Student Beneficiaries
Dahej and Jhagadia	66	2,608
Kutch	12	245
Total	78	2,583

Morali Education Society

We helped the J. N. C. High School in Morali build 16 new classrooms with modern infrastructure facilities. The school falls in the tribal area of the Navasari district of Gujarat and has ~700 students studying in various classes.

Schools We Operate

With the help of the Aarti Foundation, we operate seven schools in Gujarat:

1. Tulsi Vidya Mandir
2. Yusuf Meherally Centre (YMC), which runs three different institutions:
 - Vallabh Vidyalaya, which benefits 835 primary and secondary students
 - YMC for salt workers' children, which operates at 11 locations and provides primary education to 312 children
 - YMC for fishermen's children, which operates at three locations and provides primary education to 96 children
3. Shree Ram-Krushna Dev Vidhya Sankul, a Gujarati medium boarding school at Ratanpur in Kutch, provides primary and secondary education to 320 students of classes 1-10
4. VSSM Hostel, Ahmedabad, which accommodates 235 students, of which 68 are girls and 167 are boys
5. Jana Seva Charitable Trust, which is located in Sagbara in Narmada district, provides hostel accommodation for 80 girl students

Infrastructure Initiatives

1. Boys hostel infrastructure for Shri Poona Kutchi Jain Samaj
2. Dhanvallah school infrastructure for Nahur Citizen's Welfare Association
3. Infrastructure improvement for Maroli Education Society
4. Infrastructure for tribal girls' school at Sri Ramakrishna Vivekananda Sevashram

Scholarships and Grants

1. Loan for higher education to 34 students of Shri Kutchhi Visha Oswal Sev Samaj and 78 students of Rotary Charity Trust, Mulund
2. Scholarship to 69 students of Shree Bharat Raichand Korshi V. O. Kelvani Fund and 200 students of Kutch Yuvak Sangh



Communities Contd...

2

Prioritising Women and Child Health

Every year, millions of women and children lose their lives due to preventable causes. We have, therefore, made it our collective resolve to provide essential health services to women and children in rural India. We have set up state-of-the-art healthcare facilities, ranging from small dispensaries to speciality hospitals, in Gujarat, Maharashtra, Bihar and Madhya Pradesh to ensure easy access to quality medical care.

2,90,125

Beneficiaries of our healthcare facilities

Other Healthcare Services

Mobile Dental Van

Through our association with Asmita Vikas Kendra, we have donated two mobile dental vans – one each for the Dahej and Jhagadia cluster in the Bharuch district of Gujarat.

Blood Donation Camp

We organised a blood donation camp in Vapi for the 24th consecutive year, where ~614 units of blood was collected.



Breastfeeding Promotion Network of India (BPNI)

The major cause of death among children under five years of age is the absence of nutritious breastmilk. Studies show that many mothers lack the awareness of breastfeeding practices. The BPNI aims to bridge this gap by creating awareness and counselling the mothers before and after delivery.

They provide Newborn Intensive Care Unit (NICU) training to teach how to feed sick babies with mother's milk. They also provide Infant and Young Child Feeding (IYCF) training to doctors and nurses and help in the creation of the human milk bank. Through the Aarti Foundation, we offer training and awareness services to several institutional and peripheral hospitals in Mumbai.

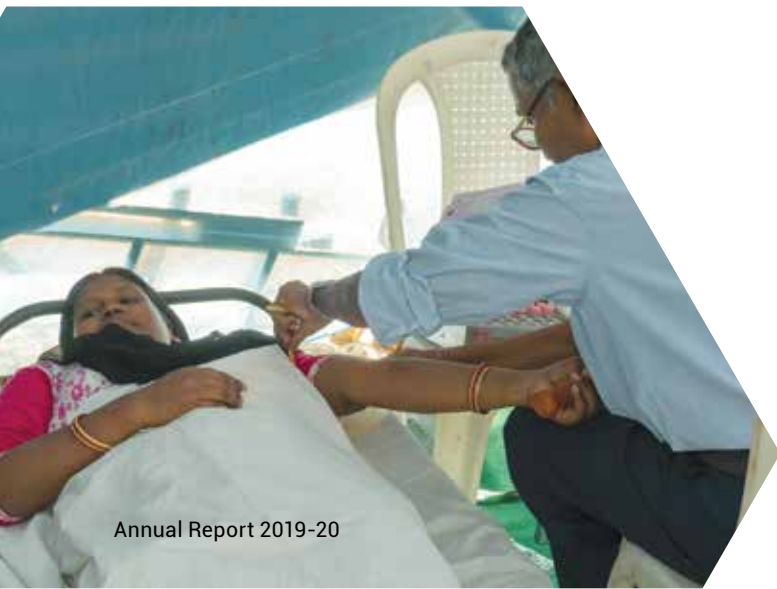


~6,20,000

mothers received
counselling on breastfeeding practices

JITO Hospital

Shree Mahavir Jain Hospital or JITO Educational and Medical Trust is a healthcare facility that is being set up in Thane. The facility will be equipped with a full-fledged diagnostic centre, blood bank, dental department, nephrology centre, ENT department and physiotherapy centre.



3

Equipping Women to Become Agents of Change

Empowering women and girls and achieving gender equality are crucial to creating inclusive and prosperous societies. We contribute to this agenda by promoting and creating opportunities for women and girls to build their skills and confidence. Our initiatives and support to empower women have enabled them to achieve their potential and have greater influence over decisions that affect their lives.



174 women

Empowered through our initiatives

Karuna Society

We have been associated with Karuna Society for the development and empowerment of tribal children and women in Madhya Pradesh. The institution operates in the remote villages of Betul, Nahar Pattan in Madhya Pradesh. It provides interest-free loans to women for earning their livelihood. It has also set up the Skhiksha Protshan Kendra for providing education to tribal children and training the staff members.

Other Women Empowerment Initiatives

Ramdev Aarti Kanya Chatralaya

We provided financial support to the institution located in Savarmal in Valsad district of Gujarat for construction and related expenses of the girls' hostel. Today, the hostel accommodates 108 girl students.

Matruvandana Foundation

We have been associated with the Foundation in Kutch. It provides various skill development, training and tailoring programmes to local women for empowering them. It also runs homes for senior citizens.



4

Strengthening Rural Livelihoods

In India, the majority of the population resides in rural communities. For India's economy to remain strong, the rural economy and its people need to grow. This growth should also extend to the areas inhabited by tribal population. At Aarti Industries, we strive to protect the identity of these tribes and give them equal opportunities for growth.



Vicharta Samuday Samarthan Manch

We have been supporting Vicharta Samuday Samarthan Manch by furthering their vision of helping the nomadic and de-notified tribes attain identity and live a dignified life. To provide them with equal growth opportunities, loans are given to help them start their own business. We have built hostels across various districts in Gujarat for the children of these communities to strengthen the culture of education, health, hygiene, nutrition and self-discipline.

Other Rural Development Initiatives

1. Jammu & Kashmir folk festival in partnership with Shrujan Living & Learning Design Centre
2. Focus on rural health and hygiene in association with Gram Vikas Trust
3. Rural development initiatives in partnership with Gramin Vikas Samiti



5

Building a Greener India

Climate change is no longer a distant threat, but a visible reality. It is one of the biggest challenges that humanity is facing. At Aarti Industries, we are taking steps to minimise our impact on land and habitat, air and water. We are working towards reducing our emissions and are exploring innovative opportunities to responsibly reduce, recycle and reuse as much as is economically feasible. We are actively monitoring our operations to mitigate and further reduce our environmental footprint.



Other Initiatives towards the Environment

Garden management in Vapi in association with Aartee Horticultural Services Private Limited

Shree Siddhivinayak Sevabhai Sansthan

In association with Shree Siddhivinayak Sevabhai Sansthan, we provided financial support to four drought-hit villages in Beed district of Marathwada – Babhalkunta, Ghatsawali, Gundewadi and Talegaon. With our support, the villages constructed check dams, desilted rivers and lakes, and widened canals. This resolved the water scarcity issue of the people residing in these villages and enabled them to carry out their agricultural and other daily activities smoothly.

7.11 crore litres

Water saved

20,000

People benefitted

Vikas Centre for Development

We supported Vikas Centre for Development in rainwater harvesting at Tankari village in Bharuch district. The Centre undertook the cleaning and deepening of three ponds at the Tankari Bandar site. The Centre also created inlets in the ponds for rainwater to enter.

15,000

People benefitted

Helping in the Fight against COVID-19

Rising to the Challenge

As the world responds to the COVID-19 outbreak, our thoughts are with those affected and the medical professionals who are working round the clock to help those in need.

At Aarti Industries, we believe that our ability to stay grounded and remain true to our identity as a responsible corporate citizen is tested during such times of disruption. Since the past four and a half decades, Aarti Group of Companies has been at the forefront in providing urgent support and relief during natural disasters and calamities in the country. This time too, we have adopted the first-responder mindset across the Company to ensure the safety of our employees and are striving to protect the health and well-being of the communities in which we operate.

During these uncertain times, our people have demonstrated undeterred solidarity and valour to stand with the country. Most of our services and products form part of the essential services category. Our front-line warriors are thus working tirelessly to keep our operations running and deliver the requisite APIs and intermediates to develop pharmaceutical products and speciality chemicals. We are

ensuring an uninterrupted supply of APIs to drug manufacturers, medicines and chemical intermediaries across the country.

The central and state governments have announced several relief measures to support citizens. We have joined hands with the government to fight the pandemic by providing funding to the Prime Minister's Citizen

Assistance and Relief in Emergency Situations Fund and the Chief Minister's Relief Fund in the states of Maharashtra and Gujarat.

We have pledged to work with greater speed and intensity in this hour of adversity and emerge stronger on the other side. And we will do everything in our ambit to produce profitable solutions to this global problem.



Aarti Group and Promoters contributed ₹17.6 crores to PM Cares Fund and State Chief Minister's Relief Fund in Gujarat and Maharashtra



Robust Governance Mechanism

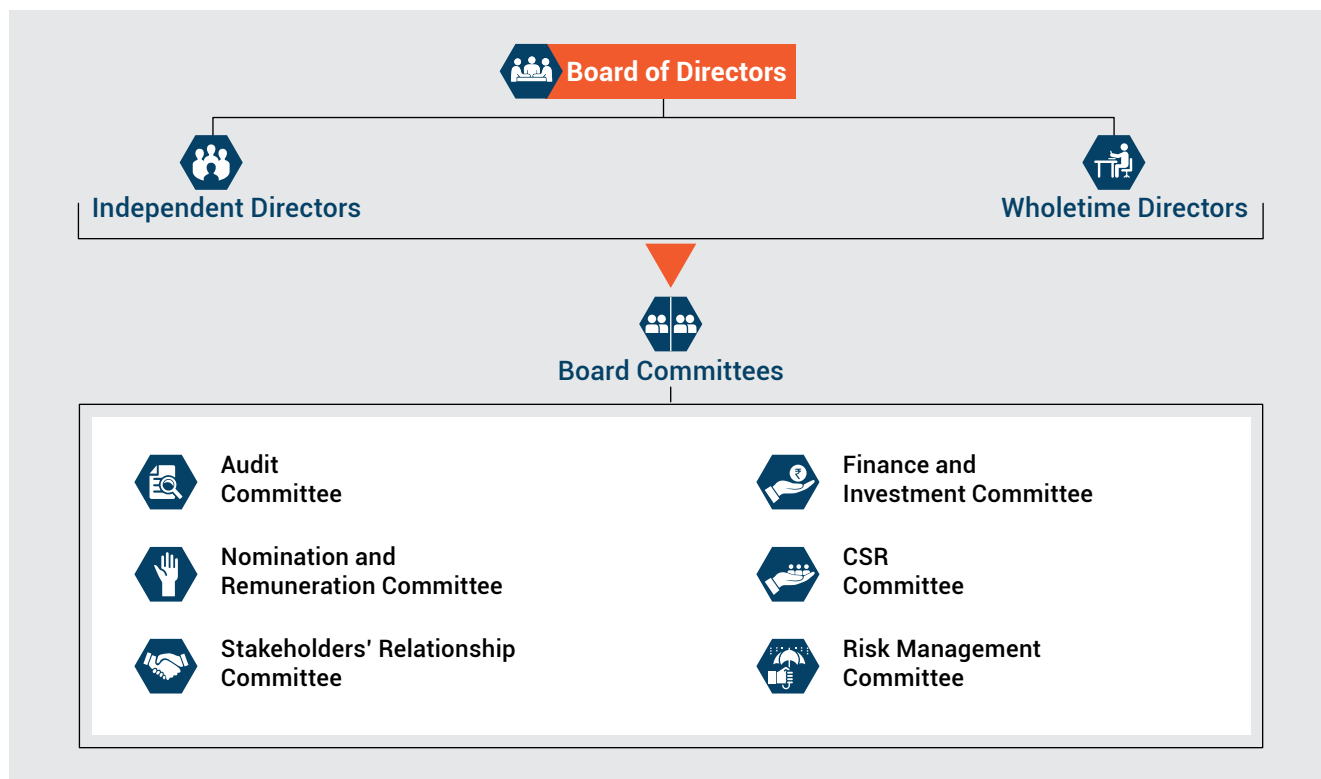
Being a Transparent and Ethical Business

At Aarti Industries, we aspire to the highest standards of corporate governance. We seek to consistently improve and enhance our corporate governance performance by emphasising a transparent and ethical work culture and fostering a sustainable culture for long-term value creation. We are committed to living our values and have developed robust policies and procedures to act responsibly across our operations and supply chain.

Code of Conduct




Our Code of Conduct (the Code) guides our approach to ethical issues and reflects our commitment to comply with relevant local and international regulations and policies. The Code deals with our approach to anti-corruption, anti-bribery and whistle blower protection. The Code considers any kind of fraud a fundamental breach to our values and disciplinary procedures and will be fully enforced on those found guilty. As we give the highest priority to the health, safety, and security of our employees, we provide them with humane working conditions, value their dignity and ensure that their human rights are not violated. The Code sets guidelines for our employees to always 'do the right thing, in the right manner and at the right time'.

Corporate Governance Framework



Board Committees

A strong company culture with the right balance between performance and organisational health is highly valued by the Board of Directors of Aarti Industries. For this purpose, the Board has constituted various committees that undertake specific responsibilities to fulfil the Company's pursuit of long-term value creation.

Committees	Key Responsibilities
 Audit Committee	<ul style="list-style-type: none"> • Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible • Recommendation for appointment, remuneration and terms of appointment of auditors of the entity • Approval of payment to statutory auditors for any other services rendered by the statutory auditors • Review of the annual financial statements and Auditors' Report thereon, with the management, before submission to the Board for approval • Review of the functioning of the whistle blower mechanism
 Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees • Formulation of criteria for evaluation of performance of independent directors and the Board of Directors • Devising a policy on diversity of the Board • Identification of people who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal
 Stakeholders' Relationship Committee	<ul style="list-style-type: none"> • Resolving the grievances of the security holders, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc. • Review of measures undertaken for effective exercise of voting rights by shareholders • Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent • Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company

Note

The Finance and Investment Committee, CSR Committee and Risk Management Committee are duly constituted in accordance with the the applicable Rules and Regulations.



Shri Chandrakant V. Gogri
Chairman Emeritus

Shri Chandrakant V. Gogri started Aarti Industries from a small unit and took it to the path-breaking enterprise it is today.

He holds a Chemical Engineering degree from Institute of Chemical Technology (ICT), formerly known as University Department of Chemical Technology (UDCT). His experience in the areas of projects, operations, process development and marketing in the chemical industry is remarkable. Further, his business acumen and flair for finance have stood the test of time during the growth of Aarti Group. He is the Founder Chairman of the Company. He retired as the Chairman on 16th August 2012, and has, on request of the Board, accepted the post of Chairman Emeritus for his valued guidance and expertise.

Shri Chandrakant V. Gogri was awarded the prestigious Lala Shriram National Award for leadership in the chemical industry in the year 2015 and ICC's D.M. Trivedi Lifetime Achievement Award in the year 2019 for his contributions to the Indian chemical industry.

Board of Directors

Leading with Prudence

Our Board of Directors comprises members from diverse industries, who leverage their skills and experience to steer the business towards greater growth. They guide the management in determining the Company's long-term strategy, and assess its opportunities, risks and mitigation measures.

The Board strives to achieve the Company's business objectives and targets, while also ensuring long-term value for the stakeholders.



Shri Rajendra V. Gogri
Chairman and Managing Director

Shri Rajendra V. Gogri has been part of the Company since its inception and was appointed as the Managing Director in 1993. He became the Chairman and Managing Director in 2012.

He holds a master's degree in Chemical Engineering from the US and is a rank holder from ICT, Mumbai. He worked along with Shri Chandrakant V. Gogri to help the Company achieve its present stature. In addition to his technical qualification, he has expertise in handling financial and commercial matters. He spearheads the strategic growth initiatives and long-term business relationship for the company.

Shri Rajendra V. Gogri was awarded the prestigious Lala Shriram National Award for leadership in the chemical industry in the year 2020

① ② ⑤ ③ ⑥



Shri Rashes C. Gogri
Vice Chairman and Managing Director

Shri Rashes C. Gogri was appointed as the Vice Chairman and Managing Director of the Company in 2012. Prior to that, he was the Whole-time Director of the Company since June 1997.

He holds a Production Engineering degree from Mumbai University. He has played a key role in the growth of various business units of the Company.

He presently handles the commercial aspects and is involved in the strategic decision-making in the chemical segment and also heads the pharma segment of the Company.

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Member



Chairman

1. Audit Committee 2. Nomination and Remuneration Committee
3. Finance and Investment Committee 4. CSR Committee
5. Stakeholders' Relationship Committee 6. Risk Management Committee



Shri Parimal H. Desai
Whole-time Director

Shri Parimal H. Desai has been a Whole-time Director of the Company since September 1984.

He is a Chemical Engineer from UDCT (ICT), Mumbai. He has more than 34 years of experience in process development and project implementation. He guides on various technical inputs related to processes, product improvement and technology, and also handles few of the project initiatives of the Company.



Shri Manoj M. Chheda
Whole-time Director

Shri Manoj M. Chheda has been a Whole-time Director of the Company since November 1993.

He is a Commerce graduate from Mumbai University and has over 25 years of experience in the marketing of speciality chemicals.



Smt. Hetal Gogri Gala
Whole-time Director

Smt. Hetal Gogri Gala has been a Whole-time Director of the Company since November 2001.

She holds a bachelor's degree in Electronics Engineering from Mumbai University and has done her Management Education programme from IIM Ahmedabad. Leveraging her rich experience, she manages the Pharmaceuticals segment and is also involved in supply chain management of the Company.



Shri Renil R. Gogri
Whole-time Director

Shri Renil R. Gogri has been appointed as a Whole-time Director of the Company from 16th August 2012.

He holds a B.Tech (Mechanical) degree from IIT Bombay. He oversees the manufacturing operations, various people and excellence initiatives, adoption of IT advancements, sustainability initiatives and projects for the Speciality Chemicals segment of the Company.





Shri Kirit R. Mehta
Whole-time Director

Shri Kirit R. Mehta has been appointed a Whole-time Director of the Company since September 2000.

He is a Commerce graduate and has over 32 years of experience in the industry in the field of corporate affair management.

4



Shri Narendra Salvi
Whole-time Director

Shri Narendra Salvi is a Whole-time Director of the Company from 1st April 2020.

He joined the Company in 2001. Leveraging his 33 years of experience, he oversees the operations, projects, regulatory compliances and sustainability initiatives for the Pharmaceuticals segment of the Company. .

6



Shri Ramdas M. Gandhi
Independent Director

Shri Ramdas M. Gandhi is an Independent Director of the Company.

He holds a master's degree in Law from Mumbai University. He is an advocate and solicitor and is practising in the Mumbai High Court for more than 55 years. He is a corporate lawyer and has extraordinary experience in commercial and corporate law.

1 2 4



Member



Chairman

1. Audit Committee
2. Nomination and Remuneration Committee
3. Finance and Investment Committee
4. CSR Committee
5. Stakeholders' Relationship Committee
6. Risk Management Committee



Shri K. V. S. Shyam Sunder
Independent Director

Shri K. V. S. Shyam Sunder is an Independent Director of the Company.

He is a Commerce graduate and Fellow Member of the Institute of Chartered Accountant of India (ICAI). He is a seasoned banker with over 35 years of enriched banking experience. He is also a partner in Singrodia Goyal & Co. His expertise lies in corporate and retail banking, risk management, reviewing credit rating and monitoring system and loan policies.

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Prof. Ganapati D. Yadav
Independent Director

Prof. Ganapati D. Yadav is an Independent Director of the Company.

He recently retired from the position of Vice Chancellor of Institute of Chemical Technology (ICT). With numerous honours and distinctions for his contributions to green chemistry and engineering, catalysis science and engineering, chemical reaction engineering, nanotechnology and energy engineering, he has authored over 300 original research papers in 51 cross-disciplinary international peer-reviewed journals.

①



Shri P. A. Sethi
Independent Director

Shri P. A. Sethi is an Independent Director of the Company.

He is a Commerce graduate and holds the Certified Associate of Indian Institute of Bankers (CAIIB) qualification. He retired as an Executive Director from Vijaya Bank from in to October 2004. He has more than 47 years of experience in the banking sector. He has worked as General Manager and Deputy General Manager for several years.

① ②



Shri Bhavesh R. Vora
Independent Director

Shri Bhavesh R. Vora is an Independent Director of the Company.

He is a Commerce graduate and holds the ACA qualification. He is a practising Chartered Accountant, with more than 24 years of experience in the field of stockbrokers' audits, compliances, derivatives, futures and options, accounting standards and internal management audit.

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Smt. Priti Savla
Independent Director

Smt. Priti Savla is an Independent Director of the Company. With more than 10 years of experience, she is a practicing Chartered Accountant and a partner in KPB & Associates, a Chartered Accountants firm based in Mumbai and Thane. She is a qualified certificate holder in Entrepreneurs' Development Programme from the Indian School of Business, Hyderabad.

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Dr. Vinay Nayak
Independent Director

Dr. Vinay Nayak is an Independent Director of the Company. A pharmaceutical professional with technical background, he has worked with organisations such as Cipla, Lupin, Watson, Marksans, Alembic and Emcure Pharmaceuticals for the past 32 years. He specialises in the areas of manufacturing, quality, R&D, compliance and regulatory affairs both for API and formulation manufacturing.



Shri Lalitkumar Naik
Independent Director

Shri Lalitkumar Naik is an Independent Director of the Company.

He holds a B.Tech degree in Chemical Engineering from IIT, Kanpur and a PGDM from IIM, Ahmedabad. He has more than 25 years of rich experience in the field of chemicals / building materials and nutrition and has held leadership positions in many companies.



Member



Chairman

1. Audit Committee
2. Nomination and Remuneration Committee
3. Finance and Investment Committee
4. CSR Committee
5. Stakeholders' Relationship Committee
6. Risk Management Committee

Ten-Year Consolidated Financial Highlights

(₹ in Crs)

Particulars	Financial Year Ended on									
	31.03.2020	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
Income from Operations	4,621	4,706	3,806	3,163	3,007	2,908	2,632	2,096	1,673	1,453
EBIDTA	986	967	707	655	578	471	412	365	253	202
Interest	125	183	132	117	117	138	118	95	72	56
Depreciation	185	163	146	123	99	82	89	83	55	50
Profit before Tax	676	622	429	416	363	255	206	187	126	96
Share of Profit from Associates	NIL	NIL	NIL	NIL	NIL	14	11	2	14	15
Profit after Tax	536	492	333	316	257	206	162	134	103	81
Dividend %	190	100	20	NA	170	110	90	80	70	50
Payout	105	44	10	1	69	52	42	37	28	19
Per Share Dividend (in ₹)	9.50	5.00	1.00	NA	8.50	5.50	4.50	4.00	3.50	2.50
Equity Share	++87.12	+43.33	****40.65	****41.06	***41.66	44.30	44.30	**44.30	*39.56	38.36
Reserve & Surplus	2,892	2,587	1,538	1,321	1,096	972	826	712	551	467
Networth	3,073	2,715	1,655	1,426	1,189	1,016	871	756	590	509
Long term & Short term Borrowings	1,811	2,106	1,921	1,436	1,233	1,068	949	805	588	495
Gross Fixed Assets	3,837	3,362	3,101	2,655	2,081	1,685	1,477	1,237	855	780
Net Fixed Assets	2,468	2,147	1,998	1,697	1,246	967	826	674	443	412
Capital work-in-progress	1,418	795	436	270	313	193	117	69	54	18
Investments	37	33	47	47	41	139	117	95	94	76
Net Working Capital	1,172	2,039	1,272	1,004	950	893	848	798	646	556
Book Value Per Share (₹)	176.39	313.23	203.62	173.69	142.75	114.73	98.29	85.36	74.59	66.34
EPS (Basic & Diluted) (₹)	++30.77	+60.39	****40.95	****38.45	***30.83	23.24	18.34	**15.17	*13.45	10.62
EBIDTA/Income from Operations	21.3%	20.5%	18.6%	20.7%	19.2%	16.2%	15.7%	17.4%	15.1%	13.9%
Net Profit Margin %	11.6%	10.5%	8.7%	10.0%	8.5%	7.1%	6.2%	6.4%	6.2%	5.6%
Debt/Equity Ratio	0.68	0.88	1.26	1.10	1.09	1.18	1.20	1.12	1.06	0.97
RONW %	18.5%	22.5%	21.6%	24.2%	23.3%	21.8%	20.0%	20.0%	18.8%	16.9%

Figures for FY 2016-17 and FY 2015-16 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

++Based on increased equity post bonus shares issue in the ratio of 1:1 equity share and increased in equity pursuant to scheme of arrangement between Aarti Industries Limited and Nascent Chemical 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

Late Shri Shantilal T. Shah (Till October 27, 2019)

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

Shri Narendra J. Salvi

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

Axis Bank Limited

Bank of Bahrain & Kuwait

Bank of Baroda

CitiBank N.A.

DBS Bank Ltd.

Export Import Bank of India

First Rand Bank

HDFC Bank Ltd.

HSBC Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

IDBI Bank Limited

Standard Chartered Bank

State Bank of India

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 (CIN)

L24110GJ1984PLC007301

Management Discussion and Analysis

Economic Overview and Outlook

Global Economy

The world economy grew at 2.9% in 2019 as compared to 3.6% in 2018. The growth was marginally weaker than the initial forecast of the International Monetary Fund (IMF) due to lower growth prospects in some emerging economies, including India, Mexico and South Africa. Developed economies reported slower growth as well, with the US economy being a drag after a strong run in the recent past.

Trade-related issues, geopolitical tensions and weakness in some key emerging markets – impacting both manufacturing and trade in the second half of 2019 – remained an overhang on global growth. Further, several countries faced the underlying impact of social unrest and weather-related setbacks. However, at the end of 2019, there were indications of economic growth bottoming out, underpinned by monetary policy easing in several economies.

With the US and China reaching phase one agreement and the Brexit uncertainty waning at the start of 2020, there were expectations of marginal growth acceleration. However, the dramatic changes in the global human and economic ecosystem due to the outbreak of the COVID-19 pandemic led to a sharp downgrade in growth forecasts, with the IMF now predicting the 'worst economic downturn' since the Great Depression in the 1930s.

Outlook

As the pandemic situation continues to unfold, with containment measures resulting in significant loss in output, the IMF expects economic output to contract sharply by 4.9% in 2020. An estimated 170 countries will witness a negative per capita income, with many facing overlapping crises, including healthcare issues, a weakened economy, low external demand, capital outflows and commodity market declines. That being said, risks to forecasts remain on the downside and any recovery will depend on the pace at which the pandemic subsides and economic activities normalise.

Global Economic Growth Trend

(%)

Economies	2019	2020 (P)	2021 (P)
World	2.9	-4.9	5.4
Advanced economies	1.7	-8.0	4.8
US	2.3	-8.0	4.5
Euro area	1.3	-10.2	6.0
Japan	0.7	-5.8	2.4
UK	1.4	-10.2	6.3
Other advanced economies	1.7	-4.8	4.2
Emerging markets/ developing economies	3.7	-3.0	5.9
China	6.1	1.0	8.2
India	4.2	-4.5	6.0

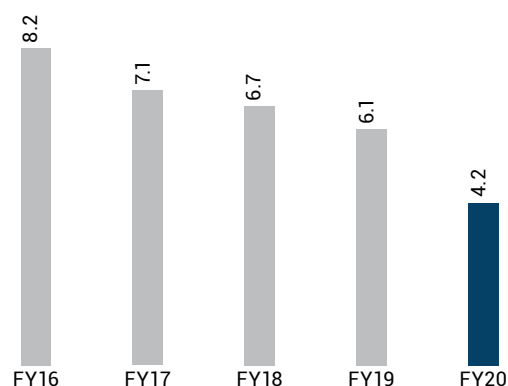
(P) = Projected (Source: IMF WEO, June 2020)

Indian Economy

The Indian economy too faced its fair share of challenges in FY 2019-20. Weak domestic consumption, credit tightness, delayed government infrastructure spending and sluggish manufacturing brought the country's GDP growth to a 11-year low of 4.2%. The government announced a series of reforms including reduction in corporate tax rates and facilitating credit flow to SMEs, to revive the economy. The Reserve Bank of India (RBI) remained largely accommodative with its monetary policy stance and implemented innovative measures to keep interest rates lower for longer. However, hopes of a recovery in the fourth quarter of the fiscal was dashed by the onset of the pandemic as economic activities came to a standstill with the government imposing the most stringent form of lockdown to contain the spread.

India GDP Growth

(%)



(Source: The Central Statistics Office)

However, India's long-term growth potential remains intact. The government announced an economic stimulus package of ₹20 lakh crores, or 10% of GDP, in May 2020 to stabilise and revive the economy. Further, various other steps are being taken by the government to boost the economy.

Prior to this slowdown, India's GDP had been growing at a five-year average of 7.5%. Several key macroeconomic indicators, including fiscal deficit, current account deficit and inflation, had reached very comfortable levels. India's ranking on the Ease of Doing Business improved to 63 in 2019 from 77 in 2018 and 142 in 2014, a record jump for any major global economy. Several structural reforms, a vibrant business environment and a relatively stable currency attracted foreign investors.

COVID-19 Impact in India

The Government of India imposed a nationwide lockdown, beginning in the last week of March 2020 to May 2020, as part of its pandemic containment measures, which put a majority of 1.3 billion people and domestic economic activities in suspended animation.

Government's Relief Measures and Push for Self-reliance

In May 2020, the government announced a comprehensive package, which included ₹1.7 lakh crores for direct cash and food-related benefits to provide relief to daily wage labourers, informal sector workers and farmers. As part of the package, the RBI announced a host of measures, including reduction in Cash Reserve Ratio (CRR), long-term repo operations, moratorium on all term loans and interest on working capital loans, as well as special liquidity funding. Other measures include hassle-free lending and capital infusion packages for MSMEs, a change in the definition of MSMEs to make it more broad-based, issue of immediate pending income tax refund orders, special emergency health response package and relaxation in statutory and compliance matters. Further, a Self-reliant India Movement was launched to promote domestically manufactured goods and services.

Outlook

The IMF expects India's GDP to contract by 4.5% in FY 2020-21. However, the government's structural reforms agenda and several policy measures to boost the investment climate are likely to enable a sharp rebound in FY 2021-22, provided the pandemic situation is brought under control and domestic consumption returns to pre-COVID levels as growth engines reach full throttle.

Industry Overview

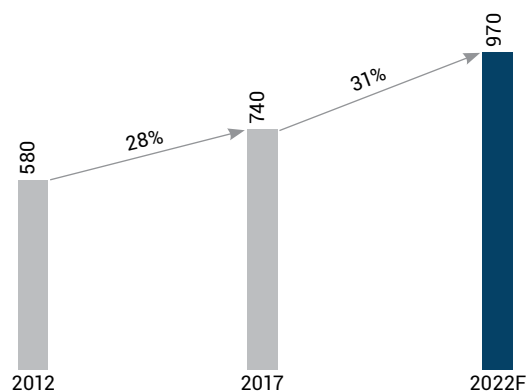
Speciality chemicals comprise high-value, low-volume chemicals that are recognised for their performance-enhancing end-use applications across several verticals. These chemical products are sold based on specific requirements, rather than on their composition, driving a higher degree of value addition across the final products. Typically, speciality chemicals find significant usage in agrochemicals, automobiles, aviation, personal care products, polymer additives, water chemicals, textiles, construction chemicals, surfactants, flavours and fragrances, and dyes and pigments.

The global chemicals market stood at about \$3.7 trillion in 2017 comprising basic chemicals, industrial gases, petrochemicals, polymers and speciality chemicals (accounting for about 20% of the global chemicals market). Given the strong visibility within current and emerging applications, the speciality

chemicals market is expected to grow to \$870 billion in 2020 and further to \$970 billion in 2022.

Global Speciality Chemicals Market

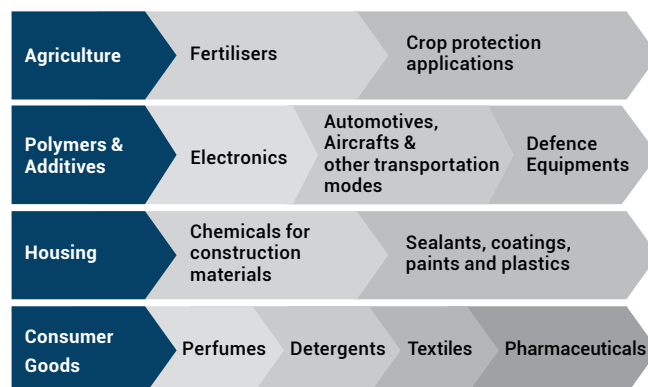
(\$ billion)



Source: CRISIL Report titled 'Market Assessment of Speciality Chemicals'

Agrochemicals dominated the speciality chemicals revenue pie, accounting for 21% in 2017, with increasing applications in fertilisers, herbicides, insecticides and pesticides. The polymers and plastic additives segments comprised the second-largest revenue share at 12-14%.

Some Key Usage Areas for Speciality Chemicals



Evolution of the Speciality Chemicals Sector

Driven by innovation and expanding usage in several emerging areas, production and consumption of speciality chemicals were initially concentrated in developed regions like North America, Western Europe and Japan. With trade liberalisation, technology transfer and rapid economic growth, the industry began proliferating in developing economies. China emerged as a leading producer of speciality chemicals, aided by easy availability of raw materials/feedstock, cheap labour and capital, sizable end-use market and government support.

However, with increasing focus on safety, health and environment stipulations worldwide, stricter enforcement

led to disruptions in the supply chain that was substantially dependent on China. Further, the relative strength of the Chinese currency, rising labour costs and reduction of government subsidies eroded the comparative advantage. The Chinese government is also promoting consolidation in the industry to shift away from high-polluting, lower-end segments.

With supply chain disruption and uncertainty in China, global players are looking at diversifying their sourcing and India offers a strong alternative with comparable scale, technology, raw materials and supportive government policies.

Growth Drivers

- **Growing Urbanisation and Rising Middle Class**

Urbanisation leads to pent-up demand for construction materials, which in turn drives demand for speciality chemicals in various related industries, including painting and coating. Further, urbanisation also leads to changing lifestyles and rise in the cosmetics, food and fuel industry, in turn boosting the demand for speciality chemicals.

- **Increase in R&D Activities**

Ongoing investments in R&D activities have facilitated the development of new products with advanced features. This has expanded application as well as enabled the development of customised, value-added products for niche usage.

- **Development of Eco-friendly Products**

End consumers are increasingly becoming environment conscious and are focusing on responsible consumption of natural resources. This has led to increased preference for eco-friendly products, even at higher price points.

- **Economic Growth in the Asia-Pacific Region**

Rapid economic growth in the Asia-Pacific region, especially in India and China, is a major driver for the speciality chemicals industry. In addition, advancement of the electronics markets in Japan, South Korea, Taiwan and China has also led to higher demand in the region.

- **Realigning Global Supply Chains**

Global Derisking has provided Indian companies an opportunity to increase their influence on the global supply chain by offering comparable scale and quality with focus on innovation and value-added products.

- **Higher Import Substitution**

The supply disruption has also prompted domestic companies to reduce dependence on imports and secure supplies locally, which is also resulting in lower logistic costs and timely availability.

- **Enhanced Demand from End-user Industries**

An increase in demand in end-user industries such as paints and coatings, textiles, construction, food processing, personal care and home care is propelling the development of the Indian speciality chemicals market.

- **Increased Domestic Consumption**

The penetration of speciality chemicals in India is currently lower than developed economies like the US and UK, representing a huge growth potential. Additionally, rising awareness among consumers for better products will enhance demand for speciality chemicals. Speciality chemicals aid in the advancements in process technology, which enable user industries innovate better products, thus boosting the growth of speciality industry.

- **Improved Consumption Standards**

Policies and measures adopted by the government to promote the use of safe products, regulating more products and strengthening consumption standards have paved the way for the development of better products, such as solvent-based paints versus water-based paints, among others.

- **IPR Protection**

India ranks 55th out of 130 countries in the International Property Rights (IPR) Index compared to China's 59th position. In legal terms too, India ranks 71 against China's 77. This means Indian IPR protection provides better edge to the innovators against counterfeits, than Chinese legal system. This has given a boost to its R&D intensive, early technology lifecycle production.

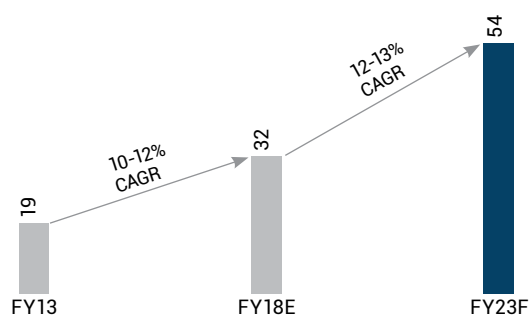
Further, leading speciality chemicals businesses are focusing on sustainability and green chemistry. With climate change posing significant risks, there is increased emphasis on sustainable raw material supply chain and reduction in carbon footprint. Sustainability is now core to business growth and market leadership and is built into product development and marketing, with innovation playing a pivotal role.

Outlook

The size of the speciality chemicals industry in India was estimated to be \$32 billion in FY 2017-18, growing at 10-12% over the last five years. The key categories include agro chemicals, personal care ingredients, polymer additives, water chemicals, textile chemicals, construction chemicals, surfactants, and flavours and fragrances. According to CRISIL, this segment is expected to clock 12-13% CAGR between FY 2018-23 driven by rising domestic consumption and exports, which translates into a \$20-25 billion opportunity.

Growth of the India Speciality Chemicals Market

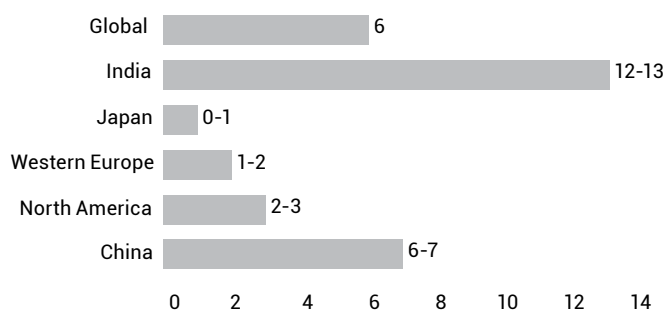
(\$ billion)



Source: CRISIL Research

CAGR from FY 2018-23

(%)



In recent years, there has been a decisive shift in the Indian speciality chemicals industry. The industry has moved away from a generic space to a knowledge-based, innovation-driven industry and speciality chemicals are witnessing increasing usage in agrochemicals, pharmaceuticals, automotive and textiles.

Key Opportunities

The global speciality chemicals market is expected to have grown at 5.4% annually between 2015 and 2020, driven by liberalised trade, process technology proliferation, lower economic barriers, rapid growth in Asia and rising standards of living in the developing world. The Asia-Pacific region has become the world's largest market for speciality chemicals in value terms, followed by North America. There is also an increasing focus on innovation, sustainability and competitiveness with leading speciality chemicals businesses looking at developing new products and expanding growth opportunities while also limiting the depletion of natural resources caused by their operations. Within this framework, there is opportunity for suppliers from countries that have had the foresight to develop ecosystems that are conducive with the emerging opportunities and India is increasingly in the forefront as a strong manufacturing location. Players with

product/process development and manufacturing capabilities; experience in aligning with innovator companies, backed by strong environment, health and safety frameworks would have the potential to benefit from this trend over the years.

The Indian speciality chemicals sector is likely to witness secular growth by expanding its range of products/chemistries/applications and moving away from upstream/commoditised products to downstream/value-added products. Further, Indian manufacturers are well positioned to tap emerging opportunities, aided by:

- 1) Strong product/process capabilities
- 2) Scalable manufacturing infrastructure
- 3) Established raw material supply chains
- 4) Culture of quality and safety adherence
- 5) Long-standing global customer relationships
- 6) Expanding R&D footprint and
- 7) The chemistry/technology talent pool available locally
- 8) Strong IP governance
- 9) Lower manpower cost
- 10) Favourable government policies

In addition, the US-China trade war and the COVID-19 related supply disruptions have prompted leading chemical players to reduce their dependence on China.

India is a natural beneficiary of these shifts. Leading Indian companies in the sector are entering into an increasing number of strategic supply contracts, which indicates that a strong traction is building up for the country – which should drive long-term benefits.

The domestic manufacturing ecosystem continues to evolve, with more chemistries and value-added processes backed by local availability of feedstock supplies emerging as a key differentiator.

Further, active support under the make in India programme, plans to roll out Production Linked Incentive (PLI) scheme, etc. would help the growth of this segment Further. The Government has prepared a Draft National Chemical Policy, which aims at growing the share of the chemicals sector in the country's GDP and increasing competitiveness. The proposed measures include setting up of a 'Speciality Chemicals Forum' to frame relevant consumer standards, impose anti-dumping duty to protect the local industry, approve up to 100% FDI in the sector and reduce the list of reserved chemical items for production, thereby driving greater investments in technology upgradation and modernisation.

COVID-19 Impact on the Speciality Chemicals Sector

The impact of COVID-19 on the speciality chemicals segment is likely to be limited. Also, as some speciality chemicals are classified as essentials, the extent of impact on production and sales was limited to lockdown-related supply chain disruptions.

Global Pharmaceuticals Industry

The pharmaceutical industry develops, manufactures and markets medications. The use of medicines across the world has grown significantly in the past decade. Globally, pharmaceutical spending stood at \$955 billion in 2019 and is expected to grow at 2-5% CAGR (2019-2024), reaching \$1.12-1.15 trillion, partly due to increased usage and partly driven by changes in the speciality and innovative product composition of new brands available in the market. The growth dynamics differ in developed and pharmerging markets (emerging markets with high pharma growth potential), especially as the latter is more volume-driven with low salience for brands.

Pharma spending in developed markets is expected to increase from \$609 billion in 2019 to \$665-695 billion in 2024, at a 1-4% CAGR. In pharmerging markets, spending is projected to grow from \$244 billion in 2019 to \$315-345 billion in 2024, at 5-8% CAGR.

The top 10 countries in pharmaceutical growth in 2024 will be the US, China, Japan, Germany, Brazil, Italy, France, the UK, India and Spain. India will make it to the list for the first time, due to better R&D and healthcare facilities, better drug accessibility, development of skilled manpower and low cost advantage of Indian manufacturers luring more international acceptance for Indian pharma players.

Source: <https://www.iqvia.com/insights/the-iqvia-institute/reports/global-medicine-spending-and-usage-trends>

Global Pharmaceutical Spending and Growth

Regions	2019 (US\$ billion)	2014-2019 CAGR (%)	2024 (US\$ billion)	2020-2024 CAGR (%)
Developed	609	3.3	665-695	1-4
Pharmerging	244	7.7	315-345	5-8
Rest of the world	102	2.6	100-130	1-4
Global	955	4.2	1,115-1,145	2-5

Source: IQVIA Global Medicine Spending and Usage Trends; IQVIA Institute, March 2020

Growth Drivers

• Rising Life Expectancy

The global pharmaceutical markets are experiencing constant growth due to the increase in life expectancy world over, driven by better lifestyles and availability of improved healthcare infrastructure.

• Increasing Chronic and Infectious Diseases

The rising spread of new chronic infectious diseases is resulting in higher spending on medicines. The recent outbreak of the COVID-19 pandemic is a case in point.

• Rising R&D Spend

Higher spend on R&D activities facilitates innovation in drug products and treatments. Leading industry players spend up to 20% of their topline on R&D activities. Moreover, the emergence of biopharmaceuticals has opened a new area in drug discovery, enabling industry players to develop more effective drugs and therapies.

Outlook

Prescription drug sales worldwide are expected to grow at a CAGR of 6.9% (FY 2019-24), with higher FDA approvals, additional sales of \$109 billion from orphan drugs and the proportion of oncology therapies rising to 19.4% of industry sales.

Indian Pharmaceuticals Industry

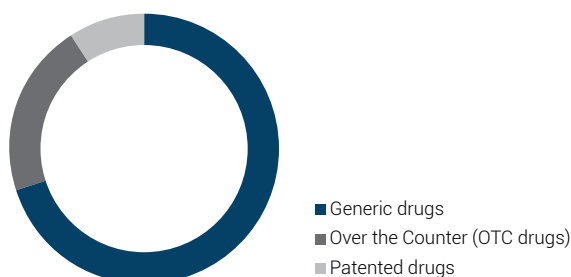
The Indian pharmaceuticals industry is one of the fastest growing sectors and is valued at \$22 billion in 2019. Over the past few years, the industry has steadily developed substantial scale to meet export demand. Total pharmaceutical exports touched \$13.69 billion in FY 2019-20 (up to January 2020), with Indian generics constituting 20% of global generics exports. In fact, India supplies over 50% of global demand for various vaccines, 40% of generic drugs in the US and 25% of all medicines in the UK.

(Source: IBEF and IQVIA)

The pharmaceuticals sector is a non-cyclical industry, which comprises formulations, bulk drugs and chemicals/intermediates. The pharmaceuticals market in India can be divided into:

- Active Pharmaceutical Ingredients (APIs)
- Contract Research and Manufacturing Services (CRAMS)
- Formulations
- Biosimilars

Composition of the Indian Pharmaceuticals Industry (In Terms of Revenue)



Growth Drivers

• Supply-side Drivers

- Cost advantage
- Availability of skilled manpower
- Major manufacturing hub for generics
- USFDA approved plants constitute 22% of the total approvals
- Increased penetration of chemists

• Demand-side Drivers

- Increasing incidence of fatal diseases
- Increased drug accessibility
- Growing penetration of healthcare
- Increased incidence of stress-related diseases due to lifestyle changes
- Availability of better diagnostic facilities

• Policy Support

- National Health Policy, 2015, focused on increasing public expenditure on healthcare
- Reduction in approval time for new facilities
- Plans to set up new pharmaceutical education and research institutes
- Price control exemption to drugs manufactured through indigenous R&D under the National Pharmaceuticals Pricing Policy (NPPP) 2012
- PLI scheme for various Pharma molecules

COVID-19 impact on the Indian Pharmaceuticals Sector

COVID-19 positively impacted the pharmaceuticals industry, as demand for preventive and hygiene products has increased sharply. However, production has been affected due to supply chain disruptions, even though pharmaceuticals are classified as essentials.

As per the National Account Statistics published by the Ministry of Statistics and Programme Implementation (MoSPI), the value added by the pharmaceuticals sector clocked 9% CAGR, from ₹0.9 trillion to ₹1.3 trillion, between FY 2011-12 to FY 2015-16. The Gross Value Added (GVA) by the pharmaceuticals manufacturing sector remained at 6-7%, while the total GVA by the pharmaceuticals sector stood at ~1% during the same period.

Company Overview

Aarti Industries Limited (Aarti Industries) is one of the most competitive benzene-based speciality chemical companies in the world. Aarti Industries is a rare instance of a global speciality chemicals company that combines process chemistry competence (recipe focus) with scaled up engineering competence (asset utilisation). Over the last decade, the Company has transformed from an Indian company servicing global markets to a fundamentally global company selecting to manufacture out of India. The Company ranks among the top five globally for 75% of its portfolio and is a 'Global Partner of Choice' for various major global and domestic customers.

Aarti Industries has a de-risked portfolio that is multi-product, multi-geography, multi-customer and multi-industry. Its 200+ products are sold to 700+ domestic and 400+ export customers spread across the globe in 60 countries with major presence in the USA, Europe and Japan. Its speciality chemicals and intermediate products find usage in pharmaceuticals, agrochemicals, polymers, pigments, printing inks, dyes, fuel additives, aromatics, FMCG and various other industrial sectors.

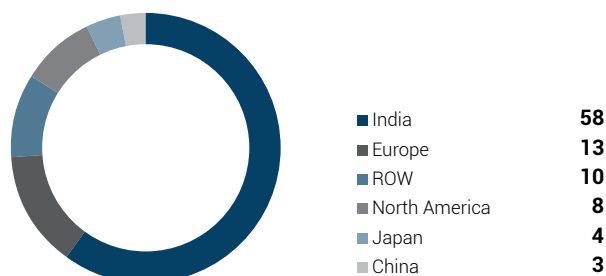
Agrochemicals, pharmaceuticals and FMCG, which are generally agnostic to economic cycles and contribute 50-60% of AIL's revenue, while other end-user industries such as polymers, pigments, printing inks, dyes, fuel additives, aromatics, etc., – which are generally dependent on global and domestic economic cycles – account for the balance 40-50% of revenue. This mix provides a steady growth opportunity and stability to Aarti Industries' business.

The Company is committed to the highest standards of health and safety with environment polices mapped to global benchmarks ensuring customer confidence and business sustainability. The Company has 14 zero discharge units and a strong focus on 'reduce, reuse and recover' across its 17 manufacturing sites.

Business by Segment (%)



Business by Geography (%)



Speciality Chemicals Segment

Speciality Chemicals is the major revenue-generating segment for Aarti Industries, contributing approximately 84% of sales in FY 2019-20. The Company has integrated operations across the benzene, sulphur and toluene product chains, and is ranked among the top three players globally for the manufacture of Nitro Chloro Benzenes (NCB) and Di-chloro Benzenes (DCB). The Company is also the only manufacturer of nitro fluoro aromatics using the Halox process and the only manufacturer of Phenylenediamines (PDA) value chain in India. Most of its speciality chemical products are primarily along the benzene-based value chain. Other chemicals such as sulphuric acid and its derivatives, single super phosphate, Toluene-based derivatives, calcium chloride granules, fuel additives and phthalates are also part of its manufacturing portfolio. Products in the speciality chemicals segment have varied applications across agrochemicals, pharmaceuticals, polymer additives, pigments and dyes industries. The various processes used in the manufacturing operations include chlorination, nitration, ammonolysis, hydrogenation, ethylation and fluoro compounding. Aarti Industries has integrated its operations across the product chain of benzene, sulphur and toluene which gives it the ability to effectively use co-products and generate value-added products.

Key Strengths

• Established Long-standing Relationships

Aarti Industries has a multi-product, multi-geography and multi-industry approach that creates substantial diversification in revenues and limits risks. This diversification strategy has ensured that no single product or customer accounts for more than 8% of revenues. The product portfolio is supported by a framework of sound manufacturing practices, high quality standards and regulatory compliance, which has led to the Company's transformation from another speciality chemicals supplier to a 'Global Partner of Choice'.

• Integrated Operations on a Global Scale

Aarti Industries operates an integrated operating model that ensures efficient utilisation of by-products from manufacturing processes as intermediates of other chemical reactions or converts them into commercially saleable products. A high level of backward and forward integration across all key value chains enables the Company to benefit from the global trend of vendor consolidation and long-term supply contracts.

• Wide Array of Growth Opportunities

Based on its presence across various end-use applications and a larger customer base, the Company has created a wide range of growth opportunities and currently exports over 40% of its products to various global locations including North America, Europe, China and Japan. It is also well-integrated into the burgeoning chemical manufacturing infrastructure in India.

• R&D Innovation Programme

Aarti Industries is a knowledge-driven Company. Its R&D investments include three state-of-the-art R&D centres. Capitalising on superior technological capabilities through knowledge transfer across several differentiated processes/chemistries, the Company has developed a strong pipeline of niche, value-added products and processes. A higher level of innovation in the product profile enables better yield and margins. This has also enabled the Company to increase revenues from downstream products where it sees less competition and creates stronger customer engagements. The recently commissioned research and technology centre in Navi Mumbai called the Aarti research and Technology Centre (ARTC) has dedicated labs for process safety, effluent treatment, flow chemistry, kilo lab, high-pressure reactors, etc. This R&D centre will scale up to 250 scientists and engineers taking the Company's research resource base to 400+ (for speciality chemicals and pharma). The centre is focused on developing a larger range of high-end value-added products and new chemistries to create niche market opportunities.

Financial Performance – Speciality Chemicals

Speciality Chemicals	FY20	FY19	FY18	FY17	FY16
Sales (₹ cr)	3,865	3980	2,985	2,569	2,430
% of total sales	84	84	78	81	81
Export (₹ cr)	1,630	1625	1,409	1,294	1,223
% of segment sales	42	41	47	50	50
Segment EBIT (₹ cr)	814	820	581	566	504
EBIT %	21	21	19	22	21

Multi-year Contracts for Supply of Chemical Intermediates

In FY 2017-18 and FY 2018-19, Aarti Industries entered into three multi-year contracts with global majors for supply of chemical intermediates.

During June 2020, the Company received a notice for termination from the customer for its first long-term contract. The Company is aware that the reason for the same is the customer's change in strategy. They now are focusing on the final formulation and would like to source the API rather than manufacturing it. The customer continues to remain confident and committed to the growth initiative as envisaged earlier and the change in strategy would help them in enhancing the solutions for end-users. Aarti Industries is strategically placed in this value chain and the assets invested shall enable the Company to continue to participate in this key agrochemical molecule, which will act as a growth driver for the Company. With the termination of this contract, the guarding provisions for compensation under the contract come into effect to safeguard the Company's interest.

Pharmaceuticals Segment

Aarti Industries has expert capabilities in the development and manufacture of several world-class products in the healthcare division. The Company has five pharma manufacturing plants, two of which are approved by the United States Food and Drug Administration (USFDA) and the remaining three are World Health Organisation (WHO) and Good Manufacturing Practices (GMP) certified. Additionally, the Company has two R&D facilities that are dedicated to the pharmaceutical business. Under its pharmaceuticals business, the Company manufactures APIs, intermediates and xanthine derivatives.

Currently, Aarti Industries manufactures various commercial APIs with 30 US Drug Master Files (USDMF), 12 Drug Master Files (DMF), of which seven are under assessment, and 18 Certificates of Suitability (CEP), two of which are under assessment.

Key Strengths**API Manufacturing Division**

Aarti Industries' API manufacturing facilities are equipped with dedicated production blocks for steroids and oncological APIs. The Company has successful backward integration processes in place of key raw materials for most of its products. This is the core strength of the API business, which enables the Company to sustain its leadership position.

Aarti Industries manufactures APIs for a wide range of therapeutic purposes including Anti Hypertensive, anti-asthmatic, anti-cancer, Central Nervous System (CNS) agents, skincare, decongestant, Anti-thalassemic, analgesic and ophthalmologic. Additionally, the Company also manufactures intermediates for over 35 APIs. The APIs are exported to regulated markets globally, including the US, several countries in the European Union and Japan.

Xanthine Division

The xanthine division has expertise in and manufactures various derivatives. These include caffeine theophylline anhydrous, aminophylline, etophylline, theobromine, etc. These derivatives are used in beverages, nutraceuticals and pharmaceuticals. Two manufacturing facilities are dedicated to manufacturing xanthine derivatives and have obtained star certifications such as Star Kosher, Hazard Analysis Critical Control Point (HACCP) and GMP for manufacturing and testing.

CRAMS division

Aarti Industries also undertakes Contract Research and Manufacturing Services (CRAMS) focused on intermediates. This is the fastest growing business segment in the healthcare division of the Company. Aarti CRAMS is one of the leading cost-competitive and quality manufacturing hubs for many global players, including big pharma companies.

CRAMS basically consists of the following two activities:

Contract Research Organisations (CROs)

Offerings

- Advanced intermediates for APIs
- Process development
- Validation batches for intermediates
- Commercial production
- Contract manufacturing services in dedicated anti-cancer block for phase 1 to final drug substance and regulatory support / quality assurance
- GMP documentation

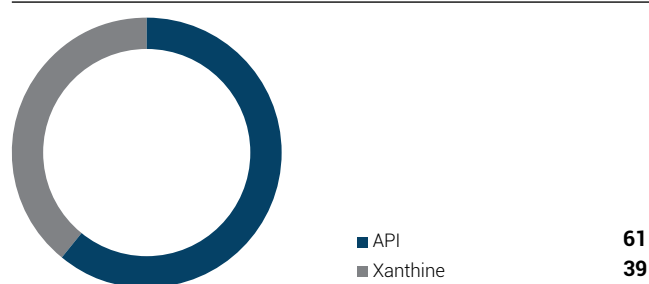
Contract Manufacturing Organisations (CMOs)

Offerings

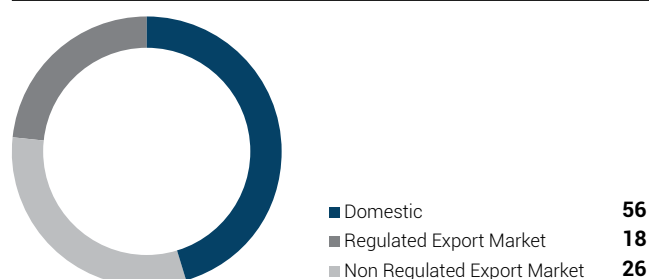
- Advanced intermediates for phase 0 to III candidates
- Development of raw materials and advanced intermediates for innovators and generic API companies
- Process development and optimisation
- Analytical method development
- Various Generic APIs and Intermediaries

The Company is working with several innovators on API intermediates opportunities.

Revenue of the Pharmaceuticals Business in FY 2019-20 (%)



Revenue from Xanthine Derivatives in FY 2019-20 (%)



Revenue from APIs in FY 2019-20 (%)



Financial Performance – Pharmaceuticals

Pharmaceuticals Chemicals	FY20	FY19	FY18	FY17	FY16
Sales (₹ cr)	756	726	556	426	426
% of total sales	16	16	15	14	14
Export (₹ cr)	335	352	248	208	193
% of segment sales	44	49	45	49	45
Segment EBIT (₹ cr)	137	113	581	566	504
EBIT %	18	16	14	11	9

COVID-19 Impact

Aarti Industries would also like to share with you an update related to the impact of the COVID-19 pandemic on various aspects of the Company's business activity.

Manufacturing Operations

Following the directives of the Central Government, the Company had faced logistics-related challenges for the movement of raw materials, finished goods, manpower, etc. As a result, the Speciality Chemical manufacturing facilities of the Company had initially gone into temporary shutdown on safe mode in a phased manner, while the Pharma business—being included in essential goods—has continued manufacturing operations throughout this period. Subsequently, based on the Company's wider product profile, which includes key ingredients to various pharma/agrochemical intermediates, are also included in essential goods. The Company, therefore, applied for permissions and was granted them to operate its pharmaceutical facilities and to enable movement of critical workforce, materials, etc. After securing the supply chain, logistics and mandatory compliance requirement, The Company resumed operations at its manufacturing units in the first half of April 2020. The units had reached operational levels of about 80% in the months of May and June 2020. While supply chain and labour availability challenges are being seen, the Company is taking adequate efforts, including revision in rates, wherever applicable, to secure resources and mitigate the threat.

Customer Demand and Movement of Materials

Over 60% of the Company's revenue comes from end-use applications such as agrochemicals, pharma, fertilisers and FMCG, which are verticals that have not seen any significant impact of the COVID-19 pandemic. Hence, the Company's business, to that extent, remains largely protected from the currently significant changes in the operating environment. Globally, the discretionary portion of customer spending in sectors such as automotive, aviation, real estate, textile, electronics, etc. is expected to remain weaker over medium term as compared to the past trajectory. In view of this, some of the Company's products with end-use applications such as polymers and additives, dyes, pigments, etc. are witnessing demand contraction. The Company expects some of these impacted sectors to have a V-shaped recovery from FY 2021-22. However, the current environment makes it difficult to accurately assess the extent of impact at this stage.

On the other hand, with rising global concerns, global supply chains are looking to hedge their risk and restructure their buying decisions to reduce reliance on supplies from China. This allows Indian manufacturers to expand their presence and market share in the global market, which is an opportunity the Company continues to pursue aggressively. Given these changing dynamics, the Company is closely monitoring the situation and will take the necessary steps to ensure optimum utilisation of its units and also identify potential growth opportunities for the long term. In this respect, the Company's large number of long-term client engagements and the wide range of products with varied applications provide the flexibility to adequately align its production with ongoing shifts in global demand.

It may also be noted that the Company expects the execution on its long-term contract to be on track and does not expect any significant impact from the COVID-19 pandemic to these contracts, production for which has been started recently. Further, the Company is facing certain challenges related to movement of materials at the port, especially at JNPT in Mumbai. The Company is monitoring the situation closely and is taking adequate steps, including exploring export routes from other alternative ports in Gujarat to prioritise its shipments.

Project Execution

On account of the lockdown announced by the central and state governments and also due to restrictions in manpower movement, migration of labour and delayed delivery of equipment, work on the Company's expansion projects had been impacted at the start of the current financial year. The Company has prioritised certain activities to manage the timelines of critical projects. While there may be some delay in the project work, on an overall basis, the long-term impact of the same is not expected to be significant. Further with the growth prospects continuing to draw traction, we expect the project pipeline for the Company to remain strong and robust over next few years.

Financial Position

The Company's financial and liquidity position remains strong, based on robust internal accruals and a well-capitalised balance sheet. The Company has continued to meet all its financial obligations on time. In addition to existing resources at its disposal, the Company has secured additional credit lines to safeguard liquidity and meet all the obligations in the future.

As an endeavour to stay committed to long-term opportunities and also to ensure that the challenges of COVID-19 do not affect to its extended arm, the Company has extended support by providing additional monetary assistance and food rations to various temporary workers/labourers whose lives have been affected due to the lockdown.

The management continues to closely monitor all key developments across various aspects of the business and is taking the necessary steps to address any impending issues. The Company remains strong on its growth targets of about 15-20% bottom line growth over next 3-4 years, despite various challenges.

Capex Initiatives

On an overall basis, the Company had performed satisfactorily in a tough year. We have invested over ₹1,150 crores in various projects and have made progress in expanding our manufacturing base, diversified our product mix, continue to invest in R&D/product/process development and have created a solid platform for ongoing business expansion.

Major Projects under Execution

Location	Details
Vapi, Kutch and Tarapur	• Various Speciality Chemicals, APIs and Pharma Intermediates
Jhagadia	• De-bottlenecking and expansions • Chlorination and Speciality Chemical Complex, • Nitration of Chloro Benzenes
Dahej	• Capex for 3rd Long term Contract Capex for 1st & 2nd long-term contracts

Aarti Industries has driven a strong return profile despite incurring significant capex over the last few years. Most recently, the Company launched commercial production at the two captive manufacturing units at Dahej SEZ in Gujarat, linked to long-term supply contracts. Revenue contribution is expected to commence during FY 2020-21 with growth in exports as both units have committed demand from overseas customers. In FY 2021-22, capacity utilisation is expected to optimise further.

The Company is in the process of expanding its capacities of nitrochlorobenzene, dichlorobenzene and certain downstream value-added products and pharma capacities. The Company expects to have an investment of about ₹1,000-1,200 crores

annually for next couple of years. Based on these plans, the Company expects to sustain growth with greater contribution from value-added products. Incremental growth investments are planned in areas such as introduction of new value chains (for instance, chloro-toulenes, etc.), along with development initiatives for new processes and niche products, which will provide long-term visibility and potential to deliver better returns.

Risk Management

Safeguarding Our Tomorrow

Doing business involves taking risks. However, to be a successful business, we need to manage those risks

efficiently. As a speciality chemicals and pharmaceuticals company, we are exposed to a wide range of factors that could act as hurdles in our growth journey. We have, therefore, set up an integrated risk management system designed to ensure the sustainability of the business through timely identification, assessment and mitigation of risks.

At Aarti Industries, we strive to foster a high awareness of business risks and internal controls to provide transparency in our operations. Our holistic risk management framework safeguards our business while propelling us on our journey of long-term value creation for all stakeholders.

Types of Risks		Mitigation Measures
	Regulatory Risk We operate in several global markets and are exposed to the risk of changing regulations.	We have remained cognisant of the importance of adopting Safety, Health and Environment (SH&E) norms. We follow the highest SH&E standards with an investment of over ₹250 crores in the last five years. We also judiciously follow the 3R principle of reduce, reuse and recycle across our sites. To be in a favourable place with European nations, we have been REACH* compliant since 2012. *Registration, Evaluation, Authorisation and Restriction of Chemicals is a European Union regulation that addressed the production and use of chemical substances, and their potential impact on both human health and the environment.
	Innovation Risk Innovation is the key to success in the speciality chemicals market to ensure sustainable growth. Risk of redundancy and losing out to competition on account of poor R&D is a major overhang.	We are 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 focus on strengthening our technical skillset around niche applications. We have always been focused on product innovation and have bagged many awards for innovation in the field of chemical engineering. Our benchmark R&D programme comprises over 170 scientists. Our innovation programme stems from transfer of knowledge from strategic customer relationships. Strong R&D push helps innovate specialised products with unique features and generate high margins.
	Forex Risk We are spread over a significant number of geographies and hence deal in different types of currencies. We, therefore, face the risk of financial losses due to unfavourable movement in any currency.	Around 42% of our revenue comes from exports. Majority of the global sales are dominated by the US Dollar, thus reducing the risk of cross-currency volatility. We keep a close watch on the movement of the Rupee and enter hedging contracts of maturities ranging from three months to three years to protect our business.
	Raw Material Risk We face the risk unavailability of raw materials and fluctuation in raw material prices.	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. This reduces risks on margin pressure / top-line pressure in the scenario of rising input costs.

Internal Controls, Systems and Adequacy

Aarti Industries clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of its business operations. The Company maintains a proper and adequate system of internal controls, which provides for automatic checks and balances. The Company's resilience and focus are driven to a large extent by its strong internal controls system for financial reporting. It follows strict procedures to ensure high accuracy in recording and providing reliable financial and operational information, thereby meeting statutory compliances.

The Company's 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 business. The Committee also ensures adherence to Company policies, safeguarding of its assets, prevention as well as detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable

financial information. Any deviations are promptly reported to the management. Various mitigation measures are then implemented to keep risk exposures at comfortable levels. Timely and adequate measures are undertaken to ensure uninterrupted functioning of the business.

Cautionary Statements

Your Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in your Company's filings with the Bombay Stock Exchange and National Stock Exchange, and its reports to shareholders. Your Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of your Company. All information contained in this presentation has been prepared solely by your Company. Your Company does 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 Board of Directors ("Board") are pleased to present this Thirty Seventh Annual Report of your Company ("the Company" or "Aarti Industries Limited") and the Audited Statement of Accounts for the year ended March 31, 2020.

Financial Results

Particulars				
	STANDALONE		CONSOLIDATED	
	2019-20	2018-19	2019-20	2018-19
Total Income from Operations (Gross)	4,408	4,548	4,621	4,706
EBIDTA	930	917	977	965
Depreciation & Amortisation	173	151	185	163
Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional Items	757	766	792	802
Other Income	11	4	9	2
Profit before Finance Costs	768	770	801	804
Finance Costs	122	179	125	182
Profit before Tax	646	591	676	622
Total Tax Expenses	123	110	129	118
Non-controlling Interest	-	-	(11)	(12)
Net Profit for the period	523	481	536	492
Earnings Per Share (₹)	30.04	59.10	30.77	60.39
Book Value Per Share (₹)	167	295	176	313

(₹ in Crs.)

Financial Performance

Your Company reported Gross Total Income at ₹4,408 Crores for FY 2019-20 as against ₹4,548 Crores for FY 2018-19. Similarly the exports for the year were at ₹1,841 Crores for FY 2019-20 as against ₹1,833 Crores for FY 2018-19.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹930 Crores in FY 2019-20 as compared to ₹917 Crores in FY 2018-19, registering a growth of 1.42%. Likewise Net Profit Before Tax rose by 9.31% to ₹646 Crores in FY 2019-20 as compared to ₹591 Crores in FY 2018-19.

Likewise, Net Profit after Tax & Deferred Tax also grew by 8.73% to ₹523 Crores in FY 2019-20 as compared to ₹481 Crores in Financial Year 2018-19.

Likewise the Consolidated Total income for FY 2019-20 was at ₹4,621 Crores as compared to ₹4,706 Crores for FY 2018-19 and exports for FY 2019-20 was ₹1,966 Crores v/s ₹1,977 Crores for FY 2018-19.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹977 Crores in FY 2019-20 as compared to ₹965 Crores in FY 2018-19, registering a growth of 1.24%. Similarly, Net Profit after consolidation grew by 8.94% to ₹536 Crores in FY 2019-20 as compared to ₹492 Crores in FY 2018-19.

Annual Report 2019-20

Dividend

Your Company has a steady dividend payment history and considering the financial performance for the FY 2019-20, your Directors are pleased to recommend a Final Dividend of ₹1/- (@ 20%) per share (of ₹5/- each) for the FY 2019-20, aggregating to the Total Dividend (including interim dividend) of ₹3.50 paise (@ 70%) per share (of ₹5/- each) for the FY 2019-20 compared to the Total Dividend of ₹11/- (@ 220%) per share (of ₹5/- each) for the FY 2018-19. During the Financial Year your Directors had declared and paid Interim Dividend of ₹2.5/- (@ 50%) per share (of ₹5/- each). The total amount of Dividend pay-out for the year would be ₹60.98 Crores (Previous Year: ₹95.30 Crores).

The dividend payout is in accordance with the Dividend Distribution Policy which is available on the website of the Company.

Dividend Distribution Policy

As per Regulation 43A of the Listing Regulations, the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the company. A policy is available on the website of the Company and the web link thereto is

https://www.aarti-industries.com/media/investors/corporate_governance/1494923066_Dividend_Distribution_Policy.pdf

Transfer to Reserves

Your Company has transferred ₹52.50 Crores to General Reserve (Previous Year: ₹47 Crores).

Share Capital

During the year, pursuant to the approval of NCLT Ahmedabad vide its order dated June 10, 2019 on the Composite scheme of Arrangement between the Company, Aarti Surfactants Limited and Nascent Chemical Industries Limited, the Board in its meeting held on July 08, 2019 approved the allotment of 448590 Equity Shares of ₹5 each to the shareholders of Nascent Chemical Industries Limited as on July 05, 2019. Pursuant to the said allotment of Equity Shares, the paid-up share Capital of the Company increased from ₹43,33,43,235 consisting of 8,66,68,647 Equity Shares to ₹43,55,86,185 consisting of 8,71,17,237 Equity Shares.

Additionally, the Board in its meeting held on August 13, 2019 approved and recommended the issue of Bonus shares. The shareholders approved the issue of Bonus Shares at the Annual General Meeting of Company held on September 16, 2019. The Company allotted 8,71,17,237 fully paid up Equity Shares of face value ₹5/- each in the proportion of 1:1 i.e. One Bonus Equity share(s) of nominal value ₹5/- each for every 1(One) Equity share(s) of nominal value of ₹5/- each. The Bonus shares were credited to the eligible shareholders as on the record date, i.e. September 30, 2019. Pursuant to the said allotment of Equity Shares, the paid-up share capital of the Company increased from ₹43,55,86,185 consisting of 8,71,17,237 Equity Shares to ₹87,11,72,370 consisting of 17,42,34,474 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, 2020 stood to ₹87,11,72,370/-.

Corporate Social Responsibility

Your company through, Aarti Foundation & Dhanvallabh 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, Hunger and Poverty Eradication 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 web link.

https://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 in 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.

Human Capital has witnessed significant transformation as we continue to leverage technology and digitization.

The Company's prime focus is on people development to ensure a strong leadership pipeline from within the organization. Multiple interventions are implemented to build skills and leadership capabilities to make the company future-ready. The leadership team has undergone a rigorous assessment for identifying the development needs and a focused 1-year development journey is designed to enhance the identified development areas. One of the Human Resource's key strategic objectives is to make Aarti Industries The Best Place to Work and provide a world-class experience to all the employees. Employee wellbeing related interventions like Nirvana, which focuses on the physical, mental, emotional & financial wellbeing of employees are designed and implemented. Employee assistance program - Anahata, counseling services for employees and their family members to ascertain their mental & emotional wellbeing is launched and is operational.

Endeavors are made to strengthen the culture of the company to enhance employee engagement & satisfaction by programs like Aayam, which emphasizes on developing Aarti Engaging Leaders, who live Aarti's Values, Operate in a Natural State of Action & Nurtures Talent. Interventions are introduced to weave the Values in the daily lives of employees where they demonstrate Microleadership by the behaviors of Care, Integrity & Excellence.

The Company has inducted 150+ young professionals in multiple disciplines, from 36 Top B & E schools across India with an objective to nurture these high energy individuals to create a long term pipeline. This group of young talent will be undergoing 6 months intensive development journey which will be comprising of multiple interventions like, instructor lead training, virtual learnings, book reviews, cross-functional projects & mentoring.

Cordial Industrial Relations have been established by introducing benchmarked people policies and practices to ensure high employee morale and uninterrupted production. In addition to this, the Company has established Central services at Emerald office comprising of Sustainability, Technology, and Project teams to bring efficiency in execution.

As on March 31, 2020, the Company had 6,192 permanent employees at the manufacturing facilities and administrative offices.

Nomination and Remuneration Policy

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

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

Personnel

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 commitments affecting the financial position of the company occurred between the end of the Financial Year to which these financial statements relate and the date of the report.

Meetings

The Board met 7 times during the financial year. The details of the number of meetings of the Board held during the Financial Year 2019-20 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. The details of attendance of each Director at these meetings are provided in the Corporate Governance Report.

Risk Management

In compliance with Regulation 21 of Listing Regulations, Your Company has a Risk Management Committee consisting of Shri Rajendra Gogri (Chairman), Shri Rashesh Gogri, Smt. Hetal Gogri Gala, Shri Renil Gogri, Shri Narendra J. Salvi, Shri Chetan Gandhi and Shri Ajaykumar Gupta. The 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. The Company has appointed an Internal Auditor who periodically audits the adequacy and effectiveness of the internal controls laid down by the management and suggests improvements. This ensures that all Assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems commensurate with the nature and size of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

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

Management's Discussion and Analysis Report

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

Business Responsibility Reporting (BRR)

The Listing Regulations mandates the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based on market capitalisation. Business Responsibility Reporting for the year under review, as stipulated under Regulation 34 (f) of Listing Regulations read with SEBI Circular No. CIR/

CFD/CMD/10/2015 dated November 4, 2015 is 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 ₹3,225,653/-. Further 22,583 corresponding shares were transferred as per the requirement of the IEPF Rules.

Related Party Transactions

The Company has a Policy on Materiality of Related Party Transaction and dealing with Related Party Transaction which is uploaded on the Company's website at the web-link given below:

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

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

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

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

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

Corporate Governance

Corporate Governance essentially involves balancing the interests of a Company's stakeholders. The Company is committed to good corporate governance practices and the Corporate Governance practices of the Company are a reflection of its values, policies and relationship with our stakeholders.

Your Company has complied with the mandatory Corporate Governance requirements stipulated under the Listing Regulations. Report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from M/s Kirtane & Pandit LLP, Chartered Accountants is attached to the Report on Corporate Governance.

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 has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from the public was outstanding as on the date of Balance Sheet.

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 forms part of the notes to the standalone financial statement of the Company.

Annual Board Evaluation

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

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

Subsidiary Companies

The Company as on March 31, 2020 has 10 (Ten) direct subsidiaries, namely, Aarti Corporate Services Limited, Innovative Envirocare Jhagadia Limited, Ganesh Polychem Limited, Aarti Polychem Private Limited, Aarti Organics Limited, Aarti Bharuch Limited, Aarti Spechem Limited, Aarti Pharmachem Limited, Aarti USA Inc., Alchemie Europe Limited, and 2 (Two) indirect subsidiaries namely Shanti Intermediates Private Limited, Nascent Chemical Industries Limited both hold through Aarti Corporate Services Limited.

Of the above subsidiaries, Aarti Organics Limited (Incorporated on November 22, 2019), Aarti Bharuch Limited (Incorporated on November 22, 2019), Aarti Pharmachem Limited (Incorporated on November 26, 2019), Aarti Spechem Limited (Incorporated on November 27, 2019), were incorporated as wholly owned subsidiary of the Company during the year. During the year under review Aarti Surfactants Limited ceased to be wholly owned subsidiary of the Company.

The Company does not have any material subsidiary whose net worth exceeds 10% of the consolidated net worth of the Company in the immediately preceding accounting year or has generated 10% 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 https://www.aarti-industries.com/media/investors/corporate-governance/1494923294_Policy_for_determining_Material_Subsiary17.6.16.pdf

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-D** and forms an integral part of this Report. The statement also provides the details of performance, financial position of each of the Subsidiaries.

There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013.

Consolidated Financial Statements

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2019-20, together with the Auditors' Report, form part of this Annual Report.

Directors / Key Managerial Personnel (KMP)

During the year under review, the Company appointed Dr. Vinay Gopal Nayak (DIN: 02577389), Shri Lalitkumar S. Naik (DIN: 02943588), as Independent Directors for a period of 5 years effective from December 18, 2018 and May 21, 2019, respectively.

Additionally during the period under review, Shri P. A. Sethi (DIN: 00004038), Shri KVS Shyam Sunder (DIN: 00502621), Shri Bhavesh R Vora (DIN: 00267604), Independent Directors

were re-appointed for a second term of 5 years effective from September 24, 2019.

During the year, Shri Shantilal T. Shah, Non-Executive, Vice Chairman of the Company left for heavenlyabode on October 27, 2019. Late Shri Shantilal T. Shah was the Vice Chairman of the Company for more than two decades and the Company immensely benefitted from his vision and leadership.

His sad demise is an irreparable loss to the Company. The Board of Directors of the Company express their deep condolences and pay tribute to late Shri. Shantilal T. Shah.

In accordance with the provisions of Section 152 of Companies Act, 2013, Shri Kirit Mehta (DIN: 00051703) and Shri. Manoj Chheda (DIN: 00022699), Whole time Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. A brief profile of them is annexed to the Notice convening the ensuing Annual General Meeting.

The Board of Directors on recommendation of Nomination and Remuneration Committee, has appointed in its meeting held on February 12, 2020 Shri Narendra Jagannath Salvi (DIN No: 00299202), was appointed as an Additional Director in the category of Executive Director effective from April 01, 2020. The Brief resume regarding his appointment at the ensuing Annual General Meeting is given in the Notice convening the ensuing Annual General Meeting.

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

During the year under review, there were no changes in the Key Managerial Personnel of the Company.

The Board is of the opinion all the Independent Directors hold highest degree of integrity and are individuals who are experts in their respective fields with enormous experience. A few of Independent Directors of the Company who are required to appear and clear proficiency test are yet to appear for the same. However, the same shall be carried out before the time-line prescribed by the Companies Act, 2013.

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

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

Directors' Responsibility Statement

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

- a. That in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. 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;
- c. 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;
- d. That Directors have prepared the annual accounts on a going concern basis;
- e. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Familiarisation Programme for Independent Directors.

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

https://www.aarti-industries.com/media/investors/corporate_governance/1592995266_Familiarization_Programme_for_Independent_Dire_2ydUQaL.pdf

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.

Safety, Health and Environment

We at Aarti Industries Limited (AIL), are committed to maintain the world-class standards of health, safety, security, human rights, environment protection, product quality and processes while conducting all our business operations, services, and expansion activities. AIL is strived to minimize risks related to health, safety, security, environment, during design, development, manufacture, handle, store and distribution phase of our products. In order to enhance HSE performance across organization, we are adapting advanced technology and digital tools and methodologies. During 2019-20, AIL has taken measures to protect the environment by preventing pollution at the workplace & surrounding areas, conserving natural resources, minimization of waste at source, reuse & recycling of resources, and minimize environmental footprint across the value chain. Monitoring and periodic review of the designed SHE Management System are done on a continuous basis through the Sustainability Council, chaired by Chairman and Managing Director.

Some of the initiatives in this regard as briefed below:

BE SAFE (By Employee Sustainability Assurance for Employee): As a responsible organization, we are committed to ensure complete safety and wellbeing of our workforce. We subscribe to the best industry practices and global standards related to safe, secure, and sustainable workplace. To achieve the desired objectives, we launched BE SAFE, a mega initiative in April 2019 with an objective of 'Assurance on Complete Health Check of the Plants'. The intended goal of the BE SAFE programme is 'Assurance to Management on Health Check of all Facilities - Zero Harm'. We intend to ingrain safety as a cultural attribute in our organization. In this endeavour, we have adopted 'BE SAFE' as a standard greeting message. Our leadership and all our employees religiously adhere to this greeting in their day-to-day interactions.

To reinforce the message of safety, we organize a BE SAFE huddle (15 minutes) every day in the evening that is attended by all personnel from all manufacturing units through video conferencing. Till March 2020, we have conducted more than 200 BE SAFE Huddles and an average of 600+ personnel attends this huddle everyday. In this huddle, learnings from major events, success stories, breakthroughs achieved are shared. In addition, a Safety pledge is taken by all employees at the start of every shift.

Strengthen Aarti Management System: As a part of our BE SAFE initiative we majorly focus on Aarti Management Systems (AMS) elements like Process Management, Asset Management, Operations Management, Operations Training, Management of Change, Pre-startup Safety Review, General Plant Conditions, Job Management, Deviation management, Behaviour based Safety, Quality management, General plant condition, Occupational health, Emergency response

& crisis management plan, factory compliance, waste management etc.

Strengthen Compliance Management System: At AIL we are committed to have 100% compliance level. For this purpose, we have adopted a third-party managed IT-based Compliance Management System. It has a repository of all applicable regulations and requisite compliances. It has an in-built alert system that intimates concerned personnel about upcoming compliances. This system has helped us in achieving 100% compliance with applicable regulations.

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.

Introduction of Internal HSE Audit: During FY 2019-20, we have developed Internal HSE audit protocol. As a part of this audit, all our divisions were audited as per criteria of Legal aspect, Together for Sustainability (TfS) protocol and AMS requirements.

Collaborative approach across value-chain: A well-managed supply chain helps in ensuring certainty of supplies, minimizing risks, and reducing cost of operations. The disruptions caused by COVID-19 pandemic has reinforced the importance of supply chain sustainability. We have adopted a value-chain based approach towards supply chain. During FY 2019-20, we have adopted a supply chain sustainability programme and have developed a roadmap to achieve the desired objectives in the phased manner.

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.

Vigil Mechanism/Whistle Blower Policy

The Company has established a Vigil Mechanism and Whistle Blower Policy for its Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, actual or suspected leak of UPSI or violation of Company's Code of Conduct. It also provides for adequate safeguards against the victimisation of employees who avail of the mechanism, and allows direct access to the chairperson of the audit committee in exceptional cases. The said policy has been posted on the website of the Company and the web link thereto is

<https://www.aarti-industries.com/investors/corporategovernance/policies>

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

Statutory Auditors

In accordance with the provisions of Section 139 of the Companies Act, 2013, the members at the 35th Annual General Meeting held on September 21, 2018 had approved the appointment of M/s Kirtane & Pandit LLP. Chartered Accountants (Firm Registration No: 105215W/ W100057) for a term of 4 years, to hold office till the conclusion of 39th Annual General Meeting. As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company.

Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimer made by the Auditor in their report. The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

Cost Auditors

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

The Board has appointed M/s Ketaki D Visariya, Cost Accountants, (Membership No.16028) as the Cost Auditors of the Company for FY 2020-21 under Section 148 and all other applicable provisions of the Act.

The remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution for seeking Member's ratification for the remuneration payable to M/s Ketaki D. Visariya, Cost Accountants, is included at Item No. 8 of the notice convening the Annual General Meeting.

Secretarial Auditor & Their Report

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

The Secretarial Audit Report is included as **Annexure-C** and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualifications, reservations, adverse remark or disclaimer. Secretarial audit report has observation with respect to delay of ten days in crediting equity shares to IEPF. It is hereby clarified that delay in credit was on account of technical error. During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

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

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

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

Particulars	No. of Complaints
Number of Complaints pending as on beginning of the Financial Year	NIL
Number of Complaints filed and resolved during the Financial Year	1
Number of Complaints pending as on the end of the Financial Year	NIL

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

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo 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, are provided in **Annexure-E** to this report.

Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

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 cooperation 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

Sd/-

Rajendra V. Gogri

Chairman and Managing Director

Place: Mumbai

Date: May 25, 2020

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 https://www.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 Kirit R. Mehta	Member	Executive

- 3) CSR Budget and details of activities for the FY 2019-20

Average net profit of the Company for the last three financial years (₹ In Cr.)	454.05
Prescribed CSR Expenditure (two percent of the amount as above) (₹ In Cr.)	9.08
Details of CSR Spent during the financial year	
Total amount spent for the financial year (₹ In Cr.)	10.21
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/State)	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.	2.93	2.93	2.93	Direct & Indirect
	B. Healthcare			2.55	2.55	2.55	
	C. Women Empowerment			0.51	0.51	0.51	
	D. Water Conservation			0.23	0.23	0.23	
	E. Hygiene and Sanitation			0.08	0.08	0.08	
	F. Live Stock Developmet			0.69	0.69	0.69	
	G. Green Enviroment Project			0.43	0.43	0.43	
2	Relief & Rehabilitation	Rehabilitation of Disaster affected areas		2.56	2.56	2.56	
3	Community Township and Livelihood Opportunities	Eradicating Poverty and Hunger	At various locations in the States of Gujarat and Maharashtra	0.23	0.23	0.23	
Total				10.21	10.21	10.21	

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 Sevakbhavi 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.

Sd/-

Ramdas. M. Gandhi

Independent Director
(Chairman CSR Committee)

Place: Mumbai
Date: May 25, 2020

Sd/-

Hetal Gogri Gala

Whole-time Director
(Member CSR Committee)

ANNEXURE - B**Form No. MGT - 9****Extract of Annual Return**

As on the financial year ended March 31, 2020

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

I Registration & Other Details:

i	CIN	L24110GJ1984PLC007301
ii	Registration Date	September 28, 1984
iii	Name of the Company	AARTI INDUSTRIES LIMITED
iv	Category/Sub-category of the Company	Public Company Ltd. by Shares/ Non-Govt. Company
v	Address of the Registered office & 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 & contact details of the Registrar & 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

SL No	Name & 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 & Associate Companies

SL No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Aarti Corporate Services Limited Udyog Khsetra, 2nd Floor, Mulund Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai – 400080	U67120MH1995PTC084963	Subsidiary	100%	2(87)
2	Innovative Envirocare Jhagada Limited 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, L.B.S. Marg, Mulund (W), Mumbai – 400080	U24233MH2012PLC233058	Subsidiary	100%	2(87)
3	Aarti Polychem Limited 71, 222, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai – 400080	U24304MH2017PTC295395	Subsidiary	100%	2(87)
4	Aarti Organics Limited Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Vapi, Dist. Valsad – 396195, Gujarat.	U24100GJ2019PLC110964	Subsidiary	100%	2(87)
5	Aarti Bharuch Limited Plot Nos. 758/1, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Bharuch – 393110, Gujarat.	U24100GJ2019PLC110966	Subsidiary	100%	2(87)
6	Aarti Spechem Limited Plot Nos. 758/1, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Bharuch – 393110, Gujarat.	U24100GJ2019PLC111065	Subsidiary	100%	2(87)
7	Aarti Pharmachem Limited Plot No L-5, MIDC Tarapur, Palghar, Dist. Thane – 401506	U24290MH2019PLC333628	Subsidiary	100%	2(87)
8	Ganesh Polychem Limited Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai – 400080	U24299MH2001PLC133900	Subsidiary	50.24%	2(87)
9	Alchemie (Europe) Limited 7-9 St. Mary's Place, Bury, Lancashire, BL9 0DZ	3061267	Subsidiary	88.89%	2(87)
10	Aarti USA Inc. 817, Azalea Drive, North Brunswick, New Jersey - 08902. USA	36-4806810	Subsidiary	100.00%	2(87)
11	Shanti Intermediate Private Limited (through Aarti Corporate Services Limited) Plot No. 1001/9, 3rd Phase, G.I.D.C. Vapi, Valsad – 396195, Gujarat.	U24231GJ1989PTC012373	Subsidiary	100%	2(87)
12	Nascent Chemical Industries Limited (through Aarti Corporate Services Limited) 9/1827, First Floor, City Plaza Bldg., Opp. Chapir Lane, Lalgate, Surat – 395003, Gujarat.	U24100GJ1966PLC104722	Subsidiary	50.49%	2(87)

IV. Shareholding Pattern (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	33,069,652	0	33,069,652	38.16%	55,842,131	0	55,842,131	32.05%	-6.11%
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 Corporates	7,445,736	0	7,445,736	8.59%	11,122,424	0	11,122,424	6.38%	-2.21%
e) Bank/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other - Trusts	2,133,859	0	2,133,859	2.46%	15,964,218	0	15,964,218	9.16%	6.70%
Sub Total: (A) (1)	42,649,247	0	42,649,247	49.21%	82,928,773	0	82,928,773	47.60%	-1.61%
(2) Foreign									
a) NRI- Individuals	130,737	0	130,737	0.15%	261,474	0	261,474	0.15%	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other...	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (2)	130,737	0	130,737	0.15%	261,474	0	261,474	0.15%	0.00%
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	42,779,984	0	42,779,984	49.36%	83,190,247	0	83,190,247	47.75%	-1.61%
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	13,007,463	0	13,007,463	15.01%	26,024,101	0	26,024,101	14.94%	-0.07%
b) Banks/FI	42,052	0	42,052	0.05%	57,223	0	57,223	0.03%	-0.02%
c) Cenntal govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	76,017	0	76,017	0.09%	1,192,647	0	1,192,647	0.68%	0.60%
g) FIIS	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Portfolio-Corp.	6,439,379	0	6,439,379	7.43%	14,420,765	0	14,420,765	8.28%	0.85%
i) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
j) Others (specify) - Alternate Investment Funds	667,032	0	667,032	0.77%	1,592,122	0	1,592,122	0.91%	0.14%
Sub Total (B)(1):	20,231,943	0	20,231,943	23.34%	43,286,858	0	43,286,858	24.84%	1.50%
(2) Non Institutions									
a) Bodies corporates									
i) Indian	1,415,117	0	1,415,117	1.63%	3,274,598	0	3,274,598	1.88%	0.25%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	8,058,291	848,161	8,906,452	10.28%	15,495,094	1,226,810	16,721,904	9.60%	-0.68%
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	11,519,431	44,532	11,563,963	13.34%	24,132,495	167,230	24,299,725	13.95%	0.60%

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
(i) Non Resident Indians	583,497	600	584,097	0.67%	1,305,208	1,450	1,306,658	0.75%	0.08%
(ii) Trusts	59,098	0	59,098	0.07%	651	0	651	0.00%	-0.07%
(iii) Unclaimed Suspense Account	117,720	0	117,720	0.14%	216,090	0	216,090	0.12%	-0.01%
(iv) Hindu Undivided Family	562,508	0	562,508	0.65%	1,097,722	0	1,097,722	0.63%	-0.02%
(v) Clearing Member	145,651	0	145,651	0.17%	144,309	0	144,309	0.08%	-0.09%
(vi) IEPF	289,819	0	289,819	0.33%	621,262	0	621,262	0.36%	0.02%
(vii) NBFCs registered with RBI	12,295	0	12,295	0.01%	10,490	0	10,490	0.01%	-0.01%
(viii) Trust Employee	0	0	0	0.00%	52,560	0	52,560	0.03%	0.03%
(ix) Foreign Portfolio Investor (Category - III)	0	0	0	0.00%	11,400	0	11,400	0.01%	0.01%
Sub Total (B)(2):	22,763,427	893,293	23,656,720	27.30%	46,361,879	1,395,490	47,757,369	27.41%	0.11%
Total Public Shareholding (B)= (B)(1)+(B)(2)	42,995,370	893,293	43,888,663	50.64%	89,648,737	1,395,490	91,044,227	52.25%	1.61%
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)	85,775,354	893,293	86,668,647	100.00%	172,838,984	1,395,490	174,234,474	100.00%	-

(ii) Share Holding of Promoters / Promoter Group

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year (As on April 1, 2019)			No. of Shares held at the end of the year (As on March 31, 2020)			% change 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	550,000	0.63%	-	1,100,000	0.63%	-	0.00%
2	Aashay Rashesh Gogri	550,000	0.63%	-	1,100,000	0.63%	-	0.00%
3	Arti Rajendra Gogri	1,424,256	1.64%	-	1,068,512	0.61%	-	-1.03%
4	Bhanu Pradip Savla	130,737	0.15%	-	261,474	0.15%	-	0.00%
5	Bhavesh Bachubhai Mehta*	222,396	0.26%	-	514,792	0.30%	-	0.04%
6	Bhavna Shah Lalka	942,273	1.09%	-	1,027,882	0.59%	-	-0.50%
7	Chandrakant Vallabhaji Gogri	1,888,518	2.18%	-	585,005	0.34%	-	-1.84%
8	Late Dhanvanti Vallabhji Gogri	89,992	0.10%	-	179,696	0.10%	-	0.00%
9	Dilip Tejshi Dedhia	3,550	0.00%	-	92,000	0.05%	-	0.05%
10	Gunavanti Navin Shah	86,642	0.10%	-	173,284	0.10%	-	0.00%
11	Heena Bhatia	22,001	0.03%	-	630,666	0.36%	-	0.34%
12	Hetal Gogri Gala	2,615,548	3.02%	-	5,231,096	3.00%	-	-0.02%
13	Indira Madan Dedhia	179,850	0.21%	-	347,975	0.20%	-	-0.01%
14	Jaya Chandrakant Gogri	3,994,494	4.61%	-	6,118,652	3.51%	-	-1.10%
15	Manisha Rashesh Gogri	550,000	0.63%	-	1,100,000	0.63%	-	0.00%
16	Mirik Rajendra Gogri	3,501,834	4.04%	-	6,961,192	4.00%	-	-0.05%
17	Nehal Garewal	1,031,136	1.19%	-	2,332,272	1.34%	-	0.15%
18	Nikhil Parimal Desai	781,010	0.90%	-	1,562,066	0.90%	-	0.00%
19	Parimal Hasmukhlal Desai	309,304	0.36%	-	618,608	0.36%	-	0.00%
20	Pooja Renil Gogri	382	0.00%	-	764	0.00%	-	0.00%

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year (As on April 1, 2019)			No. of Shares held at the end of the year (As on March 31, 2020)			% change 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	
21	Prasadi Yogesh Banatwala	6,745	0.01%	-	11,890	0.01%	-	0.00%
22	Rajendra Vallabhaji Gogri	2,474,900	2.86%	-	3,109,800	1.78%	-	-1.07%
23	Rajendra Vallabhaji Gogri (HUF)	308,274	0.36%	-	616,548	0.35%	-	0.00%
24	Rashesh Chandrakant Gogri	3,834,404	4.42%	-	7,668,808	4.40%	-	-0.02%
25	Ratanben Premji Gogri	377,999	0.44%	-	720,865	0.41%	-	-0.02%
26	Renil Rajendra Gogri	3,429,752	3.96%	-	6,834,504	3.92%	-	-0.03%
27	Sarla Shantilal Shah	1,925,886	2.22%	-	4,711,161	2.70%	-	0.48%
28	Late Shantilal Tejshi Shah	1,708,994	1.97%	-	640,796	0.37%	-	-1.60%
29	Shantilal Tejshi Shah HUF	369,141	0.43%	-	557,763	0.32%	-	-0.11%
30	Tarla Parimal Desai	112,767	0.13%	-	225,534	0.13%	-	0.00%
31	Bhavna Family Private Trust	0	0.00%	-	1,476,500	0.85%	-	0.85%
32	Heena Family Private Trust	833,859	0.96%	-	1,667,718	0.96%	-	0.00%
33	Labdhi Business Trust	1,700,000	1.96%	-	5,000,000	2.87%	-	0.91%
34	Manomaya Business Trust	0	0.00%	-	1,600,000	0.92%	-	0.92%
35	Orchid Family Trust	600,000	0.69%	-	3,040,000	1.74%	-	1.05%
36	Tulip Family Trust	700,000	0.81%	-	3,180,000	1.83%	-	1.02%
37	Alchemie Financial Services Limited	673,006	0.78%	-	1,346,012	0.77%	-	0.00%
38	Alchemie Finserv Private Limited	264,105	0.30%	-	528,210	0.30%	-	0.00%
39	Anushakti Enterprise Private Limited	2,492,500	2.88%	-	4,985,000	2.86%	-	-0.01%
40	Dilesh Roadlines Private Limited	8,318	0.01%	-	16,636	0.01%	-	0.00%
41	Gogri Finserv Private Limited	264,105	0.30%	-	528,210	0.30%	-	0.00%
42	Nikhil Holdings Private Limited	364,302	0.42%	-	556,556	0.32%	-	-0.10%
43	Safechem Enterprises Private Limited	1,463,000	1.69%	-	2,926,000	1.68%	-	-0.01%
44	Valiant Organics Limited	216,400	0.25%	-	235,800	0.14%	-	-0.11%
Total		43,002,380	49.62%	-	83,190,247	47.75%	-	-1.87%

* Pursuant to Regulation 31A(6) of SEBI (LODR) Regulations, 2015, Shri Bhavesh Bachubhai Mehta became promoter of the Company on December 31, 2020, Shri Bhavesh Bachubhai Mehta received 70000 Equity Shares (by way of transmission) from late Shri Shantilal T. Shah.

No. of Shares at the beginning of the Year – 86668647

No. of shares at the end of the Year – 174234474

(iii) Change in Promoters' Shareholding (Specify if there is no change)

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Aarnav Rashesh Gogri	550,000	0.63%	October 1, 2019	+550000	Bonus	1,100,000	0.63%
2	Aashay Rashesh Gogri	550,000	0.63%	October 1, 2019	+550000	Bonus	1,100,000	0.63%
3	Arti Rajendra Gogri	1,424,256	1.64%	June 28, 2019	-890000	Gift Given	534,256	0.31%
				October 1, 2019	+534256	Bonus	1,068,512	0.61%
4	Bhanu Pradip Savla	130,737	0.15%	October 1, 2019	+130737	Bonus	261,474	0.15%
5	Bhavesh B Mehta*	222,396	0.26%	October 1, 2019	+222396	Bonus	444,792	0.26%
				December 31, 2019	+70000	Transmission Received	514,792	0.30%
6	Bhavna Shah Lalka	942,273	1.09%	May 31, 2019	-428332	Gift Given	513,941	0.29%
				October 1, 2019	+513941	Bonus	1,027,882	0.59%
				December 27, 2019	+1080668	Transmission Received	2,108,550	1.21%
				February 28, 2020	-1080668	Transmission Given	1,027,882	0.59%
7	Chandrakant Vallabhaji Gogri	1,888,518	2.18%	April 2, 2019	-500	Sale	1,887,982	1.08%
				June 7, 2019	-2450	Sale	1,885,532	1.08%
				June 10, 2019	-1050	Sale	1,884,482	1.08%
				June 12, 2019	-5703	Sale	1,878,779	1.08%
				June 13, 2019	-3003	Sale	1,875,776	1.08%
				June 14, 2019	-10000	Sale	1,865,776	1.07%
				June 17, 2019	-1500	Sale	1,864,276	1.07%
				June 18, 2019	-13500	Sale	1,850,776	1.06%
				June 19, 2019	-5000	Sale	1,845,776	1.06%
				June 20, 2019	-9000	Sale	1,836,776	1.05%
				June 21, 2019	-16500	Sale	1,820,276	1.04%
				June 22, 2019	-35500	Sale	1,784,776	1.02%
				June 27, 2019	-123031	Sale	1,661,745	0.95%
				June 28, 2019	-8722	Sale	1,653,023	0.95%
				June 28, 2019	-800000	Gift Given	853,023	0.49%
				September 9, 2019	-200000	Sale	653,023	0.37%
				September 11, 2019	-8811	Sale	644,212	0.37%
				September 12, 2019	-4000	Sale	640,212	0.37%
				September 13, 2019	-500	Sale	639,712	0.37%
				September 16, 2019	-40000	Sale	599,712	0.34%
				September 18, 2019	-2000	Sale	597,712	0.34%
				September 19, 2019	-100	Sale	597,612	0.34%
				September 20, 2019	-5000	Sale	592,612	0.34%
				September 23, 2019	-5000	Sale	587,612	0.34%
				September 27, 2019	-5000	Sale	582,612	0.33%
				September 30, 2019	-7550	Sale	575,062	0.33%
				October 1, 2019	+587612	Bonus	1,162,674	0.67%
				November 19, 2019	-115000	Sale	1,047,674	0.60%
				November 20, 2019	-500	Sale	1,047,174	0.60%
				December 19, 2019	-43219	Sale	1,003,955	0.58%
				December 20, 2019	-3950	Sale	1,000,005	0.57%
				December 23, 2019	-5000	Sale	995,005	0.57%
				December 24, 2019	-130000	Sale	865,005	0.50%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				December 31, 2019	-13000	Sale	852,005	0.49%
				February 19, 2020	-17752	Sale	834,253	0.48%
				February 20, 2020	-12248	Sale	822,005	0.47%
				February 28, 2020	-5000	Sale	817,005	0.47%
				March 4, 2020	-130000	Sale	687,005	0.39%
				March 11, 2020	-50000	Sale	637,005	0.37%
				March 26, 2020	-20826	Sale	616,179	0.35%
				March 27, 2020	-4174	Sale	612,005	0.35%
				March 30, 2020	-13500	Sale	598,505	0.34%
				March 31, 2020	-13500	Sale	585,005	0.34%
8	Late Dhanvanti Vallabhji Gogri	89,992	0.10%	May 2, 2019	-72	Gift Given	89,920	0.05%
				June 13, 2019	-72	Gift Given	89,848	0.05%
				October 1, 2019	+89848	Bonus	179,696	0.10%
9	Dilip Tejshi Dedhia	3,550	0.00%	September 27, 2019	-900	Sale	2,650	0.00%
				September 30, 2019	-100000	Sale	102,650	0.06%
				October 1, 2019	+103550	Bonus	206,200	0.12%
				November 19, 2019	-352	Sale	205,848	0.12%
				November 20, 2019	-5500	Sale	200,348	0.11%
				November 27, 2019	-10000	Sale	190,348	0.11%
				November 28, 2019	-5000	Sale	185,348	0.11%
				November 28, 2019	-12100	Gift Given	173,248	0.10%
				December 24, 2019	-2427	Sale	170,821	0.10%
				December 26, 2019	-17831	Sale	152,990	0.09%
				December 27, 2019	-10000	Sale	142,990	0.08%
				December 31, 2019	-10000	Sale	132,990	0.08%
				February 17, 2020	-10287	Sale	122,703	0.07%
				February 19, 2020	-2864	Sale	119,839	0.07%
				February 20, 2020	-27839	Sale	92,000	0.05%
10	Gunavanti Navin Shah	86,642	0.10%	October 1, 2019	+86642	Bonus	173,284	0.10%
11	Heena Bhatia	22,001	0.03%	May 31, 2019	+293332	Gift Received	315,333	0.18%
				October 1, 2019	+315333	Bonus	630,666	0.36%
12	Hetal Gogri Gala	2,615,548	3.02%	October 1, 2019	+2615548	Bonus	5,231,096	3.00%
13	Indira Madan Dedhia	179,850	0.21%	May 24, 2019	-5000	Gift Given	174,850	0.10%
				May 27, 2019	-1050	Gift Given	173,800	0.10%
				October 1, 2019	+173800	Bonus	347,600	0.20%
				March 2, 2020	+375	Buy	347,975	0.20%
14	Jaya Chandrakant Gogri	3,994,494	4.61%	September 30, 2019	-800000	Gift Given	3,194,494	1.83%
				October 1, 2019	+3194494	Bonus	6,388,988	3.67%
				February 28, 2020	-10000	Sale	6,378,988	3.66%
				March 2, 2020	-7000	Sale	6,371,988	3.66%
				March 5, 2020	-50000	Sale	6,321,988	3.63%
				March 6, 2020	-1751	Sale	6,320,237	3.63%
				March 9, 2020	-100000	Sale	6,220,237	3.57%
				March 13, 2020	-15000	Sale	6,205,237	3.56%
				March 16, 2020	-35000	Sale	6,170,237	3.54%
				March 18, 2020	-1585	Sale	6,168,652	3.54%
				March 19, 2020	-50000	Sale	6,118,652	3.51%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
15	Manisha Rashesh Gogri	550,000	0.63%	October 1, 2019	+550000	Bonus	1,100,000	0.63%
16	Mirik Rajendra Gogri	3,501,834	4.04%	October 1, 2019	+3501834	Bonus	7,003,668	4.02%
				February 25, 2020	-20000	Sale	6,983,668	4.01%
				February 26, 2020	-20000	Sale	6,963,668	4.00%
				February 27, 2020	-2476	Sale	6,961,192	4.00%
17	Nehal Garewal	1,031,136	1.19%	May 31, 2019	+135000	Gift Received	1,166,136	0.67%
				October 1, 2019	+1166136	Bonus	2,332,272	1.34%
18	Nikhil Parimal Desai	781,010	0.90%	October 1, 2019	+781010	Bonus	1,562,020	0.90%
				March 9, 2020	+46	Buy	1,562,066	0.90%
19	Parimal Hasmukhlal Desai	309,304	0.36%	October 1, 2019	+309304	Bonus	618,608	0.36%
20	Pooja Renil Gogri	382	0.00%	October 1, 2019	+382	Bonus	764	0.00%
21	Prasadi Yogesh Banatwala	6,745	0.01%	April 2, 2019	-200	Sale	6,545	0.00%
				June 14, 2019	-100	Sale	6,445	0.00%
				June 18, 2019	-200	Sale	6,245	0.00%
				June 21, 2019	-200	Sale	6,045	0.00%
				June 24, 2019	-100	Sale	5,945	0.00%
				October 1, 2019	+5945	Bonus	11,890	0.01%
22	Rajendra Vallabhaji Gogri	2,474,900	2.86%	June 29, 2019	-920000	Gift Given	1,554,900	0.89%
				October 1, 2019	+1554900	Bonus	3,109,800	1.78%
23	Rajendra Vallabhaji Gogri (HUF)	108,405	0.13%	October 1, 2019	+308274	Bonus	616,548	0.35%
24	Rashesh Chandrakant Gogri	3,834,404	4.42%	October 1, 2019	+3834404	Bonus	7,668,808	4.40%
25	Ratanben Premji Gogri	377,999	0.44%	October 1, 2019	+377999	Bonus	755,998	0.43%
				November 29, 2019	+12100	Gift Received	768,098	0.44%
				February 17, 2020	-3323	Sale	764,775	0.44%
				February 18, 2020	-2300	Sale	762,475	0.44%
				February 20, 2020	-5000	Sale	757,475	0.43%
				February 24, 2020	-7000	Sale	750,475	0.43%
				February 25, 2020	-1110	Sale	749,365	0.43%
				February 26, 2020	-25000	Sale	724,365	0.42%
				February 27, 2020	-3500	Sale	720,865	0.41%
26	Renil Rajendra Gogri	3,429,752	3.96%	August 26, 2019	-12500	Gift Given	3,417,252	1.96%
				October 1, 2019	+3417252	Bonus	6,834,504	3.92%
27	Sarla Shantilal Shah	1,925,886	2.22%	August 21, 2019	-713250	Gift Given	1,212,636	0.70%
				September 30, 2019	-25000	Gift Given	1,187,636	0.68%
				October 1, 2019	+1187636	Bonus	2,375,272	1.36%
				December 20, 2019	+1346524	Transmission Received	3,721,796	2.14%
				December 31, 2019	-70000	Transmission Given	3,651,796	2.10%
				February 24, 2020	-21303	Sale	3,630,493	2.08%
				February 28, 2020	+1080668	Transmission Received	4,711,161	2.70%
28	Late Shantilal Tejshi Shah	1,708,994	1.97%	September 30, 2019	-175000	Gift Given	1,533,994	0.88%
				October 1, 2019	+1533994	Bonus	3,067,988	1.76%
				December 20, 2019	-1346524	Transmission Given	1,721,464	0.99%
				December 31, 2019	-1080668	Transmission Given	640,796	0.37%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
29	Shantilal Tejshi Shah HUF	369,141	0.43%	September 30, 2019	-14583	Sale	354,558	0.20%
				October 1, 2019	+369141	Bonus	723,699	0.42%
				March 6, 2020	-45000	Sale	678,699	0.39%
				March 9, 2020	-25436	Sale	653,263	0.37%
				March 11, 2020	-50000	Sale	603,263	0.35%
				March 12, 2020	-40000	Sale	563,263	0.32%
				March 13, 2020	-5500	Sale	557,763	0.32%
30	Tarla Parimal Desai	112,767	0.13%	October 1, 2019	+112767	Bonus	225,534	0.13%
31	Bhavna Family Private Trust	0	0.00%	August 21, 2019	+713250	Gift Received	713,250	0.41%
				September 30, 2019	+25000	Gift Received	738,250	0.42%
				October 1, 2019	+738250	Bonus	1,476,500	0.85%
32	Heena Family Private Trust	833,859	0.96%	October 1, 2019	+833859	Bonus	1,667,718	0.96%
33	Labdhi Business Trust	1,700,000	1.96%	June 28, 2019	+800000	Gift Received	2,500,000	1.43%
				October 1, 2019	+2500000	Bonus	5,000,000	2.87%
34	Manomaya Business Trust	0	0.00%	September 30, 2019	+800000	Gift Received	800,000	0.46%
				October 1, 2019	+800000	Bonus	1,600,000	0.92%
35	Orchid Family Trust	600,000	0.69%	June 29, 2019	+920000	Gift Received	1,520,000	0.87%
				October 1, 2019	+1520000	Bonus	3,040,000	1.74%
36	Tulip Family Trust	700,000	0.81%	June 28, 2019	+890000	Gift Received	1,590,000	0.91%
				October 1, 2019	+1590000	Bonus	3,180,000	1.83%
37	Alchemie Financial Services Limited	673,006	0.78%	October 1, 2019	+673006	Bonus	1,346,012	0.77%
38	Alchemie Finserv Private Limited	264,105	0.30%	October 1, 2019	+264105	Bonus	528,210	0.30%
39	Anushakti Enterprise Private Limited	2,492,500	2.88%	October 1, 2019	+2492500	Bonus	4,985,000	2.86%
40	Dilesh Roadlines Private Limited	8,318	0.01%	October 1, 2019	+8318	Bonus	16,636	0.01%
41	Gogri Finserv Private Limited	264,105	0.30%	October 1, 2019	+264105	Bonus	528,210	0.30%
42	Nikhil Holdings Private Limited	364,302	0.42%	June 6, 2019	-5000	Sale	359,302	0.21%
				June 7, 2019	-409	Sale	358,893	0.21%
				June 10, 2019	-33721	Sale	325,172	0.19%
				June 11, 2019	-3836	Sale	321,336	0.18%
				June 12, 2019	-3058	Sale	318,278	0.18%
				June 13, 2019	-40000	Sale	278,278	0.16%
				October 1, 2019	+278278	Bonus	556,556	0.32%
43	Safechem Enterprises Private Limited	1,463,000	1.69%	October 1, 2019	+1463000	Bonus	2,926,000	1.68%
44	Valiant Organics Limited	216,400	0.25%	May 28, 2019	-3600	Sale	212,800	0.12%
				May 29, 2019	-124	Sale	212,676	0.12%
				May 30, 2019	-10276	Sale	202,400	0.12%
				September 23, 2019	-4004	Sale	198,396	0.11%
				September 24, 2019	-8000	Sale	190,396	0.11%
				September 25, 2019	-7996	Sale	182,400	0.10%
				September 27, 2019	-10000	Sale	172,400	0.10%
				September 30, 2019	-10000	Sale	162,400	0.09%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				October 1, 2019	+182400	Bonus	344,800	0.20%
				December 24, 2019	-30000	Sale	314,800	0.18%
				December 26, 2019	-20000	Sale	294,800	0.17%
				December 27, 2019	-24000	Sale	270,800	0.16%
				December 30, 2019	-10800	Sale	260,000	0.15%
				December 31, 2019	-15200	Sale	244,800	0.14%
				February 26, 2020	-9000	Sale	235,800	0.14%

* Pursuant to Regulation 31A(6) of SEBI (LODR) Regulations, 2015, Shri Bhavesh Bachubhai Mehta became promoter of the Company on December 31, 2020, Shri Bhavesh Bachubhai Mehta received 70000 Equity Shares (by way of transmission) from late Shri Shantilal T. Shah.

No. of Shares at the beginning of the Year – 86668647

No. of shares at the end of the Year – 174234474

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

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	HDFC Trustee Company Limited	7,136,819	8.23%	August 30, 2019	+83058	Buy	7,219,877	8.29%
				October 1, 2019	+7219877	Bonus	14,439,754	8.29%
				October 25, 2019	+8000	Buy	14,447,754	8.29%
				November 1, 2019	-80000	Sale	14,367,754	8.25%
				November 15, 2019	-60000	Sale	14,307,754	8.21%
				November 22, 2019	-78500	Sale	14,229,254	8.17%
				February 7, 2020	-70000	Sale	14,159,254	8.13%
				February 28, 2020	-278200	Sale	13,881,054	7.97%
				March 13, 2020	-52078	Sale	13,828,976	7.94%
2	Axis Mutual Fund Trustee Limited [#]	370,730	0.43%	April 5, 2019	+3129	Buy	373,859	0.43%
				May 3, 2019	+41609	Buy	415,468	0.48%
				May 10, 2019	+3002	Buy	418,470	0.48%
				May 24, 2019	+5800	Buy	424,270	0.49%
				May 31, 2019	+25717	Buy	449,987	0.52%
				June 7, 2019	+15838	Buy	465,825	0.54%
				June 21, 2019	+84029	Buy	549,854	0.63%
				June 29, 2019	+15268	Buy	565,122	0.65%
				July 12, 2019	+16000	Buy	581,122	0.67%
				August 2, 2019	+1581	Buy	582,703	0.67%
				August 9, 2019	+2797	Buy	585,500	0.67%
				August 23, 2019	+225000	Buy	810,500	0.93%
				August 30, 2019	+10238	Buy	820,738	0.94%
				September 6, 2019	+35564	Buy	856,302	0.98%
				September 13, 2019	+200245	Buy	1,056,547	1.21%
				September 20, 2019	+60000	Buy	1,116,547	1.28%
				September 27, 2019	-30955	Sale	1,085,592	1.25%
				October 1, 2019	+1085592	Bonus	2,171,184	1.25%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				October 25, 2019	+23201	Buy	2,194,385	1.26%
				November 1, 2019	+78878	Buy	2,273,263	1.30%
				November 8, 2019	+9735	Buy	2,282,998	1.31%
				November 15, 2019	+84569	Buy	2,367,567	1.36%
				November 22, 2019	+110647	Buy	2,478,214	1.42%
				December 6, 2019	+17971	Buy	2,496,185	1.43%
				January 3, 2020	+25000	Buy	2,521,185	1.45%
				January 10, 2020	+104859	Buy	2,626,044	1.51%
				January 17, 2020	+26289	Buy	2,652,333	1.52%
				January 24, 2020	+100000	Buy	2,752,333	1.58%
				January 31, 2020	+221828	Buy	2,974,161	1.71%
				February 7, 2020	+83481	Buy	3,057,642	1.75%
				February 14, 2020	-10360	Sale	3,047,282	1.75%
				February 21, 2020	-8692	Sale	3,038,590	1.74%
				February 28, 2020	+51839	Buy	3,090,429	1.77%
				March 20, 2020	+77470	Buy	3,167,899	1.82%
				March 27, 2020	+11857	Buy	3,179,756	1.82%
3	Smallcap World Fund, Inc.	643,800	0.74%	October 1, 2019	+643800	Bonus	1,287,600	0.74%
				March 20, 2020	+303649	Buy	1,591,249	0.91%
				March 27, 2020	+1326968	Buy	2,918,217	1.67%
				March 31, 2020	+53420	Buy	2,971,637	1.71%
4	L and T Mutual Fund Trustee Ltd.	1,413,454	1.63%	April 5, 2019	-56000	Sale	1,357,454	1.57%
				May 17, 2019	-49094	Sale	1,308,360	1.51%
				May 24, 2019	+18000	Buy	1,326,360	1.53%
				June 7, 2019	-36447	Sale	1,289,913	1.49%
				June 14, 2019	-5113	Sale	1,284,800	1.48%
				June 21, 2019	+58425	Buy	1,343,225	1.55%
				July 26, 2019	+29975	Buy	1,373,200	1.58%
				August 2, 2019	+10845	Buy	1,384,045	1.59%
				August 23, 2019	-82672	Sale	1,301,373	1.49%
				August 30, 2019	-7253	Sale	1,294,120	1.49%
				September 13, 2019	+10000	Buy	1,304,120	1.50%
				September 27, 2019	+10000	Buy	1,314,120	1.51%
				October 1, 2019	+1314120	Bonus	2,628,240	1.51%
				November 1, 2019	+49243	Buy	2,677,483	1.54%
				November 8, 2019	+2978	Buy	2,680,461	1.54%
				November 29, 2019	-8885	Sale	2,671,576	1.53%
				December 20, 2019	-100778	Sale	2,570,798	1.48%
				January 31, 2020	+2517	Buy	2,573,315	1.48%
				February 28, 2020	+220013	Buy	2,793,328	1.60%
5	DSP Equity & Bond Fund	1,821,257	2.10%	April 12, 2019	-50264	Sale	1,770,993	2.04%
				May 10, 2019	-20	Sale	1,770,973	2.04%
				May 17, 2019	-156629	Sale	1,614,344	1.86%
				May 24, 2019	-94146	Sale	1,520,198	1.75%
				May 31, 2019	-51329	Sale	1,468,869	1.69%
				June 7, 2019	-823	Sale	1,468,046	1.69%
				June 21, 2019	-88428	Sale	1,379,618	1.59%
				June 29, 2019	-219	Sale	1,379,399	1.59%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				July 5, 2019	-31083	Sale	1,348,316	1.55%
				July 12, 2019	-5	Sale	1,348,311	1.55%
				July 19, 2019	-39829	Sale	1,308,482	1.50%
				July 26, 2019	-64771	Sale	1,243,711	1.43%
				August 2, 2019	-44744	Sale	1,198,967	1.38%
				August 9, 2019	-25000	Sale	1,173,967	1.35%
				August 23, 2019	-100621	Sale	1,073,346	1.23%
				October 1, 2019	+1073346	Bonus	2,146,692	1.23%
				November 8, 2019	-27000	Sale	2,119,692	1.22%
				December 27, 2019	+201165	Buy	2,320,857	1.33%
				December 31, 2019	+3717	Buy	2,324,574	1.33%
				January 3, 2020	+111264	Buy	2,435,838	1.40%
				January 10, 2020	+305711	Buy	2,741,549	1.57%
				January 17, 2020	+270030	Buy	3,011,579	1.73%
				January 24, 2020	+74927	Buy	3,086,506	1.77%
				January 31, 2020	+25724	Buy	3,112,230	1.79%
				February 7, 2020	-1371	Sale	3,110,859	1.79%
				February 14, 2020	-15328	Sale	3,095,531	1.78%
				February 28, 2020	+37166	Buy	3,132,697	1.80%
				March 6, 2020	-284397	Sale	2,848,300	1.63%
				March 13, 2020	-126734	Sale	2,721,566	1.56%
				March 20, 2020	-100085	Sale	2,621,481	1.50%
				March 27, 2020	-939831	Sale	1,681,650	0.97%
6	Tarla Kishorekumar Shah	835,758	0.96%	October 1, 2019	+835758	Bonus	1,671,516	0.96%
				December 31, 2019	-150000	Sale	1,521,516	0.87%
				February 21, 2020	+150000	Buy	1,671,516	0.96%
7	Franklin India Prima Fund#	501,074	0.58%	October 1, 2019	+601074	Bonus	1,102,148	0.63%
				October 18, 2019	+102306	Buy	1,204,454	0.69%
				October 25, 2019	+78965	Buy	1,283,419	0.74%
				February 28, 2020	+70000	Buy	1,353,419	0.78%
				March 6, 2020	+179379	Buy	1,532,798	0.88%
				March 13, 2020	+25000	Buy	1,557,798	0.89%
				March 20, 2020	+81998	Buy	1,639,796	0.94%
8	Sundaram Mutual Fund	785,511	0.91%	April 12, 2019	1612	Buy	787,123	0.91%
				May 17, 2019	-403	Sale	786,720	0.91%
				July 12, 2019	-6229	Sale	780,491	0.90%
				August 30, 2019	+35537	Buy	816,028	0.94%
				October 1, 2019	+816028	Bonus	1,632,056	0.94%
				January 10, 2020	-147475	Sale	1,484,581	0.85%
				January 31, 2020	-17188	Sale	1,467,393	0.84%
				February 7, 2020	-30505	Sale	1,436,888	0.82%
				February 14, 2020	-31929	Sale	1,404,959	0.81%
9	Bhanumati Mohanlal Savla	614,393	0.71%	May 24, 2019	-500	Sale	613,893	0.71%
				May 31, 2019	-6000	Sale	607,893	0.70%
				August 23, 2019	-3000	Sale	604,893	0.69%
				August 30, 2019	2500	Buy	607,393	0.70%
				September 27, 2019	-500	Sale	606,893	0.70%
				October 1, 2019	606893	Bonus	1,213,786	0.70%
				October 25, 2019	-8000	Sale	1,205,786	0.69%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				December 13, 2019	-20000	Sale	1,185,786	0.68%
				December 20, 2019	500	Buy	1,186,286	0.68%
				February 14, 2020	5000	Buy	1,191,286	0.68%
				February 28, 2020	1000	Buy	1,192,286	0.68%
				March 27, 2020	-2545	Sale	1,189,741	0.68%
				March 31, 2020	-4172	Sale	1,185,569	0.68%
10	Ranjanben Pradip Shah	586,451	0.68%	October 1, 2019	586451	Bonus	1,172,902	0.67%
				December 31, 2019	-150000	Sale	1,022,902	0.59%
				February 21, 2020	+150000	Buy	1,172,902	0.67%
11	Harsha Chandrakant Shah*	540,852	0.62%	October 1, 2019	540852	Bonus	1,081,704	0.62%
12	Kavita Harakhchand Gogri*	513,074	0.59%	October 1, 2019	512574	Bonus	1,025,648	0.59%

* Ceased to be in the top 10 shareholders as on March 31, 2020. The same is reflected above since the shareholder was one of the top 10 shareholders as on April 1, 2019.

Not in the list of top 10 shareholders as on April 1, 2019. The same is reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2020.

No. of Shares at the beginning of the Year – 86668647

No. of shares at the end of the Year – 174234474

v) Shareholding of Directors & KMP

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Rajendra Vallabhaji Gogri	2,474,900	2.86%	June 29, 2019	-920000	Gift Given	1,554,900	0.89%
				October 1, 2019	+1554900	Bonus	3,109,800	1.78%
2	Rashesh Chandrakant Gogri	3,834,404	4.42%	October 1, 2019	+3834404	Bonus	7,668,808	4.40%
3	Parimal Hasmukhlal Desai	309,304	0.36%	October 1, 2019	+309304	Bonus	618,608	0.36%
4	Hetal Gogri Gala	2,615,548	3.02%	October 1, 2019	+2615548	Bonus	5,231,096	3.00%
5	Renil Rajendra Gogri	3,429,752	3.96%	August 26, 2019	-12500	Gift Given	3,417,252	1.96%
				October 1, 2019	+3417252	Bonus	6,834,504	3.92%
6	Shantilal Tejshi Shah*	1,708,994	1.97%	September 30, 2019	-175000	Gift Given	1,533,994	0.88%
				October 1, 2019	+1533994	Bonus	3,067,988	1.76%
				December 20, 2019	-1346524	Transmission Given	1,721,464	0.99%
				December 31, 2019	-1080668	Transmission Given	640,796	0.37%
7	Manoj M. Chheda	936,287	1.08%	April 5, 2019	-1574	Sale	934,713	1.08%
				May 31, 2019	-2000	Sale	932,713	1.08%
				July 26, 2019	-500	Sale	932,213	1.07%
				October 1, 2019	+932213	Bonus	1,864,426	1.07%

Sr. No.	Name	Share holding at the beginning of the Year (As on April 1, 2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year (As on March 31, 2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
8	Kirit R. Mehta	33,211	0.04%	December 31, 2019	-10000	Sale	1,854,426	1.06%
				May 28, 2019	-100	Sale	33,111	0.04%
				May 30, 2019	-100	Sale	33,011	0.04%
				June 13, 2019	-100	Sale	32,911	0.04%
				June 14, 2019	-200	Sale	32,711	0.04%
				June 24, 2019	-300	Sale	32,411	0.04%
				August 28, 2019	-300	Sale	32,111	0.04%
				October 1, 2019	+32111	Bonus	64,222	0.04%
				November 19, 2019	-400	Sale	63,822	0.04%
9	Narendra J. Salvi [#]	18,654	0.02%	October 1, 2019	+18654	Bonus	36,308	0.02%
10	Ramdas M. Gandhi	9,532	0.01%	October 1, 2019	+9532	Bonus	19,064	0.01%
11	K.V.S. Shyam Sunder	0	0.00%	-	-	No Change	0	0.00%
12	P. A. Sethi	0	0.00%	-	-	No Change	0	0.00%
13	Bhavesh R. Vora	0	0.00%	-	-	No Change	0	0.00%
14	Ganapati D. Yadav	1,200	0.00%	October 1, 2019	+1200	Bonus	2,400	0.00%
15	Priti P. Savla	0	0.00%	-	-	No Change	0	0.00%
16	Vinay G. Nayak	0	0.00%	-	-	No Change	0	0.00%
17	Lalitkumar Naik	0	0.00%	-	-	No Change	0	0.00%
18	Chetan B. Gandhi	130	0.00%	September 25, 2019	+10	Buy	140	0.00%
				October 1, 2019	+140	Bonus	280	0.00%
				November 22, 2019	+20	Buy	300	0.00%
19	Raj Sarraf	50	0.00%	October 1, 2019	+50	Bonus	100	0.00%

* Ceased to be Director effective from October 27, 2019 due to demise.

[#] Appointed as Additional - Whole Director in the Board Meeting on February 12, 2020. His appointment effective from April 01, 2020.

No. of Shares at the beginning of the Year – 86668647

No. of shares at the end of the Year – 174234474

V Indebtedness

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

(₹ in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	250.75	46.03	-	296.78
Net Change	250.75	46.03	-	296.78
Indebtedness at the end of the financial year				
i) Principal Amount	2,049.45	23.20	-	2,072.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7.44	-	-	7.44
Total (i+ii+iii)	2,056.89	23.20	-	2,080.09

VI Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager								Total Amount
		CMD	VC&MD	WTD	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	Narendra J. Salvi*	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	75.40	75.40	64.90	64.90	64.90	45.72	54.69	65.34	511.25
1	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.15	2.18
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-	-	-
4	Commission									
	as % of profit	496.74	496.74	95.54	95.54	477.72	9.10	238.85	65.68	1,975.91
	others (specify)	-	-	-	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (A)	572.43	572.43	161.04	161.04	543.22	55.11	294.05	131.17	2,489.34
	Ceiling as per the Act	10% of net profits of the Company								

* Appointed as Additional - Whole Director in the Board Meeting on February 12, 2020. His appointment effective from April 01, 2020.

VI Remuneration of Directors and Key Managerial Personnel

B. Remuneration to other directors

Sl. No	Particulars of Remuneration During the Financial Year 2019-2020	Name of the Directors								(₹ in Lakhs)
		Ramdas M. Gandhi	K.V.S. Shyam Sunder	P. A. Sethi	Bhavesh R. Vora	Ganapati D. Yadav	Priti P. Savla	Vinay G. Nayak	Lalit S. Naik	Total Amount
1	Independent Directors Fee for attending board committee meetings	1.66	3.24	2.74	3.10	1.98	3.10	1.54	1.32	18.68
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	1.66	3.24	2.74	3.10	1.98	3.10	1.54	1.32	18.68
2	Other Non-executive Directors	Shantilal T. Shah*	-	-	-	-	-	-	-	-
	Fee for attending board committee meetings	1.08	-	-	-	-	-	-	-	1.08
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify.	-	-	-	-	-	-	-	-	-
	Total (2)	1.08	-	-	-	-	-	-	-	1.08
Total (B)=(1+2) Total Managerial Remuneration										19.76
Overall Ceiling as per the Act.										1% of net profits of the Company

* Ceased to be director effective from October 27, 2019 due to demise.

VI Remuneration of Directors and Key Managerial Personnel

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

Sl. No	Particulars of Remuneration	Key Managerial Personnel (KMP)		(₹ in Lakhs)
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	52.04	26.03	78.07
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.82	0.82	2.64
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	53.86	26.85	80.71

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)	Appeall 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 No. MR - 3
Secretarial Audit Report

For the Financial Year ended on March 31, 2020

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

To,
The Members,
Aarti 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 authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2020 ('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which were **not applicable to the Company during Audit Period**;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were **not applicable to the Company during Audit Period**; and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 which were **not applicable to the Company during Audit Period**;

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

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

During the Audit Period under review and as per the representations and clarifications made, the Company has

complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, except that there has been delay of ten days in crediting 22,501 equity shares in respect of which dividends were unpaid or unclaimed for the seven years due to be transferred during the Audit Period with Investor Education and Protection Fund (IEPF).

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

- (a) Petroleum Act, 1934 and Rules made thereunder;
- (b) Drugs and Cosmetic Act, 1940 and Rules made thereunder;
- (c) Fertiliser (Control) order 1985;
- (d) The Explosive Act 1884 and Rules made thereunder
- (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, 2016; and
- (n) Public Liability Insurance Act 1991.

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

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

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

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

I further report that during the Audit Period under review, the Composite Scheme of Arrangement between the Company and Aarti Surfactants Limited (formerly and then Arti Surfactants Limited) (ASL) and Nascent Chemical Industries Limited (Nascent) and their respective shareholders for demerger of the Home and Personal Care Undertaking of the Company into ASL from opening of the business hours on April 1, 2018 and demerger of Manufacturing Undertaking of Nascent into the Company from opening of the business hours on April 2, 2018 was approved by the Ahmedabad bench of Hon'ble National Company Law Tribunal order dated June 10, 2019, which was effective from June 24, 2019 and, except this, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

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

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

FCS No: 3483 C.P. No. 2031

UDIN: F0034838000472908

Place: Mumbai

Date: July 18, 2020

ANNEXURE

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.

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

Place: Mumbai
Date: July 18, 2020

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
FCS No: 3483 C.P. No. 2031
UDIN: F0034838000472908

ANNEXURE - D

FORM AOC-1

Salient Features of Financial Statements of Subsidiaries as per Companies Act, 2013.

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	% Of Shareholding
(Amt. in Crs.)													
1	Aarti Corporate Services Limited	INR	2.02	15.81	18.16	0.32	12.93	0.65	-0.01	0.01	-0.01	-	100.00
2	Innovative Envirocare Jhagada Limited	INR	0.35	-0.17	0.18	-	-	-	-	-	-	-	100.00
3	Aarti Polychem Limited	INR	-	-	0.25	0.05	-	-	-	-	-	-	100.00
4	Aarti Organics Limited	INR	0.25	-0.02	0.25	0.02	-	-	-0.02	-	-0.02	-	100.00
5	Aarti Bharuch Limited	INR	0.25	-0.02	0.25	0.02	-	-	-0.02	-	-0.02	-	100.00
6	Aarti Spechem Limited	INR	0.25	-0.02	0.25	0.02	-	-	-0.02	-	-0.02	-	100.00
7	Aarti Pharmachem Limited	INR	0.25	-0.02	0.25	0.02	-	-	-0.02	-	-0.02	-	100.00
8	Ganesh Polychem Limited	INR	6.17	165.53	259.06	87.36	-	214.82	28.37	6.92	21.45	-	50.24
9	Shanti Intermediate Private Limited (through Aarti Corporate Services Limited)	INR	0.07	0.22	4.03	3.74	0.01	11.32	-0.14	-0.02	-0.12	-	100.00
10	Nascent Chemical Industries Limited (through Aarti Corporate Services Limited)	INR	0.60	0.61	1.27	0.06	-	10.05	0.03	0.05	-0.02	-	50.49
11	Alchemie (Europe) Ltd.	GBP	0.01	0.01	0.71	0.69	-	1.40	0.01	-	0.01	-	88.89
		INR	0.92	0.45	66.19	64.82	-	128.88	1.60	-0.12	1.48	-	
		USD	0.01	-0.03	0.38	0.39	0.08	0.49	-	-	-	-	100.00
12	Aarti USA Inc.	INR	0.66	-1.99	28.42	29.75	5.86	35.64	0.24	-	0.24	-	

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 March 31, 2020 GBP 1 = INR 93.50 and USD 1 = INR 75.67.

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 activities across Aarti Industries Ltd resulted in saving more than 6 Billion KWh in the year 2019-20.

The Company has been operating various captive Coal based Power plants, and Solar power plants. The synchronizing of power between the captive power plant and the 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 neighboring sister companies thereby saving the consumption of natural resources by optimizing its utilization. The company has commissioned the Spent Acid Concentration (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 medium-pressure steam from the waste heat available at the column overhead condenser thereby reducing the consumption of natural resources. Earlier scenario the steam generated was low pressure. The condenser system was completely redesigned enabling us to produce medium pressure steam which is utilized directly in product distillation whereby direct steam generation from coal has reduced substantially.

The company has implemented recovery of condensate which has helped us to save more than 2.5 million Kwh per year. Furthermore, use of 555 KW steam turbines for power generation resulted in saving more than 2 million Kwh per year.

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

The following are the additional investments made in the last few years in order to conserve energy and reduce overall environmental footprints.

- The company is upgrading its technology thereby converting its batch nitration to continuous nitration, which shall result in a reduction in energy consumption.
- In order to cater to our future project power requirements, it is required to maximize the utilization

of CPP power along with maintaining grid power as a reliable backup source. Our Jhagadia division commissioned 66KV Gas Insulated substation. The total cost of the activity is over ₹150 million.

- Further, the company has raised a proposal for VAM installation on recovered steam thereby saving in additional use of energy.
- The company has few projects in the design stage that will enable them to debottleneck certain equipment and enhance productivity thereby saving in additional energy required to manufacture them.
- A proposal is into active consideration for incineration of waste gases & recover energy to generate steam at Kutch.
- A proposal is to use flash steam from MEE to heat boiler feed water at Pharmaceutical business will help to reduce 1.4 million Kwh.

- **The Capital Investment on Environment & Greenfield Projects.**

Our Company has invested over ₹50 crore during FY 19-20 into Environment & Greenfield Projects.

In order to improve the NOx Scrubber efficiency of the nitration plants, new Technologies of Selective Catalytic Regeneration and Air Oxidation are into the pilot phase and shall be soon taken up for commercial implementation during this year.

The Mechanical Vapor Recompression technology is also into active consideration for commercial implementation in order to reduce the energy consumption for waste water evaporation.

Implementation of Spent Acid Concentration for o-DCB and Toluene Nitration is in an advanced stage of a project proposal which will enable us to reduce the Spent Sulfuric Acid management generated from the nitration processes. The new project of continuous nitration of p-DCB is designed with an integrated Spent Acid Concentration Plant as a part of the project itself.

(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 endeavor to improve product quality and process yields.
- Efforts are made to recover products from the effluents and reduce impurities in by-products.

Benefits derived as a result of above efforts:

- Lower project costs for the 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

In the last 3 years, the company has imported the following technologies in order to reduce environmental footprints and for natural resource conservation

- Spent Acid Concentration technology for NCB plant in Vapi, Gujarat
- Technology upgradation for DNB Hydrogenation to enhance the productivity and convert from semi-batch to continuous mode of operation.
- Technology upgradation of Flakers for p-NCB / 2,4-DNCB flaking

Expenditure incurred on research and development:

	(₹ In crores)	
	2019-20	2018-19
Revenue	27.01	21.87
Capital	38.34	18.65
Total	65.35	40.52

(C) Total foreign exchange earnings and outgo

The Foreign Exchange Earnings and outgo were ₹1,840.52 Crores and ₹799.23 Crores respectively (previous year ₹1,832.74 Crores and ₹645.99 Crores respectively)

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director

Place: Mumbai

Date: May 25, 2020

Report on Corporate Governance

1. Company's Philosophy on Code of Governance :

Guided by its core values; Care, Integrity and Excellence, the Company is committed to the adoption and adherence to Corporate Governance Practices that ensure; adequate transparency to take informed decisions 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. The Board believes that Corporate Governance is not an end, it is just the beginning towards growth of the Company for long term prosperity. Continuous efforts taken towards strong governance practice have rewarded the Company in the sphere of stakeholders' confidence, valuation, market capitalisation and high credit rating.

2. Board of Directors of the Company (the "Board") –

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

Composition – As on close of business hours of March 31, 2020, the Board comprises fifteen (15) Directors, out of which 7 (seven) are Executive Directors and 8 (Eight) are Independent Directors (including one Woman Independent Director). As on March 31, 2020 and as on

date of this Report, the Company is in compliance with the provisions of Section 149(4) of the Companies Act, 2013 read with Regulation 17(1)(a) and 17(1)(b) of the Listing Regulations.

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

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

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

Meetings held during the financial year 2019-20 – 7 (Seven) Board Meetings were held on following dates:

Board Meeting Dates	April 19, 2019	May 21, 2019	July 08, 2019	August 13, 2019	October 01, 2019	November 13, 2019	February 12, 2020
Start Timing	11:00 am	2:00 pm	11:30 am	2:00 pm	11:30 am	2:00 pm	2:00 pm
Venue	Mumbai						

The gap between any two Board meetings did not exceed one hundred and twenty days. Apart from the physical meetings, the Board / Committees also considered and approved certain matters by circular resolutions, which were noted at the next meeting of the Board as required in terms of the Companies Act, 2013.

Attendance, directorships and committee positions – The names and categories of the Directors on the Board, their Directorship in other Companies, their attendance record, the committee positions in other Companies as on March 31, 2020, are as under:

Name of the Director	Category	Directorships as on March 31, 2020		Attendance at meetings held during the financial year 2019-20		Number of Committee Membership in other Companies (excluding Aarti Industries Limited)	
		Total no. of Directorships as on March 31, 2020 (excluding Aarti Industries Limited)	Directorship held in other listed entity	Board (out of 7)	AGM on September 16, 2019	Chairman	Member
Shri Rajendra V. Gogri	Promoter, Executive	1	Non-Executive Director in Aarti Drugs Limited	7	(through Video Conferencing)	1	None
Shri Rashesh C. Gogri	Promoter, Executive	2	Managing Director in Aarti Drugs Limited	7	(through Video Conferencing)	None	1
Shri Shantilal T. Shah ¹ [till Oct 27, 2019]	Promoter, Non -Executive	-	N.A	4 (out of 5)	No	-	-
Shri Parimal H. Desai	Promoter, Executive	2	None	7	Yes	None	None
Shri Manoj M. Chheda	Executive	1	None	5	Yes	None	None
Smt. Hetal Gogri Gala	Promoter, Executive	1	None	6	(through Video Conferencing)	None	None
Shri Kirit R. Mehta	Executive	2	None	6	Yes	None	None
Shri Renil R. Gogri	Promoter, Executive	None	None	7	Yes	None	None
Shri Ramdas M. Gandhi	Independent	2	Independent Director In Aarti Drugs Limited & Vinyl Chemicals (India) Limited	4	No	2	1
Shri P. A. Sethi	Independent	None	None	6	Yes	None	None
Shri K.V.S. Shyam Sunder	Independent	1	Independent Director in Ladderup Finance Limited	6	Yes	2	None
Shri Bhavesh R. Vora	Independent	1	Independent Director in Aarti Drugs Limited	7	Yes	None	2
Prof. Ganapati D. Yadav	Independent	3	Independent Directors in Meghmani Organics Limited, Godrej Industries Limited & Bhageria Industries Limited	5	No	None	1
Smt. Priti P. Savla	Independent	1	Independent Director in Aarti Drugs Limited	7	No	None	None
Shri Vinay Gopal Nayak	Independent	None	-	6	Yes	None	None
Shri Lalit Kumar Naik ² [from May 21, 2019]	Independent	None	-	6 (out of 6)	No	None	None
Shri Narendra J. Salvi ³ [From April 1, 2020]	Executive	1	None	N.A.	N.A.	None	None

¹Ceased to be director w.e.f October 27, 2019 due to demise.

²Appointed as Independent Director w.e.f. May 21, 2019 by Board of Directors.

³Appointed as Additional - Whole Director in the Board Meeting on February 12, 2020. His appointment effective from April 01, 2020.

Notes:

1) Promoter includes Promoter Group;

2) While considering the total number of directorships, directorships in private companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013 have been excluded;

3) Includes Audit Committee and the Stakeholders' Relationship Committee only;

- 4) In terms of Part C of Schedule V of the Listing Regulations, it is hereby disclosed that Shri Rajendra V. Gogri, Chairman & Managing Director is father of Shri Renil Rajendra Gogri, Whole – time Director and Shri Rashesh C. Gogri, Vice – Chairman & Managing Director is brother of Smt. Hetal Gogri Gala, Whole – time Director. Except for the relationship between Shri Rajendra V. Gogri & Shri Renil Rajendra Gogri, Shri Rashesh C. Gogri & Smt. Hetal Gogri Gala, there is no other inter-se relationship amongst other directors.

Skills / expertise / competencies of the Board of Directors – The table below summarises the broad list of core skills / expertise / competencies identified by the Board of Directors, as required in the context of the Company's business / sector and the said skills are available with the Board members:

List of core skills/expertise/competencies identified by the board of directors as required in the context of the business(es) and sector(s)		Names of directors who have such skills / expertise / competence.
Industry Experience	Experience in Speciality chemical & Pharmaceutical industry	All the executive directors, Prof. Ganapati D. Yadav, Dr. Vinay Nayak &, Shri Lalitkumar Naik
Operations, Technology, Sales and Marketing	Experience in sales and marketing management based on understanding of the consumer & consumer goods industry	Shri. Rajendra V. Gogri Shri Rashesh C. Gogri Shri Parimal H. Desai
Leadership	Extensive leadership experience of an organisation for practical understanding of the organisation, its processes, strategic planning, risk management for driving change and long-term growth	Smt. Hetal Gogri Gala Shri Renil R. Gogri Shri Manoj M. Chheda Shri Kirit R. Mehta
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	Shri P.A. Sethi Shri K.V.S. Shyam Sunder
Legal/Governance/ Compliance	In order to strengthen and maintain the governance levels & practices in the organisation	Shri Ramdas M. Gandhi Shri Bhavesh R. Vora Smt. Priti P. Savla

Appointment/ Re-appointment during the year – Shri P. A. Sethi, Shri KVS Shyam Sunder and Shri Bhavesh Rasiklal Vora have been re-appointed as an Independent Directors for a period of five years with effect from September 24, 2019. The members have accorded their approval in the Annual General Meeting of the Company held on September 16, 2019.

Dr. Vinay Gopal Nayak and Shri Lalitkumar S. Naik, have been appointed as an Independent Director for a period of Five years with effect from December 18, 2018 and May 21, 2019 respectively. The members have accorded their approval in Annual General Meeting of Company held on September 16, 2019.

The Board in its meeting held on February 12, 2020, approved the appointment of Shri Narendra Salvi as an Additional Director in the category of Executive Director effective from April 01, 2020.

Certificate from Company Secretary in Practice – Certificate as required under Part C of Schedule V of SEBI (Listing Obligations and Disclosure requirements) Regulations, 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 and disqualified from being appointed or continuing as directors of the company by an order from the Securities and Exchange Board of India /Ministry of corporate Affairs or any such statutory authority is received by Company.

KYC of Directors – Pursuant to Companies (Appointment and Qualification of Directors) fourth Amendment Rules, 2018, all the Directors of the Company have completed the KYC for the Financial Year 2020-21.

Independent director databank registration

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

Code of ethics – The Company has prescribed a code of ethics for its Directors and senior management. The code of ethics of the Company has been posted on its website www.aarti-industries.com. The declaration from the Chief Executive Officer in terms of Regulation 34(3) read with Part D of Schedule V of the Listing Regulations,

stating that as of March 31, 2020 the Board members and the senior management personnel have affirmed the compliance with the code of ethics laid down by the Company, has been included in this Report.

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

– The Board has approved and adopted the code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by insiders in terms of Regulation 8 and 9 of (Prohibition of Insider Trading) Regulations, 2015 SEBI respectively.

Familiarisation Programme – Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements. Details of familiarisation Programmes imparted to independent Directors are disclosed on the Company's website www.aarti-industries.com and the web link thereto is https://www.aarti-industries.com/media/investors/corporate_governance/1592995266_Familiarization_Programme_for_Independent_Dire_2ydUQaL.pdf

Separate meeting of Independent Directors – In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on May 21, 2019 without the participation of non-Independent Directors and the members of the management. The Independent Directors discussed on various aspects, viz. performance of non-Independent Directors and the Board as a whole, performance of the chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

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

The composition, meetings, attendance and the detailed terms of reference of various Committees of the Board are as under:

- (i) **Audit Committee** – The Audit Committee of the Board has been constituted as per the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2019–20 Audit Committee met five times. The Composition of the Committee, date of the meetings and attendance of Audit Committee members in the said meetings is given below –

Members	Category	Meeting Dates	May 21, 2019	July 08, 2019	August 13, 2019	November 13, 2019	February 12, 2020
		Start Timing	11:00 am	11:00 am	11:30 am	12:00 noon	11:00am
		Venue			Mumbai		
Shri KVS Shyam Sunder (Chairman)	Independent	5	✓	✓	✓	✓	✓
Shri P. A. Sethi	Independent	5	✓	✓	✓	-	✓
Shri Ramdas M. Gandhi	Independent	5	-	-	✓	✓	✓
Shri Bhavesh R. Vora	Independent	5	✓	✓	✓	✓	✓
Smt. Priti P. Savla	Independent	5	✓	✓	✓	✓	✓
Prof. Ganapati Yadav	Independent	5	✓	-	-	✓	✓
Shri Rajendra V. Gogri	Executive Director	5	✓	✓	✓	✓	✓
Shri Rashesh C. Gogri	Executive Director	5	✓	✓	✓	✓	✓
Shri Parimal H. Desai	Executive Director	5	✓	✓	✓	✓	✓

The Chief Financial Officer, Functional Heads, Representatives of the Statutory auditors, Internal auditors, Cost Auditor, as and when required attend the meetings of the Audit Committee from time to time. The Company Secretary of the Company acts as the secretary to the Audit Committee. The Chairperson of the Audit Committee attended the 36th Annual General Meeting held on 16th day of September, 2019,

All the members of the Audit Committee are financially literate and majority of them have accounting and financial management expertise.

Terms of Reference : The broad terms of reference of the Audit Committee include the following :

- 1) 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;
- 2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- 3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) 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;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- 5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- 7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 8) approval or any subsequent modification of transactions of the listed entity with related parties;
- 9) scrutiny of inter-corporate loans and investments;
- 10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- 11) evaluation of internal financial controls and risk management systems;
- 12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) 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;
- 14) discussion with internal auditors of any significant findings and follow up there on;
- 15) 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;
- 16) 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;
- 17) 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;
- 18) to review the functioning of the whistle blower mechanism;
- 19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- 21) reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

Mandatorily review the following information:

- 1) management discussion and analysis of financial condition and results of operations;

- 2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- 3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4) internal audit reports relating to internal control weaknesses;
- 5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.
- 6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

- (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

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

- (ii) **Stakeholders Relationship Committee** – The Stakeholders Relationship Committee has been constituted as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2019 – 20 Stakeholder Relationship Committee met five times. The Composition of the Committee, date of the meetings and attendance of Stakeholder Relationship Committee members in the said meetings is given below –

Members	Category	Meeting Dates	April 08, 2019	April 22, 2019	August 13, 2019	November 13, 2019	February 11, 2020
		Start Timing	11:30 am	11:30 am	10:30 am	5:30 pm	11:30 am
		Venue	Mumbai				
Shri Shantilal T. Shah (Chairman) ¹	Non-executive	3	✓	✓	✓	N.A.	N.A.
Shri KVS Shyam Sunder (Chairman w.e.f. November 13, 2019)	Independent	5	✓	-	✓	✓	✓
Shri Rajendra V. Gogri	Executive Director	5	✓	✓	✓	✓	✓
Shri Rashesh C. Gogri	Executive Director	5	✓	✓	✓	✓	✓
Shri Manoj M. Chheda	Executive Director	5	✓	✓	✓	✓	✓
Smt. Hetal Gogri Gala	Executive Director	5	✓	✓	✓	✓	✓

¹ceased to Director w.e.f. October 27, 2019 due to demise.

Terms of Reference –

- 1) 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.
- 2) Review of measures taken for effective exercise of voting rights by shareholders.
- 3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 4) 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;
- 5) such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") and / or such other regulatory provisions, as amended from time to time, as also as the Board of Directors of the Company may consider think fit.

Name, designation and contact details of the Compliance Officer – Shri Raj Sarraf, Company Secretary (M. No A15526), is the Compliance Officer of the Company. The Compliance Officer can be contacted at the Corporate office of the Company at: "Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai-400080, Maharashtra, India; Tel.: +91 22 6797 6666, +91 22 6797 6697; Fax: +91 22 2565 3234, +91 22 2565 3185; Email: investorrelations@aarti-industries.com; Website: www.aarti-industries.com.

Separate email-id for redressal of investors' complaints – As per Regulation 6 of the Listing Regulations, the Company has designated a separate email id (investorrelations@aarti-industries.com) exclusively for registering complaints by investors.

Status of investors' complaints as on March 31, 2020

– During the year, 7 (Seven) 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, 2020.

(iii) Nomination and Remuneration Committee – The Nomination and Remuneration Committee of the Board has been constituted as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2019 – 20 Nomination and Remuneration Committee met two times.

The Composition of the Committee, date of the meetings and attendance of Nomination and Remuneration Committee members in the said meetings is given below –

Members	Category	Date	May 20, 2019	February 12, 2020
		Timing	3:00 pm	10:30 am
		Venue	Mumbai	Mumbai
Shri Ramdas M. Gandhi (Chairman)	Independent	2	-	√
Shri P. A. Sethi	Independent	2	√	√
Shri K.V.S. Shyam Sunder	Independent	2	√	√
Shri Rajendra V. Gogri	Executive Director	2	√	√

Terms of reference – The broad terms of reference of the Nomination and Remuneration Committee shall, inter alia, include the following:

- 1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

- 3) devising a policy on diversity of board of directors;
- 4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- 5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- 6) recommend to the board, all remuneration, in whatever form, payable to senior management.

Nomination and Remuneration policy –

I. Criteria and Qualification for Nomination & Appointment

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

II. Policy on Remuneration

The Company considers human resources as its invaluable assets. The remuneration policy endorse equitable remuneration to all directors, key managerial personnel and employees of the Company 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 and commission based on performance of the Company.

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

Non-executive Directors

Non-executive Directors are presently receiving sitting fees (including reimbursement of expenses) for attending the meeting of the Board and its

Committees as per the provisions of the Companies Act, 2013 and the rules made thereunder.

Key Managerial Personnel [KMP] and other employees

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

Remuneration to Executive Directors –

Name of Director(s)	Salary and other Perquisites	Commission	(₹ In Lakhs)
			Total Remuneration
Shri Rajendra V. Gogri	75.69	496.74	572.43
Shri Rashesh C. Gogri	75.69	496.74	572.43
Shri Parimal H. Desai	65.19	95.54	161.04
Shri Manoj M. Chheda	65.19	95.54	161.04
Shri Kirit R. Mehta	46.01	9.10	55.11
Smt. Hetal Gogri Gala	65.19	477.72	543.22
Shri Renil R. Gogri	54.98	238.85	294.05
Shri Narendra J. Salvi ¹	65.49	65.68	131.17

¹ Appointed as Additional - Whole Director in the Board Meeting on February 12, 2020. His appointment effective from April 01, 2020.

Notes: a) Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, and taxable value of Car perquisite.

b) All the directors are appointed under the contract each for a period of five years and with termination notice period of 180 days.

Remuneration to Non - Executive Directors – The Non-executive Directors are paid remuneration in the form of sitting fees for attending the meetings of the Board and / or Committees thereof which is within the limits prescribed by the Companies Act, 2013. The details of the sitting fees paid, stock options granted and shares held by the Non - Executive Directors during the financial year 2019-20 are as under:

Name of Director(s)	Sitting fees (₹ In Lakhs)	Stock options granted	Shareholding in the Company	% of Total Shareholding
Shri Shantilal T. Shah ¹	1.08	Nil	640796	0.378
Shri Ramdas M. Gandhi	1.66	Nil	19064	0.01
Shri P. A. Sethi	2.74	Nil	Nil	Nil
Shri K.V.S. Shyam Sunder	3.24	Nil	Nil	Nil
Shri Bhavesh R. Vora	3.10	Nil	Nil	Nil
Prof. Ganapati D. Yadav	1.98	Nil	2400	0.00
Smt. Priti P. Savla	3.10	Nil	Nil	Nil
Shri Vinay G. Nayak	1.54	Nil	Nil	Nil
Shri Lalit Kumar Naik ²	1.32	Nil	Nil	Nil

¹ Ceased to be director effective from October 27, 2019 due to demise

² Appointed as Independent Non-Executive Director w.e.f May 21, 2019 by Board of Directors.

Transactions with the Non-executive Directors – The Company does not have material pecuniary relationship or transactions with its Non-executive Directors except the payment of sitting fees for attending the meetings of Board / Committees, as disclosed in this Report.

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

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

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

(iv) Corporate Social Responsibility (CSR) Committee –

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

Composition, Meetings and Attendance – During the Financial Year 2019 – 20 Corporate Social Responsibility Committee met one time. The Composition of the Committee, date of the meetings and attendance of Corporate Social Responsibility Committee members in the said meeting is given below –

Members	Category	Date	
		Timing	May 14, 2019
		Venue	Mumbai
Shri Ramdas M. Gandhi (Chairman)	Independent	1	-
Smt. Hetal Gogri Gala	Executive Director	1	✓
Shri Kirit R. Mehta	Executive Director	1	✓
Shri Shantilal T. Shah ¹	Non-executive	1	✓
Shri K.V.S. Shyam Sunder	Independent	1	✓

¹ Ceased to be Director w.e.f. October 27, 2019 due to demise.

Terms of reference – The broad terms of reference of CSR Committee includes the following:

- 1) 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 to the Companies Act, 2013, as amended, read with Rules framed thereunder;
- 2) recommend the amount of expenditure to be incurred on such activities; and
- 3) monitor the Corporate Social Responsibility Policy of the Company from time to time.

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

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

Composition, Meetings and Attendance – During the Financial Year 2019 – 20 Risk Management Committee

met once. The Composition of the Committee, date of the meetings and attendance of Risk Management Committee members in the said meeting is given below –

Members	Category	Date	
		Timing	April 02, 2019
		Venue	Mumbai
Shri Rajendra V. Gogri (Chairman)	Executive Director	1	✓
Shri Rashesh C. Gogri	Executive Director	1	✓
Smt. Hetal Gogri Gala	Executive Director	1	✓
Shri Renil Rajendra Gogri	Executive Director	1	✓
Shri Narendra Salvi ¹	Senior Executive of the Company	1	✓
Shri Chetan Bipin Gandhi	Chief Financial Officer	1	✓
Shri Ajay Kumar Gupta	Senior Executive of the Company	1	✓

¹ Appointed as Additional - Whole Director in the Board Meeting on February 12, 2020. Appointment effective from April 01, 2020.

4. General Body Meetings –**i. Details of Last three Annual General Meetings are as under –**

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
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.	a) Resolution under Section 149 of Companies Act, 2013 to re-appoint Shri Ramdas M. Gandhi as an Independent Director for the period of 5 (five) years. b) Resolution under Section 149 of Companies Act, 2013 to re-appoint Shri Laxmichand K. Jain as an Independent Director for the period of 5 (five) years. c) 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.

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2017-18 (35th AGM)	Friday, September 21, 2018, 11:00 a.m.	Plot Nos. 806, 807, a) GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat	a) Resolution under Section 149 of Companies Act, 2013 to appoint Shri Ganapati D Yadav as an Independent Director for the period of 5 (five) years. b) Resolution under Section 149 of Companies Act, 2013 to appoint Smt. Priti P. Savla as an Independent Director for the period of 5 (five) years. c) Resolution under Section 180 of Companies Act, 2013 to set the borrowing limit to ₹3, 500 Crore. d) Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to re-appoint Shri Shantilal Shah, aged 79 years. e) Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to continue appointment of Shri Ramdas Gandhi, aged 85 years. f) Resolution under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to continue appointment of Shri K.V.S. Shyam Sunder, aged 76 years.
2018 -19 (36th AGM)	Monday, September 16, 2019 at 11:00 a.m	Plot Nos. 806, 807, a) GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat	a) Resolution under Section 149 of Companies Act, 2013 to re-appoint Shri P.A. Sethi as an Independent Director for the period of 5 (five) years. b) Resolution under Section 149 of Companies Act, 2013 to re-appoint of Shri K.V.S. Shyam Sunder as an Independent Director for a period of 5 (Five) years. c) Resolution under Section 149 of Companies Act, 2013 to re-appoint Shri Bhavesh Rasiklal Vora as an Independent Director for a period of 5 (Five) years.

- ii. **Details of resolutions passed by way of postal ballot –**
No postal ballot was conducted during the financial year 2019-20. There is no immediate proposal for passing any resolution through postal ballot.

5. 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 press 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 and yearly financial results. These presentations / Con-call transcript are also uploaded on the Company's website (www.aarti-industries.com).

6. General Shareholders Information

- i. **The Day, date and time of the 37th Annual General Meeting:**

Day	Date	Time
Monday	September 21, 2020	11.00 a.m

* Deemed Venue for the meeting shall be registered office of the Company.

- ii. **Tentative Financial Calendar:**

Financial Year	April 1, 2020 to March 31, 2021
Adoption of Quarterly Results for the quarter ending :	
June, 2020	1st/2nd week of August, 2020
September, 2020	1st/2nd week of November, 2020
December, 2020	1st/2nd week of February, 2021
March, 2021	1st/2nd/3rd week of May, 2021

- iii. **Record Date:** September 11, 2020

- iv. **Date of Payment of Dividend:** On or before September 30, 2020

- 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 2020-21

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

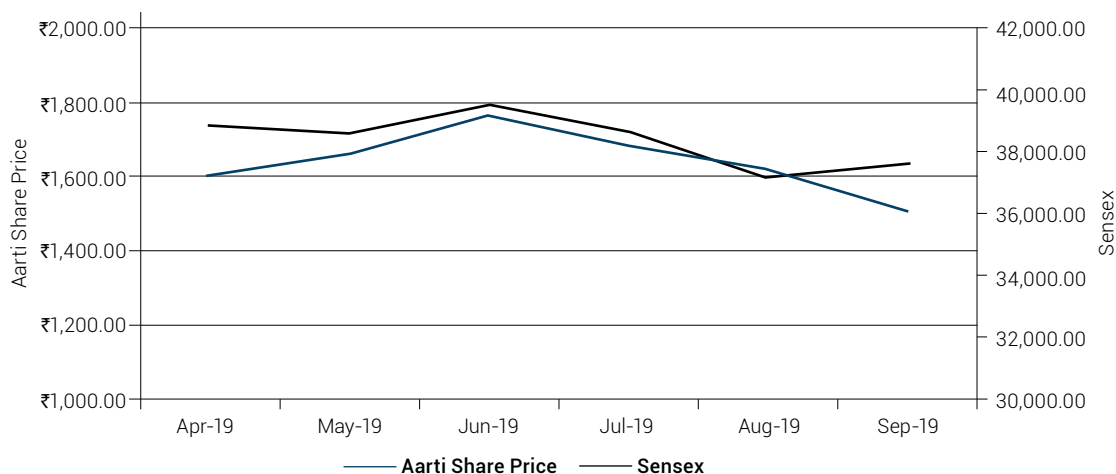
Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2019	1675.00	1553.80	53237	1674.70	1551.55	1211228
May, 2019	1899.00	1531.70	121859	1899.00	1533.10	2308397
June, 2019	1883.55	1692.20	228383	1884.00	1690.55	1493226
July, 2019	1819.50	1592.75	144333	1819.90	1592.05	961038
August, 2019	1808.00	1425.60	459666	1806.90	1425.75	1607253
September, 2019	1702.90	797.25	74601	1700.00	797.00	1365488
October, 2019*	912.90	725.25	388906	892.00	741.00	2737823
November, 2019	881.95	753.00	113073	881.95	791.10	2039311
December, 2019	854.00	757.00	142762	845.00	759.50	2933798
January, 2020	999.00	830.00	459511	999.00	829.00	6990014
February, 2020	1071.00	930.00	659987	1071.00	926.30	5261447
March, 2020	999.50	662.05	761206	1000.00	668.00	6170031

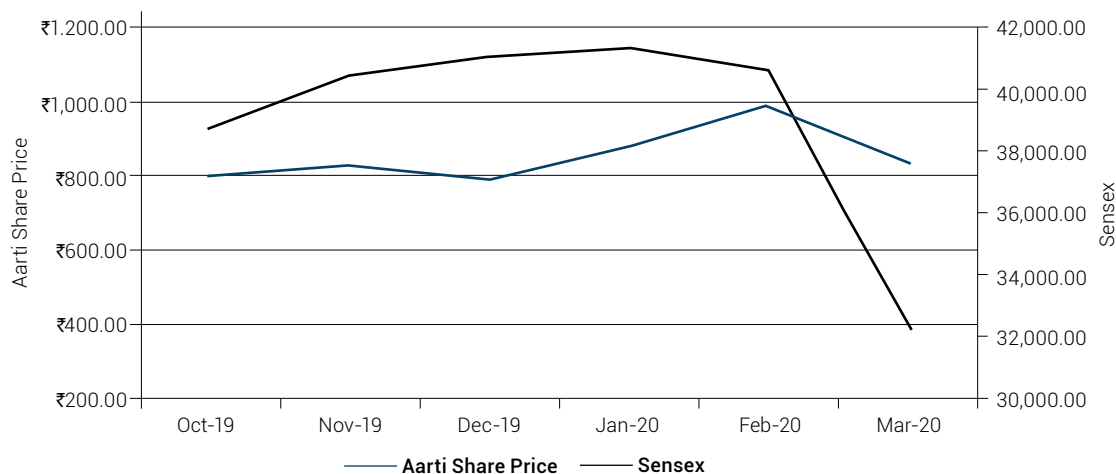
* Allotment of Bonus shares w.e.f. October 1, 2019

viii. Performance in comparison to broad based indices BSE Sensex:

Month	AIL	Sensex
April, 2019	1,609.62	38,860.90
May, 2019	1,665.36	38,574.60
June, 2019	1,766.11	39,538.37
July, 2019	1,680.11	38,649.97
August, 2019	1,622.79	37,149.35
September, 2019	1,507.24	37,545.06
October, 2019	803.31*	38,741.85
November, 2019	829.28	40,513.09
December, 2019	796.23	41,054.45
January, 2020	879.07	41,360.95
February, 2020	993.51	40,674.32
March, 2020	831.76	32,254.45

* Allotment of Bonus shares w.e.f. October 1, 2019

Before Bonus

After Bonus**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
Website: 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

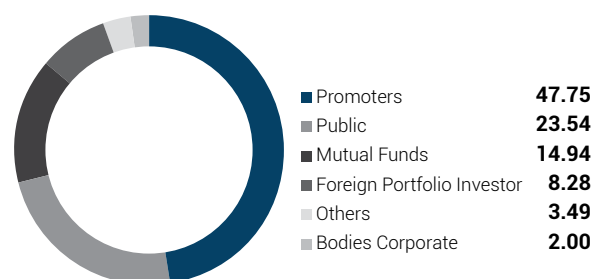
IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai-400 001
Ph:- +91 (22) 4080 7001
Fax: +91 (22) 6631 7776
e-mail: itsl@idbitrustee.com
Website: <http://www.idbitrustee.com>

xi. Share Transfer System:

The Stakeholders' Relationship Committee comprising of Shri Rajendra V. Gogri, Shri Rashesh C. Gogri, Shri Manoj Chheda, Smt. Hetal Gogri 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, 2020

Category	No. of Shares	%
Promoters	83190247	47.75
Mutual Funds	26024101	14.94
Foreign Portfolio Investor	14420765	8.28
Public	41021629	23.54
Bodies Corporate	3490688	2.00
Others	6087044	3.49
Total	174234474	100.00



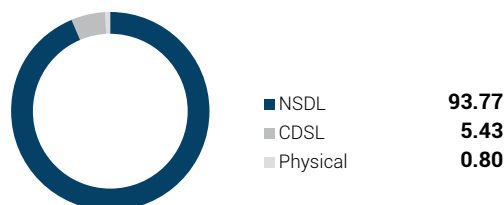
xiii. Distribution of Shareholding as on March 31, 2020

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1 - 500	59071	88.6393	4136984	2.3744
501 - 1000	2584	3.8774	1933530	1.1097
1001 - 2000	2316	3.4753	3325014	1.9084
2001 - 3000	1171	1.7572	2858847	1.6408
3001 - 4000	295	0.4427	1059779	0.6082
4001 - 5000	180	0.2701	826844	0.4746
5001 - 10000	407	0.6107	2865108	1.6444
Above 10000	618	0.9273	157228368	90.2395
Total	66642	100.00	174234474	100.00

xiv. Dematerialisation of shares and liquidity

99.20% 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, 2020 under ISIN No: INE769A01020.

Particulars	NSDL	CDSL	Physical	Total
Shares (nos.)	163374311	9464673	1395490	174234474
Shares (%)	93.77	5.43	0.80	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 2019-20, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 35 to the 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-53,54,55,56,57,58,60, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra
- Plot No. Z/103/H, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.
- Plot No. Z/103/C, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.
- 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

During the year India Ratings has upgraded Long term issuers ratings of the Company from AA- / Stable to AA/ Stable. Following is the summary of latest credit ratings obtained of the Company:

Facilities	CRISIL Rating	India Ratings and Research Rating
Long Term Issuers Rating Covering various term loan and Working Capital	AA-/Positive	IND AA / Stable
Commercial Paper	Crisil A1+	India Rating A1+

xxii. 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, 2019.	140	117720	-	-
Number of shareholders who approached the Company for transfer of shares from suspense accounts during the year.	9	9600	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year.	9	9600	-	-
Shares Transferred to IEPF A/c	9	4050	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	124	216090	Nil	Nil

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

xxiii. 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 May 25, 2020.

7. Disclosures

- 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.

xxi. R & D Centres

- 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

As required under Regulation 23(1) of SEBI (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 https://www.aarti-industries.com/media/investors/corporate_governance/1496727334_Related_Party_Transaction_Policy.pdf

- 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.
- Pursuant to Section 177(9) and (10) of the Companies Act, 2013, Regulation 22 of SEBI (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 web-link: https://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; https://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 qualified institutional placement as specified under Listing Regulation 32 (7A). The Company had received an amount of ₹749.99 Crores by way of issuance of 53,68,647 shares of ₹5 at a premium of ₹1,392/- each in Financial Year 2018-19. The Company as on March 31, 2019 had utilized an amount of ₹10.60 Crores (including GST). The unutilized money has been utilized in financial year 2019-20 towards the objects or purposes for which the funds were raised.
- vii. There were no instances during the financial year 2019-20, wherein the Board had not accepted recommendations made by any committee of the Board
- viii. 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

Particulars	₹ in Crs.
Audit Fees	0.37
Certification Charges	0.05
Out of pocket expenses	0.01
Total	0.43

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

Number of complaints filed during the financial year	1
Number of complaints disposed of during the financial year	1
Number of complaints pending as on end of the financial year	0

- x. 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.
- xi. 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.

8. 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 2019-20 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 25, 2020

CEO's Certification

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

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director

Place: Mumbai

Date: May 25, 2020

Auditor's Certificate on Corporate Governance

To

The Members of Aarti Industries Limited

Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi, Dist. Valsad,
Gujarat – 396195, India

Dear Members,

Background:

We, Kirtane & Pandit LLP, Chartered Accountants, being the Statutory Auditors of Aarti Industries Limited ("AIL" or "the Company") are issuing this certificate as required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company. The Corporate Governance Report prepared by Aarti Industries Limited, contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2020.

Management Responsibility:

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility:

Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.

We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

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

The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. 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 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**").

The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

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 **Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No:- 105215W/W100057

Place: Mumbai

Date: May 25, 2020

Milind Bhawe

Partner

M. No. 047973

UDIN: 20047973AAAAABV9244

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, 2019 to March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical 201 Pharma 210
8	List three key products that the Company manufactures / provides (as in balance sheet)	1. Para dichloro benzene 2. Ortho nitro aniline 3. 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	17 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, 2020 the paid up capital of the Company stood at ₹87.12 crores consisting of 17,42,34,474 nos. of Equity Shares of ₹5 each.
2	Total Turnover (INR)	As on March 31, 2020; The Turnover of the Company is ₹4,408.19 crores
3	Total profit after taxes (INR)	As on March 31, 2020; The Net Profit of the Company is ₹523.35 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Pl. refer Summary of CSR spending on page no. 78
5	List of activities in which expenditure in 4 above has been incurred:-	Pl. refer Project wise summary under CSR Report on page no. 78

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	The Company has 12 subsidiary companies as on March 31, 2020: <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 • Aarti Bharuch Limited • Aarti Pharmachem Limited • Aarti Spechem Limited • Aarti Organics Limited
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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

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...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2 Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3 Does the policy conform to any national / international standards? If yes, specify?	Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. Being Global Partner of Choice, the Company believes in benchmarking practices and global standards - to the best possible extent.								
4 Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management]. Yes Policies are Signed by the Managing Director.								
5 Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.								
6 Indicate the link for the policy to be viewed online?	http://www.aarti-industries.com/investors/corporategovernance/policies								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.								
8 Does the company have in-house structure to implement the policy/ policies?									
9 Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Company' Vigil Mechanism / Whistle Blower Policy is an effective tool towards grievance redressal mechanism.								
10 Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	In addition to the Statutory Audits, Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.								

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, Integrity and Excellence. The Company nurture - a culture of high integrity and is proud that its employees demonstrate behaviour 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 behaviour and any violation of the Company's Code of Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment.

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 harmonisation 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 minimise negative impacts and improve quality.

• Product labelling

The Company endeavours to provide customers with appropriate labelling 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 minimisation 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 recognised and every individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

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

Principle 4: Stakeholders' Engagement

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

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 law 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 the 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 climate change as a material concern for our business and stakeholders. 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 minimise 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 requirements.

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 minimisation, 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 utilises 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 (IICHe)
- 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 the capacity to create a positive impact on the lives of people – especially the weaker and underserved sections. By contributing to the

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 customised solutions and services 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: May 25, 2020

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, 2020, and the statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory.

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, 2020, 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. Due to COVID-19 lockdown throughout the country since last week of March 2020, we have adopted alternative methodologies solutions in performing our audit procedures. 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 capitalisation, 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> <ol style="list-style-type: none"> 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. We have evaluated the design of Internal Controls relating to recording and valuation of Property, Plant and Equipment. We have carried out substantive audit procedures at financial and assertion level to verify the capitalisation of asset as Property, Plant and Equipment We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level. We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013.

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
		<p>f) We have carried out physical verification on sample basis in respect of Property, Plant and Equipment.</p> <p>g) We have verified the capitalisation of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23</p>
2	<p>Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2</p> <p>Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations. 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 and substantive testing as follows:</p> <p>a) We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Indian Accounting Standard 2.</p> <p>b) We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.</p> <p>c) We have carried out substantive audit procedures 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>
3	<p>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>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 scepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 26 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
FRN: 105215W/W100057

Milind Bhawe
Partner
M. No. 047973

Place: Mumbai
Date: May 25, 2020

UDIN : 20047973AAAABT9861

Annexure A to the Auditor's Report – March 31, 2020

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, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Milind Bhawe
Partner

Place: Mumbai
Date: May 25, 2020

M. No. 047973
UDIN : 20047973AAAABT9861

Annexure B to the Auditor's Report – March 31, 2020

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, 2020.

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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) 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, 2020 for a period of more than six months from the date they become payable.

 - (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited on account of any disputes.

Nature of Tax /Duty	Amount ₹ Crores	Period	Forum where dispute is pending
Central Excise, Customs Duty, Service Tax, Interest & Penalty	37.43	FY 2001-02 to 2016-17	Commissionerate
	29.95		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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (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
FRN: 105215W/W100057

Milind Bhawe
Partner

Place: Mumbai
Date: May 25, 2020

M. No. 047973
UDIN : 20047973AAAABT9861

Balance Sheet

as at 31st March, 2020

(₹ in Crs)			
Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	2,301.13	1,978.57
Capital Work-in-Progress	1	1,417.65	794.57
Intangible Assets	1	0.50	0.90
Financial Assets			
Investments	2	37.16	33.36
Other Non-Current Assets	3	391.95	296.97
Total Non-Current Assets		4,148.39	3,104.37
Current Assets			
Inventories	4	781.48	700.91
Financial Assets:			
Trade Receivables	5	782.47	806.05
Cash and Cash Equivalents	6	233.37	797.08
Others Current Financial Assets	7	111.67	185.73
Other Current Assets	8	31.84	33.73
Total Current Assets		1,940.83	2,523.50
Total Assets		6,089.22	5,627.87
Equity and Liabilities			
Equity			
Equity Share Capital	9	87.12	43.33
Equity Share Capital pending allotment upon scheme of Arrangement	10	NIL	0.22
Other Equity	11	2,814.70	2,517.08
Total Equity		2,901.82	2,560.63
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	577.58	807.76
Other Non-Current Liabilities	13	550.89	203.24
Deferred Tax Liabilities (Net)	14	188.99	170.98
Total Non-Current Liabilities		1,317.46	1,181.98
Current Liabilities:			
Financial Liabilities			
Borrowings	15	1,211.42	1,262.50
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		324.19	265.47
Other Current Liabilities	16	297.58	314.22
Provisions	17	36.75	43.07
Total Current Liabilities		1,869.94	1,885.26
Total Liabilities		3,187.40	3,067.24
Total Equity and Liabilities		6,089.22	5,627.87
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-39		

As per our report of even date

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

Milind Bhawe

Partner
M. No. 047973
Place: Mumbai
Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Chetan Gandhi

Chief Financial Officer
ICAI M. No. 111481

Rashesh C. Gogri

Vice Chairman and Managing Director
DIN: 00066291

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

Statement of Profit and Loss

for the year ended 31st March, 2020

(₹ in Crs)			
Particulars	Note No.	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
REVENUE			
Gross Revenue from Operations	18	4,408.19	4,547.82
Less: GST Collected		413.78	522.63
Net Revenue from Operations		3,994.41	4,025.19
Other Income	19	10.51	4.53
Total Revenue		4,004.92	4,029.72
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	1,765.21	2,015.89
Purchases of Stock-in-Trade		218.20	143.13
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	(16.09)	(47.54)
Employee Benefits Expense	22	292.34	230.71
Finance Costs	23	121.55	179.15
Depreciation and Amortisation Expenses	1	172.64	151.03
Other Expenses	24	805.21	766.30
Total Expenses		3,359.06	3,438.67
PROFIT BEFORE TAX		645.86	591.05
TAX EXPENSES			
Current Year Tax		113.00	129.16
MAT Credit Entitlement		(8.50)	(37.40)
Deferred Tax		18.00	18.01
Total Tax Expenses		122.50	109.77
PROFIT AFTER TAX		523.36	481.28
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of Various Qualifying Items		(55.93)	0.93
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		467.43	482.21
EARNINGS PER EQUITY SHARE (EPS) (in ₹)	25		
Basic/Diluted		30.04	59.10
Basic/Diluted after considering issue of bonus equity shares		30.04	29.55
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-39		

As per our report of even date

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

Milind Bhawe

Partner
M. No. 047973
Place: Mumbai
Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director
DIN: 00061003

Chetan Gandhi

Chief Financial Officer
ICAI M. No. 111481

Rashesh C. Gogri

Vice Chairman and Managing Director
DIN: 00066291

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

Cash Flow Statement

for the year ended 31st March, 2020

		(₹ in Crs)	
Sr. No.	Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
A.	Cash Flow from Operating Activities:		
	Net Profit before Tax and Exceptional/Extraordinary Items	645.86	591.05
	Adjustments for:		
	Finance Costs	121.55	179.15
	Depreciation and Amortisation Expenses	172.64	151.03
		940.05	921.23
	Profit on Sale of Assets/Investments	(8.47)	(1.67)
	Dividend Income	(1.86)	(2.48)
	Lease Rent Income	(0.05)	(0.07)
	Operating Profit before Working Capital Changes	929.67	917.01
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	18.51	(159.44)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	353.03	124.24
	(Increase)/Decrease in Inventories	(80.57)	(64.00)
	Cash Generated from Operations	1,220.64	817.81
	Direct Taxes Paid	(156.03)	(117.48)
	Net Cash Flow from Operating Activities (A)	1,064.61	700.33
B.	Cash Flow from Investing Activities:		
	Addition to Property, Plant & Equipment/Capital WIP	(1,141.00)	(771.06)
	Sale/Written off of Property, Plant & Equipment	27.71	2.58
	(Increase)/Decrease in Other Investments	(0.87)	(2.05)
	(Increase)/Decrease in Investments in Subsidiary Companies	(0.20)	0.13
	Dividend Income from Other Investments	NIL	0.00
	Dividend Income from Subsidiary Companies	1.86	2.48
	Profit on Sale of Investments	3.88	NIL
	Lease Rent Income	0.05	0.07
	Net Cash Flow from Investing Activities (B)	(1,108.57)	(767.85)
C.	Cash Flow from Financing Activities:		
	Proceeds of Long-Term Borrowings	74.10	211.39
	Repayment of Long-Term Borrowings	(316.08)	(167.88)
	Proceeds/(Repayment) of Other Borrowings	(51.08)	275.67
	Finance Costs	(121.55)	(179.15)
	Increase in Equity by QIP (Net of Expenses)	(0.60)	741.40
	Dividend Paid	(104.54)	(42.45)
	Net Cash Flow from Financing Activities (C)	(519.75)	838.98
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(563.71)	771.46
	Cash and Cash Equivalents (Opening Balance)	797.08	23.93
	Cash and Cash Equivalents (Opening Balance of Demerged Co.s)	NIL	1.69
	Cash and Cash Equivalents (Closing Balance)	233.37	797.08

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

As per our report of even date

For and on behalf of the Board

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

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Milind Bhawe
Partner
M. No. 047973
Place: Mumbai
Date: May 25, 2020

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Statement of Changes in Equity

for the year ended 31st March, 2020

A. EQUITY SHARE CAPITAL

	(₹ in Crs)
As at 1st April, 2018	40.65
Changes in equity share capital during the year 2018-19	2.68
As at 31st March, 2019	43.33
Changes in equity share capital during the year 2019-20	43.79
As at 31st March, 2020	87.12

B. OTHER EQUITY

	(₹ in Crs)							
	Other Equity							
	Reserves and Surplus							
Particulars	Capital Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Securities Premium	General Reserve	Forfeiture Reserve	Retained Earnings	Other Comprehensive Income
Balance as at 1st April, 2018	9.57	1.56	120.00	NIL	59.24	1.85	1,256.09	26.21
Persuant to the Scheme of Arrangement	0.13	-	-	-	2.96	-	(106.30)	(24.50)
QIP Allotment (Net of Expenses)	-	-	-	738.72	-	-	-	-
Dividend Paid	-	-	-	-	-	-	(42.45)	-
Tax on Dividend	-	-	-	-	-	-	(8.22)	-
Transfer to Other Reserves from Retained Earnings	-	-	-	-	47.00	-	(47.00)	-
Profit for the Period	-	-	-	-	-	-	481.28	-
Other Comprehensive Income	-	-	-	-	-	-	-	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
QIP Allotment (Net of Expenses)	-	-	-	(0.60)	-	-	-	-
Bonus Shares Issued	-	(1.56)	-	(42.00)	-	-	-	-
Dividend Paid	-	-	-	-	-	-	(104.54)	-
Tax on Dividend	-	-	-	-	-	-	(21.11)	-
Transfer to Other Reserves from Retained Earnings	-	-	(40.00)	-	92.50	-	52.50	-
Profit for the Period	-	-	-	-	-	-	523.35	-
Other Comprehensive Income	-	-	-	-	-	-	-	(55.94)
Balance as at 31st March, 2020	9.70	NIL	80.00	696.12	201.70	1.85	1,878.61	(53.29)

As per our report of even date

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

Milind Bhave
Partner
M. No. 047973
Place: Mumbai
Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

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

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

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.

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 recognized 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 from contract with customer

(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 conform to the

Corporate Information and Significant Accounting Policies:

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 year
(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) Lease:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Corporate Information and Significant Accounting Policies:

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

(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.

Notes to the Financial Statements

for the year ended 31st March, 2020

1. Property, Plant and Equipment

F.Y. 2019-20	(₹ in Crs)									
Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	Balance as at 1st April, 2019	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 1st April, 2019	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2020	Balance as at 31st March, 2019	
(i) Tangible Assets										
Free hold Land	3.57	-	-	3.57	0.26	-	-	0.26	3.31	
Lease Hold Land	144.22	4.78	0.77	148.23	6.82	1.88	-	8.70	137.40	
Lease Assets Right to Used	NIL	25.35	-	25.35	NIL	5.11	-	5.11	20.24	
Buildings	286.98	33.94	2.72	318.20	74.96	15.72	1.09	89.59	212.02	
Plant and Equipment	2,520.87	402.50	49.90	2,873.47	980.07	139.31	29.35	1,090.03	1,540.81	
R & D Assets	85.16	38.40	-	123.56	18.72	4.61	-	23.33	66.44	
Furniture and Fixtures	33.65	7.75	0.33	41.07	22.54	3.63	0.33	25.84	11.11	
Vehicles	23.45	5.21	0.71	27.95	15.97	1.97	0.53	17.41	7.48	
Total (i)	3,097.90	517.93	54.43	3,561.40	1,119.34	172.23	31.30	1,260.27	1,978.57	
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	21.06	0.40	-	21.46	0.90	
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	NIL	
Goodwill	6.16	-	-	6.16	6.16	-	-	6.16	NIL	
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	9.65	NIL	
Total (ii)	38.23	NIL	NIL	38.23	37.33	0.40	NIL	37.73	0.90	
Total (i+ii)	3,136.13	517.93	54.43	3,599.63	1,156.67	172.63	31.30	1,298.00	1,979.47	
(iii) Capital Work-in-Progress										
									794.57	

Notes to the Financial Statements

for the year ended 31st March, 2020

1. Property, Plant and Equipment

[illegible]

Notes to the Financial Statements

for the year ended 31st March, 2020

2. Non-Current Investments:

(₹ in Crs)

Name of the Company	No. of Shares/ Units	As at 31st March, 2020	No. of Shares/ Units	As at 31st March, 2019
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
Aarti Organics Limited	50,000	0.05	NIL	NIL
Aarti Bharuch Limited	50,000	0.05	NIL	NIL
Aarti Pharmachem Limited	50,000	0.05	NIL	NIL
Aarti Spechem Limited	50,000	0.05	NIL	NIL
		16.09		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	2.56	464,550	2.19
U.K.I.P. Co-Op. Society Limited	80	0.00	80	0.00
Perfect Enviro Control Systems Limited	36,800	0.02	36,800	0.02
Aarti Ventures Limited	190,000	2.52	190,000	0.16
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	125,000	4.26	125,000	3.38
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		10.13		6.52
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.67	NA	3.67
		3.67		3.67
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		7.27
Total		37.16		33.36

Notes to the Financial Statements

for the year ended 31st March, 2020

3. Other Non-Current Assets

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Capital Advances	168.87	109.45
Other Deposits	41.34	36.27
Advance Tax and Tax Deducted at Source (Net of Provisions)	181.74	151.25
Total	391.95	296.97

4. Inventories

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Raw Materials and Components (incl In-transit stock)	247.73	216.16
Work-in-progress	192.87	207.73
Finished Goods (incl In-transit stock)	251.94	220.59
Stock-in-trade	0.86	1.25
Stores and spares	70.57	40.02
Fuel (incl In-transit stock)	14.01	11.32
Packing Materials	3.50	3.84
Total	781.48	700.91

4.1 In-Transit Inventories

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	28.83	32.75
Finished Goods	21.96	27.62
Fuel	3.54	3.46
Total	54.33	63.83

5. Trade Receivables

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Unsecured and considered good	782.47	806.05
Total	782.47	806.05

6. Cash and Cash Equivalents

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	0.53	0.40
Bank balance in Current Accounts	53.32	77.85
Bank balance in Deposit Accounts	177.19	496.56
Cash Equivalants investment in highly Liquid Funds	NIL	220.22
Earmarked Balances (Unpaid Dividend Accounts)	2.33	2.05
Total	233.37	797.08

Notes to the Financial Statements

for the year ended 31st March, 2020

7. Other Current Financial Assets

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Balances with Customs, Port Trust, Central Excise, Sales Tax & Goods & Services Tax Authorities	97.56	84.22
Loans & Advances:		
(i) Employees	7.75	7.31
(ii) Others	6.24	71.99
(iii) Related Parties	0.12	22.21
Total	111.67	185.73

8. Other Current Assets

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Others Receivables	4.64	4.38
Prepaid Expenses	12.99	12.99
Subsidy Receivable	10.32	12.59
Insurance Claim Receivable	3.89	3.78
Total	31.84	33.73

9. Equity Share Capital

Particulars	No. of Shares	(₹ in Crs)	
		As at 31st March, 2020	As at 31st March, 2019
Authorised Share Capital			
Equity Shares of ₹ 5/- each	230,150,320	115.08	115.08
Issued, Subscribed & Paid up			
Equity Shares of ₹ 5/- each fully paid up	174,234,474	87.12	43.33
Total		87.12	43.33

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2020

Particulars	No. of Shares outstanding	
	As at 31st March, 2020	As at 31st March, 2019
Equity Shares at the beginning of the year	86,668,647	81,300,000
Add: Shares issued during the year	87,565,827	5,368,647
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	174,234,474	86,668,647

9.2 Details of shareholders holding more than 5% shares

Name of the Shareholders	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	13,828,976	7.94	7,136,819	8.23

Notes to the Financial Statements

for the year ended 31st March, 2020

9.3 The details of Equity Shares outstanding during last 5 years

Particulars	Financial Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
No. of Equity Shares outstanding	174,234,474	86,668,647	81,300,000	82,120,383	83,320,383

(Refer Note No. 9.4)

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

- [a] During the year 2019-20 8,71,17,237 shares are issued as Bonus Shares in the ratio of 1:1 equity share of ₹ 5 each
- [b] During the year 2019-20, 448,590 Shares were 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.
- [c] During the year 2018-19, 53,68,647 Shares were issued through Qualified Institutions Placement at the issue price of ₹ 1,397 per Equity Share (including ₹ 1,392 towards share premium) to qualified institutional buyers.
- [d] During the year 2017-18, 820,383 Shares were brought back at a premium of ₹ 1,195/-.
- [e] During the year 2016-17, 1,200,000 Shares were brought back at a premium of ₹ 795/-.
- [f] During the year 2015-16, 5,271,304 Shares of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagmation 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, 2020	As at 31st March, 2019
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.	NIL	0.22
Total	NIL	0.22

Notes to the Financial Statements

for the year ended 31st March, 2020

11. Other Equity

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Capital Reserves		
Opening Balance	9.70	9.57
Addition:		
Persuant to the Scheme of Arrangement	NIL	0.13
Deduction	NIL	NIL
Closing Balance	9.70	9.70
b. Capital Redemption Reserve		
Opening Balance	1.56	1.56
Addition	NIL	NIL
Deduction: upon issue of Bonus Shares	1.56	NIL
Closing Balance	NIL	1.56
c. Securities Premium Account		
Opening Balance	738.72	NIL
Addition: QIP Allotment	NIL	747.32
Deduction:		
QIP Expenses	0.60	8.60
Bonus Shares Issued	42.00	NIL
Closing Balance	696.12	738.72
d. Debenture Redemption Reserve		
Opening Balance	120.00	120.00
Addition	NIL	NIL
Deduction	40.00	NIL
Closing Balance	80.00	120.00
e. General Reserve		
Opening Balance	109.20	59.24
Addition:		
Persuant to the Scheme of Arrangement	NIL	2.96
Transferred from Debenture Redemption Reserve	40.00	
Transferred from Profit & Loss Account	52.50	47.00
Deduction: Transferred to General Reserve	NIL	NIL
Closing Balance	201.70	109.20
f. Profit and Loss Account		
Opening balance	1,533.40	1,256.09
Addition:		
Net Profit/(Loss) for the year	523.35	481.28
Deduction:		
Final Dividend paid on Equity Share for the previous year	60.98	8.13
Interim Dividend paid on Equity Share for the year	43.56	34.32
Tax on Dividend	21.11	8.22
Persuant to the Scheme of Arrangement	NIL	106.30
Transferred to General Reserve	52.50	47.00
Closing Balance	1,878.61	1,533.40

Notes to the Financial Statements

for the year ended 31st March, 2020

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
g. Other Reserves		
Forfeiture Reserve	1.85	1.85
Closing Balance	1.85	1.85
h. Other Comprehensive Income		
Opening Balance	2.65	26.21
Pursuant to the Scheme of Arrangement	NIL	(24.50)
OCI for the year	(55.94)	0.93
Closing Balance	(53.28)	2.65
Total	2,814.70	2,517.08

12.1 Non-Current Borrowings

(₹ in Crs)				
Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	NIL	80.00	80.00	40.00
(b) ECB/Term loans from Banks/Financial Institutions	575.49	202.57	725.20	254.56
(c) Vehicle Loans from Banks/Financial Institutions	2.09	1.08	2.55	0.89
Total	577.58	283.65	807.76	295.45

- 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) ECB/Term Loans from Banks/Financial Institutions outstanding of ₹ 778.06 Crs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables fixed assets, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders/specifically excluded.
- c) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

12.2 Repayment Terms

(₹ in Crs)				
Particulars	Repayment Tenor			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
NCDs/ECB/Term Loans from Banks/Financial Institutions	241.36	198.45	92.62	43.06
Vehicle Loans from Banks/Financial Institutions	0.97	0.66	0.45	0.15

Notes to the Financial Statements

for the year ended 31st March, 2020

13. Other Non Current Liabilities

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Long Term Advance for Exports Received From Customer	529.69	203.24
Lease Liabilities Account	21.20	NIL
Total	550.89	203.24

13.1 The Company has received advances of ₹ 529.69 Crs (previous year ₹ 203.24 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 ₹ 227.01 Crs (previous year ₹ 138.30 Crs) in favour of the customer.

14. Deferred Tax Liabilities (Net)

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities	170.98	159.36
Persuant to the Scheme of Arrangement	NIL	(6.74)
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	21.31	21.00
Deferred Tax Assets		
Items allowed for tax purpose on payment	(3.31)	(2.64)
Deferred Tax Liabilities (Net)	188.98	170.98

15. Short-Term Borrowings

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Secured		
Working Capital Loan From Banks	1,188.22	1,193.27
	1,188.22	1,193.27
Unsecured		
From Banks	23.20	69.23
	23.20	69.23
Total	1,211.42	1,262.50

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 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.

Notes to the Financial Statements

for the year ended 31st March, 2020

16. Other Current Liabilities

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of Long-Term Debt (Refer Note No. 12)	282.57	294.56
Current maturities of Vehicle Loan (Refer Note No. 12)	1.08	0.89
Interest accrued but not due on borrowings	7.44	11.16
Unpaid Dividends	2.33	2.05
Other Current Liabilities & Taxes	4.16	5.56
Total	297.58	314.22

17. Short-Term Provisions

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for		
Employees' Benefits	36.75	43.07
Total	36.75	43.07

18. Revenue From Operations

(₹ in Crs)		
Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Sale of Products	4,332.06	4,506.40
Other Operating Revenues (Refer Note No. 18.2)	76.13	41.42
Gross Revenue from Operations	4,408.19	4,547.82
Less: GST Collected	413.78	522.63
Net Revenue from Operations	3,994.41	4,025.19

18.1 Gross Sales & Operating Revenues

(₹ in Crs)		
Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Local Sales:		
Speciality Chemicals	2,147.24	2,341.20
Pharmaceuticals	420.43	373.88
Total (A)	2,567.67	2,715.08
Export Sales:		
Speciality Chemicals	1,505.21	1,480.81
Pharmaceuticals	335.31	351.93
Total (B)	1,840.52	1,832.74
Total (A+B)	4,408.19	4,547.82

Notes to the Financial Statements

for the year ended 31st March, 2020

18.2 Other Operating Revenues

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Fertilizers Subsidy Received	12.29	15.41
Export Benefits/Incentives Received	54.57	18.84
Scrap Sales	9.27	7.16
Total	76.13	41.42

19. Other Income

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Dividend Income	1.86	2.48
Profit on Sale of Assets/Investments	8.47	1.67
Lease Rent Income	0.05	0.07
Other Income	0.13	0.31
Total	10.51	4.53

20. Cost of Materials Consumed

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Consumption of Raw Materials	1,505.86	1,744.43
Consumption of Packing Materials	36.23	38.98
Consumption of Fuel	137.28	154.31
Consumption of Stores & Spares	85.84	78.17
Total	1,765.21	2,015.89

Notes to the Financial Statements

for the year ended 31st March, 2020

21. Change in Inventory

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Opening Stock		
Finished Goods	221.84	205.79
Work-in-Progress	207.73	191.18
Less: HPC Segment Opening Stock	NIL	(14.95)
Total (A)	429.57	382.02
Closing Stock		
Finished Goods	252.79	221.84
Work-in-Progress	192.87	207.73
Total (B)	445.66	429.57
Total (A-B)	(16.09)	(47.54)

22. Employee Benefits

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Salaries, Wages & Bonus	256.17	199.54
Contribution to PF and other Funds	18.54	14.70
Workmen & Staff Welfare Expenses	17.63	16.47
Total	292.34	230.71

23. Finance Cost

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Interest on NCD's	10.36	15.09
Other Interest Expenses	102.25	156.82
Other Borrowing Costs	8.94	7.24
Total	121.55	179.15

Notes to the Financial Statements

for the year ended 31st March, 2020

24. Other Expenses

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Manufacturing Expenses:		
Freight, Cartage & Transport	104.79	107.58
Power	113.15	102.82
Water Charges	11.36	10.57
Processing Charges	50.36	50.75
Other Manufacturing Expenses	117.22	104.48
Repairs & Maintenance	105.57	89.91
Insurance Charges	5.42	3.56
Research & Development Expenses	27.01	21.87
Factory Administrative Expenses	47.13	35.57
Total (A)	582.01	527.11
Office Administrative Expenses:		
Rent, Rates and Taxes	2.35	2.10
Travelling and Conveyance	6.38	6.28
Auditor's Remuneration (Refer Note No. 24.1)	0.36	0.33
Legal & Professional Charges	12.40	13.19
Postage, Telegraph & Telephone	0.72	0.79
Printing & Stationery Expenses	0.72	0.84
Other Administrative Expenses	10.99	10.25
Total (B)	33.92	33.79
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	6.05	5.78
Export Freight Expenses	61.21	67.09
Freight and Forwarding Expenses	86.63	94.23
Commission	9.84	8.57
Export Insurance Charges	1.92	2.36
Sample Testing & Analysis Charges	1.14	1.39
Lease Rent Paid	10.97	10.83
Bad Debts & Provision for Doubtful Debts	1.50	5.00
Sundry Balance Written Off/(Back)	(0.28)	0.23
Total (C)	178.98	195.48
Non-Operating Expenses:		
Donations and CSR Expenses	10.30	9.91
Total (D)	10.30	9.91
Total (A+B+C+D)	805.21	766.30

24.1 Auditor's Remuneration

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Audit Fees	0.30	0.26
Certification Charges	0.05	0.06
Out of Pocket Expenses	0.01	0.01
Total	0.36	0.33

Notes to the Financial Statements

for the year ended 31st March, 2020

25. Earning Per Share (EPS)

Particulars		For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Net Profit available for Equity Shareholders	(₹ in Crs)	523.36	481.28
No. of Equity Shares	(Nos.)	17,42,34,474	8,66,68,647
Basic & Diluted EPS	(₹)	30.04	59.10
Basic/Diluted after considering issue of Bonus Equity Shares	(₹)	30.04	29.55
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.

26. Contingent Liabilities and Commitments

(to the extent not provided for)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(₹ in Crs)		
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	67.38	75.23
(b) Letters of Credit, Bank Guarantees & Bills Discounted	296.80	113.00
	364.18	188.23
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	203.91	218.49
	203.91	218.49
Total	568.09	406.72

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, 2020. 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 ₹ 26.64 Crs (Tax Deducted at Source ₹ 2.10 Crs) [previous year ₹ 9.87 Crs (Tax Deducted at Source ₹ 0.51 Cr)] 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	As at 31st March, 2020	As at 31st March, 2019
(₹ in Crs)		
Revenue Expenditure	27.01	21.87
Capital Expenditure:		
Land & Building	0.68	12.45
Plant & Equipment	35.08	5.73
Furniture and Fixtures	2.58	0.47
Total Capital Expenditure	38.34	18.65

Notes to the Financial Statements

for the year ended 31st March, 2020

31. Segment Reporting

		(₹ in Crs)	
Sr. No.	Particulars	Financial Year 2019-20	Financial Year 2018-19
(A)	Primary Segments: Business Segments		
1	Segment Revenue (Gross):		
	a) Speciality Chemicals	3,652.45	3,822.01
	b) Pharmaceuticals	755.74	725.81
	Total Revenue (Gross)	4,408.19	4,547.82
	Less: GST Collected	413.78	522.63
	Total Revenue (Net)	3,994.41	4,025.19
2	Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	773.31	776.28
	b) Pharmaceuticals	137.46	112.68
	Total (A)	910.77	888.96
	Less: Interest	121.55	179.15
	Other Unallocable Expenditure (Net)	143.36	118.76
	Total (B)	264.91	297.91
	Total Profit before Tax (A-B)	645.86	591.05
3	Segment Assets:		
	a) Speciality Chemicals	4,545.48	3,545.04
	b) Pharmaceuticals	958.60	940.71
	c) Unallocated Capital	351.79	315.04
	Total	5,855.87	4,800.79
	Segment Liabilities:		
	a) Speciality Chemicals	1,111.78	700.71
	b) Pharmaceuticals	97.64	95.30
	c) Unallocated Capital	188.98	170.98
	Total	1,398.40	966.99
(B)	Secondary Segments: geographical Segments (Gross)		
	a) India	2,567.67	2,715.08
	b) Out of India	1,840.52	1,832.74
	Total	4,408.19	4,547.82

Note:

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

Notes to the Financial Statements

for the year ended 31st March, 2020

32. Related Party Disclosure under Accounting Standard (Ind AS: 24):

I Following are the Subsidiaries of the Company

1. Aarti Corporate Services Limited
2. Nascent Chemical Industries Limited (Through it holding Company: Aarti Corporate Services Limited)
3. Shanti Intermediates Private 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
9. Aarti Organics Limited
10. Aarti Bharuch Limited
11. Aarti Pharmachem Limited
12. Aarti Spechem 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 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. Late. 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 |

Notes to the Financial Statements

for the year ended 31st March, 2020

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

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

(₹ in Crs)				
Sr. No.	Description of Transaction	Year	Subsidiary Companies [I]	Enterprises/ Firms (II)
1	sales of finished goods/sales income	CY	155.56	78.30
		PY	222.80	39.65
2	Purchases of Raw Materials/Finished Goods	CY	24.60	21.18
		PY	33.05	14.97
3	Other Manufacturing Expenses	CY	5.41	0.74
		PY	5.59	4.15
4	Rent paid	CY	-	0.02
		PY	-	0.12
5	Sale of Fixed Assets	CY	-	20.06
		PY	-	-
6	Purchase of Fixed Assets	CY	0.08	-
		PY	0.09	11.10
7	Interest Income on the Inter-Corporate Deposits placed/unsecured loans/ NCDs	CY	0.28	-
		PY	2.40	-
8	Dividend Income	CY	1.86	-
		PY	2.48	-
9	Inter-corporate Deposit given/(Received back) during the year	CY	(20.00)	-
		PY	20.00	-
10	Equity Contribution/increase in investment in cash or in kind made during the year	CY	0.20	-
		PY	-	-
11	Outstanding items pertaining to the related parties at the balance sheet date Receivable/(Payable)	CY	114.93	29.68
		PY	129.77	6.43

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

(₹ in Crs)		
Particulars	Financial Year 2019-20	Financial Year 2018-19
a. Remuneration including perquisites #	6.29	6.19
b. Commission to Directors	19.10	14.73
c. Sitting Fees	0.01	0.03
d. Rent paid	1.07	1.12
e. Travelling Expenses	0.53	0.76
f. Telephone Expenses	0.05	0.05
Total	27.05	22.88

* 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).

Notes to the Financial Statements

for the year ended 31st March, 2020

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.

(₹ in Crs)		
Particulars	Gratuity (funded) 2019-20	Gratuity (funded) 2018-19
a. Reconciliation of Opening and Closing Balances of Defined Benefit Obligation		
Defined Benefit Obligation at Beginning of the Year	18.66	16.34
Current Service Cost	2.58	2.03
Interest Cost	1.45	1.29
Actuarial(Gain)/Loss	20.82	0.27
Benefits Paid	(1.01)	(1.27)
Defined Benefit Obligation at year end	42.49	18.66
b. Reconciliation of Opening and Closing Balances Fair Value of Plan Assets		
Fair Value of Plan Assets at Beginning of the Year	17.44	13.78
Expected Return of Plan Assets	1.36	1.09
Assets Transferred In/Acquisitions	NIL	0.01
Return on Plan Assets excluding Interest Income	0.03	0.06
Employer Contribution	3.45	3.77
Benefits Paid	(1.01)	(1.27)
Fair Value of Plan Assets at Year End	21.26	17.44
Actual Return on Plan Assets	1.39	1.14
c. Reconciliation of fair value of assets and obligations		
Fair Value of Plan Assets	21.26	17.44
Present Value of Obligation	42.49	18.66
Amount Recognized in Balance Sheet	21.23	1.22
d. Expenses recognized during the year		
Current Service Cost	2.58	2.03
Interest Cost	1.45	1.29
Expected Return on Plan Assets	(1.36)	(1.09)
Net Cost	2.67	2.23
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)	6.56%	7.87%
Expected rate of return on plan assets (per annum)	6.56%	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 ₹ 11.02 Crs (previous year ₹ 8.83 Crs) has been provided in the Books of Accounts.

Notes to the Financial Statements

for the year ended 31st March, 2020

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, 2020 the Company has hedged in aggregate an amount of ₹ 488.07 Crs (previous year ₹ 533.38 Crs) in respect of its short term and long term supply contracts. The annual value of its trade related operations (Exports & Imports) aggregates to ₹ 2,585.09 Crs (previous year ₹ 2,411.86 Crs).

The Company had hedged its currency risks to the tune of ₹ 240.90 Crs (previous year ₹ 342.85 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 ₹ 323.59 Crs (previous year ₹ 289.74 Crs) into a fixed rate loan through an interest rate swap.

- (B) Net foreign exchange gain arriving out of export and import activities of the Company of ₹ 28.46 Crs (previous year loss of ₹ 33.95 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 ₹ 7.73 Crs is recognised in the Profit & Loss Account. Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of ₹ 7.94 Crs as at 31st March, 2020 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 2019-20	Financial Year 2018-19
(A) Details of Raw Material Consumption :		
Benzene	328.44	429.92
Aniline	142.40	239.55
Concentrated Nitric Acid	100.19	97.43
Sulphur	38.91	75.36
Phthalic Anhydride	51.66	63.09
Others	844.26	839.07
Total	1,505.86	1,744.42
(B) Sales of Products :		
Speciality Chemicals	3,652.45	3,822.01
Pharmaceuticals	755.74	725.81
Total	4,408.19	4,547.82
(C) Details of Trading Purchases:		
Para Nitro Aniline	36.91	57.75
Ortho Anisidine	21.94	30.54
Others	159.35	54.84
Total	218.20	143.13

Notes to the Financial Statements

for the year ended 31st March, 2020

(₹ in Crs)		
Particulars	Financial Year 2019-20	Financial Year 2018-19
(D) Value and percentage of Raw Materials and Stores and Spares consumed:		
Raw Materials:		
Indigenous	909.94	1,274.40
	60.43%	73.06%
Imported	595.93	470.02
	39.57%	26.94%
Total	1,505.87	1,744.42
	100.00%	100.00%
Stores and Spares:		
Indigenous	83.01	77.39
	96.70%	99.00%
Imported	2.83	0.78
	3.30%	1.00%
Total	85.84	78.17
	100.00%	100.00%
Fuel:		
Indigenous	74.25	108.90
	54.09%	70.57%
Imported	63.03	45.41
	45.91%	29.43%
Total	137.28	154.31
	100.00%	100.00%
(E) C.I.F. Value of Imports:		
Capital Goods	82.78	62.91
Raw Materials	595.93	470.02
Stores and Spares	2.83	0.78
Fuel	63.03	45.41
(F) Expenditure in Foreign Currency:		
Commission on Export Sales	7.67	5.25
Import of Goods for Resale	0.00	2.72
Other Expenses	46.99	58.90
(G) Earnings in Foreign Currency:		
F.O.B. Value of Export Sales	1,716.87	1,740.57

36. Fair Value Measurements

Financial instruments by category

(₹ in Crs)						
Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	35.41	-	-	31.61	-	-
Trade Receivables	782.47	-	-	806.05	-	-
Cash and Cash Equivalents	233.37	-	-	797.08	-	-
Other Financial Assets	353.72	-	-	365.17	-	-

Notes to the Financial Statements

for the year ended 31st March, 2020

Particulars						
	As at 31st March, 2020			As at 31st March, 2019		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
At FVTOCI						
Investments	1.75	-	1.75	1.75	-	1.75
Financial Liabilities						
At Amortised Cost						
Borrowings	1,789.00	-	-	2,070.26	-	-
Trade Payables	324.19	-	-	265.47	-	-
Other Non Current Liabilities	550.89	-	-	203.24	-	-
Other Current Financial Liabilities	334.33	-	-	357.29	-	-

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		
	31st March 2020	31st March 2019
Gross Debts	2,072.65	2,365.71
Less: Cash and Marketable Securities	(233.37)	(797.08)
Net Debt (A)	1,839.28	1,568.63
Total Equity (B)	2,901.82	2,560.64
Net Gearing ratio (A/B)	0.63	0.61

Dividends

Particulars		
	31st March 2020	31st March 2019
(i) Equity shares		
Final dividend for the year ended 31st March 2019 of ₹ 7 per fully paid share & Interim Dividend for 2019-20 @ ₹ 2.50 per Share paid during the year 2019-20	104.54	44.25
(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 ₹ 1 (31st March 2019 ₹ 7) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	17.42	60.98

Notes to the Financial Statements

for the year ended 31st March, 2020

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 an 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 2020

Maturities of non-derivative financial liabilities

(₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	324.19	-	-	324.19
Other financial liabilities	1,545.75	1,128.47	-	2,674.22
Total	1,869.94	1,128.47	-	2,998.41

Notes to the Financial Statements

for the year ended 31st March, 2020

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

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 report of even date

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

Milind Bhawe

Partner
M. No. 047973
Place: Mumbai
Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director
DIN: 00061003

Chetan Gandhi

Chief Financial Officer
ICAI M. No. 111481

Rashesh C. Gogri

Vice Chairman and Managing Director
DIN: 00066291

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

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"), which comprise the consolidated Balance Sheet as at March 31, 2020, 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, 2020, 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. Due to COVID-19 lockdown throughout the country since last week of March 2020, we have adopted alternative methodologies solutions in performing our audit procedures. 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 capitalisation, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results</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> <ul style="list-style-type: none"> 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. b) We have carried out substantive audit procedures at financial and assertion level to verify the capitalisation of asset as Property, Plant and Equipment. 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.

#	Audit Matters	Auditor's Response Audit Approach and Principal Audit Procedures
	Refer note 1 to financial statements	<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 capitalisation of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23</p>
2.	Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2	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:
	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>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>
	Refer note 4 to financial statements	<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>
3.	Valuation, Presentation and Disclosure pertaining to advances received for export commitments under long term contracts	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.
	The contracts entered into covers a span of 10 to 20 years. Estimated supplies which will happen over the period of contract at a later stage after the reporting date requires management to exercise its judgment. Based on the judgment the carrying value of the advance received, its fair presentation is critical	Our audit approach consisted substantive testing as follows:
	Refer note 13 to financial statements	<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>d) 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

We did not audit the financial statements / financial information of 12 subsidiaries, and, whose financial statements / financial information reflect total assets of ₹ 374.04 crores as at March 31, 2020, total revenues of ₹ 369.08 crores and net cash flows amounting to ₹ 13.92 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, 2020 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, 2020 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 26 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
FRN: 105215W/W100057

Milind Bhawe
Partner
M. No. 047973

Place: Mumbai
Date: May 25, 2020

UDIN :20047973AAAAABU4561

Annexure A to the Auditor's Report

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, 2020, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the 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, 2020, 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 twelve subsidiaries, of which ten 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
FRN: 105215W/W100057

Milind Bhawe
Partner

Place: Mumbai
Date: May 25, 2020

M. No. 047973
UDIN :20047973AAAABU4561

Consolidated Balance Sheet

as at 31st March, 2020

(₹ in Crs)			
Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	2,467.57	2,145.35
Capital Work-in-Progress	1	1,417.64	794.57
Goodwill	1	0.42	0.42
Other Intangible Assets	1	0.50	0.90
Financial Assets:			
Investments	2	37.01	33.16
Other Non-Current Assets	3	404.49	306.43
Total Non-Current Assets		4,327.63	3,280.83
Current Assets			
Inventories	4	835.68	771.79
Financial Assets:			
Trade Receivables	5	753.44	776.04
Cash and Cash Equivalents	6	247.29	804.20
Others Current Financial Assets	7	135.66	190.66
Other Current Assets	8	32.80	34.42
Total Current Assets		2,004.87	2,577.11
Total Assets		6,332.50	5,857.94
Equity and Liabilities			
Equity			
Equity Share Capital	9	87.12	43.33
Equity Share Capital pending allotment upon scheme of Arrangement	10	NIL	0.22
Other Equity	11	2,891.65	2,587.22
Non Controlling Interest		94.62	83.95
Total Equity		3,073.39	2,714.72
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	12	580.84	814.80
Other Non-Current Liabilities	13	550.89	203.24
Deferred Tax Liabilities (Net)	14	211.01	193.01
Total Non-Current Liabilities		1,342.74	1,211.05
Current Liabilities:			
Financial Liabilities			
Borrowings	15	1,229.67	1,290.83
Trade Payables due to:			
Micro and Small Enterprise		NIL	NIL
Other than Micro and Small Enterprise		345.16	279.28
Other Current Liabilities	16	301.63	319.64
Provisions	17	39.91	42.42
Total Current Liabilities		1,916.37	1,932.17
Total Liabilities		3,259.11	3,143.22
Total Equity and Liabilities		6,332.50	5,857.94
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our report of even date

For and on behalf of the Board

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

Milind Bhawe

Partner
M.No.047973
Place: Mumbai
Date: May 25, 2020

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

Chetan Gandhi

Chief Financial Officer
ICAI M. No. 111481

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

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2020

(₹ in Crs)			
Particulars	Note No.	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
REVENUE			
Gross Revenue from Operations	18	4,620.69	4,705.51
Less: GST Collected		434.38	537.95
Net Revenue from Operations		4,186.31	4,167.56
Other Income	19	8.84	2.10
Total Revenue		4,195.15	4,169.66
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	20	1,780.92	2,032.56
Purchases of Stock-in-Trade		274.65	183.47
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	21	0.75	(59.40)
Employee Benefits Expenses	22	305.22	242.82
Finance Costs	23	124.78	182.54
Depreciation and Amortisation Expenses	1	185.21	162.68
Other Expenses	24	847.44	803.02
Total Expenses		3,518.44	3,547.69
PROFIT BEFORE TAX		676.18	621.97
TAX EXPENSES			
Current Year Tax		118.13	136.65
Earlier Year Tax		0.38	(2.05)
MAT Credit Entitlement		(7.09)	(38.79)
Deferred Tax		18.00	21.99
Total Tax Expenses		129.42	117.80
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		546.76	504.17
Profit attributable to Non Controlling Interest		(10.68)	(12.44)
Share of Profit/(Loss) of Associates		NIL	NIL
PROFIT/(LOSS) FOR THE PERIOD		536.08	491.73
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of various Qualifying Items		(57.39)	5.26
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		478.69	496.99
EARNINGS PER EQUITY SHARE (EPS) (in ₹)			
Basic/Diluted		30.77	60.39
Basic/Diluted after considering issue of bonus equity shares		30.77	30.20
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-33		

As per our report of even date

For and on behalf of the Board

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

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Milind Bhawe
Partner
M.No.047973
Place: Mumbai
Date: May 25, 2020

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Consolidated Cash Flow Statement

for the year ended 31st March, 2020

		(₹ in Crs)	
Sr. No.	Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
A.	Cash Flow from Operating Activities:		
	Net Profit before Tax and Exceptional/Extraordinary Items	676.18	621.97
	Adjustments for:		
	Finance Costs	124.78	182.54
	Depreciation	185.21	162.68
	Consolidated Adjustments	(1.85)	0.67
	Loss on Sale of Assets	NIL	0.00
		984.32	967.86
	Profit on Sale of Investments/Assets	(8.49)	(1.69)
	Dividend Received from other Investments	(0.07)	(0.01)
	Lease Rent Received	(0.08)	(0.07)
	Operating Profit before Working Capital Changes	975.68	966.09
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(4.69)	(153.61)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	358.81	128.79
	(Increase)/Decrease in Inventories	(63.90)	(74.33)
	Cash Generated from Operations	1,265.90	866.94
	Direct Taxes Paid	(163.84)	(130.74)
	Net Cash Flow from Operating Activities (A)	1,102.06	736.20
B.	Cash Flow from Investing Activities:		
	Addition to Property, Plant & Equipment/Capital WIP	(1,153.29)	(793.61)
	Sale/Written off of Property, Plant & Equipment	27.79	2.60
	(Increase)/Decrease in Other Investments	(2.59)	(6.07)
	Dividend Received from Other Investments	0.07	0.01
	Profit on Sale of Investments	3.88	0.00
	Lease Rent Received	0.08	0.07
	Net Cash Flow from Investing Activities (B)	(1,124.06)	(797.00)
C.	Cash Flow from Financing Activities:		
	Proceeds of Long-Term Borrowings	74.10	241.65
	Repayment of Long-Term Borrowings	(316.09)	(201.94)
	Proceeds/(Repayment) of Other Borrowings	(61.16)	278.35
	Increase in Equity through QIP Allotment (Net of Expenses)	(0.60)	741.40
	Finance Costs	(124.78)	(182.54)
	Dividend Paid	(106.38)	(43.99)
	Net Cash Flow from Financing Activities (C)	(534.91)	832.93
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(556.91)	772.13
	Cash and Cash Equivalents (Opening Balance)	804.20	32.09
	Cash and Cash Equivalents (Opening Balance of Demerged Co.)	NIL	(0.02)
	Cash and Cash Equivalents (Closing Balance)	247.29	804.20

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

As per our report of even date

For and on behalf of the Board

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

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Milind Bhawe
Partner
M.No.047973
Place: Mumbai
Date: May 25, 2020

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

Statement of Changes in Equity

for the year ended 31st March, 2020

A. EQUITY SHARE CAPITAL

	(₹ in Crs)
As at 1st April, 2018	40.65
Changes in equity share capital during the year 2018-19	2.68
As at 31st March, 2019	43.33
Changes in equity share capital during the year 2019-20	43.79
As at 31st March, 2020	87.12

B. OTHER EQUITY

	(₹ in Crs)										
	Other Equity										
	Reserves and Surplus										
Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redemption Reserve	General Reserve	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings	Other Comprehensive Income	Total Other Equity
Balance as at 1st April, 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
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
Transfer to Other Reserves from Retained Earnings	-	-	-	(40.00)	94.65	-	-	-	(54.65)	-	NIL
Upon Bonus Shares issued	-	(1.56)	(42.00)	-	-	-	-	-	-	-	(43.56)
Dividend Paid	-	-	-	-	-	-	-	-	(108.24)	-	(108.24)
Tax on Dividend	-	-	-	-	-	-	-	-	(21.87)	-	(21.87)
Intergroup Dividend	-	-	-	-	-	-	-	-	1.86	-	1.86
Upon QIP Proceeds (net of Expenses)	-	-	(0.60)	-	-	-	-	-	-	-	(0.60)
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	(1.85)	-	(1.85)
Profit for the Period	-	-	-	-	-	-	-	-	536.08	-	536.08
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(57.39)	(57.39)
Balance as at 31st March, 2020	13.89	0.72	697.49	80.00	213.65	1.85	0.51	3.70	1,931.18	(51.34)	2,891.65

As per our report of even date

For and on behalf of the Board

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

Rajendra V. Gogri
Chairman and Managing Director
DIN: 00061003

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

Milind Bhawe
Partner
M.No.047973
Place: Mumbai
Date: May 25, 2020

Chetan Gandhi
Chief Financial Officer
ICAI M. No. 111481

Raj Sarraf
Company Secretary
ICSI M. NO. A15526

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 2020.

The principal activities of the Group, and its subsidiaries consists of manufacturing and dealing in Speciality Chemicals and Pharmaceuticals.

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%
(vii) Aarti Organics Limited	India	100.00%
(viii) Aarti Bharuch Limited	India	100.00%
(ix) Aarti Pharmachem Limited	India	100.00%
(x) Aarti Specchem Limited	India	100.00%
Foreign Subsidiary:		
(xi) Alchemie (Europe) Limited	United Kingdom	88.89%
(xii) 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, 2020.

(iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates, prevailing at the end of the year. In case of Fixed Assets, 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

Corporate Information and Significant Accounting Policies:

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:

- (i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.
- (iv) 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 conform 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 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
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 year
(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.

Corporate Information and Significant Accounting Policies:

(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) Lease:

The Company has adopted Ind AS 116. It has resulted into recognition of Lease Assets Right to Use with a corresponding Lease Liability in the Balance Sheet.

The Company, as a lessee, recognises a right to use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right to use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right to use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense.

(l) Deferred Revenue Expenditure:

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

(m) Income Taxes:

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(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.

Notes to the Financial Statements

for the year ended 31st March, 2020

1. Property, Plant and Equipment

F.Y. 2019-20		GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
Particulars	Balance as at 1st April, 2019	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2020	Balance as at 1st April, 2019	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2020	Balance as at 31st March, 2019
(i) Tangible Assets									
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42
Lease Hold Land	159.95	4.78	0.77	163.96	7.75	2.03	-	9.78	154.18
Lease Assets Right to Used	NIL	25.35	-	25.35	NIL	5.11	-	5.11	20.24
Residential Flat	0.00	-	-	0.00	0.00	-	-	0.00	0.00
Buildings	294.15	34.20	2.72	325.63	76.28	15.96	1.09	91.15	234.48
Plant and Equipment	2,713.77	414.40	49.90	3,078.27	1,030.14	150.64	29.35	1,151.43	1,926.84
R & D Assets	85.15	38.40	-	123.55	18.72	4.61	-	23.33	100.22
Furniture and Fixtures	34.62	7.86	0.34	42.14	23.25	3.85	0.34	26.76	15.38
Vehicles	29.67	5.22	1.24	33.65	19.23	2.60	0.99	20.84	12.81
Total (i)	3,320.99	530.21	54.97	3,796.23	1,175.63	184.80	31.77	1,328.66	2,467.57
(ii) Intangible Assets									
Process Development	21.96	-	-	21.96	21.06	0.40	-	21.46	0.50
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	40.81	39.49	0.40	NIL	39.89	0.92
Total (i+ii)	3,361.80	530.21	54.97	3,837.04	1,215.12	185.20	31.77	1,368.55	2,468.49
(iii) Capital Work-in-Progress								1,417.64	794.57

(₹ in Crs)

Notes to the Financial Statements

for the year ended 31st March, 2020

1. Property, Plant and Equipment

F.Y. 2018-19		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		₹ in Crs)
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, 2019	Balance as at 31st March, 2018
(i) Tangible Assets												
Free hold Land	3.68	-	-	-	3.68	0.26	-	-	-	0.26	3.42	3.42
Lease Hold Land	148.82	(1.98)	13.11	-	159.95	6.27	(0.36)	1.84	-	7.75	152.20	142.55
Residential Flat	0.00	-	-	-	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	217.87	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	1,580.42
R & D Assets	66.50	-	18.65	-	85.15	14.88	-	3.84	-	18.72	66.43	51.62
Furniture and Fixtures	31.37	(1.03)	4.28	-	34.62	20.91	(0.85)	3.19	-	23.25	11.37	10.46
Vehicles	26.15	(0.59)	4.11	-	29.67	17.59	(0.52)	2.16	-	19.23	10.44	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	1,996.17
(ii) Intangible Assets												
Process Development	21.96	-	-	-	21.96	20.66	-	0.40	-	21.06	0.90	1.30
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	NIL	40.81	39.09	NIL	0.40	NIL	39.49	1.32	1.72
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	1,997.89
(iii) Capital Work-in-Progress										794.57	436.23	

Notes to the Financial Statements

for the year ended 31st March, 2020

2. Non-Current Investments:

(₹ in Crs)

Name of the Company	No. of Shares/ Units	As at 31st March, 2020	No. of Shares/ Units	As at 31st March, 2019
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 Mandal 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	2.56	464,550	2.19
U.K.I.P. Co-Op. Soc. Limited	80	0.00	80	0.00
Aarti Ventures Limited	190,000	2.52	190,000	0.16
Tarapur Environment Protection Society	32,489	0.62	32,489	0.62
Derma Touch Inc.	125,000	8.98	125,000	7.53
Invatech	1,00,000	1.14	NIL	NIL
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	853	0.07	858	0.01
Bewakoof Brands Private Limited	4,033	5.15	4,033	2.17
Valiant Organic Limited	35,963	4.23	NIL	NIL
Amarjyot Chemical Limited	NIL	NIL	56,258	4.25
Polygamma Industries Private Limited	533,358	0.00	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	0.00
Aarti Biotech Limited	421,700	0.12	421,700	0.11
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	380,640	0.22	380,640	0.20
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		25.77		21.96
Investments - (Unquoted) Convertible Pref. Shares				
Deltecs Infotech Private Limited	750,000	0.26	750,000	0.26
Valiant Organics Limited	11,814	0.04	NIL	NIL
		0.30		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	3.67
		3.67		3.67
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		7.27
Total		37.01		33.16

Notes to the Financial Statements

for the year ended 31st March, 2020

3. Other Non-Current Assets

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Advances	171.91	109.58
Other Deposits	42.10	37.07
Advance Tax and Tax Deducted at Source (Net of Provisions)	190.48	159.78
Total	404.49	306.43

4. Inventories

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials and Components	251.84	220.46
Work-in-progress	208.44	214.07
Finished Goods	285.55	280.28
Stock-in-trade	0.85	1.25
Stores and spares	70.77	40.21
Fuel	14.53	11.40
Packing Materials	3.70	4.11
Total	835.68	771.79

5. Trade Receivables

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good	753.44	776.04
Total	753.44	776.04

6. Cash and Cash Equivalents

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	0.60	0.45
Bank balance in Current Accounts	66.47	85.09
Bank balance in Deposit Accounts	177.89	496.39
Earmarked Balances (QIP Proceeds in Liquid Mutual Funds)	NIL	220.22
Earmarked Balances (Unpaid Dividend Accounts)	2.33	2.05
Total	247.29	804.20

7. Other Current Financial Assets

(₹ in Crs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	118.53	107.67
Loans Given to:		
i) Employees	8.06	7.69
ii) Others	9.07	75.30
Total	135.66	190.66

Notes to the Financial Statements

for the year ended 31st March, 2020

8. Other Current Assets

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Others Receivables	5.09	4.63
Prepaid Expenses	13.50	13.42
Subsidy Receivable	10.32	12.59
Insurance Claim Receivable	3.89	3.78
Total	32.80	34.42

9. Equity Share Capital

Particulars	No. of Shares	(₹ in Crs)	
		As at 31st March, 2020	As at 31st March, 2019
Authorised Share Capital			
Equity Shares of ₹ 5/- each	230,150,320	115.08	115.08
Issued, Subscribed & Paid up			
Equity Shares of ₹ 5/- each fully paid up	174,234,474	87.12	43.33
Total		87.12	43.33

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2020:

Particulars	No. of Shares outstanding	
	As at 31st March, 2020	As at 31st March, 2019
Equity Shares at the beginning of the year	86,668,647	81,300,000
Add: Shares issued during the year	87,565,827	5,368,647
Less: Shares buy-back during the year	NIL	NIL
Equity Shares at the end of the year	174,234,474	86,668,647

9.2 Details of shareholders holding more than 5% shares

Name of the Shareholders	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	13,828,976	7.94	7,136,819	8.23

9.3 The details of Equity Shares outstanding during last 5 years

Particulars	Financial Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
No. of Equity Shares outstanding	174,234,474	86,668,647	81,300,000	82,120,383	83,320,383

(Refer Note No. 9.4)

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

- [a] During the year 2019-20 8,71,17,237 shares are issued as Bonus Shares in the ratio of 1:1 equity share of ₹. 5 each
- [b] During the year 2019-20, 448,590 Shares were 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.

Notes to the Financial Statements

for the year ended 31st March, 2020

- [c] 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.
- [d] During the year 2017-18 820,383 shares were brought back at a premium of ₹ 1,195/-.
- [e] During the year 2016-17 1,200,000 shares were brought back at a premium of ₹ 795/-.
- [f] During the year 2015-16 5,271,304 share of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amalgamation 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, 2020	As at 31st March, 2019
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.	NIL	0.22
Total	NIL	0.22

11. Other Equity

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
a. Capital Reserves		
Opening Balance	13.89	13.76
Addition		
Pursuant to the Scheme of Arrangement	NIL	0.13
Deduction		
Closing Balance	13.89	13.89
b. Capital Redemption Reserve		
Opening Balance	2.28	2.28
Addition		
Deduction: upon issue of Bonus Shares	1.56	NIL
Closing Balance	0.72	2.28
c. Securities Premium Account		
Opening Balance	740.09	1.37
Addition: Upon QIP Allotment	NIL	747.32
Deduction: Upon QIP Expenses	0.60	8.60
Deduction: Upon issue of Bonus Shares	42.00	NIL
Closing Balance	697.49	740.09
d. Debenture Redemption Reserve		
Opening Balance	120.00	120.00
Addition		
Deduction: Transferred to General Reserve	40.00	NIL
Closing Balance	80.00	120.00
e. RBI Reserve U/s 45 (IC)		
Opening Balance	3.70	3.46
Addition: Transferred from Profit & Loss Account	NIL	0.24
Deduction		
Closing Balance	3.70	3.70

Notes to the Financial Statements

for the year ended 31st March, 2020

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
f. General Reserve		
Opening Balance	119.00	66.54
Addition:		
Pursuant to the Scheme of Arrangement	NIL	2.96
Transferred from Debenture Redemption Reserve	40.00	NIL
Transferred from Profit & Loss Account	54.65	49.50
Deduction:		
NIL	NIL	NIL
Closing Balance	213.65	119.00
g. Profit and Loss Account		
Opening balance	1,579.85	1,302.32
Addition:		
Net Profit/(Loss) for the year	536.08	491.73
Deduction:		
Dividend Paid on Equity Shares	108.24	47.38
Tax on Dividend	21.87	9.23
Pursuant to the Scheme of Arrangement	NIL	111.91
Foreign Exchange Difference on Translation	1.85	(0.67)
Intergroup Dividend	(1.86)	(3.39)
Transferred to Reserves	54.65	49.74
Closing Balance	1,931.18	1,579.85
h. Other Reserves		
Revaluation Reserve	0.51	0.51
Forfeiture Reserve	1.85	1.85
Closing Balance	2.36	2.36
i. Other Comprehensive Income		
Opening Balance	6.05	25.68
Pursuant to the Scheme of Arrangement	NIL	(24.50)
OCI for the year	(57.39)	4.87
Closing Balance	(51.34)	6.05
Total	2,891.65	2,587.22

12. Non-Current Borrowings

(₹ in Crs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	0.45	80.00	80.45	40.00
(b) ECB/Term loans from Banks/Financial Institutions	578.31	202.57	731.77	254.56
(c) Vehicle Loans from Banks/Financial Institutions	2.08	1.08	2.58	0.89
Total	580.84	283.65	814.80	295.45

13. Other Non Current Liabilities:

(₹ in Crs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Long Term Advances for Exports received from Customer	529.69	203.24
Lease Liabilities Account	21.20	NIL
Total	550.89	203.24

Notes to the Financial Statements

for the year ended 31st March, 2020

The Company has received advances of ₹ 529.69 Crs. (previous year ₹ 203.24 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 ₹ 227.01 Crs. (previous year ₹ 138.30 Crs) in favour of the customer.

14. Deferred Tax Liabilities (Net)

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities	193.01	177.41
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	21.30	24.92
Deferred Tax Assets		
Items allowed for tax purpose on payment	(3.31)	(2.20)
Deferred Tax Liabilities (Net)	211.01	193.01

15. Short-Term Borrowings

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Secured		
Working Capital Loan From Banks	1,205.07	1,220.29
	1,205.07	1,220.29
Unsecured		
From Banks	23.20	69.23
From Other	1.40	1.31
	24.60	70.54
Total	1,229.67	1,290.83

16. Other Current Liabilities

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Current maturities of Long-Term Debt	286.32	294.56
Current maturities of Vehicle Loan	1.11	0.89
Interest accrued but not due on borrowings	7.57	11.31
Unpaid Dividends	2.33	2.05
Deposits	0.09	0.11
Sales Tax Deferred Liability	0.15	0.15
Other Current Liabilities & Taxes	4.07	10.57
Total	301.63	319.64

Notes to the Financial Statements

for the year ended 31st March, 2020

17. Short-Term Provisions

Particulars	(₹ in Crs)	
	As at 31st March, 2020	As at 31st March, 2019
Provision for		
Employees' Benefits	38.78	41.31
Others	1.13	1.11
Total	39.91	42.42

18. Revenue From Operations

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Sale of Products	4,539.63	4,659.49
Other Operating Revenues (Refer Note No. 18.1)	81.06	46.02
Gross Revenue Operations	4,620.69	4,705.51
Less: GST Taxes Collected	434.38	537.95
Net Revenue Operations	4,186.31	4,167.56

18.1 Other Operating Revenues

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Fertilizers Subsidy Received	12.29	15.41
Export Benefits/Incentives	58.73	18.84
Scrap Sales	9.65	7.76
Other Operating Income	NIL	4.01
Vat Refund Received	0.38	NIL
Total	81.06	46.02

19. Other Income

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Dividend Received	0.07	0.01
Profit on Sale of Assets/Investment	8.49	1.69
Lease Rent Income	0.08	0.07
Other Income	0.19	0.33
Total	8.84	2.10

Notes to the Financial Statements

for the year ended 31st March, 2020

20. Cost of Materials Consumed

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Consumption of Raw Materials	1,481.64	1,723.56
Consumption of Packing Materials	38.01	41.50
Consumption of Fuel	170.58	187.22
Consumption of Stores & Spares	90.69	80.28
Total	1,780.92	2,032.56

21. Change in Inventory

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Opening Stock		
Finished Goods	281.53	248.15
Work-in-Progress	214.07	203.00
HPC Segment Opening Stock	NIL	(14.95)
Total (A)	495.60	436.20
Closing Stock		
Finished Goods	286.40	281.53
Work-in-Progress	208.44	214.07
Total (B)	494.84	495.60
Total (A-B)	0.76	(59.40)

22. Employee Benefits

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Salaries, Wages & Bonus	266.83	214.11
Contribution to PF and other Funds	19.73	11.78
Workmen & Staff Welfare Expenses	18.66	16.93
Total	305.22	242.82

23. Finance Cost

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Interest on NCD's	10.36	15.09
Other Interest Expenses	104.99	159.81
Other Borrowing Costs	9.43	7.64
Total	124.78	182.54

Notes to the Financial Statements

for the year ended 31st March, 2020

24. Other Expenses

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Manufacturing Expenses:		
Freight, Cartage & Transport	118.40	108.14
Power	114.09	102.84
Water Charges	12.64	11.82
Processing Charges	45.28	45.40
Other Manufacturing Expenses	129.94	116.08
Repairs & Maintenance	111.78	98.92
Insurance Charges	6.13	3.79
Research & Development Expenses	27.01	21.87
Factory Administrative Expenses	47.64	36.02
Total (A)	612.91	544.88
Office Administrative Expenses:		
Rent, Rates and Taxes	2.61	2.18
Travelling and Conveyance	7.51	7.07
Auditor's Remuneration (Refer Note No. 24.1)	0.48	0.41
Legal & Professional Charges	12.85	13.62
Postage, Telegraph & Telephone	0.77	0.87
Printing & Stationery Expenses	0.88	0.95
Other Administrative Expenses	11.93	10.77
Total (B)	37.04	35.87
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	6.05	5.83
Export Freight Expenses	62.63	67.51
Freight and Forwarding Expenses	91.27	109.40
Commission	10.18	8.68
Export Insurance Charges	1.92	2.36
Sample Testing & Analysis Charges	1.16	1.39
Lease Rent Paid	10.97	10.83
Other Expenses	0.09	0.10
Bad Debts Written Off & Provision for Doubtful Debts	1.97	5.00
Sales Tax & Other Dues Paid	0.13	NIL
Sundry Balance Written Off/(Back)	(0.02)	0.55
Total (C)	186.35	211.65
Non-Operating Expenses:		
Donations and CSR Expenses	11.14	10.62
Total (D)	11.14	10.62
Total (A+B+C+D)	847.44	803.02

24.1 Auditor's Remuneration

Particulars	(₹ in Crs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Audit Fees	0.37	0.34
Certification Charges	0.05	0.06
Out of Pocket Expenses	0.01	0.01
Total	0.43	0.41

Notes to the Financial Statements

for the year ended 31st March, 2020

25. Earning Per Share (EPS)

Particulars		For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Net Profit after Tax	(₹ in Crs)	546.76	504.17
Profit attributable to Minority Interest	(₹ in Crs)	(10.68)	(12.44)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs)	536.08	491.73
No. of Equity Shares	(Nos.)	174,234,474	86,668,647
Basic & Diluted EPS	(₹)	30.77	60.39
Basic/Diluted after considering issue of Bonus Equity Shares	(₹)	30.77	30.20
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.

26. Contingent Liabilities and Commitments

(to the extent not provided for)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(₹ in Crs)		
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	67.65	75.23
(b) Letters of Credit, Bank Guarantees & Bills Discounted	296.80	113.00
	364.45	188.23
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	203.91	218.49
	203.91	218.49
Total	568.36	406.72

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

Notes to the Financial Statements

for the year ended 31st March, 2020

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. Late. 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

		(₹ in Crs)	
(A)	Details relating to parties referred to in items I above.	Year	Other related Enterprises/Firms
1	Sales of Finished Goods/Sales Income	CY	78.30
		PY	39.65
2	Purchases of Raw Materials/Finished Goods	CY	21.18
		PY	14.97
3	Other Manufacturing Expenses	CY	0.74
		PY	4.15
4	Rent paid	CY	0.02
		PY	0.12
5	Sale of Fixed Assets	CY	20.06
		PY	-
6	Purchase of Fixed Assets	CY	-
		PY	11.10
7	Outstanding items pertaining to the related parties at the balance -	CY	29.68
	- sheet date Receivable/(Payable)	PY	6.43

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

		(₹ in Crs)	
Particulars	Financial Year 2019-20	Financial Year 2018-19	
a. Remuneration including perquisites#	6.29	10.76	
b. Commission to Directors/KMPs	19.10	14.73	
c. Sitting Fees	0.01	0.03	
d. Rent paid	1.07	1.12	
e. Travelling Expenses	0.53	0.76	
f. Telephone Expenses	0.05	0.05	
Total	27.05	27.45	

* 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).

Notes to the Financial Statements

for the year ended 31st March, 2020

28. Segment Reporting

		(₹ in Crs)	
Sr. No.	Particulars	Financial Year 2019-20	Financial Year 2018-19
(A)	Primary Segments: Business Segments		
1	Segment Revenue:		
	a) Speciality Chemicals	3,864.95	3,979.70
	b) Pharmaceuticals	755.74	725.81
	Total Revenue (Gross)	4,620.69	4,705.51
	Less: GST Taxes Collected	434.38	537.95
	Total Revenue (Net)	4,186.31	4,167.56
2	Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	814.11	819.57
	b) Pharmaceuticals	137.46	112.68
	Total (A)	951.57	932.25
	Less: Interest	124.78	182.54
	Other Unallocable Expenditure (Net)	150.61	127.74
	Total (B)	275.39	310.28
	Total Profit before Tax (A-B)	676.18	621.97
3	Segment Assets:		
	a) Speciality Chemicals	4,766.25	3,759.66
	b) Pharmaceuticals	958.60	940.71
	c) Unallocated Capital	360.37	323.37
	Total	6,085.22	5,023.74
	Segment Liabilities:		
	a) Speciality Chemicals	1,139.96	719.29
	b) Pharmaceuticals	97.64	95.30
	c) Unallocated Capital	211.01	193.01
	Total	1,448.61	1,007.60
(B)	Secondary Segments: Geographical Segments (Gross)		
	a) India	2,655.17	2,728.63
	b) Out of India	1,965.52	1,976.88
	Total	4,620.69	4,705.51

Note:

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

Notes to the Financial Statements

for the year ended 31st March, 2020

29. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Particulars	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(₹ in Crs)	As % of Consolidated net assets	(₹ in Crs)
Parent				
Aarti Industries Limited	97.42%	2,901.82	97.63%	523.35
Subsidiaries				
Alchemie (Europe) Limited	0.05%	1.37	0.28%	1.48
Aarti USA Inc.	(0.04%)	(1.33)	0.04%	0.24
Aarti Corporate Services Limited	0.60%	17.84	0.00%	(0.01)
Ganesh Polychem Limited	5.41%	161.02	4.00%	21.45
Innovative Envirocare Jhagadia Limited	0.01%	0.18	0.00%	0.00
Nascent Chemical Industries Limited	0.04%	1.21	0.00%	(0.02)
Shanti Intermediates Private Limited	0.01%	0.28	(0.02%)	(0.12)
Aarti Polychem Private Limited	0.00%	0.00	0.00%	0.00
Aarti Organics Limited	0.01%	0.23	0.00%	(0.02)
Aarti Bharuch Limited	0.01%	0.23	0.00%	(0.02)
Aarti Pharmachem Limited	0.01%	0.23	0.00%	(0.02)
Aarti Spechem Limited	0.01%	0.23	0.00%	(0.02)
Non Controlling Interest in all Subsidiaries	(3.18%)	(94.62)	(1.99%)	(10.68)
Inter Company Elimination & Consolidation Adjustment	(0.33%)	(9.92)	0.09%	0.47
Total	100.00%	2,978.77	100.00%	536.08

30. Fair Value Measurements

Financial instruments by category

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	22.14	-	-	24.07	-	-
Trade Receivables	753.44	-	-	776.04	-	-
Cash and Cash Equivalents	247.29	-	-	804.20	-	-
Other Financial Assets	382.47	-	-	371.73	-	-
At FVTOCI						
Investments	14.87	4.23	10.64	9.09	-	9.09
Financial Liabilities						
At Amortised Cost						
Borrowings	1,810.51	-	-	2,105.63	-	-
Trade Payables	345.16	-	-	279.28	-	-
Other Non-current Liabilities	550.89	-	-	203.24	-	-
Other Current Financial Liabilities	341.54	-	-	362.06	-	-

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.

Notes to the Financial Statements

for the year ended 31st March, 2020

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.

(₹ in Crs)		
Particulars	31st March 2020	31st March 2019
Gross Debts	2,094.16	2,401.08
Less: Cash and Marketable Securities	(247.29)	(804.20)
Net Debt (A)	1,846.87	1,596.88
Total Equity (B)	3,073.39	2,714.71
Net Gearing ratio (A/B)	0.60	0.59

Dividends

(₹ in Crs)		
Particulars	31st March 2020	31st March 2019
(i) Equity shares		
Final dividend for the year ended 31st March 2019 of ₹ 7 per fully paid share & Interim Dividend for 2019-20 @ ₹ 2.50 per Share paid during the year 2019-20	104.54	44.25
(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 ₹ 1 (31st March 2019 ₹ 7) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	17.42	60.98

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 AIL.

Notes to the Financial Statements

for the year ended 31st March, 2020

Credit risk management

To manage the credit risk, the Company follows an adequate credit control policy and also has an external credit insurance cover with ECGC policy 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 2020

Maturities of non-derivative financial liabilities

(₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	345.16	-	-	345.16
Other financial liabilities	1,571.21	1,131.73	-	2,702.94
Total	1,916.37	1,131.73	-	3,048.10

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

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.

Notes to the Financial Statements

for the year ended 31st March, 2020

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 report of even date

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

Milind Bhawe

Partner

M.No.047973

Place: Mumbai

Date: May 25, 2020

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director

DIN: 00061003

Chetan Gandhi

Chief Financial Officer

ICAI M. No. 111481

Rashesh C. Gogri

Vice Chairman and Managing Director

DIN:00066291

Raj Sarraf

Company Secretary

ICSI M. NO. A15526



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 Seventh Annual General Meeting of the Members of **AARTI INDUSTRIES LIMITED** will be held on Monday, the **21st** day of **September, 2020 at 11:00 a.m. IST** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2020 together with the Reports of the Auditors and the Board of Directors' thereon.
2. To declare the final dividend @ 20% i.e. ₹ 1/- (Rupee One Only) per Equity Share for the financial year ended March 31, 2020.
3. To appoint a Director in place of Shri Kirit R. Mehta (DIN: 00051703), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Manoj M. Chheda (DIN:00022699), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

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 the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Narendra Salvi (DIN:00299202), who was nominated and appointed by the Board of Directors as an Additional Director in the category of Executive Director of the Company with effect from April 01, 2020 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom, the appointment has been recommended by the Nomination and Remuneration Committee of the Company, be and is hereby appointed as a Director of the Company.

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."

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

"RESOLVED THAT pursuant to provisions of sections 196, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Schedule V of the Companies Act, 2013, approval of the Company be and is hereby accorded to the appointment of Shri Narendra Salvi (DIN:00299202), as the Whole-time Director, designated as Executive Director of the Company, for a period of five years effective from April 01, 2020 to March 31, 2025 upon terms and conditions including remuneration payable to him as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed between the Board and Shri Narendra Salvi.

RESOLVED FURTHER THAT the remuneration payable to Shri Narendra Salvi, shall not exceed the overall ceiling of the total managerial remuneration as provided under section 197 and Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT Shri Narendra Salvi, Whole-time Director be entrusted with such powers to perform such duties as may from time to time be delegated / entrusted to him subject to the supervision and control of the Board.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel of the Company be and hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to provisions of sections 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, and in accordance with the 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 revision in the terms of appointment (Remuneration and Tenure) of executive directors shown hereunder with effect from April 1, 2020

Name of Directors	Remuneration (₹ in Lakhs)	Terms of Office Valid until
Shri Rajendra V. Gogri (CMD)	84.00	June 30, 2022
Shri Rashesh C. Gogri (VC & MD)	84.00	June 08, 2022
Shri Parimal H. Desai (WTD)	72.00	February 09, 2026
Shri Manoj M. Chheda (WTD)	72.00	November 24, 2023
Smt. Hetal Gogri Gala (WTD)	72.00	October 31, 2021
Shri Kirit R. Mehta (WTD)	51.00	September 17, 2025
Shri Renil R. Gogri (WTD)	61.00	August 15, 2022
Shri Narendra Salvi (WTD)	72.00	March 31, 2025

@ Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, and taxable value of Car perquisite.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee of the Board of Directors of the Company be and is hereby authorised to determine the manner in which Commission, up to 3% of the Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013, that can be paid cumulatively to all the Executive Directors in addition to Salary and Perquisites payable to them.

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."

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

"RESOLVED THAT pursuant to Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 5,00,000/- (Rupees Five Lakh only) per annum plus Tax as applicable and reimbursement of out of pocket expenses to be paid to Smt. 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 the Financial Year 2020-21 be and 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.

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

"RESOLVED THAT pursuant to the provisions of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, and subject to necessary approvals from the Stock Exchanges and other appropriate statutory authorities as may be necessary, the consent of the members be and is hereby accorded to reclassify the following person(s) (hereinafter individually and jointly referred to as the 'applicants') from "Promoter and Promoter Group" category to "Public" category –

Name(s) of Shareholders seeking reclassification from 'Promoter/ Promoter Group' to 'Public'			
Sr. No.	First Holder	Second Holder	Number of Shares Held at the time of intimation for re-classification
1	Dilip Tejshi Dedhia	Nimesh Dilip Dedhia	92,000
2	Bhavesh B Mehta	-	3,43,280
3	Bhavesh Bachubhai Mehta	Alka Bhavesh Mehta	1,71,512
	Total		6,06,792
			0.35

RESOLVED FURTHER THAT Shri Rajendra V. Gogri, Chairman and Managing Director, Shri Rashesh C. Gogri, Vice Chairman and Managing Director and Shri Raj Sarraf, Company Secretary of the Company, be and are hereby severally authorised to intimate, and make necessary

application to the stock exchanges within the permitted time, and to do all such acts and deeds as may be necessary 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 180 (1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, or any other law for the time being in force, as amended from time to time, consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee constituted or to be constituted to exercise the powers including its powers conferred under this resolution) to create such mortgage, pledge, charge, Lien, hypothecation, encumbrances and / or other security interest, transfer, sell and/or otherwise dispose of all or any part of the immoveable /moveable properties/ undertaking of the Company wherever situated, present and future, and in such manner as the Board may deem fit, in favour of any person including but not limited to Banks / financial institution, other investing agencies and trustees for holders of debentures / bonds/ other instruments to secure borrowings of the Company (or any of the subsidiary or associate or group companies of the Company) availed / to be availed by the Company (or by any of the subsidiary or associate or group companies of the Company) or obtaining any other financial assistance together with interest, costs, charges, expenses and any other monies payable by the Company up to a sum not exceeding ₹3,500 Crores/- (Rupees Three Thousand Five Hundred Crores only) in aggregate at any point of time.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorized to arrange and finalise the terms and conditions of all such monies to be borrowed from time to time and to do all such acts, matter, deeds and things as may be necessary or expedient for implementing and for giving effect to the above resolution in the best interest of the Company.

Registered Office:

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

By order of the Board

Sd/-

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

Date : May 25, 2020

Notice:

1. In view of the restrictions placed due to Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') allowed to hold the Annual General Meeting (AGM) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ('Act'), Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The deemed venue for the 37th AGM shall be the Registered Office of the Company.
2. In terms of the MCA Circulars, the physical attendance of Members has been dispensed with and there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) attending the meeting through VC / OAVM are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorisation etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the Scrutiniser by email through its registered email address to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in.
4. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be made within Statutory time line 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 **Friday, September 11, 2020**.
 - 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 **Friday, September 11, 2020**.
5. The Company has transferred unclaimed amounts of Final Dividend, for the year 2010-11 and 1st Interim Dividend for the year 2011-12 and 2nd Interim Dividend 2011-12 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.
6. The Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 36th Annual General Meeting (AGM) held on Monday September 16, 2019, 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.
7. 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".
8. Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time ('IEPF Rules'), which inter alia requires the Company to transfer the equity shares, on which the dividend has remained unpaid or unclaimed for a continuous period of seven years, to IEPF. The said Shares, once transferred to IEPF can be claimed after following due procedure prescribed under the IEPF Rules.
9. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. Members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their email addresses to the M/s. Link Intime India Private Limited sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aarti-industries.com.
10. 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 dematerialised form with the depositories. With the proposed change coming into effect from April 1, 2019, Equity Shares of the Company eligible for transfer only in Dematerialised form. Therefore, the Shareholders are requested to take action to dematerialise the Equity Shares of the Company, promptly.

11. In terms of Section 72 of the Companies Act, 2013, Nomination facility is made available to individual shareholders holding shares in the physical form. The shareholders who are desirous of availing this facility, may kindly write to RTA of the Company, M/s. Link Intime India Private Limited, Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Gujarat – 396195.

12. 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.

13. Members holding shares in dematerialised form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit 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.

14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.aarti-industries.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL, www.evoting.nsdl.com.

15. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at item nos. 5 to 10 above is annexed hereto and forms part of the Notice.

16. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM and through electronic means. Members can request the same by sending an email to investorrelations@aarti-industries.com till the date of the AGM.

17. Members seeking any information with regards to accounts or any matters to be placed at the AGM, are requested to write to the Company in advance through email at investorrelations@aarti-industries.com. The same will be replied by the Company suitably.

18. Voting through Electronic Means :

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.

The Members, whose names appear in the Register of Members /list of Beneficial Owners as on **Monday, September 14, 2020** are entitled to vote on the Resolutions, set forth in this Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of **Monday, September 14, 2020**.

Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, i.e. **Monday, September 14, 2020** may obtain the login ID and password by sending a request at rnt.helpdesk@linkintime.co.in or evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at 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 forty eight 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.

The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

I. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Friday, September 18, 2020 at 9:00 a.m. (IST) and ends on Sunday, September 20, 2020 at 5:00 p.m.(IST). Those members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

The instructions for shareholders voting electronically are as under:

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:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

- b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

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. 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.

2. 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 or can contact NSDL on evoting@nsdl.co.in or contact Further, please find below details of NSDL officials for queries.

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

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

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

1. Members will be able to attend the AGM through VC / OAVM at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. The link for VC/OAVM will be available in shareholder/ members login where the EVEN of Company will be displayed.
2. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
3. Members are encouraged to join the AGM through Laptops for better experience.
4. Members connecting from mobile devices or tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990. Further, please find below details of NSDL officials for queries. Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at amitv@nsdl.co.in / Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.co.in.
7. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at investorrelations@aarti-industries.com atleast 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
8. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied by the Company suitably.

III. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

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

Registered Office:

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

By order of the Board

Sd/-

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

Date : May 25, 2020

Annexure to the Notice

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

ITEM NOS. 5 & 6

The Board in its meeting held on February 12, 2020, on the recommendation of the Nomination and Remuneration Committee had appointed Shri Narendra Salvi as an Additional Director and also as Whole – Time Director, designated as Executive Director of the Company effective from April 01, 2020.

Pursuant to the provisions of Section 161 of the Act, Shri Narendra Salvi shall hold office up to the date of the ensuing Annual General Meeting ("AGM") and is eligible to be appointed as a Director of the Company.

Shri Narendra Salvi is a Master of Science (Organic Chemistry) with over 33 years of Experience. He has been associated with the Company since January, 2001 and is presently responsible for Quality System, Projects and Operations of Pharma Division of the Company. He is also a member of 'Risk Management Committee of the Company and holds Directorship in Aarti Pharmachem Limited, a wholly owned Subsidiary of Aarti Industries Limited.

The Nomination and Remuneration Committee and the Board has considered and approved the appointment of Shri Narendra Salvi and recommends his appointment as Director & Whole-time Director of the Company for a term of 5 years effective from April 01, 2020.

Shri Narendra Salvi shall be entitled for a remuneration of ₹ 72 Lakhs per annum and share in the overall Commission payable to the Executive Directors as decided by the Nomination and Remuneration Committee of the Board within 3% of the Net Profit. The office of Shri Narendra Salvi shall be liable to retire by rotation.

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

Except for Shri Narendra Salvi, None of the Directors, Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 7

The Nomination and Remuneration Committee of the Board in its meeting held on May 23, 2020, has evaluated performance of the executive directors and in accordance with Company's performance and Industry norms, recommended revision

in the terms of appointment (Remuneration and Tenure) as stated in the table below:

Name of Directors	Remuneration (₹ in Lakhs)	Terms of Office Valid until
Shri Rajendra V. Gogri (CMD)	84.00	June 30, 2022
Shri Rashesh C. Gogri (VC & MD)	84.00	June 08, 2022
Shri Parimal H. Desai (WTD)	72.00	February 09, 2026
Shri Manoj M. Chheda (WTD)	72.00	November 24, 2023
Smt. Hetal Gogri Gala (WTD)	72.00	October 31, 2021
Shri Kirit R. Mehta (WTD)	51.00	September 17, 2025
Shri Renil R. Gogri (WTD)	61.00	August 15, 2022
Shri Narendra Salvi (WTD)	72.00	March 31, 2025

® Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, and taxable value of Car perquisite.

The respective Agreements made with each one of them as approved /amended from time to time shall stand amended and construed accordingly. All other terms and conditions remain unchanged.

The Principal and Supplemental Agreement(s) are available for inspection at the registered office of the Company on any working day between 11:00 a.m. to 1:00 p.m. up to the date of Annual General Meeting.

In line with the regulatory requirements, subject to approval of the members, revised remuneration shall be effective from April 1, 2020.

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

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

ITEM NO. 8

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 2020-21 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 25, 2020 at a remuneration of ₹ 5,00,000/- per

annum plus taxes as applicable. Smt. Ketki Damji Visariya has confirmed of her eligibility for appointment as Cost Auditor..

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders. Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

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

Item No. 9

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations, 2015"), as amended from time to time, has provided a regulatory mechanism for re-classification of Promoters as Public Shareholder subject to fulfilment of conditions provided therein.

The Company had received a letter from the all the applicants mentioned in the resolution requesting re-classification from the category of "Promoters / Promoter Group" to "Public Category":

In view of application received from the applicants mentioned in the resolution and in consideration with the proper compliance of Regulation 31A of the Listing Regulations, 2015, the Board of Directors of the Company at its meeting held on May 25, 2020, has considered and approved the application of re-classification from Promoter / Promoter Group Category subject to approval by the members, Stock Exchange or any other regulatory body as may require.

The applicants have confirmed that they comply with the requirements of Regulation 31A(3)(b) of the SEBI Listing Regulations, 2015 as below -

- i) They, together do not hold more than ten percent of the total Voting Rights in the Company;
- ii) They do not exercise control over the affairs of the Company directly or indirectly;
- iii) They do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- iv) They do not represent on the board of directors (including not having a nominee director) of the Company;

v) They do not act as a key managerial person in the Company;

vi) They are not 'wilful defaulters' as per the Reserve Bank of India Guidelines;

vii) They are not fugitive economic offenders.

Further, applicants have confirmed that subsequent to reclassification, they would continue to comply with the requirements as mentioned in Regulation 31A(4) of the SEBI Listing Regulations, 2015

Further, as per Rule 19A of the Securities Contracts (Regulation) Rules, 1957, the public shareholding as on date of the notice fulfils the minimum public shareholding requirement of at least 25% shareholding and the proposed reclassification is not intended to increase the Public Shareholding to achieve compliance with the minimum public shareholding requirement.

Your Directors recommend the passing of the Resolution as an Ordinary Resolution.

None of the Directors /Key Managerial Personnel or relatives of any of the Directors/ Key Managerial Personnel of your Company are in any way concerned or interested in the resolutions set out in the notice. Your Directors recommend the resolutions set out in the notice for your approval.

Item No. 10

In accordance with the provisions of Section 180(1)(a) of the Companies Act, 2013 the power to create mortgage, pledge, charge, Lien, hypothecation, encumbrances and / or other security interest, transfer, sell and/or otherwise dispose of all or any part of the immoveable /moveable properties of the Company/ whole or substantially the whole of the undertaking of the company wherever situated, present and future can be exercised by the Board of Directors with the consent of the company by a Special Resolution.

The Board is of the view that the in order to further expand the business activities of the Company and for meeting the expenses for capital expenditure, the Company (or any of the subsidiary or associate or group companies of the Company) may be further required to borrow money, either secured or unsecured, from the banks/financial institutions/other body corporate, from time to time, and to create pledge, charge, Lien, hypothecation, encumbrances and / or other security interest, transfer, sell and/or otherwise dispose of all or any part of the immoveable /moveable properties of the Company/ whole or substantially the whole of the undertaking. Accordingly, the consent of the Members is sought by way of Special Resolution

to authorise the Board of Directors to create pledge, charge, Lein, hypothecation, encumbrances and / or other security interest, transfer, sell and/or otherwise dispose of all or any part of the immoveable /moveable properties of the Company/ whole or substantially the whole of the undertaking.

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

Your Directors recommend the passing of the Resolution as Special Resolution.

Registered Office:

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

By order of the Board

Sd/-

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

Date : May 25, 2020

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

PARTICULARS	KIRIT MEHTA	MANOJ CHHEDA	NARENDRA SALVI
Date of Birth and Age	August 2, 1948 (69 years)	October 23, 1962 (57 years)	August 16, 1964 (56 years)
Appointed on	September 18, 2000	November 25, 1993	April 1, 2020
Qualifications	B.Com	B.Com	M.Sc.
Experience and Expertise in Specific functional areas	He has been a Whole-time Director of the Company since September, 2000. He has over 32 years of experience in the Chemical industry	He has been a Whole - time Director of the Company since November, 1993. He has wide experience of close to 30 years in purchase and marketing of Chemicals.	He has an experience of 33 years and is associated with the Company since January 2001. He is presently responsible for Quality System, Projects and Operations of the Pharma Division.
Directorships held in Public Companies other than Aarti Industries Limited	- Sarigam Waste and Effluent Management Company Limited - Innovative Envirocare Jhagadia Limited	Aarti Corporate Services Limited	Aarti Pharmachem Limited
No. of Shares held in the Company as on March 31, 2020	63,822	18,54,426	36,308

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.

Notes

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