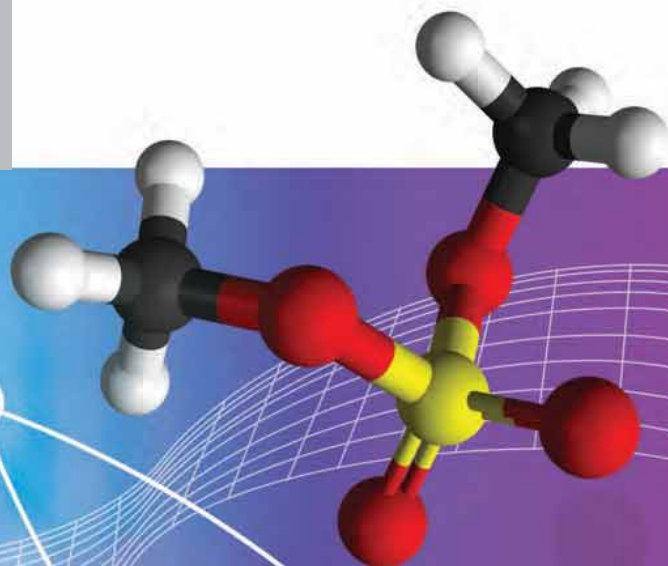


The Right Chemistry
for a Brighter Tomorrow



AARTI INDUSTRIES LIMITED

ANNUAL REPORT 2012-2013

Vision

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

Mission

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

Corporate Information

Chairman Emeritus

Chandrakant V. Gogri

Board of Directors

Rajendra V. Gogri

Chairman & Managing Director (w.e.f. 16th August, 2012)

Shantilal T. Shah

Vice Chairman

Rashesh C. Gogri

Vice Chairman & Managing Director (w.e.f. 16th August, 2012)

Independent Directors

Ramdas M. Gandhi

Laxmichand K. Jain

Vijay H. Patil

Haresh K. Chheda

K.V.S. Shyam Sunder

P. A. Sethi

Bhaves R. Vora

Sunil M. Dedhia

Whole-time Directors

Parimal H. Desai

Manoj M. Chheda

Hetal Gogri Gala

Kirit R. Mehta

Renil R. Gogri (w.e.f. 16th August, 2012)

Company Secretary

Mona Patel

Auditors

M/s. Parikh Joshi & Kothare

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

Registrar & Transfer Agent

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

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

Bankers

Bank of Baroda

Union Bank of India

State Bank of India

DBS Bank Ltd.

Standard Chartered Bank

HDFC Bank Ltd.

Export-Import Bank of India

IDBI Bank Ltd.

Citi Bank N.A.

Axis Bank Ltd.

Registered Office

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

Corporate Office

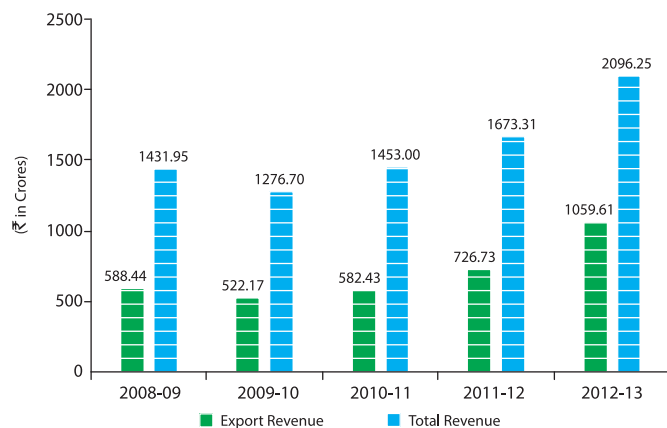
Udyog Kshetra, 2nd Floor,
Mulund – Goregaon Link Road,
L.B.S. Marg, Mulund (West),
Mumbai - 400 080
Visit us at www.aartigroup.com

Contents

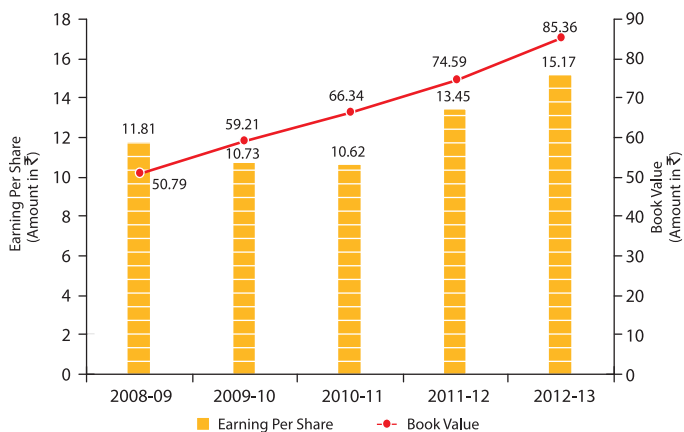
Corporate Information	1
Consolidated Financial Highlights.....	2
Chairman's Statement	4
Notice	6
Directors' Report & Management Discussion & Analysis.....	13
Report on Corporate Governance	27
Auditors' Report	36
Balance Sheet	40
Statement of Profit & Loss	41
Significant Accounting Policies	42
Notes Forming Part of Financial Statements.....	44
Cash Flow Statement.....	61
Statement of Interest in Subsidiaries	62
Auditors' Report on Consolidated Accounts	63
Consolidated Financial Statements.....	64
Details of Subsidiary Companies	82
Proxy Form and Attendance Slip	

Consolidated Financial Highlights

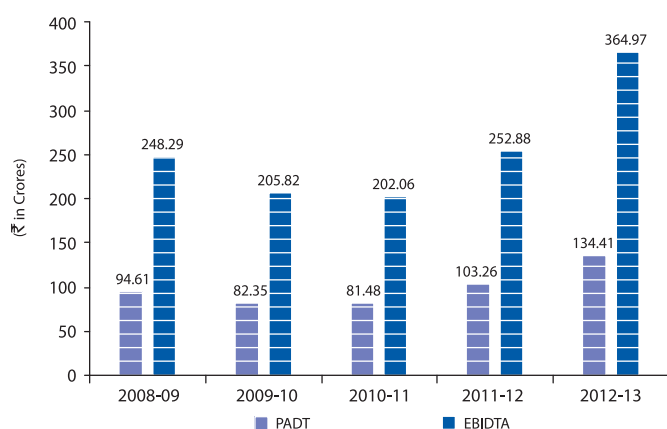
Export Revenue & Total Revenue



Earning Per share & Book Value



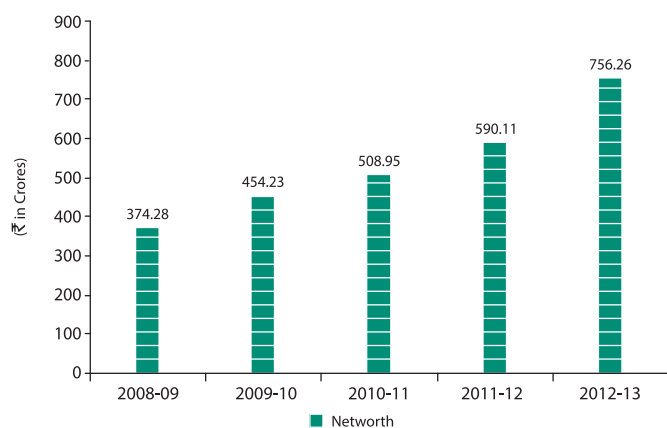
Profit after Deferred Tax & EBIDTA



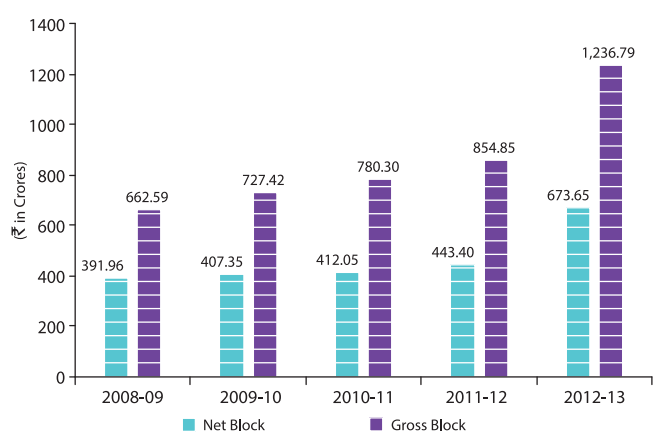
Dividend Payout



Network



Net Block & Gross Block



Consolidated Financial Highlights

(₹ in Lakhs)

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

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

* Based on increased equity post conversion of Preferential warrants

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



Chairman's Statement



Dear Shareholders,

It gives me great pride to address you at this moment of our long association in the journey of growth of Aarti Industries Ltd. The last Annual General Meeting held on August 13, 2012 was addressed by our Founder Chairman Shri Chandrakant V. Gogri. He opted to retire from the Post of Chairmanship of the Company from 16th August, 2012, to pursue his interest towards serving the society at large by associating with NGOs to fulfill his long-held belief to promote education and rebuilding lives. I, along with our Board of Directors, are thankful to Shri Chandrakant V. Gogri to have accepted to continue his association as Chairman Emeritus. Thus, we will continue getting his guidance and wisdom in future as well. I am also thankful to Shri Chandrakant V. Gogri for all his mentoring and entrusting me to take up the Chairmanship of the Company. For us, he shall always be the one who led by example and have showed us the right path.

I also welcome Shri Rashesh C. Gogri, who has been elevated as the Vice Chairman and Managing Director of the Company w.e.f. 16th August, 2012. He is an Industrial Engineer from Mumbai, also holds a Diploma in Business Management. He has been engaged in the affairs of the Company as a Whole Time Director since 1997. He has been handling the portfolios of various Strategic Business Units and other departments such as Purchase, Sales and IT. He played crucial role in turning around the Pharma operations of the Company, which break-evened in the last quarter of FY 2010-11 & subsequently been reporting profits. Together, we are committed to continue the journey started by Shri Chandrakant V. Gogri with renewed commitment to share the vision and values espoused by him.

Remarkable Journey under the Visionary Leadership of Shri Chandrakant V. Gogri:

A small venture promoted by a group of technocrats in September 1984, today, has setup various ISO/GMP certified global size manufacturing units with state-of-the-art technologies, situated in the States of Gujarat, Maharashtra, Madhya Pradesh and Union Territory of Silvassa. These units manufactures various Chemicals with diversified end-uses into Pharmaceuticals, Agrochemicals, FMCG, Pigments & Paints, Polymers, Dyes, Rubber Chemicals, Fuel Additives, etc. In all, the Company manufactures over 150 products on a regular basis, positioning itself as a unique entity capable of supplying basket of products to its loyal and diverse customer base consisting of over 1000 customers. Over the years, the Company has emerged as a market leader in India in its core segment and is ranked amongst the major global manufacturers. Your Company has been recognized and tagged as Preferred Supplier by various MNCs on account of its timely & customized delivery of good quality products.

Shri Chandrakant V. Gogri's expertise and knowledge in the field of Chemicals and Manufacturing process is irreplaceable. He has dedicated a major part of his whole life to the growth of the Company. His business acumen, leadership qualities and adaptability to dynamic market changes have made the Company emerge to this position. He walked through the forest of challenges and paved the road for the growth of our organization. His down-to-earth approach, open door policy for all employees and workers, close and personal interaction with all classes of workforce has created a solid base for a loyal workforce and a homely atmosphere for the employees working in the Company. Shri Chandrakant V. Gogri's untiring contribution for the growth of the Company has led and motivated many of our directors and key employees to emerge as new generation of leaders. We feel Aarti as an organization whose growth story has Shri Chandrakant V. Gogri's vision and leadership written into every chapter.

In 1991, the Indian Manufacturing sector was given a major boost by way of De-licencing and Liberalisation Policies. Considering the growth opportunities, your Company had gone public in the year 1991-92. Over the years, your Company had grown organically by various Greenfield and brownfield expansions and also by Mergers/Amalgamation & Joint Ventures of similar businesses. While sphere-heading the growth-cum-diversity in the product mix, your Company also balanced the same by rewarding the stake-holders who have been the partners in the growth of the Company. For a shareholder who had invested for 100 shares @ ` 46/- per share in our public issue in 1991-92 and if he would stayed invested till date, then by now his 100 shares had become 1200 shares (by virtue of couple of Bonus and Split declared earlier). Further he would have also received around ` 33,260/- as dividends, i.e. approx. 7.2 times his initial investment amount. Considering the average market price of ` 84.8 for the month of April 2013, the 1200 shares are now worth ` 101,760/- i.e. about 22 times the original investment. Thus the shareholder having invested ` 4600 in 1991-92 has got a cumulative return of over 29 times in last 21 years.

Restructuring Update:

As a part of overall Corporate restructuring and consolidation of our operations, we have merged the manufacturing operations of our Associate Company, Anushakti Chemicals & Drugs Limited (ACDL) into Aarti Industries Limited (AIL) with effect from 1st April, 2012, with approvals by the Hon. High Court of Bombay and Gujarat at Ahmedabad. ACDL had manufacturing units at Bhachau in State of Gujarat; Tarapur and Dombivali in State of Maharashtra. Apart from synergies



derived in respect of common products, the said restructuring will also help to increase the volumes of existing range of products and will also facilitate addition of newer products with diverse end usage into Polymers, Fuel Additives, etc. having high growth possibilities. Thus restructuring has lead to spread of overall as well as products and markets specific risks. This consolidation has helped reduce the intercompany transactions and improve the overall operating margin of the merged entity. Aarti Industries Limited held 49.6% stake in ACDL which is still continued, and thus upon the scheme being effective 94,71,614 Equity Shares of ` 5/- each were allotted to the remaining shareholders of ACDL, thereby the Share Capital of AIL has increased only by about 12% (i.e. from 7,91,20,073 equity shares to 8,85,91,687 equity shares). With the scheme becoming effective, the financials for FY 2012-13 have been drawn considering this impact of merger.

Present Operations and Way ahead:

The year 2012-13 has been a milestone year for your Company. During the year, your Company's Revenues from operation, for the first time, crossed ` 2000 Crores and closed at ` 2096 Crores registering a y-o-y growth of over 25%. Similarly the Export revenue also crossed the ` 1000 Crores level and ended at ` 1060 Crores. Consolidated EBIDTA also grew by about 45% to ` 365 Crores and Net Profit after Consolidation also recorded the growth of 30% at ` 134 Crores. As at 31st March, 2013, your Company's Consolidated Gross Block of Fixed Assets was ` 1236 Crores and the Consolidated Networth of your Company is ` 756 Crores. With this record breaking performance, the exports now account for over 50% of the total revenues, further strengthening the Company's position in Global Markets.

The gradual eastward shift of the Global Chemical Industry is helping to evolve India and China as an emerging hub for Global Chemical Industry. We have been witnessing this part of Asia gradually emerging as a leader for Agrochemicals, Pharmaceuticals, Polymers and various other end-user industries and its intermediates. Consistent depreciation of Indian Rupee and appreciation of Chinese Yuan over US Dollars have increased the competitiveness of Indian Products vis-à-vis the Chinese products. This movement in currency has opened up further growth opportunities for India. Your Company with its global market position, diversified product mix providing stability in operations, larger and wider customer profile from various end-user industries such as Pharmaceuticals, Agrochemicals, FMCG, Pigments & Paints, Polymers, Dyes, Rubber Chemicals, Fuel Additives, etc. is well placed to capitalize on any growth opportunities. This diversity also helps to insulate itself from the economic cycle. With over 50% of its revenues being contributed by factors not linked/affected by the economic cycle, it provides a larger stability and growth opportunity to the Company's existing operations.

Witnessing the growth opportunities into the end-user segments of Oil & Fuel, Polymers, Agrochemicals, Pharmaceuticals & Speciality Chemicals; your Company has undertaken a series of expansion activities to scale up the capacities to cater to the growing demand. Your Company has recently increased its capabilities for Hydrogenation process from 1500 tpm to 3000 tpm. In addition to this your Company is in the process of setting up a unit at Dahej SEZ for manufacturing export oriented products with applications into Agrochemicals and Speciality Chemicals. Further the Company have also taken up the de-bottlenecking of its USFDA unit to cater to the increasing volumes from regulated markets. We expect the products with application into Agrochemicals, Oil & Fuel Additives, Pharmaceuticals, Polymers and Speciality Chemicals to grow at a rapid pace and have laid thrusts on these growth drivers for faster growth in coming years. Your Company is committed to this growth and had been ploughing back around 75% of its earnings back into the business.

Your Company has been consistently investing into improving and enhancing the process automation and adopting greener and safer manufacturing operations. The Strategic decision making is based on a sustainability framework taking into account the aspects of Safety & Health, Environment Impact, Energy Efficiency as relevant and important as the Long-term Growth and Profitability. With these rationales, over past 2 years, your Company had upgraded two of its unit into Zero Discharge Unit for liquid effluents. Your Company has taken up expansion and upgradation of DCS Control Systems and upgraded the Process automation for increased safety and minimisation of human error. These upgradations will give long-term benefits of Consistency in Quality, Yield Improvement, Reduction of Shopfloor manpower, etc. Your Company have also adopted the concept of 3R Principle i.e. to Reduce, Recover and Reuse. Several Bioreactors, Chemicals ROs, Multiple Effect Evaporator, Incineration, Air Pollution Control Systems, Solvent Recovery Systems, Waste Heat Recovery, generation of HP Steam and LP Steam with processes to recover and reuse the same are being put in place to reduce the discharge of effluents and reduce energy consumption. These initiatives have also been appreciated by the local regulatory bodies.

Thus with renewed commitment to growth coupled with sustainability will help build on the current performances and would drive the growth of the Company for years to come.

With best wishes

Sincerely yours,

RAJENDRA V. GOGRI

Chairman and Managing Director

NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of AARTI INDUSTRIES LIMITED will be held at the Registered Office of the Company at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat, on Monday, the 23rd day of September, 2013, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a final dividend for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Smt. Hetal Gogri Gala, who is liable to retire by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri Shantilal T. Shah, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Ramdas M. Gandhi, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Haresh K. Chheda, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Shri Parimal H. Desai who is liable to retire by rotation and being eligible, offers himself for re-appointment.
8. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 ("the Act") the Company hereby approves the reappointment and terms of remuneration of Shri Rajendra V. Gogri, Chairman as Managing Director for a period of five years with effect from 1st July, 2013 upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him and submitted to this meeting duly initialled by Vice Chairman for the purpose of identification, which Agreement is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits specified in Schedule XIII of the Act and as may be agreed between the Board of Directors and Shri Rajendra V. Gogri.

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

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

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 ("the Act"), the Company hereby approves the reappointment and terms of remuneration of Shri Manoj M. Chheda as Wholetime Director of the Company for a period of five years with effect from 25th November, 2013 upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him and submitted to this meeting, duly initialled by the Chairman for the purpose of the identification, which agreement is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of

the said agreement so as not to exceed the limits specified in Schedule XIII of the Act and as may be agreed between the Board of Directors and Shri Manoj M. Chheda.

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

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

By order of the Board

Sd/-
MONA PATEL
Company Secretary

Place: Mumbai
Date: 16th May, 2013

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at Item No. 9 & 10 above is annexed hereto and forms part of the Notice.
3. Corporate Members are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2013 to 23rd September, 2013 (both days inclusive).
5. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the Company on all working days except Saturdays, between 11.00 a.m. to 1.00 p.m., up to the date of the AGM.
6. The Members are requested to note:
 - (i) **Change of Address/Bank details:** Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Sharepro Services (India) Private Limited, immediately of any change in their address and bank details. Members holding shares in dematerialised form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.
 - (ii) Members holding shares in dematerialised form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) with their Depository Participants.
 - (iii) Members holding shares in physical form are requested to provide their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) along with their Folio Number to the Company's Registrars and Transfer Agents (RTA), M/s. Sharepro Services (India) Private Limited.
 - (iv) Section 109A of the Companies Act, 1956 provides for **Nomination by the Shareholders** of the Company in the prescribed Form No. 2B for shares held in physical form. Blank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
 - (v) Queries on accounts may please be sent to the Company at its Corporate Office 10 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.
 - (vi) The Company has transferred unclaimed amounts of Final dividend for the year 2004-2005 and 1st Interim dividend for the year 2005-06 to the Investor Education and Protection Fund as required under Sections 205A and 205C of the Companies Act, 1956.

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

Particulars	Smt. Hetal Gogri Gala	Shri Shantilal T. Shah	Shri Ramdas M. Gandhi
Date of birth and age	10.07.1975 (38 years)	28.12.1938 (74 years)	14.03.1933 (80 years)
Appointed on	01.11.2001	25.04.1990	29.01.1990
Qualifications	B. E (Electronics) and MEP degree from IIM Ahmedabad.	B.Com.	L.L.M, Solicitor.
Experience and expertise in specific functional areas.	She has rich experience in purchase and supply chain management and various strategic business units. She has added Admin & HR portfolios to her domain.	He has 48 years of experience in marketing, finance and administrative function in chemical Industry. Currently he is Non-executive Vice Chairman of the Company.	He is an Advocate & Solicitor and has practised in the High Court at Mumbai since more than 55 years. He is a Corporate Lawyer & has vast experience of Commercial Law, Corporate Law & other related Laws. He is an Independent Director of the Company.
Directorships held in other (excluding foreign) Companies.	Ganesh Polychem Ltd. Gogri & Sons Investments Pvt. Ltd. Alchemie Dye Chem Pvt. Ltd. Anushakti Chemicals & Drugs Ltd. Anushakti Holdings Ltd. Gogri Finserv Pvt. Ltd.	Dhaval Realtors (India) Pvt. Ltd. Crystal Millennium Realtors Pvt. Ltd. Aarti Ventures Ltd. The Dharamsi Morarji Chemical Company Ltd. Aarti Corporate Services Ltd. Radiant Entertainments Pvt. Ltd. Unidus Developers & Logistics Pvt Ltd. Nascent Chemical Industries Ltd. Aarti Specialties Ltd. Kucchhi Realtors & Developers Pvt. Ltd.	Vinyl Chemicals (India) Ltd. Unichem Laboratories Ltd. Aarti Drugs Ltd. Pidilite Industries Ltd. Nascent Chemical Industries Ltd.
Memberships/Chairmanships of committees across public companies.	<u>Finance Committee:</u> Aarti Industries Ltd. – Member	<u>Finance Committee:</u> Aarti Industries Ltd. – Member <u>Share Transfer Committee:</u> Aarti Industries Ltd. – Member <u>Shareholders' Grievance Committee:</u> Aarti Industries Ltd. – Chairman	<u>Audit Committee:</u> Aarti Drugs Ltd. – Chairman Aarti Industries Ltd. – Chairman Unichem Laboratories Ltd. – Member Vinyl Chemicals (India) Ltd. – Chairman <u>Shareholders Grievance Committee:</u> Pidilite Industries Ltd. – Chairman Vinyl Chemicals (India) Ltd. – Member Unichem Laboratories Ltd. – Chairman <u>Remuneration Committee:</u> Vinyl Chemicals (India) Ltd. – Member Unichem Laboratories Ltd. – Member Aarti Industries Ltd. – Member Aarti Drugs Ltd. – Member
No of shares held in the Company	2926882	1799691	26500

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

Particulars	Shri Haresh K. Chheda	Shri Parimal H. Desai
Date of birth and age	15.07.1961 (52 Years)	29.05.1949 (64 years)
Appointed on	27.03.2003	28.09.1984
Qualifications	B.Com. and F.C.A.	Chemical Engineer from UDCT.
Experience and expertise in specific functional areas.	He is Chartered Accountant by profession and has over 21 years of experience in the field. He is a senior partner of Ghalla & Bhansali, Chartered Accountants, Mumbai. He is an Independent Director of the Company.	He has more than 35 years experience in Development and project implementation in the Chemical industry.
Directorship held in other (excluding foreign) Companies	Nascent Chemical Industries Ltd. Ghalla Bhansali Consultancy Pvt. Ltd. Ghalla & Bhansali Securities Pvt. Ltd.	Alchemie Dye Chem Pvt. Ltd. Anushakti Chemicals and Drugs Ltd. Aarti Corporate Services Ltd. Nikhil Holdings Pvt. Ltd. Mindcruisers Consulting Pvt. Ltd.
Memberships/Chairmanships of committees across public companies	Audit Committee: Aarti Industries Ltd. – Member	Audit Committee: Anushakti Chemical and Drugs Ltd. – Chairman Aarti Industries Ltd. – Member Finance Committee: Aarti Industries Ltd. – Member
No of shares held in company	2000	399351

Particulars	Shri Rajendra V. Gogri	Shri Manoj M. Chheda
Date of birth and age	16.12.1959 (53 Years)	23.10.1962 (51 years)
Appointed on	06.06.1989	25.11.1993
Qualifications	B.E. from UDCT, Masters Degree in Chemical Engineering from U.S.	B.Com
Experience and expertise in specific functional areas.	He is the Managing Director of the Company and has been appointed as Chairman from 16 th August, 2012. He has been instrumental for high growth in exports and global positing of the Company. In addition to his technical qualification, he also has a very good knowledge and experience in handling Finance and various Commercial matters.	He is a Whole - time Director of the Company since November, 1993. He is Graduate in Commerce from Mumbai University by qualification. He has wide experience of over 25 years in purchase and marketing of Chemicals.
Directorship held in other (excluding foreign) Companies.	Aarti Drugs Ltd. Alchemie Dyechem Pvt Ltd. Gogri & Sons Investment. Pvt. Ltd. Aarti Bio-Tec Ltd. Anushakti Chemical & Drugs Ltd. Crystal Millennium Realtors Pvt. Ltd. Anushakti Holdings Ltd. Jhagadia Enterprises Pvt. Ltd. Aarti Specialities Ltd. Alchemie Finserv Pvt. Ltd. Kutchi Angel Network Pvt. Ltd.	No other Directorship
Memberships/Chairmanships of committees across public companies.	Audit Committee: Aarti Industries Ltd. – Member Anushakti Holdings Ltd. – Member Finance Committee: Aarti Industries Ltd. – Chairman Remuneration Committee: Aarti Industries Ltd. – Member Aarti Drugs Ltd. – Member Share Transfer Committee: Aarti Industries Ltd. – Chairman Aarti Drugs Ltd. – Member Shareholders Grievance Committee: Aarti Drugs Ltd.– Chairman Aarti Industries Ltd. – Member	Audit Committee: Aarti Industries Ltd. – Member Shareholders Grievance Committee: Aarti Industries Ltd. – Member
No of shares held in the company	2241644	787753

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

Place: Mumbai
Date: 16th May, 2013

By order of the Board

Sd/-
MONA PATEL
Company Secretary

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 9

Shri Rajendra V. Gogri has been a Managing Director of the Company since 1st July, 1993. His present term as such expires on 30th June, 2013. Based on the recommendation of Remuneration Committee duly approved by the resolution passed at its meeting, the Board of Directors of the Company at its meeting held on 16th May, 2013 have reappointed Shri Rajendra V. Gogri, Chairman as Managing Director of the Company for a period of five years w.e.f. 1st July, 2013, on expiration of his previous term, subject to the approval by the Company in General Meeting upon the terms and conditions set out in draft Agreement to be entered into by the Company with him.

The said draft Agreement, inter-alia, contains the following material, terms and conditions:

1. **Period of Agreement:** 01.07.2013 to 30.06.2018
2. **Remuneration:**
 - (a) **Salary:**
Salary of ` 2,85,000 per month with power to the Board to make annual increment subject to a ceiling of ` 5,00,000/- per month.
 - (b) **Commission:**
In addition to the salary as above, he shall also be entitled to be paid share in aggregate commission calculated at the rate of 2% of net profit of the Company computed under section 349 of the Companies Act, 1956, payable to all the Managing/Whole time Directors of the Company. Share of such commission shall be determined by the Board of Directors of the Company. The commission will be calculated and payable every quarter on quarterly Net Profits of the Company computed in accordance with Section 198 read with Section 349 of the Companies Act, 1956. The commission payable on quarterly basis shall be adjusted for the relative performance of the Company as per method approved by the Remuneration Committee.
 - (c) **Perquisites:**
In addition to salary and commission as above, he shall be entitled to the following perquisites/allowances:
House rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family; leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance; bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.
 - (d) Managing Director shall also be entitled to following perquisites, which shall not be included in the computation of the ceiling on remuneration specified herein:
 - (i) Contribution to Provident Fund, Contributions to Superannuation Fund or Annuity Fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - (ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service and
 - (iii) Encashment of leave at the end of the tenure;
 - (iv) Provision of car for business of the Company, mobile phone and telephone(s) at residence shall not be treated as perquisites. Use of car for personal purpose and personal long distance calls on telephone shall be billed by the Company.
Explanation: For the purpose of this Agreement, "Family" means spouse, the dependent children and dependent parents of the Managing Director as the case may be.
 - (e) The perquisite and allowances together with the salary and commission payable as aforesaid shall be restricted to and subject to the applicable overall maximum ceiling limit set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.
3. Where in any financial year during the currency of the tenure of Managing Director, the Company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites aforesaid.



4. The Managing Director shall be entitled to annual privilege leave on full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
5. No sitting fee shall be payable to him for attending the meetings of Board of Directors or Committee thereof.
6. Notwithstanding anything to the contrary contained in the draft Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Managing Director shall cease to be the Managing Director of the Company. Provided that the aforesaid notice may be waived mutually.
7. The terms and conditions of the said appointment and/or draft Agreement may be altered and varied from time to time so as not to exceed the limits specified in schedule XIII to the Companies Act, 1956 or any amendments made hereafter in that regard.
8. The other terms and conditions of the draft Agreement are such as are customarily contained in agreement of similar nature.
9. The said appointment/draft Agreement including the remuneration payable to the him is subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modifications, if any, made approved as aforesaid.

The above may be treated as an abstract of the agreement made between the Company and Shri Rajendra V. Gogri pursuant to Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Shri Rajendra V. Gogri is available for inspection at the Registered office of the Company on any working day between 11.00 am to 1.00 p.m. excluding Saturday up to the date of Annual General Meeting.

Your Directors recommend the resolution at item no 9 of the Notice for your approval.

Shri Rajendra V. Gogri is interested in the said resolution. Shri Renil R. Gogri is deemed to be concerned or interested in the said resolution as he is related to him.

None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 10

Shri Manoj M. Chheda has been the Whole-time Director of the Company since 25th November, 1993. Based on the recommendation of the Remuneration Committee duly approved by the resolution passed at its meeting, the Board of Directors of the Company at its meeting held on 16th May, 2013 have reappointed Shri Manoj M. Chheda as the Whole-time Director of the Company with effect from 25th November, 2013, for a period of five years, on expiration of his previous term, subject to the approval of the Company in General Meeting upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him. The said agreement, inter-alia, contains the following material, terms and conditions:

1. **Period of Agreement:** 25.11.2013 to 24.11.2018
2. **Remuneration:**
 - (a) **Salary:**
Salary of ` 2,55,000/- per month with power to the Board to make annual increment subject to maximum Salary of ` 5,00,000/- per month.
 - (b) **Commission:**
In addition to the salary, he shall also be entitled to be paid share in aggregate commission calculated at the rate of 2% of net profit of the Company computed under Section 349 of the Companies Act, 1956, payable to all the Managing/Whole-time Directors of the Company. Share of such Commission shall be determined by the Board of Directors of the Company. The Commission will be calculated and payable every quarter on the quarterly Net Profits of the Company computed in accordance with Section 198 read with Section 349 of the Companies Act, 1956. The commission payable on a quarterly basis shall be adjusted for the relative performance of the Company as per method approved by the Remuneration Committee.
 - (c) **Perquisites:**
In addition to salary and commission, the Whole-time Director shall be entitled to the following perquisites/allowances: House rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family; leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance; bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the

Company and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

- (d) Whole-time Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:
 - (i) Contribution to Provident Fund, Contributions to Superannuation Fund or Annuity Fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - (ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service.
 - (iii) Encashment of leave at the end of the tenure and
 - (iv) Provision of car for business of the Company and telephone at residence shall not be treated as perquisites. Use of car for personal purpose and personal long distance calls on telephone shall be billed by the Company.
Explanation: For the purpose of this Agreement "Family" means the spouse, the dependent children and dependent parents of the Whole-time Director.
- (e) The perquisites and allowances together with the salary and commission payable as aforesaid shall be restricted to and subject to the applicable overall maximum ceiling limit set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.
3. Where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as aforesaid.
4. The Whole-time Director shall be entitled to annual privilege leave on full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
5. No sitting fee shall be payable to him for attending the Meetings of the Board of Directors or Committee thereof.
6. Notwithstanding anything to the contrary contained in the draft Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Whole-time Director shall cease to be the Whole-time Director of the Company. Provided that the aforesaid notice may be waived mutually.
7. The terms and conditions of the said appointment herein and/or draft Agreement may be altered and varied by the Board from time to time at their discretion as they may deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.
8. The other terms and conditions of the draft Agreement are such as are customarily contained in draft agreement of similar nature.
9. The said appointment/draft agreement including the remuneration payable to him, is subject to the approval of the members and all such sanctions as may be necessary and shall be given effect to as per the modification, if any, made/ approved as aforesaid.

The above may be treated as an abstract of the draft Agreement to be entered into between the Company and Shri Manoj M. Chheda pursuant to Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Shri Manoj M. Chheda is open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.

Your Directors recommend the resolution at Item No.10 of the Notice for your approval.

Shri Manoj M. Chheda is interested in the said resolution. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

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

Place: Mumbai
Date: 16th May, 2013

By order of the Board

Sd/-
MONA PATEL
Company Secretary

DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS

TO THE MEMBERS OF AARTI INDUSTRIES LIMITED

Your Directors are pleased to present this Thirtieth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2013.

RESTRUCTURING UPDATE

During the year, your Company has merged the manufacturing operations of its Associate Company, Anushakti Chemicals and Drugs Limited (ACDL) into Aarti Industries Limited (AIL) with effect from 1st April, 2012 in terms of Scheme of Arrangement duly approved by the High Courts of Bombay and Gujarat at Ahmedabad. Your Company has allotted 94,71,614 equity shares of ` 5/- each to the shareholders of ACDL in terms of the said Scheme of Arrangement, whereby the Paid up Share Capital of the Company has increased by about 12% to ` 44,29,58,435 divided into 8,85,91,687 equity shares of ` 5/- each fully paid up.

Upon the Scheme of Arrangement having become effective, the merged accounts have been drawn up for FY 2012-13 w.e.f. 1st April, 2012. Hence to this extent, the financials for FY 12-13 may not be comparable with previous year. ACDL had manufacturing units at Bhachau in the State of Gujarat, Tarapur and Dombivali in the State of Maharashtra which are now merged into the Company. Apart from synergies derived in respect of common products, the said restructuring has increased the volumes of existing range of products and would also facilitate addition of newer products with diverse end usages into Fuel Additives, etc. having high growth possibilities. Restructuring has also helped spread of overall products and markets specific risks and improve operating margin as well.

FINANCIAL RESULTS

(` in Lakhs)

Particulars	Consolidated	
	2012-13	2011-12
Net Sales:	205,764	163,226
Other Operating Income	3,861	4,105
Total Income from Operations (Net)	209,625	167,331
Expenses		
a) Cost of Material Consumed	126,120	97,926
b) Purchases of Stock-in-trade	9,312	14,049
c) Changes in inventories of Finished Goods, Work-in-progress and Stock-in-trade	(7,107)	(2,354)
d) Employee Benefits Expenses	6,538	4,705
e) Depreciation and Amortisation Expenses	8,284	5,485
f) Other Expenses	38,641	28,078
Total Expenses	181,788	147,889
Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional Items	27,837	19,442
Other Income	376	361
Profit/(Loss) before Finance Costs	28,213	19,803
Finance Costs	9,537	7,184
Profit/(Loss) before Tax	18,676	12,619
Tax Expenses		
a) Provision for Taxation-Current	4,624	3,356
b) Provision for Deferred Tax	752	260
Total Tax Expenses	5,376	3,616
Net Profit/(Loss) after Tax	13,300	9,003
Share of Profit/(Loss) of Associates	241	1,431
Minority Interest	(100)	(108)
Net Profit/(Loss) after consolidation	13,441	10,326
Earnings Per Share	15.17	13.45
Book Value Per Share	85.36	74.59



AARTI INDUSTRIES LIMITED

DIVIDEND

Your Company had declared and paid Interim Dividends of ` 2.75 (@ 55%) per share (of ` 5/- each). Your Directors are pleased to recommend a Final Dividend of ` 1.25 (@ 25%) per share (of ` 5/- each) for FY 2012-13, thereby total Dividend aggregating to ` 4/- (@ 80%) per share (of ` 5/- each) for FY 12-13 compared to the total Dividend of ` 3.50 (@ 70%) per share (of ` 5/- each) for FY 2011-12. The total amount of Dividend pay-out for the year would be ` 35.44 crs (previous year ` 27.21 crs).

Company has transferred ` 13.15 Crores to General Reserve (PY ` 8.80 Crores).

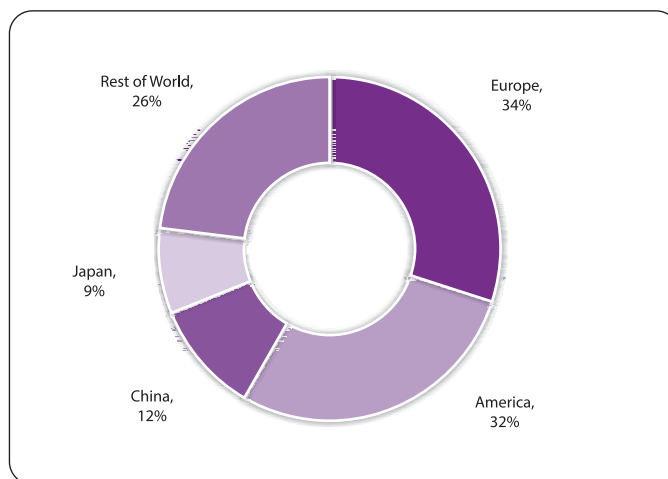
FINANCIALS

During the year, your Company has achieved multiple milestones. Standalone Net revenues of the Company crossed ` 2000 Crores mark and ended at ` 2096 Crores (previous year ` 1673 Crores). Similarly Exports had also crossed ` 1000 Crores and closed at ` 1060 Crores. Hence with these record breaking performance, our exports now constitute over 50% of the total revenues of the Company. The EBIDTA margins for the Company also improved from 14.6% for FY 11-12 to 17% in FY 12-13.

Operating profit before Interest, Depreciation and Tax for FY 12-13 was at ` 356 crs (Previous Year ` 245 Crores) Profit before tax for FY12-13 was at ` 184 Crores (Previous Year ` 122 Crores) Profit after Tax and Deferred Tax grew to ` 131 Crores for FY 12-13 from ` 87 Crores for FY 11-12.

Consolidated Income increased by 25% to ` 2096 Crores as compared to ` 1673 Crores for last year. Consolidated EBIDTA also grew by about 45% to ` 365 Crores as against ` 253 Crores last year. Net Profit after Consolidation also recorded a growth of 30% at ` 134 Crores as against ` 103 Crores for last year. Consolidated EPS for FY 2012-13 was at ` 15.17 as against ` 13.45 for FY 2011-12.

During last year, with introduction of various high growth and high margin export oriented products, the share of Exports Revenue to Total Revenue have crossed the 50% benchmark. The ability to provide products with required specifications at desired intervals have added to the increase in volumes from Global customers over longer term period. Your Company has entered into various long term supply agreement with its key customers thereby further strengthening its Global market positions. Significant volume growth is coming from our customers in Europe and America and in few of the products the demand is more than the production capabilities of the Company. Exports now, accounts for 51% of the total revenue and have increased by over 46% to ` 1060 Crores for FY 12-13 from ` 727 Crores for FY 11-12.



Geographical Spread of Export Revenue

CHEMICAL INDUSTRY – STRUCTURE & DEVELOPMENT

Chemical Industry is one of the fastest growing industries in the Indian Economy. At the same time it is also one of the oldest domestic industry of India which started working soon after India's Independence in 1947. It accounts for 18% of the Indian manufacturing sector output and is expected to grow by about 12% annually. It constitutes for about 15% of India's Exports and has around 8% share in India's Imports. From those early years, the Chemical Industry in India continued to contribute to the Economic Growth of Indian Economy. At present, the Chemical Industry accounts for almost 13% of Indian GDP.

A network of over 200 national laboratories and 1300 R&D Centres provide a strong base for further innovations and growth of Indian Chemical Industry. Government Initiatives in the form of Port based Chemical Parks in SEZ, Improvement in Infrastructure, Tax concessions, reduction and rationalization of Duty Structure, FDI relaxation, etc. plough the road for further growth of the Indian Chemical Industry into a major Chemical hub. End user Industries like Agro-Chemicals, Automotives, Biotechnology, Electronics, Packaging, Pharmaceuticals, Pigments, Polymers, Surfactants, etc have been witnessing good demand and are poised for faster growth.

Thus, Indian Chemical Industry holds potential to produce quality chemicals for global consumers because of its diversified manufacturing base, strong IPRs, availability of qualified work force, proximity to ports, availability of feedstock, etc.

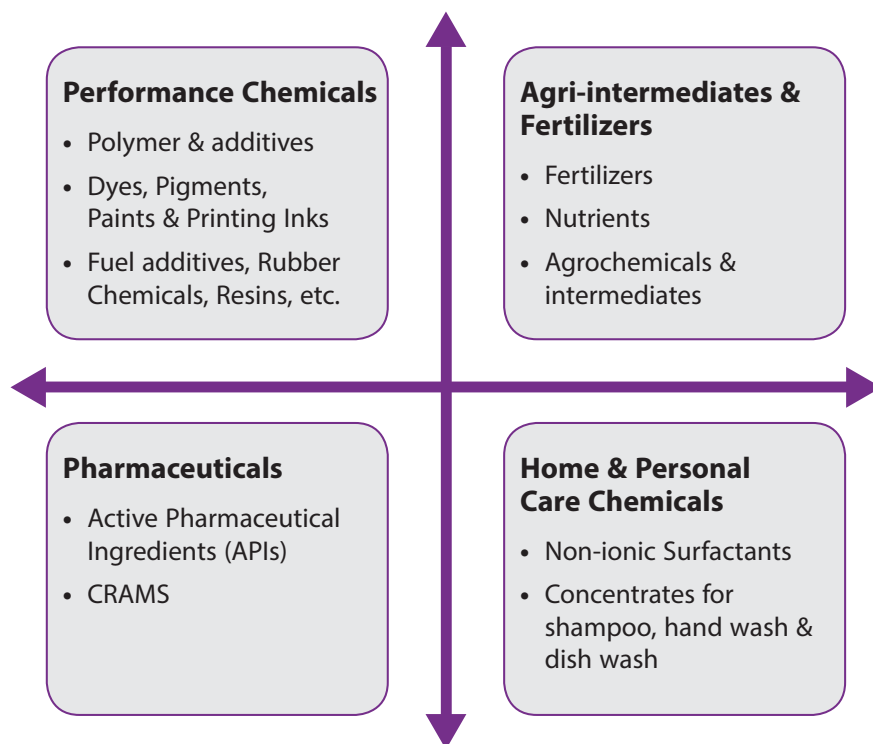
With concerns on environmental impact, the Indian Government has been working towards ensuring stricter compliance of effluent norms, categorizing alert zone, identifying and restricting the operation of the polluting units. This has made Indian

companies to scale up their units in parity with international standards. In this process, while a lot of units have been closed down, we are also witnessing the emergence of Indian Global Chemical Companies capable of competing with the other Asian players, while also adopting safer and greener processes.

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

Your Company believes that the long term growth and profitability from the business cannot be sustained without a framework considering the elements of Safety, Health, Environment Impact and Energy Efficiency initiatives. With these principles, your Company have stepped up its efforts for the sustainable growth of its businesses. Your Company is committed to increase the process safety and increasing the level of automation in its existing areas of operation. This will help in reducing the manual handling and shopfloor manpower. Your Company has adopted the 3R Principle, i.e., Reduce – Recover – Reuse. Over last 18 months, your Company has made substantial Investments into upgrading the ETP setup and had upgraded two of its Manufacturing Units into Zero Discharge Unit and also has put in places various processes to control/limit of generation of effluents and improve on the treatment of the same. Your Company plans to invest further in these areas to ensure providing greener and safer manufacturing environment.

Your Company is a multi-product and multi-faceted one. Depending on these product categories we divided our businesses into four segments. The profile/composition of these business segments is presented:



We present below the breakup of key segmental financials:

(` in Crores)

	Performance Chemicals	Agri-Intermediates & Fertilizers	Pharmaceuticals	Home & Personal Care Chemicals	Total
Sales	1319	438	187	152	2096
% of Total Sales	62.93%	20.90%	8.92%	7.25%	100.00%
Export	739	207	92	22	1060
% of Sales	56.03%	47.26%	49.20%	14.47%	50.57%
EBIT	236	83	9	5	333
% of Sales	17.89%	18.95%	4.81%	3.29%	15.89%



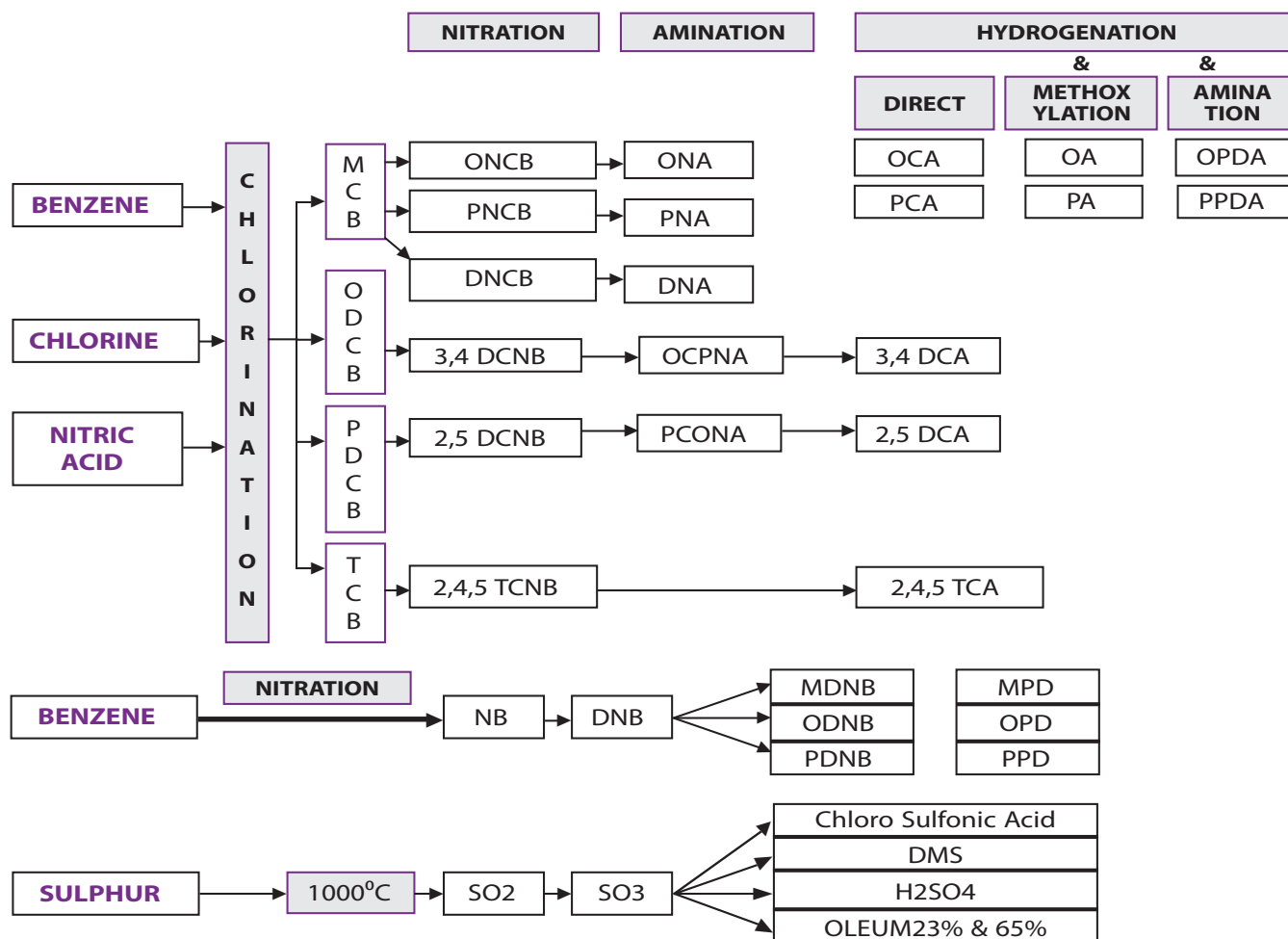
AARTI INDUSTRIES LIMITED

While Performance Chemicals and Agri-intermediates segments continues to account for over 80% of operations, it may be noted that the growth in the business this year is mainly driven by the fact that the exports across all the segments has increased significantly. Your Company's market position as a major global manufacturer of Chloro Benzenes & Nitro Chloro Benzenes and their derivatives with committed and customized delivery solutions have helped us cross ` 1000 Crores mark of global revenues. Your Company's USP of having highly integrated operation with process flexibility adds to the growth in customer's confidence which is translated into consistent volume growth even in times of adversities. Your Company's diversified product mix spread across stream of end user industries catering to smaller as well as larger MNC conglomerates in each segment / sub-segments have helped the Company to insulate itself against global economic cycle.

Interchangeable Performance & AgroChemicals manufacturing operations.

The Manufacturing units for these two segments are majorly interconnected/interlinked at the common manufacturing units located at Vapi, Sarigam, Jhagadia and Bhachau in the State of Gujarat and at Dombivali & Tarapur in the State of Maharashtra. A significant portion of your Company's production capabilities are process driven and not based on a particular product. This gives your Company the flexibility to change its input mix and manufacture different products, thereby resulting into optimum utilization of production capabilities as well as provides flexibility to change the product mix amongst different end-user applications based on market dynamics.

Brief Structure of 'Aarti Industries' Production Capabilities



Your Company manufactures various isomers as well as their downstream products. Because of the vertical integration, your Company enjoys natural insulation against short supply of precursor raw materials. Thus, consistent supply of products results into customer confidence and helps your Company to gain more market share. Your Company has also been **able to convert its by-product from various processes into commercially viable products**, thereby contributing to the profitability of the Company.

Hydrogenation Facility at Jhagadia:

Your Company had pioneered by adopting Greener Hydrogenation process based Swiss Technology in India and have scaled up the capacities to 3000 tpm in Q3FY12-13. This expanded / additional hydrogenation unit shall help the Company to cater to the growing, high margin and niche demand in the segments of Polymers, Agrochemicals, Pigments, etc. in global markets. This shall also facilitate introduction of export oriented further value added range of products. Hence with these expanded capacities coupled with strong market position, the Company expects to post significant growth in revenues and margins in coming years. The Company had recorded the production of over 1550 tpm of hydrogenated products in the quarter ended 31st March 2013. Annual average production for FY 12-13 was 1390 TPM as compared to 1165 TPM for FY 11-12. Also, with the commissioning of the backward integrated Hydrogen Gas Generation Plant, your Company is also assured for continuous supply of the feed raw material for the above mentioned Hydrogenation Unit. **Thus this increase in hydrogenation capacities has enabled your Company to cater to the growing, high margin & niche demand segments of Performance and Agro ingredients in the global market.** Your Company now targets to produce around 2000-2200 tpm of Hydrogenated products in FY 2013-14.

Key Expansion Activities:

During last financial year, a major German manufacturer had closed down and discontinued the manufacturing of Nitro Chloro Benzenes due to lower captive demand. This has opened up a large market (both domestic as well as for exports) for Nitro Chloro Benzenes. Considering this your Company has already taken up the expansion of its Nitro Chloro Benzenes (NCBs) capacities on fast track. Against the present capacity of about 57000 MT, the production achieved in FY 12-13 was about 48072 MT (previous year about 42696 MT). Your Company now proposes to expand the existing capacities of 57000 MT to about 75000 MT with an estimated capital outlay of about ` 25 to 30 Crores and expects to commission the same by end of current financial year.

Your Company is in the process of upgrading its 6 Batch Nitration capacities and consolidate the same into 4 Continuous Nitration units. While this will increase the level of automation of the process, it will also facilitate overall increase in production capabilities. It will also result in increasing the consistencies & yields of various products and simultaneously help to reduce the consumption of fuel and other utilities. This would thus also entail higher volumes with significant cost savings with more safer and highly automated operations.

New Investment at Dahej SEZ:

Your Company had set up a new venture in 2012 under the name of Anushakti Specialities LLP in which your Company holds 90% stake and the balance 10% stake was held by ACDL which stake has since merged with the Company upon the restructuring as aforesaid.

This LLP has purchased a plot of about 50,000 sq. mtrs at Dahej SEZ and is in the process of setting up an Ethylenation unit for manufacturing ethylene based products with end-user application as Agro Chemicals and Speciality Chemicals, majorly in Global Markets. Your Company is in the process of finalizing the newer technologies which shall be commissioned at this unit. The unit is expected to be commissioned in FY 2014-15. With availability of key raw materials in Dahej, we propose to purchase the same by pipeline. Considering the niche product segment, growing global demand, and the benefits available at SEZ, this unit is expected to significantly add to turnover and profitability of the Company.

Upon the Scheme of Arrangement with ACDL being effective, your Company now holds 100% stake in Anushakti Specialities LLP. Your Company proposes to absorb this entity into itself subject to regulatory approvals as may be specified.

Performance Chemicals

With the merger of manufacturing division of Anushakti Chemicals & Drugs Ltd. (ACDL) becoming effective, products of ACDL having applications as Polymer Additives and Oil & Gas Additives had been added to the segment of Performance Chemicals. With the additions of ACDL's products, the Performance Chemicals now provides for a consistent and sustained growth to Company's operations.

We present below the key financials for Performance Chemicals:

(` in Crores)

KEY FINANCIALS	FY 2012-13	FY 2011-12	FY 2010-11
Sales	1319	968	1030
% of Total Sales	62.93%	57.85%	70.89%
Export	739	496	412
% of Segment Sales	56.03%	51.27%	39.99%
Segment EBIT	236	142	145
EBIT %	17.89%	14.65%	14.07%

(* Figures for 12-13 may not be comparable as the same are inclusive of the figures of ACDL after adjusting the same for interse transactions between AIL and ACDL)



AARTI INDUSTRIES LIMITED

As you would note, this segment accounts for about 63% of the total revenues (previous year 58%) of the Company. Exports of Performance Chemicals accounts for 70% of the total exports of the Company and constitute over 56% of the segment revenue.

The diversity in end user segments from High Performance Polymers, Paints, Pigments, Printing Inks, Rubber Chemicals, Additives, Surfactants, Dyes, Oil & Gas Additives, Flavours & Fragrances, etc. is the inherent strength and de-risks the segment from individual end-user downturns. The wider customer base from varied industry also reduces the credit risk and thus provides sustainability and stability to the Company's operations.

Performance Chemicals segment broadly comprises of Speciality Chemicals with applications into

- a. Polymers & Additives,
- b. Dyes, Pigments, Paints, Printing Inks,
- c. Oil & Gas Additives, Rubber Chemicals, Flavours & Fragrances, Water Treatment, Construction Chemicals, Resins, etc.

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

- **Polymers & Additives:**

Usage of High Performance Polymers has been increasing as a replacement of metal parts in various mode of transportation worldwide, as an endeavor to reduce the weight and improve the fuel efficiency. In addition to this, these polymers are also used in high growth segments such as electronic media & telecommunication devices and various other Electrical Instruments. With the availability of additional Hydrogenation Capacities, your Company expects to increase the volumes of these Polymer intermediates to cater the growing international demand.

With a view to capitalize on the by-product Hydro Chloric Acid by converting it into a gainful product, a Calcium Chloride Granulation unit was set up by ACDL at Bhachau which unit has since been merged with the Company. Your Company has for the first time in India, imported this technology for granulation of Calcium Chloride. This unit improves the quality of end product and will be able to manufacture high grade granules, which are used into Oil Exploration and de-icing activities. This products will be mainly exported and is expected to fetch significant higher margins.

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

This sector has witnessed a shift in the consumption pattern of Printing Inks based applications. While the demand for Printing inks in developed economies are reducing, the same is increasing in developing economies on account increasing per-capita income & consumption (along-with changes in consumption profile), growth in education and healthcare facilities, etc.

The global replacement of usage of Organic Pigment vis-à-vis Metal Pigments has been the driving force behind the significant growth of Pigment applications globally and shall continue further going forward.

With a significant Japanese player having officially closed production of a key Pigment & Printing Ink intermediate in the first quarter, an opportunity has opened up for increasing our presence in the Pigment application. Your Company has immediately taken steps to increase the capacities for this application. The Company has already supplied these products to the prospective customers and is in the process of qualifying with these new customers for these products. This enhanced new capacity is presently under commissioning. We expect further volume growth in these products from FY 13-14 onwards so as to meet the supply gap arising as aforesaid.

While the demand from global markets for Pigments and Paint application has been increasing, the demand from the dyes sector is still affected by downturn. Your Company is monitoring this situation and shall take adequate steps for product realignment once the demand picks up.

Your Company's strong position in this segment will help further to capitalize on the global growth opportunities.

Agri-Intermediates and Fertilizers

India's Agrochemicals Industry valued at about US\$ 2 bn, is the fourth leading producer of Agrochemicals after USA, Japan and China and has been growing annually at about 7.5%. Emphasis on achieving foodgrain self-sufficiency, limited farmland availability and growth in horticulture and floriculture have been the reasons for the growth of Agrochemicals worldwide.

Exports account for over 60% of India's Agrochemicals produce and are expected to have a double digit growth in years to come. Many foreign companies are tying up with local manufacturers to expand into this sector for domestic & global requirements.

The launch of nutrient based subsidy programme for more effective scheme of distribution of the subsidy directly to the end users would benefit the direct end-users in long term and it will also ensure has distribution of the subsidy to the eligible people at large. In addition to these administrative reforms, the Government has also rolled out a series of tax incentives to further promote the growth of this high growing Fertilizer and Agro based-businesses in India.

Your Company is a leading global manufacturer of various Agrochemicals Intermediates and has presence across all the sub-segments viz. herbicides, insecticides, and other agrochemicals.

We present below the key financials for Agri Chemicals & Fertilizers Segment:

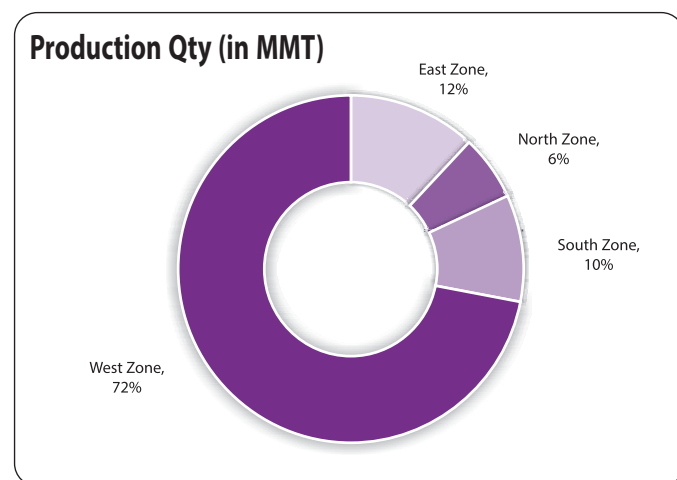
(` in Crores)

KEY FINANCIALS	FY 2012-13	FY 2011-12	FY 2010-11
Sales	438	382	198
% of Total Sales	20.90%	22.85%	13.60%
Export	207	143	92
% of Segment Sales	47.26%	37.52%	46.46%
Segment EBIT	83	75	41
EBIT %	18.95%	19.73%	20.71%

P.S: A major part of domestic sales is used to manufacture products for export markets.

Your Company has been focusing on the growth opportunities for these products in global markets and has been closely working with the Global Leaders in this space to cater to their customized requirements of agrochemicals. After years of efforts to develop this market, the Company has been witnessing consistent growth in the exports of these products. Your Company's products are now being sold across all markets such as NAFTA, Asia, Europe, Latin America, and other territories. This has also helped to de-risk the business from various local climatic changes as also across the world. This is witnessed by y-o-y growth in exports of these products as shown in the table above.

Your Company is also manufacturing Single Super Phosphate (SSP) (a widely used fertilizer). It is a gainful usage of the by-product Dilute Sulphuric Acid (generated by other Chemical units) and is marketed under the guidelines prescribed by Government of India. The production of SSP also saves the Company from the hassles of management and disposal of the said by-product. India is amongst the largest manufacturer and consumer of SSP across the world. An area wise consumption data of SSP is presented below:



Statewise Consumption of SSP during 2012-13

State	Consumption	%
Rajasthan	1242	28.11%
Madhya Pradesh	852	19.28%
Maharashtra	631	14.29%
West Bengal	479	10.85%
Gujarat	298	6.75%
Uttar Pradesh	258	5.83%
Andhra Pradesh	228	5.16%
Chattishgarh	168	3.80%
Tamilnadu	168	3.80%
Karnataka	56	1.26%
Assam	32	0.73%
Haryana	6	0.14%
Total	4417	100.00%

Source: Fertilizer Association of India



AARTI INDUSTRIES LIMITED

States of Maharashtra, Gujarat, Madhya Pradesh and Rajasthan accounts for over 68% of India's total consumption of SSP. Your Company thus enjoys the locational benefits of having manufacturing unit in Gujarat, thereby also benefiting from the reduced freight costs as compared to other States. During FY 2012-13, there had been a drought situation in major parts of India. As a result the sale for SSP (Fertilizer) had been affected. In spite of having lower volumes in first half, our sales of SSP for FY 2012-13 was around 65446 MT as compared 63266 MT in FY 2011-12. Considering our existing capacity of 100,000 MT, we account only about 2% of India's Production Capacities and about 1.4% of India's total consumption. In view of this, we expect to have sales volumes of about 80000 – 90000 MT of SSP for FY 2013-14.

With the expansion in other manufacturing capabilities, need for additional SSP capacities (for captive consumption of by-product) is expected. Envisaging the same, your Company is exploring the feasibility for setup an additional SSP unit with capacity to manufacture 200,000 Tons at Jhagadia, Gujarat to cater to the demand in the States of Gujarat, Rajasthan and Madhya Pradesh.

Pharmaceuticals

Pharmaceuticals Industry accounts for almost quarter of the Indian Chemical Industry. From being a startup and base level operations, Indian Pharma Companies have evolved to be a leader in the production of high quality generic drugs.

Patent expirations, weak pipeline quality and increasing focus by Governments to reduce healthcare costs continue to exert pressure on innovator companies which supports outsourcing to low-cost nation like India. Despite challenges, leading Indian players continue to exhibit strong profitability indicators.

Outlook on the Indian pharmaceutical companies remains favourable as companies will continue to benefit from recovery in the domestic market, strong growth potential in generics developed markets and potential outsourcing opportunities.

Globally, generics players however continue to face competitive environment from large innovator companies. Price erosion, especially through regulatory interventions, remains a foremost challenge in the European markets. Presence in limited competition products segments and over-the-counter (OTCs) segment offers some protection to margins. Most developed markets continue to move away from branded generics to commoditized un-branded generics and lower margin tender based business.

Your Company has four manufacturing units of which – two are USFDA approved facilities & other two are WHO GMP approved facilities. These plants are cGMP compliant – meeting ICH Q7 standards – thus enabling buyers to use APIs in all regulated markets. Unlike other companies, your Company has capacities for inhouse production of intermediates and hence it is not dependent on China for the same. This helps your Company to reduce the costs for its APIs and thus enhances the margins of its range of products.

We present below the key financials for Pharmaceuticals Segment:

(` in Crores)

KEY FINANCIALS	FY 2012-13	FY 2011-12	FY 2010-11
Sales	187	165	131
% of Total Sales	8.92%	9.86%	8.98%
Export	92	66	46
% of Segment Sales	49.20%	40.00%	35.15%
Segment EBIT	9	4	(6)
EBIT %	4.81%	2.55%	NIL

The volumes of these products have been consistently increasing which has helped improvement in margins and segmental profitability. The same is evident from increase in revenues as tabulated above. Similarly, the EBIT for FY13 increased to ` 9.5 Crores as against ` 4 Crores for FY 2011-12. You would note that the EBIT margins have been improving and it increased to over 5% of sales in FY13 as compared to 2.55% of sales for FY12. Thus **the incremental growth in revenues in this segment will result into significant improvement in EBIT**. We expect the segment to grow as faster pace in coming years.

Home & Personal Care Chemicals

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

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

(` in Crores)

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

Home & Personal Care Chemicals segment is relatively a low margin business. Your Company has two manufacturing units, one each at Pithampur (Madhya Pradesh) & at Silvassa. Your Company's plans to optimize its production capabilities to suitably alter/revise the product mix has helped marginal improvement in margins inspite of reduction in sales volumes. The commissioning of the Spray Dryer project in Q4FY2012-13 and the product reshuffling exercise is expected to improve the margins in coming quarters. Your Company is also focusing on increase in exports of its products under this segments. This will help in better realization and improvement of margins.

SEGMENT-WISE PERFORMANCE

(` in Lakhs)

Sr. No.	Particulars	Standalone	Consolidated
(A)	Primary Segments : Business Segments		
1	Segment Revenue		
	a) Performance Chemicals	131,948	131,961
	b) Agri-Intermediates & Fertiliser	43,818	43,818
	c) Pharmaceuticals	18,684	18,684
	d) Home & Personal Care Chemicals	15,162	15,162
	TOTAL	209,612	209,625
2	Segment Results Profit / (Loss)		
	(Before Tax and Interest from each Segment)		
	a) Performance Chemicals	23,587	23,587
	b) Agri-Intermediates & Fertilizer	8,308	8,308
	c) Pharmaceuticals	945	945
	d) Home & Personal Care Chemicals	503	503
	TOTAL	33,343	33,343
	Less: Interest	9,500	9,537
	Other Unallocable Expenditure (Net)	5,459	5,130
	TOTAL	14,959	14,667
	TOTAL PROFIT BEFORE TAX	18,384	18,676
(B)	Secondary Segments : Geographical Segments		
	a) India	103,651	103,664
	b) Out of India	105,961	105,961
	TOTAL	209,612	209,625

SEGMENT CAPITAL EMPLOYED

Fixed Assets used in the Company's business or Liabilities contracted have not been identified to any of the reportable segments, as the Fixed Assets and services are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to capital employed.



RISKS AND CONCERNS

Your Company perceives risks or concerns common to industry such as concerns related to the Macro Indian Economic Outlook, Global Economic fallout, Regulatory risks, Foreign Exchange volatilities, Higher Interest rates, Rising Raw-material costs and other commercial & business related risks. Segments like Agrochemicals, Pharmaceuticals and Home & Personal Care are not much affected by the economic cycle and have its own independent growth rates. Further your Company's diversified revenue mix, flexible product mix and increasing volumes from value added products helps to insulate the business from any economic setbacks.

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the Annual Accounts for the Year ended 31st March, 2013, the applicable Accounting Standards had been followed along with proper explanation for material departures, if any;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year of the profit of the Company for that year;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That Directors' have prepared the annual accounts on a going concern basis.

SUBSIDIARY COMPANIES

The Company has 3 subsidiaries, namely, Aarti Corporate Services Limited, Shanti Intermediates Private Limited, Nascent Chemical Industries Limited. The Statement pursuant to Section 212 and summary of financial information of Subsidiary Companies is provided in the Annual Report.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS

In accordance of the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Smt. Hetal Gogri Gala, Shri Shantilal T. Shah, Shri Ramdas M. Gandhi, Shri Haresh K. Chheda and Shri Parimal H. Desai retire by rotation and being eligible, offer themselves for re-appointment. A brief profile of the Directors proposed to be appointed/re-appointed is given in the notice of the ensuring Annual General Meeting.

CORPORATE GOVERNANCE

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

DISCLOSURE OF PARTICULARS

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

ENVIRONMENTAL, SAFETY AND HEALTH

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

CORPORATE SOCIAL RESPONSIBILITY

As contribution towards community development to fulfill the company's obligations towards the society, Aarti Industries Limited alongwith its Promoters and Associate Companies (collectively referred as Aarti Group) have taken several initiatives to this cause in its journey so far. In addition to the Financial Support, your Management is personally and continuously involved to ensure the reach of these initiatives to the society at large. Few of these initiatives founded and continuously supported by Aarti Group are briefed hereunder:

Aarti Group had set-up a school named **Tulsi Vidya Mandir at Kutch, Gujarat** in the year 2005, and have been aiding regularly to meet its objectives. Presently, Tulsi Vidya Mandir imparts Secondary & Higher Secondary education to over 350 children coming from about 12 villages.

Aarti Group also founded **Mahavir School/College of Nursing at Sabar Kantha, Gujarat** in the year 2008, with an objective to spread professional nursing education to the interior villages. Every year around 200 candidates from interior villages are enrolled and trained in Nursing Profession. With the objective to uplift the lower segment of our society, **Maninagar Sanskar Dham, at Kutch in Gujarat**, was founded by Aarti Group in the year 2011. On an average over 40 slum kids are nurtured by this institution.

Aarti Group had also set-up **Mahavir Health Centre at Alam Nagar, Bihar** in the year 2010, to provide better healthcare facilities in this part of Bihar. This Centre is equipped with latest equipments including its own OPD, X-Ray, and Pathology facilities. On an average around 50 patients are treated at this Centre. With the objective to provide relief from the recent drought situation prevailing in Maharashtra, Aarti Group **undertook various drought relief activities in the village of Beed, Maharashtra**. Under this programme, Aarti Group deployed several water tankers to provide this basic amenity. It also arranged for distribution of fodder and temporary shelter to cattles affected by this severe drought.



AARTI INDUSTRIES LIMITED

In addition to above, your Company organizes many activities on regular basis including Blood Donation Camps, Health checkup camps, etc. The Company has been donating to several Hospitals, Educational Institutions, Trusts, and contribution for area beautifications. The company also contributes for relief measures in times of natural calamities. In parlance to the objective of providing basic primary and secondary education in the surrounding areas, your company actively contributes for the upgradation & infrastructure development of the schools. The Company envisages the upliftment of society by way of enlightening and educating the masses. In this regard the company plans to promote cheap as well as subsidized housing facilities for its employees and also deserving members of the society. The company thus promotes the Shelter, Health and Education led modal for the general upliftment of the society. With the view to contribute for upliftment of society, our Chairman Emeritus, Shri Chandrakant V. Gogri has committed a major portion of his time for these Philanthropic activities. Your Company has extended its full support to this cause and shall always remain committed for the same.

PERSONNEL

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

AUDITORS

M/s. Parikh Joshi & Kothare, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment. Members are requested to appoint Auditors and to fix their remuneration.

COST AUDITORS

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

The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2012 under the new XBRL format was 28th February, 2013 and the Cost Audit Reports for Organic-inorganic Chemicals, Bulk Drugs and Fertilizers were filed by the Cost Auditors on 28th February, 2013. The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2013 is 30th September, 2013.

INDUSTRIAL RELATIONS & HUMAN RESOURCES

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/-

RAJENDRA V. GOGRI

CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai

Dated : 16th May, 2013

CAUTIONARY STATEMENT

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



Annexure to Directors' Report

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

1. CONSERVATION OF ENERGY

a) Energy Conservation Measures taken

- The Company had commissioned the captive and co-generation 2MW Power plant. The Specialised Boiler shall superheat the steam which is being used for generating power and shall later-on be re-routed for utilization in its manufacturing processes. The Company expects a significant savings in the consumption of natural resources/fuel by adoption of this process.
- Wherever possible, Variable Frequency Drives are installed to reduce the power consumption.
- Energy audit is conducted and recommendations are implemented.
- Flash steam utilization has been done wherever possible.
- Improved design steam traps were selected to reduce the steam consumption and utilize the flash steam.

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

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

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

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

I. POWER AND FUEL CONSUMPTION

Particulars	2012-13	2011-12
1. Electricity		
a) Purchased Units (KWH)	81,753,647	67,014,435
Total Amount (₹)	558,712,563	416,196,128
Rate/Unit (₹)	6.83	6.21
b) Own Generation through:		
(i) Diesel Generator Units (KWH)	2,352,646	4,395,479
Total Amount (₹)	34,378,276	49,735,436
Rate/Unit (₹)	14.61	11.32
(ii) Through Steam Turbine/Generator (KWH)	41,646,494	29,791,720
Total Amount (₹)	127,682,880	103,704,470
Rate/Unit (₹)	3.07	3.48
2. Coal/Lignite		
Quantity (Kgs.)	215,732,446	162,476,261
Total Amount (₹)	744,525,288	614,420,895
Rate/Kg	3.45	3.78
3. Furnace Oil/L.D.O.		
Quantity (Ltrs.)	2,699,669	4,185,653
Total Amount (₹)	149,472,743	182,209,492
Average Rate (₹)/(per. Ltr.)	55.37	43.53
4. Natural Gas		
Quantity (SCM)	723,736	2,065,021
Total Amount (₹)	25,359,347	51,701,351
Average Rate (₹)/(Per SCM)	35.04	25.04

II. CONSUMPTION PER UNIT OF PRODUCTION

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

2. RESEARCH AND DEVELOPMENT (R&D)

a) Specific areas in which R&D carried out by the Company.

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

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

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

c) Future Plan of Action:

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

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

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

Expenditure on R & D	(` in Lakhs)
(a) Capital	230.90
(b) Revenue	777.96
(c) Total	1,008.86
(d) Total R&D Expenditure as a percentage of total turnover	0.48%

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts, in brief, made towards technology absorption, adaptation and innovation:

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

b) Benefits derived as a result of above efforts:

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

c) Information regarding technology imported during the last 5 years: NIL

4. TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and outgo were ` 1060 Crores and ` 343 Crores respectively (Previous Year ` 727 Crores and ` 197 Crores respectively).

For and on behalf of the Board

Sd/-

RAJENDRA V. GOGRI
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated : 16th May, 2013



REPORT ON CORPORATE GOVERNANCE

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

(I) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company is committed to the adoption and adherence to Corporate Governance Practices, which shall ensure that all the concerned parties associated with the Company obtain requisite information which would help them to make informed decision. Such Corporate Governance Practices help enhancement of long-term shareholders value and interest of other Stakeholders.

The Board fully appreciates the need of increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the Organisation. The Company has adequate number of Independent Directors and also has formed various Committees for overview of the Organisation.

(II) MANDATORY REQUIREMENTS:

(1) BOARD OF DIRECTORS

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

Aarti Industries Limited (AIL) Board presently consists of 16 (Sixteen) Directors of whom 7 (Seven) are Executive, 1 (One) is Non-Executive and 8 (Eight) are Independent Directors except Managing Directors, the other Directors are liable to retire by rotation.

Name of Directors	Category	No. of other Directorship*	No. of Committee Membership in all Companies**		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Shri Chandrakant V. Gogri [#]	Chairman, Non-executive	1	None	None	3	Yes
Shri Rajendra V. Gogri ^{\$}	Chairman and M.D.	5	1	3	6	No
Shri Rashesh C. Gogri [@]	Vice-chairman and M.D.	5	None	2	7	Yes
Shri Shantilal T. Shah	Vice-chairman, Non-executive	5	1	None	7	Yes
Shri Parimal H. Desai	Executive	2	1	1	6	Yes
Shri Manoj M. Chheda	Executive	None	None	2	7	Yes
Smt. Hetal Gogri Gala	Executive	3	None	None	6	No
Shri Kirit R. Mehta	Executive	3	1	1	4	Yes
Shri Renil R. Gogri [^]	Executive	3	None	None	4	No
Shri Ramdas M. Gandhi	Independent	5	5	2	7	Yes
Shri Laxmichand K. Jain	Independent	None	None	1	6	No
Shri Vijay H. Patil	Independent	None	None	1	7	No
Shri Haresh K. Chheda	Independent	1	None	1	7	No
Shri P. A. Sethi	Independent	2	None	1	6	No
Shri K.V.S. Shyam Sunder	Independent	2	1	2	6	No
Shri Bhavesh R. Vora	Independent	1	None	3	6	No
Shri Sunil M. Dedhia	Independent	1	None	None	6	Yes

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

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

Shri Chandrakant V. Gogri has retired from directorship and chairmanship w.e.f. 16th August, 2012.

\$ Shri Rajendra V. Gogri has been appointed as Chairman w.e.f. 16th August, 2012.

@ Shri Rashesh C. Gogri has been appointed as Vice-chairman & Managing Director w.e.f. 16th August, 2012.

^ Shri Renil R. Gogri has been appointed as a Whole-time Director w.e.f. 16th August, 2012.

(b) Board Meetings:

During the Year 2012-13, 7 (Seven) Board Meetings were held on 25.05.2012, 14.07.2012, 09.8.2012, 30.08.2012, 31.10.2012, 26.12.2012 and 06.02.2013.

(c) Code of Conduct:

Aarti Industries Limited Code of Conduct laid down by the Board of Directors is applicable to all the Directors and Senior Management of the Company. The Code of Conduct is posted on the Company's website. All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2013. A declaration to this effect, duly signed by the Managing Director (CEO) is annexed hereto.

(2) COMMITTEES

(a) Audit Committee:

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

During the year 2012-13, 5 (Five) Audit Committee Meetings were held on 02.04.2012, 25.05.2012, 09.08.2012, 31.10.2012 and 06.02.2013.

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

Name of Directors	Category	Profession	No. of meetings attended
Shri Ramdas M. Gandhi	Independent, Chairman	Solicitor	5
Shri Rajendra V. Gogri	Chairman & Managing Director, Executive	Industrialist	4
Shri Parimal H. Desai	Executive	Industrialist	4
Shri Laxmichand K. Jain	Independent	Environmental Consultant	4
Shri Hareesh K. Chheda	Independent	Chartered Accountant	5
Shri Vijay H. Patil	Independent	Advocate	5
Shri P. A. Sethi	Independent	Banker	5
Shri K.V.S. Shyam Sunder	Independent	Chartered Accountant	4
Shri Bhavesh R. Vora	Independent	Chartered Accountant	3
Shri Manoj M. Chheda	Executive	Industrialist	5

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

(b) Shareholders' Grievance Committee:

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

During the year 2012-13, 4 (Four) Shareholders' Grievance Committee Meetings were held on 12.06.2012, 10.09.2012, 10.12.2012 and 11.03.2013.

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

Name of the Director	Category	No of meetings attended
Shri Chandrakant V. Gogri*	Chairman, Non-executive	1
Shri Shantilal T. Shah#	Chairman, Non-executive	4
Shri Rajendra V. Gogri	Executive	3
Shri Manoj M. Chheda	Executive	4
Shri Kirit R. Mehta	Executive	2

* Shri Chandrakant V. Gogri has retired from directorship and chairmanship w.e.f. 16th August, 2012.

Shri Shantilal T. Shah has been appointed as a Chairman of the Committee w.e.f. 16th August, 2012.

(c) Shareholders' Complaints:

During the year, 55 (Fifty Five) Complaints were received. All the Complaints were resolved to the satisfaction of the Shareholders. No request for Share Transfer or Dematerialisation was pending for approval as on 31st March, 2013.

(3) SUBSIDIARY COMPANIES

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

(4) DISCLOSURES

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

(5) REMUNERATION OF DIRECTORS

Remuneration payable to the Directors is considered and approved by the Remuneration Committee constituted in accordance with the Corporate Governance Code and the provisions of the Companies Act, 1956, having due regard to the relevant factors. Non-executive Directors are paid sitting fees at the rate of ` 8000/- for attending each of the meetings of Board and Audit Committee(s) and ` 4000/- each for other Committee(s).

The details of remuneration paid to each Director for the year 31st March, 2013 are as under:

(Amount in `)

Name of Director(s)	Relationship with other Director(s)	Category	Salary and other Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Chandrakant V. Gogri**	Brother of Shri R. V. Gogri and Father of Shri R. C. Gogri and Smt. Hetal Gogri Gala	Non-executive Chairman, Promoter	451,945	–	72,000	523,945
Shri Rajendra V. Gogri#	Brother of Shri C. V. Gogri and Father of Shri Renil. R. Gogri	Chairman & M.D., Promoter	9,082,434*	11,087,975	–	20,170,409
Shri Shantilal T. Shah	–	Vice-chairman Non-executive, Promoter	–	–	236,000	236,000
Shri Rashesh C. Gogri@	Son of Shri C. V. Gogri, and brother of Smt. Hetal Gogri Gala	Vice-chairman & M.D., Promoter	6,327,971*	10,137,575	–	16,465,546
Shri Parimal H. Desai	–	Executive, Promoter	5,130,083*	1,912,750	–	7,042,833
Shri Manoj M. Chheda	–	Executive	7,105,941*	956,375	–	8,062,316
Shri Kirit R. Mehta	–	Executive	1,481,174	–	–	1,481,174
Smt. Hetal Gogri Gala	Daughter of Shri C. V. Gogri, and Sister of Shri R. C. Gogri	Executive, Promoter	7,102,167*	9,946,300	–	17,048,467
Shri Renil R. Gogri\$	Son of Shri R.V. Gogri	Executive, Promoter	2,416,329	4,214,025	–	6,630,354
Shri Laxmichand K. Jain	–	Non-executive, Independent	–	–	88,000	88,000
Shri Ramdas M. Gandhi	–	Non-executive, Independent	–	–	104,000	104,000
Shri Vijay H. Patil	–	Non-executive, Independent	–	–	104,000	104,000
Shri Haresh K. Chheda	–	Non-executive, Independent	–	–	96,000	96,000
Shri P. A. Sethi	–	Non-executive, Independent	–	–	88,000	88,000
Shri K.V.S. Shyam Sunder	–	Non-executive, Independent	–	–	80,000	80,000
Shri Bhavesh R. Vora	–	Non-executive, Independent	–	–	72,000	72,000
Shri Sunil M. Dedhia	–	Non-executive, Independent	–	–	48,000	48,000

* Includes one time assigned value of Keyman's Insurance Policy.

** Shri Chandrakant V. Gogri has retired from directorship and chairmanship w.e.f. 16th August, 2012.

Shri Rajendra V. Gogri has been appointed as a Chairman w.e.f. 16th August, 2012.

@ Shri Rashesh C. Gogri has been appointed as Vice-chairman & Managing Director w.e.f. 16th August, 2012.

\$ Shri Renil R. Gogri has been appointed as a whole-time Director w.e.f. 16th August, 2012.

Notes:

- Bonus for the financial year 2011-12 is paid in 2012-13.
- The above figures do not include contribution to Group Gratuity Fund, Group Medclaim & Group Personal Accident, as separate figures are not available for the Directors.
- All Executive Directors are appointed under contracts each for a period of five years and with termination notice period of 180 days.
- The Non-executive Directors, apart from receiving Directors' Remuneration by way of sitting fees, approved by the Board of Directors within the limit fixed and approved by the Shareholders, do not have any other material pecuniary relationship or transactions with the Company.
- The above figures do not include contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income-Tax law.

Shares held by Non-executive Directors in the Company as on 31st March, 2013

Name	Number of Shares held	% of Total Shareholding
Shri Shantilal T. Shah	1799691	2.27
Shri Ramdas M. Gandhi	26500	0.03
Shri Laxmichand K. Jain	13350	0.02
Shri Vijay H. Patil	7200	0.01
Shri Hareesh K. Chheda	2000	0.00
Shri P. A. Sethi	Nil	Nil
Shri K.V.S. Shyam Sunder	Nil	Nil
Shri Bhavesh R. Vora	Nil	Nil
Shri Sunil M. Dedhia	Nil	Nil

(6) GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as under:

Year	Day, Date & Time	Venue	Special Resolutions passed for
2010	Thursday, 16.09.2010 11.00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat	–
2011	Tuesday, 27.09.2011 11.00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat.	–
2012	Monday, 13.08.2012 11.00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat.	Special Resolution passed pursuant to Section 314 to hold and continue to hold an Office of Profit.

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

(7) MEANS OF COMMUNICATION

The Quarterly results were published in following Newspapers:

Financial Results for the quarter ended	Newspapers
30.06.2012	The Western Times in (English) edition and (Gujarati) edition published from Ahmedabad.
30.09.2012	The Western Times in (English) edition and (Gujarati) edition published from Ahmedabad.
31.12.2012	The Western Times in (English) edition and (Gujarati) edition published from Ahmedabad.
31.03.2013	The Western Times in (English) edition and (Gujarati) edition published from Ahmedabad.

All data required to be filed with the Stock Exchanges, such as Quarterly Financial Statements, Shareholding Pattern, Report on Corporate Governance are being available on www.corpfiling.co.in, in addition to the filing of the same with the Stock Exchanges.

(8) GENERAL SHAREHOLDERS INFORMATION
(a) The day, date, time & venue of the 30th Annual General Meeting:

Day	Date	Time	Venue
Monday	23 rd September, 2013	11.00 am	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat

(b) Financial Calendar:

Financial Year	1 st April to 31 st March
Adoption of Quarterly Results for the quarter ending:	
June, 2013	1 st /2 nd week of August, 2013
September, 2013	1 st /2 nd week of November, 2013
December, 2013	1 st /2 nd week of February, 2014
March, 2013	4 th /5 th week of May, 2014.
Dates of Book Closure (Both days inclusive)	16 th September, 2013 to 23 rd September, 2013



AARTI INDUSTRIES LIMITED

(c) Listing on Stock Exchanges:

Stock Exchange	Stock Code/Symbol
National Stock Exchange of India Limited	AARTIIND
Bombay Stock Exchange Limited	524208

(d) 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.

(e) Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the year 2013-2014.

(f) Dematerialisation status:

Equity Shares of the Company are traded compulsorily in Dematerialised Form and available for trading in the Depository Systems of both NSDL and CDSL. Security Code No. with NSDL and CDSL is – ISIN No. **INE-769A01020**. As on 31st March, 2013, **76928845** Equity Shares representing **97.23%** of the Paid-up Share Capital of the Company are held in dematerialised form.

(g) Share Transfer Agents & Address for Correspondence:

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

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

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

(h) Compliance Officer:

Smt. Mona Patel, Company Secretary

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

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

(i) Share Transfer System:

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

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

(j) Unclaimed Share Certificates:

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

Particulars	Demat		Physical	
	No of Shareholders	No of equity shares	No of shareholders (phase wise transfers)	Number of Equity Shares
Aggregate no of shareholders and the outstanding shares in the suspense account lying as on 7 th January, 2013.	580	407688	–	–
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	Nil	Nil	–	–
No of shareholders to whom shares were transferred from the suspense account during the year.	Nil	Nil	–	–
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2013.	580	407688	–	–

The voting rights on the shares outstanding in the suspense accounts as on 31st March, 2013 shall remain frozen till rightful owner of such shares claim the shares.

(9) MARKET PRICE DATA

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2012	72.70	60.00	398026	72.50	60.00	836268
May 2012	74.70	61.50	401203	74.30	63.00	858719
June 2012	75.45	65.10	313488	75.50	65.50	659833
July 2012	78.50	71.35	340206	78.50	71.00	590485
August 2012	75.95	70.00	208931	75.85	68.55	409933
September 2012	84.40	71.00	720047	84.30	70.75	944395
October 2012	95.15	77.25	841300	95.00	75.75	1559366
November 2012	98.00	87.50	621794	97.90	85.05	961416
December 2012	104.80	92.00	593748	106.00	91.90	1183057
January 2013	108.40	92.00	462380	108.45	90.65	977658
February 2013	102.30	83.00	200716	103.00	83.00	638012
March 2013	92.70	75.00	142513	96.00	74.65	363024

(10) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2013

Category	No. of Shares	%
Promoters – Indian	45066125	56.96
Bodies Corporate	1122272	1.42
Banks, Financial Institutions	12619	0.02
Mutual Funds	6553687	8.28
FII/NRI/OCB	197908	0.25
Public	26167462	33.07
TOTAL	79120073	100.00

Distribution of Shareholding as on 31st March, 2013

No of Shares	Shareholders		Shares	
	Number	%	Number	%
Less Than 1000	13157	80.12	3653973	4.62
1001-2000	2013	12.26	2692593	3.40
2001-4000	503	3.06	1453768	1.84
4001-6000	229	1.40	1161011	1.47
6001-8000	100	0.61	697882	0.88
8001-10000	64	0.39	603466	0.76
10001-20000	140	0.85	1966836	2.49
Above 20001	215	1.31	66890544	84.54
Total	16421	100.00	79120073	100.00

(11) REGISTERED OFFICE

Plot Nos. 801, 801/23, 802, 803/1-2-3, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat.

(12) PLANT LOCATIONS

- Plot Nos. 801, 801/23, 802, 803, 804/1-2-3, 801/15 to 19, 21 & 22, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 902, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 286/1, 285, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 22 / C / 1 & 2, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- Shed No. A1-6&9, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot No. 609 & 610, GIDC Estate, 100 Shed, Vapi – 396 195, Dist. Valsad, Gujarat.
- Plot Nos. 750-754, Sarigam Industrial Area, Sarigam, Tal. Umargaon, Dist. Valsad, Gujarat.



AARTI INDUSTRIES LIMITED

- (h) Plot Nos. 2701, 2703 Sarigam Industrial Area, Sarigam, Tal. Umargaon, Dist. Valsad, Gujarat,
- (i) Plot Nos. 2604, 2605 Sarigam Industrial Area, Sarigam, Tal. Umargaon, Dist. Valsad, Gujarat.
- (j) Plot Nos. 758/1, 2 & 3, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.
- (k) Plot Nos. 756/2 A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6 A&B, 756/7, 779, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.
- (l) Survey No. 1430/1, NH-8, Bhachau, Kutch, Gujarat.
- (m) Plot No. D-18, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (n) Plot No. E-50, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (o) Plot No. K - 17/18/19, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (p) Plot No. L – 5, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (q) Plot No. L – 8, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (r) Survey No. 193/1/4, 193/1/5, 193/1/6, Silvassa, Union Territory of Silvassa
- (s) Plot No. D – 53/54/60, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra
- (t) Plot Nos. 62, 63 & 64, Sagore, Pithampur Industrial Area, Sector-3, Pithampur, Dist.Dhar, Madhya Pradesh.

(13) CEO/CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by Managing Director (CEO) and Whole-time Director (CFO) was placed at the meeting of the Board of Directors held on 16.05.2013

(III) NON-MANDATORY REQUIREMENTS

REMUNERATION COMMITTEE

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

During the year 2012-13, two meetings of the Remuneration Committee were held on 16.05.2012 and 27.08.2012. The composition of the Remuneration Committee and other relevant details are given below:

Name of Directors	Category	No. of meetings attended
Shri Chandrakant V. Gogri*	Chairman, Non-executive	1
Shri Rajendra V. Gogri	Chairman & Managing Director, Executive	2
Shri Ramdas M. Gandhi	Independent	2
Shri Laxmichand K. Jain [#]	Chairman, Independent	2
Shri Vijay H. Patil	Independent	2

* Shri Chandrakant V. Gogri has be retired from directorship and chairmanship w.e.f. 16th August, 2012.

Shri Laxmichand K. Jain has been appointed as Chairman of the Committee w.e.f. 16th August, 2012.

For and Behalf of the Board

Sd/-

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai
Date: 16th May, 2013

CEO's Certification

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

For and Behalf of the Board

Sd/-

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai
Date: 16th May, 2013

Auditors' Certificate on Corporate Governance

CERTIFICATE

To the Members of
Aarti Industries Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Aarti Industries Ltd., for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

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

Place: Mumbai
Date: 16th May, 2013

Independent Auditors' Report

To the Members of AARTI INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AARTI INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by sub-section (3) Section 227 of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

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

Place: Mumbai
Date: 16th May, 2013

Annexure to Independent Auditors' Report

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

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. These fixed assets were physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification. Substantial part of fixed assets has not been disposed of during the year, which will affect its status as a going concern.
- (ii) The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties, confirmation of such stocks with third parties has been obtained by the Company. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material; however, the same have been properly dealt with the books of account.
- (iii)
 - (a) The Company has granted loans to two parties covered in register maintained under section 301 of the Companies Act, 1956. The year end balance of loans given was ` 371.48 lakhs and maximum outstanding balance during the year was ` 499.00 lakhs.
 - (b) The Company has not taken loans from Companies covered in the register maintained under section 301 of the Companies Act, 1956.
 - (c) In our opinion, the rate of interest and other terms and conditions on which the loans have been given to the companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- (v) In case of transactions exceeding the value of the five lakhs rupees in the financial year in respect of any party – (a) The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered. (b) In our opinion, each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has accepted deposits from the public. In our opinion, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, where applicable, have been complied with. National Company Law Tribunal has not passed any order in respect of public deposits accepted by the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Company has maintained cost records as required under Section 209 (1)(d) of the Companies Act, 1956. We have not, however, carried out a detailed examination of such records.
- (ix)
 - (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities,

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

Name of the Statute/Nature of Dues	Period to which the amounts relates	Forum where disputes is pending (` in lakhs)		Total (` in Lakhs)
		Commissionerate	Appellate Authorities & Tribunals	
The Central Excise Act,1944/Custom Duty/Service Tax/Interest & penalty	From 2001-02 to 2012-13	2,099.09	251.92	2,351.01
Income Tax Act/Tax Interest & Penalty	From 2004-05 to 2010-11	535.38	–	535.38
Total		2,634.47	251.92	2,886.39

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

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

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

Place: Mumbai
 Date: 16th May, 2013

Balance Sheet as at 31st March, 2013

(` in Lakhs)

Particulars	Note No.	As at 31 st March, 2013		As at 31 st March, 2012
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	1	3,956.00		3,956.00
(b) Share Capital pending allotment upon Scheme of Arrangement	1-A	473.58		NIL
(c) Reserves and Surplus	2	63,234.52		47,309.67
			67,664.10	51,265.67
Non-Current Liabilities				
(a) Long-Term Borrowings	3	11,674.07		10,287.14
(b) Deferred Tax Liabilities (Net)	4	7,070.92		5,545.50
(c) Other Long-Term Liabilities	5	20.37		18.52
(d) Long-Term Provisions	6	21,716.61		17,216.61
			40,481.97	33,067.77
Current Liabilities				
(a) Short-Term Borrowings	7	68,500.84		48,233.04
(b) Trade Payables		21,584.61		17,461.02
(c) Other Current Liabilities	8	6,376.29		4,750.52
(d) Short-Term Provisions	9	2,680.34		2,056.31
			99,142.08	72,500.89
TOTAL			207,288.15	156,834.33
ASSETS				
Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	10	66,409.88		43,007.61
(ii) Intangible Assets		12.73		316.00
(iii) Capital Work-in-Progress		6,200.83		5,442.23
(b) Non-Current Investments	11	1,859.52		2,107.11
(c) Long-Term Loans and Advances	12	31,262.40		24,025.87
			105,745.36	74,898.82
Current Assets				
(a) Inventories	13	46,212.30		32,584.77
(b) Trade Receivables	14	42,865.28		40,694.81
(c) Cash and Cash Equivalents	15	971.06		880.56
(d) Short-Term Loans and Advances	16	8,964.38		5,951.28
(e) Other Current Assets	17	2,529.77		1,824.09
			101,542.79	81,935.51
TOTAL			207,288.15	156,834.33
Summary of Significant Accounting Policies and other Explanatory Information				
	25-36			

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 16th May, 2013

Sd/-
MONA PATEL
COMPANY SECRETARY

Statement of Profit and Loss for the year ended 31st March, 2013

(` in Lakhs)

Particulars	Note No.	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
Revenue from Operations	18	209,611.76	167,331.07
Other Income	19	439.61	283.62
Total Revenue		210,051.37	167,614.69
Expenses:			
Cost of Materials Consumed (Incl. Packing, Fuel, Stores & Spares)	20	126,227.25	97,875.76
Purchases of Stock-in-Trade		9,311.78	14,048.61
Changes in inventories of Finished Goods Work-in-Progress and Stock-in-Trade	21	(7,106.89)	(2,354.17)
Employee Benefits Expenses	22	6,361.37	4,552.27
Finance Costs	23	9,499.80	7,150.84
Depreciation and Amortisation Expenses		8,180.04	5,396.89
Other Expenses	24	39,193.68	28,744.31
Total Expenses		191,667.03	155,414.51
Profit before Tax		18,384.34	12,200.18
Tax Expense:			
(1) Current Tax		4,500.00	3,230.00
(2) Deferred Tax		750.00	251.57
Profit after Tax		13,134.34	8,718.61
Earnings Per Equity Share (EPS) (in `)	32		
Basic/Diluted		14.83	11.36
Summary of Significant Accounting Policies and other Explanatory Information	25-36		

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 16th May, 2013

Sd/-
MONA PATEL
COMPANY SECRETARY

SIGNIFICANT ACCOUNTING POLICIES:

Pursuant to the approval of the Scheme of Arrangement of Demerger of Manufacturing Activities of Anushakti Chemicals & Drugs Ltd. with the Company, by the Hon'ble High Courts at Ahmedabad and Bombay on 8th March, 2013 & 8th February, 2013 respectively, the Scheme has become effective from 1st April, 2012. As a result, the financial statements as at 31st March, 2013 have been drawn up considering the effect of the aforesaid Scheme.

(a) Accounting Basis:

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

(b) Revenue Recognition:

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

(c) Fixed Assets and Depreciation:

(1) Fixed Assets

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

(2) Depreciation

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

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

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

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

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

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

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

(d) Investments:

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

(e) Valuation of Inventories:

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

Inventories have been valued on the following basis:

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

(f) Retirement Benefits:

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

(g) Foreign Currency Transactions:

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

(h) Research and Development:

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

(i) Operating Lease:

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

(j) Deferred Revenue Expenditure:

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

(k) Deferred Tax:

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

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

(l) Borrowing Costs:

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

(m) Provisions and Contingent Liabilities:

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

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

(n) Principles of Scheme of Arrangement & Disclosures:

- In terms of the Scheme of Arrangement approved by the Hon'ble High Courts at Ahmedabad and Bombay, the Manufacturing Activities of Anushakti Chemical & Drugs Ltd., is demerged and vested in the Company with effect from 1st April, 2012 on going concern basis.
- Pursuant to the Scheme being approved, the Assets and Liabilities of the Manufacturing Undertaking of Anushakti Chemicals & Drugs Ltd. have been vested into the Company at its respective book values. All intra Company transactions and balances have been eliminated in the course of aforesaid Scheme of Arrangement.
- The Financial Statements of Aarti Industries Ltd. have been drawn using uniform accounting policies for like transactions and other events in similar circumstances.
- The difference, being the excess of the book value of the net assets of Manufacturing Arm of Anushakti Chemicals & Drugs Ltd. over the shares to be allotted by the Company has been adjusted into Capital Reserve of the Company.

Notes on Financial Statements for the year ended 31st March, 2013

	As at 31 st March, 2013	As at 31 st March, 2012
1. SHARE CAPITAL:		
Authorised Capital		
12,50,00,000 Equity Shares of ` 5/- each	6,250.00	6,250.00
Issued, Subscribed & Paid up		
7,91,20,073 Equity Shares of ` 5/- each fully paid up (previous year 7,91,20,073 Equity Shares of ` 5/- each fully paid up)	3,956.00	3,956.00
TOTAL	3,956.00	3,956.00

1.1 Reconciliation of the number of shares outstanding as on 31st March, 2013:

Particulars	No. of Shares outstanding	
	As at 31 st March, 2013	As at 31 st March, 2012
Equity shares at the beginning of the year	79,120,073	76,720,073
Add: Shares Issued during the year	NIL	2,400,000
Less: Shares buy back during the year	NIL	NIL
Equity shares at the end of the year	79,120,073	79,120,073

1.2 Details of Shareholders holding more than 5% shares:

Name of Shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares held	% held	No. of Shares held	% held
Anushakti Holdings Ltd.	6,198,600	7.83	6,198,600	7.83
HDFC Trustee Company Ltd. – HDFC Prudence Fund	6,132,810	7.75	6,132,810	7.75
Gogri and Sons Investments Pvt. Ltd.	4,844,613	6.12	4,545,686	5.75
Alchemie Leasing & Financing Pvt. Ltd.	4,341,655	5.49	4,176,800	5.28

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

Particulars	Financial Year				
	2012-13	2011-12	2010-11	2009-10	2008-09
No. of Equity Shares outstanding: (Refer Note 1.4)	79,120,073	79,120,073	76,720,073	76,720,073	72,809,424

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

- [a] 8,43,649 (previous year – 8,43,649) were issued to Shareholders of Surfactant Specialities Ltd pursuant to its Merger with the Company.
- [b] 42,000 (previous year – 42,000) were issued to Shareholders of Avinash Drugs Ltd pursuant to its Merger with the Company.
- [c] 30,25,000 (previous year – 30,25,000) were issued towards Preferential allotment at a premium of ` 30.65 paise to Warrantholders.
- [d] 24,00,000 (previous year – 24,00,000) have been issued towards Preferential allotment at a premium of ` 53/- to Warrantholders.

1.A SHARE CAPITAL PENDING ALLOTMENT UPON SCHEME OF ARRANGEMENT

	As at 31 st March, 2013	As at 31 st March, 2012
94,71,614 Shares are to be issued and allotted to shareholders of Anushakti Chemicals & Drugs Ltd. Pursuant to the terms of the Scheme of Arrangement approved by the Honorable High Courts at Ahmedabad and Bombay vide their order dated 8 th March, 2013 & 8 th February, 2013 respectively.	473.58	NIL
TOTAL	473.58	NIL

Notes on Financial Statements for the year ended 31st March, 2013

2. RESERVE AND SURPLUS

(` in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2013		As at 31 st March, 2012
a.	Capital Reserves			
	Opening Balance	2.08		2.08
	Addition pursuant to the Scheme of Arrangement	6,919.63		NIL
	Deduction	NIL		NIL
	Closing Balance		6,921.71	2.08
b.	Capital Redemption Reserve			
	Opening Balance	55.33		55.33
	Addition	NIL		NIL
	Deduction	NIL		NIL
	Closing Balance		55.33	55.33
c.	Securities Premium Account			
	Opening Balance	2,199.16		927.16
	Addition : On issue of Shares (upon conversion of warrants)	NIL		1,272.00
	Deduction	NIL		NIL
	Closing Balance		2,199.16	2,199.16
d.	General Reserve			
	Opening Balance	9,409.32		8,529.32
	Addition	1,315.00		880.00
	Deduction	NIL		NIL
	Closing Balance		10,724.32	9,409.32
e.	Profit and Loss Account			
	Opening balance	34,330.84		29,640.13
	Addition :-			
	Net Profit/(Net Loss) For the current year	13,134.34		8,718.61
	Deduction :-			
	Proposed Dividend	1,107.40		1,186.80
	1 st Interim Dividend	1,328.88		1,534.40
	2 nd Interim Dividend	1,107.40		NIL
	Tax on Dividend	585.44		426.70
	Transfer to General Reserve	1,315.00		880.00
	Closing Balance		42,021.06	34,330.84
f.	Other Reserves			
	State Investment Subsidy	51.82		51.82
	Amalgamation Reserve	1,076.55		1,076.55
	Forfeiture Reserve	184.57		184.57
	Closing Balance		1,312.94	1,312.94
	TOTAL		63,234.52	47,309.67

Notes on Financial Statements for the year ended 31st March, 2013

3. LONG-TERM BORROWINGS:

(` in Lakhs)

Description	As at 31 st March, 2013		As at 31 st March, 2012	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	11,579.93	4,307.84	10,133.08	3,857.48
(b) Vehicle Loans from Banks/Financial Institution	51.24	54.87	94.22	53.29
Unsecured				
(a) Deposits	42.90	44.50	59.84	27.56
TOTAL	11,674.07	4,407.21	10,287.14	3,938.33

- 3.1 (a) Out of the total ECB/Term Loans from Banks/Financial Institutions to ` 15,887.77 Lakhs, outstanding Term Loan/ECB to the extent of ` 10,409.16 Lakhs, are secured/to be secured by way of Pari Passu Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi and Jhagadia in the State of Gujarat and further by way of Pari Passu hypothecation of the moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated. Term Loan from Citibank to the extent of ` 2,715.00 Lakhs is secured by way of exclusive charge on the moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts, inventories and other current assets) situated at the new hydrogenation unit at Jhagadia. ECB from DBS Bank to the extent of ` 2,036.25 Lakhs is secured by way of Joint Equitable Mortgage of the Company's immovable properties situated at Bhachau, in the State of Gujarat and further by way of Pari Passu hypothecation of the moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts, inventories and other current assets) situated at the same unit. Term Loan from IndusInd Bank to the extent of ` 250.00 Lakhs is secured by way of Joint Equitable Mortgage of the one of Company's immovable properties situated at Tarapur, in the State of Maharashtra and further by way of Pari Passu hypothecation of the moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts, inventories and other current assets) situated at the same unit. Term Loan of ` 477.36 Lakhs from Financial Institution is secured by way of exclusive charge on specific ISO-Tanks used for company's operations.

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

3.2 Repayment Terms:

(` in Lakhs)

Description	Repayment Tenor			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
ECB/Term Loans from Banks/Financial Institutions	5,325.18	4,897.25	678.75	678.75
Vehicle Loans from Banks/Financial Institutions	51.24	NIL	NIL	NIL

4. DEFERRED TAX LIABILITIES (NET):

Deferred Tax Liabilities

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

Deferred Tax Assets

Items allowed for tax purpose on payment

Deferred Tax Liabilities (Net)

*Inclusive of the liability takeover pursuant to the Scheme of Arrangement.

5. OTHER LONG-TERM LIABILITIES:

Unsecured Loan From Others

TOTAL

(` in Lakhs)

As at 31 st March, 2013	As at 31 st March, 2012
6,320.92*	5,293.93
994.95	384.79
(244.95)	(133.22)
7,070.92	5,545.50
20.37	18.52
20.37	18.52

Notes on Financial Statements for the year ended 31st March, 2013

	As at 31 st March, 2013	As at 31 st March, 2012
6. LONG-TERM PROVISIONS:		
Provision for Tax	21,716.61	17,216.61
TOTAL	21,716.61	17,216.61
7. SHORT-TERM BORROWINGS:		
Secured		
(I) Working capital Loan From Banks	58,729.14	36,602.79
	58,729.14	36,602.79
Unsecured		
(I) From Banks	9,473.45	11,580.25
(II) From Others	298.25	50.00
	9,771.70	11,630.25
TOTAL	68,500.84	48,233.04

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

	As at 31 st March, 2013	As at 31 st March, 2012
8. OTHER CURRENT LIABILITIES:		
(a) Current Maturities of long-term debt (Refer Note 3)	4,307.84	3,857.48
(b) Current Maturities of Vehicle Loan (Refer Note 3)	54.87	53.29
(c) Current Maturities of Deposit (Refer Note 3)	44.50	27.56
(d) Interest accrued but not due on borrowings	10.19	98.50
(e) Unpaid Dividends	151.06	127.31
(f) Deposits	18.65	18.65
(g) Sales Tax Deferred Liability	136.62	NIL
(h) Other Current Liability & Taxes	1,652.56	567.73
TOTAL	6,376.29	4,750.52
9. SHORT-TERM PROVISIONS:		
Provisions for		
Employees' Benefits	1,080.01	686.81
Proposed Dividend & Tax thereon	1,600.33	1,369.50
TOTAL	2,680.34	2,056.31

Notes on Financial Statements for the year ended 31st March, 2013

10. FIXED ASSETS:

₹ in Lakhs

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	Balance as at 1 st April 2012	Addition on account of Scheme of Arrangement	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31 st March, 2013	Balance as at 1 st April 2012	Addition on account of Scheme of Arrangement	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31 st March, 2013	Balance as at 31 st March, 2012
(i) Tangible Assets											
Free hold Land	47.62	84.58	224.26	NIL	356.46	NIL	23.03	2.72	NIL	330.71	47.62
Lease Hold Land	1,817.34	246.49	190.43	NIL	2,254.26	176.69	NIL	28.55	NIL	2,049.02	1,640.65
Buildings	6,210.22	892.54	1,348.83	43.25	8,408.34	1,948.03	201.45	374.59	7.01	5,891.28	4,262.19
Plant and Equipment	71,419.90	12,786.14	20,190.05	291.41	104,104.68	35,065.00	4,718.12	6,993.21	58.05	46,718.28	36,354.90
Furniture and Fixtures	1,203.40	43.75	165.55	NIL	1,412.70	941.03	80.73	111.88	NIL	1,133.64	262.37
Vehicles	1,070.56	115.92	103.20	NIL	1,289.68	630.68	44.03	141.56	NIL	816.27	439.88
TOTAL (i)	81,769.04	14,169.42	22,222.32	334.66	117,826.12	38,761.43	5,067.36	7,652.51	65.06	51,416.24	43,007.61
(ii) Intangible Assets											
Process Development	1,580.00	416.39	NIL	NIL	1,996.39	1,264.00	416.39	316.00	NIL	1,996.39	316.00
Technical Knowhow	7.57	NIL	NIL	NIL	7.57	7.57	NIL	NIL	NIL	7.57	NIL
Goodwill	NIL	615.92	NIL	NIL	615.92	NIL	410.61	205.31	NIL	615.92	NIL
Computer Software	NIL	38.40	NIL	NIL	38.40	NIL	19.44	6.23	NIL	25.67	NIL
Copyrights and Patents	NIL	965.50	NIL	NIL	965.50	NIL	965.50	NIL	NIL	965.50	NIL
TOTAL (ii)	1,587.57	2,036.21	NIL	NIL	3,623.78	1,271.57	1,811.94	527.54	NIL	3,611.05	316.00
GROSS TOTAL (i + ii)	83,356.61	16,205.63	22,222.32	334.66	121,449.90	40,033.00	6,879.30	8,180.05	65.06	55,027.29	43,323.61
PREVIOUS YEAR	73,843.27	NIL	9,572.54	59.21	83,356.60	34,645.20	NIL	5,396.89	9.10	40,032.99	NIL
(iii) Capital Work-in-Progress											
										6,200.83	5,442.23

- 10.1 Gross Block of Plant & Machinery includes assets given on Lease with Gross Block ` 163.95 Lakhs as on 31<sup>st</sup> March, 2013 (previous year ` 163.95 Lakhs)
- 10.2 Additions to Gross Block includes an amount of ` 807.99 Lakhs (previous year ` 668.81 Lakhs) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year.
- 10.3 Process Development is being amortized over a period of 5 years (This year being the last year, the balance had been completely amortized during the current year).
- 10.4 Goodwill (as carried over from M/s Anushakti Chemicals & Drugs Ltd pursuant to the Scheme of Arrangement) has been amortized over a period of 3 years (This year being the last year, the balance had been completely amortized during the current year).
- 10.5 Current year depreciation includes ` 97.47 Lakhs (previous year ` 87.44 Lakhs) on Assets deployed for Research & Development.

Notes on Financial Statements for the year ended 31st March, 2013

11. NON-CURRENT INVESTMENTS:

(₹ in Lakhs)

Name of the Company	Number of Units / Shares (All fully paid up)				As at 31 st March, 2013	As at 31 st March, 2012
	Opening Balance	Acquisitions During the year	Disposals During the year	Closing Balance		
<u>Trade Investments – (Quoted) in Equity Shares</u>						
Aarti Drugs Ltd.	651,059	NIL	NIL	651,059	104.17	104.17
Bank of India*	NIL	285	NIL	285	1.70	NIL
Glenmark Pharmaceuticals Ltd.*	NIL	400	NIL	400	1.33	NIL
					107.20	104.17
<u>Trade Investments – (Unquoted) in Equity shares of Associate Companies</u>						
Anushakti Holdings Ltd.	8,846,490	NIL	NIL	8,846,490	290.51	290.51
Anushakti Chemicals & Drugs Ltd.	15,529,136	NIL	NIL	15,529,136	751.21	751.21
Ganesh Polychem Ltd.	1,970,621	NIL	NIL	1,970,621	77.06	77.06
Alchemie Europe Ltd.	40,000	NIL	NIL	40,000	25.54	25.54
					1,144.32	1,144.32
<u>Investments – (Unquoted) in Equity Shares</u>						
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	NIL	NIL	1,020	0.51	0.51
Damanganga Saha Khand Udyog Mandali Ltd.	61	NIL	NIL	61	1.22	1.22
Narmada Clean Tech Ltd.	102,230	NIL	NIL	102,230	13.26	13.26
Dilesh Roadlines Pvt. Ltd.	114,000	NIL	NIL	114,000	11.40	11.40
Indusken Pharmaceuticals Pvt. Ltd.	200,000	NIL	NIL	200,000	20.00	20.00
U.K.I.P. Co-Op. Soc. Ltd.	35	NIL	NIL	35	0.02	0.02
Perfect Enviro Control Systems Ltd.	36,800	NIL	NIL	36,800	3.68	3.68
					50.09	50.09
<u>Investments – (Unquoted) in Preference Shares</u>						
Anushakti Chemicals & Drugs Ltd.	147,000	NIL	147,000	NIL	NIL	1.47
					NIL	1.47
<u>Investments – (Unquoted) in Subsidiary Companies</u>						
Aarti Corporate Services Ltd.	2,024,680	NIL	NIL	2,024,680	172.91	172.91
Nascent Chemical Industries Ltd	302,920	NIL	302,920	NIL	NIL	249.65
					172.91	422.56
<u>Investments – (Unquoted) in Limited Liability Partnership</u>						
Aarti Udyog Limited Liability Partnership	NA	NA	NA	NA	380.00	380.00
Anushakti Specialities Limited Liability Partnership	NA	NA	NA	NA	5.00	4.50
					385.00	384.50
TOTAL					1,859.52	2,107.11

*Investment takeover pursuant to the Scheme of Arrangement.

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

As on 31 st March, 2013	935.35
As on 31 st March, 2012	665.71

Notes on Financial Statements for the year ended 31st March, 2013

	(` in Lakhs)	
	As at 31 st March, 2013	As at 31 st March, 2012
12. LONG-TERM LOANS AND ADVANCES:		
a. Capital Advances	1,072.15	1,752.10
b. Deposits with Related Parties (Refer Note 31)	NIL	400.00
c. Other Deposits	1,211.59	772.58
d. Other loans and advances		
Loans & Advances (Employees)	726.98	575.35
Loans & Advances (Others)	3,219.22	802.09
Advance Tax and Tax Deducted at Source	25,032.46	19,723.75
TOTAL	31,262.40	24,025.87
13. INVENTORIES:		
a. Raw Materials and Components (incl In-transit stock)	14,368.90	11,397.59
b. Work-in-progress Finished Goods	15,010.57	9,848.14
c. Finished Goods (incl In-transit stock)	14,611.69	9,567.86
d. Stock-in-trade	1,038.73	177.90
e. Stores and spares	531.85	376.03
f. Fuel (incl In-transit stock)	360.13	982.33
g. Packing Materials	290.43	234.92
TOTAL	46,212.30	32,584.77
13.1 IN-TRANSIT INVENTORIES:		
Raw Materials	1,744.85	1,181.10
Finished Goods	1,384.28	1,005.63
Fuel	157.97	558.72
14. TRADE RECEIVABLES:		
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	39,847.79	38,456.49
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	3,017.49	2,238.32
TOTAL	42,865.28	40,694.81
15. CASH AND CASH EQUIVALENTS:		
Cash on hand	188.56	65.60
Bank balance in Current Accounts	390.27	436.91
Bank deposits kept as Margin Money	241.17	250.74
Earmarked Balances (Unpaid Dividend Accounts)	151.06	127.31
TOTAL	971.06	880.56
16. SHORT-TERM LOANS AND ADVANCES:		
(a) Advance to Related Party (Refer Note 31)	340.35	432.40
(b) Others		
Balances with Custom, Port Trust, Excise & VAT Authorities	8,624.03	5,518.88
TOTAL	8,964.38	5,951.28
17. OTHER CURRENT ASSETS:		
Others Receivables	1.69	13.99
Prepaid Insurance	236.35	88.06
Subsidy Receivable	1,739.08	1,448.10
Gratuity Receivable	15.43	34.49
Insurance Claim Receivable	537.22	239.45
TOTAL	2,529.77	1,824.09

Notes on Financial Statements for the year ended 31st March, 2013

		(` in Lakhs)
	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
18. REVENUE FROM OPERATIONS (Refer Note 18.1):		
Sale of Products	223,093.75	174,084.43
Sale of Services	424.57	393.98
Other Operating Revenues (Refer Note 18.2)	3,860.58	4,104.57
GROSS REVENUE OPERATIONS	227,378.90	178,582.98
Less: Excise Duty/Vat	17,767.14	11,251.91
NET REVENUE FROM OPERATIONS	209,611.76	167,331.07
18.1 NET SALES & OPERATING REVENUES:		
<u>Local Sales:</u>		
Performance Chemicals	58,046.71	47,167.21
Agri-Intermediates & Fertiliser	23,157.18	23,888.16
Pharmaceuticals	9,514.39	9,853.89
Home & Personal Care Chemicals	12,932.92	13,748.61
Total (A)	103,651.20	94,657.87
<u>Export Sales:</u>		
Performance Chemicals	73,900.80	49,630.74
Agri-Intermediates & Fertiliser	20,661.01	14,342.59
Pharmaceuticals	9,169.40	6,607.69
Home & Personal Care Chemicals	2,229.35	2,092.18
Total (B)	105,960.56	72,673.20
TOTAL (A+B)	209,611.76	167,331.07
18.2 OTHER OPERATING REVENUES:		
Export Benefits	748.97	314.43
Fertilizers Subsidy Received	2,397.33	3,400.09
Vat Refund Received	NIL	102.52
Insurance Claim Received	248.59	NIL
Scrap Sales	465.69	287.53
TOTAL	3,860.58	4,104.57
19. OTHER INCOME:		
Dividend Received	119.21	59.63
Profit on Sale of Assets	57.93	20.55
Profit on Sale of Investments	13.32	142.86
Lease Rent Income	36.32	38.21
Other Income	212.83	22.37
TOTAL	439.61	283.62

Notes on Financial Statements for the year ended 31st March, 2013

		(` in Lakhs)
	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
20. COST OF MATERIALS CONSUMED:		
Consumption of Raw Materials	110,139.73	84,444.52
Consumption of Packing Materials	3,180.51	2,549.50
Consumption of Fuel	9,193.57	8,483.32
Consumption of Stores & Spares	3,713.44	2,398.42
TOTAL	126,227.25	97,875.76
21. CHANGE IN INVENTORY:		
<u>Opening Stock</u>		
Finished Goods	11,346.00	8,415.95
Work-in-Process	12,208.11	8,823.79
Total (A)	23,554.11	17,239.74
<u>Closing Stock</u>		
Finished Goods	15,650.43	9,745.77
Work-in-Process	15,010.57	9,848.14
Total (B)	30,661.00	19,593.91
TOTAL (A-B)	(7,106.89)	(2,354.17)
22. EMPLOYEE BENEFITS:		
Salaries, Wages & Bonus	5,791.81	4,167.45
Contribution to PF and other Funds	195.94	139.85
Workmen & Staff Welfare Expenses	373.62	244.97
TOTAL	6,361.37	4,552.27
22.1 DIRECTORS' REMUNERATION:		
Salary	157.73	84.46
House Rent Allowance	18.04	16.28
Contribution to PF	18.19	10.02
Value of Perquisites	0.70	0.90
Ex-Gratia/ Super Annuation Fund	31.58	18.99
Keyman Insurance Assigned	188.79	NIL
Commission	382.55	248.36
TOTAL	797.58	379.01
23. FINANCE COST:		
Interest Expenses	8,719.83	6,717.41
Other Borrowing Costs	779.97	433.43
TOTAL	9,499.80	7,150.84

Notes on Financial Statements for the year ended 31st March, 2013

	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
(` in Lakhs)		
24. OTHER EXPENSES:		
<u>Manufacturing Expenses:</u>		
Freight, Cartage & Transport	6,243.90	5,070.91
Power	5,587.12	4,161.96
Water Charges	564.36	437.31
Processing Charges	1,171.17	1,434.30
Other Manufacturing Expenses	5,507.57	4,277.53
Repairs & Maintenance	3,003.60	1,844.44
Insurance Charges	269.13	142.04
Research & Development Expense	777.96	334.24
Factory Administrative Expenses	1,259.63	782.62
Total (A)	24,384.44	18,485.35
<u>Office Administrative Expenses:</u>		
Rent, Rates and Taxes	153.00	125.31
Travelling and Conveyance	312.63	270.84
Auditor's Remuneration (Refer Note 24.1)	15.06	10.56
Legal & Professional Charges	204.21	106.06
Postage, Telegraph & Telephone	63.94	80.42
Printing & Stationery Expenses	42.76	36.46
Other Administrative Expenses	583.68	297.11
Total (B)	1,375.28	926.76
<u>Selling & Distribution Expenses:</u>		
Advertisement & Sales Promotion	350.74	254.48
Export Freight Expenses	5,437.94	3,667.77
Freight and Forwarding Expenses	5,107.47	3,581.87
Commission	820.15	623.35
Export Insurance Charges	110.08	89.80
Sample Testing & Analysis Charges	46.62	43.81
Bad Debts Written Off	148.66	223.10
Discount Given	1,023.45	674.73
Sundry Balance Written Off/(Back)	23.40	29.11
Total (C)	13,068.51	9,188.02
<u>Non-Operating Expenses:</u>		
Donation	346.85	143.92
Loss on Sale of Investment	12.14	NIL
Loss on Sale of Assets	6.46	0.26
Total (D)	365.45	144.18
TOTAL (A+B+C+D)	39,193.68	28,744.31
24.1 AUDITOR'S REMUNERATION:		
Audit Fees	11.00	7.50
Certification Charges	2.22	1.91
Service Tax Charges	1.46	0.96
Out of Pocket Expenses	0.38	0.19
TOTAL	15.06	10.56

Notes on Financial Statements for the year ended 31st March, 2013

(` in Lakhs)

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

(i) Contingent Liabilities:

	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
(a) Claims against the company not acknowledged as Debts	3,870.11	2,198.28
(b) Letters of Credit, Bank Guarantees & Bills Discounted	8,052.43	4,401.76
	11,922.54	6,600.04

(ii) Commitments:

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	3,697.63	1,112.03
	3,697.63	1,112.03

TOTAL

15,620.17	7,712.07
------------------	-----------------

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, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

27. Interest received of ` 411.98 Lakhs (Tax Deducted at Source ` 9.21 Lakhs) [previous year ` 104.17 Lakhs (Tax Deducted at Source ` 8.98 Lakhs)] is netted off against interest paid on Working Capital.

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

29. RESEARCH & DEVELOPMENT ACTIVITIES:

(` in Lakhs)

EXPENDITURE	As at 31 st March, 2013	As at 31 st March, 2012
Revenue	777.69	334.24
Capital	230.90	26.68

Notes on Financial Statements for the year ended 31st March, 2013

30. SEGMENT REPORTING:

(` in Lakhs)

Sr. No.	Particulars	Financial Year 2012-13	Financial Year 2011-12
(A)	Segment Revenue:		
	a) Performance Chemicals	131,947.51	96,797.95
	b) Agri-Intermediates & Fertiliser	43,818.20	38,230.75
	c) Pharmaceuticals	18,683.79	16,461.58
	d) Home & Personal Care Chemicals	15,162.27	15,840.79
	Total	209,611.77	167,331.07
	Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
	a) Performance Chemicals	23,587.27	14,179.82
	b) Agri-Intermediates & Fertiliser	8,308.46	7,541.21
	c) Pharmaceuticals	944.58	418.75
	d) Home & Personal Care Chemicals	503.02	492.22
	Total (A)	33,343.33	22,632.00
	Less: Interest	9,499.80	7,150.84
	Other Unallocable Expenditure (Net)	5,459.19	3,280.98
	Total (B)	14,958.99	10,431.82
	Total Profit before Tax (A-B)	18,384.34	12,200.18
(B)	Secondary Segments: Geographical Segments		
	a) India	103,651.21	98,932.84
	b) Out of India	105,960.56	68,398.23
	Total	209,611.77	167,331.07

Segmental Capital Employed:

Fixed Assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the Fixed Assets and services are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to Capital Employed.

Notes on Financial Statements for the year ended 31st March, 2013

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

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

1. Aarti Corporate Services Ltd.
2. Nascent Chemical Industries Ltd. (Through its holding Company: Aarti Corporate Services Ltd.)
3. Shanti Intermediates Pvt. Ltd. (Through its holding Company: Aarti Corporate Services Ltd.)
4. Anushakti Specialties Limited Liability Partnership

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

1. Ganesh Polychem Ltd.
2. Anushakti Chemicals and Drugs Ltd.
3. Anushakti Holdings Ltd.
4. Alchemie (Europe) Ltd.

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

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

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

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

Notes on Financial Statements for the year ended 31st March, 2013

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

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

(` in Lakhs)

Sr. No.	Description of Transaction	Year	Subsidiary Companies [I]	Associated [II]	Other related Enterprises Firms [III]
1.	Sales of Finished Goods	CY	13.27	10,032.79	2,270.11
		PY	–	11,885.21	755.41
2.	Purchases of Raw Materials/Finished Goods	CY	395.82	292.46	48.60
		PY	–	14,729.00	14.98
3.	Other Manufacturing Expenses	CY	1,018.04	–	659.68
		PY	534.26	372.39	730.31
4.	Rent paid	CY	–	–	51.00
		PY	–	300.00	48.00
5.	Other Income	CY	–	–	3.00
		PY	–	–	–
6.	Sale of Investments	CY	242.01	–	–
		PY	–	–	–
7.	Purchase of Fixed Assets	CY	–	–	–
		PY	–	14.48	–
8.	Inter-corporate Deposits given/(Received back) during the year	CY	–	(150.00)	–
		PY	–	400.00	–
9.	Interest Expense on the Inter-corporate Deposits taken	CY	–	–	23.32
		PY	–	–	–
10.	Interest Income on the Inter-corporate Deposits placed/unsecured loans	CY	–	60.00	–
		PY	–	32.40	–
11.	Dividend Received	CY	60.58	58.60	–
		PY	30.29	29.30	–
12.	Equity Contribution/(Disposal) in cash or in kind made during the year	CY	–	–	–
		PY	249.65	(22.94)	–
13.	Conversion of Equity Share Warrants (Premium)	CY	–	–	–
		PY	–	924.00	–
14.	Profit / (Loss) on sale of investments	CY	(11.65)	–	–
		PY	–	–	–
15.	Allotment of Equity Shares on conversion of Warrants	CY	–	–	–
		PY	–	120.00	–
16.	Outstanding items pertaining to the related parties at the balance sheet date – Receivable/(Payable)	CY	1,199.00	5,659.49	1,072.11
		PY	274.92	8,480.17	451.13

Notes on Financial Statements for the year ended 31st March, 2013

		(` in Lakhs)	
(B) Details relating to persons referred to in item IV above*		Financial Year 2012-13	Financial Year 2011-12
a.	Directors' Remuneration including perquisites [#]	416.76	132.38
b.	Commission to Directors	382.55	248.36
c.	Sitting Fees	3.08	3.16
d.	Rent paid	81.69	75.33
e.	Travelling Expenses	86.64	83.03
f.	Telephone Expenses	5.53	3.83
TOTAL		976.25	546.09

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

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

32. EARNING PER SHARE (EPS):

		Financial Year 2012-13	Financial Year 2011-12
Net Profit available for Equity Shareholders	(` in Lakhs)	13,134.34	8,718.61
No. of Equity Shares	(Nos.)	88,591,687*	76,752,950
Basic & Diluted EPS	(`)	14.83	11.36
Nominal Value of Equity Share	(`)	5.00	5.00

Note:

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

33. EMPLOYEE BENEFITS:

Defined Benefit Plan

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

		(` in Lakhs)	
Particulars		Gratuity (funded) 2012-13	Gratuity (funded) 2011-12
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation			
Defined Benefit Obligation at beginning of the Year		423.38	343.58
Current Service Cost		39.67	34.35
Interest Cost		37.05	28.34
Actuarial(gain)/ loss		94.26	23.53
Benefits Paid		(22.48)	(6.42)
Defined Benefit Obligation at year end		571.88	423.38
b. Reconciliation of opening and closing balances fair value of plan assets			
Fair value of plan assets at beginning of the year		421.02	312.17
Expected return of plan assets		36.21	24.97
Actuarial(gain)/loss		5.33	9.12
Employer Contribution		44.18	81.18
Benefits Paid		(22.48)	(6.42)
Fair value of plan assets at year end		484.26	421.02
Actual return on plan assets		41.53	34.09
c. Reconciliation of fair value of assets and obligations			
Fair value of plan assets		484.26	421.02
Present value of obligation		571.88	423.38
Amount Recognized in Balance Sheet		87.62	2.36

Notes on Financial Statements for the year ended 31st March, 2013

Particulars	(` in Lakhs)	
	Gratuity (funded) 2012-13	Gratuity (funded) 2011-12
d. Expenses recognized during the year		
Current Service Cost	39.67	34.35
Interest Cost	37.05	28.34
Expected return on plan assets	(36.21)	(24.97)
Actuarial(gain)/ loss	88.94	14.41
Net Cost	129.45	52.13
e. Investment Details		
L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f. Actuarial assumptions		
Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.25%	8.75%
Expected rate of return on plan assets (per annum)	8.70%	8.60%
Rate of escalation of in Salary (per annum)	5%	5%

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

Leave Encashment:

Leave Encashment liability amounting to ` 274.38 Lakhs (previous year ` 183.46 Lakhs) has been provided in the Books of Accounts.

34. DERIVATIVES & FORWARD CONTRACT INSTRUMENTS:

- (A) The Company uses Forward Exchange Contract to hedge against its Foreign Exchange exposures relating to underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for Trading or Speculative purposes. As at 31st March, 2013 the Company had hedged in aggregate an amount of ` 4,887.00 Lakhs (previous year ` Nil) out of its annual trade related operations (Exports & Imports) aggregating to ` 128,851.98 Lakhs (previous year ` 85,928.24 Lakhs). The Company had hedged its currency risks to the tune of ` Nil (previous year ` 587.02 Lakhs) in respect of its long term Foreign Currency Loans/Borrowings. Relating to the same, the Company had also swapped its floating interest rate borrowing of ` 9,160.41 Lakhs (previous year ` 4,734.74 Lakhs) into a fixed rate loan through an interest rate swap.
- (B) Net foreign exchange loss of ` 154.14 Lakhs (previous year ` 196.14 Lakhs) is included in Profit & Loss Account.

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

(A) Details of Raw Material Consumption	(` in Lakhs)	
	2012-13	2011-12
Benzene	37,239.70	21,138.76
Concentrated Nitric Acid (C.N.A.)	4,899.88	4,908.08
Sulphur	6,667.24	5,636.67
Alpha Olifine (AO)	7,318.02	6,986.32
Phthalic Anhydride	9,865.82	839.66
Aniline	5,542.22	4,139.61
Others	38,606.84	40,795.42
TOTAL	110,139.72	84,444.52
(B) Sales of Products		
Performance Chemicals	131,947.50	96,797.95
Agri-Intermediates & Fertiliser	43,818.20	38,230.75
Pharmaceuticals	18,683.79	16,461.58
Home & Personal Care Chemicals	15,162.27	15,840.79
TOTAL	209,611.76	167,331.07
(C) Details of Trading Purchases		
Methanol	1,043.54	1,907.32
Ortho Chloro Para Nitro Aniline	2,285.22	1,454.11
Para Nitro Aniline	943.88	246.15
Ortho Anisidine	706.93	132.22
Fast Red B Base	594.06	760.07
Others	3,738.15	9,548.74
TOTAL	9,311.78	14,048.61

Notes on Financial Statements for the year ended 31st March, 2013

(` in Lakhs)

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

Raw Materials:	2012-13	2011-12
Indigenous	82,102.61	70,184.81
	74.54%	83.11%
Imported	28,037.12	14,259.71
	25.46%	16.89%
Total	110,139.73	84,444.52
	100.00%	100.00%
Stores and Spares:		
Indigenous	3,692.59	2,327.94
	99.44%	97.06%
Imported	20.85	70.48
	0.56%	2.94%
Total	3,713.44	2,398.42
	100.00%	100.00%
Fuel:		
Indigenous	6,789.17	7,504.85
	73.85%	88.47%
Imported	2,404.40	978.47
	26.15%	11.53%
Total	9,193.57	8,483.32
	100.00%	100.00%

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

	2012-13	2011-12
Capital Goods	1,297.59	641.91
Raw Materials	26,482.59	12,630.94
Stores and Spares	20.85	70.48
Fuel	1,552.32	226.15

(F) Expenditure in Foreign Currency:

	2012-13	2011-12
Commission on Export Sales	416.25	311.37
Import of Goods for Resale	3,053.38	4,562.15
Other Expenses	1,476.64	1,289.36

(G) Earnings in Foreign Currency:

	2012-13	2011-12
F.O.B. Value of Export Sales	99,237.81	68,398.23

36. The figures of previous year have been regrouped and rearranged wherever necessary.

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 16th May, 2013

Sd/-
MONA PATEL
COMPANY SECRETARY

Cash Flow Statement for the year ended 31st March, 2013

(` in Lakhs)

Sr. No.	Particulars	For the year Ended 31 st March, 2013	For the year Ended 31 st March, 2012
A.	Cash flow from operating activities :		
	Net profit Before Tax and Extraordinary Items	18,384.34	12,200.18
	Adjustments for:		
Add:	Interest and Finance Charges Paid	9,499.80	7,150.84
	Depreciation	8,180.04	5,396.89
	Loss on Sale of Investment	12.14	NIL
	Loss on Sale of Assets	6.46	0.26
		36,082.78	24,748.17
Less:	Profit on Sale of Investment	(13.32)	(142.85)
	Profit on Sale of Assets	(57.93)	(20.55)
	Dividend Received from Other Investments	(119.21)	(59.63)
	Lease Rent Received	(36.32)	(38.21)
	Operating Profit before Working Capital Changes	35,856.00	24,486.93
	Adjustments for :		
Add/(Less):	(Increase)/Decrease in Trade and Other Receivables	3,831.18	(9,221.53)
	Increase/(Decrease) in Trade Payables	(3,888.98)	4,055.11
	(Increase)/Decrease in Inventories	(8,280.16)	(3,175.95)
	Cash Generated from Operations	27,518.04	16,144.56
Less:	Direct Taxes Paid	(5,844.38)	(4,198.74)
	Net Cash from Operating Activities	21,673.66	11,945.82
B.	Cash Flow from Investing Activities		
	Addition to Fixed Assets/Capital WIP	(22,678.64)	(13,170.17)
	Sale/Written Off of Fixed Assets	321.08	70.40
	(Increase)/Decrease in Other Investments	44.28	6.43
	(Increase)/Decrease in Associate Investments	NIL	(149.17)
	(Increase)/Decrease in Subsidiary Investments (Nascent)	237.51	54.69
	Dividend Received from Other Investments	119.21	59.63
	Lease Rent Received	36.32	38.21
	Net Cash from Investing Activities	(21,920.24)	(13,089.98)
C.	Cash Flow from Financing Activities		
	Proceeds of Long Term Borrowings	2,715.00	NIL
	Repayment of Long Term Borrowings	(3,111.71)	(2,736.33)
	Proceeds/(Repayments) of Other Borrowings	13,533.13	12,584.69
	Proceeds from Issue of Share Warrants	NIL	(348.00)
	Increase in Equity and Share Premium	NIL	1,392.00
	Interest and Finance Charges Paid	(9,499.80)	(7,150.84)
	Dividend Paid	(3,362.60)	(2,493.40)
	Net Cash from Financing Activities	274.02	1,248.12
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	27.44	103.96
	Cash and Cash Equivalents (Opening Balance)	880.56	776.60
	Cash and Cash Equivalents (Addition Pursuant to Scheme of Arrangement)	63.06	NIL
	Cash and Cash Equivalents (Closing Balance)	971.06	880.56

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

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

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

PLACE: Mumbai
DATE: 16th May, 2013

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

Name of the Company	Aarti Corporate Services Ltd.	Shanti Intermediates Pvt. Ltd. (Subsidiary of Aarti Corporate Services Ltd.)	Nascent Chemical Industries Ltd. (Subsidiary of Aarti Corporate Services Ltd.)
The financial year of the Subsidiary Companies ended on	31 st March, 2013	31 st March, 2013	31 st March, 2013
Date from which they become Subsidiary Companies	24 th February, 1995	14 th June, 2006	26 th March, 2013
a) Number of shares held by Aarti Industries Ltd. with its nominees in the Subsidiaries at the end of the financial year of the Subsidiary Companies	2024680 Equity Shares of the face value of ` 10/- each fully paid-up.	5550 Equity shares of the face value of ` 100/- each fully paid up through Aarti Corporate Services Ltd	302920 Equity Shares of face value of ` 10/- fully paid up through Aarti Corporate Services Ltd.
b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies	100%	82.04%	50.49%
The net aggregate amount of the Subsidiary Companies Profit/Loss so far as it concerns the Members of the Holding Company.			
a) Not dealt with in the Holding Company's accounts			
i) For the financial year ended 31 st March, 2013	` 1,740,108	` 851,263	` 10,036,121
ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	` 7,453,545	` 2,898,296	` 10,363,032
b) Dealt within Holding Company's accounts:			
i) For the financial year ended 31 st March, 2013.	Nil	Nil	Nil
ii) For the financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	Nil	Nil	Nil
Material changes during the last date of the financial year of the Subsidiary Companies And the last date of financial year of the Holding Company.	N.A.	N.A.	N.A.

For and on behalf of the Board

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE-CHAIRMAN

Sd/-
MONA PATEL
COMPANY SECRETARY

Place: Mumbai
Date: 16th May, 2013

Independent Auditors' Report

To the Board of Directors of AARTI INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **AARTI INDUSTRIES LIMITED** ("the Company") and its subsidiaries and associates which comprise the Consolidated Balance Sheet as at 31st March, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of Aarti Industries Limited and its subsidiaries and associates in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

- In the case of the Consolidated Balance Sheet, of the state of affairs of Aarti Industries Limited and its subsidiaries and associates as at 31st March, 2013;
- In the case of the Statement of Profit and Loss, of the profit of Aarti Industries Limited and its subsidiaries and associates for the year then ended.
- In the case of the Cash Flow Statement, of the cash flows of Aarti Industries Limited and its subsidiaries and associates for the year then ended.

Other Matters

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ` 1692.78 Lakhs as at 31<sup>st</sup> March, 2013 and total revenues of ` 1234.46 Lakhs for the year then ended and of associates which reflect the share of profits(net) for the year then ended of ` 240.11 Lakhs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries and associates, is based solely on the report of the other auditors.

The investment of the foreign associate company has been valued in the Consolidated Financial Statements on the basis of their audited financial statements for their financial year ended 30th November 2012, reflecting a share of Profit of ` 1.21 Lakhs. Our opinion is not qualified in respect of other matters.

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

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

Place: Mumbai
Date: 16th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

(` in Lakhs)

Particulars	Note No.	As at 31 st March, 2013		As at 31 st March, 2012
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	1	3,956.00		3,956.00
(b) Share Capital pending allotment upon Scheme of Arrangement	1-A	473.58		NIL
(c) Reserves and Surplus	2	71,195.95		55,055.40
Minority Interest		<u>425.50</u>		<u>325.22</u>
			76,051.03	59,336.62
Non-Current Liabilities				
(a) Long-Term Borrowings	3	11,726.77		10,351.06
(b) Deferred Tax Liabilities (Net)	4	7,089.60		5,561.72
(c) Other Long-Term Liabilities	5	20.37		18.52
(d) Long-Term Provisions	6	<u>22,053.27</u>		<u>17,461.86</u>
			40,890.01	33,393.16
Current Liabilities				
(a) Short-Term Borrowings	7	68,726.79		48,454.15
(b) Trade Payables		22,708.14		17,771.89
(c) Other Current Liabilities	8	6,451.04		4,816.81
(d) Short-Term Provisions	9	<u>2,771.57</u>		<u>2,209.87</u>
			100,657.54	73,252.72
TOTAL			<u>217,598.58</u>	<u>165,982.50</u>
ASSETS				
Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	10	67,352.72		43,951.79
(ii) Intangible Assets		12.74		316.00
(iii) Capital Work-in-Progress		6,868.75		5,442.24
(iv) Goodwill on Consolidation		NIL		72.58
(b) Non-Current Investments	11	9,542.04		9,356.61
(c) Long-Term Loans and Advances	12	<u>31,862.82</u>		<u>24,325.28</u>
			115,639.07	83,464.50
Current Assets				
(a) Inventories	13	46,215.27		32,585.65
(b) Trade Receivables	14	42,900.51		40,698.25
(c) Cash and Cash Equivalents	15	1,242.14		1,056.08
(d) Short-Term Loans and Advances	16	9,056.71		6,165.28
(e) Other Current Assets	17	<u>2,544.88</u>		<u>2,012.74</u>
			101,959.51	82,518.00
TOTAL			<u>217,598.58</u>	<u>165,982.50</u>
Summary of Significant Accounting Policies and other Explanatory Information	25-30			

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 16th May, 2013

Sd/-
MONA PATEL
COMPANY SECRETARY

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Revenue from Operations	18	209,624.89	167,330.54
Other Income	19	375.58	361.01
Total Revenue		210,000.47	167,691.55
Expenses:			
Cost of materials consumed (Incl. Packing, Fuel, Stores & Spares)	20	126,120.09	97,926.48
Purchases of Stock-in-Trade		9,311.78	14,048.61
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(7,106.89)	(2,354.40)
Employee Benefits Expense	22	6,537.53	4,705.26
Finance Costs	23	9,536.51	7,184.03
Depreciation and Amortization Expense		8,284.26	5,485.19
Other Expenses	24	38,641.09	28,076.96
Total Expenses		191,324.37	155,072.13
Profit before Tax		18,676.10	12,619.42
Tax Expense:			
(1) Current Tax		4,617.95	3,355.95
(2) Deferred Tax		752.47	260.04
(3) Short/(Excess) Provisions of earlier years		5.37	NIL
Profit after Tax before Minority Interest and Share of Profit of Associates		13,300.31	9,003.43
Less: Profit attributable to Minority Interest		100.28	107.97
Add: Share of Profit/(Loss) of Associates		241.33	1,430.85
Profit/(Loss) for the period		13,441.36	10,326.31
Earnings Per Equity Share (EPS) (in ₹)	29		
Basic/Diluted		15.17	13.45
Summary of Significant Accounting Policies and other Explanatory Information	25-30		

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 16th May, 2013

Sd/-
MONA PATEL
COMPANY SECRETARY

Significant Accounting Policies

1. Background

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

	<u>Name of the Subsidiary</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership Interest (%)</u>
(a)	Aarti Corporate Services Limited	India	100%
(b)	Nascent Chemical Industries (Through its Holding Company: Aarti Corporate Services Limited)	India	50.50%
(c)	Shanti Intermediates Private Limited (Through its Holding Company: Aarti Corporate Services Limited)	India	82.04%
(d)	Anushakti Specialties Limited Liability Partnership	India	100%

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

3. Principles of Consolidation

- These Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and the Indian Subsidiary Companies drawn up to the same reporting date.
- The Financial Statements of the Parent Company and its Subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- The excess of the share of the Parent Company in the Net Assets over the carrying costs to the Parent Company of its investments in each of the Subsidiaries is recognized in the Consolidated Financial Statements as Capital Reserve and in the converse case it is recognized as Goodwill.
- In case of Associates, where the Parent Company directly or indirectly through Subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard 23 (AS-23) "Accounting for Investment in Associates in Consolidated Financial Statements".
- Net loss attributable to the minority interest borne by the Parent Company in previous years, is recouped. The Consolidated Financial Statements include the share of Profits/Losses of the Associate Companies. These profits/Losses have been accounted as per "Equity Method", as per which the Share of Profits or Losses of each of the Associate Companies has been added to the carrying cost of Investment.

4. Research and Development

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

5. Revenue Recognition

- Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc. as considered appropriate. Revenue from conversion, sale of scrap and obsolete stores is accounted for at the time of disposal.

- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest, Insurance Claims and Subsidy from Department of Fertilizers is recognized on the time proportion method.

6. Fixed Assets

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

7. Depreciation

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

8. Investments

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

9. Inventories

Inventories have been valued on the following basis:

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

10. Deferred Revenue Expenditure

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

11. Borrowing Costs

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

12. Taxation

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

13. Current Assets and Loans and Advances

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

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

	As at 31 st March, 2013	As at 31 st March, 2012
1. SHARE CAPITAL:		
Authorised Capital		
12,50,00,000 Equity Shares of ` 5/- each	6,250.00	6,250.00
Issued, Subscribed & Paid up		
7,91,20,073 Equity Shares of ` 5/- each fully paid up (previous year 7,91,20,073 Equity Shares of ` 5/- each fully paid up)	3,956.00	3,956.00
TOTAL	3,956.00	3,956.00

1.1 Reconciliation of the number of shares outstanding as on 31st March 2013:

Particulars	No. of Shares outstanding	
	As at 31 st March, 2013	As at 31 st March, 2012
Equity shares at the beginning of the year	79,120,073	76,720,073
Add: Shares Issued during the year	NIL	2,400,000
Less: Shares buy back during the year	NIL	NIL
Equity shares at the end of the year	79,120,073	79,120,073

1.2 Details of shareholders holding more than 5% shares:

Name of Shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares held	% held	No. of Shares held	% held
Anushakti Holdings Ltd.	6,198,600	7.83	6,198,600	7.83
HDFC Trustee Company Ltd. – HDFC Prudence Fund	6,132,810	7.75	6,132,810	7.75
Gogri and Sons Investments Pvt. Ltd.	4,844,613	6.12	4,545,686	5.75
Alchemie Leasing & Financing Pvt. Ltd.	4,341,655	5.49	4,176,800	5.28

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

Particulars	Financial Year				
	2012-13	2011-12	2010-11	2009-10	2008-09
No. of Equity Shares outstanding: (Refer Note 1.4)	79,120,073	79,120,073	76,720,073	76,720,073	72,809,424

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

- [a] 8,43,649 (previous year – 8,43,649) were issued to Shareholders of Surfactant Specialities Ltd. pursuant to its Merger with the Company.
- [b] 42,000 (previous year – 42,000) were issued to Shareholders of Avinash Drugs Ltd. pursuant to its Merger with the Company.
- [c] 30,25,000 (previous year – 30,25,000) were issued towards Preferential allotment at a premium of ` 30.65 paise to Warrantholders.
- [d] 24,00,000 (previous year – 24,00,000) have been issued towards Preferential allotment at a premium of ` 53/- to Warrantholders.

1.A SHARE CAPITAL PENDING ALLOTMENT UPON SCHEME OF ARRANGEMENT

	As at 31 st March, 2013	As at 31 st March, 2012
94,71,614 Shares are to be issued and allotted to the shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to the terms of the Scheme of Arrangement approved by the Honorable High Courts at Ahmedabad and Bombay vide their order dated 8 th March, 2013 & 8 th February, 2013 respectively.	473.58	NIL
TOTAL	473.58	NIL

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

2. RESERVE AND SURPLUS:

(` in Lakhs)

	As at 31 st March, 2013		As at 31 st March, 2012
a. Capital Reserves			
Opening Balance	2.08		2.08
Addition pursuant to the Scheme of Arrangement	6,919.63		NIL
Deduction	NIL		NIL
Closing Balance		6,921.71	2.08
b. Capital Redemption Reserve			
Opening Balance	55.33		55.33
Addition	NIL		NIL
Deduction	NIL		NIL
Closing Balance		55.33	55.33
c. Securities Premium Account			
Opening Balance	2,199.16		927.16
Addition : On issue of Shares (upon conversion of warrants)	NIL		1,272.00
Deduction	NIL		NIL
Closing Balance		2,199.16	2,199.16
d. Capital Reserve on Consolidation			
Opening Balance	417.25		52.57
Addition – Adjustment on Consolidation	27.83		381.14
Deduction – Adjustment on Consolidation	NIL		16.46
Closing Balance		445.08	417.25
e. RBI Reserve U/S 45(IC)			
Opening Balance	28.97		13.30
Addition	3.65		15.67
Deduction	NIL		NIL
Closing Balance		32.62	28.97
f. General Reserve			
Opening Balance	9,409.32		8,529.32
Addition	1,315.00		880.00
Deduction	NIL		NIL
Closing Balance		10,724.32	9,409.32
g. Profit and Loss Account			
Opening balance	41,630.35		35,818.63
Addition :-			
Net Profit/(Net Loss) For the current year	13,441.36		10,326.31
Deduction :-			
Proposed Dividend	1,296.00		1,306.80
1 st Interim Dividend	1,328.88		1,534.40
2 nd Interim Dividend	1,107.40		NIL
Tax on Dividend	397.24		447.10
Transfer to General Reserve	1,318.65		895.67
Prior Period Expenses	NIL		10.31
Adjustment on Consolidation	118.75		387.51
Additions:-			
Preacquisition Profit	NIL		36.91
Intergroup Dividend	NIL		30.29
Closing Balance		49,504.79	41,630.35
h. Other Reserves			
State Investment Subsidy	51.82		51.82
Amalgamation Reserve	1,076.55		1,076.55
Forfeiture Reserve	184.57		184.57
Closing Balance		1,312.94	1,312.94
TOTAL		71,195.95	55,055.40

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

3. LONG-TERM BORROWINGS:

(` in Lakhs)

Description	As at 31 st March, 2013		As at 31 st March, 2012	
	Non-Current	Current	Non-Current	Current
Secured				
(a) ECB/Term loans from Banks/Financial Institutions	11,579.93	4,307.84	10,133.08	3,857.49
(b) Vehicle Loans from Banks/Financial Institution	103.94	87.72	136.24	87.55
Unsecured				
(a) Deposits	42.90	44.50	59.84	27.56
(b) Directors	NIL	NIL	21.90	NIL
TOTAL	11,726.77	4,440.06	10,351.06	3,972.60

(` in Lakhs)

4. DEFERRED TAX LIABILITIES (NET):

Deferred Tax Liabilities

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

Deferred Tax Assets

Items allowed for tax purpose on payment

Deferred Tax Liabilities (Net)

*Inclusive of the liability takeover pursuant to the Scheme of Arrangement.

5. OTHER LONG-TERM LIABILITIES:

Unsecured Loan From Others

TOTAL

6. LONG-TERM PROVISIONS:

Provision for Tax

Other Provisions

TOTAL

7. SHORT-TERM BORROWINGS:

Secured

(I) Working capital Loan From Banks

Unsecured

(I) From Banks

(II) From Others

TOTAL

8. OTHER CURRENT LIABILITIES:

(a) Current Maturities of Long-Term Debt (Refer Note 3)

(b) Current Maturities of Vehicle Loan

(c) Current Maturities of Deposit

(d) Interest accrued but not due on borrowings

(e) Unpaid dividends

(f) Deposits

(g) Sales tax deferred liability

(h) Other Liabilities and taxes

TOTAL

9. SHORT-TERM PROVISIONS:

Provisions for

Employees' Benefits

Proposed Dividend & Tax thereon

TOTAL

As at 31 st March, 2013	As at 31 st March, 2012
6,320.92*	5,301.70
1,009.48	393.24
(240.80)	(133.22)
7,089.60	5,561.72
20.37	18.52
20.37	18.52
22,048.17	17,461.86
5.10	NIL
22,053.27	17,461.86
58,740.09	36,602.79
58,740.09	36,602.79
9,473.45	11,586.36
513.25	265.00
9,986.70	11,851.36
68,726.79	48,454.15
4,307.84	3,857.49
87.72	87.55
44.50	27.56
39.43	124.66
151.06	127.31
18.65	18.65
136.62	NIL
1,665.22	573.59
6,451.04	4,816.81
1,091.95	699.97
1,679.62	1,509.90
2,771.57	2,209.87



Notes on Consolidated Financial Statements for the year ended 31st March, 2013

10. FIXED ASSETS:

(` in Lakhs)

Fixed Assets		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1 st April, 2012	Addition on account of Scheme of Arrangement	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31 st March, 2013	Balance as at 1 st April, 2012	Addition on account of Scheme of Arrangement	Depreciation charge for the year	Deduction/ Adjustment	Balance as at 31 st March, 2013	Balance as at 31 st March, 2012
(i) Tangible Assets											
Free hold Land	59.41	84.58	224.26	NIL	368.25	NIL	23.03	2.72	NIL	25.75	59.41
Lease Hold Land	1,903.83	246.49	190.43	NIL	2,340.75	177.74	NIL	28.90	NIL	206.64	1,726.09
Residential Flat	0.49	NIL	NIL	NIL	0.49	0.19	NIL	NIL	NIL	0.19	0.30
Buildings	6,388.62	892.55	1,348.83	42.72	8,587.28	2,023.13	201.45	380.82	7.01	2,598.39	4,365.49
Plant and Equipment	73,015.61	12,786.14	20,261.81	291.41	105,772.15	36,046.66	4,718.12	7,075.55	48.93	47,791.40	36,968.95
Furniture and Fixtures	1,230.86	43.75	172.15	NIL	1,446.76	954.31	80.73	112.91	NIL	1,147.95	276.55
Vehicles	1,216.83	115.93	154.79	29.52	1,458.03	661.83	44.03	155.83	11.02	850.67	555.00
TOTAL (i)	83,815.65	14,169.44	22,352.27	363.65	119,973.71	39,863.86	5,067.36	7,756.73	66.96	52,620.99	43,951.79
(ii) Intangible Assets											
Process Development & Patents	1,579.99	416.39	NIL	NIL	1,996.38	1,263.99	416.39	316.00	NIL	1,996.38	316.00
Technical Knowhow	7.57	NIL	NIL	NIL	7.57	7.57	NIL	NIL	NIL	7.57	NIL
Goodwill	NIL	615.92	NIL	NIL	615.92	NIL	410.61	205.31	NIL	615.92	NIL
Computer Software	NIL	38.40	NIL	NIL	38.40	NIL	19.44	6.22	NIL	25.66	NIL
Copyrights and Patents	NIL	965.50	NIL	NIL	965.50	NIL	965.50	NIL	NIL	965.50	NIL
Goodwill on consolidation	81.84	NIL	NIL	NIL	81.84	9.26	NIL	NIL	(72.58)	81.84	72.58
TOTAL (ii)	1,669.40	2,036.21	NIL	NIL	3,705.61	1,280.82	1,811.94	527.53	(72.58)	3,692.87	388.58
GROSS TOTAL (i + ii)	85,485.05	16,205.65	22,352.27	363.65	123,679.32	41,144.68	6,879.30	8,284.26	(5.62)	56,313.86	44,340.37
PREVIOUS YEAR	78,030.04	NIL	9,794.54	23,339.53	85,485.05	36,824.55	NIL	5,485.19	1,165.06	41,144.68	44,340.37
(iii) Capital Work-in-Progress:											
10.1 Gross Block of Plant & Machinery includes assets given on Lease with Gross Block ` 163.95 Lakhs as on 31.03.2013 (previous year ` 163.95 Lakhs)											
10.2 Additions to Gross Block includes an amount of ` 807.99 Lakhs (previous year ` 668.81 Lakhs) being the net foreign exchange loss, arising on account of restatement and repayment of Long-term Foreign Currency Loans during the year.											
10.3 Process Development is being amortized over a period of 5 years (This year being the last year, the balance had been completely amortized during the current year).											
10.4 Goodwill (as carried over from M/s Anushakti Chemicals & Drugs Ltd. pursuant to the Scheme of Arrangement) has been amortized over a period of 3 years (This year being the last year, the balance had been completely amortized during the current year).											
10.5 Current year depreciation includes ` 97.47 Lakhs (previous year ` 87.44 Lakhs) on Assets deployed for Research & Development.											

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

11. NON-CURRENT INVESTMENTS

(` in Lakhs)

A. Name of the Company	Number of Units / Shares (All fully paid up)				As at 31 st March 2013 at cost	As at 31 st March 2012 at cost
	Opening Balance	Acquisitions During the year	Disposals During the year	Closing Balance		
<u>Trade Investments – (Quoted) in Equity Shares</u>						
Aarti Drugs Ltd.	651,059	NIL	NIL	651,059	104.17	104.17
Bank of India*	NIL	285	NIL	285	1.70	NIL
Glenmark Pharmaceuticals Ltd.*	NIL	400	NIL	400	1.34	NIL
TOTAL					107.21	104.17
<u>Investments – (Unquoted) in Equity Shares</u>						
Aarti Biotech Ltd.	421,600	NIL	NIL	421,600	5.11	5.11
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	NIL	NIL	1,020	0.51	0.51
U.K.I.P. Co-op. Soc. Ltd.	35	NIL	NIL	35	0.02	0.02
Damanganga Saha Khand Udyog Mandali Ltd.	61	NIL	NIL	61	1.22	1.22
Perfect Enviro Control Systems Ltd.	380,640	NIL	NIL	380,640	17.65	17.65
Narmada Clean Tech Ltd.	102,230	NIL	NIL	102,230	13.26	13.26
Dispo Dychem Ltd.	240,005	NIL	NIL	240,005	21.28	21.28
Dilesh Roadlines Pvt. Ltd.	494,000	NIL	NIL	494,000	49.40	49.40
Aarti Intermediate Ltd.	22,125	NIL	NIL	22,125	0.22	0.22
Amrey Trading Pvt. Ltd.	4,900	100	NIL	5,000	0.50	0.49
Indusken Pharmaceuticals Pvt. Ltd.	200,000	NIL	NIL	200,000	20.00	20.00
SBPP Bank Ltd.	783	NIL	NIL	783	0.78	0.78
Deltecs Infotech Pvt. Ltd.	NIL	858	NIL	858	0.03	NIL
Bewakoof Brands Pvt. Ltd.	2,500	1,533	NIL	4,033	57.00	11.00
Gujarat State Financial Corporation	300	NIL	NIL	300	0.06	0.06
TOTAL					187.04	141.00
<u>Investments – (Unquoted) in Preference Shares</u>						
Anushakti Chemicals & Drugs Ltd.	147,000	NIL	147,000	NIL	NIL	1.47
TOTAL					NIL	1.47
<u>Investments – (Unquoted) in Limited Liability Partnership</u>						
Aarti Udyog Limited Liability Partnership	N.A	N.A	N.A	N.A	380.00	380.00
Anushakti Specialities Limited Liability Partnership	N.A	N.A	N.A	N.A	NIL	4.50
TOTAL					380.00	384.50
<u>Investment in Mutual Fund</u>						
Birla Sunlife Dynamic Bond Fund	179,293	NIL	179,293	NIL	NIL	20.31
Birla Sunlife Mip 2 Fund	121,094	NIL	121,094	NIL	NIL	23.17
Fidelity Short Term Income Fund	205,333	NIL	205,333	NIL	NIL	20.61
IDFC Mutual Fund	139,712	NIL	139,712	NIL	NIL	14.95
IDFC Mutual Fund	198,265	NIL	198,265	NIL	NIL	19.97
TOTAL					NIL	99.01
TOTAL (A)					674.25	730.15

* Investment takeover pursuant to the Scheme of Arrangement

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

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

(` in Lakhs)

Name of the Company	Numbers	a	b	Additions to cost as on 1 st April, 2012	Share of Profit/ (Loss)	Adjustment on Consolidation	c Additions to cost as on 31 st March, 2013	(a + b + c)	
		Original Investment As on 1 st April, 2012	Addition During the year					As at 31 st March 2013 at cost	As at 31 st March 2012 at cost
Ganesh Polychem Ltd.	1,970,621	77.06	NIL	1,454.52	249.04	NIL	1,703.56	1,780.62	1,531.58
Anushakti Holdings Limited	8,846,490	290.50	NIL	1,747.96	99.06	NIL	1,847.02	2,137.52	2,038.46
Anushakti Chemicals & Drugs Ltd.	15,529,136	751.21	NIL	4,279.40	(107.98)	NIL	4,171.42	4,922.63	5,030.61
Alchemie Europe Limited	40,000	25.54	NIL	0.27	1.21	NIL	1.48	27.02	25.81
Total (B)								8,867.79	8,626.46
GRAND TOTAL (A + B)								9,542.04	9,356.61

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

As on 31.03.2013 935.35

As on 31.03.2012 665.71

12. LONG-TERM LOANS AND ADVANCES

	As at 31 st March, 2013	As at 31 st March, 2012
a. Capital Advances	1,244.96	1,752.10
b. Deposits with Related Parties (Refer Note 26)	Nil	400.00
c. Other Deposits	1,265.43	800.77
d. Other loans and advances		
Loans & Advances (Employees)	745.06	575.35
Loans & Advances (Others)	2,997.22	802.09
Share Application Money Given	226.44	NIL
Advance Tax and Tax Deducted at Source	25,383.71	19,994.97
TOTAL	31,862.82	24,325.28

13. INVENTORIES:

a. Raw Materials and Components	14,370.97	11,398.46
b. Work-in-progress Finished Goods	15,010.57	9,848.14
c. Finished Goods	14,612.59	9,567.86
d. Stock-in-trade	1,038.73	177.90
e. Stores and spares	531.85	376.03
f. Fuel	360.13	982.33
g. Packing Materials	290.43	234.93
TOTAL	46,215.27	32,585.65

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

	(` in Lakhs)	
	As at 31 st March, 2013	As at 31 st March, 2012
14. TRADE RECEIVABLES:		
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	39,851.54	38,456.49
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	3,048.97	2,241.76
TOTAL	42,900.51	40,698.25
15. CASH AND CASH EQUIVALENTS:		
Cash on hand	216.24	106.81
Bank balance in Current Accounts	633.68	571.22
Bank deposits kept as Margin Money	241.16	250.74
Earmarked Balances (Unpaid Dividend Accounts)	151.06	127.31
TOTAL	1,242.14	1,056.08
16. SHORT-TERM LOANS AND ADVANCES:		
(a) Advance to Related Party (Refer Note 26)	340.35	432.40
(b) Others		
Balances with Custom, Port Trust, Excise & VAT Authorities	8,672.55	5,518.88
Loans Given to Others	43.81	214.00
TOTAL	9,056.71	6,165.28
17. OTHER CURRENT ASSETS:		
Others Receivables	4.03	202.64
Prepaid Insurance/Expenses	249.12	88.06
Subsidy Receivable	1,739.08	1,448.10
Gratuity Receivable	15.43	34.49
Insurance Claim Receivable	537.22	239.45
TOTAL	2,544.88	2,012.74

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

	As at 31 st March, 2013	As at 31 st March, 2012
(` in Lakhs)		
18. REVENUE FROM OPERATIONS		
Sale of Products	223,093.75	174,083.89
Sale of Services	437.71	393.98
Other Operating Revenues (Refer Note 18.1)	3,860.58	4,104.57
Gross revenue from operations	227,392.04	178,582.44
Less: Excise Duty/Vat	17,767.15	11,251.90
Net revenue from operations	209,624.89	167,330.54
18.1 OTHER OPERATING REVENUES		
Export Benefits	748.97	314.43
Fertilizers Subsidy Received	2,397.33	3,400.09
Vat Refund Received	NIL	102.52
Insurance Claim Received	248.59	NIL
Scrap Sales	465.69	287.53
TOTAL	3,860.58	4,104.57
19. OTHER INCOME		
Dividend Received	63.49	35.18
Profit on Sale of Assets	52.49	25.73
Profit on Sale of Investments	1.68	221.72
Lease Rent Income	36.32	38.21
Interest Income	1.84	14.02
Other Income	219.76	26.15
TOTAL	375.58	361.01
20. COST OF MATERIALS CONSUMED		
Consumption of Raw Materials	109,985.43	84,444.52
Consumption of Packing Materials	3,180.51	2,549.50
Consumption of Fuel	9,193.57	8,483.32
Consumption of Stores & Spares	3,760.58	2,449.14
TOTAL	126,120.09	97,926.48
21. CHANGE IN INVENTORY		
Opening Stock		
Finished Goods	11,346.00	8,415.95
Work-in-Process	12,208.11	8,823.79
TOTAL (A)	23,554.11	17,239.74
Closing Stock		
Finished Goods	15,650.43	9,745.77
Work-in-Process	15,010.57	9,848.37
TOTAL (B)	30,661.00	19,594.14
TOTAL (A-B)	(7,106.89)	(2,354.40)
22. EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	5,947.06	4,298.06
Contribution to PF and other Funds	208.35	149.83
Workmen & Staff Welfare Expenses	382.12	257.37
TOTAL	6,537.53	4,705.26
22.1 DIRECTORS' REMUNERATION		
Salary*	263.67	162.01
House Rent Allowance	18.04	16.28
Contribution to PF	18.19	10.02
Value of Perquisites	0.70	0.90
Ex-Gratia/Super Annuation Fund	31.58	18.99
Keyman Insurance Assigned	188.79	NIL
Commission	379.05	248.36
TOTAL	900.02	456.56
* Directors remuneration includes salary of ` 103.20 Lakhs (previous year ` 75.55 Lakhs) for Subsidiary Company.		
23. FINANCE COST		
Interest Expenses	8,752.52	6,750.55
Other Borrowing Costs	783.99	433.48
TOTAL	9,536.51	7,184.03

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

	(` in Lakhs)	
	As at 31 st March, 2013	As at 31 st March, 2012
24. OTHER EXPENSES:		
Manufacturing Expenses:		
Freight, Cartage & Transport	6,244.94	5,070.91
Power	5,648.05	4,229.52
Water Charges	566.23	439.17
Processing Charges	941.26	1,000.03
Other Manufacturing Expenses	4,975.68	3,863.05
Repairs & Maintenance	3,061.98	1,887.15
Insurance Charges	269.13	142.04
Research & Development Expense	777.96	334.24
Factory Administrative Expenses	1,259.63	788.73
TOTAL (A)	23,744.86	17,754.84
Office Administrative Expenses:		
Rent, Rates and Taxes	157.09	126.18
Travelling and Conveyance	317.64	283.01
Auditor's Remuneration (Refer Note 24.1)	16.09	11.53
Legal & Professional Charges	213.57	113.41
Postage, Telegraph & Telephone	64.58	84.95
Printing & Stationery Expenses	43.53	37.09
Other Administrative Expenses	629.13	321.59
TOTAL (B)	1,441.63	977.76
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	352.20	254.48
Export Freight Expenses	5,437.94	3,667.77
Freight and Forwarding Expenses	5,107.47	3,581.87
Commission	820.15	623.35
Export Insurance Charges	110.08	89.80
Sample Testing & Analysis Charges	46.62	43.81
Bad Debts Written Off	0.06	223.09
Discount Given	1,023.45	674.73
Sundry Balance Written Off/(Back)	175.56	29.11
TOTAL (C)	13,073.53	9,188.01
Non-Operating Expenses:		
Donation	377.20	153.98
Prior Period Expense	NIL	0.35
Loss on Sale of Assets/Investment	3.87	2.02
TOTAL (D)	381.07	156.35
TOTAL (A+B+C+D)	38,641.09	28,076.96
24.1 AUDITOR'S REMUNERATION:		
Audit Fees	12.23	8.18
Certification Charges	2.22	2.08
Other Matters Charges	0.14	NIL
Service Tax Charges	1.12	1.07
Out of Pocket Expenses	0.38	0.20
TOTAL	16.09	11.53

Auditor's Remuneration includes ` 1.03 Lakhs (previous year ` 0.97 Lakhs) for Subsidiary Company.

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

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

Sr. Particulars No.	As at 31 st March, 2013	As at 31 st March, 2012
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	3,870.11	2,198.28
(b) Letters of Credit, Bank Guarantees & Bills Discounted	8,052.43	4,401.76
	11,922.54	6,600.04
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	3,697.63	1,112.03
	3,697.63	1,112.03
TOTAL	15,620.17	7,712.07

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

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

- | | |
|----------------------------|---------------------------------------|
| 1. Ganesh Polychem Ltd. | 2. Anushakti Chemicals and Drugs Ltd. |
| 3. Anushakti Holdings Ltd. | 4. Alchemie (Europe) Ltd. |

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

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

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

Sr.No.	Name	Status
1.	Shri Rajendra V. Gogri	Director
2.	Smt. Hetal Gogri Gala	Director
3.	Shri Rashes C. Gogri	Director
4.	Shri Shantilal T. Shah	Director
5.	Shri Parimal H. Desai	Director
6.	Shri Kirit R. Mehta	Director
7.	Shri Manoj M. Chheda	Director
8.	Shri Renil R. Gogri	Director
9.	Shri Chandrakant V. Gogri	Relative of Director
10.	Shri Nikhil P. Desai	Relative of Director

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

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

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

Sr. No.	Description of Transaction	Year	Associates [I]	Other related Enterprises Firms [II]
1.	Sales of Finished Goods	CY	10,032.79	2,270.11
		PY	11,885.21	755.41
2.	Purchases of Raw Materials/Finished Goods	CY	292.46	48.60
		PY	14,729.00	14.98
3.	Other Manufacturing Expenses	CY	-	659.68
		PY	372.39	730.31
4.	Rent paid	CY	-	51.00
		PY	300.00	48.00
5.	Other Income	CY	-	3.00
		PY	-	-
6.	Purchase of Fixed Assets	CY	-	-
		PY	14.48	-
7.	Inter-corporate Deposits given/(Received back) during the year	CY	(150.00)	-
		PY	400.00	-
8.	Interest Expense on the Inter-corporate Deposits taken	CY	-	23.32
		PY	-	-
9.	Interest Income on the Inter-corporate Deposits placed/unsecured loans	CY	60.00	-
		PY	32.40	-
10.	Dividend Received	CY	58.60	-
		PY	29.30	-
11.	Equity Contribution/(Disposal) in cash or in kind made during the year	CY	-	-
		PY	(22.94)	-
12.	Conversion of Equity Share Warrants (Premium)	CY	-	-
		PY	924.00	-
13.	Allotment of Equity Shares on conversion of Warrants	CY	-	-
		PY	120.00	-
14.	Outstanding items pertaining to the related parties at the balance sheet date – Receivable/(Payable)	CY	5,659.49	1,072.11
		PY	8,480.17	451.13

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

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

TOTAL

As at 31 st March, 2013	As at 31 st March, 2012
519.96	132.38
382.55	248.36
3.08	3.16
81.69	75.33
86.64	83.03
5.53	3.83
1,079.45	546.09

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

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

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

27. TREATMENT OF ASSOCIATES IN CONSOLIDATION

The Share of Profit in respect of Investment in Associate Companies include the figure which are considered as per audited financial statements for the year ended 31st March, 2013 as per details given below:

(` in Lakhs)

Sr. No.	Name of Associates	Ownership Interest %	Opening Original Investment as on 1 st April, 2012	Additional Investment during the year	Deduction	Adjustment on Consolidation	Total Original Investment as on 31 st March, 2013	Carrying cost of Investment as on 1 st April, 2012	Adjustment on Consolidation	Share of Profit/(loss) of the year	Carrying cost of Investment as on 31 st March, 2013
1	Ganesh Polychem Limited	32.11	77.06	-	-	-	77.06	1,454.52	-	249.04	1,780.62
2	Anushakti Holding Limited	48.99	290.50	-	-	-	290.50	1,747.96	-	99.06	2,137.52
3	Anushakti Chemicals & Drugs Limited	49.50	751.21	-	-	-	751.21	4,279.40	-	(107.98)	4,922.63
4	Alchemie Europe Limited (Reporting date 30 th November, 2012)	44.44	25.54	-	-	-	25.54	0.28	-	1.21	27.03
	TOTAL	-	1,144.31	-	-	-	1,144.31	7,482.16	-	241.33	8,867.80

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

28. CONSOLIDATED SEGMENT REPORTING:

(` in Lakhs)

Sr. No.	Particulars	Year ended on	
		31 st March, 2013	31 st March, 2012
(A)	Primary Segments: Business Segments		
1	Segment Revenue:		
	a) Performance Chemicals	131,961	96,798
	b) Agri-Intermediates & Fertiliser	43,818	38,230
	c) Pharmaceuticals	18,684	16,462
	d) Home & Personal Care Chemicals	15,162	15,841
	TOTAL	209,625	167,331
2	Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
	a) Performance Chemicals	23,587	14,180
	b) Agri-Intermediates & Fertiliser	8,308	7,541
	c) Pharmaceuticals	945	419
	d) Home & Personal Care Chemicals	503	492
	TOTAL	33,343	22,632
	Less: Interest	9,537	7,184
	Other Unallocable Expenditure (Net)	5,130	2,829
	TOTAL	14,667	10,013
	TOTAL PROFIT BEFORE TAX	18,676	12,619
(B)	Secondary Segments: Geographical Segments		
	a) India	103,664	98,933
	b) Out of India	105,961	68,398
	TOTAL	209,625	167,331

Segmental Capital Employed:

Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The company believes that it is currently not practicable to provide segment disclosures relating to capital employed.

29. EARNING PER SHARE (EPS):

Particulars		Financial Year 2012-13	Financial Year 2011-12
Net Profit after Deferred Tax	(` in Lakhs)	13,300.31	9,003.43
Less : Minority Interest	(` in Lakhs)	(100.28)	(107.97)
Add: Share of Profit from Associates	(` in Lakhs)	241.33	1,430.85
Net Profit available for Equity Shareholders (A)	(` in Lakhs)	13,441.36	10,326.31
No. of Equity Shares (B)	(Nos.)	88,591,687*	76,752,950
Basic & Diluted EPS (A/B)	(`)	15.17	13.45
Nominal Value of Equity Share	(`)	5.00	5.00

Note:

* Includes 94,71,614 Equity Shares to be issued and allotted to shareholders of Anushakti Chemicals & Drugs Ltd. as per the terms of the Scheme of Arrangement approved by the Hon'ble High Courts at Ahmedabad and Bombay vide their order dated 8th March, 2013 and 8th February, 2013 respectively.

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

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 16th May, 2013

Sd/-
MONA PATEL
COMPANY SECRETARY



Consolidated Cash Flow Statement for the year ended 31st March, 2013

(` in Lakhs)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. Cash flow from operating activities :		
Net profit before tax and Extraordinary Items	18,676.09	12,619.42
Adjustments for:		
Add: Interest and finance charges paid	9,536.47	7,184.03
Depreciation	8,284.25	5,485.20
Consolidated adjustments	NIL	55.04
Loss on sale of investment	12.14	NIL
Loss on sale of assets	9.83	2.02
	36,518.79	25,345.71
Less: Profit on sale of investment	(16.82)	(221.72)
Profit on sale of assets	(58.96)	(25.73)
Dividend received from other investments	(63.49)	(35.18)
Lease rent received	(36.32)	(38.21)
Operating profit before Working Capital Changes	36,343.20	25,024.87
Adjustments for :		
Add/(Less): (Increase)/Decrease in Trade and Other Receivables	5,562.35	(9,326.03)
Increase/(Decrease) in Trade Payables	(4,648.22)	3,937.66
(Increase)/Decrease in Inventories	(8,282.26)	(3,176.18)
Cash generated from operations	28,975.07	16,460.32
Less: Direct taxes paid	(5,999.38)	(4,380.52)
Net Cash From Operating Activities	22,975.69	12,079.80
B. Cash Flow From Investing Activities		
Addition to Fixed Assets/Cwip	(23,476.49)	(13,311.18)
Sale/W.Off of Fixed Assets	337.15	77.50
(Increase)/Decrease in Other Investments	97.04	178.16
(Increase)/Decrease in Associate Investments	NIL	(149.17)
Dividend Received From Other Investments	63.49	35.19
Lease Rent Received	36.32	38.21
Net Cash From Investing Activities	(22,942.49)	(13,131.29)
C. Cash Flow From Financing Activities		
Proceeds from Long Term Borrowings	2,719.84	NIL
Repayment of Long Term Borrowings	(3,204.65)	(2,704.73)
Proceeds/(Repayments) of Other Borrowings	13,533.13	12,481.88
Proceeds from Issue of Share Warrants	NIL	(348.00)
Increase in Equity and Share Premium	NIL	1,392.00
Interest and Finance Charges Paid	(9,536.47)	(7,184.03)
Dividend Paid	(3,422.02)	(2,523.11)
Net Cash From Financing Activities	89.83	1,114.01
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	123.02	62.52
Cash and Cash Equivalents (Opening Balance)	1,056.08	1,286.46
Add: Pursuant to the Scheme of Arrangement	63.04	NIL
Add: Upon Addition/Deletion of Subsidiaries	NIL	(292.90)
Cash and Cash Equivalents (Closing Balance)	1,242.14	1,056.08

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

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
(TEJAS J. PARIKH)
PARTNER

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

PLACE: Mumbai
DATE: 16th May, 2013

DETAILS OF SUBSIDIARY COMPANIES

Statement Pursuant to exemption granted under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies as at 31st March, 2013.

(` in Lakhs)

Name of the Subsidiary Company	Aarti Corporate Services Limited	Shanti Intermediates Private Limited (Subsidiary of Aarti Corporate Services Limited)	Nascent Chemical Industries Limited (Subsidiary of Aarti Corporate Services Limited)
The financial year/period of Subsidiary ended on	31 st March, 2013	31 st March, 2013	31 st March, 2013
Capital	202.47	6.77	60.00
Reserves	239.17	71.58	465.48
Total Liabilities	310.06	362.82	726.13
Total Assets (Non-Current Assets + Current Assets)	351.82	440.39	1251.55
Investment	399.87	0.78	0.06
Total Income	26.41	647.88	586.58
Profit/(Loss) Before Tax	25.16	23.09	304.08
Provisions for Tax	7.77	12.72	105.30
Profit/(Loss) After Tax	17.40	10.38	198.77
Proposed Dividend and Tax thereon	–	–	139.47

For and on behalf of the Board

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE-CHAIRMAN

Sd/-
MONA PATEL
COMPANY SECRETARY

Place: Mumbai
Date: 16th May, 2013

CSR INITIATIVES



Fodder distribution in drought area,
Beed, Maharashtra



Maninagar Sanskar Dham,
Bhachau, Kutch



Mahavir Health Centre, Alam Nagar,
Bihar



Mahavir School/College of
Nursing, Vatrak, Gujarat



Tulsi Vidya Mandir, Kutch, Gujarat



Hydrogenation Unit



Jhagadia Plant



Section of USFDA approved Pharma Unit



Chemical RO Facility for effluent treatment



Quality Control



Training Centre



AARTI INDUSTRIES LIMITED

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

PROXY FORM

I/We, _____ of _____ in the District of _____ being a member/members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my/our proxy to vote for me/us on my/our behalf at the **THIRTIETH ANNUAL GENERAL MEETING** of the Company to be held on Monday, 23rd day of September, 2013 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Affix
Re. 1/-
Revenue
Stamp

Signature _____

L.F. No. _____

*Depository: NSDL/CDSL _____

*DP. ID _____

*Client ID _____

(*For Shares held in Electronic Form)

No. of Share(s) held _____

Notes:

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- (2) A proxy need not be a member.
- (3) The completed form should be deposited at the Registered Office of the Company, Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396195, Dist. - Valsad, Gujarat not less than 48 hours before the time for holding the meeting.



AARTI INDUSTRIES LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the **THIRTIETH ANNUAL GENERAL MEETING** held at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Dist. - Valsad, Gujarat on Monday, 23rd day of September, 2013 at 11.00 a.m.

1. L.F. NO. _____
2. *Depository : NSDL/CDSL _____
3. *DP. ID _____
4. *CLIENT ID _____

(*For Shares held in Electronic Form)

5. FULL NAME OF THE SHAREHOLDER: _____
(IN BLOCK LETTERS)
6. NO. OF EQUITY SHARES HELD: _____
7. SIGNATURE OF THE SHAREHOLDER
OR PROXY ATTENDING: _____

(PLEASE GIVE FULL NAME OF THE 1ST JOINTHOLDER)

MR./MRS./MISS _____

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

NOTE: PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.

Our valued customers

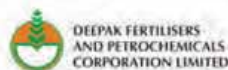
Performance Chemicals



SUDARSHAN



Agri-intermediates & Fertilizers



Pharmaceuticals



Home & Personal Care Chemicals





AARTI INDUSTRIES LIMITED

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