Aarti Drugs Ltd.

THE CHEMISTRY OF SUSTAINED RELATIONSHIPS



ANNUAL REPORT 2017-18



“Environment safety is our prime motto”

Forward-looking statements:

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

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Corporate Identity

Aarti Drugs Limited was established in the year 1984 and forms part of 790 Million Aarti Group of Industries with robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and Specialty Chemicals with its wholly-owned subsidiary- Pinnacle Life Science Private Limited. Products under APIs includes Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.

“The Chemistry of Sustained Relationships”

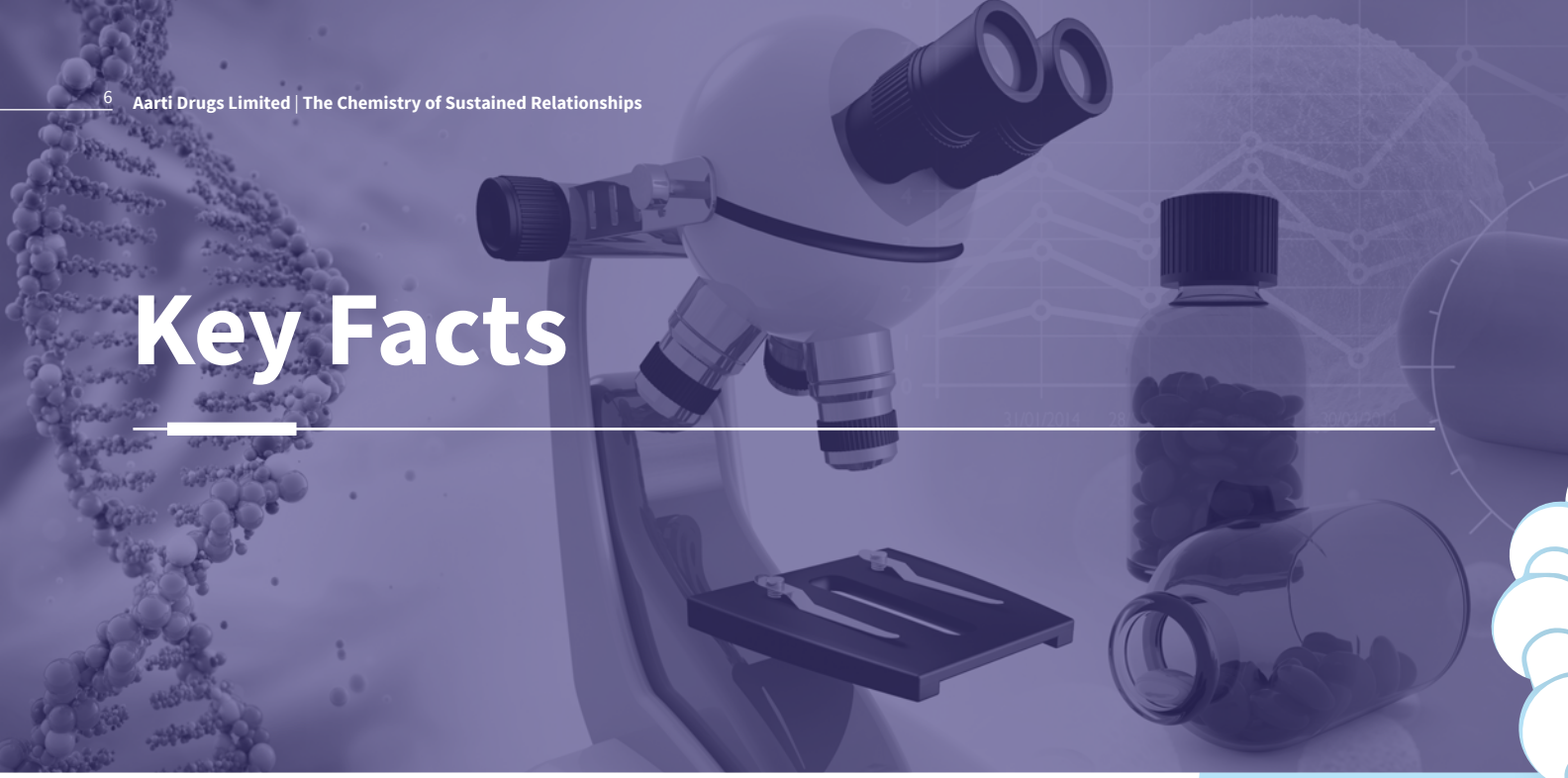
Misson

- Seek global market leadership
- Focus on growth and development of the products
- Continue to create winning culture, operating in highest standards of ethics and values with co-operation among competitors
- Strive for excellence in customer service, quality and R&D

Vision

We shall become the first choice vendor of Bulk Drugs and achieve a leadership position by:

- Assuring consistent quality and timely delivery at competitive price
- Providing customized solutions and service to meet changing requirements of customers
- Choose the best and the most flexible manufacturing practices and methods
- Adopt processes supported by proven technologies, which are cost effective and safe
- Aim at customer orientation through continuous technology upgrade, high business ethics and new product development



Key Facts

12
Manufacturing facilities

100
Countries

1,145
Employees

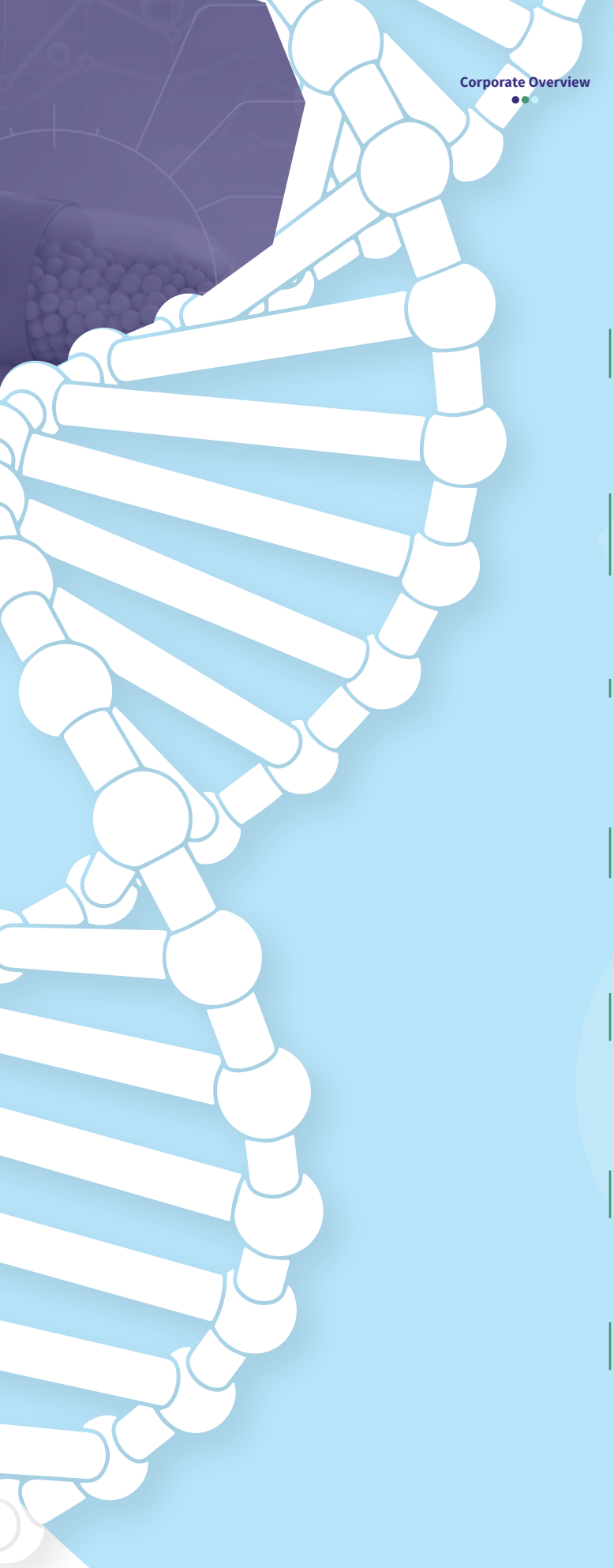
50+
API Molecules

80+
Finished Products

~37%
Export revenue

2,143 MT
Monthly Total Capacity

43,852
Sq.M Plant Area



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

Milestones

1984
Incorporation

1993
Listed On BSE Limited

1996
Amalgamation of Rupal Chemical Industries Limited, Rashesh Chemicals & Pharmaceuticals Limited, Manjarati Chemicals Private Limited, Manjarati Plastisizer Private Limited, Effective Chemicals Private Limited, Star Aluminium Industries Limited and Avez Wire Industries Limited.

1998
Turnover of Rs. 100 Crores

2003
Listed On National Stock Exchange of India Limited

2014
Turnover of Rs. 1000 Crores

100% holdings in Pinnacle Life Science Pvt. Ltd.

2015
Aarti Drugs Limited -PBT More than Rs. 100 Crores

2017
Rs. 100 Crores Turnover Pinnacle Life Science Pvt. Ltd.

Pinnacle Life Science (Sikkim) Plant ready for operations

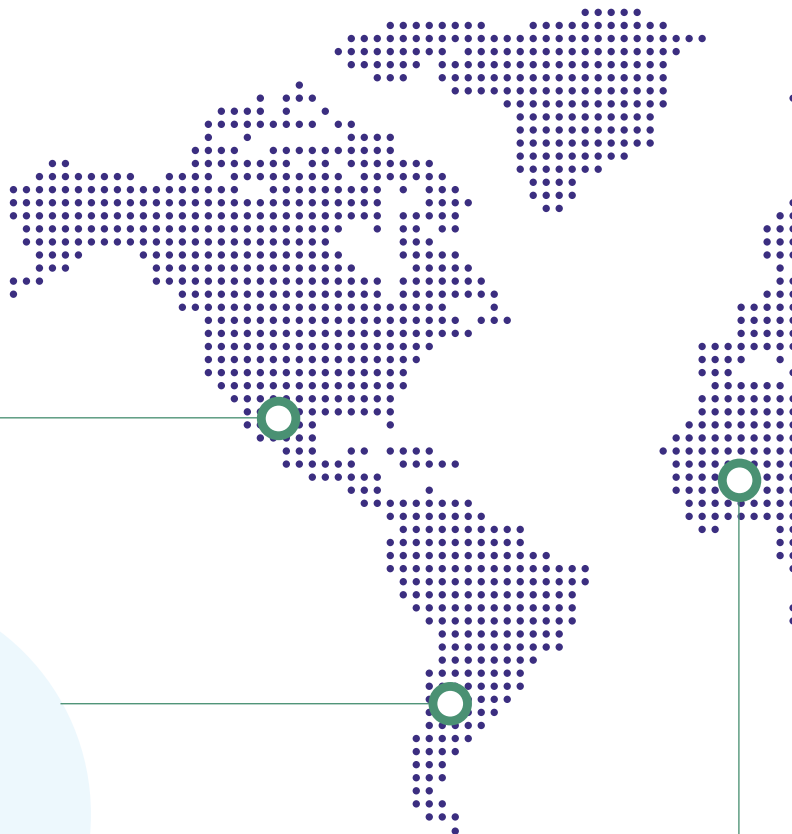
2008
Approval of USFDA Plant

2011
Turnover of Rs. 500 Crores

Global Presence

North America

Canada
Costa Rica
Cuba
El Salvador
Guatemala
Jamaica
Mexico
Nicaragua Panama
Puerto Rico
Rep. of Dominic
U.S.A.



South America

Argentina
Bolivia
Brazil
Chile
Colombia
Ecuador
Paraguay
Peru
Uruguay
Venezuela

Africa

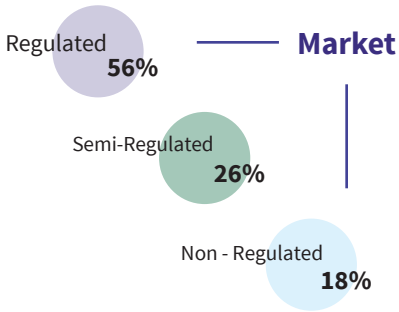
Benin
Burundi
Ethiopia
Ivory Coast
Kenya
Nigeria
Uganda
Zimbabwe
South Africa
Tanzania

Europe

Albania	Germany	Poland
Belarus	Greece	Portugal
Belgium	Hungary	Romania
Bosnia	Ireland	Slovakia
Bulgaria	Italy	Slovenia
Croatia	Latvia	Spain
Cyprus	Lithuania	Switzerland
Czech Republic	Macedonia	U.K.
France	Moldova	Ukraine
Georgia	Netherlands	Yugoslavia



Market



Asia-Pacific

Australia	New Zealand
Bangladesh	Pakistan
China	Philippines
Hongkong	Rep. of Kazakhistan
India	Russia
Indonesia	Singapore
Iran	Sri Lanka
Israel	Taiwan
Japan	Thailand
Korea	Turkey
Malaysia	Uzebekistan
Nepal	Vietnam

Middle East

Algeria	Rep. of Yemen
Egypt	Saudi Arabia
Iraq	Sudan
Jordan	Sultanate of Oman
Kuwait	Syria
Lebanon	Tunisia
Morocco	U.A.E.

TOP 10 EXPORT COUNTRIES

BRAZIL	PAKISTAN	TURKEY	INDONESIA	SPAIN
MEXICO	BANGLADESH	NETHERLANDS	VIETNAM	SUDAN

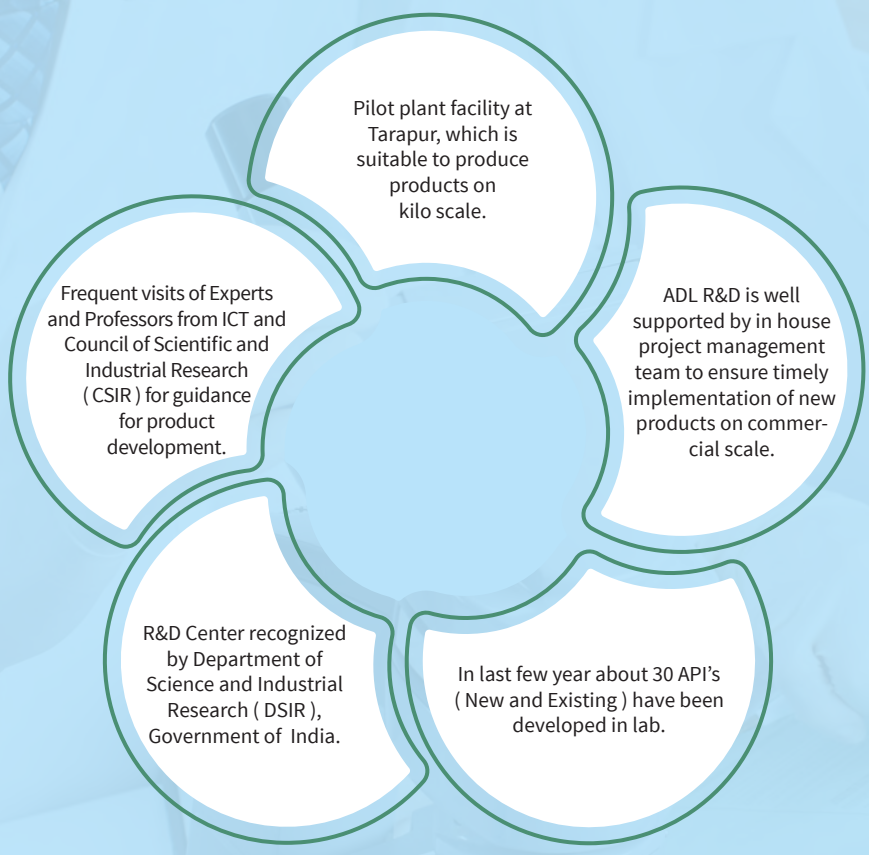
Domestic Presence



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

Research & Development

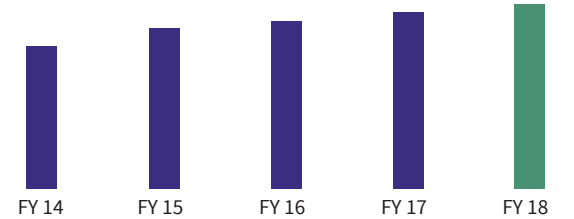
Manufacturing facilities at Tarapur and Sarigam are supported by R&D section located at Tarapur, where focus is mainly on process developments



- Doctorates 02
- Master Graduates [M. Sc] 70
- Graduates [B. Sc] 09
- Engineer 18
- Technicians 10

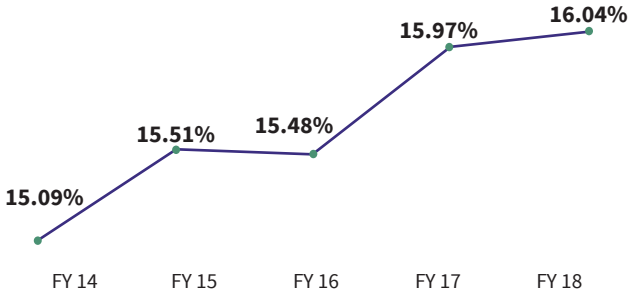
Key Performance Indicators

Revenue 124,363

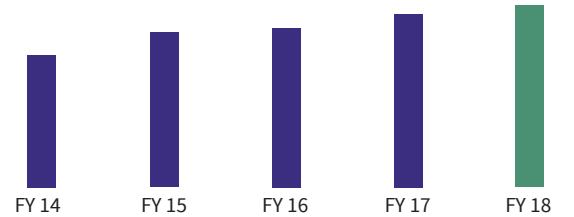


FY 14	FY 15	FY 16	FY 17	FY 18
96,994	109,427	113,488	119,517	124,363

EBIDTA Margin 16.04%

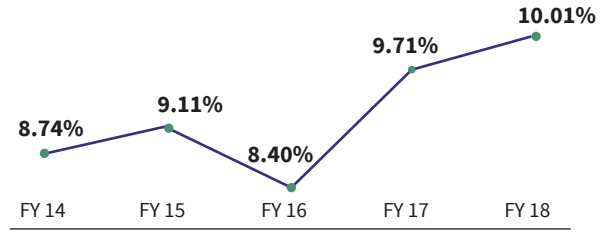


EBIDTA 19,953



FY 14	FY 15	FY 16	FY 17	FY 18
14,635	16,967	17,569	19,090	19,953

PBT Margin 10.01%

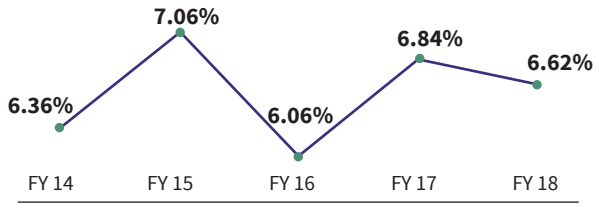


PBT 12,450



FY 14	FY 15	FY 16	FY 17	FY 18
8,476	9,972	9,527	11,601	12,450

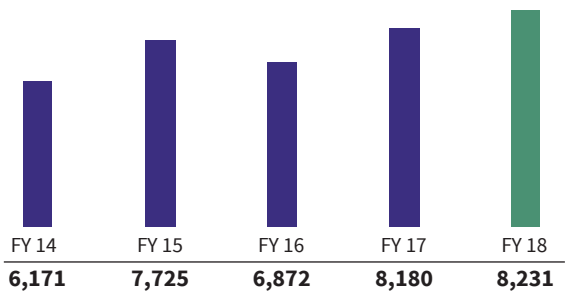
PAT Margin 6.62%



Note :
All numbers are in ₹ Lakhs
All numbers are on consolidated basis

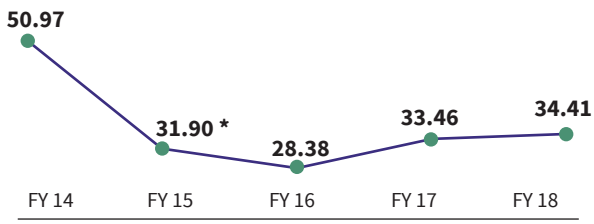
PAT

8,231



EPS

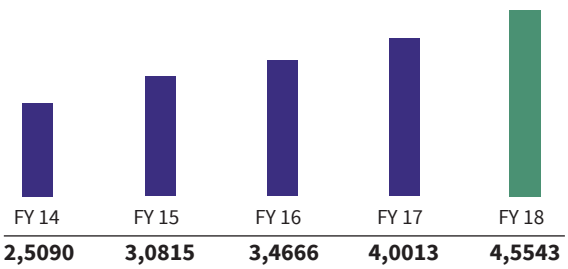
34.41



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

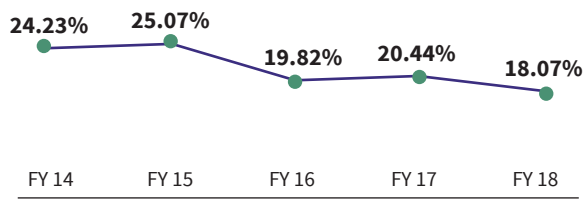
Net worth

4,5543



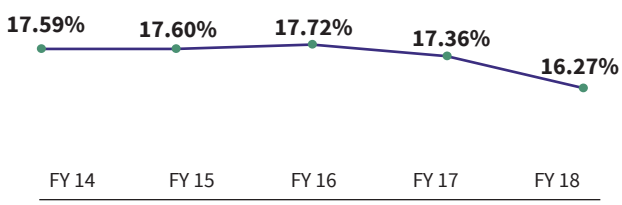
ROE (%)

18.07%



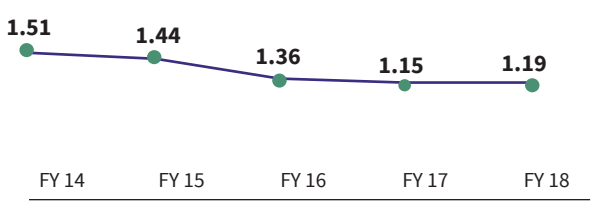
ROCE (%)

16.27%



Gearing Ratio (x)

1.19



Financial Highlights

(₹ in Lakhs)

Particulars	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Sales (Net)	40,968.87	49,694.87	49,642.42	65,926.09
Profit Before Interest and Depreciation	5,690.35	7,207.99	6,269.13	8,027.03
Interest	2,271.69	1,474.45	1,347.80	2,267.19
Depreciation	1,103.92	1,351.75	1,774.06	2,421.59
Profit Before Tax	2,314.75	4,381.79	3,147.27	3,221.98
Profit After Tax	1,504.75	2,609.79	2,247.29	2,246.10
Dividend (%)	30.00	50.00	50.00	50.00
Payout	351.26	605.43	605.43	605.43
Equity Capital	1,170.86	1,210.86	1,210.86	1,210.86
Other Equity	10,827.49	12,898.30	14,440.78	16,437.13
Networth	11,998.35	14,109.16	15,651.63	17,647.99
Borrowings				
Non- Current Borrowings	7,204.25	7,818.18	7,434.15	6,692.38
Current Borrowing- Bank	8,070.95	6,047.94	16,866.01	21,723.88
Current Borrowing-Others	2,572.65	3,898.38	85.01	1,374.94
Total Borrowings	17,847.85	17,764.50	24,385.18	29,791.20
Property ,Plant and Equipment(Gross)	26,725.92	28,748.23	34,579.98	43,938.29
Less:- Accumulated Depreciation	8,788.25	10,394.66	12,159.02	16,584.66
Property ,Plant and Equipment(Net)	17,937.66	18,353.57	22,420.96	27,353.63
Capital Work-in-progress	64.42	340.35	1,037.47	299.09
Non- Current Investment	2,137.85	2,137.85	2,461.29	691.84
Current Assets	18,513.71	20,020.43	25,669.13	32,917.38
Less:- Current Liabilities	7,076.76	6,998.89	9,322.39	11,375.56
Net Working Capital	11,436.96	13,021.54	16,346.74	21,541.83
Book Value (Rs.)	102.47	116.52	129.26	145.75
EPS (Basic & Dilluted) (Rs.)	12.85	22.08	18.56	17.84

(₹ in Lakhs)

31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18
82,484.14	96,993.72	1,09,427.16	1,13,488.18	1,19,517.10	1,24,362.88
12,033.43	14,635.01	16,967.19	17,568.93	19,089.56	19,952.75
2,803.55	3,348.97	3,892.99	4,388.68	3,642.09	3,496.13
2,598.40	2,811.94	3,102.23	3,652.76	3,846.27	4,006.30
6,587.84	8,476.04	9,971.97	9,527.49	11,601.20	12,450.32
4,523.08	6,171.23	7,725.43	6,872.49	8,180.20	8,230.67
100.00	130.00	80.00	67.50	10.00	10.00
1,210.86	1,574.12	1,937.37	1,634.65	238.57	235.82
1,210.86	1,210.86	2,421.71	2,421.71	2,385.71	2,358.21
19,549.93	23,879.53	28,393.55	32,244.53	37,627.50	43,184.56
20,760.78	25,090.39	30,815.26	34,666.24	40,013.21	45,542.77
8,070.45	7,664.20	16,347.46	19,123.40	20,154.56	20,269.68
21,498.34	24,758.92	24,954.73	25,839.30	24,466.43	30,564.21
-	1,800.83	288.00	1.56	-	-
29,568.79	34,223.95	41,590.19	44,964.26	44,620.99	50,833.89
47,904.89	58,113.01	68,521.15	71,622.59	84,204.79	90,294.06
18,781.79	20,860.39	23,674.75	23,030.94	26,703.58	30,508.19
29,123.10	37,252.62	44,846.40	48,591.65	57,501.21	59,785.87
1,258.89	831.55	1,605.79	3,404.47	1,427.77	2,844.60
513.19	461.90	463.18	1,283.22	1,193.86	1,075.86
41,076.71	46,428.05	53,278.79	56,522.49	57,142.28	73,538.55
17,602.05	21,407.73	21,313.77	24,151.59	24,964.69	31,455.67
23,474.66	25,020.32	31,965.02	32,370.90	32,177.59	42,082.88
171.45	207.21	127.25*	143.15	167.72	193.12
37.36	50.97	31.90*	28.38	33.46	34.41

Note :

During the F.Y. 2017-18, the Company has bought back 2,75,000 Equity Shares at a price of Rs.875/- per share.
During the F.Y. 2016-17, the Company has bought back 3,60,000 Equity Shares at a price of Rs.750/- per share.
*Post Bonus issue of 1:1 equity share for the year 2015

Awards

1991-92
CHEMEXCIL
Outstanding Performance in Export

2001
CHEMEXCIL
Outstanding Performance in Export

ORGANIZATION OF PHARMACEUTICAL PRODUCT
Best Vendor

2005
AVAYA GLOBAL CONNECT
Customer Responsiveness

2006
AVAYA GLOBAL CONNECT
Customer Responsiveness

2009
PHARMEXCIL
Outstanding Performance in Export

2012
PHARMEXCIL
Outstanding Performance in Latin American Export

2013
ABBOTT
Best Vendor of the year

2014
ABBOTT
Appreciation as business partner

2014
Government of India
(Ministry of commerce and Industry)
Certificate of Recognition –Star Export House

2015
ABBOTT
Business partner of the year

2016
ABBOTT
Business partner of the year

2017
ABBOTT
Business partner of the year



Corporate Social Responsibility



















Board of Directors & Leadership



Shri Prakash M. Patil | Chairman, Managing Director & CEO

Shri Prakash M. Patil is Chairman, Managing Director and Chief Executive officer (CEO) of the Company and has been associated since inception of the Company's operations. He holds a degree of B.E. – Chemical from Institute of Chemical Technology (ICT) [formerly known as University Department of Chemical Technology]. He has more than 40 years of experience in the field of Chemical & Pharmaceutical Industry. He has expertise in Product Identification, Project Conceptualisation, Planning, Project Engineering & Implementation. His technical experience has helped the Company to emerge as one of the leading Pharmaceutical Company in the country.



Shri Rashesh C. Gogri | Managing Director

Shri Rashesh C. Gogri has been appointed as Managing Director of the Company with effect from 26th September, 2014. He was the Whole-time Director of the Company since October, 2012. He holds a Production Engineering degree from Mumbai University. He has more than 16 years of experience in field of production, marketing and project implementation in chemical industry. He also serves as Vice – Chairman & Managing Director of Aarti Industries Limited.



Shri Harshit M. Savla | Joint Managing Director

Shri Harshit M. Savla is Joint Managing Director of the Company. He is a Commerce Graduate having more than 30 years of experience in Finance, Export and Administration. He played crucial role in expanding the export market for the products of the Company.



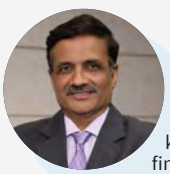
Shri Harit P. Shah | Whole-time Director

Shri Harit P. Shah is a Whole-time Director of the Company. He is a Commerce Graduate and has experience of over 25 years in handling commercial functions encompassing Purchases, Local Sales and Exports.



Shri Uday M. Patil | Whole-time Director

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



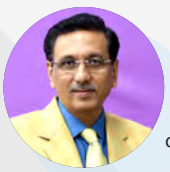
Shri Rajendra V. Gogri | Non – Executive Director

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



Shri Ramdas M. Gandhi | Independent Director

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



Shri Bhavesh R. Vora | Independent Director

Shri Bhavesh R. Vora is an Independent Director of the Company. He is a commerce graduate and Chartered Accountant by qualification. He is a practising Chartered Accountant, with more than 24 years of experience in the field of stock brokers' audits, compliances, derivatives, futures & options, accounting standards and internal management audit.



Shri Navin C. Shah | Independent Director

Shri Navin C. Shah is an Independent Director of the Company. He is Commerce Graduate and Chartered Accountant by Qualification. He is Practicing Chartered Accountant with more than 33 years of experience in the field of Income Tax related matters. He has also expertise in Goods and Service Tax (GST). He has been associated with the Company since the year 2010.



Shri Vilas G. Gaikar | Independent Director

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



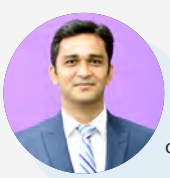
Shri Krishnacharya G. Akamanchi | Independent Director

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



Smt. Priti P. Savla | Independent Director

With more than 10 years of experience, she is a practicing Chartered Accountant and a partner in KPB & Associates, Chartered Accountants firm based in Mumbai & Thane. She is a qualified certificate holder in Entrepreneurs' Development Program from Indian School of Business, Hyderabad.



Shri Adhish P. Patil | Chief Financial Officer

Shri Adhish P. Patil has experience of over 13 years in the field of finance, consulting, systems engineering and Information Technology. Bachelor of Engineering (IT) from Mumbai University. He is an MBA - Finance & Marketing from University of Florida, Warrington College of Business Administration. He is the winner of prestigious 'Top 100 CFOs India 2014' award.

Corporate Information

Chairman Emeritus

Shri Chandrakant V. Gogri

Board of Directors

Shri Prakash M. Patil
Chairman, Managing Director & Chief Executive Officer

Shri Rashesh C. Gogri
Managing Director

Shri Harshit M. Savla
Jt. Managing Director

Whole-time Directors

Shri Harit P. Shah
Shri Uday M. Patil

Non-executive Director

Shri Rajendra V. Gogri

Independent Director

Shri Ramdas M. Gandhi
CA Bhavesh R. Vora
CA Navin C. Shah
Dr. Krishnacharya G. Akamanchi
Dr. Vilas G. Gaikar
CA Priti P. Savla

Chief Financial Officer

Shri Adhish P. Patil

Registered Office

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

Corporate Identification Number

L37060MH1984PLC055433

Company Secretary & Compliance Officer

CS Vibhav S. Ranade

Statutory Auditors

M/s. GBCA & Associates,
Chartered Accountants,
Benefice Business House,
3rd Level, 126,
Mathuradas Mills Compound,
N. M. Joshi Marg, Lower Parel (W),
Mumbai – 400 013, Maharashtra

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai - 400 083,
Maharashtra

Bankers

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

Corporate Office

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



Chairman's Letter

An Unforgettable Journey

It gives me immense pleasure to present you the financial report for your Company. In the fiscal year 2017-18, the Company has taken many positive steps for Sustainable Development. We are genuinely excited about the abundance that is yet to come and we are all set to welcome success with our dedication and perseverance.

Your Company has a global presence in 100 countries with 1,145 employees. In the last few years, the Company achieved unbeatable targets. We are one of the world's and India's major producers for the production of Fluoroquinolones, Metronidazole, Metformin, Ketoconazole and Metronidazole Benzoate. Through continuous efforts and investments into the Business since Incorporation, your Company has developed 50+ products with 2,143 MT/month capacities. Top 10 products contributed to around 75% of the total revenue whereas remaining products are ready to achieve new heights.

Long-term Business strategy supported your Company to show strong financial position as on 31st March, 2018. In the year under consideration, your Company has maintained overall Revenue, Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) and Profit after Tax (PAT) inspite of challenging economic conditions.

Environment safety is our prime motto. We believe in producing best quality products with zero discharge operations and recycling process. Your Company has taken multiple steps to control the pollution through by-product processing and waste management.

As every coin has two sides, we too, on the one hand, have faced various challenges due to the internal and external environment. However, on the other hand, your Company has performed well in spite of the challenges faced.

To conclude, I would like to express my sincere gratitude to all our Shareholders for showing interest and confidence in our Business. I thank all our Stakeholders, Suppliers, Customers, Bankers, Employees and everyone associated with us for supporting us to grow every single day.

Thanking You,

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



Joint Managing Director's Letter

Another year of excellence

Dear Shareholders,
We are pleased to announce that the Financial Year 2017-18 was significant to our Company to accelerate future growth. We have succeeded in improving the fundamentals of our Business and have overcome multiple challenges.

India plays a vital role in the Global Pharmaceuticals Sector. Greater structural strength and fiscal efficiency have strengthened the economy to show positive footprints at the national and international level in the year under consideration. It changed the operational and financial performance of your Company - the total capacity has been changed from 22,582 Tonnes per annum (TPA) in F.Y. 2016-17 to 25,714 TPA in F.Y. 2017-18. Our Total Revenue has grown by 4.75% to Rs. 1,140.46 Crores whereas EBITDA has grown by 2.27% to Rs. 183.02 Crores. API has contributed about 92.30% of the total revenue which is followed by Specialty Chemicals and Intermediaries with about 3.20% and 1.77% respectively. As a Company's Strategic Policy, we are trying to reduce dependency on imports from China and manufacture Key Starting Materials by way of backward integration. To execute this, the Company has already set up new plants in Tarapur, Maharashtra and the production from these plants is being used for a captive purpose.

Your Company has utilised approximately 75% of the total capacity due to a high demand, as a result of which we decided to expand our production capacities of various products under different therapies which includes Antidiabetic, Antibiotic, Specialty Chemicals etc. Total cost accounted for the proposed Capex in the year 2018-19 will be around Rs. 6,800 lakhs which will be funded by term loan and internal accruals.

The Director General of Anti-Dumping has levied Anti – Dumping Duty on one of major API and its Intermediate Products namely Ofloxacin and O – Acid respectively which will help the Company to improve its margin in coming years.

Pinnacle Life Science Private Limited (PLSPL) is Wholly-owned Subsidiary of Aarti Drugs Limited (ADL). PLSPL was established with a vision of achieving leadership by offering quality and useful pharmaceutical formulations to the world at affordable prices. PLSPL capitalizes the core API strengths of its Parent Company and engineers most of the formulations in a cost-effective way. Aarti Drugs Limited and Pinnacle Life Science Private Limited, together combined present a one-stop-shop for major pharmaceutical needs. On a Consolidated basis, Formulation Sales is approximately 11.17% of the Total Revenues.

As per India Brand Equity Foundation (IBEF), going forward, the size of the Indian pharmaceutical market is expected to grow to US $100 Billion by F.Y. 2024-25, driven by increasing consumer spending, rapid urbanization and rising health care insurance among others. This has motivated us to introduce new products under therapeutic category such as Anti-Cholesterol, Anti-Diabetic, Cardiovascular, Anticoagulant etc.

We believe that all these initiatives will help your Company to lay a strong foundation to drive a sustainable growth in the value for the Shareholders over a longer term. We also expect our continued strategic focus on pharma products to help us to further improve our standing in this sunrise industry globally.

At Aarti Drugs Limited, we believe and work in such a way where the planning meets with implementation for providing the finest performance. We are very much confident that all these initiatives will help your Company to reach greater heights in the years to come.

In conclusion, I would like to thank our Board of Directors and all Stakeholders who have collectively given us guidance and support for the sustainable and profitable growth of the business.

Thanking you,

Harshit M. Savla
Jt. Managing Director
DIN: 00005340

MANAGEMENT DISCUSSION AND ANALYSIS

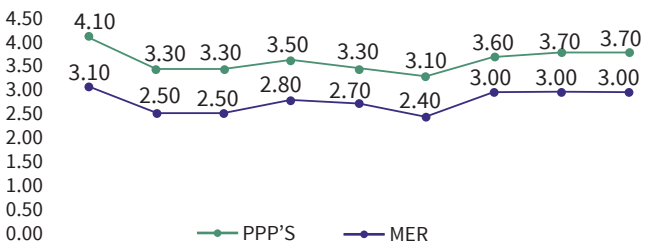
INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Economic Overview

Global Growth continues with an estimated output of 3.6% in F.Y. 2017 as against of 3.1% in F.Y. 2016. Emerging Economies are projected to rise to 4.9% in year 2018 from 4.7% in year 2017. It has softened in the recent months, as manufacturing activity and trade have shown signs of moderation. Global financial conditions have been affected due to the further tightening of the monetary policy in advance economies to control inflation and debt risk. It affected prices of goods and services both positively and negatively. Money supply in any country plays a significant role which is basically decided by the Gross Domestic Product (GDP) Growth and the inflation level. Reduction in money supply helps to maintain the Debt Ratio. Tax and Financial Reforms in various countries has given momentum to the economy.

The past decade has been characterized by fragile growth, high investor uncertainty and periodic spikes in Global Financial Market. Global Economic Growth is estimated to have reached 3% in F.Y. 2017 when calculated at Market Exchange Rates or 3.6% when adjusted for Purchasing Power Parities.

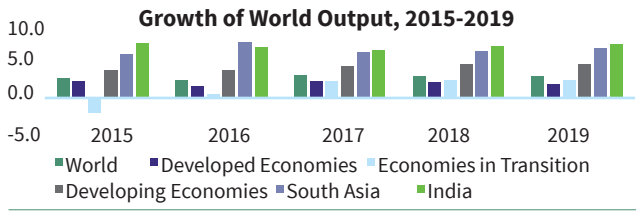
Growth of World Gross Product



Where, PPP = Purchasing Power Parity
MER = Market Exchange Rates

At the Global Level, World Gross Product is forecast at 3% in F.Y. 2019. Developing Economies have played an essential role. East and South Asia accounted for nearly half of the Global Growth.

Growth of World Output



(Source: World Bank Report-Global Economic Prospects June 2018 & United Nations Report-World Economic Situation and Prospects 2018)

Indian Economic Overview

India has shown remarkable growth in the World. As per the Central Statistics Organisation and International Monetary Fund (IMF), it is one of the largest and fastest growing economies and it is expected to reach new heights over the next 10-15 years, supported by strong Democracy, Demography and Partnership.

As per the IMF's Asia Pacific Regional Economic Outlook report, India was recovering from the effects of Demonetization and the introduction of the Goods and Service Tax in F.Y. 2017. India's Gross Domestic Product (GDP) at constant prices grew by 7.7% in the fourth quarter of the FY 2017-18 as per the Central Statistics Organisation.

India is the most massive start-up base in the World with over 4,750 technology start-ups, with about 1,400 new start-ups being founded in year 2016 (Source: NASSCOM).

Various actions in the Indian Economy witnessed significant improvement. The M&A activity in India increased 53.3% to US $77.6 Billion in year 2017 while Private Equity (PE) deals reached US $24.4 Billion.

The Government of India has taken various initiatives to strengthen the economic base of the Country and make it one of the strongest Economies in the World. The Union Budget for year 2018-19 has focused more on the Rural Economy, Agricultural Sector, Healthcare, Infrastructure and improvement in the quality of the education.

India's Gross Domestic Product (GDP) is expected to reach US$ 6 Trillion by F.Y. 27 with sharp movements in the Direct Tax, GST, Foreign Direct Investment (FDI), ease of doing Business, regulated monetary policy and more.
(Source: IBEF & IMF's Asia Pacific Regional Economic Outlook Report)

OPPORTUNITIES AND THREATS

Global Pharmaceutical Market:

In the year 2017, the United States generated more than 450 Billion USD of Revenue, making it the largest Pharmaceutical market in the World. Europe generated around 215 Billion USD. Japan, Canada and Australia along with the USA and Europe together form the "Developed Market". The rest of the pharmaceutical Revenue across the globe mainly comes from emerging market like Brazil, Russia, India, China and South Africa. These emerging markets have shown fast growth in Sales.

The Global Pharmerging Market is expected to reach USD 2,231.9 Billion by year 2025 due to increase in ageing population, disease burden of chronic disorders and healthcare expenditures. According to the United Nations (UN), the number of people above the age of 60 years is estimated to be 1.4 Billion by year 2030 and 2.1 Billion by year 2050. The increasing ageing population boosts the demand for better treatment options for chronic diseases such as Hyperlipidemia, Hypertension, Cancer, Dementia and Congestive Heart Failure. According to a study conducted by Deloitte in the year 2011, the ageing population accounts for almost 23.0-40.0% of the prescription drug market and 40.0-50.0% of the OTC drug market. Increasing healthcare expenditure is another driving factor for pharmerging markets. This increase in healthcare spending is mainly due to involvement of government in improving the healthcare facilities, medical infrastructure, better health insurance options among others. The global healthcare spending is expected to grow from USD 7.83 Trillion in year 2013 to USD 18.28 Trillion in year 2040.

Indian Pharmaceutical Industry:

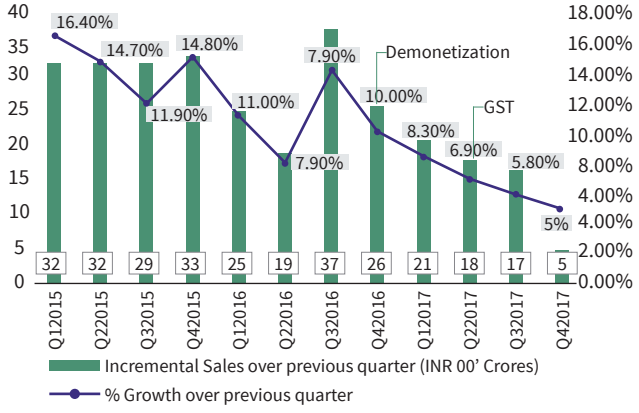
Indian Pharmaceutical Sector contribution to the global pharmaceutical industry stands about 3.5% terms of value and 10% in terms of volume. India contributes the second largest share of the pharmaceutical and biotech workforce in the World. With 9.5% increase year-on-year in March, 2018, Indian pharma industry is expected to reach US$ 100 Billion by the year 2025.

India became the third largest Global Generic (Active Pharmaceutical Ingredients) API merchant market since year 2016, with around 7.2 % market share. Generic Drugs form the largest segment of Indian pharmaceutical sector accounting for 71% market share and 20% of global exports- making India the largest supplier of generic medicine globally. This is expected to expand even further in the coming years. Indian manufactured drugs are exported to 200+ countries with the USA being a key market.

India accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world's leader in Drug Master Files (DMFs) applications with the US. Indian Drugs & Pharmaceuticals sector has received cumulative FDI worth US$ 15.59 billion between April, 2000 – December, 2017.
India exported pharmaceutical products worth US$ 11.90 Billion during April, 2017–January, 2018. The 'Pharma Vision 2020' by the Government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery.

Company Overview:

Incremental growth in the Indian Pharmaceutical Market



Aarti Drugs Limited was established in the year 1984 and forms part of 790 Million Aarti Group of Industries with robust R&D Division at Tarapur, Maharashtra Industrial Development Corporation (MIDC) in close vicinity to manufacturing locations. The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs), Pharma Intermediates and Specialty Chemicals with its wholly-owned subsidiary- Pinnacle Life Science Private Limited. Products under APIs includes Ciprofloxacin Hydrochloride, Metronidazole, Metformin HCL, Ketoconazole, Ofloxacin etc. whereas Specialty Chemicals includes Benzene Sulphonyl Chloride, Methyl Nicotinate etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

ENVIRONMENT, HEALTH & SAFETY

The Company is continuously working on innovative technologies to design effective Waste Management Systems. The primary focus of the Company has been on pollution control and clean environment solutions. The Company has drastically reduced the water consumption. Most of the plants of the Company are at zero effluent discharge achieved through multiple effect evaporators and incinerators.

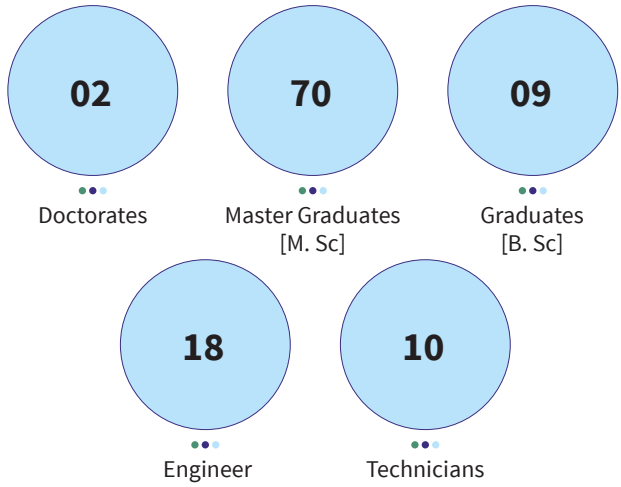
The Company has continuously innovated many more techniques to reduce the effluent generation in the Process, utility and domestic areas across units to reduce the entire effluent stream. Environmental requirements are incorporated into the plant design right from the preliminary stage of a process. Air Scrubbers, Dust Filters, Fire Protection Systems and Effluent Treatment Plants are in place & well maintained. The Company is striving to reach towards the goal of Zero Organic Effluent Discharge by means of multiple effect evaporators and incinerators.

During the year, the Company has conducted various training programmes in all units regarding use and importance of PPE's, Safety Awareness and behavior related to safety. Faculties of Bombay Productivity Council conducted training programme on 'Kaizen' and 'Behavior Based Safety in Organization (Industrial Safety Awareness)' for the employees of the Company. Safety Consultant and Ex – Deputy Director of Department of Industrial Safety and Health has conducted various onsite job trainings followed by safety related observations. Your Company is making continuous efforts to create safer working conditions for the workers.

RESEARCH AND DEVELOPMENT

The Company's Research & Development (R&D) is recognized by Department of Science and Industrial Research (DSIR), Government of India. It is well-supported by in-house project management team to ensure timely implementation of new products on the commercial scale. We also organize frequent visits of Experts and Professors from Institute of Chemical Technology (ICT) and Council of Scientific and Industrial Research (CSIR) for guidance on product development. In last few years, about 30 API's (New and Existing) have been developed in lab.

Strength at R&D



SUBSIDIARY

Pinnacle Life Science Private Limited (PLSPL) is Wholly-owned Subsidiary of Aarti Drugs Limited (ADL). PLSPL was established with a vision of achieving leadership by offering quality and useful pharmaceutical formulations to the World at affordable prices. PLSPL capitalizes the core API strengths of its parent Company and engineers most of the formulations in a cost-effective way. Aarti Drugs Limited and Pinnacle Life Science Private Limited, together combined present a one-stop-shop for major pharmaceutical needs. On a Consolidated basis, Formulation Sales is approximately 11.17% of the Total Revenues.

SEGMENT-WISE PERFORMANCE

For the year 2017-18, around 96.80% of the total Standalone Sales of the Company came from APIs and its allied Intermediate Segment and approximately 3.20% from the Specialty Chemicals. Within the API Segment, Antibiotic Therapeutic Category contributes to around 37.66%, Anti-diarhoeals around 20.64%, Anti-inflammatory around 10.94%, followed by Anti-fungal, Anti-diabetic and Cardioprotectant Therapeutic categories. On a Consolidated basis, Formulation Sales is around 11.17% of the total revenues.

FINANCIAL PERFORMANCE

During the year under review, the Company has achieved Top Line of Rs. 1159.66 Crores, achieving a Y-o-Y growth of 4.75%, correspondingly EBIDTA worked out to Rs. 183.02 Crores as against Rs. 178.96 Crores in the previous year recording a growth of 2.27%. Net Profit after Tax was Rs. 73.41 Crores as against Rs. 75.48 Crores in the previous year recording a decline of 2.74%. Keeping long term view in mind, the Company has carried out

various expansion programs in last four years. Due to better utilization of expanded capacities, better Sales realisation and reduction in raw material consumption, Profit before Tax increased from Rs. 107.78 Crores to Rs. 112.21 Crores, despite of closure of the two units for 25 days due to closure directions issued by Maharashtra Pollution Control Board (MPCB) and closure of one of the unit for 23 days due to massive explosion in nearby factory as well as the impact of GST implementation on Revenues and Profits in the first half of the year 2017-18, where Profit before Tax (PBT) as on 30th September, 2017 was Rs. 42.55 Crores against PBT as on 30th September, 2016 was Rs. 55.147 Crores i.e. reduction by Rs. 12.59 Crores.

The Company imports 40% of its raw material from China due to price advantage. Due to ongoing environmental issues in China, the price of raw materials has increased, however the Company was able to pass on the increase in cost to its customers thus maintaining the margin. As a Company, we are trying to reduce dependency on imports and manufacture ourselves by way of backward integration.

Due to better Working Capital Management, the Company's Interest cost has got reduced, which resulted in the PAT Growth. However, the Company is confident to reap the benefit of utilization of expanded capacities in future which will lead to reduction in costs and thus increases in the profitability.

The Director General of Anti-Dumping has levied Anti – Dumping Duty on one of major API and its Intermediate Products namely Ofloxacin and O – Acid respectively which will help the Company to improve its margin in coming years.

During the month of March, an accident that led to explosion and fire in the nearby plant affected our production facility. This led to a production loss ranging from 3 to 8 weeks which in turn resulted in the shortage of Anti-biotic products. However, the production at the plant was fully resumed by May, 2018.

The implementation of GST made a significant impact on the pharmaceutical industry and the Company. Q1 FY revenues went down by 14-15% and EBITDA went down by 25%. The First Quarter was affected and by Second Quarter sales were stable.

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

Human Resource

Human capital is an essential part of our Company. The Company has 1,145 permanent employees. To enhance the capabilities of our most important assets, our Human Resource Development (HRD) Centre has conducted many training programmes during the year. Apart from in-house training programmes, our team has regularly attended many training sessions and seminars at some of the most prestigious training institutes.

DISTRIBUTION CHANNELS

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

OUTLOOK

The Company is planning to expand its presence in existing geographies with a particular focus on Europe, South East Asia and Latin America and also planning to expand its production capacity and set up new facilities for new products.

We have initiated debottlenecking of plants to make most of out its current capacity by improving the process and revamping the equipment. The Company has also developed alternate route of synthesis for one of its significant products. The Company is planning to increase its existing capacity of Chlorosulfonation Specialty Chemicals and its allied intermediates. The total cost of the proposed CAPEX in the year 2018-19 will be approximately Rs. 6,800 Lacs which will be funded by Term Loan and Internal Accruals.

The Company has set up a new multiproduct facility as a part of its brownfield expansion plans. The Company has made a regular capital expenditure of 100 crores every year in the past few years which will be shown in the revenue in the coming years.

As a Company's Strategic Policy, we are trying to reduce dependency on imports from China and manufacture Key Starting Materials by way of backward integration. To execute this, the Company has already set up new plants in Tarapur, Maharashtra and the production from these plants is being used for a captive purpose.

Cautionary Statement

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

Notice

NOTICE is hereby given that the **THIRTY THIRD ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED ("the Company")** will be held on **Friday, 10th August, 2018** at **11.30 a.m.** at TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2018, the reports of the Board of Directors and the Auditors thereon.

2. To declare a Final Dividend on Equity Shares.

3. To appoint a Director in place of Shri Uday M. Patil (DIN: 01186406), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Statutory Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139, 141, 142, other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules") and as per recommendation of the Audit Committee, M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215W/W100057), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of 33rd AGM till the conclusion of the 34th AGM of the Company on such remuneration plus applicable taxes and reimbursement of out of pocket expenses as shall be decided/approved by the Board of Directors of the Company."

SPECIAL BUSINESS

5. To approve Cost Auditor's Remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, [including any statutory modification(s) or re-enactment thereof] for the time being in force, the remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) as approved by the Board of Directors based on the recommendations of Audit Committee, to be paid to M/s. GMVP & Associates LLP, Cost Accountants, to conduct the Audit of the cost accounting records of the Company, for the financial year ending 31st March, 2019, be and is hereby ratified and confirmed."

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

Place: Mumbai
Date: 16th May, 2018

By Order of the Board of Directors
of Aarti Drugs Limited

Sd/-
Vibhav S. Ranade
Company Secretary & Compliance Officer
ICSI M. No. A35284

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Act in respect of the Special Business under Item No. 5 above is annexed hereto and forms part of the Notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. Further, a Member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

3. The instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (forty eight) hours before the commencement of the Meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representatives to attend and to vote on their behalf at the meeting.

5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting.

7. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.

8. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 3rd August, 2018 to Friday, 10th August, 2018 (both days inclusive).

9. Pursuant to the provisions of Section 124 of the Act and the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. Further, according to the IEPF Rules, shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

   All unclaimed dividends and corresponding shares for F.Y. 2009 -10 and 2010 – 11 have been transferred to the IEPF of the Central Government. The shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are available on the Company's website at www.aartidrugs.co.in and the Ministry of Corporate Affairs' website at www.mca.gov.in.

10. The Dividend on Equity Shares, if declared at the Meeting, will be paid on or before Friday, 7th September, 2018 to those members –

a) whose name appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / M/s. Link Intime India Private Limited, Registrar & Share Transfer Agent ("Company's RTA") of the Company on or before Friday, 3rd August, 2018.

b) whose name appear as Beneficial Owners in the list of Beneficial Owners as on Friday, 3rd August, 2018 furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

11. All documents referred to in the accompanying notice are open for inspection by the members at the registered office of the Company and at Corporate Office at Mahendra Industrial Estate, Ground Floor, Plot No. 109-D, Road No. 29, Sion (East), Mumbai – 400 022, Maharashtra on all working days during 11.00 a.m. to 1.00 p.m. up to the date of the AGM.

12. The matters set out in the Notice will be transacted *inter-alia* through remote electronic voting system and the Company is providing facility *inter-alia* for remote e-voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under **Note No. 22.**

13. Members holding shares in physical form are requested to inform Company's RTA immediately of any change in their address and bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details 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.

14. Members holding shares in dematerialized form are requested to register their latest Bank Account details like Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFSC code and Permanent Account Number (PAN) with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA as the same is mandated by the Securities and Exchange Board of India ("SEBI").

15. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail addresses to the Company's RTA sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aartidrugs.com.

16. The SEBI has mandated the submission of the PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company's RTA at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra or at rnt.helpdesk@linkintime.co.in.

17. All correspondence including share transfer documents should be addressed to Company's RTA viz. Link Intime India Private Limited, C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra, Tel. 022 – 4918 6270 and Email ID: rnt.helpdesk@linkintime.co.in.

18. Queries on accounts may please be sent to the Company 10 (Ten) days in advance of the AGM so that the answers may be made available at the meeting.

19. Additional Information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations") and as per Secretarial Standard – 2 on General Meetings issued by The Institute of Company Secretaries of India ("ICSI") in respect of the Director seeking appointment/re-appointment at the AGM, is furnished as an annexure to this Notice.

20. Electronic Copy of the Annual Report for F.Y. 2017-18 is being sent to all the Members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for F.Y. 2017-18 are being sent by the permitted mode. Members may also note that the Notice of the 33rd AGM and the Annual Report for F.Y. 2017-18 will be available on the Company's website viz. www.aartidrugs.co.in. Members are requested to support Green initiative by registering / updating their email address with the Depository Participant (in case of shares in dematerialized form) or with Company's RTA (in case of shares held in physical form).

21. A route map showing directions to the venue of the 33rd AGM is given at the end of this Notice as per the requirement of the Secretarial Standard – 2 on General Meetings issued by ICSI.

22. Voting through electronic means

I. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI LODR Regulations, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 33rd AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by CDSL.

II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

III. The instructions for shareholders voting electronically are as under:

(i) The remote e-voting period begins on Monday, 6th August, 2018 at 9.00 a.m. and ends on Thursday, 9th August, 2018 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 3rd August, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID;
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Windows and Apple smart phones.

Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, Hindu Undivided Family, Non-Resident Indians etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

23. Voting at AGM

The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangement of poll in this regard at the AGM venue.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE ACT

ITEM NO. 5

In pursuance of Section 148 of the Act and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor for F.Y. 2018-19 was recommended by the Audit Committee. The Board has appointed M/s. GMVP & Associates LLP, Cost Accountant, as Cost Auditor to conduct the audit of the cost accounting records of the Company at a remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) plus taxes as applicable for the financial year ending 31st March, 2019.

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 resolution at Item No. 5 for your approval as an Ordinary Resolution.

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

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

Place: Mumbai
Date: 16th May, 2018

By Order of the Board of Directors
of Aarti Drugs Limited

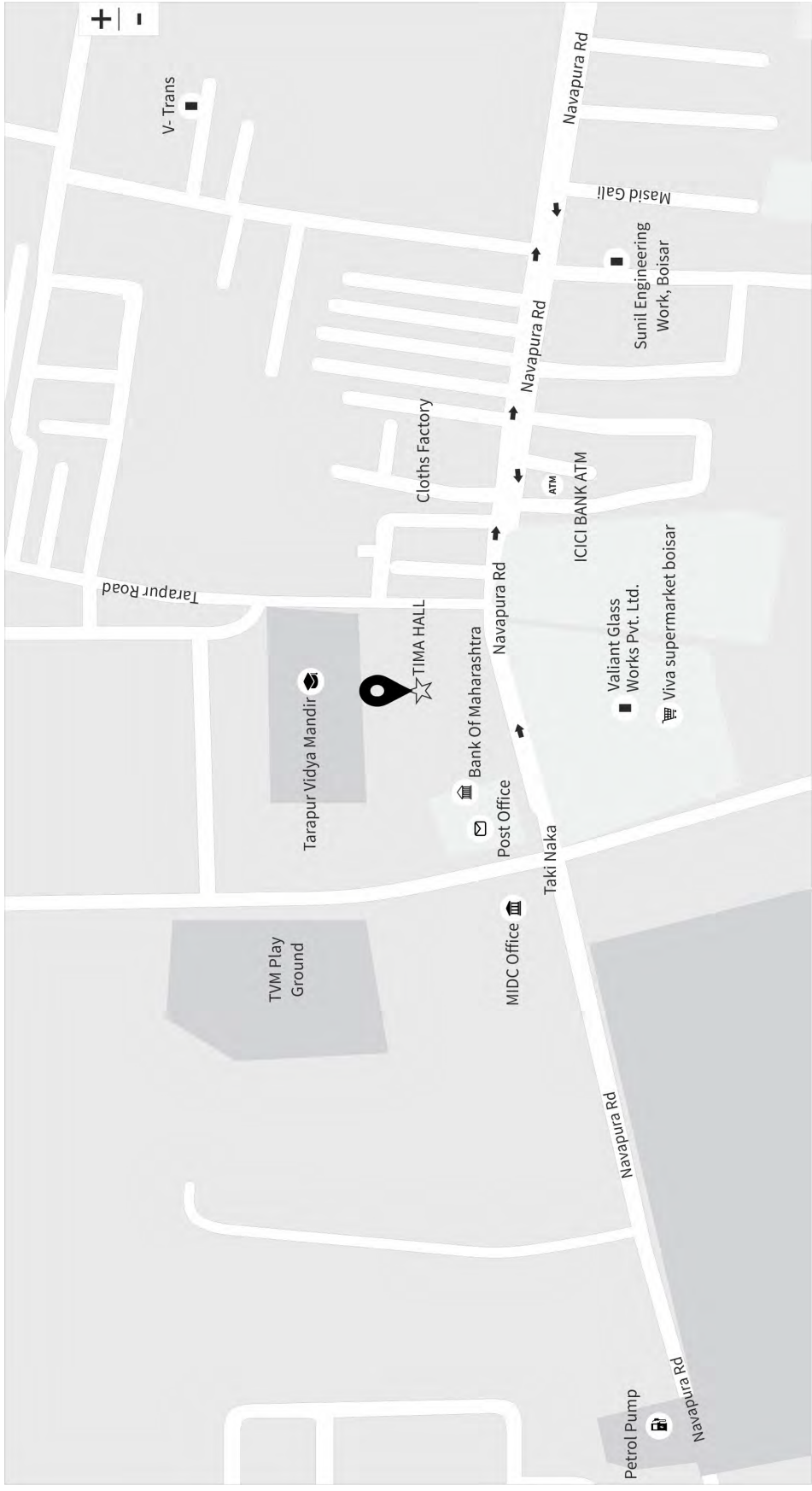
Sd/-
Vibhav S. Ranade
Company Secretary & Compliance Officer
ICSI M. No. A35284

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE FORTHCOMING AGM

[Pursuant to Regulation 36 of SEBI LODR Regulations and Clause 1.2.5 of Secretarial Standards -2 on General Meetings issued by ICSI]

Name of Director	**Shri Uday M. Patil**
Date of birth and age	23.06.1963 (55 years)
Date of Appointment	18.10.2000
Qualifications	H.S.C.
Experience and expertise in specific functional areas	He has good experience in factory administration work and liaisoning with various Government/ Semi Government department and agencies.
Directorships held in other Listed Companies	-
Memberships/Chairmanships of committees across listed Companies	-
Number of shares held in the Company	12,590
Relationship with other Directors	Brother of Shri Prakash M. Patil
No. of Board Meetings attended	5

Route Map to the venue of the 33rd Annual General Meeting



Boards' Report

TO THE MEMBERS OF AARTI DRUGS LIMITED

Your Directors have pleasure in presenting the 33rd (Thirty Third) Annual Report on the business and operations of the Company together with the Audited Financial Statements along with the Report of the Auditors for the year ended 31st March, 2018.

COMPANY'S FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Revenue from Operations	1,15,966	1,18,594	1,26,257	1,28,808
Other Operating Income	117	353	105	400
Total Income from Operations	1,16,083	1,18,947	1,26,362	1,29,208
Total Expenditure	97,781	1,01,051	1,06,409	1,10,119
Profit Before Depreciation, Amortization, Interest and Tax Expenses	18,302	17,896	19,953	19,090
Less: Interest	3,301	3,448	3,496	3,642
Depreciation & Amortization	3,780	3,669	4,006	3,846
Profit/(Loss) before other income	11,221	10,778	12,450	11,601
Other Income				
Profit/(Loss) Before Tax	11,221	10,778	12,450	11,601
Less: Provision for taxation - Current	3,015	2,753	3,280	2,913
- Earlier Year	-	-203	-	-203
- Deferred	865	680	940	711
Profit After Tax	7,341	7,548	8,231	8,180
Add: Surplus brought forward	32,882	25,334	33,771	25,589
Balance carried to Balance Sheet	39,936	32,882	41,734	33,771

Note : Post the applicability of GST with effect from 1st July, 2017, Sales are disclosed net of GST. Accordingly, the Gross Sales figures for the year ended 31st March, 2018 are not comparable with the sales figures depicted for the previous years.

SHARE CAPITAL

During the Financial Year 2017-18, the Company has bought back 2,75,000 (Two Lacs Seventy Five Thousand) fully paid – up Equity shares of face value of ₹ 10/- (Rupees Ten only) each representing 1.15% of the total no. of Equity shares at a price of ₹ 875/- (Rupees Eight Hundred and Seventy Five only) per Equity share (including premium of ₹ 865/- per Equity share) payable in cash for an aggregate amount of ₹ 24,06,25,000/- (Rupees Twenty Four Crores Six Lacs and Twenty Five Thousand only), on a proportionate basis through the tender offer using stock exchange mechanism in accordance with the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Buyback of Securities) Regulations, 1998. Post Buy-back of shares, the paid–up Equity Share Capital of the Company was ₹ 23,58,21,000/- (Rupees Twenty Three Crores Fifty Eight Lacs Twenty One Thousand only).

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

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to reserves for the Financial Year ended 31st March, 2018.

DIVIDEND

Your Directors recommends a Final Dividend of ₹ 1/- (Rupee One only) per Equity share [10% of face value of ₹ 10/- each] aggregating to ₹ 2,35,82,100/-.

The Final Dividend, subject to approval of members at the ensuing Annual General Meeting (AGM), will be paid within the statutory period, to those members whose name appears in the Register of Members as on the date of Record Date i.e. Friday, 3rd August, 2018.

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"), top five hundred listed entities based on the market capitalization are required to formulate Dividend Distribution Policy. However, the Company has voluntarily formulated its Dividend Distribution Policy and the details of which are available on the Company's website viz. www.aartidrugs.co.in.

OPERATIONS REVIEW

During the year under review, Net Sales of the Company is ₹ 1,140.46 Crores (Previous Year: ₹ 1,088.72 Crores) registering a growth of 4.75 %.

The Company has achieved Export Sales of ₹ 429.28 Crores as against ₹ 422.95 Crores for the last year, registering a growth of 1.50 %.

EBITDA has been ₹ 183.02 Crores (Previous Year: ₹ 178.95 Crores), registering a growth of 2.27 %. PAT has been ₹ 73.41 Crores (Previous Year ₹ 75.48 Crores), registering a decline of 2.74 %.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company's internal control systems commensurate with the nature and size of its business operations. Your Company has maintained a proper and adequate system of internal controls. This ensures that all Assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorised, recorded and reported diligently.

The Audit Committee and M/s. Raman S. Shah & Associates, Chartered Accountants, Independent Internal Auditors, regularly review internal financial controls, operating systems and procedures for efficiency and effectiveness. The Internal Auditor's Reports are regularly reviewed by the Audit Committee and provides decisive guidance.

DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s. 134(5) read with 134(3)(c) of the Act, your Directors hereby state that-

a) in the preparation of the Annual Accounts for the financial year ended 31st March, 2018, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2018 and of the profit of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared Annual Accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Composition

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

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

At the 32nd AGM of the Company held on 18th August, 2017, members approved re-appointment of Shri Prakash M. Patil as Managing Director, Shri Rashesh C. Gogri as Managing Director, Shri Harshit M. Savla as Jt. Managing Director and Shri Harit P. Shah as Whole-time Director for a further term of 5 (five) years respectively.

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

The Board has highly qualified members and having varied experience in their respective fields.

Retirement by Rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Shri Uday M. Patil (DIN: 01186406), Whole-time Director of the Company retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment as Director. The Board recommends his re-appointment for the consideration of the Members. Brief profile of Shri Uday M. Patil has been given in the Notice convening 33rd AGM.

Independent Directors

The Independent Directors of the Company hold office for a fixed term upto 31st March, 2019 and are not liable to retire by rotation. In accordance with Section 149(7) of the Act, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(b) of SEBI LODR Regulations. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company viz. http://www.aartidrugs.co.in/

images/stories/shareholder/Terms%20&%20Conditions%20of%20Appointment%20of%20Independent%20Directors.pdf.

Number of Meetings of the Board

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

BOARD EVALUATION

During the year under review, the Board evaluated its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. Separate exercise was carried out to evaluate the performance of Non–Independent Directors including the Board Chairman who were evaluated on parameters such as Key achievements, short term and long term targets, challenges faced, Implementation of Strategic decisions, organizational success, participation and attendance in Board and Committee Meetings etc.

During the year under review, the Independent Directors met on 9th March, 2018 to discuss *inter alia* the following:

a. Evaluation of Performance of Non-Independent Directors and the Board of Directors as a Whole;

b. Evaluation of Performance of the Chairman of the Company taking into account the views of Executive Directors & Non-Executive Directors and

c. Evaluation of the quality, content and timeliness of flow of information between the Management and the Board of Directors that is necessary for the Board to effectively & reasonably perform their duties.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non–Independent Directors was carried out by the Independent Directors.

Independent Directors were evaluated on the parameters such as attendance and participations in the meetings, timely inputs on the minutes of the meetings, adherence to ethical standards & code of conduct of the Company, disclosure of Non–Independence, as and when exists and disclosure of interest, interpersonal relations with other Directors and Management, understanding of the Company and the external environment in which it operates, contribution to strategic direction, safeguarding interest of whistle–blowers under vigil mechanism and safeguard of confidential information.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company. A detailed disclosure on the manner of the Board evaluation undertaken by the Board has been provided in the Corporate Governance Report, which forms part of this Annual Report.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Chairman and Managing Director have one to one discussion with all the Directors to familiarize them with the Company's operations and nature of industry in which Company operates. Further, the Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and on-going events relating to the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company viz. http://www.aartidrugs.co.in/images/stories/details%20of%20familiarization%20programmes.pdf.

DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF ACT

Your Company has not accepted any deposits within the meaning of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 and no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2018.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to the provisions of Section 186 of the Act, the details of Loans, Guarantees and Investments made by the Company as at 31st March, 2018 are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The transactions entered with related parties are approved by the Audit Committee, to ensure that the same are in line with the provisions of the Act and the Related Party Transaction Policy. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are audited and statement specifying the nature, value and terms & conditions of all related party transactions are placed before the Audit Committee for its review on a quarterly basis. The statement is supported by a certification from the Jt. Managing Director and the CFO. The details of related party transactions are provided in the accompanying financial statements.

In conformity with the requirements of the Act read with SEBI LODR Regulations, the Policy on Related Party Transactions as approved by the Board is available on the Company's website and can be accessed through www.aartidrugs.co.in.

All transactions entered into with related parties during the year under review were in the ordinary course of business and on arm's length basis. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your Company.

EXTRACT OF ANNUAL RETURN

As required by Section 92(3) of the Act and rules framed thereunder, the extract of the Annual Return in Form MGT-9 is enclosed as **"Annexure-A"**.

SUBSIDIARY

The Company has one subsidiary, namely, Pinnacle Life Science Private Limited (PLSPL). The Company has attached along with its financial statements, a separate statement containing the salient features of the financial statements of the said subsidiary in "Form AOC-1" which is annexed as **"Annexure - B"**.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated under the provisions of the SEBI LODR Regulations, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards issued by Institute of Chartered Accountants of India (ICAI). The Audited Consolidated Financial Statement together with Auditors' Report forms part of the Annual Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

BUSINESS RISK MANAGEMENT

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

The Board of Directors and senior management team currently assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

DISCLOSURES RELATED TO COMMITTEES & POLICIES

1. Audit Committee

The Audit Committee is constituted in conformity with the provisions of Section 177 of the Act and Regulation 18 of the SEBI LODR Regulations. The details regarding the composition, terms of reference, meetings and attendance of members of Audit Committee of the Company are disclosed in the report of Corporate Governance, which forms part of this Annual Report.

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

2. Nomination & Remuneration Committee

The Nomination & Remuneration Committee of Directors is constituted in accordance with the requirements of Section 178 of the Act and Regulation 19 of SEBI LODR Regulations.

The Company strives to maintain an appropriate combination of Executive, Non–Executive and Independent Directors. In terms of provisions of Section 178 of the Act, the Nomination and Remuneration Committee considers and recommends the Board on appointment and remuneration of Directors and KMPs.

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

The policy of the Company on remuneration of Directors, KMPs, and other employees including criteria for determining qualifications, positive attributes, Independence of a Director and other matters provided under sub section (3) of Section 178 of the Act is annexed to the Boards' Report as **"Annexure – C"**.

3. Stakeholders Relationship Committee

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

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

4. Corporate Social Responsibility Committee (CSR)

As per the provisions of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a CSR Committee and the Board of Directors of the Company has approved CSR Policy based on the recommendations of the CSR Committee.

The CSR Policy is available on the Company's website and can be accessed through http://www.aartidrugs.co.in/CSR%20policy.pdf.

Your Company actively contributes to the following segments -

i) Education & Skill Development
Your Company through Aarti Foundation and Various other NGO'S has been doing work in this segment. In this year, the Company has provided funds for construction of schools located at Sarigam, Gujarat. The Company has also actively contributed towards Education Welfare during the Year under review.

ii) Health
Your Company has provided funds for Medical Treatment to Government School Students located at Palghar, Maharashtra. During the Year under review, the Company has contributed towards Medical Welfare in the State of Maharashtra.

iii) Environment
Your Company has entered into an agreement with the Governor, Government of Maharashtra, Through Deputy Conservator of Forest, Dahanu Forest Division, Dahanu through local NGO M/S. Sudha Pratishthan, Masvan, Palghar to participate and assist Government in implementing Afforestation programme in the degraded forest land of Dahanu Forest Division spread over 100 Hectares Government Land over a period of 7 years. During the year under review, the Company has contributed towards Green Environment project in Ratnagiri District of Maharashtra.

iv) Social Welfare
During the year under review, your Company has actively contributed for issues pertaining to Social Welfare in the District Palghar, Maharashtra.

In addition to above, your Company participates into a spectrum of CSR activities evolving around the general up-liftment of the economically backward class of people. Your Company also makes active contribution to various local NGOs to assist in the relief measures in the affected areas.

During the year under review, the Company has spent ₹ 199.83 Lakhs on CSR activities.

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

5. Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism/whistle blower policy to deal with instance of fraud and mismanagement. The details of the said policy is explained in the Corporate Governance Report and also posted on the website of the Company viz. http://www.aartidrugs.co.in/WHISTLE-BLOWER-POLICY.pdf.

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

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

CORPORATE GOVERNANCE

As per SEBI LODR Regulations, a separate section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance, which forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulation 34 of SEBI LODR Regulations, the Management Discussion and Analysis Report for the year under review is presented in a separate section, which forms part of this Annual Report.

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

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

AUDITORS –

a) Statutory Auditor

At the 32nd AGM held on 18th August, 2017, M/s. GBCA & Associates, Chartered Accountants (Firm Regn. No. 103142W) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 33rd AGM. Hence, M/s. GBCA & Associates will retire as Company's Auditors at the conclusion of the ensuing 33rd AGM.

As proposed by the Audit Committee, the Board of Directors of the Company has recommended appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W/W100057) as the new Statutory Auditors of the Company to hold office as such from the conclusion of 33rd AGM to the conclusion of 34th AGM in terms of provisions of Section 139(2) of the Act.

M/s. Kirtane & Pandit LLP have informed the Company that their appointment, if made, would be within the limits prescribed under Section 141 of the Act. M/s. Kirtane & Pandit LLP have confirmed that they have subjected themselves to the peer review process of the ICAI and hold valid certificates issued by the Peer Review Board of ICAI. M/s. Kirtane & Pandit LLP have also furnished a declaration in terms of Section 141 of the Act that they are eligible to be appointed as auditors and they have not incurred any disqualification under the Act.

There are no qualifications, reservation or adverse remarks or disclaimers made by the Statutory Auditors in their Auditors' Report. Further, there are no frauds, details of which as required to be reported under Section 143(12) of the Act.

b) Cost Auditor

M/s. GMVP & Associates LLP were appointed as Cost Auditor by the Company under Section 148 of the Act. The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended 31st March, 2017 was 27th September, 2017 and the Cost Audit Report was filed by the Cost Auditor on 26th October, 2017. The due date for filing the Cost Audit Reports for the Financial Year ended 31st March, 2018 is 27th September, 2018.

On the recommendation of the Audit Committee, the Board of Directors in its meeting held on 16th May, 2018 has re-appointed M/s. GMVP & Associates LLP, Cost Accountants as Cost Auditors of the Company for the Financial Year 2018 – 19. The Company is seeking the ratification of the remuneration to be paid to M/s. GMVP & Associates LLP, Cost Auditors of the Company in respect of Cost Audit for the financial year ended 31st March, 2019 as mentioned in the Notice convening 33rd AGM.

c) Secretarial Auditor

Pursuant to provisions of Section 204(1) of the Act, the Secretarial Audit Report for the financial year ended 31st March, 2018 issued by M/s. Sunil M. Dedhia & Co., Practicing Company Secretaries and the Secretarial Auditor of the Company is annexed as **"Annexure - F"**. In connection with the observation in the said report, it is clarified that non – submission of Form SH-11 in respect of return of Buyback of Securities and transfer of shares in respect of which dividend was unpaid or unclaimed for the seven years to demat account opened by Investor Education and Protection Fund Authorities was delayed due to technical difficulties encountered on Ministry of Corporate Affairs portal and with Registrar & Shares Transfer Agents respectively. Necessary steps are being taken to file / transfer the same.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

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

PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **"Annexure - G"**. However, as per the provisions of the section 136(1) of the Act, this Report is sent to the shareholders excluding the said information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

HUMAN RESOURCES, ENVIRONMENT & SAFETY

Your Company recognizes its human resources as one of its prime resources. The relations between the Management and the Staff Members remained very cordial throughout the year under review. As on 31st March, 2018, the Company had 1,145 permanent employees at its manufacturing plants and administrative office.

The Company has constituted an Internal Complaint Committee pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention, prohibition and redressal of complaints/grievances on the sexual harassment of women at work places. Your Directors further states that during the year under review, there were no cases filed pursuant to the above Act.

GREEN INITIATIVE

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

APPRECIATION

We place on record our sincere Green appreciation to the employees of the Company at all levels for their co-operation and dedicated services. We also thank all our customers and suppliers who are always co-operative.

We also express our sincere thanks to Bankers, Customers, Financial Institutions, Shareholders and other stakeholders for their continued support.

For and on behalf of the Board of Directors
of Aarti Drugs Limited

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

Place: Mumbai
Date: 16th May, 2018

Annexure - A

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2018
(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS:

1	CIN	L37060MH1984PLC055433
2	Registration Date	28.09.1984
3	Name of the Company	Aarti Drugs Limited
4	Category/Sub-category of the Company	Public Company Limited by Shares
5	Address of the Registered office & contact details	Plot No. 198, MIDC Tarapur, Tal. Palghar, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra Tel: 022 – 2407 2249 / 2401 9025 Email: investorrelations@aartidrugs.com
6	Whether listed Company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Link Intime India Private Limited, C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra Tel: 022 – 49186270 Email: rnt.helpdesk@linktime.co.in Website: www.linktime.co.in.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Pinnacle Life Science Private Limited	U24232HP2003PTC030912	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,16,93,951	0	1,16,93,951	49.02	1,15,48,711	0	1,15,48,711	48.97	-0.04
b) Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0.00
c) Bodies Corp.	32,07,899	0	32,07,899	13.45	31,85,696	0	31,85,696	13.51	0.06
d) Banks / FI	0	0	0	0	0	0	0	0	0.00
e) Any other	0	0	0	0	0	0	0	0	0.00
Sub Total (A) (1)	**1,49,01,850**	**0**	**1,49,01,850**	**62.46**	**1,47,34,407**	**0**	**1,47,34,407**	**62.48**	**0.02**
(2) Foreign	0	0	0	0	0	0	0	0	0.00
Sub Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
TOTAL HOLDING OF PROMOTER (A) = (A)(1)+(A)(2)	**1,49,01,850**	**0**	**1,49,01,850**	**62.46**	**1,47,34,407**	**0**	**1,47,34,407**	**62.48**	**0.02**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	10,42,103	0	10,42,103	4.37	8,67,580	0	8,67,580	3.68	-0.69
b) Banks / FI	16,250	0	16,250	0.07	2,295	0	2,295	0.01	-0.06
c) Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
e) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Alternate Investment Funds	0	0	0	0	2,02,053	0	2,02,053	0.86	0.86
g) Foreign Portfolio Investor	1,66,420	0	1,66,420	0.70	1,88,113	0	1,88,113	0.80	0.10
h) Others (specify)	0	0	0	0	0	0	0	0	0.00
Sub-Total (B)(1):-	**12,24,773**	**0**	**12,24,773**	**5.13**	**12,60,041**	**0**	**12,60,041**	**5.34**	**0.21**
2. Non-Institutions									
a) Bodies Corp.	2,96,772	0	2,96,772	1.24	3,38,892	0	3,38,892	1.44	0.20
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	32,07,944	4,98,239	37,06,183	15.53	36,50,140	4,45,386	40,95,526	17.37	1.84
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	31,66,464	22,000	31,88,464	13.36	26,08,384	22,000	26,30,384	11.15	-2.21
c) Others (specify)									
Non Resident	2,97,881	0	2,97,881	1.25	2,85,652	0	2,85,652	1.21	-0.04
Foreign Bodies	0	0	0	0	444	0	444	0	0.00
Trust	0	0	0	0	0	0	0	0	0.00
HUF	2,41,177	0	2,41,177	1.01	2,36,754	0	2,36,754	1.00	-0.01
Sub-Total (B)(2):-	**72,10,238**	**5,20,239**	**77,30,477**	**32.40**	**71,20,266**	**4,67,386**	**75,87,652**	**32.18**	**-0.22**
TOTAL PUBLIC SHAREHOLDING (B) =(B)(1)+(B)(2)	**84,35,011**	**5,20,239**	**89,55,250**	**37.54**	**83,80,307**	**4,67,386**	**88,47,693**	**37.52**	**-0.02**
TOTAL (A) +(B)	**2,33,36,861**	**5,20,239**	**2,38,57,100**	**100.00**	**2,31,14,714**	**4,67,386**	**2,35,82,100**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	0	**0**	**0**	**0**	**0**	**0.00**
GRAND TOTAL (A+B+C)	**2,33,36,861**	**5,20,239**	**2,38,57,100**	**100.00**	**2,31,14,714**	**4,67,386**	**2,35,82,100**	**100.00**	**0.00**

Note:

1. **Number of shares at the beginning of the year was 2,38,57,100.**
2. **During the Financial Year 2017-18, the Company has bought back 2,75,000 fully paid-up Equity shares. Post Buyback, the number of shares of the Company w.e.f. 15th March, 2018 is 2,35,82,100.**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2017)			Shareholding at the end of the year (As on 31st March, 2018			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Aarnav Rashesh Gogri	49,001	0.21	0	48,304	0.20	0	-0.01
2	Aarti Industries Limited	4,91,790	2.06	0	4,91,790	2.09	0	0.03
3	Aarti Life Science LLP (formerly known as Rupal Drugs LLP)	3,503	0.01	0	3,460	0.01	0	0.00
4	Aashay Rashesh Gogri	2,30,301	0.97	0	2,27,024	0.96	0	-0.01
5	Adhish Prakash Patil	2,78,238	1.17	0	2,88,894	1.23	0	0.06
6	Alchemie Financial Services Limited	9,858	0.04	0	9,858	0.04	0	0.00
7	Alchemie Finserv Private Limited	4,66,234	1.95	0	4,66,234	1.98	0	0.03
8	Anushakti Enterprise Private Limited	5,69,500	2.39	0	5,69,500	2.41	0	0.02
9	Arti Rajendra Gogri	2,77,848	1.16	0	2,73,894	1.16	0	0.00
10	Arun Moreshwar Patil	15,967	0.07	0	15,740	0.07	0	0.00
11	Bhoomi Harshit Savla	2,56,093	1.07	0	2,52,449	1.07	0	0.00
12	Chandrakant Vallabhaji Gogri	5,59,763	2.35	0	5,51,799	2.34	0	-0.01
13	Dilesh Roadlines Private Limited	22,330	0.09	0	59,936	0.25	0	0.16
14	Gogri Finserv Private Limited	7,85,972	3.29	0	7,85,972	3.33	0	0.04
15	Harshit Manilal Savla	11,00,689	4.61	0	10,86,482	4.61	0	0.00
16	Hetal Gogri Gala	7,32,858	3.07	0	7,22,430	3.06	0	-0.01
17	Indira Madan Dedhia	46,431	0.19	0	45,951	0.19	0	0.00
18	Jay Manilal Savla	2,17,716	0.91	0	1,47,471	0.63	0	-0.28
19	Jay Manilal Savla (MOMI's Trust)	4,58,712	1.92	0	3,98,946	1.69	0	-0.23
20	Jaya Chandrakant Gogri	6,64,821	2.79	0	6,55,361	2.78	0	-0.01
21	Jigna Hiren Shah	1,07,033	0.45	0	1,49,170	0.63	0	0.18
22	Manisha Rashesh Gogri	49,104	0.21	0	48,406	0.21	0	0.00
23	Mirik Rajendra Gogri	6,40,622	2.69	0	6,31,506	2.68	0	-0.01
24	Prakash M. Patil (HUF)	42,477	0.18	0	41,873	0.18	0	0.00
25	Prakash Moreshwar Patil	20,24,721	8.49	0	20,20,770	8.57	0	0.08
26	Priti Prakash Patil	10,56,028	4.43	0	10,41,001	4.41	0	-0.02
27	Rajendra Vallabhaji Gogri	5,62,813	2.36	0	5,54,806	2.35	0	-0.01
28	Rashesh Chandrakant Gogri	10,06,748	4.22	0	9,92,422	4.21	0	-0.01
29	Renil Rajendra Gogri	6,37,212	2.67	0	6,28,144	2.66	0	-0.01
30	Safechem Enterprises Pvt. Ltd	4,00,000	1.68	0	4,00,000	1.70	0	0.02
31	Seema Harshit Savla	8,65,845	3.63	0	8,54,906	3.63	0	0.00
32	Uday Moreshwar Patil	12,590	0.05	0	12,590	0.05	0	0.00
33	Vishwa Harshit Savla	2,59,032	1.09	0	2,57,318	1.09	0	0.00
	Total	**1,49,01,850**	**62.46**	0	**1,47,34,407**	**62.48**	0	**0.02**

Note:

1. **Number of shares at the beginning of the year was 2,38,57,100.**
2. **During the Financial Year 2017-18, the Company has bought back 2,75,000 fully paid-up Equity shares. Post Buyback, the number of shares of the Company w.e.f. 15th March, 2018 is 2,35,82,100.**

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	**Prakash Moreshwar Patil**				
	At the beginning of the year	20,24,721	8.49	20,24,721	8.49
	17.04.2017 - Market Purchase	10,000	0.04	20,34,721	8.53
	09.03.2018 - Buyback	-28,951	-0.12	20,05,770	8.51
	15.03.2018 - Market Purchase	15,000	0.06	20,20,770	8.57
	At the end of the year	0	0.00	20,20,770	8.57
2	**Rajendra Vallabhaji Gogri**				
	At the beginning of the year	5,62,813	2.36	5,62,813	2.36
	09.03.2018 - Buyback	-8,007	-0.03	5,54,806	2.35
	At the end of the year	0	0.00	5,54,806	2.35
3	**Chandrakant Vallabhaji Gogri**				
	At the beginning of the year	5,59,763	2.35	5,59,763	2.35
	09.03.2018 - Buyback	-7,964	-0.03	5,51,799	2.34
	At the end of the year	0	0.00	5,51,799	2.34
4	**Harshit Manilal Savla**				
	At the beginning of the year	11,00,689	4.61	11,00,689	4.61
	31.05.2017 - Market Purchase	1,000	0.00	11,01,689	4.62
	18.10.2017 - Market Purchase	475	0.00	11,02,164	4.62
	09.03.2018 - Buyback	-15,682	-0.07	10,86,482	4.61
	At the end of the year	0	0.00	10,86,482	4.61
5	**Jay Manilal Savla**				
	At the beginning of the year	2,17,716	0.91	2,17,716	0.91
	17.10.2017 - Off Market gift given	-43,700	-0.18	1,74,016	0.73
	01.11.2017 - Market Sale	-25,000	-0.10	1,49,016	0.62
	09.03.2018 - Buyback	-1,545	-0.01	1,47,471	0.63
	At the end of the year	0	0.00	1,47,471	0.63
6	**Jaya Chandrakant Gogri**				
	At the beginning of the year	6,64,821	2.79	6,64,821	2.79
	09.03.2018 - Buyback	-9,460	-0.04	6,55,361	2.78
	At the end of the year	0	0.00	6,55,361	2.78
7	**Manisha Rashesh Gogri**				
	At the beginning of the year	49,104	0.21	49,104	0.21
	09.03.2018 - Buyback	-698	0.00	48,406	0.21
	At the end of the year	0	0.00	48,406	0.21
8	**Mirik Rajendra Gogri**				
	At the beginning of the year	6,40,622	2.69	6,40,622	2.69
	09.03.2018 - Buyback	-9,116	-0.04	6,31,506	2.68
	At the end of the year	0	0.00	6,31,506	2.68

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
9	**Prakash Moreshwar Patil (HUF)**				
	At the beginning of the year	42,477	0.18	42,477	0.18
	09.03.2018 - Buyback	-604	0.00	41,873	0.18
	At the end of the year	0	0.00	41,873	0.18
10	**Priti Prakash Patil**				
	At the beginning of the year	10,56,028	4.43	10,56,028	4.43
	09.03.2018 - Buyback	-15,027	-0.06	10,41,001	4.41
	At the end of the year	0	0.00	10,41,001	4.41
11	**Rashesh Chandrakant Gogri**				
	At the beginning of the year	10,06,748	4.22	10,06,748	4.22
	09.03.2018 - Buyback	-14,326	-0.06	9,92,422	4.21
	At the end of the year	0	0.00	9,92,422	4.21
12	**Renil Rajendra Gogri**				
	At the beginning of the year	6,37,212	2.67	6,37,212	2.67
	09.03.2018 - Buyback	-9,068	-0.04	6,28,144	2.66
	At the end of the year	0	0.00	6,28,144	2.66
13	**Seema Harshit Savla**				
	At the beginning of the year	8,65,845	3.63	8,65,845	3.63
	26.05.2017 - Market Purchase	1,000	0.00	8,66,845	3.63
	12.06.2017 - Market Purchase	200	0.00	8,67,045	3.63
	12.07.2017 - Market Purchase	200	0.00	8,67,245	3.64
	09.03.2018 - Buyback	-12,339	-0.05	8,54,906	3.63
	At the end of the year	0	0.00	8,54,906	3.63
14	**Uday Moreshwar Patil**				
	At the beginning of the year	12,590	0.05	12,590	0.05
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	12,590	0.05
15	**Vishwa Harshit Savla**				
	At the beginning of the year	2,59,032	1.09	2,59,032	1.09
	07.04.2017 - Market Purchase	2,000	0.01	2,61,032	1.09
	09.03.2018 - Buyback	-3,714	-0.02	2,57,318	1.09
	At the end of the year	0	0.00	2,57,318	1.09
16	**Aarnav Rashesh Gogri**				
	At the beginning of the year	49,001	0.21	49,001	0.21
	09.03.2018 - Buyback	-697	0.00	48,304	0.20
	At the end of the year	0	0.00	48,304	0.20

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
17	**Arun Moreshwar Patil**				
	At the beginning of the year	15,967	0.07	15,967	0.07
	09.03.2018 - Buyback	-227	0.00	15,740	0.07
	At the end of the year	0	0.00	15,740	0.07
18	**Adhish Prakash Patil**				
	At the beginning of the year	2,78,238	1.17	2,78,238	1.17
	26.05.2017 - Market Purchase	10,000	0.04	2,88,238	1.21
	04.12.2017 - Market Purchase	1,849	0.01	2,90,087	1.22
	06.12.2017 - Market Purchase	3,000	0.01	2,93,087	1.23
	09.03.2018 - Buyback	-4,193	-0.02	2,88,894	1.23
	At the end of the year	0	0.00	2,88,894	1.23
19	**Arti Rajendra Gogri**				
	At the beginning of the year	2,77,848	1.16	2,77,848	1.16
	09.03.2018 - Buyback	-3,954	-0.02	2,73,894	1.16
	At the end of the year	0	0.00	2,73,894	1.16
20	**Bhoomi Harshit Savla**				
	At the beginning of the year	2,56,093	1.07	2,56,093	1.07
	09.03.2018 - Buyback	-3,644	-0.02	2,52,449	1.07
	At the end of the year	0	0.00	2,52,449	1.07
21	**Hetal Gogri Gala**				
	At the beginning of the year	7,32,858	3.07	7,32,858	3.07
	09.03.2018 - Buyback	-10,428	-0.04	7,22,430	3.06
	At the end of the year	0	0.00	7,22,430	3.06
22	**Indira Madan Dedhia**				
	At the beginning of the year	46,431	0.19	46,431	0.19
	09.03.2018 - Buyback	-480	0.00	45,951	0.19
	At the end of the year	0	0.00	45,951	0.19
23	**Aashay Rashesh Gogri**				
	At the beginning of the year	2,30,301	0.97	2,30,301	0.97
	09.03.2018 - Buyback	-3,277	-0.01	2,27,024	0.96
	At the end of the year	0	0.00	2,27,024	0.96
24	**Jay Manilal Savla (MOMI's Trust)**				
	At the beginning of the year	4,58,712	1.92	4,58,712	1.92
	21.04.2017 - Market Sale	-1,000	0.00	4,57,712	1.92
	28.04.2017 - Market Sale	-500	0.00	4,57,212	1.92
	10.05.2017 - Market Sale	-500	0.00	4,56,712	1.91
	16.06.2017 - Market Sale	-1,000	0.00	4,55,712	1.91
	23.06.2017 - Market Sale	-500	0.00	4,55,212	1.91
	30.06.2017 - Market Sale	-500	0.00	4,54,712	1.91
	07.07.2017 - Market Sale	-500	0.00	4,54,212	1.90
	14.07.2017 - Market Sale	-500	0.00	4,53,712	1.90

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	21.07.2017 - Market Sale	-500	0.00	4,53,212	1.90
	25.07.2017 - Market Sale	-40,000	-0.17	4,13,212	1.73
	31.07.2017 - Market Sale	-500	0.00	4,12,712	1.73
	01.09.2017 - Market Sale	-500	0.00	4,12,212	1.73
	08.09.2017 - Market Sale	-500	0.00	4,11,712	1.73
	15.09.2017 - Market Sale	-500	0.00	4,11,212	1.72
	22.09.2017 - Market Sale	-500	0.00	4,10,712	1.72
	29.09.2017 - Market Sale	-500	0.00	4,10,212	1.72
	06.10.2017 - Market Sale	-500	0.00	4,09,712	1.72
	13.10.2017 - Market Sale	-500	0.00	4,09,212	1.72
	27.10.2017 - Market Sale	-500	0.00	4,08,712	1.71
	03.11.2017 - Market Sale	-500	0.00	4,08,212	1.71
	17.11.2017 - Market Sale	-500	0.00	4,07,712	1.71
	24.11.2017 - Market Sale	-500	0.00	4,07,212	1.71
	01.12.2017 - Market Sale	-500	0.00	4,06,712	1.70
	08.12.2017 - Market Sale	-500	0.00	4,06,212	1.70
	15.12.2017 - Market Sale	-500	0.00	4,05,712	1.70
	22.12.2017 - Market Sale	-500	0.00	4,05,212	1.70
	09.03.2018 - Buyback	-5,766	-0.02	3,99,446	1.69
	23.03.2018 - Market Sale	-500	0.00	3,98,946	1.69
	At the end of the year	0	0.00	39,8,946	1.69
25	**Jigna Hiren Shah**				
	At the beginning of the year	1,07,033	0.45	1,07,033	0.45
	17.10.2017 - Off Market gift received	43,700	0.18	1,50,733	0.63
	09.03.2018 - Buyback	-1,563	-0.01	1,49,170	0.63
	At the end of the year	0	0.00	1,49,170	0.63
26	**Aarti Life Science LLP (formerly known as Rupal Drugs LLP)**				
	At the beginning of the year	3,503	0.01	3,503	0.01
	09.03.2018 - Buyback	-43	0.00	3,460	0.01
	At the end of the year	0	0.00	3,460	0.01
27	**Alchemie Financial Services Ltd.**				
	At the beginning of the year	9,858	0.04	9,858	0.04
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	9,858	0.04
28	**Dilesh Roadlines Private Ltd.**				
	At the beginning of the year	22,330	0.09	22,330	0.09
	20.04.2017 - Market Purchase	1,170	0.00	23,500	0.10

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	21.04.2017 - Market Purchase	5000	0.02	28500	0.12
	24.04.2017 - Market Purchase	1000	0.00	29500	0.12
	25.04.2017 - Market Purchase	3000	0.01	32500	0.14
	26.04.2017 - Market Purchase	3500	0.01	36000	0.15
	28.04.2017 - Market Purchase	5000	0.02	41000	0.17
	02.05.2017 - Market Purchase	3000	0.01	44000	0.18
	03.05.2017 - Market Purchase	1886	0.01	45886	0.19
	01.06.2017 - Market Purchase	1000	0.00	46886	0.20
	02.06.2017 - Market Purchase	2000	0.01	48886	0.20
	05.06.2017 - Market Purchase	1000	0.00	49886	0.21
	06.06.2017 - Market Purchase	1000	0.00	50886	0.21
	07.06.2017 - Market Purchase	1000	0.00	51886	0.22
	08.06.2017 - Market Purchase	500	0.00	52386	0.22
	23.03.2018 - Market Purchase	2000	0.01	54386	0.23
	26.03.2018 - Market Purchase	2100	0.01	56486	0.24
	27.03.2018 - Market Purchase	1350	0.01	57836	0.25
	28.03.2018 - Market Purchase	2100	0.01	59936	0.25
	At the end of the year	0	0.00	59936	0.25
29	**Alchemie Finserv Private Ltd.**				
	At the beginning of the year	466234	1.95	466234	1.95
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	466234	1.98
30	**Gogri Finserv Private Ltd.**				
	At the beginning of the year	785972	3.29	785972	3.29
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	785972	3.33
31	**Aarti Industries Ltd.**				
	At the beginning of the year	491790	2.06	491790	2.06
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	491790	2.09
32	**Safechem Enterprises Private Ltd.**				
	At the beginning of the year	400000	1.68	400000	1.68
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	400000	1.70
33	**Anushakti Enterprise Private Ltd.**				
	At the beginning of the year	569500	2.39	569500	2.39
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	569500	2.41

Note:

1. **Number of shares at the beginning of the year was 2,38,57,100.**
2. **During the Financial Year 2017-18, the Company has bought back 2,75,000 fully paid-up Equity shares. Post Buyback, the number of shares of the Company w.e.f. 15th March, 2018 is 2,35,82,100.**

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	**DSP Blackrock Small Cap Fund**				
	At the beginning of the year	877023	3.68	877023	3.68
	14.07.2017 - Market Sale	-25000	-0.10	852023	3.57
	28.07.2017 - Market Purchase	25000	0.10	877023	3.68
	09.03.2018 - Buyback	-9443	-0.04	867580	3.68
	At the end of the year	0	0.00	867580	3.68
2	**Jayshree Harit Shah**				
	At the beginning of the year	460112	1.93	460112	1.93
	09.03.2018 - Buyback	-6547	-0.03	453565	1.92
	At the end of the year	0	0.00	453565	1.92
3	**Nikhil Parimal Desai**				
	At the beginning of the year	141432	0.59	141432	0.59
	01.12.2017 - Market Purchase	159532	0.67	300964	1.26
	09.03.2018 - Buyback	-4283	-0.02	296681	1.26
	At the end of the year	0	0.00	296681	1.26
4	**Liza Nemjee Savla**				
	At the beginning of the year	264533	1.11	264533	1.11
	09.03.2018 - Buyback	-2789	-0.01	261744	1.11
	At the end of the year	0	0.00	261744	1.11
5	**DSP Blackrock AIF Pharma Fund**				
	At the beginning of the year	165080	0.69	165080	0.69
	07.04.2017 - Market Purchase	163	0.00	165243	0.69
	14.04.2017 - Market Purchase	8898	0.04	174141	0.73
	21.04.2017 - Market Purchase	1647	0.01	175788	0.74
	09.06.2017 - Market Purchase	7954	0.03	183742	0.77
	16.06.2017 - Market Purchase	2265	0.01	186007	0.78
	22.09.2017 - Market Purchase	3193	0.01	189200	0.79
	13.10.2017 - Market Purchase	15000	0.06	204200	0.86
	09.03.2018 - Buyback	-2147	-0.01	202053	0.86
	At the end of the year	0	0.00	202053	0.86

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
6	**Samir Pragji Shah**				
	At the beginning of the year	152294	0.64	152294	0.64
	14.04.2017 - Market Sale	-50	0.00	152244	0.64
	21.04.2017 - Market Sale	-2200	-0.01	150044	0.63
	23.06.2017 - Market Sale	-800	0.00	149244	0.63
	30.06.2017 - Market Sale	-513	0.00	148731	0.62
	07.07.2017 - Market Sale	-2300	-0.01	146431	0.61
	14.07.2017 - Market Sale	-1500	-0.01	144931	0.61
	21.07.2017 - Market Sale	-600	0.00	144331	0.60
	28.07.2017 - Market Sale	-2251	-0.01	142080	0.60
	04.08.2017 - Market Sale	-964	0.00	141116	0.59
	11.08.2017 - Market Sale	-1100	0.00	140016	0.59
	03.11.2017 - Market Sale	-500	0.00	139516	0.58
	08.12.2017 - Market Sale	-336	0.00	139180	0.58
	22.12.2017 - Market Sale	-3535	-0.01	135645	0.57
	09.03.2018 - Buyback	-1930	-0.01	133715	0.57
	At the end of the year	0	0.00	133715	0.57
7	**Lakshmi Capital Investment Limited**				
	At the beginning of the year	130643	0.55	130643	0.55
	07.04.2017 - Market Purchase	1300	0.01	131943	0.55
	19.05.2017 - Market Sale	-2000	-0.01	129943	0.54
	25.08.2017 - Market Purchase	2065	0.01	132008	0.55
	01.09.2017 - Market Purchase	1162	0.00	133170	0.56
	At the end of the year	0	0.00	133170	0.56
8	**Parimal Hasmukhlal Desai**				
	At the beginning of the year	125679	0.53	125679	0.53
	09.03.2018 - Buyback	-1788	-0.01	123891	0.53
	At the end of the year	0	0.00	123891	0.53
9	**Tarla Parimal Desai**				
	At the beginning of the year	124708	0.52	124708	0.52
	09.03.2018 - Buyback	-1775	-0.01	122933	0.52
	At the end of the year	0	0.00	122933	0.52

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
10	**Sushma Arun Patil**				
	At the beginning of the year	69745	0.29	69745	0.29
	21.04.2017 - Market Purchase	2822	0.01	72567	0.30
	19.05.2017 - Market Purchase	1298	0.01	73865	0.31
	09.03.2018 - Buyback	-1050	0.00	72815	0.31
	16.03.2018 - Market Purchase	1700	0.01	74515	0.32
	At the end of the year	0	0.00	74515	0.32

Note:

1. Number of shares at the beginning of the year was 2,38,57,100.

2. During the Financial Year 2017-18, the Company has bought back 2,75,000 fully paid-up Equity shares. Post Buyback, the number of shares of the Company w.e.f. 15th March, 2018 is 2,35,82,100.

(v) Shareholding of Directors and Key Managerial Personnel (KMP)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	**Prakash Moreshwar Patil**				
	At the beginning of the year	2024721	8.49	2024721	8.49
	17.04.2017 - Market Purchase	10000	0.04	2034721	8.53
	09.03.2018 - Buyback	-28951	-0.12	2005770	8.51
	15.03.2018 - Market Purchase	15000	0.06	2020770	8.57
	At the end of the year	0	0.00	2020770	8.57
2	**Rashesh Chandrakant Gogri**				
	At the beginning of the year	1006748	4.22	1006748	4.22
	09.03.2018 - Buyback	-14326	-0.06	992422	4.21
	At the end of the year	0	0.00	992422	4.21
3	**Harshit Manilal Savla**				
	At the beginning of the year	1100689	4.61	1100689	4.61
	31.05.2017 - Market Purchase	1000	0.00	1101689	4.62
	18.10.2018 - Market Purchase	475	0.00	1102164	4.62
	09.03.2018 - Buyback	-15682	-0.07	1086482	4.61
	At the end of the year	0	0.00	1086482	4.61
4	**Harit Pragji Shah**				
	At the beginning of the year	645390	2.71	645390	2.71
	09.03.2018 - Buyback	-9178	-0.04	636212	2.70
	At the end of the year	0	0.00	636212	2.70
5	**Uday Moreshwar Patil**				
	At the beginning of the year	12590	0.05	12590	0.05
	Date wise increase/decrease	0	0.00	0	0.00
	At the end of the year	0	0.00	12590	0.05

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
6	**Rajendra Vallabhaji Gogri**				
	At the beginning of the year	562813	2.36	562813	2.36
	09.03.2018 - Buyback	-8007	-0.03	554806	2.35
	At the end of the year	0	0	554806	2.35
7	**Ramdas Maneklal Gandhi**				
	At the beginning of the year	7841	0.03	7841	0.03
	09.03.2018 - Buyback	-111	0.00	7730	0.03
	At the end of the year	0	0	7730	0.03
8	**Bhavesh Rasiklal Vora**				
	At the beginning of the year	0	0	0	0.00
	Date wise increase/decrease	0	0	0	0.00
	At the end of the year	0	0	0	0.00
9	**Navin Chapsi Shah**				
	At the beginning of the year	0	0	0	0.00
	Date wise increase/decrease	0	0	0	0.00
	At the end of the year	0	0	0	0.00
10	**Vilas Gajanan Gaikar**				
	At the beginning of the year	0	0	0	0.00
	Date wise increase/decrease	0	0	0	0.00
	At the end of the year	0	0	0	0.00
11	**Krishnacharya Govindacharya Akamanchi**				
	At the beginning of the year	0	0	0	0.00
	Date wise increase/decrease	0	0	0	0.00
	At the end of the year	0	0	0	0.00
12	**Priti Paras Savla**				
	At the beginning of the year	0	0	0	0.00
	Date wise increase/decrease	0	0	0	0.00
	At the end of the year	0	0	0	0.00
13	**Adhish Prakash Patil**				
	At the beginning of the year	278238	1.17	278238	1.17
	26.05.2017 - Market Purchase	10000	0.04	288238	1.21
	04.12.2017 - Market Purchase	1849	0.01	290087	1.22
	06.12.2017 - Market Purchase	3000	0.01	293087	1.23
	09.03.2018 - Buyback	-4193	-0.02	288894	1.23
	At the end of the year	0	0	288894	1.23
14	**Vibhav Sanjay Ranade**				
	At the end of the year	0	0	0	0.00
	Date wise increase/decrease	0	0	0	0.00
	At the end of the year	0	0	0	0.00

Note:

1. **Number of shares at the beginning of the year was 2,38,57,100.**
2. **During the Financial Year 2017-18, the Company has bought back 2,75,000 fully paid-up Equity shares. Post Buyback, the number of shares of the Company w.e.f. 15th March, 2018 is 2,35,82,100.**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment (₹ In Lakhs)

	Particular	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
	Indebtedness at the beginning of the Financial Year				
1	Principal Amount	33,495.46	11,294.94	0.00	44,790.40
2	Interest due but not paid	0.00	0.00	0.00	0.00
3	Interest accured but not due	49.97	21.69	0.00	71.66
	Total (1+2+3)	**33,545.43**	**11,316.62**	**0.00**	**44,862.05**
	Change in Indebtedness during the Financial Year				
	Addition	3,658.75	0.00	0.00	3,658.75
	Reduction	3,214.90	200.00	0.00	3,414.90
	Net Change	443.85	-200.00	0.00	243.95
	Indebtedness at the end of the Financial Year				
1	Principal Amount	37,483.54	14,217.10	0.00	51,700.64
2	Interest due but not paid	0.00	0.00	0.00	0.00
3	Interest accured but not due	14.41	35.44	0.00	49.85
	Total (1+2+3)	**37,497.95**	**14,252.54**	**0.00**	**51,750.49**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
	Name	Prakash M. Patil CMD	Rashesh C. Gogri MD	Harshit M. Savla JT. MD	Harit P. Shah WTD	Uday M. Patil WTD	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68.82	58.29	58.29	58.29	9.65	253.34
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0	0	0
2	Stock Option	0	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0	0
4	Commission	0	0	0	0	0	0
	- as % of profit	70.94	70.94	70.94	70.94		283.76
	- others, specify	0	0	0	0	0	0
5	Others, please specify	0	0	0	0	0	0
	Total (A)	**139.76**	**129.23**	**129.23**	**129.23**	**9.65**	**537.10**
	Ceiling as per the Act	**10% of the Net Profits of the Company**					

B. Remuneration to other Directors

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Ramdas M. Gandhi	Bhavesh R. Vora	Krishnacharya G. Akamanchi	Vilas G. Gaikar	Navin C. Shah	Priti P. Savla	
1	**Independent Directors**							
	a. Fee for attending board / committee meetings	1.00	1.00	0.50	0.40	0.70	0.40	4.00
	b. Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	c. Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (1)	**1.00**	**1.00**	**0.50**	**0.40**	**0.70**	**0.40**	**4.00**
2	**Other Non-Executive Directors**	**Rajendra V. Gogri**						
	a. Fee for attending board committee meetings	0.30	0.00	0.00	0.00	0.00	0.00	0.30
	b. Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	c. Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	**0.30**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.30**
	Total Managerial Remuneration (B)=(1+2)	**1.30**	**1.00**	**0.50**	**0.40**	**0.70**	**0.40**	**4.30**
	Overall Ceiling as per the Act	1% of the Net Profits of the Company						

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

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		
		Prakash M. Patil CEO	Adhish P. Patil CFO	Vibhav S. Ranade CS
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68.82	46.30	5.30
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	70.94	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Total	**139.76**	**46.30**	**5.30**

VII. Penalties/Punishment /Compounding of Offences

During the year no such instances of Penalty/Punishment/ Compunding Fees imposed by any authority on the Company/ Directors/other Officers in default.

Annexure - B

FORM AOC-1

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

Statement containing salient features of Financial Statements of Subsidiaries / Associate Companies / Joint Ventures

Part "A" – Subsidiary

(₹ In Lakhs except % of Shareholding)

Sr. No.	Name of Subsidiary Company	Reporting Period	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/Total Income	Profit Before Taxation	Provision for Taxation	Proposed Dividend	% of Share-holding
1.	Pinnacle Life Science Pvt. Ltd.	01.04.2017-31.03.2018	INR	778.27	2107.92	9721.59	9721.59	0.50	13930.82	1241.36	339.65	0.00	100

For and On behalf of Board of Directors of Aarti Drugs Limited

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

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

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
Vibhav S. Ranade
Company Secretary & Compliance Officer

Place: Mumbai
Date: 16th May, 2018

Annexure - C

NOMINATION POLICY OF AARTI DRUGS LIMITED

This Policy on Director's Nominations (the "Policy") describes the process by which candidates for possible inclusion in the Company (the "Candidates") are selected. The Policy is established and administered by the Nomination and Remuneration Committee (the "Committee") of AARTI DRUGS LIMITED (the "Company").

1) BOARD MEMBERSHIP CRITERIA:

The Committee's charter provides that the Committee is responsible for, among other things, identifying individuals qualified to become members of the Company's Board of Directors (the "Board") and selecting or recommending to the Board, the nominees to stand for election as Directors.

A. GENERAL QUALIFICATIONS:

When evaluating a person for nomination for election to the Board or at senior management level, the qualifications and skills considered by the Committee, will include, but are not limited to:

- whether the person is qualified under applicable laws and regulations to serve as a Director of the Company;
- whether or not the person is willing to serve as a Director or at senior management level and willing to commit the time necessary for the performance of the duties of a Director;
- the contribution that the person can make to the Board or at senior management, with consideration being given to the person's business experience, education and such other factors as the Board may consider relevant;
- whether a candidate contributes to the Board's overall diversity with diversity being broadly construed to mean a variety of personal and professional experiences and education;
- opinions, perspectives and backgrounds;
- the character and integrity of the person;
- the extent to which the person demonstrates a long-term and strategic perspective and
- the extent to which the person possesses pertinent technological, political, business, financial or social/ cultural expertise and experience.

The Committee is of the view that the continuing service of qualified incumbents promotes stability and continuity in the board room or at senior management level, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its Directors have accumulated during their tenure. Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent Directors or persons at senior level management who continue to satisfy the Committee's criteria for membership on the Board or at senior management level, whom the Committee believes continue to make important contributions to the Board and who consent to continue their service on the Board.

B. SOURCES OF INQUIRY:

The Committee may use multiple sources for identifying Director candidates, including its own contacts and referrals from other Directors, members of management, the Company's advisors and executive search firms.

In making recommendations for Director Nominees for the annual meeting of shareholders the Committee will consider any written recommendations of Director candidates by shareholders received by the Secretary of the Company. No person nominated by a shareholder will be eligible to serve as a Director of the Company unless nominated in accordance with the procedures set forth in such Nomination policy.

This Nomination Policy is intended to provide a flexible set of guidelines for the effective functioning of the Company's nomination process. The Board of Directors anticipates that modifications may be necessary or appropriate from time to time as the Company's needs and circumstances evolve and as applicable legal or listing standards change.

2) EVALUATION CRITERIA:

The Committee shall evaluate the performance of the Directors on the basis of the following criteria:

- Accomplishment of the organization's mission, objectives and strategic results for which the Director is responsible;
- Adherence to operational policies approved by the Board;
- Insuring that the Board is well informed on issues affecting the continuing relevance of the mission and the performance and reputation of the Society.

Evidence of Performance:

The Board and Director will agree in advance on how information on the above criteria will be collected and provided. The means of gathering this information or demonstrating accomplishment will include:

1) **Reports from the Director on progress towards the mission and objectives of the organization and current strategic goals.**

The Executive Director's regular reports to the Board will be included.

The Board and Executive Director will agree in advance on the specific performance indicators, which will include:

- Changes in the community to which the organization has contributed;
- Improvements in lives of clients or consumers;
- Improvements in shareholders Net-worth;
- Internal organizational improvements (e.g. increased capacity, Financial Results etc.).

2) **Monitoring reports from the Director on the implementation of and adherence to operational policies.**

- These reports will be formally requested by the Board.
- The board will select two or three specific policies it is interested in examining in each evaluation period.

3) **Independent verification and other data gathered by the Committee in relation to the implementation of operational policies.**

- The Committee may want to interview selected clients, staff, key stakeholders, funders and suppliers and inspect specific records.
- Regular client or customer feedback mechanisms (e.g. satisfaction surveys) are valuable as management and governance tools, as well as being employed in the evaluation of the Executive Director.

REMUNERATION POLICY OF AARTI DRUGS LIMITED

BACKGROUND:

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals from Directors right through to support Staff.

OBJECTIVE:

The objectives of this policy are:

(a) to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company;

(b) encourage people to perform to their highest level;

(c) allow the Company to compete in each relevant employment market;

(d) provide consistency in remuneration throughout the Company and

(e) align the performance of the business with the performance of key individuals and teams within the Company.

The policy details the types of remuneration to be offered by the Company and factors to be considered by the Board, Nomination & Remuneration Committee and management in determining the appropriate remuneration strategy.

CONTRACT:

(i) Non-Executive Directors will enter into a letter of engagement. This letter of engagement will set out the terms and conditions of the engagement and the performance expectations for the role and the remuneration package for that Director. The Terms and Conditions for the engagement must be approved by the Board.

(ii) Each Executive Director, executive and senior management employee will enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for that person. The contract will set out the expectations for the performance of the role and the key performance indicators, measures and criteria for assessment.

The Nomination & Remuneration Committee and the Board must approve all contracts for senior management and Directors. The Board will disclose the details of any contract in accordance with the law and the Communications & Continuous Disclosure Policy.

FORMS OF REMUNERATION:

The remuneration of employees largely consists of basic salary, perquisites, bonus and performance incentives. The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognize merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

With the assistance of the Board, Nomination & Remuneration Committee will approve the forms of remuneration to be offered to Executive Directors, Executives, Senior Management and other employees (Employees), which may include:

FIXED REMUNERATION:

The Nomination & Remuneration Committee and the Human Resources Manager in consultation with the Board will from time to time determine the fixed remuneration level for each Employee within the Company. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company. Employees may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits.

PERFORMANCE BASED REMUNERATION:

In addition to fixed remuneration the Company will implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will disclosed to relevant employees regularly.

EQUITY BASED REMUNERATION:

To motivate executives and management to pursue the long term growth and success of the Company will include various plans and initiatives to deliver parts of the performance based remuneration as equity in the Company. The terms and conditions of any employee share plans will be approved by the Nomination & Remuneration Committee and the Board and disclosed to the shareholders and market in accordance with the continuous disclosure policy.

TERMINATION PAYMENTS:

Each contract (excluding non-executive Directors) will set out in advance the entitlement to payment upon termination of employment for each Employee. The Nomination & Remuneration Committee and the Board must approve all termination payments provided to all Employees at the level of Director, executive or senior management to ensure such payments reflect the Company's remuneration policy.

EMPLOYEE ENTITLEMENTS:

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and parental leave.

NON-EXECUTIVE DIRECTORS:

The Company will remunerate Non-Executive Directors in a manner designed to attract and maintain high quality Board members. Non-Executive Directors will receive a set fee (including superannuation) for their service and may be issued securities in the Company, provided that Non-Executive Directors are not entitled to any performance-based options, bonus payments or retirement benefits. The remuneration of Non-Executive Directors must be consistent with and supportive of maintaining the Non-Executive Director's Independence.

Annexure - D

Corporate Social Responsibility (CSR) Activities

(₹ In Lakhs)

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Corporate Social Responsibility Section of Directors Report contains the requisite details.
2.	The Composition of the CSR Committee.	Shri Navin C. Shah (Chairman) – Independent Director Shri Prakash M. Patil – Executive Director Shri Rashesh C. Gogri – Executive Director
3.	Average net profit of the Company for last three financial years (Amount in Lakhs)	₹ 9,981.31/-
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) (Amount in Lakhs)	₹ 199.63/-
5.	Details of CSR spent during the financial year.	
	i) Total amount to be spent for the F.Y.	₹ 199.63/-
	ii) Amount unspent, if any;	Not Applicable
	iii) Manner in which the amount spent during the financial year	Details given in below table

CSR project or activity identified	Locations where project is undertaken (Local Area / District)	Sector in which the project is covered	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	CumulativeExpenditure upto the reporting period	Amount spent: Direct or through implementing Agency
a) Education & Skill Development	Mumbai, Thane (Maharashtra), Kutch, Sarigam (Gujarat)	Rural Development	₹ 199.63/-	₹ 199.83/-	₹ 199.83/-	₹ 199.83/- (Direct as well as through Implementing Agency)
b) Health	Palghar, Pune (Maharashtra)					
c) Environment	Palghar, Ratnagiri (Maharashtra)					
d) Social Welfare	Palghar (Maharashtra)					

Details of Implementing Agency:

Aarti Foundation, Dhan Vallabh Charitable Trust, Sudha Pratishthan etc.

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

Sd/-
Navin C. Shah
Chairman of CSR Committee
DIN: 01415556

Place: Mumbai
Date: 16th May, 2018

Annexure - E

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

1. CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken:

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

- Installation of energy efficient aerodynamically designed FRP fans replacing regular Aluminium fans for cooling towers.
- Installation of capacitor banks for improvement of power saving.
- Rationalization of usage of utility pumps for electrical power saving.
- Installation of auto star-delta switches for centrifuges.
- Continuous overhauling of all thermal insulation to reduce loss of heat due to radiation.
- Tuning of boilers/thermopacs for optimum Air–Fuel ratio to increase efficiency.
- Condensate recovery improved to reduce fuel consumption.
- Reduced furnace oil percentage that was used as a supplementary fuel along with liquid effluent in waste heat recovery boiler.
- Attempt to run refrigeration plants at optimum capacity & efficiency.
- Replaced furnace oil fired boiler with Briquette as a solid fuel boiler.
- Installation of Thermostat to control cooling tower temperature to reduce electricity consumption.
- Implemented PINCH technology successfully & expected fuel saving.
- Use of variable frequency drives for power saving in centrifuges.
- Use of charcoal/carbon briquettes as a solid fuel in boilers.
- Installation of multiple effect evaporator to achieve zero liquid discharge.
- Installation of dry screw vacuum pump under vacuum solvent recovery which energy requirement is much less than ejector system.
- Installation of rising film evaporator to recover product from crude ML with economical energy requirement.

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

Measures for reduction in energy consumption includes:

- Solar roof top project on R&D Building at E-1;
- Coal based trigeneration at T-150 Unit and
- Use of variable frequency drives for power saving in pumps

c. The adoption of energy conservation measures indicated above has resulted in optimum efficiency in operation and saving & controlling in the cost of production.

d. Total energy consumption and energy consumption per unit of production is as follows:

I	Power & Fuel Consumption	Current Year	Previous Year
1	**Electricity**		
	Purchased Units (KWH)	**5,59,00,598**	5,23,50,112
	Total Amount (₹ In Lakhs)	**4,322.08**	3,776.34
	Per Unit (₹)	**7.73**	7.21
2	**Furnace Oil**		
	Purchased Units (MT)	**986.64**	718.58
	Total Amount (₹ in Lakhs)	**271.01**	154.20
	Per Unit (₹) (Per Kg)	**27.47**	21.46

I	Power & Fuel Consumption	Current Year	Previous Year
3	**Coal**		
	Consumption (Unit)	**6,62,80,457**	5,47,55,571
	Total Amount (₹ In Lakhs)	**1,673.66**	1,252.42
	Rate Per Unit	**2.53**	2.29
4.	**Others (₹ In Lakhs)**		
	Diesel (₹ in Lakhs)	**106.86**	152.88
	Briquettes (₹ in Lakhs)	**369.70**	174.68

II. Consumption per unit of production:

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

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- The Company has successfully developed and validated the manufacturing process for Itraconazole. It is a multi-stage product (11 stage). All the stages are developed successfully in the R&D lab by the Company. The commercial production of Itraconazole will be started in second quarter of F.Y. 2018-19. Optimization and validation of Process is done as per U.S.P. and E.P.

- i) The Company has successfully developed and commercialized manufacturing process for Cyclopropylamine (a key raw material for Ciprofloxacin Hydrochloride). The Commercial production is already started.

  ii) The Company has successfully developed and commercialized manufacturing process for Diphenylsulfone and manufactured it according to market requirement.

  iii) The Company has developed manufacturing process for 3-Hydroxy-N-[(2E-4Methyl-2Pentanylidine-2-Napthahydazide (BMH) and 2-4-Dichloro-5 Fluorobenzoyl Chloride (A key raw material for Ciprofloxacin).

  iv) The Company has developed process of Anisole in laboratory scale and also trials were done at a pilot plant.

  v) The Company has developed process of 1,2,4 Triazole intermediate of Itraconazole at laboratory scale.

- The Company has successfully validated and commercialized new route of synthesis for Ciprofloxacin and it's intermediate.

- The Company has also developed cost-effective process to compete with suppliers of China for Antibiotics and its intermediates, Antidiarrhoeals and Antidiabetic. The Company has also carried out process improvement work which leads to improvement in quality as well as cost-reduction. The Company is making continuous effort to further improve quality of all API's which the Company supplies.

- The Company had successfully isolated Mono Potassium Phosphate (a byproduct of Clopidogrel Intermediate) and commercialized it.

- The Company has successfully commercialized new route of Ciprofloxacin intermediate and able to replace hazardous chemicals like Sodium Hydride.

- The Company has successfully replaced TEA by introducing Caustic Soda in Clopidogrel intermediate.

- The Company has successfully validated and commercialized new route of synthesis for Ofloxacin. The quality of the product is as per pharmacopieal standards.

- The Company has validated and optimized manufacturing process of Diketone by Reduction in 30% HCL and Water Quantity and Aqueous layer of Previous Batch Recycling to Next.

- Cost effective Optimization of Manufacturing Process of Benzene Sulphonyl Chloride has been developed for smoother operations and improvising the Quality of Product. Reduction of quantity of water by recycling water to next batch without effect on quality.

- The Company has successfully developed the new route of Nor amide for making Norfloxacin intermediate Nor acid, pilot trials were done and ready for commercial operation.

- The Company is working to develop recovery of N- Ethyl Piperazine from aqueous media.

- We are making continuous effort on effluent Treatment Management.

3. RESEARCH AND DEVELOPMENT (R & D):

The Company's R&D Center at Plot No. E-1, MIDC Industrial Area, Tarapur, recognized by Department of Science and Industry Research, Government of India, carries on R&D activities for developing technology, scale-up and its transfer to manufacturing location for commercialization of APIs and intermediates as well.

A. Specific areas in which R&D carried out by the Company during the 2017- 18

The focused areas of the Company's R&D effort during 2017-18 include:

- We specially focused on recovery of usable by-products and side products from waste streams to reduce Organic load of effluent treatment plant. By-products/side products recovery from Clopidogrel API is best examples. We also recovered Aniline from Aqueous of Diclofenac Sodium and recycled different aqueous stream of Diclofenac Sodium to reduce fresh water consumption. We also developed process to isolate Glycolic Acid and Sodium Chloride Salt from Diclofenac Aqueous stream.
- Improvement of existing process of products by enhancing yields and reducing cost by optimization of reaction parameters, reaction engineering and implementing cost effective routes of synthesis on continuous basis, reduction of effluent and process involving continuous operations. These efforts have resulted in improving quality of the products and reducing their manufacturing cost.
- Development of process for new APIs the Company's R&D is also focused on developing API's which are blockbusters molecules in their respective therapeutic segments and expected to go off patent in next few years.

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

I. R&D efforts have helped for improvement in process and operating efficiency.

II. Development /Commercialization of various APIs and intermediates.

III. Development of new markets, penetration in to regulatory markets through quality up gradation and cost reduction.

IV. Improved quality of products to fulfill existing in-house demands of customers and

V. R&D efforts have helped to reduce effluent and water consumption.

C. Future plans of Action:

1. The Company is also developing Dabigatran Etexilate Mesylate and planning to develop products like Spriolactone, Luliconazole, Teneligiptin and Sitagliptin.
2. Further improvement in process efficiencies of existing products.
3. The Company expects to file some DMFs and also to update the existing ones during the F.Y. 2018-19 with Global regulatory authorities. This would help increase exports to regulated markets with better margins by supply of generic API's too.
4. Development of Cost Effective Processes/ Technologies for APIs of the semi-regulated & Non-Regulated Markets.
5. Development of Green process with the help of Innovative technologies.

D. Expenditure on R&D (₹ In Lacs)

Particulars	Current Year	Previous Year
Capital	**213.30**	179.62
Recurring	**407.72**	380.10
Total	**621.02**	**559.72**

4. FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ In Lacs)

Particulars	Current Year	Previous Year
Total Foreign Exchange Earned (FOB)	**38,070.86**	39,198.08
Total Foreign Exchange Earned (CIF)	**39,154.74**	40,164.22
Total Foreign Exchange Used		
CIF Value of Imports:		
- Raw Material	**41,778.18**	41,835.58
- Capital Goods	**218.07**	321.01
Expenditure in Foreign Currency		
- Commission	**419.38**	363.57
- Travelling Expenses	**21.40**	32.28
- Sales Promotion	**25.07**	39.97
- Foreign Bank charges	**64.03**	80.32
- Interest on F.C. Loan	**273.42**	203.43
- Others	**75.00**	105.38
Total	**42,874.55**	**42,981.54**

Annexure - F

Form No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2018 (**'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, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during Audit Period);**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during Audit Period);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during Audit Period);** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other Laws applicable specifically to the Company, identified and confirmed by the Company and relied upon by me are as under:

(a) Drugs & Cosmetics Act, 1940 and rules made thereunder;

(b) Narcotic Drugs and Psychotropic Substances Act, 1985

(c) The Insecticides Act, 1968;

(d) Explosives Act, 1889;

(e) Air (Prevention and Control of Pollution) Act, 1981;

(f) Water (Prevention and Control of Pollution) Act, 1974;

(g) The Noise (Regulation and Control) Rules, 2000;

(h) Environment Protection Act, 1986 and other environmental laws;

(i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations, 1950;

(j) Public Liability Insurance Act, 1991;

(k) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

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

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above ***except that (i) Form SH-11 being Return in respect of buy-back of securities completed on 19.03.2018 has not been filed with Ministry of Corporate Affairs (MCA) due to pending approval of related Form SH -9 by MCA as informed by the Company and (ii) shares in respect of which dividend was unpaid or unclaimed for the seven years required to be transferred to demat account(s) opened by Investor Education and Protection Fund Authority under relevant rules have been transferred with some delay on16.05.2018.***

I further report that:

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

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

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

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

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

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

For Sunil M. Dedhia & Co.

Sd/-
CS Sunil M. Dedhia
Proprietor
FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: May 16, 2018

Appendix - I

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

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

Management's Responsibility

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

Auditor's Responsibility

(2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

(3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

Disclaimer

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

For Sunil M. Dedhia & Co.

Sd/-
CS Sunil M. Dedhia
Proprietor
FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: May 16, 2018

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the financial year ended 31st March, 2018 in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"):

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

A clearly structured and fully implemented Corporate Governance system is the Company's highest priority. Good Corporate Governance helps enhancement of long-term shareholders value and interest of other stakeholders. This is achieved through increased transparency, accountability, consistent value system and professionalism.

The Company is committed to the consistent adherence to the corporate governance practices and constant review of the Board processes, practices and the management systems.

The following report on the implementation of Corporate Governance practices is a sincere effort of the Company to follow Corporate Governance principles in its letter and spirit.

BOARD OF DIRECTORS

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

There were no changes in the Board composition during the year. The Board continues to comprise of 12 (Twelve) Directors out of which 5 (Five) are Executive Directors, 1 (One) Non – Executive Director and 6 (Six) Non-Executive Independent Directors. The Chairman of the Board is an Executive Director.

Name of Director	Category	No. of Director-ships* (incl. Aarti Drugs Ltd.)	No. of Committee Membership in all Companies** (incl. Aarti Drugs Ltd.)		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Shri Prakash M. Patil # DIN: 00005618	Promoter / Executive / Chairman, Managing Director & Chief Executive Officer	1	None	1	5	Yes
Shri Rashesh C. Gogri DIN: 00066291	Promoter / Executive / Managing Director	3	None	4	5	Yes
Shri Harshit M. Savla DIN: 00005340	Promoter / Executive / Joint Managing Director	2	None	1	3	No
Shri Harit P. Shah DIN: 00005501	Executive / Whole – time Director	2	None	1	4	Yes
Shri Uday M. Patil # DIN: 01186406	Promoter Group / Executive / Whole – time Director	1	None	None	5	Yes
Shri Rajendra V. Gogri DIN: 00061003	Promoter / Non –Executive Director	2	1	3	3	No
Shri Ramdas M. Gandhi DIN: 00029437	Non - Executive / Independent	4	4	6	5	Yes
Shri Bhavesh R. Vora DIN: 00267604	Non - Executive / Independent	2	None	3	5	Yes
Shri Navin C. Shah DIN: 01415556	Non - Executive / Independent	1	None	1	4	No
Shri Vilas G. Gaikar DIN: 00033383	Non - Executive / Independent	2	None	1	2	No

Name of Director	Category	No. of Director-ships* (incl. Aarti Drugs Ltd.)	No. of Committee Membership in all Companies** (incl. Aarti Drugs Ltd.)		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Shri Krishnacharya. G. Akamanchi DIN: 02354032	Non - Executive / Independent	1	None	None	5	Yes
Smt. Priti P. Savla DIN: 00662996	Non - Executive / Independent	2	None	1	4	Yes

Notes:

* Directorships exclude Private Limited Companies, Overseas Companies & Section 8 Companies.

** Chairmanship / Membership of Committee includes Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies including Aarti Drugs Limited. [Committee Membership(s) & Chairmanships are counted separately].

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

(b) Board Meetings:

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company and it's Subsidiary. During the year under review, 5 (five) Board Meetings were held. The dates on which the meetings were held during the year are as follows: 23rd May, 2017; 18th August, 2017; 13th November, 2017; 8th January, 2018 and 13th February, 2018. The interval between two meetings was well within the maximum period of 120 days mentioned under Section 173 of the Companies Act, 2013 ("the Act") and Regulation 17(2) of the SEBI LODR Regulations.

(c) Code of Conduct and Insider Trading:

The Company's Code of Conduct laid down by the Board of Directors is applicable to all the Directors and Senior Management of the Company. The members of the Board and the Senior Management have confirmed the compliance of the Code of Conduct during FY 2017-18 to the Board. A declaration to this effect, duly signed by the Chairman, Managing Director & Chief Executive Officer (CEO) is annexed hereto. The Code of Conduct is posted on the Company's website viz. http://www.aartidrugs.co.in/code_new.pdf.

In Compliance with the SEBI LODR Regulations, the Company has adopted a Code of internal procedures and conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015, to regulate, monitor and report trading by insiders. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares. The same is posted on the website of the Company viz. http://www.aartidrugs.co.in/Insider-Trading-Regulation.pdf.

(d) Familiarization Programme for Independent Directors:

The Company has in place a system to familiarize the Independent Directors with the organization, its products, business and on-going events. Web link giving the details of such familiarization programme imparted to the Independent Directors is http://www.aartidrugs.co.in/images/stories/details%20of%20familiarization%20programmes.pdf.

COMMITTEES OF THE BOARD

The Board has currently established the following Committees:

1. AUDIT COMMITTEE:

The Audit Committee acts as a link between the Statutory Auditors, Internal Auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established systems & process for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The composition and terms of reference of Audit Committee meets the requirement of Section 177 of the Act and Regulation 18 of SEBI LODR Regulations. The Audit Committee currently comprises of 6 (Six) members with majority being Independent Directors. The members of Audit Committee have wide exposure and knowledge in areas of finance and accounting. The meetings of Audit Committee are also attended by Chief Financial Officer (CFO), Vice - Presidents of the Company, as and when required, Internal Auditors and Statutory Auditors of the Company as invitees to respond to the queries raised during the meeting. The Company Secretary acts as a Secretary to the Committee.

a) Terms of Reference:

In accordance with the provisions of Section 177 of the Act (as amended from time to time) and Part C of Schedule II of SEBI LODR Regulations, the terms of reference of the Committee are briefly described below:

i. overseeing financial reporting process, reviewing periodic financial statements, financial results and auditor's report thereon;

ii. review and monitoring the auditor's independence and performance & effectiveness of audit process discussions with Statutory, Internal and Cost Auditors;

iii. approval or any subsequent modification of transactions of the Company with related parties;

iv. scrutiny of inter-corporate loans & investments;

v. management discussion and analysis of financial condition and results of operations;

vi. evaluation of internal financial controls;

vii. review the functioning of the whistle blower mechanism.

In addition, the powers and role of the Audit Committee are as laid down under Part C of Schedule II of SEBI LODR Regulations and Section 177 of the Act.

b) No. of Meetings:

During the year under review, the Audit Committee met 4 (Four) times viz. 18th May, 2017; 18th August, 2017; 13th November, 2017 and 13th February, 2018. Necessary quorum was present at all the meetings.

c) Composition and attendance:

Details of Composition and attendance at the aforesaid meetings were as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	Shri Ramdas M. Gandhi (Chairman)	Non-Executive/Independent	4
2.	Shri Prakash M. Patil	Executive	4
3.	Shri Bhavesh R. Vora	Non-Executive/Independent	4
4.	Shri Vilas G. Gaikar	Non-Executive/Independent	2
5.	Shri Rashesh C. Gogri	Executive	4
6.	Shri Navin C. Shah	Non-Executive/Independent	3

2. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee currently comprises of five (5) members with majority being Independent Directors. The composition of the Committee is in compliance with the requirement of Section 178 of the Act and Regulation 19 of the SEBI LODR Regulations.

a) Terms of Reference:

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

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

ii. to formulate the criteria for evaluation of all the Directors on the Board;

iii. to devise a policy on Board diversity;

iv. to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal and

v. to lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

b) No. of Meetings:

The Nomination and Remuneration Committee met once during the year on 16th May, 2017.

c) Composition and Attendance:

Details of Composition and attendance at the aforesaid meeting were as follows:

Sr. No.	Name of Member	Category	Whether attended the meeting (Yes/ No)
1.	Shri Bhavesh R. Vora (Chairman)	Non-Executive/Independent	Yes
2.	Shri Prakash M. Patil	Executive	Yes
3.	Shri Rajendra V. Gogri	Non–Executive	Yes
4.	Shri Ramdas M. Gandhi	Non-Executive/Independent	Yes
5.	Shri Vilas G. Gaikar	Non-Executive/Independent	Yes

d) Performance Evaluation Criteria:

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Individual Directors. Separate exercise was carried out to evaluate the performance of Non–Independent Directors including the Chairman of the Board.

Following are the major criteria applied for performance evaluation:-

i. attendance and participation in the Board and Committee Meetings, application of leadership qualities and knowledge to give overall strategic direction for enhancing shareholder's value;

ii. adherence to ethical standards & code of conduct of the Company;

iii. disclosure of non–independence, as and when exists and disclosure of interest;

iv. interpersonal relations with other Directors and Management;

v. understanding of the Company and the external environment in which it operates; and

vi. safeguarding interest of whistle–blowers under vigil mechanism.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non – Independent Directors was carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

Details of Remuneration to all Directors

The remuneration payable to the Directors is considered and approved by the Board as per the recommendation of Nomination and Remuneration Committee. Remuneration to Non-Executive Directors and Independent Directors include fees for attending meetings of Board as well as Committees as permissible under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is set out as **"Annexure – C"** to the Boards' Report.

The details of remuneration paid to each Director for the year ended 31st March, 2018 are as under:

(Amount in ₹)

Name of Director	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Prakash M. Patil	68,82,150	70,94,924	-	1,39,77,074
Shri Rashesh C. Gogri	58,29,477	70,94,924	-	1,29,24,401
Shri Harshit M. Savla	58,29,477	70,94,924	-	1,29,24,401
Shri Harit P. Shah	58,29,477	70,94,924	-	1,29,24,401
Shri Uday M. Patil	9,65,416	-	-	9,65,416
Shri Rajendra V. Gogri	-	-	30,000	30,000
Shri Ramdas M. Gandhi	-	-	1,00,000	1,00,000
Shri Vilas G. Gaikar	-	-	40,000	40,000
Shri Bhavesh R. Vora	-	-	1,00,000	1,00,000
Shri Krishnacharya G. Akamanchi	-	-	50,000	50,000
Shri Navin C. Shah	-	-	70,000	70,000
Smt. Priti P. Savla	-	-	40,000	40,000

(a) All Executive Directors except Shri Uday M. Patil are appointed under the contracts each for a period of five years and with termination notice period of 180 days.

(b) The Non-executive Directors, apart from receiving Directors' remuneration by way of sitting fees or other fees, if any, approved by the Board of Directors within the limit fixed and approved by the shareholders, do not have any other material pecuniary relationship or transactions with the Company.

Shares held by Non-Executive Directors in the Company as on 31st March, 2018

Name of Directors	Number of shares held	% of total shareholding
Shri Rajendra V. Gogri	5,54,806	2.35%
Shri Ramdas M. Gandhi	7,730	0.03%
Shri Bhavesh R. Vora	-	-
Shri Navin C. Shah	-	-
Shri Vilas G. Gaikar	-	-
Shri Krishnacharya G. Akamanchi	-	-
Smt. Priti P. Savla	-	-

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee has been constituted to monitor and review investors' grievances which comprises of four (4) members. The Company Secretary of the Company is the Compliance Officer pursuant to SEBI LODR Regulations.

a) Terms of Reference:

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

i. reviewing status of approval of transfer/transmission of shares, issue of duplicate share certificates and

ii. considers and resolves grievances of the Security Holders of the Company and suggests improvements to investor relations initiatives undertaken at the Company.

b) No of meetings:

The Stakeholders' Relationship Committee met four (4) times during the year under review. The meetings were held on 12th June, 2017; 14th August, 2017; 13th November, 2017 and 13th February, 2018.

c) Composition & Attendance:

Details of Composition and attendance at the aforesaid meetings were as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	Shri Rajendra V. Gogri (Chairman)	Non-Executive	4
2.	Shri Bhavesh R. Vora	Non-Executive/Independent	2
3.	Shri Harshit M. Savla	Executive	3
4.	Shri Harit P. Shah	Executive	3

d) Shareholders' complaints:

During the year under review, 14 Complaints were received. All the complaints have been addressed during the year and resolved to the satisfaction of the shareholders.

4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee comprises of three (3) members. The Company Secretary acts as the Secretary to the Committee. The constitution of the Committee meets the requirement of Section 135 of the Act. Based on the recommendation of CSR Committee, the Company has adopted CSR policy which is displayed on the website of the Company at http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117.

a) Terms of Reference:

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

i. to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
ii. to recommend the amount of expenditure to be incurred on the activities referred to in clause (i) and
iii. to monitor the CSR Policy of the Company from time to time.

b) No. of Meetings:

The CSR Committee met once during the year on 15th April, 2017.

c) Meetings & Attendance:

Details of Composition and attendance at the aforesaid meeting were as follows:

Sr. No.	Name of Member	Category	Whether attended the meeting (Yes/No)
1.	Shri Navin C. Shah (Chairman)	Non–Executive	Yes
2.	Shri Prakash M. Patil	Executive	Yes
3.	Shri Rashesh C. Gogri	Executive	Yes

GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Year	Day, Date & Time	Venue	Special Resolutions passed for
2015	Friday, 14th August, 2015 At 11.00 am	TIMA Hall, MIDC Tarapur, Taluka-Palghar, Dist. Palghar - 401 506, Maharashtra.	No Special Resolution was passed.
2016	Friday 22nd July, 2016 At 11.00 am		No Special Resolution was passed.
2017	Friday 18th August, 2017 At 2.30 pm		Special Resolution was passed for the following items – i. Re-appointment of Shri Prakash M. Patil as Managing Director of the Company pursuant to Section 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013. ii. Alteration of Articles of Association pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013.

During the year under review, no resolutions were passed through postal ballot.

Subsidiary Company:

Pinnacle Life Science Private Limited (PLSPL) is a wholly – owned subsidiary of the Company. Shri Bhavesh R. Vora, Independent Director of the Company is also an Independent Director on the Board of PLSPL. The Audit Committee reviews, the financial statements, particularly the investments made by PLSPL. The Minutes of PLSPL are placed before the Board of Directors of the Company and the Board is informed about all the significant transactions and arrangements entered into by PLSPL.

DISCLOSURES:

i. There have been no materially significant Related Party Transactions that may have potential conflict with the interests of the Company at large. Transactions with related party set out in Notes to Accounts, forming part of the Annual Report.

ii. The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all the matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the said authorities relating to the above.

iii. Pursuant to Section 177(9) and (10) of the Act and Regulation 22 of SEBI LODR Regulations, the Company has a Whistle-Blower Policy and vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and

makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company has been denied access to the Audit Committee pertaining to Whistle Blower Policy. The said Policy has been hosted on the website of the Company and can be accessed through weblink at http://www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117.

iv. The Company has complied with all the mandatory requirements as laid down under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR Regulations.

v. The Company's policy on "material subsidiary" and policy on dealing with related party transactions respectively have been placed on the Company's website and can be accessed through weblink at www.aartidrugs.co.in/index.php?option=com_content&view=article&id=114&Itemid=117.

vi. All mandatory Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.

DISCRETIONARY REQUIREMENTS (as specified in Part E of schedule II of SEBI LODR Regulations)

The status of compliance with discretionary requirements of Part E of Schedule II of the SEBI LODR Regulations is provided below:

Sr. No.	Particulars	Remarks
1.	Non-Executive Chairman's Office	The Company does not have Non-Executive Chairman and hence provision of maintenance of Non-Executive Chairman's office at the listed entity's expense and allowance of reimbursement of expenses incurred in performance of his duties is not applicable.
2.	Shareholder's Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	The Company's financial statements for the year 2017-18 does not contain any qualification.
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 CFO and has direct access to the Audit Committee.

MEANS OF COMMUNICATION:

1. Quarterly and the Annual financial results are published in the Financial Express /Free Press Journal (English) and Aapla Mahanagar/Navshakti (Marathi). These results and official news releases are also available on the website of the Company viz. www.aartidrugs.co.in.

2. The presentations made to institutional investors or to the analysts are placed on the Company's website immediately after these are communicated to the Stock Exchanges.

3. All data required to be filed electronically or otherwise pursuant to the SEBI LODR Regulations with the Stock Exchanges, are being regularly filed with the Stock Exchanges, namely, National Stock Exchange of India Limited (www.nseindia.com) through NSE Electronic Application Processing System (NEAPS) and BSE Limited (www.bseindia.com) through BSE Listing Center and are available on their websites.

GENERAL SHAREHOLDERS INFORMATION:

i. The day, date, time & venue of the 33rd Annual General Meeting:

Day	Date	Time	Venue
Friday	10th August, 2018	11.30 a.m.	TIMA Hall, MIDC Tarapur, Dist. Palghar - 401506, Maharashtra.

ii. Tentative Financial Calendar:

Financial Year	1st April to 31st March
Adoption of Quarterly Results for the quarter ending :	
June, 2018	1st / 2nd Week of August, 2018
September, 2018	1st / 2nd Week of November, 2018
December, 2018	1st /2nd Week of February, 2019
March, 2019	1st / 2nd Week of May, 2019

iii. Date of Book Closure (Both days inclusive) : Friday, 3rd August, 2018 to Friday, 10th August, 2018.

iv. Listing on Stock Exchanges:

The Company's Equity shares are listed on the following Stock Exchanges:

BSE Limited	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra SCRIP CODE – 524348 SCRIP ID - AARTIDRUGS	"Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra NSE SYMBOL: AARTIDRUGS

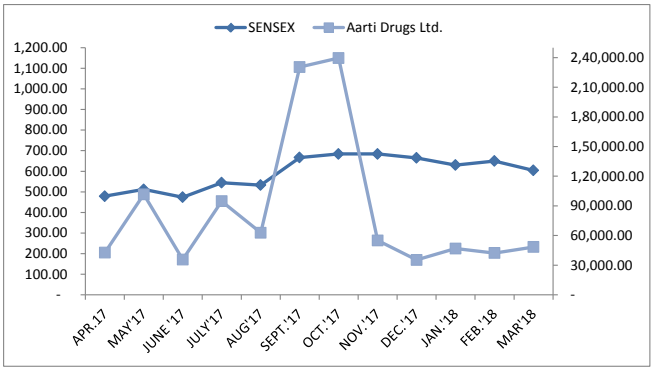
v. Listing fees and Annual Custodial Fee:

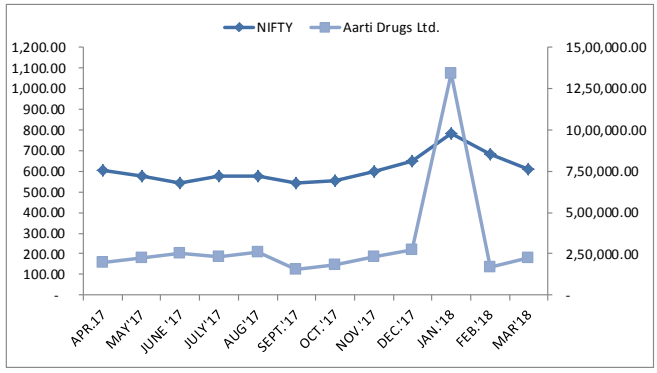
The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the year 2018-19.

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

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2017	632.00	552.10	37,453	604.00	525.00	1,95,908
May, 2017	589.00	456.25	59,862	574.45	447.80	2,27,126
June, 2017	574.10	474.05	43,266	544.00	478.50	2,50,968
July, 2017	573.20	515.00	3,09,611	574.95	521.25	2,29,743
August, 2017	575.00	488.00	31,049	574.40	485.00	2,59,187
September, 2017	540.00	506.25	18,189	544.45	504.00	1,54,916
October, 2017	557.45	511.05	19,429	556.00	510.10	1,84,556
November, 2017	596.50	511.95	16,459	599.00	520.40	2,29,985
December, 2017	643.90	520.00	32,316	646.60	535.00	2,70,960
January, 2018	784.80	625.00	2,30,532	785.00	623.00	13,41,337
February, 2018	680.00	564.05	50,526	680.00	545.55	1,68,580
March, 2018	635.00	495.00	62,080	611.00	497.00	2,26,096

vii. Performance in Comparison





viii. Registrar & Transfer Agents & address for Correspondence (Company's RTA):

M/s. Link Intime India Pvt. Ltd.
C-101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai – 400 083,
Maharashtra
Tel. No. 022 – 4918 6270
Fax No. 022 – 4918 6060
Email ID: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The shareholders are requested to address all their communications/ suggestions/grievances to the Company's RTA at the above address.

ix. Share transfer System:

To expedite the transfer process in the physical segment, authority has been delegated to the Share Transfer Committee, which comprises of Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director and Shri Harit P. Shah, Whole-time Director of the Company. Committee meets every week for approval of the transfer request.

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

x. Shareholding Pattern as on 31st March, 2018:

Category	No. of Shares	%
Promoters–Indian	1,47,30,957	62.47
Bodies Corporate/HUF	7,77,699	3.30
Banks, Financial Institutions	2,295	0.01
Mutual Funds	8,67,580	3.68
FII/NRI	4,74,209	2.01
Public	6,7,29,360	28.53
Total	**2,35,82,100**	**100.00**

xi. Distribution of Shareholding as on 31st March, 2018

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 500	15,742	89.79	19,12,000	8.11
501-1000	962	5.49	7,24,184	3.07
1001-2000	417	2.38	6,21,751	2.64
2001-3000	121	0.69	3,01,207	1.28
3001-4000	69	0.39	2,47,872	1.05
4001-5000	38	0.22	1,76,525	0.75
5001-10000	75	0.43	5,42,762	2.30
Above 10000	107	0.61	1,90,55,799	80.80
TOTAL	**17,531**	**100.00**	**2,35,82,100**	**100.00**

xii. Dematerialisation of Shares and Liquidity:

Sr. No.	Mode of Holding	%
1.	NSDL	91.14
2.	CDSL	6.76
3.	Physical	2.10
	Total	**100.00**

97.90% of Company's paid-up Equity Share Capital has been dematerialized up to 31st March, 2018 (97.82% up to 31st March, 2017). Trading in the Equity Shares of the Company is permitted only in dematerialized form.

Liquidity of Shares:

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

xiii. ADRs/ GDRs/ Warrants

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

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

During the year 2017-18, 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 Financial Statements.

xv. Plant Locations:

Plot Nos. N-198, G-60, E-1, E-120, K-40, K-41, E-9/3, E-9/4, E-21, E-22, W-60, W-61, W-62, W-71, W-72 and W-73 MIDC Industrial Area, Tarapur, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra.

Plot Nos. 211, 213, 2601, 2602, 2603, 2902/2904, GIDC, Sarigam – 396155, Dist. Valsad, Gujarat.

R & D Centers:
Plot No. E-1, MIDC Industrial Area, Tarapur, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra.

xvi. Address for Correspondence:

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

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

xvii. Compliance Officer:

CS Vibhav S. Ranade
Company Secretary & Compliance Officer,
Mahendra Industrial Estate, Ground Floor,
Plot No. 109-D, Road No.29, Sion (E),
Mumbai - 400 022, Maharashtra

The Company has following separate email ID to resolve investor's grievances viz. **investorrelations@aartidrugs.com.**

Details with respect to Demat Suspense Account/Unclaimed Share Certificate as per regulation 34(3) of SEBI LODR Regulations:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2017.	215	24,150	0	0
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	2	600	0	0
No. of shareholders to whom shares were transferred from the suspense account during the year.	2	600	0	0
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2018.	213	23,550	0	0

The voting rights on the shares outstanding in the suspense accounts as on 31st March, 2018 shall remain frozen till rightful owner of such shares claim the shares.

xviii. CEO/CFO CERTIFICATION TO THE BOARD

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, certificates are duty signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO.

For and on behalf of the Board of Directors of Aarti Drugs Limited

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

Place: Mumbai
Date: 16th May, 2018

Compliance with Code of Business Conduct and Ethics

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 SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015.

For and on behalf of the Board of Directors of Aarti Drugs Limited

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

Place: Mumbai
Date: 16th May, 2018

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Aarti Drugs Limited

We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on 31st March, 2018, 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations). This certificate is required by the Company for annual submission to the Stock Exchange and to be sent to the shareholders of the Company.

Managements' Responsibility

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

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with corporate governance requirements by the Company.

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

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

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance 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 the SEBI Listing Regulations during the year ended March 31, 2018.

Other Matters and Restriction on Use

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

This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations 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 or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For GBCA & Associates
Chartered Accountants
Firm Registration No. 103142W

Sd/-
Yogesh Amal
Partner
M. No. 111636

Place: Mumbai
Date: 16th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Aarti Drugs Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Aarti Drugs Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules thereunder.

This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017, financial information upto 30th June, 2017 and the opening balance sheet as at 1st April, 2016 on transition date prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor "M/s. Gokhale & Sathe, Chartered Accountants", who had audited the financial statements for the relevant periods. The report dated 23rd May, 2017 and 18th August, 2017 of the predecessor auditor on the comparative financial information and financial information up to 30th June, 2017 have expressed an unmodified opinion. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 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 B".

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 Ind AS financial statements. Refer Note no 25 of Financial Statements..

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For GBCA & Associates
Chartered Accountants
Firm Registration No. 103142W

Sd/-
Yogesh Amal
Partner
M. No. 111636

Place: Mumbai
Date: 16th May, 2018

ANNEXURE 'A'

(Referred to in Para 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Aarti Drugs Limited as on even date)

i. In respect of company's fixed asset

a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

b. The Company has phased programme of physical verification of fixed assets by which all fixed assets are verified over a period of three years. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of the assets. We have been informed that no material discrepancy was noted on such physical verification.

c. According to the information and explanations given to us and on the basis of examination of the records of the Company, title deeds of immovable properties other than self-constructed immovable properties (buildings), are held in the name of the Company except lease hold lands plot no's R-A/13, E-106, E-105, S-33/34 (aggregate book value of Rs. 26.57 lakhs) are in the name of erstwhile entities which are merged with Company. According to explanations obtained from management, in view of merger through court scheme, lease hold land rights are deemed to be transferred to the Company and procedure for transferring in the name of Company is yet to be completed.

ii. The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on physical verification of stocks as compared to book records were not material; however the same have been dealt with the books of account.

iii. The Company had granted loans to its wholly owned subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') during the year.

a. In our opinion, the rate of interest and other terms and conditions on which the loans was granted was not, prima facie, prejudicial to the interest of the Company.

b. The borrower has been regular in the payment of the principal and interest as stipulated by the management.

c. The borrower has repaid the loan as at the year end and hence there are no overdue amounts in respect of such loan granted.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Act, with respect to loans and investments made.

v. The Company has not accepted any deposits from public during the year.

vi. The Company has maintained cost records as required under sub section 1 of section 148 of the Companies Act, 2013. We have not, however, carried out a detailed examination of such records.

vii. According to the information and explanation given to us, in respect of statutory dues

a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including the Provident Fund, Employees state insurance, Income tax, Sales tax,, Service tax, Good and Service Tax, duty of Customs, duty of Excise, Value added tax, cess and any other statutory dues applicable to it.

b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, Goods and Service Tax, custom duty, excise duty and value added tax which have not been deposited on account of any dispute except the following:

Name of the Statute/ Nature of the Dues	Financial Year	Forum where dispute is pending (₹ in Lacs)		Total (₹ in Lacs)
		Commissioner-ate/ Dy.Commisioner	Appellate Authorities and Tribunals	
The Central Excise Act, 1944/ Custom Duty/ Service Tax/ Interest & Penalty	FY 2007-08 to FY 2014-15	NIL	66.72	66.72
Maharashtra Sales Tax Act, 2002/ Sales Tax	FY 2007-08 to FY 2013-14	54.36	NIL	54.36

Name of the Statute/ Nature of the Dues	Financial Year	Forum where dispute is pending (₹ in Lacs)		Total (₹ in Lacs)
		Commissioner-ate/ Dy.Commisioner	Appellate Authorities and Tribunals	
Income Tax Act / Tax Interest & Penalty	FY 12-13	43.75	NIL	43.75
TOTAL		**98.11**	**66.72**	**164.83**

viii. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues for loan taken from financial institutions or bank or debenture holders.

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

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

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

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

For GBCA & Associates
Chartered Accountants
Firm Registration No. 103142W

Sd/-
Yogesh Amal
Partner
M. No. 111636

Place: Mumbai
Date: 16th May, 2018

ANNEXURE 'B'

"Annexure B" to the Independent Auditor's Report of even date on the standalone Financial Statements of Aarti Drugs Limited

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Drugs Limited of even date)

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

We have audited the internal financial controls over financial reporting of Aarti Drugs Limited ("the Company"), as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Commensurate to the size and nature of the business, 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 2018, 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 GBCA & Associates
Chartered Accountants
Firm Registration No. 103142W

Sd/-
Yogesh Amal
Partner
M. No. 111636

Place: Mumbai
Date: 16th May, 2018

BALANCE SHEET

as at 31st March, 2018

(₹ In Lakhs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	1	55,913.38	53,632.13	45,531.64
Capital Work - in - Progress	1	2,799.16	1,413.06	3,404.47
Intangible Assets	2	445.59	600.29	745.07
Financial Assets				
Investments	3	1,723.93	1,841.92	1,931.29
Other Non- Current Assets	4	1,076.66	1,176.44	1,001.48
Total Non- Current Assets		**61,958.72**	**58,663.85**	**52,613.93**
Current Assets				
Inventories	5	25,410.20	18,875.29	16,704.79
Financial Assets				
(i) Trade Receivable	6	36,375.43	27,827.45	32,119.50
(ii) Cash and Bank Balances	7	391.27	399.90	450.35
(iii) Other Current Finanacial Assets	8	1,182.23	1,410.73	1,524.03
Other Current Assets	9	6,158.36	4,434.34	3,404.31
Total Current Assets		**69,517.50**	**52,947.71**	**54,202.98**
TOTAL ASSETS		**1,31,476.22**	**1,11,611.56**	**1,06,816.92**
EQUITIES AND LIABILITIES				
EQUITY				
Equity Share Capital	10	2,358.21	2,385.71	2,421.71
Other Equity		40,959.03	36,310.89	31,536.10
Total Equity		**43,317.24**	**38,696.60**	**33,957.81**
LIABILITIES				
Non- Current Liabilities				
Financial Liabilities				
(i) Borrowings	11	18,615.52	18,744.56	17,521.36
(ii) Other Financial Liability	12	1,144.30	1,241.70	1,026.93
Provisions	13	1,687.45	865.52	251.37
Deferred Tax Liabilities (Net)	14	7,986.08	7,145.39	6,461.52
Total of Non- Current Liabilities		**29,433.35**	**27,997.17**	**25,261.18**
Current Liabilities				
Financial Liabilities				
(i) Borrowings	15	29,623.74	22,957.36	25,736.98
(ii) Trade payables		23,966.58	17,029.91	16,418.14
Provisions	16	88.77	167.74	24.49
Other Current Liabilities	17	5,046.54	4,762.78	5,418.32
Total Current Liabilities		**58,725.63**	**44,917.78**	**47,597.93**
TOTAL EQUITY AND LIABILITIES		**1,31,476.22**	**1,11,611.56**	**1,06,816.92**
Summary of significant Accounting Policies and Other Explanatory Information	**25-46**			

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2018

(₹ In Lakhs)

	Particulars	Note No.	For the Year Ended 31st March, 2018 (Audited)	For the Year Ended 31st March, 2017 (Audited)
I	Revenue from operations		1,15,965.77	1,18,593.34
II	Other Income	18	117.21	353.38
III	**Total Revenue (I + II)**		**1,16,082.97**	**1,18,946.73**
IV	**Expenses :**			
	(a) Cost of materials consumed	19	74,564.93	67,805.58
	(b) Purchase of Stock-in-Trade		2,597.14	1,829.93
	(c) Changes in inventories of finished goods, work-in-progress and Stock- in - Trade		(5,560.26)	365.64
	(d) Excise Duty		1,920.01	9,721.01
	(e) Employee Benefits Expense	20	5,048.96	4,748.45
	(f) Finance Cost (Interest)	21	3,300.69	3,448.41
	(g) Depreciation and Amortisation Expense	22	3,779.90	3,669.30
	(h) Other Expenses	23	19,210.56	16,580.62
	Total expenses (IV)		**1,04,861.92**	**1,08,168.93**
V	**Profit before exceptional items and tax (III - IV)**		**11,221.05**	**10,777.79**
VI	Exceptional Items		-	-
VII	**Profit Before Tax (V - VI)**		**11,221.05**	**10,777.79**
VIII	Tax Expenses :	39		
	Provision for Taxation - Current Year		3,015.00	2,753.00
	- MAT credit entitlement		-	-
	- Earlier Year		-	(203.00)
	Provision for Deferred Tax		865.00	680.00
	Total Tax Expenses (VIII)		**3,880.00**	**3,230.00**
IX	**Profit/(Loss) for the period from continuing operations(VII - VIII)**		**7,341.05**	**7,547.79**
X	Profit / (Loss) form discontinuing operations		-	-
XI	Tax expenses of discontinuing operations		-	-
XII	Profit /(Loss) from discontinuing operations (X - XI)		-	-
XIII	**Profit / (Loss) for the period (IX - XII)**		**7,341.05**	**7,547.79**
	Other comprehinsive Income :			
	Items that will not be relasssified to statement of Profit and Loss			
	Fair value changes on Investments, net		(93.69)	14.89
	Remeasurement of defined benefit liability/Asset ,net		66.66	(123.89)
	Total Other Comprehensive Income ,net		**(27.02)**	**(109.00)**
XV	**Total Comprehensive Income for the Year (XIII+XIV)**		**7,314.03**	**7,438.80**
	Earnings per Equity Shares (EPS) (In ₹)	**24**		
	Basic/Diluted		30.67	30.84
	Summary of significant Accounting Policies and Other Explanatory Information	**25-46**		

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

STATEMENT OF CHANGES IN EQUITY

as at 31st March, 2018

A. EQUITY SHARE CAPITAL

(₹ In Lakhs)

Particulars	Amt(₹)
As at 1st April, 2016	**2,421.71**
Changes in equity share capital during the year 2016-17	(36.00)
As at 31st March, 2017	**2,385.71**
Changes in equity share capital during the year 2017-18	(27.50)
As at 31st March, 2018	**2,358.21**

B. OTHER EQUITY

(₹ In Lakhs)

Particulars	Reserve and Surplus					Other Comprehensive Income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained Earnings		
As at 1st April,2016	**200.74**	**210.27**	**1,262.72**	**3,877.29**	**25,334.17**	**650.90**	**31,536.10**
Profit for the Period	-	-	-	-	7,547.79	-	7,547.79
Buyback of shars	-	36.00	(1,262.72)	(1,437.28)	-	-	(2,664.00)
Remeasurement of defined benefit liability/Asset ,net	-	-	-	-	-	(123.89)	(123.89)
Fair value changes on Investments, net	-	-	-	-	-	14.89	14.89
Balance as at 31st March, 2017	**200.74**	**246.27**	**-**	**2,440.02**	**32,881.96**	**541.90**	**36,310.89**
Profit for the Period	-	-	-	-	7,341.05	-	7,341.05
Dividend Paid	-	-	-	-	(238.57)	-	(238.57)
Tax on Dividend	-	-	-	-	(48.57)	-	(48.57)
Buyback of shars	-	27.50	-	(2,406.25)	-	-	(2,378.75)
Remeasurement of defined benefit liability/Asset ,net	-	-	-	-	-	66.66	66.66
Fair value changes on Investments, net	-	-	-	-	-	(93.69)	(93.69)
Balance as at 31st March, 2018	**200.74**	**273.77**	**-**	**33.77**	**39,935.87**	**514.88**	**40,959.03**

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

CASH FLOW STATEMENT

as at 31st March, 2018

(₹ In Lakhs)

Sr. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
A.	**Cash Flow from Operating Activities**		
	Net Profit before Tax and Exceptional Items	11,221.05	10,777.79
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	3,779.90	3,669.30
	Provision for Doubtful debts /Bad debts	132.68	157.24
	Unrealised Foreign Exchange (Gain)/Loss (Net)	(89.65)	(259.32)
	Re- measurement losses on employee defined benefit plans	66.66	(123.89)
	Interest Paid	3,300.69	3,448.41
	Interest Received	(83.75)	(51.78)
	Dividend Received	(0.35)	(0.19)
	Impairment of Investment	-	193.07
	Gain on Sale of Investment	-	(44.81)
	Profit on Sale of Assets	-	(167.82)
	Extraordinery Items	-	-
	Operating Profit before Working Capital Charges	18,327.23	17,598.00
	Trade & Other Receivable	(9,816.41)	3,208.90
	Changes in Inventories	(6,534.91)	(2,170.50)
	Trade & Other Payable	6,409.24	755.08
	Cash generated from operation	8,385.14	19,391.48
	Direct Taxes Paid	(2,192.01)	(1,950.96)
	Net Cash Flow from Operating Activities	**6,193.13**	**17,440.52**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets / Capital Work in Progress/ Advances	(7,192.77)	(9,808.58)
	Sales/ (Purchase) of Investment	-	(40.14)
	Sale of Fixed Assets	-	167.82
	Interest Received	83.75	51.78
	Dividend Received	0.35	0.19
	Net Cash Flow from Investing Activities	**(7,108.67)**	**(9,628.93)**

(₹ In Lakhs)

Sr. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
C.	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	243.85	1,085.70
	Proceeds from Unsecured Loans & from Scheduled Bank	6,666.39	(2,779.62)
	Buy Back of shares	(2,406.25)	(2,700.00)
	Dividend Paid	(243.20)	-
	Dividend Tax Paid	(48.57)	
	Interest Paid	(3,300.69)	(3,448.41)
	Net Cash Flow from Financing Activities	**911.54**	**(7,842.33)**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**(4.00)**	**(30.74)**
	Opening Cash and Cash Equivalents (refer note no.7)	**297.10**	**327.84**
	Closing Cash and Cash Equivalents (refer note no.7)	**293.11**	**297.10**

Notes:

(i) Figures in brackets indicate outflows.

(ii) The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in IND AS 7, "Statement of Cash Flows".

(iii) Fixed Deposits with bank amounting to ₹ 26.58 lakhs (previous year ₹ 26.58 lakhs) under lien are considered as cash and cash equivalents.

(iv) Previous year figures have been regrouped / rearranged to confirm to the current year's presentation wherever necessary.

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Corporate Information:

Aarti Drugs Limted ("the Company") is a public limited Company incorporated and domiciled in India. Its equity shares are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of Company is located at Plot No N-198, M.I.D.C, Tarapur, Village-Pamtermbhi, Dist. Palghar, Maharashtra - 401506 and is incorporated under the provisions of the Companies Act, 1956, applicable in India.

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

Note: 1 Significant Accounting Policies and Key Accounting Estimates and Judgments

1) Basis of preparation:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. These financial statements for the year ended 31st March, 2018 are the first Ind-AS Financial Statements prepared in accordance with Ind-AS.

For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The Accounts for the year ended 31st March, 2017 and quarter ended 30th June, 2017 were audited by previous auditor – M/s. Gokhale & Sathe, Chartered Accountants.

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

2) Revenue recognition:

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

(i) **Sale of goods:** Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.

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

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

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

3) Property, plant and equipment:

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

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes cenvat / value added tax / Goods and Services Tax (GST) eligible for credit / setoff.

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

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

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

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

Intangible Assets:

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

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

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

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

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

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

Research and Development:

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

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

Depreciation:

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

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

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

4) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets:

Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

For the purpose of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL /FVTOCI)
- Financial assets at amortised cost

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

When assets are measured at fair value, gains and losses are either recognized in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)) or recognized in other comprehensive income (i.e. fair value through other comprehensive income (FVOCI)).

Financial Assets measured at amortised cost (net of write down for impairment, if any):

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Subsidiary:

Investment in equity instruments of subsidiary is measured as cost as per Ind AS - 27. In the financial statements, investments in subsidiary is carried as cost. The carrying amount is reduced to recognise any impairment in the value of investment.

Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income.

Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

5) Inventories:

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

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

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

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

6) Retirement and other employee benefits:

Provident Fund:

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

Gratuity Obligations:

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

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Other Benefit Plan:

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

7) Foreign Currency Transactions:

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

8) Operating Lease:

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

9) Income Taxes:

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

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

Current Income Tax:

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

Deferred Tax:

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

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

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

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

10) Borrowing Costs:

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

11) Provisions and Contingent Liabilities:

Provisions:

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

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

Contingencies:

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

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

NOTE NO. 1- PROPERTY, PLANT AND EQUIPMENTS

F.Y. 2017-18 (₹ In Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April, 2017	Addition	Deduction	As on 31st March, 2018	As on 1st April, 2017	Addition	Deduction	As on 31st March, 2018	As on 31st March, 2018	As on 31st March, 2017
TANGIBLES ASSETS										
BUILDING	14,263.74	1,158.79	125.00	15,297.53	2,582.63	493.34	5.18	3,070.80	12,226.73	11,681.10
FURNITURE	814.85	34.33	-	849.17	399.38	77.61	-	476.99	372.18	415.47
LAND	4,236.61	-	-	4,236.61	-	-	-	-	4,236.61	4,236.61
OFFICE EQUIPMENTS	139.28	16.59	-	155.87	94.88	23.11	-	117.99	37.88	44.40
PLANT & MACHINERY	59,953.44	5,132.93	366.00	64,720.37	22,851.48	2,977.88	23.92	25,805.44	38,914.93	37,101.95
VEHICLES	345.05	13.19	-	358.23	192.45	40.73	-	233.18	125.06	152.60
TOTAL	**79,752.96**	**6,355.83**	**491.00**	**85,617.78**	**26,120.82**	**3,612.68**	**29.10**	**29,704.40**	**55,913.38**	**53,632.13**

F.Y. 2016-17 (₹ In Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April, 2016	Addition	Deduction	As on 31st March, 2017	As on 1st April, 2016	Addition	Deduction	As on 31st March, 2017	As on 31st March, 2017	As on 31st March, 2016
BUILDING	11,360.10	2,903.64	-	14,263.74	2,180.91	401.73	-	2,582.63	11,681.10	9,179.19
FURNITURE	752.87	61.98	-	814.85	317.38	82.00	-	399.38	415.47	435.49
LAND	3,202.49	1,034.11	-	4,236.61	-	-	-	-	4,236.61	3,202.49
OFFICE EQUIPMENTS	127.70	11.58	-	139.28	71.77	23.11	-	94.88	44.40	55.93
PLANT & MACHINERY	52,415.50	7,537.93	-	59,953.44	19,901.65	2,949.84	-	22,851.48	37,101.95	32,513.85
VEHICLES	296.21	48.83	-	345.05	151.54	40.91	-	192.45	152.60	144.68
TOTAL	**68,154.87**	**11,598.08**	**-**	**79,752.96**	**22,623.24**	**3,497.59**	**-**	**26,120.82**	**53,632.13**	**45,531.64**

Note :

Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 213.30 Lakhs (previous year ₹ 179.62 Lakhs)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Details of Capital Work in Progess (₹ In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening Balance	1,413.06	3,404.47
Capitalised	(77.58)	(8,186.78)
Additions during the year	1,463.68	6,195.37
Closing Balance	2,799.16	1,413.06

NOTE NO. 2 : INTANGIBLES ASSETS

(₹ In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) PROCESS DEVELOPMENT (R&D)		
Opening Balance	555.52	703.66
Additions during the year	-	-
Amortisaton	(148.14)	(148.13)
Deletion		
Closing Balance	407.38	555.53
(b) COMPUTER SOFTWARE		
Opening Balance	44.76	41.40
Additions during the year	12.52	26.93
Amortisaton	(19.08)	(23.57)
Deletion		
Closing Balance	38.21	44.76
Total (a+b)	**445.59**	**600.29**

Remaining period of Amortisation of Intangible assets mentioned are as follow. (₹ In Lakhs)

Particulars	WDV as on 31st March, 2018	Remaining period of Amortisation
Process Development (R&D)	407.38	33 Months

NOTE NO 3 - NON CURRENT INVESTMENTS

(₹ In Lakhs)

Name of the Company	Face Value (₹)	No. of Shares/ Units	As at 31st March, 2018 (₹)	No. of Shares/ Units	As at 31st March, 2017 (₹)	No. of Shares/ Units	As at 1st April, 2016 (₹)
Trade Investments - (Quoted) in Equity Shares							
Aarti Industries Ltd.	5/-	-	-	-	-	750	3.88
Alembic Ltd.	2/-	-	-	-	-	180	0.06
Alembic Pharmaceuticals Ltd.	2/-	-	-	-	-	90	0.54
Aurobindo Pharma Ltd.	1/-	-	-	-	-	100	0.75
Sanofi India Ltd. (Aventis Pharma Ltd.)	10/-	-	-	-	-	5	0.20
Cadila Healthcare Ltd.	10/-	-	-	-	-	75	0.24
Cipla Ltd.	2/-	-	-	-	-	62	0.32
Dabur India Ltd.	1/-	-	-	-	-	300	0.75

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹ In Lakhs)

Name of the Company	Face Value (₹)	No. of Shares/ Units	As at 31st March, 2018 (₹)	No. of Shares/ Units	As at 31st March, 2017 (₹)	No. of Shares/ Units	As at 1st April, 2016 (₹)
Dr Reddy's Laboratories Ltd.	5/-	-	-	-	-	4	0.12
Fresenius Kabi Oncology Ltd. (Dabur Pharma Ltd.)	1/-	-	-	-	-	25	0.03
Glenmark Pharmaceuticals Ltd.	1/-	-	-	-	-	100	0.79
Godavari drugs	1/-	-	-	-	-	25	0.01
Ipca Laboratories Ltd.	2/-	-	-	-	-	1,050	6.09
Ind-Swifts Laboratories Ltd.	10/-	-	-	-	-	5	0.00
Ind-Swifts Ltd.	2/-	-	-	-	-	25	0.00
Jagsonpal Pharmaceuticals Ltd.	5/-	-	-	-	-	40	0.01
J.B.Chemicals & Pharmaceuticals Ltd.	2/-	-	-	-	-	500	1.25
Kopran Ltd.	10/-	-	-	-	-	5	0.00
Krebs Bio Chemicals & Industries Ltd.	10/-	-	-	-	-	100	0.11
Piramal Glass Ltd.(Kojam Finivest Ltd.)	10/-	-	-	-	-	14	0.02
Lupin Ltd.	2/-	-	-	-	-	50	0.74
Mylan Laboratories Ltd. (Matrix Labortories Ltd.)	2/-	-	-	-	-	50	0.10
Morepen Laboratories Ltd.	2/-	-	-	-	-	5	0.00
Natco Pharma Ltd.	10/-	-	-	-	-	25	0.10
Neuland Laboratories Ltd.	10/-	-	-	-	-	100	0.70
Piramal Enterprises Ltd (Piramal Health)	2/-	-	-	-	-	297	3.08
Novartis (I) Ltd.	5/-	-	-	-	-	5	0.03
Orchid Chemicals & Pharmaceuticals Ltd.(Orchid Pharma Ltd.)	10/-	-	-	-	-	7	0.00
Panacea Biotec Ltd.	1/-	-	-	-	-	5	0.00
Pfizer Ltd.	10/-	-	-	-	-	14	0.25
PIRMAL PHYTOCARE LIMITED	10/-	-	-	-	-	29	0.02
Reliance Capital Ltd.	10/-	-	-	-	-	5	0.02
Reliance Communication Ltd.	5/-	-	-	-	-	116	0.06
Reliance Infrastructure Ltd. (Reilance Energy ltd)	10/-	-	-	-	-	8	0.04
Reliance Industries Ltd.	10/-	-	-	-	-	232	2.42
Reliance Power Limited	10/-	-	-	-	-	29	0.01
Strides Arcolab Ltd.(Strides shasun limited)	10/-	-	-	-	-	256	2.79
Sun Pharma Advanced Research Co. Ltd.	1/-	-	-	-	-	10	0.03
Sun Pharmaceuticals Industries Ltd.	1/-	-	-	-	-	103	0.84
Marksans Pharma Ltd. (Tasc Pharma Ltd.)	1/-	-	-	-	-	1,000	0.46
Torrent Pharmaceuticals Ltd.	5/-	-	-	-	-	40	0.54
Unichem Laboratories Ltd.	2/-	-	-	-	-	1,000	2.22
Zydus Wellness Ltd.	10/-	-	-	-	-	2	0.01
Bank of Baroda	10/-	-	-	-	-	7,500	11.03
Bank of India	10/-	-	-	-	-	2,300	2.23
Union Bank of India	10/-	-	-	-	-	2,523	3.30
			-		-		46.23
Investments - (Unquoted) in Equity							-
Shares of Subsidiary Companies							-
Pinnacle Life Sciance Pvt Ltd.	10/-	77,82,750	648.56	77,82,750	648.56	77,82,750	648.56
			-		-		-
Investments - (Unquoted) in Equity Shares of Other Companies			-		-		-
Perfect Enviro Control Systems Ltd.	10/-	2,40,200	10.17	2,40,200	10.17	2,40,200	10.17
The Shamrao Vitthal Co- op Bank Ltd.	25/-	100	0.14	100	0.30	100	0.27
The Saraswat Co - op Bank Ltd.	10/-	10,100	8.47	10,100	17.94	10,100	15.73
Tarapur Environment Protection Society	100/-	68,188	110.80	68,188	113.09	17,997	29.85

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹ In Lakhs)

Name of the Company	Face Value (₹)	No. of Shares/ Units	As at 31st March, 2018 (₹)	No. of Shares/ Units	As at 31st March, 2017 (₹)	No. of Shares/ Units	As at 1st April, 2016 (₹)
Amit Hetrochem (I) Ltd**	10/-	2,91,690	29.17	2,91,690	29.17	2,91,690	222.23
Aarti Biotech Ltd.	10/-	1,200	0.03	1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	*10000/-	308	916.59	308	1,022.66	308	958.01
			1,075.36		**1,193.36**		**1,236.30**
			-		-		-
b. Investment in Government or Trust Securities			**-**		**-**		**-**
N.S.C (One Certificate of ₹:-1000/- Face Value)		-	-	-	-	1	0.01
			-		-		-
c. Investment in Debentures or Bonds			**-**		**-**		**-**
Unit Trust of India (US-64)	100/-	-	-	-	-	190	0.19
			-		-		-
TOTAL			**1,723.93**		**1,841.92**		**1,931.29**

(Aggregate market value of quoted investment : as at 31st March, 2018 ₹ 0/- as at 31st March, 2017 ₹ 0/- and as at 1st April, 2016 ₹ 46,41,585/-)

* Face Value of 1 share = 10000 RMB

** During Financial Year 2016-17 ,Considering diminution in the value of investments held by the Company in Amit Heterochem, the Company has written off the investment by ₹ 193.06 (in lakhs) and estimated recoverable amount to the extent of par value of shares.

Note No. 4: Other Non- Current Assets

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	346.66	446.44	474.48
MAT Credit Entitlement	730.00	730.00	527.00
TOTAL	**1,076.66**	**1,176.44**	**1,001.48**

Note No. 5: Inventories

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials (incl.stock In- transit)	9,551.68	8,875.46	6,409.45
Packing Materials	60.48	56.37	76.49
Work in process	5,894.83	5,823.81	5,895.11
Finished Goods (incl.stock In- transit)	8,999.19	3,509.95	3,804.29
Stores & Spares	904.02	593.84	444.58
Stock in Trade	-	15.87	74.87
TOTAL	**25,410.20**	**18,875.29**	**16,704.79**

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 6: Trade receivable

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured			
-considered good	36,375.43	27,827.45	32,119.50
-considered doubtful	50.87	-	-
	36,426.30	**27,827.45**	**32,119.50**
Less: Provision for Doubtful Debts	50.87	-	-
TOTAL	**36,375.43**	**27,827.45**	**32,119.50**

Note No. 7: Cash and Bank Balances

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Cash on Hand	26.56	12.48	27.31
Cheques on Hand	217.75	250.06	266.49
Balances with Scheduled Banks :			
- Current Accounts	22.22	7.98	8.46
Deposit Accounts	26.58	26.58	25.58
Cash and cash equivalents	**293.11**	**297.10**	**327.84**
Other Bank Balances			
Earmarked balance - unpaid dividend	98.17	102.80	122.51
TOTAL	**391.27**	**399.90**	**450.35**

Note No. 8: Other Current Finanacial Assets

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, Considered good			
Advances recoverable in cash or kind or for value to be received	1,120.57	1,343.55	1,437.11
Loans & Advances - Employees & Others	61.66	67.18	86.92
TOTAL	**1,182.23**	**1,410.73**	**1,524.03**

Note No. 9: Other Current Assets

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deposits	899.46	772.79	779.03
Insurance claim receivable	1,021.29	-	-
Balances with Statutory/ Govt. Authority	4,237.62	3,661.56	2,625.28
TOTAL	**6,158.36**	**4,434.34**	**3,404.31**

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 10 : Equity Share Capital

(₹ In Lakhs)

Particulars	No. of Shares	As at 31st March, 2018	No. of Shares	As at 31st March, 2017	No. of Shares	As at 1st April, 2016
Authorised Share Capital						
Equity shares of ₹ 10/- each	250.00	2,500.00	250.00	2,500.00	250.00	2,500.00
Issued, Subscribed & Paid up						
Equity Shares of ₹ 10/- each fully paid up	235.82	2,358.21	238.57	2,385.71	242.17	2,421.71
		2,358.21		**2,385.71**		**2,421.71**

Note No. 10.1 :Rights attached to equity shares

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

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

Note No. 10.2 : Reconciliation of the number of Shares outstanding as on 31st March, 2018

No. of Shares outstanding (In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
Equity Shares at the beginning of the year	238.57	242.17	242.17	121.09	121.09
Add:- Issue of Bonus shares	-	-	-	121.09	-
Less:- Shares buy back during the year	(2.75)	(3.60)	-	-	-
Equity Shares at the end of the year	235.82	238.57	242.17	242.17	121.09

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

(a) During the Fiancial Year 2017-18 , the Company has completed buyback of 2,75,000/- equity shaes of face value ₹ 10/- each at a price of ₹ 875/- per share on 14th March, 2018. The number of shares post buyback stands reduced to 2,35,82,100 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2,358.21 lakhs.

(b) During the Fiancial Year 2016-17, the Company has completed buyback of 3,60,000/- equity shaes of face value ₹ 10/- each at a price of ₹ 750/- per share on 26th December, 2016. The number of shares post buyback stands reduced to 2,38,57,100 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2,385.71 lakhs.

(c) During the Fiancial Year 2014-15, 12,108,550 Equity shares of ₹ 10/- have been allotted as fully paid bonus shares held on record date 25th March, 2015.

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

Name of the Shareholders	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Prakash M. Patil	20,20,770	8.57	20,24,721	8.49	20,61,619	8.51

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 11 : Non current Borrowings

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Term loans			
Secured borrowings			
From Scheduled Banks (Refer Note no.34a)	17,398.52	17,327.56	16,064.36
Loans & advances from related parties			
From Directors - Unsecured	857.00	857.00	857.00
From Other - Unsecured	360.00	560.00	600.00
TOTAL	**18,615.52**	**18,744.56**	**17,521.36**

Note No. 12 : Other Financial Liabilities

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade payables of Project	763.03	860.43	645.77
Other - Deferred Payment Liability	364.28	364.28	364.28
- Trade Deposits	16.99	16.99	16.88
TOTAL	**1,144.30**	**1,241.70**	**1,026.93**

Note No. 13 : Long Term Provision:

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Income Tax Provision (Net of Advance Tax and TDS)	1,563.65	740.66	141.63
Provision for Employee benefits	123.80	124.86	109.74
TOTAL	**1,687.45**	**865.52**	**251.37**

Note No. 14 : Deferred Tax Liabilities (Net)

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Recognised in Profit and Loss			
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	7,986.08	7,141.52	6,292.65
(b) Other Comprehensive Income			
Fair value of Investments	-	3.86	168.87
TOTAL	**7,986.08**	**7,145.39**	**6,461.52**

Note No. 15 : Current Borrowings

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Loans repayable on demand			
From Banks			
Secured Borrowings (Refer Note no.34b)	17,823.64	13,079.42	15,004.37
Unsecured borrowings	11,800.10	9,877.94	10,732.61
TOTAL	**29,623.74**	**22,957.36**	**25,736.98**

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 16 : Short Term Provision

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Employee benefits	88.77	167.74	24.49
TOTAL	**88.77**	**167.74**	**24.49**

Note No. 17 : Other Current Liabilities

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Maturity of Long term debts (Refer Note No.34a)	3,461.38	3,088.48	3,225.98
Interest accrued but not due on Loans	49.85	71.66	284.20
Unpaid Dividend	98.17	102.80	122.51
Other Payable and Duties & Taxes	388.93	603.04	591.64
Other Payable for Goods & Expenses	1,048.21	896.80	1,193.99
TOTAL	**5,046.54**	**4,762.78**	**5,418.32**

Note No. 18 : Other Operating Income

(₹ In Lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Dividend	0.35	0.19
Interest (Gross)	83.75	51.78
Miscellaneous income	33.10	88.83
Profit on Sale of Assets / shares	-	212.59
TOTAL	**117.21**	**353.38**

Note No. 19 : Cost of Materials Consumed

(₹ In Lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Raw Material Consumption	71,626.66	65,123.41
Packing Materials	1,389.00	1,197.11
Freight Inward	1,063.40	929.76
Clearing & Forwarding	485.88	555.31
TOTAL	**74,564.93**	**67,805.58**

Note No. 20 - Employee benefits expense

(₹ In Lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Salaries, Wages and Bonus (Mfg.)	3,612.76	3,316.76
Labour Welfare Expenses	195.86	234.55
Salaries and Bonus (HO)	475.80	507.51
Provident Fund Contribution	218.38	206.70
Staff Welfare Expenses	8.99	10.46
Directors' Remuneration	537.16	472.45
TOTAL	**5,048.96**	**4,748.45**

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 21 : Finance Cost

(₹ In Lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest on Term Loans	1,780.52	1,545.06
Interest on Working Capital	1,376.41	1,754.76
Interest on Others	143.76	148.59
TOTAL	**3,300.69**	**3,448.41**

Note. No. 22 : Depreciation and Amortisation

(₹ In Lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Depreciation	3,631.76	3,521.16
Amortisation	148.14	148.14
TOTAL	**3,779.90**	**3,669.30**

Note No. 23 : Other expenses

(₹ In Lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Manufacturing Expenses		
Processing Charges	1,116.43	741.76
Labour Charges	2,962.46	2,516.98
Insurance Expenses	89.75	55.61
Lease Expenses	263.31	178.28
Power & Fuel	6,743.31	5,510.52
Stores & Spares	1,137.64	816.20
Repairs & Maintenance - Building	105.52	86.84
- Plant & Machinery	427.18	342.52
Research & development	407.72	380.11
Water Charges	142.38	129.19
Laboratory Expenses	301.92	430.57
Other Factory Expenses	1,678.81	1,456.52
SubTotal (a)	**15,376.43**	**12,645.10**
Office & Administartion Expenses		
Books & Periodicals	0.21	0.18
Auditors' Remuneration	7.61	7.32
Conveyance Expenses	33.87	36.41
Legal & Professional Charges	217.16	234.73
Membership & Subscriptions	6.79	7.32
Printing & Stationery	20.78	21.58
Postage,Telegram & Telephone	20.72	34.31
Office Electricity Charges	11.80	21.34

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 23 : Other expenses (₹ In Lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Insurance Charges	24.96	27.24
Repairs & Maintanance - Others	46.96	47.46
Entertainment Expenses	12.17	12.97
Miscellaneous Expenses	33.76	25.71
Vehicle Expenses	8.40	10.52
Travelling Expenses - Directors	6.78	9.11
- Others	18.83	37.23
Directors' Sitting Fees	4.30	4.50
Investment written off	-	193.07
Sub Total (b)	**475.10**	**730.99**
Selling & Distribution		
Advertisement & Sales Promotion	41.11	109.43
Freight & Forwarding -Export	1,292.45	1,119.36
Freight & Forwarding - Local	444.13	378.53
Commission Expenses	742.16	722.82
Insurance Expenses	13.63	9.68
Postage & Telegram	17.78	20.79
Other Export Expenses	143.89	139.11
Bad Debts & other written off	132.68	157.24
Sub Total (c)	**2,827.84**	**2,656.96**
Finance Cost		
Bank Charges (d)	329.00	356.33
Non Operative Expenses		
Donations	2.35	6.17
CSR Expenditure	199.83	185.07
SubTotal (e)	**202.18**	**191.24**
TOTAL (a+b+c+d+e)	**19,210.56**	**16,580.62**

24 Earning Per Share: (₹ in Lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	7341.05	7547.79
Total Comprehensive Income	7314.02	7438.79
Number of Equity Shares (Nos.)	2,35,82,100	2,38,57,100
Basic & Diluted EPS (after extraordinary items) (₹)	30.67	30.84
Nominal value per share (₹)	10.00	10.00

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

25 Contingent Liabilities and Commitments:

(₹ in Lakhs)

	Particulars	As at 31st March, 2018	As at 31st March, 2017
(i)	**Contingent Liabilities**		
	In respect of bank guarantees issued and L/C opened by the Company's bankers	4525.99	1894.99
	corporate guarantee for borrowing facilities from The Saraswat Co-Op. Bank Limited for its only subsidiary Pinnacle Life Science Private Ltd.	-	3,565.00
	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	289.58	293.25
	Demand in respect of additional Excise, custom duty, service tax, sales tax fine & disputed in appeal (not acknowledged as debt)	152.28	81.91
	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	292.41	260.52
(ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	407.02	177.09

26. There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2018. This information required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

27. Disclosure Regarding Scientific Research & Development Expenditure

(₹ in Lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
2017-2018	407.72	213.30
2016-2017	380.10	179.62*
2015-2016	387.60	1261.94#

*Capital expenditure includes expenditure on development of new product of ₹ 44.42/- Lakhs
#Capital expenditure includes expenditure on development of new product of ₹ 972.99/- Lakhs

28. Segment Reporting (Ind- AS 108)

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

I. BASIS FOR SEGMENTATION

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS (₹in Lakhs)

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
	Segment Revenue		
a)	Out of India	42,927.83	42,294.53
b)	India	73,037.94	76,298.81
	TOTAL	**1,15,965.77***	**1,18,593.34**

*Post the applicability of GST with effect from 1st July, 2017, Sales are disclosed net of GST. Accordingly, the Gross Sales figures for the year ended 31st March, 2018 are not comparable with the sales figures depicted for the previous years.

29 RELATED PARTY DISCLOSURE UNDER (Ind-AS 24)

A. Name and Relationship of the Related Parties:

(1) Subsidiary – Wholly owned
Pinnacle Life Science Private Ltd.

(2) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise and relatives of such individual.

- Individuals

Mr. Chandrakant V. Gogri	Chairman Emeritus
Mr. Rajendra V. Gogri	Non-Executive Director

- Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R Gogri
Mrs. Dhanvanti V.Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

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

- Key Management Personel

Mr. Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Mr. Rashesh C. Gogri	Managing Director
Mr. Harshit M. Savla	Jt. Managing Director
Mr. Harit. P. Shah	Whole-time Director
Mr. Uday M. Patil	Whole-time Director
Mr. Adhish P. Patil	Chief Financial Officer
Mr. Vibhav S. Ranade	Company Secretary & Compliance Officer

- Relatives of Key Management Personel

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mr. Sameer P. Shah	Mrs. Jayashree H. Shah
Mrs. Arti T. Sankhe	Mrs. Manisha R. Gogri

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

(4) Enterprise/firms over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Aarti Life Science LLP (Formerly known as Rupal Drugs LLP)
- Alchemie Gases & Chemicals Pvt Ltd
- Alchemie Financial Services Ltd
- Alchemie Laboratories
- Aarem Ventures LLP
- Aakansha Pharmachem LLP
- Conventry Ventures LLP

(i) Transactions with Enterprise/firms over which controlling individuals have significant influence

(₹in Lakhs)

Transactions with Related Parties	Subsidiary Company		Enterprise/firms over which controlling individuals have significant influence	
	C.Y.	P.Y.	C.Y.	P.Y.
Sales & Income from Operations	3559.34	4454.57	39.75	284.19
Manufacturing Expenses	34.90	4.79	2137.49	2109.49
Purchases of Goods Traded	-	9.54	-	-
Borrowing costs	-	-	50.32	56.18
Outstanding Payable	-	-	1027.06	479.47
Outstanding Receivable	1720.79	1227.78	-	-
Outstanding Unsecured Loan	-	-	335.00	535.00

(ii) Transactions with Key Management Personnel and Relatives

(₹in Lakhs)

Transactions with Related Parties	Individuals		Relatives of Individuals		Key Management Personnel		Relative of Key Management Personnel	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Employee Benefits & Office & Administration Expenses	0.30	0.40	14.50	14.50	588.77	505.82	-	31.24
Borrowing costs	-	-	-	-	85.70	85.70	-	-
Unsecured Loans Accepted	-	-	-	-	-	-	-	-
Unsecured Loans Repaid	-	-	-	-	-	-	-	-
Outstanding Unsecured Loan	-	-	-	-	857.00	857.00	-	-

Transactions with Enterprise/firms over which controlling individuals have significant influence

(₹ in Lakhs)

Transactions with Related Parties	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
	Subsidiary Company	Enterprise or firms	Subsidiary Company	Enterprise or firms
Sales & Income from Operations				
Pinnacle Life Science Private Ltd. - Sales	3,545.39	-	4,452.89	-
Pinnacle Life Science Private Ltd.- Interest	13.95	-	1.68	-
Aarti Industries Ltd. – Sales	-	39.75	-	284.19
TOTAL	**3,559.34**	**39.75**	**4,454.57**	**284.19**
Manufacturing Expenses				

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹ in Lakhs)

Transactions with Related Parties	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
	Subsidiary Company	Enterprise or firms	Subsidiary Company	Enterprise or firms
Pinnacle Life Science Private Ltd. – Purchase	34.90	-	4.79	-
Aarti Industries Ltd. – Purchase	-	1,937.64	-	2,001.81
Aarti Industries Ltd. - Expenses	-	89.47	-	-
Alchemie Gases & Chemicals Pvt Ltd. - Purchase	-	14.14	-	10.72
Aarti Life Science LLP (Formerly known as Rupal Drugs LLP) Expenses	-	96.24	-	96.96
TOTAL	**34.90**	**2,137.49**	**4.79**	**2,109.49**
Purchase of Goods Traded				
Pinnacle Life Science Private Ltd.	-	-	9.54	-
TOTAL	**-**	**-**	**9.54**	**-**
Finance Cost				
Alchemie Gases & Chemicals Pvt Ltd. - Interest on Loan	-	8.63	-	10.50
Alchemie Financial Services Ltd - Interest	-	41.69	-	45.68
TOTAL	**-**	**50.32**	**-**	**56.18**
Outstanding Payable				
Aarti Life Science LLP (Formerly known as Rupal Drugs LLP)	-	25.25	-	19.21
Alchemie Gases & Chemicals Pvt Ltd.	-	1.04	-	0.91
Aarti Industries Ltd.	-	1,000.76	-	459.36
TOTAL	**-**	**1,027.06**	**-**	**479.47**
Outstanding Receivable				
Pinnacle Life Science Private Ltd.	1,720.79	-	1,227.78	-
TOTAL	**1,720.79**	**-**	**1,227.78**	**-**
Oustanding Unsecured Loans				
Alchemie Financial Services Ltd.	-	335.00	-	435.00
Alchemie Gases & Chemicals Pvt Ltd.	-	-	-	100.00
TOTAL	**-**	**335.00**	**-**	**535.00**

Transactions with Key Management Personnel and Relatives

(₹ in Lakhs)

Transactions with Related Parties	Year Ended 31st March, 2018			Year Ended 31st March, 2017			
	Individuals	Relatives of individuals	Key Management Personnel	Individuals	Relatives of individuals	Key Management Personnel	Relatives of Key Management Personnel
Employe benefits and Office & Administration Expenses							
Rajendra V. Gogri -Director Sitting Fees	0.30	-	-	0.40	-	-	-
Hetal Gogri Gala - Salary	-	14.50	-	-	14.50	-	-
Prakash M. Patil - Director Remuneration	-	-	139.77	-	-	124.62	-
Harshit M. Salva - Director Remuneration	-	-	129.24	-	-	113.82	-
Harit. P. Shah - Director Remuneration	-	-	129.24	-	-	113.82	-
Udya M. Patil - Director Remuneration	-	-	9.65	-	-	6.34	-
Rashesh C. Gogri - Director Remuneration	-	-	129.24	-	-	113.82	-
Adhish P. Patil - Salary	-	-	46.31	-	-	29.56	-
Vibhav S. Ranade - Salary	-	-	5.31	-	-	3.84	-

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹ in Lakhs)

Transactions with Related Parties	Year Ended 31st March, 2018			Year Ended 31st March, 2017			
	Individuals	Relatives of individuals	Key Management Personnel	Individuals	Relatives of individuals	Key Management Personnel	Relatives of Key Management Personnel
Vishwa H. Savla - Salary	-	-	-	-	-	-	31.24
TOTAL	**0.30**	**14.50**	**588.77**	**0.40**	**14.50**	**505.82**	**31.24**
Finance Cost-Interest							
Prakash M. Patil	-	-	25.70	-	-	25.70	-
Harshit M. Savla	-	-	60.00	-	-	60.00	-
TOTAL	**-**	**-**	**85.70**	**-**	**-**	**85.70**	**-**
Outstanding Unsecured Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Prakash M. Patil	-	-	257.00	-	-	257.00	-
Harshit M. Savla	-	-	600.00	-	-	600.00	-
TOTAL	**-**	**-**	**857.00**	**-**	**-**	**857.00**	(Qty. in MT)-

30 Additional information pursuant to the provisions of the Companies Act, 2013

a. Licensed capacity installed capacity and production (as certified by the Management and not verified by the Auditors, it being a technical matter.)

Class of Goods	* Licensed	Units	Year	Installed	Production	Captive	Net Production
Pharmaceutical	----	**Kgs**	**2017-18**	**25,714**	**19,261.47**	**3,924.77**	**15,336.71**
		Kgs	2016-17	22,582	17,463.01	4,052.70	13,410.31

* As license is not required Licensed Capacity not given.

b Purchase of trading items(Net):

	Current Year	Previous Year
Number of Strips	Nil	2,07,69,933
Amounts (₹in Lakhs)	Nil	309.91
Quantity in Kg	19,98,559	7,85,837
Amounts (₹in Lakhs)	2,597.14	1,520.02

c Value of Raw materials and spares consumed

	Current Year	Previous Year
Raw Material:		
Indigenous		
Percentage %	39.52	39.93
Amount (₹ In Lakhs)	28,309.69	26,000.65
Imported		
Percentage %	60.48	60.07
Amount (₹ In Lakhs)	43,316.97	39,122.76
Stores and spares		
Indigenous		

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Percentage %	100.00	100.00
Amount (₹ In Lakhs)	1,137.63	816.20

d C.I.F Value of Imports (₹in Lakhs)

	Current Year	Previous Year
Raw Material	41,778.18	41,835.58
Capital Goods	218.07	321.01

e Expenditure in Foreign Currency (₹in Lakhs)

	Current Year	Previous Year
Commission	419.38	363.57
Travelling Expenses	21.40	32.28
Sales Promotion	25.07	39.97
Foreign Bank Charges	64.03	80.32
Interest on F.C. Loan	273.42	203.43
Others	75.00	105.38

f Earnings in Foreign Exchange (₹in Lakhs)

	Current Year	Previous Year
F.O.B. Value of Exports	38,070.86	39,198.08

31. FAIR VALUE MEASUREMENTS:

Financial Instrument by Category

(₹ In Lakhs)

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Asset									
At Amortised Cost									
Investment	1,723.93	-	-	1,841.92	-	-	1,931.29	-	-
Trade Receivables	36,375.43	-	-	27,827.45	-	-	32,119.50	-	-
Cash & Cash Equivalent	293.11	-	-	297.1	-	-	327.84	-	-
Bank Balance Other than Cash and Cash Equivalents	98.17			102.80			122.51		
Other Financial Assets	1,182.23	-	-	1410.73	-	-	1,524.03	-	-
At FVTOCI									
Investment		-	-		-	-	46.23	46.23	-
Financial Liabilities									
At Amortised Cost									
Borrowings	51,700.64	-	-	44,790.40	-	-	46,484.32	-	-
Trade Payables	23,966.58	-	-	17,029.91	-	-	16,418.14	-	-
Other Financial Liabilities	1,144.30	-	-	1,241.70	-	-	1,026.93	-	-

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and
Level 2: Inputs other than the quoted prices included within Level 1 that are observed for the asset or liability, either directly or indirectly.

32 CAPITAL MANAGEMENT:

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

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

(₹in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Gross Debts	51,700.64	44,790.40	46,484.32
Less: Cash and Cash Equivalents	293.10	297.10	327.84
Net Debt (A)	**51,407.53**	**44,493.29**	**46,156.47**
Total Equity (B)	**43,317.24**	**38,696.60**	**33,957.81**
Net Gearing Ratio (A/B)	**1.19**	**1.15**	**1.36**

33 FINANCIAL RISK MANAGEMENT:

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

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

I. Credit Risk

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

Credit risk management.

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

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

II. Liquidity Risk

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

Liquidity Risk Management

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

As at 31st March, 2018
Maturities of non-derivative financial liabilities (₹in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	23,966.58	-	-	23,966.58
Other financial liabilities	-	1,144.30	-	1,144.30
TOTAL	**23,966.58**	**1,144.30**	**-**	**25,110.88**

As at 31st March, 2017
Maturities of non-derivative financial liabilities (₹in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	17,029.91	-	-	17,029.91
Other financial liabilities	-	1,241.70	-	1,241.70
TOTAL	**17,029.91**	**1,241.70**	**-**	**18,271.61**

As at 1st April, 2016
Maturities of non-derivative financial liabilities (₹in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	16,418.14	-	-	16,418.14
Other financial liabilities	-	1,026.93	-	1,026.93
TOTAL	**16,418.14**	**1,026.93**	**-**	**17,445.07**

III. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices– will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

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.

34. Securities for loans taken from Banks:

a.

(₹ Lakhs)

Bank Name	As at 31st March, 2018	As at 31st March, 2017	Due for Installment	
			F. Y. 2018-19	Subsequent Years
Kotak Mahinda Bank Ltd.	1,203.06	2,406.12	1,203.06	00.00
State Bank of India	-	416.00	-	-
The Shamrao Vithal Co op Bank Limited	11,331.83	9,247.17	1,583.32	9,748.51
Bank Of Baroda	8,324.99	8,346.75	675.00	7,650.00

Note:

(i) Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21,E22,E-1, K-40, K-41 E120, E9/3, E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B), W73(B) & T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad - Gujarat Viz. Plot No 2902, 2904, 211, 213, 2601, 2602, 2603, 2520, 2522 and 3325.

(ii) Loan from Kotak Mahindra bank and The Shamrao Vithal Co-op Bank Ltd is also secured by second charge on current assets of the Company both present and future.

b. Loans from Scheduled Banks Payable on Demand of ₹. 17829.64 lakhs (Previous Year ₹ 13,079.42) are secured by hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of movable fixed assets. both present and future situated at MIDC Boisar, Maharashtra viz. Plot No N-198, G-60, E21, E22, E-1, K-40, K-41, E-120, E9/3, E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B), W73(B) & T-150 and MIDC Turbhe Plot No. D-277 & D-278.GIDC, Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, 211, 213, 2601, 2602, 2603, 2520, 2522 and 3325.

35. The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The Company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2018, the company had hedge in aggregate an amount of ₹ 39,531.06/-Lakhs (previous year ₹ 34,800.84/- Lakhs) out of its annual trade related operations (export& import) aggregating to ₹ 81,729.69/-Lakhs (previous year 81,033.65/- Lakhs) after considering natural hedge.

36. Sales / Income from Operations include export benefits amounting to ₹ 1,409.43/- Lakhs (As at 31st March, 2017 ₹ 2,263.86/- Lakhs)

37. Directors Remuneration:

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	175.02	171.63
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	34.24	34.58
Commission payable to Directors	283.80	222.14
Contribution to Provident Fund	1.08	1.08
Superannuation fund scheme	43.01	43.02
Total Remuneration	**537.15**	**472.45**

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

38. Auditors' remuneration includes

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Statutory Audit	6.58	5.38
Other Audit Services	0.90	1.56
Certification	0.13	0.38
Total	7.61	7.32

39. Reconciliation of Tax Expense and the Accounting Profit multiplied by India's domestic tax rate for 31st March, 2018 and 31st March, 2017

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Accounting profit before income taxes	11,221.05	10,777.79
Enacted tax rate in India (%)	34.608	34.608
Computed expected tax (benefit)/expenses	3,883.38	3,729.98
Timing difference in depreciable assets	(496.47)	(381.33)
Weighted deduction allowed for research and development expenditure	(145.21)	(211.37)
Other Non deductible expenses for tax purpose	70.74	133.73
Other deductible Items for tax purpose	(297.45)	(518.00)
Deferred Tax not recognised (net)	865.00	477.00
Income tax expense reported in the statement of profit and loss	3,880.00	3,230.00
Effective Income Tax Rate	**34.58**	**29.97**

40. Employee Benefits:

a) Defined Benefit Plan

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

(₹ in Lakhs)

a.	Reconciliation of Opening and Closing balances of Defined Benefit Obligation	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
	Defined Benefit Obligation at beginning of the Year	938.53	774.82
	Current/Past Service Cost	109.97	47.63
	Interest Cost	68.89	62.61
	Actuarial(gain)/ loss	(60.81)	123.37
	Benefits Paid	(35.57)	(69.91)
	Defined Benefit Obligation at year end	1021.01	938.53
b.	**Reconciliation of opening and closing balances fair value of plan assets**		
	Fair value of plan assets at beginning of the year	792.87	783.96
	Expected return of plan assets	5.86	63.34
	Interest Income	58.20	0.00
	Actuarial gain/ (loss)	0.00	(0.52)

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

b.	**Reconciliation of opening and closing balances fair value of plan assets**		
	Employer Contribution	132.75	16.00
	Benefits Paid	(35.57)	(69.91)
	Fair value of plan assets at year end	954.11	792.87
	Actual return on plan assets	00.00	62.82
c.	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets as at 31st March, 2018	954.11	792.87
	Present value of obligation as at 31st March, 2018	(1,021.01)	(938.53)
	Amount Recognized	(66.90)	(145.65)
d.	**Expenses recognized during the year**		
	Current/Past Service cost	109.97	47.63
	Interest cost	10.69	62.61
	Expected return on plan assets	0.00	(63.34)
	Actuarial(gain)/ loss	(66.66)	123.89
	Net Cost	10.69	(0.74)
	L.I.C Group Gratuity (Cash Accumulation) Policy and Aditya Birla Sun Life Insurance Company Ltd. Group Gratuity Policy	91.34% Invested with L.I.C. & 8.66% with ABSLCL	95.16% Invested with L.I.C. & 4.84% with ABSLCL
f.	**Actuarial assumptions**		
	Mortality Table(L.I.C.)	-	-
		2006-08	2006-08
		(Ultimate)	(Ultimate)
	Discount rate (per annum)	7.85%	7.34%
	Expected rate of return on plan assets (per annum)	7.85%	7.34%
	Rate of escalation of in Salary (per annum)	4.50%	4.50%
	The estimate of rate of escalation in salary considered in Actuarial valuation, take into account inflation, seniority, promotion, other relevant factors' including supply and Demand in the employment market. The above information is certified by the actuary		

b) Leave Encashment :

Leave Encashment liability amounting to ₹ 145.56 Lakhs previous year (₹ 146.94 Lakhs) has been provided in the Accounts.

41. As per Sec 135 of the Companies Act 2013, details of amount to be spent on Corporate Social Responsibility are as below. Gross amount to be spent on the CSR activity during the year is ₹ 199.63 Lakhs. During the year company spent ₹ 199.83 Lakhs (previous year 185.07 Lakhs).

42. Disclosure for operating leases under Ind AS 17 - "Leases":

During the year Company had entered in to lease transaction covering Lease term of 5 years. The Lease Transaction is covered as Operating Lease as per the Ind AS 17 and all lease payments are recognized as an expense in profit and loss account on straight line basis. Disclosures as per Ind AS 17, Lease Accounting are as below.

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

- Total future minimum lease payments under non-cancellable operating lease for following periods.

(₹in Lakhs)

Period	Amount
Not Later than 1 year	342.72
Later than 1 year and not later than 5 years	849.66
Later than 5 years	-

43. Proposed Dividend:

Board of Directors in its meeting held on 16th May, 2018, recommended a final dividend of ₹ 1 /- per equity share for the Financial Year ended March 31, 2018. The recommendation is subject to the approval of the shareholders at forthcoming Annual General Meeting and if approved, would result in a cash outflow of approximately ₹ 283.83 (in lakhs) including Corporate Dividend Tax.

44 Disclosures as required by Indian Accounting Standard (Ind As) 101 'First Time Adoption Of Indian Accounting Standards':

(i) Reconciliation of Equity as at 1st April, 2016

(₹ In Lakhs)

i) Effect of Ind As adoptionon the Balance Sheet as at 1st April, 2016	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
ASSETS				
Non - Current Assets				
Property, Plan and Equipment	a	45,531.64	-	45,531.64
Intangible Assets	a	745.07	-	745.07
Capital Work - in - Progress	a	3,404.47	-	3,404.47
Financial Assets				
Investments	b	1,111.51	819.77	1,931.29
Other Non- Current Assets		1,001.48	-	1,001.48
Total Non- Current Assets		**51,794.16**	**819.77**	**52,613.93**
Current Assets				
Inventories		16,704.79	-	16,704.79
Financial Assets				
(i) Trade Receivable		32,119.50	-	32,119.50
(ii) Cash and Bank Balances		450.35	-	450.35
(iii) Other Current Finanacial Assets		1,524.03	-	1,524.03
Other Current Assets		3,404.31	-	3,404.31
Total Current Assets		**54,202.98**	**-**	**54,202.98**
TOTAL ASSETS		**1,05,997.14**	**819.77**	**1,06,816.92**
EQUITIES AND LIABILITIES				
EQUITY				
Equity Share Capital		2,421.71	-	2,421.71
Other Equity	c	32,609.65	(1,073.55)	31,536.10
Total Equity		**35,031.36**	**(1,073.55)**	**33,957.81**
LIABILITIES				
Non- Current Liabilities				
Financial Liabilities				
(i) Borrowings		17,521.36	-	17,521.36
(ii) Other Financial Liability		1,026.93	-	1,026.93
Provisions		251.37	-	251.37
Deferred Tax Liabilities (Net)	d	4,568.20	1,893.32	6,461.52

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Total of Non- Current Liabilities		23,367.86	1,893.32	25,261.18
Current Liabilities				
Financial Liabilities				
(i) Borrowings		25,736.98	-	25,736.98
(ii) Trade payables		16,418.14	-	16,418.14
Provisions		24.49	-	24.49
Other Current Liabilities		5,418.32	-	5,418.32
Total Current Liabilities		**47,597.93**	**-**	**47,597.93**
TOTAL EQUITY AND LIABILITIES		**1,05,997.14**	**819.77**	**1,06,816.92**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

(ii) Reconciliation of Equity as at 31st March, 2017 (₹ In Lakhs)

ii) Effect of Ind As adoption on the Balance Sheet as at 31st March, 2017	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
ASSETS				
Non - Current Assets				
Property, Plan and Equipment	a	53,632.13	-	53,632.13
Intangible Assets	a	600.29	-	600.29
Capital Work - in - Progress	a	1,413.06	-	1,413.06
Financial Assets				
Investments	b	1,003.39	838.53	1,841.92
Other Non- Current Assets		1,176.44	-	1,176.44
Total Non- Current Assets		**57,825.32**	**838.53**	**58,663.85**
Current Assets				
Inventories		18,875.29	-	18,875.29
Financial Assets				
(i) Trade Receivable		27,827.45	-	27,827.45
(ii) Cash and Bank Balances		399.90	-	399.90
(iii) Other Current Finanacial Assets		1,410.73	-	1,410.73
Other Current Assets		4,434.34	-	4,434.34
Total Current Assets		**52,947.71**	**-**	**52,947.71**
TOTAL ASSETS		**1,10,773.03**	**838.53**	**1,11,611.56**
EQUITIES AND LIABILITIES				
EQUITY				
Equity Share Capital		2,385.71	-	2,385.71
Other Equity	c	37,369.55	(1,058.66)	36,310.89
Total Equity		**39,755.26**	**(1,058.66)**	**38,696.60**
LIABILITIES				
Non- Current Liabilities				
Financial Liabilities				
(i) Borrowings		18,744.56	-	18,744.56
(ii) Other Financial Liability		1,241.70	-	1,241.70
Provisions		865.52	-	865.52
Deferred Tax Liabilities (Net)	d	5,248.20	1,897.19	7,145.39
Total of Non- Current Liabilities		**26,099.98**	**1,897.19**	**27,997.17**

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

Current Liabilities				
Financial Liabilities				
(i) Borrowings		22,957.36	-	22,957.36
(ii) Trade payables		17,029.91	-	17,029.91
Provisions		167.74	-	167.74
Other Current Liabilities		4,762.78	-	4,762.78
Total Current Liabilities		**44,917.78**	**-**	**44,917.78**
TOTAL EQUITY AND LIABILITIES		**1,10,773.03**	**838.53**	**1,11,611.56**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

(iii) Reconciliation of profit and loss and other comprehensive income for the year ended 31st March, 2017

	iii) Effect of Ind As adoption on the Statement of Profit and Loss for the Year ended 31st March, 2017	**Notes**	**Previous GAAP***	**Effect of transition of Ind AS**	**Ind AS**
I	Revenue from operations	e	1,18,593.34	-	1,18,593.34
II	Other Income		353.38	-	353.38
III	**Total Revenue (I + II)**		**1,18,946.73**	**-**	**1,18,946.73**
IV	**Expenses :**				
	(a) Cost of materials consumed		67,805.58	-	67,805.58
	(b) Purchase of Stock-in-Trade		1,829.93	-	1,829.93
	(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		365.64	-	365.64
	(d) Excise Duty		9,721.01	-	9,721.01
	(e) Employee Benefits Expense	f	4,872.34	(123.89)	4,748.45
	(f) Finance Cost (Interest)		3,448.41	-	3,448.41
	(g) Depreciation and Amortisation Expense		3,669.30	-	3,669.30
	(h) Other Expenses		16,580.62	-	16,580.62
	Total expenses (IV)		**1,08,292.82**	**(123.89)**	**1,08,168.93**
V	Profit before exceptional items and tax (III - IV)		10,653.90	123.89	10,777.79
VI	Exceptional Items		-	-	-
VII	Profit Before Tax (V - VI)		10,653.90	123.89	10,777.79
VIII	Tax Expenses :		-	-	
	Provision for Taxation - Current Year		2,753.00	-	2,753.00
	- MAT credit entitlement		-	-	-
	- Earlier Year		(203.00)	-	(203.00)
	Provision for Deferred Tax		680.00	-	680.00
	Total Tax Expenses (VIII)		3,230.00	-	3,230.00
IX	**Profit/(Loss) for the period from continuing operations(VII - VIII)**		**7,423.90**	**123.89**	**7,547.79**
X	Profit / (Loss) form discontinuing operations		-	-	-
XI	Tax expenses of discontinuing operations		-	-	-
XII	Profit /(Loss) from discontinuing operations (X - XI)		-	-	-
XIII	**Profit / (Loss) for the period (IX - XII)**		**7,423.90**	**123.89**	**7,547.79**

NOTES TO FINANCIAL STATEMENT

for the year ended 31st March, 2018

	Items that will not be relasssified to statement of Profit and Loss				
	Fair value changes on Investments, net		-	14.89	14.89
	Remeasurement of defined benefit liability/ Asset ,net		-	(123.89)	(123.89)
XIV	**Total Other Comprehensive Income ,net**		**-**	**(109.00)**	**(109.00)**
XV	**Total Comprehensive Income for the Year (XIII+XIV)**		**7,423.90**	**14.89**	**7,438.80**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

Notes to First time adoption of Ind AS

a Property, Plant and Equipment:
The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment as deemed cost at the date of the transition. The same election has been made in respect of intangible assets.

b Investment:
Investment in Subsidiary: The Company has opted to carry the investment in subsidiaries at the previous GAAP carrying amount at the transition date. Other Equity Instruments: All other equity instruments are classified as FVTOCI.

c Retained Earnings:
Retained earnings as at 1st April, 2016 has been adjusted consequent to Ind AS transition adjustments.

d Deferred Tax:
"Deferred tax under Ind AS has been recognized for temporary differences between tax base and the book base of the relevant assets and liabilities. Under IGAAP the deferred tax was accounted based on timing differences impacting the profit or loss for the period. Deferred Tax on aforesaid Ind AS adjustments has been created for both periods - as on 31st March, 2017 and 1st April, 2016."

e Revenue from Operations & Excise Duty:
"Under previous GAAP, revenue from sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as part of other expenses. This has resulted in an increase in the revenue from operations and expenses for the year ended 31st March, 2017. The total comprehensive income for the year ended and equity as at 31st March, 2017 has remained unchanged."

f Re-measurements of Post Employment Benefit Obligation:
"Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these re-measurements were forming part of the Statement of Profit and Loss for the year."

45. Figures of the previous year have been regrouped and rearranged wherever necessary.

46. Accounting Judgments, Estimates and Assumptions:

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities, and the disclosure of contingent

Liabilities, at the end of the reporting period However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M .No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

INDEPENDENT AUDITORS' REPORT

To the Members of "Aarti Drugs Limited"

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Financial Statements of **Aarti Drugs Limited** ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.

The Board of Directors of the Company including its subsidiary are responsible for 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; 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 the consolidated state of affairs of the Company, as at 31st March, 2018 and their consolidated profit including Other Comprehensive Income and their consolidated cash flows and Statement of Changes in Equity for the year ended on that date.

Other Matters

We did not audit financial statements/financial information of only subsidiary whose financial statement/financial information reflect total assets of Rs. 9709.49 Lakhs as at 31st March, 2018, total revenue from operation of Rs. 13,867 Lakhs for the year ended 31st March, 2018 respectively as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditor whose report has been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of its subsidiary is based solely on the report of the other auditor.

The comparative financial information of the Company for the year ended 31st March, 2017, financial information upto 30th June, 2017 and the opening balance sheet as at 1st April, 2016 on transition date prepared in accordance with Ind AS included in these consolidated Ind AS financial statements have been audited by the predecessor auditor "M/s. Gokhale & Sathe, Chartered Accountants", who had audited the financial statements for the relevant periods. The report dated 23rd May, 2017 and 18th August, 2017 of the predecessor auditor on the comparative financial information and financial information up to 30th June, 2017 have expressed an unmodified opinion. Our opinion is not modified in respect of these matters.

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 provided by the Management.

Report on Other Legal & Regulatory Requirements

1. As required by sub-section 3 of Section 143 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 beliefs were necessary for the purpose 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 including Other Comprehensive Income, the Consolidated Cash Flow Statement and Statement of Changes in Equity 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 Ind-AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended.

(e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary Company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2018 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 and based on the report of other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 25to the consolidated financial statements;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiaries incorporated in India.

For GBCA & Associates
Chartered Accountants
Firm Registration No. 103142W

Sd/-
Yogesh Amal
Partner
M. No. 111636

Place: Mumbai
Date: 16th May, 2018

ANNUEXURE - A TO THE AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Legal and Regulatory Requirements' section of our report to the Members of Aarti Drugs Limited)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Aarti Drugs Limited "(the Holding Company") and its subsidiary (collectively referred to as "the Company" or "the Group") which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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 ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI 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 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 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 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 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 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 Holding Company and its subsidiary Company, which are companies 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, 2018, 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 ICAI.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operation effectiveness of the internal financial control over financial reporting in so far as it relates to a subsidiary Company, which is Company incorporated in India, is based on the corresponding report of the auditor of such Company incorporated in India. Our report is not qualified in this matter.

or GBCA & Associates
Chartered Accountants
Firm Registration No. 103142W

Sd/-
Yogesh Amal
Partner
M. No. 111636

Place: Mumbai
Date: 16th May, 2018

CONSOLIDATED BALANCE SHEET

as at 31st March, 2018

(₹ In Lakhs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	1	59,785.87	57,501.21	48,591.65
Capital work - in - progress	1	2,844.60	1,427.77	3,404.47
Intangible assets	2	453.44	608.16	749.88
Financial Assets				
Investments	3	1,075.86	1,193.86	1,283.22
Other Non- Current Assets	4	1,094.95	1,230.33	1,014.68
Total Non- Current Assets		**65,254.72**	**61,961.33**	**55,043.90**
Current Assets				
Current Investment				
Inventories	5	27,820.86	20,963.43	17,835.01
Financial Assets				
(i) Trade receivable	6	37,346.39	29,680.67	33,168.65
(ii) Cash and Bank Balances	7	427.45	417.37	482.12
(iii) Other Current Finanacial Assets	8	1,282.83	1,978.57	1,923.89
Other current assets	9	6,661.03	4,102.23	3,112.83
Total Current Assets		**73,538.55**	**57,142.28**	**56,522.49**
TOTAL		**1,38,793.28**	**1,19,103.61**	**1,11,566.39**
EQUITIES AND LIABILITIES				
EQUITY				
Share Capital	10	2,358.21	2,385.71	2,421.71
Other Equity		43,184.56	37,627.50	32,244.53
Total Equity		45,542.77	40,013.21	34,666.24
LIABILITIES				
Non current liabilities				
Financial Liabilities				
(i) Borrowings	11	20,269.68	20,154.56	19,123.40
(ii) Other financial liability	12	1,181.09	1,488.10	1,070.80
provisions	13	1,687.45	839.31	251.37
Deferred tax liability (Net)	14	8,092.41	7,177.00	6,462.13
Total of Non current liabilities		31,230.63	29,658.96	26,907.71
Current liabilities				
Financial Liabilities				
(i) Borrowings	15	30,564.21	24,466.43	25,840.86
(ii) Trade payables		25,872.73	19,697.44	18,489.88
Provisions	16	88.77	167.74	24.49
Other current liabilities	17	5,494.17	5,099.81	5,637.22
		62,019.88	**49,431.43**	**49,992.45**
TOTAL		**1,38,793.28**	**1,19,103.61**	**1,11,566.39**
Summary of significant Accounting Policies and Other Explanatory Information	25-36			

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2018

(₹ In Lakhs)

	Description	Note No.	For the Year Ended 31st March, 2018 (Audited)	For the Year Ended 31st March, 2017 (Audited)
I	Revenue from Operations		1,26,256.88	1,28,808.00
II	Other Income	18	104.93	400.48
III	**Total Revenue (I + II)**		**1,26,361.81**	**1,29,208.48**
IV	**Expenses :**			
	(a) Cost of materials consumed	19	79,777.12	74,020.18
	(b) Purchase of stock-in-trade		3,975.63	4,068.18
	(c) Changes in inventories of finished goods, work-in-progress and Stock - in - Trade		(5,487.06)	(43.48)
	(d) Excise Duty		1,894.00	9,290.90
	(e) Employee Benefits Expense	20	5,793.65	5,282.67
	(f) Finance cost (Interest)	21	3,496.13	3,642.09
	(g) Depreciation and Amortisation Expense	22	4,006.30	3,846.27
	(h) Other Expenses	23	20,455.73	17,500.47
	Total Expenses (IV)		**1,13,911.49**	**1,17,607.28**
V	**Profit before exceptional items and tax (III - IV)**		**12,450.32**	**11,601.20**
VI	Exceptional Items		-	-
VII	**Profit before tax (V - VI)**		**12,450.32**	**11,601.20**
VIII	**Tax Expenses :**			
	Provision for Taxation - Current Year		3,279.93	2,913.00
	- MAT credit entitlement		-	-
	- Earlier Year		-	(203.00)
	Provision for Deferred Tax		939.72	711.00
	Total tax expenses (VIII)		**4,219.65**	**3,421.00**
IX	**Profit/(Loss) for the period from continuing operations(VII - VIII)**		**8,230.67**	**8,180.20**
X	Profit / (Loss) form discontinuing operations		-	-
XI	Tax expenses of discontinuing operations		-	-
XII	**Profit /(Loss) from discontinuing operations (X - XI)**		**-**	**-**
XIII	Profit / (Loss) for the period (IX - XII)		8,230.67	8,180.20
	Other comprehinsive Income :			
	Items that willnot be relasssified to statement of Profit and Loss			
	Equity Instruments though other comprehensive income ,net		(93.69)	14.89
	Remeasurement of defined benefit liability/Asset ,net		66.66	(123.89)
	Total Other Comprehensive Income ,net		**(27.02)**	**(109.00)**
XV	**Total Comprehensive Income for the period (XIII+XIV)**		**8,203.64**	**8,071.20**
	Earnings per Equity Shares (EPS) (In ₹)	24	34.41	33.46
	Basic/Diluted			
	Summary of significant Accounting Policies and Other Explanatory Information	25-35		

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31st March, 2018

A. EQUITY SHARE CAPITAL

(₹ In lakhs)

Particulars	Amt(₹)
As at 1st April ,2016	**2,421.71**
Changes in equity share capital during the year 2016-17	(36.00)
As at 31st March,2017	**2,385.71**
Changes in equity share capital during the year 2017-18	(27.50)
As at 31st March,2018	**2,358.21**

B. OTHER EQUITY

(₹ In Lakhs)

Particulars	Reserve and Surplus					Other Comprehensive Income	Total Other Equity
	Capital Reserce	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained Earnings		
As at 1st April, 2016	**654.28**	**210.27**	**1,262.72**	**3,877.29**	**25,589.06**	**650.90**	**32,244.53**
Profit for the Period	-	-	-	-	8,180.20	-	8,180.20
Buyback of shars	-	36.00	(1,262.72)	(1,437.28)	-	-	(2,664.00)
Other Adjustments	(26.01)	-	-	-	1.78	-	(24.22)
Remeasurement of defined benefit liability/Asset ,net	-	-	-	-	-	(123.89)	(123.89)
Fair value changes on Investments, net	-	-	-	-	-	14.89	14.89
Balance as at 31st March, 2017	**628.27**	**246.27**	**-**	**2,440.02**	**33,771.05**	**541.90**	**37,627.50**
Profit for the Period	-	-	-	-	8,230.67	-	8,230.67
Dividend Paid	-	-	-	-	(238.57)	-	(238.57)
Tax on Dividend	-	-	-	-	(48.57)	-	(48.57)
Buyback of shars	-	27.50	-	(2,406.25)	-	-	(2,378.75)
Other Adjustments	-	-	-	-	19.30	-	19.30
Remeasurement of defined benefit liability/Asset ,net	-	-	-	-	-	66.66	66.66
Fair value changes on Investments, net	-	-	-	-	-	(93.69)	(93.69)
Balance as at 31st March, 2018	**628.27**	**273.77**	**-**	**33.77**	**41,733.87**	**514.88**	**43,184.56**

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

CONSOLIDATED CASH FLOW STATEMENT

as at 31st March, 2018

(₹ In lakhs)

	Particulars	As at 31st March, 2018	As at 31st March, 2017
A.	**Cash Flow from Operating Activities**		
	Net Profit before Tax and Exceptional Items	12,450.32	11,601.20
	ADJUSTMENT FOR:	-	-
	Depreciation & Amortisation	4,006.30	3,846.27
	Provision for Bad & doubtful Debts/ Bad debts	132.68	157.24
	Unrealised Foreign Exchange (Gain)/Loss (Net)	(89.65)	(259.32)
	Re- measurement losses on employee defined benefit plans	66.66	(123.89)
	Depreciation on Revalued Assets	-	(26.01)
	Interest Paid	3,496.13	3,642.09
	Interest Received	(99.29)	(53.71)
	Dividend Received	(0.43)	(0.26)
	Impairment of Investment	-	193.07
	Gain on Sale of Investment	-	(44.81)
	Loss on Sale of Asset	-	(167.82)
	Operating Profit before Working Capital Charges	19,962.72	18,764.06
	Trade & Other Receivable	(8,076.96)	3,738.61
	Changes in Inventories	(6,838.13)	(3,126.64)
	Trade & Other Payable	4,396.00	235.38
	Cash generated from operation	9,443.62	19,611.41
	Direct Taxes Paid	(2,467.01)	(2,135.96)
	Net Cash Flow from Operating Activities	**6,976.61**	**17,475.45**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets / Capital Work in Progress/ Advances	(7,453.28)	(10,879.28)
	Sales/ (Purchase) of Investment	-	(40.14)
	Dividend Received	0.43	0.26
	Sale of Fixed Assets	-	167.82
	Interest Received	99.29	53.71
	Net Cash Flow from Investing Activities	**(7,353.56)**	**(10,697.63)**

(₹ In lakhs)

	Particulars	As at 31st March, 2018	As at 31st March, 2017
C.	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	488.01	893.66
	Proceeds from Unsecured Loans & from Scheduled Bank	6,097.78	(1,374.42)
	Buy Back of shares	(2,406.25)	(2,700.00)
	Dividend Paid	(243.20)	-
	Dividend Tax Paid	(48.57)	-
	Interest Paid	(3,496.13)	(3,642.09)
	Net Cash Flow from Financing Activities	**391.65**	**(6,822.86)**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**14.70**	**(45.04)**
	Opening Cash and Cash Equivalents (refer note no.7)	**314.57**	**359.61**
	Closing Cash and Cash Equivalents (refer note no.7)	**329.27**	**314.57**

Notes :
(i) Figures in brackets indicate outflows
(ii) The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in IND AS 7, "Statement of Cash Flows.
(iii) Fixed Deposits with bank amounting to ₹ 45.12 lakhs (previous year ₹27.45 lakhs) under lien are considered as cash and cash equivalents.
(iv) Previous year figures have been regrouped / rearranged to confirm to the current year's presentation wherever necessary.

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Corporate Information:

Aarti Drugs Limted ("the Company") is a public limited Company incorporated and domiciled in India. Its equity shares are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of Company is located at Plot No N-198, M.I.D.C, Tarapur, Village - Pamtermbhi, Dist. Palghar, Maharashtra - 401506 and is incorporated under the provisions of the Companies Act, 1956, applicable in India.

Consolidated Financial Statements include the parent Company, Aarti Drugs Limited and the following subsidiary Company:

Name of the Subsidiary	Proportion of Ownership Interest (%)
Pinnacle Life Science Private Ltd.	100 % (Previous Year 100%)

The Company is primarily involved in Development, Manufacturing and Marketing of Active Pharmaceutical Ingredients (API), Pharma Intermediate and Specialty Chemicals.

Note: 1 Significant Accounting Policies and Key Accounting Estimates and Judgments

1) Basis of preparation:

These 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. These financial statements for the year ended 31st March, 2018 are the first Ind-AS Financial Statements prepared in accordance with Ind-AS.

For periods up to and including the year ended 31st March, 2017, the group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The accounts for the year ended 31st March, 2017 and quarter ended 30th June, 2017 were audited by previous auditor – M/s Gokhale & Sathe Chartered Accountants.

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

2) Basis of consolidation:

These consolidated financial statements comprise the financial statement of the Company and its only wholly owned subsidiary. The financial statements of the group and its wholly owned subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-Company balances, intra-Company transactions and unrealized profits resulting there from and are presented to the extent possible, in the same manner as the group's independent financial statements. The statement of profit and loss and each component of other comprehensive income are attributed to the equity holders of the group.

3) Revenue recognition:

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

(i) Sale of goods: Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

4) Property, plant and equipment:

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

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes cenvat / value added tax / Goods and Services Tax (GST) eligible for credit / setoff.

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

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

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

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

Intangible Assets:

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

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

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

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

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

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

Research and Development:

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

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

Depreciation:

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

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

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

5) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Financial Assets:

Classification:

The group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Subsequent measurement:

For the purpose of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL /FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognized in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)) or recognized in other comprehensive income (i.e. fair value through other comprehensive income (FVOCI)).

Financial Assets measured at amortised cost (net of write down for impairment, if any):

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Subsidiary:

Investment in equity instruments of subsidiary is measured as cost as per Ind AS 27.In the financial statements, investments in subsidiary is carried as cost.The carrying amount is reduced to recognise any impairment in the value of investment.

Investment in Equity Instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

6) Inventories:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

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

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

7) **Retirement and other employee benefits: -**

Provident fund:

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

Gratuity Obligations:

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Other Benefit Plan:

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

8) **Foreign Currency Transactions:**

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

9) **Operating Lease:**

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

10) **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 re-assessed at each reporting date and are recognized to the extent

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

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) credit is recognized as an asset only when and to the extent it is reasonably certain that the group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the 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.

11) Borrowing Costs:

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

12) Provisions and Contingent Liabilities:

Provisions:

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

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

Contingencies:

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

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

NOTE NO. 1 : PROPERTY, PLANT AND EQUIPMENTS

F.Y. 2017-18 (₹ In Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April, 2017	Addition	Deduction	As on 31st March, 2018	As on 1st April, 2017	Addition	Deduction	As on 31st March, 2018	As on 31st March, 2018	As on 31st March, 2017
TANGIBLES ASSETS										
BUILDING	15,792.28	1,236.06	125.00	16,903.34	2,765.64	546.87	5.18	3,307.33	13,596.01	13,026.65
FURNITURE	851.24	36.23	-	887.47	407.39	82.59	-	489.97	397.50	443.85
LAND	4,752.90	27.36	-	4,780.26	-	-	-	-	4,780.26	4,752.90
OFFICE EQUIPMENTS	844.72	62.83	0.24	907.30	237.11	107.91	-	345.02	562.28	607.60
PLANT & MACHINERY	61,618.02	5,216.96	378.11	66,456.87	23,100.99	3,055.53	23.92	26,132.61	40,324.26	38,517.03
VEHICLES	345.63	13.19	-	358.82	192.45	40.81	-	233.26	125.56	153.18
TOTAL	**84,204.79**	**6,592.63**	**503.35**	**90,294.06**	**26,703.58**	**3,833.71**	**29.10**	**30,508.19**	**59,785.87**	**57,501.21**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

F.Y. 2016-17 (₹ In Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April, 2016	Addition	Deduction	As on 31st March, 2017	As on 1st April, 2016	Addition	Deduction	As on 31st March, 2017	As on 31st March, 2017	As on 31st March, 2016
TANGIBLES ASSETS										
BUILDING	12,686.94	3,105.34	-	15,792.28	2,320.62	445.02	-	2,765.64	13,026.65	10,366.32
FURNITURE	780.99	70.25	-	851.24	322.83	84.55	-	407.39	443.85	458.16
LAND	3,444.78	1,308.11	-	4,752.90	-	-	-	-	4,752.90	3,444.78
OFFICE EQUIPMENTS	644.77	200.54	-	845.30	154.02	83.10	-	237.12	608.18	490.75
PLANT & MACHINERY	53,768.90	7,849.13	-	61,618.02	20,081.92	3,019.07	-	23,100.99	38,517.03	33,686.97
VEHICLES	296.21	48.83	-	345.05	151.54	40.91	-	192.45	152.60	144.68
TOTAL	**71,622.59**	**12,582.20**	**-**	**84,204.79**	**23,030.94**	**3,672.65**	**-**	**26,703.58**	**57,501.21**	**48,591.65**

Note : Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 213.30 Lakhs (previous year ₹179.62 Lakhs)

Details of Capitali Work in Progess (₹ In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening Balance	1,427.77	3,404.47
Capitalised	(77.58)	(8,186.78)
Additions during the year	1,494.41	6,210.08
Closing Balance	**2,844.60**	**1,427.77**

NOTE NO. 2 : INTANGIBLES ASSETS

(₹ In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) PROCESS DEVELOPMENT (R&D)		
Opening Balance	555.52	703.66
Additions during the year	-	-
Amortisaton	(148.14)	(148.14)
Deletion	-	-
Closing Balance	**407.38**	**555.52**
	-	-
(b) COMPUTER SOFTWARE	**-**	**-**
Opening Balance	52.64	46.22
Additions during the year	17.87	31.90
Amortisaton	(24.45)	(25.48)
Deletion	-	-
Closing Balance	46.05	52.64
	-	-
Total (a+b)	**453.44**	**608.16**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Remaining period of Amortisation of Intangible assets mentioned are as follow. (₹ In Lakhs)

Particulars	WDV as on 31st March, 2018	Remaining period of Amortisation
Process Development (R&D)	407.38	33 Months

NOTE NO. 3 : NON CURRENT INVESTMENTS

(₹ In Lakhs)

Name of the Company	Face Value (₹)	No. of Shares/ Units	As at 31st March, 2018 (₹)	No. of Shares/ Units	As at 31st March, 2017 (₹)	No. of Shares/ Units	As at 1st April 2016 (₹)
Trade Investments - (Quoted) in Equity Shares							
Aarti Industries Ltd.	5/-	-	-	-	-	750	3.88
Alembic Ltd.	2/-	-	-	-	-	180	0.06
Alembic Pharmaceuticals Ltd.	2/-	-	-	-	-	90	0.54
Aurobindo Pharma Ltd.	1/-	-	-	-	-	100	0.75
Sanofi India Ltd. (Aventis Pharma Ltd.)	10/-	-	-	-	-	5	0.20
Cadila Healthcare Ltd.	10/-	-	-	-	-	75	0.24
Cipla Ltd.	2/-	-	-	-	-	62	0.32
Dabur India Ltd.	1/-	-	-	-	-	300	0.75
Dr Reddy's Laboratories Ltd.	5/-	-	-	-	-	4	0.12
Fresenius Kabi Oncology Ltd. (Dabur Pharma Ltd.)	1/-	-	-	-	-	25	0.03
Glenmark Pharmaceuticals Ltd.	1/-	-	-	-	-	100	0.79
Godavari drugs	1/-	-	-	-	-	25	0.01
Ipca Laboratories Ltd.	2/-	-	-	-	-	1,050	6.09
Ind-Swifts Laboratories Ltd.	10/-	-	-	-	-	5	0.00
Ind-Swifts Ltd.	2/-	-	-	-	-	25	0.00
Jagsonpal Pharmaceuticals Ltd.	5/-	-	-	-	-	40	0.01
J.B.Chemicals & Pharmaceuticals Ltd.	2/-	-	-	-	-	500	1.25
Kopran Ltd.	10/-	-	-	-	-	5	0.00
Krebs Bio Chemicals & Industries Ltd.	10/-	-	-	-	-	100	0.11
Piramal Glass Ltd.(Kojam Finivest Ltd.)	10/-	-	-	-	-	14	0.02
Lupin Ltd.	2/-	-	-	-	-	50	0.74
Mylan Laboratories Ltd. (Matrix Labortories Ltd.)	2/-	-	-	-	-	50	0.10
Morepen Laboratories Ltd.	2/-	-	-	-	-	5	0.00
Natco Pharma Ltd.	10/-	-	-	-	-	25	0.10
Neuland Laboratories Ltd.	10/-	-	-	-	-	100	0.70
Piramal Enterprises Ltd (Piramal Health)	2/-	-	-	-	-	297	3.08
Novartis (I) Ltd.	5/-	-	-	-	-	5	0.03
Orchid Chemicals & Pharmaceuticals Ltd.(Orchid Pharma Ltd.)	10/-	-	-	-	-	7	0.00
Panacea Biotec Ltd.	1/-	-	-	-	-	5	0.00
Pfizer Ltd.	10/-	-	-	-	-	14	0.25
PIRMAL PHYTOCARE LIMITED	10/-	-	-	-	-	29	0.02
Reliance Capital Ltd.	10/-	-	-	-	-	5	0.02
Reliance Communication Ltd.	5/-	-	-	-	-	116	0.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹ In Lakhs)

Name of the Company	Face Value (₹)	No. of Shares/ Units	As at 31st March, 2018 (₹)	No. of Shares/ Units	As at 31st March, 2017 (₹)	No. of Shares/ Units	As at 1st April 2016 (₹)
Reliance Infrastructure Ltd. (Reilance Energy ltd)	10/-	-	-	-	-	8	0.04
Reliance Industries Ltd.	10/-	-	-	-	-	232	2.42
Reliance Power Limited	10/-	-	-	-	-	29	0.01
Strides Arcolab Ltd.(Strides shasun limited)	10/-	-	-	-	-	256	2.79
Sun Pharma Advanced Research Co. Ltd.	1/-	-	-	-	-	10	0.03
Sun Pharmaceuticals Industries Ltd.	1/-	-	-	-	-	103	0.84
Marksans Pharma Ltd. (Tasc Pharma Ltd)	1/-	-	-	-	-	1,000	0.46
Torrent Pharmaceuticals Ltd.	5/-	-	-	-	-	40	0.54
Unichem Laboratories Ltd.	2/-	-	-	-	-	1,000	2.22
Zydus Wellness Ltd.	10/-	-	-	-	-	2	0.01
Bank of Baroda	10/-	-	-	-	-	7,500	11.03
Bank of India	10/-	-	-	-	-	2,300	2.23
Union Bank of India	10/-	-	-	-	-	2,523	3.30
			-		-		46.23
Investments - (Unquoted) in Equity Shares of Other Companies							
Perfect Enviro Control Systems Ltd.	10/-	2,40,200	10.17	2,40,200	10.17	2,40,200	10.17
The Shamrao Vitthal Co- op Bank Ltd.	25/-	100	0.14	100	0.30	100	0.27
The Saraswat Co - op Bank Ltd.	10/-	10,100	8.47	10,100	17.94	10,100	15.73
Shivalik Solid Waste Management Ltd	10/-	2,500	0.50	2,500	0.50	2,500	0.50
Tarapur Environment Protection Society	100/-	68,188	110.80	68,188	113.09	17,997	29.85
Amit Hetrochem (I) Ltd.**	10/-	2,91,690	29.17	2,91,690	29.17	2,91,690	222.23
Aarti Biotech Ltd.	10/-	1,200	0.03	1,200	0.03	1,200	0.03
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	*10000/-	308	916.59	308	1,022.66	308	958.01
			1,075.86		1,193.86		1,236.80
b. Investment in Government or Trust Securities							
N.S.C (One Certificate of ₹:-1000/- Face Value)		-	-	-	-	1	0.01
c. Investment in Debentures or Bonds							
Unit Trust of India (US-64)	100/-	-	-	-	-	190	0.19
TOTAL			**1,075.86**		**1,193.86**		**1,283.22**

(Aggregate market value of quoted investment : as at 31st March, 2018 ₹ 0/- as at 31st March, 2017 ₹ 0/- and as at 1st April, 2016 ₹ 46,41,585/-).

* Face Value of 1 share = 10000 RMB

** During Financial Year 2016-17, Considering diminution in the value of investments held by the Company in Amit Heterochem, the Company has written off the investment By ₹ 193.06 (in lakhs) and estimated recoverable amount to the extent of par value of shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 4 : Other Non- Current Assets

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	364.95	500.33	487.68
MAT Credit Entitlement	730.00	730.00	527.00
TOTAL	**1,094.95**	**1,230.33**	**1,014.68**

Note No. 5 : Inventories

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials (incl. stock In- transit)	10,819.87	9,701.06	7,009.76
Packing Materials	522.94	565.70	262.31
Work in process	6,414.13	6,310.14	6,204.26
Finished Goods (incl.stock In- transit)	9,159.90	3,776.83	3,839.24
Stores & Spares	904.02	593.84	444.58
Stock in Trade	-	15.87	74.87
TOTAL	**27,820.86**	**20,963.43**	**17,835.01**

Note No. 6 : Trade receivable

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured			
-considered good	37,346.39	29,680.67	33,168.65
-considered doubtful	50.87	-	68.32
	37,397.26	29,680.67	33,236.97
Less: Provision for Doubtful Debts	50.87	-	68.32
TOTAL	**37,346.39**	**29,680.67**	**33,168.65**

Note No. 7 : Cash and Bank Balances

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Cash on Hand	41.51	22.72	37.02
Cheques on Hand	219.85	251.06	272.19
Balances with Scheduled Banks :			
- Current Accounts	22.80	13.67	16.39
Deposit Accounts	45.12	27.13	34.01
Cash and cash equivalents	**329.28**	**314.58**	**359.61**
Other Bank Balances			
Earmarked balance - unpaid dividend	98.17	102.80	122.51
TOTAL	**427.45**	**417.37**	**482.12**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 8 : Other Current Finanacial Assets

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, Considered good			
Advances recoverable in cash or kind or for value to be received	1,218.78	1,910.78	1,833.09
Advances and loans - Staff & workers	64.05	67.80	90.80
TOTAL	**1,282.83**	**1,978.57**	**1,923.89**

Note No. 9 : Other current assets

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deposits	912.61	802.70	786.82
Insurance claim receivable	1,021.29	-	-
Balances with Statutory/ Govt. Authority	4,727.14	3,299.53	2,326.00
TOTAL	**6,661.03**	**4,102.23**	**3,112.83**

NOTE NO. 10 : SHARE CAPITAL

(₹ In Lakhs)

	No. of Shares	As at 31st March, 2018	No. of Shares	As at 31st March, 2017	No. of Shares	As at 1st April, 2016
Authorised Share Capital						
Equity shares of ₹ 10/- each	250.00	2,500.00	250.00	2,500.00	250.00	2,500.00
Issued, Subscribed & Paid up						
Equity Shares of ₹ 10/- each fully paid up	235.82	2,358.21	238.57	2,385.71	242.17	2,421.71
		2,358.21		**2,385.71**		**2,421.71**

Note No. 10.1 : Rights attached to equity shares

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

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

Note No. 10.2 : Reconciliation of the number of Shares outstanding as on 31st March, 2018

(In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
Equity Shares at the beginning of the year	**238.57**	**242.17**	**242.17**	**121.09**	**121.09**
Add:- Issue of Bonus shares	-	-	-	121.09	-
Less:- Shares buy back during the year	(2.75)	(3.60)	-	-	-
Equity Shares at the end of the year	**235.82**	**238.57**	**242.17**	**242.17**	**121.09**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

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

(a) During the Fiancial Year 2017-18 , the Company has completed Buyback of 2,75,000/- equity shaes of face value ₹ 10/- each at a price of ₹ 875/- per share on 14th March, 2018. The number of shares post buyback stands reduced to 2,35,82,100 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2,358.21 Lakhs.

(b) During the Financial Year 2016-17, the Company has completed Buyback of 3,60,000/- equity shaes of face value ₹ 10/- each at a price of ₹ 750/- per share on 26th December, 2016. The number of shares post buyback stands reduced to 2,38,57,100 of ₹ 10/- each. Accordingly the paid up capital also stands reduced to ₹ 2,385.71 Lakhs.

(c) During the Financial Year 2014-15, 12,108,550 Equity shares of ₹ 10/- have been allotted as fully paid bonus shares held on record date 25th March, 2015.

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

Name of the shareholders	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2017	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Prakash M. Patil	20,20,770	8.57	20,24,721	8.49	20,61,619	8.51

Note No. 11: Non Current Borrowings

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Term loans			
Secured Borrowings			
From Scheduled Banks (Refer note no.33)	19,052.68	18,737.56	17,666.40
Loans & advances from Related Parties			
From Directors - Unsecured	857.00	857.00	857.00
From Other - Unsecured	360.00	560.00	600.00
TOTAL	**20,269.68**	**20,154.56**	**19,123.40**

Note No. 12 : Other Financial Liability

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade payables of Project			
Due to others	799.82	1,106.83	689.63
Other - Deferred Payment Liability	364.28	364.28	364.28
- Trade Deposits	16.99	16.99	16.88
TOTAL	**1,181.09**	**1,488.10**	**1,070.80**

Note No. 13 : Long Term Provision

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Income Tax Provision (Net of Advance Tax and TDS)	1,563.65	714.45	141.63
Provision for Employee benefits	123.80	124.86	109.74
TOTAL	**1,687.45**	**839.31**	**251.37**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 14 : Deferred Tax Liabilities (Net)

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Recognised in Profit and Loss			
Difference between net book value of depreciable capital assets vis- a -vis written down value as per tax Laws	8,092.41	7,173.13	6,293.26
(b) Other Comprehensive Income			
Fair value of Investments	-	3.86	168.87
TOTAL	**8,092.41**	**7,177.00**	**6,462.13**

Note No. 15 : Short Term Borrowings

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Loans repayable on demand			
From Banks			
Secured Borrowings	18,764.11	14,588.50	15,106.68
Unsecured borrowings	11,800.10	9,877.94	10,732.61
Loans & advances from related parties			
From Directors - Unsecured	-	-	1.56
TOTAL	**30,564.21**	**24,466.43**	**25,840.86**

Note:-
Working Capital Loans availed from Scheduled Banks, are secured/to be secured by way of Pari Passu first charge by hypothecation of Inventories and Trade Receivable.

Note No. 16 : Short Term Provision

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Employee benefits	88.77	167.74	24.49
TOTAL	**88.77**	**167.74**	**24.49**

Note No 17 : Other Current Liabilities

(₹ In Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Maturity of Loang Term Debts (Refer note no.33)	3,791.38	3,328.48	3,375.98
Interest accrued but not due on Loans	49.85	71.66	284.20
Unpaid Dividend	98.17	102.80	122.51
Other Payable - Duties & Taxes	394.91	613.89	597.67
Other Payable for Goods & Expenses	1,159.86	982.99	1,256.87
TOTAL	**5,494.17**	**5,099.81**	**5,637.22**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 18 : Other Operating Income

(₹ In Lakhs)

Description	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Dividend	0.43	0.26
Interest	71.40	53.71
Miscellaneous Income	33.10	133.93
Profit on sale of Assets /shares	-	212.59
TOTAL	**104.93**	**400.48**

Note No. 19 : Cost of materials consumed

(₹ In Lakhs)

Description	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Raw Material Consumption	75,283.34	70,417.83
Packing Materials	2,932.79	2,102.82
Freight Inward	1,075.11	944.22
Clearing & Forwarding	485.88	555.31
TOTAL	**79,777.12**	**74,020.18**

Note No. 20 : Employee Benefits Expense

(₹ In Lakhs)

Description	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Salaries, Wages and Bonus (Mfg.)	4,155.50	3,765.43
Labour Welfare Expenses	195.86	234.55
Salaries and Bonus (Admin)	621.24	568.85
Provident Fund Contribution	218.38	206.70
Staff Welfare Expenses	23.17	19.63
Directors' Remuneration	579.50	487.50
TOTAL	**5,793.65**	**5,282.67**

Note No. 21 : Finance Cost

(₹ In Lakhs)

Description	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Interest on Term Loans	1,928.00	1,721.60
Interest on Working Capital	1,423.58	1,771.90
Interest on Others	144.56	148.59
TOTAL	**3,496.13**	**3,642.09**

Note No. 22 : Depreciation and Amortisation

(₹ In Lakhs)

Description	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Depreciation	3,858.16	3,698.13
Amortisation	148.14	148.14
TOTAL	**4,006.30**	**3,846.27**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Note No. 23 : Other Expenses (₹ in Lakhs)

Description	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Manufacturing Expenses		
Processing Charges	1,325.31	751.91
Labour Charges	3,137.15	2,769.06
Insurance Expenses	102.06	63.63
Lease Expenses	263.31	178.28
Power & Fuel	6,984.61	5,788.11
Stores & Spares	1,195.84	915.81
Repairs & Maintenance - Building	114.98	105.57
- Plant & Machinery	440.76	354.21
Research & development	407.72	380.11
Water Charges	142.38	129.19
Laboratory Expenses	301.92	430.57
Other Factory Expenses	1,806.33	1,567.17
SubTotal (a)	**16,222.37**	**13,433.63**
Office & Administartion Expenses		
Books & Periodicals	0.21	0.18
Auditors' Remuneration	9.36	9.53
Conveyance Expenses	49.22	36.86
Legal & Professional Charges	259.12	264.00
Membership & Subscriptions	6.82	7.91
Printing & Stationery	20.78	21.58
Postage,Telegram & Telephone	22.11	34.79
Office Electricity Charges	14.63	24.27
Insurance Charges	24.96	27.24
Repairs & Maintanance - Others	46.96	47.46
Entertainment Expenses	12.17	12.97
Miscellaneous Expenses	56.14	28.70
Vehicle Expenses	8.40	10.52
Travelling Expenses - Directors	12.36	12.00
- Others	40.48	41.75
Directors' Sitting Fees	4.30	4.50
Investment written off	-	193.07
Sub Total (b)	**588.02**	**777.32**
Selling & Distribution		
Advertisement & Sales Promotion	120.39	112.14
Freight & Forwarding -Export	1,292.45	1,119.36
Freight & Forwarding - Local	504.07	430.13
Commission Expenses	845.26	749.70
Insurance Expenses	13.63	9.68
Postage & Telegram	17.78	20.79
Other Export Expenses	143.89	139.11
Bad Debts & other written off	160.84	157.24
Sub Total (c)	**3,098.32**	**2,738.14**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹ in Lakhs)

Description	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Finance Cost		
Bank Charges (d)	339.52	359.61
Non Operative Expenses		
Donations	2.46	6.70
CSR Expenditure	205.03	185.07
SubTotal (e)	**207.49**	**191.77**
Total (a+b+c+d+e)	**20,455.73**	**17,500.47**

24 Earning Per Share:

(Amount in ₹ in Lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	8230.67	8180.20
Total Comprehensive Income	8203.64	8071.20
Number of Equity Shares (Nos.)	2,35,82,100	2,38,57,100
Basic & Diluted EPS (after extraordinary items) (₹)	34.41	33.46
Nominal value per share (₹)	10.00	10.00

25 Contingent Liabilities and Commitments:

(₹ in Lakhs)

Sr. No.	Particulars	On the Parent Company	On the Subsidiary Company	On the Parent Company	On the Subsidiary Company
		Mar-18	Mar-18	Mar-17	Mar-17
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	4525.99	5.38	1,894.99	32.96
b.	corporate guarantee for borrowing facilities from The Saraswat Co-Op. Bank Limited for its only subsidiary Pinnacle Life Science Private Ltd.	-	-	3,565.00	-
c.	Demand in respect of additional income tax disputed in appeal (not acknowledged as debt)	289.58	-	293.25	-
d.	Demand in respect of additional Excise, custom duty, service tax, sales tax ,fine & penalty in appeal (not acknowledged as debt)	152.28	-	81.91	-
e.	Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled	292.41	-	260.52	-
f.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	407.02	90.10	177.09	113.60

26. There are no Micro and Small Enterprise, to whom the group owes dues, which are outstanding for more than 45 days as at 31st March, 2018. This information required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

27. Segment Reporting (Ind- AS 108)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

I. BASIS FOR SEGMENTATION

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

II. GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS

(₹in Lakhs)

		Year Ended 31st March, 2018	Year Ended 31st March, 2017
	Segment Revenue		
a)	Out of India	44,642.18	42,568.36
b)	India	81,614.69	86,239.64
	Total	**1,26,256.87***	**1,28,808.00**

* Post the applicability of GST with effect from 1st July, 2017, Sales are disclosed net of GST. Accordingly, the Gross Sales figures for the year ended 31st March, 2018 are not comparable with the sales figures depicted in the results for the previous periods.

28. RELATED PARTY DISCLOSURE UNDER (Ind-AS 24)

A. Name and Relationship of the Related Parties:

(1) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

- Individuals

Mr. Chandrakant V. Gogri	Chairman Emeritus
Mr. Rajendra V. Gogri	Non-Executive Director

- Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R Gogri
Mrs. Dhanvanti V.Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

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

- Key Management Personel

Mr. Prakash M. Patil	Chairman, Managing Director & Chief Executive Officer
Mr. Rashesh C. Gogri	Managing Director
Mr. Harshit M. Savla	Jt. Managing Director
Mr. Harit P. Shah	Whole-time Director
Mr. Uday M. Patil	Whole-time Director
Mr. Adhish P. Patil	Chief Financial Officer
Mr. Vibhav S. Ranade	Company Secretary & Compliance Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

- Relatives of Key Management Personel

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mr. Sameer P. Shah	Mrs. Jayashree H. Shah
Mrs. Arti T. Sankhe	Mrs. Manisha R. Gogri

(3) Enterprise/firms over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Aarti Life Science LLP (Formerly known as Rupal Drugs LLP)
- Alchemie Gases & Chemicals Pvt Ltd.
- Alchemie Financial Services Ltd.
- Alchemie Laboratories
- Aarem Ventures LLP
- Aakansha Pharmachem LLP
- Conventry Ventures LLP

(i) Transactions with Enterprise/firms over which controlling individuals have significant influence

(₹in Lakhs)

Transactions with Related Parties	Enterprise/firms over which controlling individuals have significant influence	
	C.Y.	P.Y.
Sales & Income from Operations	39.75	284.19
Manufacturing Expenses	2137.49	2109.49
Purchases of Goods Traded	-	-
Borrowing costs	50.32	56.18
Outstanding Payable	1027.06	479.47
Outstanding Receivable	-	-
Outstanding Unsecured Loan	335.00	535.00

(ii) Transactions with Key Management Personnel and Relatives

(₹in Lakhs)

Transactions with Related Parties	Individuals		Relatives of Individuals		Key Management Personnel		Relative of Key Management Personnel	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Employee Benefits & Office & Administration Expenses	0.30	0.40	14.50	14.50	588.76	505.82	42.34	31.24
Borrowing costs	-	-	-	-	85.70	85.70	-	-
Unsecured Loans Accepted	-	-	-	-	-	-	-	-
Unsecured Loans Repaid	-	-	-	-	-	-	-	-
Outstanding Unsecured Loan	-	-	-	-	857.00	857.00	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Transactions with Enterprise/firms over which controlling individuals have significant influence

(₹in Lakhs)

Transactions with Related Parties with Related Parties	Year Ended 31st March, 2018 Enterprise or Firms	Year Ended 31st March, 2017 Enterprise or Firms
Sales & Income from Operations		
Aarti Industries Ltd. - Sales	39.75	284.19
Total	**39.75**	**284.19**
Manufacturing Expenses		
Aarti Industries Ltd. - Purchase	1,937.64	2,001.81
Aarti Industries Ltd. - Expenses	89.47	-
Alchemie Gases & Chemicals Pvt Ltd. - Purchase	14.14	10.72
Aarti Life Science LLP (Formerly known as Rupal Drugs LLP) Expenses	96.24	96.96
Total	**2,137.49**	**2,109.49**
Finance Cost		
Alchemie Gases & Chemicals Pvt Ltd. - Interest on Loan	8.63	10.50
Alchemie Financial Services Ltd. - Interest on loan	41.69	45.68
Total	**50.32**	**56.18**
Outstanding Payables		
Aarti Life Science LLP		
(Formerly known as Rupal Drugs)	25.25	19.21
Aarti Industries Ltd.	1,000.76	459.36
Alchemie Gas	1.04	0.91
Total	**1,027.06**	**479.47**
Oustanding Unsecured loans		
Alchemie Finance Service Ltd.	335.00	435.00
Alchemie Gases & Chemicals Pvt Ltd.	-	100.00
Total	**335.00**	**535.00**

Transactions with Key Management Personnel and Relatives

(₹in Lakhs)

Transactions with Related Parties	Year Ended 31st March, 2018				Year Ended 31st March, 2017			
	Individuals	Relatives of Individuals	Key Management Personnel	Relative of Key Management Personnel	Individuals	Relatives of Individuals	Key Management Personnel	Relative of Key Management Personnel
Office & Administration Expenses								
Rajendra V. Gogri - Director Sitting Fees	0.30	-	-	-	0.40	-	-	-
Hetal Gogri Gala - Salary	-	14.50	-	-	-	14.50	-	-
Prakash M. Patil - Director Remuneration	-	-	139.77	-	-	-	124.62	-
Harshit M. Savla - Director Remuneration	-	-	129.24	-	-	-	113.82	-
Harit P. Shah - Director Remuneration	-	-	129.24	-	-	-	113.82	-
Uday M. Patil - Director Remuneration	-	-	9.65	-	-	-	6.34	-
Rashesh C. Gogri - Director Remuneration	-	-	129.24	-	-	-	113.82	-
Adhish P. Patil - Salary & Spl Allow	-	-	46.31	-	-	-	29.56	-
Vibhav S. Ranade - Salary	-	-	5.31	-	-	-	3.84	-
Vishwa H. Savla - Salary & Spl Allow	-	-	-	42.34	-	-	-	31.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹in Lakhs)

Transactions with Related Parties	Year Ended 31st March, 2018				Year Ended 31st March, 2017			
	Individuals	Relatives of Individuals	Key Management Personnel	Relative of Key Management Personnel	Individuals	Relatives of Individuals	Key Management Personnel	Relative of Key Management Personnel
Total	**0.30**	**14.50**	**588.76**	**42.34**	**0.40**	**14.50**	**505.82**	**31.24**
Finance Cost-Interest								
Prakash M. Patil	-	-	25.70	-	-	-	25.70	-
Harshit M. Savla	-	-	60.00	-	-	-	60.00	-
Total	**-**	**-**	**85.70**	**-**	**-**	**-**	**85.70**	**-**
Outstanding Unsecured Loans								
Prakash M. Patil	-	-	257.00	-	-	-	257.00	-
Harshit M. Savla	-	-	600.00	-	-	-	600.00	-
Total	**-**	**-**	**857.00**	**-**	**-**	**-**	**857.00**	**-**

29. Directors Remuneration:

(₹ In Lakhs)

Particulars	By the Parent Company 31st March, 2018	By the Subsidiary Company 31st March, 2018	By the Parent Company 31st March, 2017	By the Subsidiary Company 31st March, 2017
Salary to Managing Directors and				
whole time Directors	175.02	39.76	171.63	12.98
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	34.24	0.00	34.59	0.00
Commission payable to Directors	283.80	0.00	222.14	0.00
Contribution to Provident fund	1.08	0.00	1.08	0.00
Superannuation fund scheme	43.01	2.58	43.01	2.06
Total Remuneration	537.15	42.34	472.45	15.04

30. Auditors' remuneration includes

(₹ in Lakhs)

Particulars	By the Parent Company 31st March, 2018	By the Subsidiary Company 31st March, 2018	By the Parent Company 31st March, 2017	By the Subsidiary Company 31st March, 2017
Statutory Audit	6.58	1.75	5.38	2.21
Other Audit Services	0.90	0.00	0.38	0.00
Certification	0.13	0.00	1.56	0.00
Total	**7.61**	**1.75**	**7.32**	**2.21**

31. Reconciliation of tax Expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2018 and 31st March, 2017

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Accounting profit before income taxes	12,450.32	11,601.20
Enacted tax rate in India (%)	34.608	34.608
Computed expected tax (benefit)/expenses	4,308.81	4,014.94
Timing difference in depreciable assets	(536.88)	(438.95)
Weighted deduction allowed for research and development expenditure	(145.21)	(211.37)
Other Non deductible expenses for tax purpose	72.58	133.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Other deductible Items for tax purpose	(419.37)	(585.35)
Deferred Tax not recognised (net)	939.72	508.00
Income tax expense reported in the statement of profit and loss	4,219.65	3,421.00
Effective Income Tax Rate	33.89	29.49

32. Details of Subsidiary

(₹ in Lakhs)

Name of the Subsidiary	Pinnacle Life Science Private Ltd.	Pinnacle Life Science Private Ltd.
The financial year of Subsidiary ended on	31st March, 2018	31st March, 2017
Reporting currency	INR	INR
a-Share Capital	778.28	778.28
b- Other Equity	2107.92	1206.19
c- Debts & other Liability	6835.39	7449.44
Total Liability (a+b+c)	9721.59	9433.91
Total Assets	9721.59	9433.91
Total Income	13930.81	14698.17
Profit/(loss) Before Tax	1241.36	816.70
Tax Expenses	339.65	191.00
Profit/(Loss) after Tax	901.71	625.70

33. Securities for loans taken from Banks:

(₹ inLakhs)

Bank Name	As at 31st March, 2018	As at 31st March, 2017	Installment F.Y.2018-19	Due for Subsequent Years
Kotak Mahinda Bank Ltd.	1203.06	2406.12	1203.06	-
State Bank of India	-	416.00	-	-
Saraswat Co-Op Bank Ltd.	1971.14	1650.00	330.00	1244.22
The Shamrao Vithal Co op Bank Limited	11331.83	9247.17	1583.32	9748.51
Bank Of Baroda	8324.99	8346.75	675.00	7650.00

Note:

(i) Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No N-198, G-60, E21, E22, E-1, K-40, K-41, E120, E9/3, E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B), W73(B) & T-150 and MIDC Turbhe Plot No D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No 2902, 2904, 211, 213, 2601, 2602, 2603, 2520, 2522, 3325 Baddi- Himachal Pradesh and Namthang, Namchi-Sikkim.

(ii) Loan from Kotak Mahindra Bank, The Shamrao Vithal Co-op Bank Ltd. and and Saraswat Co-op Bank Ltd. is also secured by second charge on current assets of the company both present and future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Disclosures as required by Indian Accounting Standard (Ind As) 101 'First Time Adoption Of Indian Accounting Standards':

Reconciliation of Equity as at 1st April, 2016 (₹ In Lakhs)

i) Effect of Ind As adoption on the Balance Sheet as at 1st April, 2016	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
ASSETS				
Non - Current Assets				
Property, Plan and Equipment	a	48,637.87	-	48,637.87
Intangible Assets	a	703.66	-	703.66
Capital Work - in - Progress	a	3,404.47	-	3,404.47
Financial Assets				
Investments	b	463.45	819.77	1,283.22
Other Non- Current Assets		1,014.68	-	1,014.68
Total Non- Current Assets		**54,224.13**	**819.77**	**55,043.90**
Current Assets				
Inventories		17,835.01	-	17,835.01
Financial Assets				
(i) Trade Receivable		33,168.65	-	33,168.65
(ii) Cash and Bank Balances		482.12	-	482.12
(iii) Other Current Finanacial Assets		1,923.89	-	1,923.89
Other Current Assets		3,112.83	-	3,112.83
Total Current Assets		**56,522.49**	**-**	**56,522.49**
TOTAL ASSETS		**1,10,746.62**	**819.77**	**1,11,566.39**
EQUITIES AND LIABILITIES				
EQUITY				
Equity Share Capital		2,421.71	-	2,421.71
Other Equity	c	33,318.08	(1,073.55)	32,244.53
Total Equity		**35,739.79**	**(1,073.55)**	**34,666.24**
LIABILITIES				
Non- Current Liabilities				
Financial Liabilities				
(i) Borrowings		19,123.40	-	19,123.40
(ii) Other Financial Liability		1,070.80	-	1,070.80
Provisions		251.37	-	251.37
Deferred Tax Liabilities (Net)	d	4,568.81	1,893.32	6,462.13
Total of Non- Current Liabilities		25,014.38	1,893.32	26,907.71
Current Liabilities				
Financial Liabilities				
(i) Borrowings		25,840.86	-	25,840.86
(ii) Trade payables		18,489.88	-	18,489.88
Provisions		24.49	-	24.49
Other Current Liabilities		5,637.22	-	5,637.22
Total Current Liabilities		**49,992.45**	**-**	**49,992.45**
TOTAL EQUITY AND LIABILITIES		**1,10,746.62**	**819.77**	**1,11,566.39**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Reconciliation of Equity as at 31st March, 2017 (₹. In Lakhs)

ii) Effect of Ind As adoption on the Balance Sheet as at 31st March, 2017	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
ASSETS				
Non - Current Assets				
Property, Plan and Equipment	a	57,501.21	-	57,501.21
Intangible Assets	a	608.16	-	608.16
Capital Work - in - Progress	a	1,427.77	-	1,427.77
Financial Assets				
Investments	b	355.33	838.53	1,193.86
Other Non- Current Assets		1,230.33	-	1,230.33
Total Non- Current Assets		**61,122.80**	**838.53**	**61,961.33**
Current Assets				
Inventories		20,963.43	-	20,963.43
Financial Assets				
(i) Trade Receivable		29,680.67	-	29,680.67
(ii) Cash and Bank Balances		417.37	-	417.37
(iii) Other Current Finanacial Assets		1,978.57	-	1,978.57
Other Current Assets		4,102.23	-	4,102.23
Total Current Assets		**57,142.28**	**-**	**57,142.28**
TOTAL ASSETS		**1,18,265.08**	**838.53**	**1,19,103.61**
EQUITIES AND LIABILITIES				
EQUITY				
Equity Share Capital		2,385.71	-	2,385.71
Other Equity	c	38,686.16	(1,058.66)	37,627.50
Total Equity		**41,071.87**	**(1,058.66)**	**40,013.21**
LIABILITIES				
Non- Current Liabilities				
Financial Liabilities				
(i) Borrowings		20,154.56	-	20,154.56
(ii) Other Financial Liability		1,488.10	-	1,488.10
Provisions		839.31	-	839.31
Deferred Tax Liabilities (Net)	d	5,279.81	1,897.19	7,177.00
Total of Non- Current Liabilities		27,761.78	1,897.19	29,658.96
Current Liabilities				
Financial Liabilities				
(i) Borrowings		24,466.43	-	24,466.43
(ii) Trade payables		19,697.44	-	19,697.44
Provisions		167.74	-	167.74
Other Current Liabilities		5,099.81	-	5,099.81
Total Current Liabilities		**49,431.43**	**-**	**49,431.43**
TOTAL EQUITY AND LIABILITIES		**1,18,265.08**	**838.53**	**1,19,103.61**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Reconciliation of profit and loss and other comprehensive income for the year ended 31st March, 2017

(₹ In Lakhs)

iii) Effect of Ind As adoption on the Statement of Profit and Loss for the Year ended 31st March, 2017	Notes	Previous GAAP*	Effect of transition of Ind AS	Ind AS
Revenue from operations	e	1,28,808.00	-	1,28,808.00
Other Income		400.48	-	400.48
Total Revenue (I + II)		**1,29,208.48**	**-**	**1,29,208.48**
Expenses :				
(a) Cost of materials consumed		74,020.18	-	74,020.18
(b) Purchase of Stock-in-Trade		4,068.18	-	4,068.18
(c) Changes in inventories of finished goods,work-in-progress and Stock- in - Trade		(43.48)	-	(43.48)
(d) Excise Duty		9,290.90	-	9,290.90
(e) Employee Benefits Expense	f	5,406.56	(123.89)	5,282.67
(f) Finance Cost (Interest)		3,642.09	-	3,642.09
(g) Depreciation and Amortisation Expense		3,846.27	-	3,846.27
(h) Other Expenses		17,500.47	-	17,500.47
Total expenses (IV)		**1,17,731.17**	**(123.89)**	**1,17,607.28**
Profit before exceptional items and tax (III - IV)		**11,477.31**	**123.89**	**11,601.20**
Exceptional Items		-	-	-
Profit Before Tax (V - VI)		**11,477.31**	**123.89**	**11,601.20**
Tax Expenses :				
Provision for Taxation - Current Year		2,913.00	-	2,913.00
- MAT credit entitlement		-	-	-
- Earlier Year		(203.00)	-	(203.00)
Provision for Deferred Tax		711.00	-	711.00
Total Tax Expenses (VIII)		**3,421.00**	**-**	**3,421.00**
Profit/(Loss) for the period from continuing operations(VII - VIII)		**8,056.31**	**123.89**	**8,180.20**
Profit / (Loss) form discontinuing operations		-	-	-
Tax expenses of discontinuing operations		-	-	-
Profit /(Loss) from discontinuing operations (X - XI)		-	-	-
Profit / (Loss) for the period (IX - XII)		8,056.31	123.89	8,180.20
Other Comprehensive Income		-	(109.00)	(109.00)
Total Comprehensive Income for the Year (XIII+XIV)		8,056.31	14.89	8,071.20

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

Notes to First time adoption of Ind AS

Property, Plant and Equipment:

The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment as deemed cost at the date of the transition. The same election has been made in respect of intangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31st March, 2018

Investment:

Investment in Subsidiary: The Company has opted to carry the investment in subsidiaries at the previous GAAP carrying amount at the transition date. Other Equity Instruments: All other equity instruments are classified as FVTOCI.

Retained Earnings:

Retained earnings as at 1st April, 2016 has been adjusted consequent to Ind AS transition adjustments.

Deferred Tax:

"Deferred tax under Ind AS has been recognized for temporary differences between tax base and the book base of the relevant assets and liabilities. Under IGAAP the deferred tax was accounted based on timing differences impacting the profit or loss for the period. Deferred Tax on aforesaid Ind AS adjustments has been created for both periods - as on 31st March, 2017 and 1st April, 2016."

Revenue from Operations & Excise Duty:

"Under previous GAAP, revenue from sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as part of other expenses. This has resulted in an increase in the revenue from operations and expenses for the year ended 31st March, 2017. The total comprehensive income for the year ended and equity as at 31st March, 2017 has remained unchanged."

Re-measurements of Post Employment Benefit Obligation:

"Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these re-measurements were forming part of the Statement of Profit and Loss for the year."

35. Figures of the previous year have been regrouped and rearranged wherever necessary.

36. Accounting Judgments, Estimates and Assumptions:

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities and the disclosure of contingent Liabilities, at the end of the reporting period However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

AS PER OUR REPORT OF EVEN DATE
For GBCA & Associates
Chartered Accountants
Firm Registration No.103142W
Sd/-
(CA Yogesh Amal)
PARTNER
M. No.111636

PLACE : MUMBAI
DATE: 16th May, 2018

For and on Behalf of the Board of Directors

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

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

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

Sd/-
CS Vibhav S. Ranade
(Company Secretary & Compliance Officer)

AARTI DRUGS LIMITED
CIN: L37060MH1984PLC055433
Regd. Off: Plot No. N-198, M.I.D.C. Tarapur, Village - Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.
Phone: 022-24072249, **Fax:** 022-24073462

ATTENDANCE SLIP
33rd Annual General Meeting – Friday, 10th day of August, 2018

Sr. No.

Shareholder Name :
Address :

Folio No./ Client ID/DP :
No. of Shares :

I/We hereby record my/our presence at the 33rd Annual General Meeting of the Company at TIMA Hall, M.I.D.C, Tarapur, Dist. Palghar - 401 506, Maharashtra on Friday, 10th August, 2018 at 11.30 a.m.

_____ _____
Member's/Proxy's name in Block Letters Member's/Proxy's Signature

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

AARTI DRUGS LIMITED
CIN: L37060MH1984PLC055433
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Phone: 022-24072249, **Fax:** 022-24073462

ELECTRONIC VOTING PARTICULARS

EVSN (E-Voting Sequence Number)	USER ID	PASSWORD / PIN
180717009		

Note: Please read instructions given at Note no. 22 of the Notice of the 33rd Annual General Meeting carefully before voting electronically.

AARTI DRUGS LIMITED
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Phone: 022-24072249, **Fax:** 022-24073462

PROXY FORM
[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

33rd Annual General Meeting – Friday, 10th day of August, 2018

Name of the member(s) :
Registered address :

E-mail id :
Folio No. / Client Id: DP ID :

I/We, being the member(s) of..... Equity Shares of the above named Company, hereby appoint:

1. Name: ……..... Address: ……..... Email ID ……..... Signature ……..... or failing him;

2. Name: ……..... Address: ……..... Email ID ……..... Signature ……..... or failing him;

3. Name: ……..... Address: ……..... Email ID ……..... Signature ……..... or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Friday, 10th August, 2018 at 11.30 a.m. at TIMA Hall, M.I.D.C, Tarapur, Dist. Palghar - 401 506, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Optional*	
		For	Against
Ordinary Business:			
1.	Adoption of Financial Statements (standalone & consolidated) for the financial year ended 31st March, 2018.		
2.	Declaration of Dividend		
3.	Re-appointment of Shri Uday M. Patil (DIN: 01186406), who retires by rotation and being eligible, seeks re-appointment.		
4.	Appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215W/W100057) as Statutory Auditors		
Special Business:			
5.	Ratification of the remuneration to be paid to the Cost Auditor.		

Signed this .....day of..... 2018.

Signature of shareholder.....

Affix
₹ 1/-
Revenue
Stamp

Signature of Proxy holder(s).....

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Bank. Further, a Member holding more than ten percent, of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

   * It is optional to put a '√' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



Aarti Drugs Ltd.

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